

Received DC Office June 18, 2020

From: Dickinson, Sara <Sara.Dickinson@bcogc.ca>

Sent: Thursday, June 18, 2020 8:36 AM

To: Chair Brad Sperling

Cc: Rauscher, Tarilee

Subject: Orphan Well Designations

Good Morning Chair Sperling,

I want to provide some additional information following your call with the Commissioner yesterday and specific to the bulletin the BC Oil and Gas Commission released regarding a recent decision to designate an additional 413 orphan sites. This increases the number of orphans from 357 to 770.

The designations have been in the works for more than a year as Ranch Energy was in Receivership.

The sites are largely owned by Ranch but permitted to a company called Predator.

Some key highlights:

- B.C. has a robust legislative regime for managing Orphan sites under the Oil and Gas Activities Act and the Commission's Comprehensive Liability Management Plan (CLMP);
- The CLMP is based on full site restoration within 10 years of declaration – the addition of the 413 sites can be accommodated within the 10 year program;
- The restoration of orphans is 100% funded through an annual levy on the oil and gas industry; and
- The recently announced Federal funding for an Orphan Reclamation Program provides a one time investment of \$15 million to accelerate orphan restoration here in B.C. – but does not change the fact the core program is funded through industry.

What this means:

- The Commission has a comprehensive plan to ensure risks on orphan sites are prioritized for immediate attention, and once risks are addressed, we implement large, area-based decommissioning and restoration programs for timely closure.
- The Commission's first priority is to ensure infrastructure is deactivated and left in a safe state. After that, we work to prioritize large-scale decommissioning programs for specific areas. As wells are abandoned and equipment is removed from sites, we can focus on delivering restoration programs to return agricultural land and forested areas to an acceptable state.
- The orphan program currently has sufficient funding to restore these sites over the next 10 years, and plans are in place to complete significant decommissioning and restoration work over fiscal 2020/21.
- The Commission has implemented a new levy to collect \$15 million per year from industry to ensure the timely restoration of orphan sites. We have made significant progress on orphan sites that existed prior to the Ranch insolvency.
- The Commission will be communicating with affected land owners to outline compensation processes, as well as what to expect as we carry out the restoration of the site. Please see the attached FAQ for land owners.
- When a site has been designated an orphan and the land owner is no longer receiving rental payments from the previous permit holder under the surface lease agreement, the Commission may, under section 46 of the Oil and Gas Activities Act, provide compensation to a land owner that is owed rental payments for an orphan site.
- The Commission plans and executes work on orphan sites based on a consideration of relevant factors, including safety, protection of the environment, local needs, and efficient use of equipment and other resources required to restore sites.

- There is a new nomination portal that was just opened on June 15th that will further allow land owners and local government to nominate orphan sites for priority consideration. Please visit our website to access this tool at: <https://www.bcogc.ca/how-we-regulate/restore-reclaim-sites/>

We are working on ensuring all relevant information regarding restoration is available through our [new website](#). Stay tuned for more over the next few months.

Should you have any questions or concerns, please do not hesitate to contact me.

Regards,
Sara.



Sara Dickinson
Vice President, Strategic Engagement
Sara.Dickinson@bcogc.ca



Fort St John BC
[Office Address Directory](#)
bcogc.ca

T. 250 794-5253
F. 250 794-5390
M. 250 793-1846



Ranch Energy Court Decision June 2020

In 2019, the Court approved the transfer of 414 oil and gas sites owned by Ranch Energy Inc. to Erikson National Energy Inc. The approved transaction closed on June 12, 2020, leaving 404 unsold assets under Ranch ownership. The Commission will designate the remaining sites owned by Ranch Energy as “orphans”, which is a designation the Commission gives to wells and associated operating areas when an operator is insolvent or can’t be located. The designation allows site clean-up and restoration work to be done by the Commission. The work is paid for from the industry-funded Orphan Site Reclamation Fund. There is no direct cost to B.C. residents.

Frequently Asked Questions

1. How many orphan sites is the Commission responsible for?

With the addition of the sites from Ranch Energy, the total number of orphans is 770 – 56 of which have been substantially restored.

2. If I have one (or more) of these orphans on my property, what happens next?

The Commission will communicate with affected land owners to outline compensation processes, as well as what to expect as we carry out the restoration of the site.

3. If I have one (or more) of the Erikson Energy sites on my property, what happens next?

A land owner can expect communication from the new company. Authority for right of entry and rental payments for these sites are under the purview of the Surface Rights Board, and land owners are encouraged to contact the Board if they have not heard from the new company in a reasonable period of time.

Will I get rental payments owed to me? And who will pay?

When a site has been designated an orphan and the land owner is no longer receiving rental payments from the previous permit holder under the surface lease agreement, the Commission may, under section 46 of the Oil and Gas Activities Act, provide compensation to a land owner that is owed rental payments for an orphan site.

For more information on compensation, visit the “[Land Owners and Compensation](#)” page under “[Orphan Site Management](#)” on the bcogc.ca website.

4. How long is it going to take to return the land back to where it was before the wells were drilled and operating?

Restoration of orphan sites, including all decommissioning, soil replacement, and planting, may take 10 years. However, many sites may be completed much sooner.

5. What is the process for restoration work? What happens first and when?

The Commission's first priority is to ensure infrastructure is deactivated and left in a safe state. After that, we work to prioritize large-scale decommissioning programs for specific areas. As wells are abandoned and equipment is removed from sites, we can focus on delivering restoration programs to return agricultural land and forested areas to an acceptable state.

7. Will I be able to plant crops there again? Will the soil be safe?

The Commission's [Certificate of Restoration](#) process ensures environmental quality of soils and groundwater meets an acceptable standard before soils are replaced and seeding occurs. We also implement requirements for soil quality and quantity for land in the Agricultural Land Reserve (ALR) in accordance with an agreement with the Agricultural Land Commission.

8. What if there's a lien on an oil and gas site on my property? Who pays the property taxes?

Property taxes for oil and gas sites are not the responsibility of the land owner.

9. How can you guarantee there will be enough money in the orphan fund?

The Commission has implemented a new levy to collect \$15 million per year from industry to ensure the timely restoration of orphan sites. We have made significant progress on orphan sites that existed prior to the Ranch insolvency. The Commission has a comprehensive plan to ensure risks on orphan sites are prioritized for immediate attention, and once risks are addressed, we implement large, area-based decommissioning and restoration programs for timely closure.

10. How will you prioritize which sites are restored first?

The Commission plans and executes work on orphan sites based on a consideration of relevant factors, including safety, protection of the environment, local needs, and efficient use of equipment and other resources required to restore sites.

11. What about land in the ALR that has Ranch assets on it? What's happening to those?

The Commission's Certificate of Restoration process ensures environmental quality of soils and groundwater meets an acceptable standard before soils are replaced and seeding occurs. We also implement requirements for soil quality and quantity for ALR land in accordance with an agreement with the Agricultural Land Commission.