



Farmers' Advocate Office

September 2, 2016

Annual Report from the Inactive Well Compliance Program

The Alberta Energy Regulator (AER) introduced the Inactive Well Compliance Program (IWCP) in 2015. The IWCP is a 5 year program that was developed with the intent of addressing a backlog of inactive wells that are non-compliant with the suspension requirements. (Don't be dismayed if that sentence makes no sense to you – read on for more information)

Background

It is important to remember that:

- An *inactive* well is one where there has been no production for 12 months. (In the case of critical sour gas wells, a well is considered inactive after 6 months of inactivity.)
- A *suspended* well is one where the AER's suspension requirements (see below) have been met. A suspended well is one that may go back into production in the future. The suspension requirements stipulate that a well must be formally suspended after being inactive for 12 months. It can remain suspended indefinitely.
- An *abandoned* well is one where the well bore has been cut and capped.

Directive 013 guides the suspension process. There are requirements related to downhole suspension, wellbore fluids, and wellheads that depend on the risk category of the well. [Click here for more details on the risk related suspension requirements.](#)

Additionally, all wells must meet the following suspension requirements:

- containing and cleaning up spills;
- removing all debris;
- ensuring the pump jack and all associated infrastructure are secure;
- ensuring that valves are functional and there are no leaks;
- locking or removing the valve handles;
- plugging the casing vents; and,
- erecting the proper signage at the location, as well as a 24 hour emergency number.

Inactive Well Compliance Program

A well is considered “non-compliant” if it does not meet the suspension requirements. Under the IWCP, each licensee is expected to bring 20% of its non-complaint wells into compliance each year to ensure public safety. This could mean reactivation or suspension, or abandonment.

quota of # of wells that must be brought into compliance =

of wells non-compliant wells owned by a license / # of years left in the program

The IWCP only includes wells that are considered low or medium risk. High risk wells are dealt with through enforcement.

The AER recently released [its annual report on the IWCP](#), and it appears the first year has seen some success. When the program was introduced last year, there were 30,581 inactive wells belonging to 659 difference licensees. In 2015-16, licensees exceeded the overall total and brought 10,799 wells into compliance. In year one, 384 licensees met or exceeded their quota of inactive wells to be brought into compliance.

The majority of the wells were either suspended (61%) or abandoned (27%). A minority were reclaimed (1%), reactivated (4%), or dealt with otherwise (7%).

Going into year two, an additional 173 wells have become non-compliant, bringing the total number of wells in the program to 30,723, of which 17,470 are non-compliant. Licensees will continue to work on bringing more wells into compliance in the next 4 years of the program.

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