

May 31, 2019



First Timelines in Western Canada for Oil and Gas Well Cleanup Announced in New Plan

The BC Oil and Gas Commission (Commission) has introduced a new regulation, making B.C. the first province in western Canada to impose in law timelines for the restoration of oil and gas wells. The [Dormancy Regulation](#) is included in the Commission's new [Comprehensive Liability Management Plan](#) (CLMP) which ensures 100 per cent of the cost of reclaiming oil and gas sites continues to be paid for by industry.

"The Dormancy Regulation and new Comprehensive Liability Management Plan address long-standing concerns raised by many people in B.C.," said Minister of Energy, Mines and Petroleum Resources Michelle Mungall. "These changes to better manage inactive sites and orphan wells are the result of legislation our government brought in last spring that provides the BC Oil and Gas Commission with the tools it needs to better protect our land and water."

The CLMP ensures no direct cost to B.C. residents, protects public safety and safeguards the environment. It achieves this through three primary components:

Liability management

The Commission is enhancing stringent checks of each company's financial health and history with the continued goal to mitigate liability risk and minimize pressure on the Orphan Site Reclamation Fund (OSRF). Every transaction is evaluated to make sure companies have the means to manage assets through to closure.

Improving the rate of inactive site restoration

The Dormancy Regulation speeds up the rate at which inactive sites are returned to their pre-activity state. The regulation gives each dormant well site a prescribed cleanup timeline and imposes requirements for decommissioning, site assessment, remediation, reclamation/restoration, notification and reporting.

Addressing orphan sites

A new liability levy to fund orphan site restoration is being phased in over three years. The levy replaces a previous fixed tax on marketable gas and petroleum (see [IB 2019-01 Change to Orphan Liability Levy](#)). Of approximately 25,000 oil and gas wells in B.C., about one per cent are orphans which are restored through the industry-funded OSRF, while about 99 per cent of wells are under the care and control of viable operators who continue to be responsible for site cleanup.

"I'm pleased to be delivering on the commitment made last year to have hard timelines in place to ensure the timely cleanup of dormant oil and gas sites in B.C.," said Paul Jeakins, the Commission's CEO and Commissioner. "This new regulation increases opportunities for Indigenous communities and land owners to identify high priority sites for reclamation."



The CLMP enhances opportunities to collaborate with Indigenous communities and examine the role of traditional knowledge in restoration priorities.

An integral part of the CLMP includes rigorous compliance and enforcement checks, proactive monitoring and inspection, and investigation and enforcement of alleged non-compliance.

A list of B.C. dormant sites is available on the Commission's [Dormant Sites web page](#). A [Draft Dormant Sites Program Manual](#) for industry is available and guidance will be updated in the [Oil and Gas Activity Operations Manual](#) and the [Certificate of Restoration Application Manual](#).

A Backgrounder with timelines follows.

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BACKGROUND – DORMANCY REGULATION TIMELINES

B.C. has about 10,000 inactive and abandoned wells under the care and control of viable companies. A well site is considered dormant if it does not meet a threshold of activity for five consecutive years (does not produce for at least 720 hours a year).

There are four categories of wells under the new Dormancy Regulation. Default requirements are as follows:

Priority Sites

The Commission may identify some wells as priority sites to be restored on an expedited timeline after considering several factors, such as Indigenous, agricultural and environmental interests. A priority site must be decommissioned, assessed and restored within five years after the year in which the Commission identified it as a priority.

Type A Sites (dormant as of Dec. 31, 2018)

Decommission 30 per cent by Dec. 31, 2021.

Decommission 70 per cent by Dec. 31, 2026.

Decommission 100 per cent by Dec. 31, 2031.

Assess within two years of decommissioning, or by Dec. 31, 2030 if decommissioned in or before 2018.

Restore 40 per cent by Dec. 31, 2024.

Restore 70 per cent by Dec. 31, 2030.

Restore 100 per cent by Dec. 31, 2036.

Type B Sites (will become dormant between 2019 and 2023)

Decommission by December 31 of the year that is eight calendar years after reaching dormancy status. Assess within two years of decommissioning, or by 10 years after the site became dormant if already decommissioned when reaching dormancy. Restore by December 31 of the year that is 13 calendar years after the site became dormant.

Type C Sites (will become dormant after 2024)

Decommission by December 31 of the fifth year after the site becomes dormant. Assess by December 31 of the second calendar year after the site is decommissioned. Restore by December 31 of the tenth year after the site becomes dormant.

The closure of sites is a multi-year process where some phases may take place concurrently on multiple sites. Sites must be deactivated and decommissioned before undertaking surface reclamation work. The restoration process includes deactivation of equipment, well decommissioning, site decommissioning, site investigation and remediation, followed by reclamation.

Work on dormant sites will begin immediately. Once fully implemented, at least 10,000 to 11,000 wells will be restored by 2036.