

# Liabilities Management Statutes Amendment Act

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## Overview

The *Liabilities Management Statutes Amendment Act, 2020* (Bill 12) enables the Orphan Well Association (OWA) to better manage and accelerate the clean-up of wells or sites which do not have a responsible owner. It enables the OWA to play a more active role in reducing the inventory of orphan wells and associated infrastructure – such as pipelines – across the province, while protecting landowners and ensuring environmental and public safety.

This Act includes amendments to the *Oil and Gas Conservation Act* and the *Pipeline Act*, and enabled amendments to the Orphan Fund Delegated Administration Regulation. The legislation sets the stage for job creation while ensuring a responsible, sustainable oil and gas industry in our province.

## Key Changes

This legislation clarifies the OWA's ability to:

- make agreements with producers to help site closures;
- ensure oil and gas resources are not prematurely abandoned;
- provide reasonable care and measures to prevent impairment or damage on sites where licensees have walked away from their obligations; and
- act more commercially and manage orphan sites in the public interest.

With this expanded scope the OWA will have more delegated authority to:

- protect the value of producing assets;
- protect jobs;
- protect public safety; and
- mitigate the risk of a growing inventory of orphan sites.

For example, these expanded functions allow the OWA to operate a site until a suitable purchaser can be found or to operate a facility to maintain domestic gas supply.

If the OWA were to continue well production for a limited period of time, they are responsible for paying surface lease payments, municipal taxes, royalties, and surface rentals. The OWA is not required under the regulation to pay for expenses incurred before the OWA assumed control, except where it is considered to be in the public interest.

The OWA is an important feature in the broader liability management framework and protects Albertans from bearing the costs of resource development closure activities.

## Next Steps

Government is working with the Alberta Energy Regulator and the OWA on the necessary details to implement these changes. More information can be found at [www.alberta.ca/liabilities-management-statutes-amendment-act.aspx](http://www.alberta.ca/liabilities-management-statutes-amendment-act.aspx)