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Anatomy of a Zombie Oil and Gas Company

Something frightening is lurking in rural Alberta...check out the RMA's report to learn more

Zombie companies have been contributing to the [chronic unpaid oil and gas property tax issue](#) that RMA members have faced for years. With the Alberta Energy Regulator (AER) ignoring their role in allow zombies to form, and lacking action to reign them in, it is important that those impacted by unpaid taxes, unpaid surface leases, and unfunded environmental liabilities understand the [characteristics of a zombie company](#).

Zombie companies operate with the bare minimum, cutting corners everywhere they can: maintenance, safety, property taxes, and surface leases. Although zombie companies are usually uninterested or unable to grow by acquiring new wells, their failure would result in significant consequences for the public in the form of abandoned wells and environmental liabilities. If the AER were to immediately mandate that unpaid oil and gas taxes be paid to operate, dozens or even hundreds of companies would go under, leaving thousands of abandoned wells on the backs of the broader oil and gas industry, and possibly Albertans. As a result, these companies continue to operate as if they are not quite alive but are nearly impossible to kill.

There are several indications that an oil and gas company might be a zombie. RMA has compiled a list of five indicators to look out for:

1. [Ignores property tax and surface lease obligations.](#)
2. [Values shareholders over supporting communities.](#)
3. [Leverages regulatory loopholes.](#)
4. [Compounds municipal challenges.](#)
5. [Barely stands on its own.](#)

After the RMA's annual unpaid oil and gas survey of members, it was clear that zombie companies continue to add to the mountain of unpaid taxes, rather than contribute to the communities that host them.

Over the past week, the RMA has been sharing a breakdown of zombie company attributes through social media. The full compilation is [available here](#).

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