

Bulletin 2016-05

March 18, 2016

First 2016/17 Orphan Fund Levy

In accordance with Part 11 of the *Oil and Gas Conservation Act*, the Alberta Energy Regulator (AER) is, by regulation, prescribing an orphan fund levy in the amount of \$15 million.

The Orphan Well Association (OWA), Canadian Association of Petroleum Producers (CAPP), and Explorers and Producers Association of Canada (EPAC) have approved a \$30 million orphan fund levy to fund the OWA's budget for fiscal year 2016/17. The OWA has requested that the AER collect a first levy of \$15 million in March 2016 and a second levy of \$15 million in August or September 2016.

The AER will allocate the year's first orphan fund levy among licensees and approval holders included within the Licensee Liability Rating (LLR) and Oilfield Waste Liability (OWL) programs based on the February 2016 monthly assessment. Information on these programs is contained in *Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process*, *Directive 011: Licensee Liability Rating (LLR) Program – Updated Industry Parameters and Liability Costs*, and *Directive 075: Oilfield Waste Liability (OWL) Program*.

Levy Formula

Each licensee or approval holder included within the LLR and OWL programs will be invoiced for its proportionate share of the orphan fund levy in accordance with the following formula:

$$\text{Levy} = \frac{A}{B} \times \$15\,000\,000$$

where

- *A* is the licensee's or approval holder's deemed liabilities on February 6, 2016, for all facilities, wells, and unreclaimed sites included within the LLR and OWL programs, as calculated in accordance with *Directive 006*, *Directive 011*, and *Directive 075*; and
- *B* is the sum of the industry's deemed liabilities on February 6, 2016, for all facilities, wells, and unreclaimed sites included within the LLR and OWL programs, as calculated in accordance with *Directive 006*, *Directive 011*, and *Directive 075*.

Each licensee's or approval holder's required orphan fund levy is based on its licensed and approved properties, according to AER records, as of February 6, 2016. Facilities included under the Large Facility Liability Management Program are excluded.

A licensee or approval holder may review its deemed liabilities in the LLR and OWL programs at any time through the Digital Data Submission (DDS) system on the AER website at www.aer.ca.

Notification and Payment

An orphan fund levy invoice will be sent to the attention of each licensee's or approval holder's chief financial officer by e-mail to the address on file with the AER at the time of issuance. Licensees and approval holders must notify the AER of any changes to their e-mail address.

Orphan fund levy invoices will be e-mailed out by March 23, 2016. It is the licensee or approval holder's responsibility to ensure that the invoice is directed to the appropriate person. If the licensee or approval holder does not receive their orphan fund levy invoice by March 28, 2016, they must contact the AER to request a copy.

To update an e-mail address or request a copy of an invoice, contact LiabilityManagement@er.ca.

All orphan fund levy invoices must be paid by the licensee or approval holder and payment must be received by the AER by April 25, 2016. Payment must be made payable in Canadian currency using an acceptable negotiable financial instrument, such as a cheque, money order, bank draft, or cash.

All payments must be made payable to "Alberta Energy Regulator"; failure to pay the full invoiced amount by April 25, 2016, will result in a penalty of 20 per cent of the original invoiced amount being assessed to the licensee or approval holder pursuant to section 74(2) of the *Oil and Gas Conservation Act*. Additional compliance measures may apply in accordance with the AER's Compliance Assurance Program.

Appeal

Any appeal of the invoiced amount must be made in writing by April 25, 2016, pursuant to section 76 of the *Oil and Gas Conservation Act* and either mailed to

Jan Rempel
Acting Manager, Liability Management Group
Alberta Energy Regulator
Suite 1000, 250 – 5th Street
Calgary, Alberta T2P 0R4

or e-mailed to the attention of Jan Rempel at LiabilityManagement@er.ca.

Even if an appeal is filed, payment in full of the original invoiced amount is required by April 25, 2016, to avoid the assessment of the 20 per cent penalty. The AER will refund any overpayment resulting from a successful appeal to a licensee or approval holder within 30 days of the result of its appeal.

Questions regarding this bulletin should be directed to the Liability Management help line at 403-297-3113 or [LiabilityManagement@aer.ca](mailto:LiabilityManagement@ aer.ca).

<original signed by>

Kirk Bailey
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