

Keeping You Informed

Issue: Oil and Gas Wells in Chatham-Kent--Leamington

Please find below general information to questions from constituents. As your Member of Parliament my focus is the federal contribution underlying the issue of abandoned gas wells within the Wheatley area.

This Wheatley update includes a question and answer to the Minister of Natural Resources regarding federal involvement to collaborate/develop a program for Ontario's orphaned gas wells. Following that you will see how the Ontario systems and how the Alberta's system operates.

Below is the question I made to the Prime Minister during question period in the House of Commons, which was answered by the Minister of Natural Resources.

Dave Epp (Chatham-Kent—Leamington)

2021-12-03 12:01 [p.612]

Madam Speaker, there are over 4,400 natural gas wells throughout southwestern Ontario, a number of which are in my riding, including the community of Wheatley that was rocked by a natural gas leak explosion this past summer.

On August 17, the Ontario Petroleum Institute and the Ministry of Natural Resources and Forestry wrote to the Minister of Natural Resources and the Minister of Finance, seeking to collaborate on the development of a program for Ontario's orphan wells.

Will the government commit to working on this critical issue in southwestern Ontario?

Response to question:

Hon. Jonathan Wilkinson (North Vancouver)

2021-12-03 12:02 [p.612]

Madam Speaker, certainly the issue of orphan wells and the environmental liabilities that they represent is a significant issue for all Canadians. As members know, we introduced a program focused primarily on the western provinces during a time of great financial crisis.

Typically, the issue of the regulation of oil and gas producing companies and the environmental liabilities associated with that are addressed at provincial jurisdiction, but we are always happy to engage in a conversation with our counterparts in provinces and territories when they raise concerns.

General Information

- Wells that are abandoned do not necessarily pose a safety risk. Risks associated with aging infrastructure include:
- Leaking wells – show signs of soil staining and vegetation die-off.
- Hydrogen sulfide – a poisonous gas that in some instances may be detected by the smell of rotten eggs.
- High pressure /flammability – natural gas and oil may be released at high pressure around wells; these fluids are flammable and combustible.

Members of the public can find information about oil and gas wells in Ontario, including location and status of wells by accessing:

- The interactive petroleum well map at the Ontario Geo Hub:
- <https://geohub.lio.gov.on.a/search?q=petroleum>
- Searchable petroleum well records at the Oil, Gas and Salt Resources Library: www.ogsrlibrary.com
- Landowners that are aware of, or discover a well on their property, are encouraged to contact the ministry's Petroleum Operations Section at posrecords@ontario.ca or by phone at 519-873-4634.
- If issues are identified with a well, the province will provide advice to the landowner or responsible party to help address the issues. If there is an immediate concern for public health and safety, individuals should evacuate the area and contact 911 or their local emergency services.

Ontario System vs. Alberta System Orphan Well Program Comparison

Ontario

- **Abandoned Works Program:**
 - Is a program through the MNRF that can provide financial assistance to well owners to support the plugging of oil and gas wells that are a risk to public health and safety or the natural environment and which qualify for financial support under the program. This program typically addresses degraded, old wells that may be at risk of leaking.
 - For more information about this program, please visit: www.ontario.ca/page/abandoned-works-program
 - Ontario's Ministry of Natural Resources said the province created its Abandoned Well Program in 2005 and since then it has spent \$23 million and plugged approximately 380 high-risk wells as of 2021.
- Provincial regulations, say landowners are responsible for plugging old wells if the original operator is not around.
- Request from OPI (Ontario Petroleum Institute) to the Federal Government requested aid to assist with funding in capping old oil and gas wells.
 - OPI's proposal, first sent to then Minister of Finance Bill Morneau on May 4, 2020, includes:
 - A request for \$270 million to reclaim abandoned wells.
 - An estimate that there are 4,4000 abandoned wells in Ontario that pose a potential risk to landowners and public health.
 - Details of an Orphan Well Reclamation program it says will create 500 jobs and support 40 businesses in Ontario.
- In Ontario royalties are paid by the Oil company to the landowner. Taxes, in this case, dividend taxes are paid on the royalties to both the federal and provincial governments. The oil companies pay corporate income tax on the profits they make.
- Responsibility for wells falls to the license holder, lessee, or other "operator" of that well. Where no license holder, lessee or other operator exists, the responsibility for the well falls to the landowner.

Alberta

- **Site Rehabilitation Program:**
 - Specifically designed for Alberta, the Government of Canada gave funding of 1 billion towards the cleanup of oil and gas wells. The Site Rehabilitation Program (SRP) was developed by Government of Alberta, although funded by Government of Canada.
 - The Site Rehabilitation Program (SRP) provides grants to oil field service contractors to perform well, pipeline, and oil and gas site closure and reclamation work.
 - The program goals are to:
 - Immediately get Alberta's specialized oil and gas labour force back to work
 - Accelerate site abandonment and reclamation efforts.
 - Quickly complete a high volume of environmentally significant work.
 - Licensees are responsible for meeting all regulatory requirements for any activity conducted on their sites – whether the work is being funded through a Site Rehabilitation Program (SRP) grant or not. An SRP grant in no way changes the obligations of the licensee to be compliant with regulatory requirements. SRP grants are only awarded when there is a legitimate contract in place between the site licensee and the oil field service contractor doing the work.
 - In order to receive an SRP grant, contractors sign an agreement that states - among other things – that the contractor must comply with all Alberta laws including, but not limited to, the Occupational Health and Safety Act; the Surface Rights Act; all other applicable Alberta occupational health and safety legislation and standards; and all relevant regulatory requirements set out by the Alberta Energy Regulator.
 - Oil and gas licensees are liable for the responsible and safe closure and clean-up of their oil and gas well sites under the Polluter Pays Principle (PPP) as a legal asset retirement obligation (ARO).
 - To date, the federal government says that more than 7,135 full-time jobs in B.C., Alberta, and Saskatchewan have been supported, and over 49,000 wells have been addressed.

If you have any further questions or need anything, please don't hesitate to reach out to my office at 519-326-9655.