

Bulletin 2010-02

January 22, 2010

2010 Orphan Levy

The Orphan Levy is based on the revenue requirements identified in the Alberta Orphan Oil and Gas Abandonment and Reclamation Association (Orphan Well Association) budget.¹ The Energy Resources Conservation Board (ERCB) will allocate Orphan Levy costs among the licensees subject to the Licensee Liability Rating (LLR) and the Oilfield Waste Liability (OWL) assessment of February 6, 2010. Information on the LLR Program is in *Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process* and information on the OWL Program is in *Directive 075: Oilfield Waste Liability (OWL) Program*.

This year each licensee will be invoiced for the percentage of the Orphan Levy annual budget that its deemed liability represents to the total industry deemed liability in the February 6, 2010, LLR and OWL assessment, according to the following formula:

$$\text{Amount of levy} = \frac{A}{B} \times \$12,000,000$$

where

A is the licensee's deemed liability on February 6, 2010, for all wells, facilities, and unreclaimed sites licensed to the licensee, as calculated in accordance with *Directive 006* and *Directive 075*, and

B is the sum of the industry's deemed liability on February 6, 2010, for all licensed wells, facilities, and unreclaimed sites, as calculated in accordance with *Directive 006* and *Directive 075*.

A licensee may review its calculated deemed liability in the LLR Program at any time through the Digital Data Submission (DDS) system on the ERCB Web site www.ercb.ca.

Invoices to licensees will be mailed no later than February 19, 2010, with payment required no later than March 22, 2010. **Please note that all payments must be made to the ERCB.** Payments received after March 22, 2010, are subject to a 20 per cent late-payment penalty. Failure to pay any invoice or late-payment penalty will result in the licensee being issued a First ERCB Notice of Low Risk Noncompliance, in accordance with *Directive 019: ERCB Compliance Assurance—Enforcement*.

Note that invoices for the 2010 Orphan Levy are sent to and are payable by the licensee of record at the time of the February 6, 2010, LLR and OWL assessment.

¹ In June 2009, the Orphan Well Association received a \$30 million grant from the Government of Alberta as part of the government's economic stimulus plan. Conditions of the grant are that it be spent over two years and that the ERCB continue to collect the Orphan Levy.

Any appeal should be sent to the attention of
Liability Management Group
Telephone: 403-297-3113
Fax: 403-297-7168
E-mail: LiabilityManagement@ercb.ca

Notwithstanding the filing of an appeal, payment of invoices is required by March 19, 2010, with subsequent adjustments applied as needed following consideration of the appeal.

Questions regarding this bulletin should be directed to Holly Elliott at 403-297-3587 or Camille Sojer at 403-297-4875, Liability Management Group, of the Field Surveillance and Operations Branch.

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Field Surveillance and Operations Branch