



# The Renuwell Project A Municipal Perspective

February 12, 2020



# RenuWell Project

Repurposing inactive oil and gas sites with small scale solar energy installations



# The Renuwell Project was made possible from a grant from the Municipal Climate Change Action Centre (MCCAC)



Municipal  
Climate Change  
Action Centre

*“The Municipal Climate Change Action Centre provides funding, technical assistance, and education to help Alberta municipalities address climate change through energy management plans, energy efficiency, and renewable energy solutions”.*

The Renuwell Project involves developing a road map or policy framework for installing small scale solar projects on abandoned oil and gas sites with a focus on:

- Public stakeholder consultation
- Land-use Planning and Infrastructure
- Explore municipal assessment and taxation considerations
- Emergency Management
- GIS planning exercise to identify most suitable locations for development
- Investigate small scale generation ownership models
- Development of a “Best Practices Guidebook” and Final Report to be shared with other municipalities.

# Why did the MD of Taber become involved in the Renuwell project?

## Status of the oil and gas industry in Alberta

- Legacy oil and gas fields with declining production
- Significant and extended drop in commodity prices, natural gas in particular
- Many companies entered or entering into receivership and bankruptcy
- Massive increase in inventory of orphaned wells (from 75 to 3,406 between 2012 and 2019)
- Landowners seeking compensation from Surface Rights Board for unpaid lease rentals
- Other surface lease compliance issues (weeds, fences, contamination)
- Unpaid municipal taxes from defunct and still operating companies





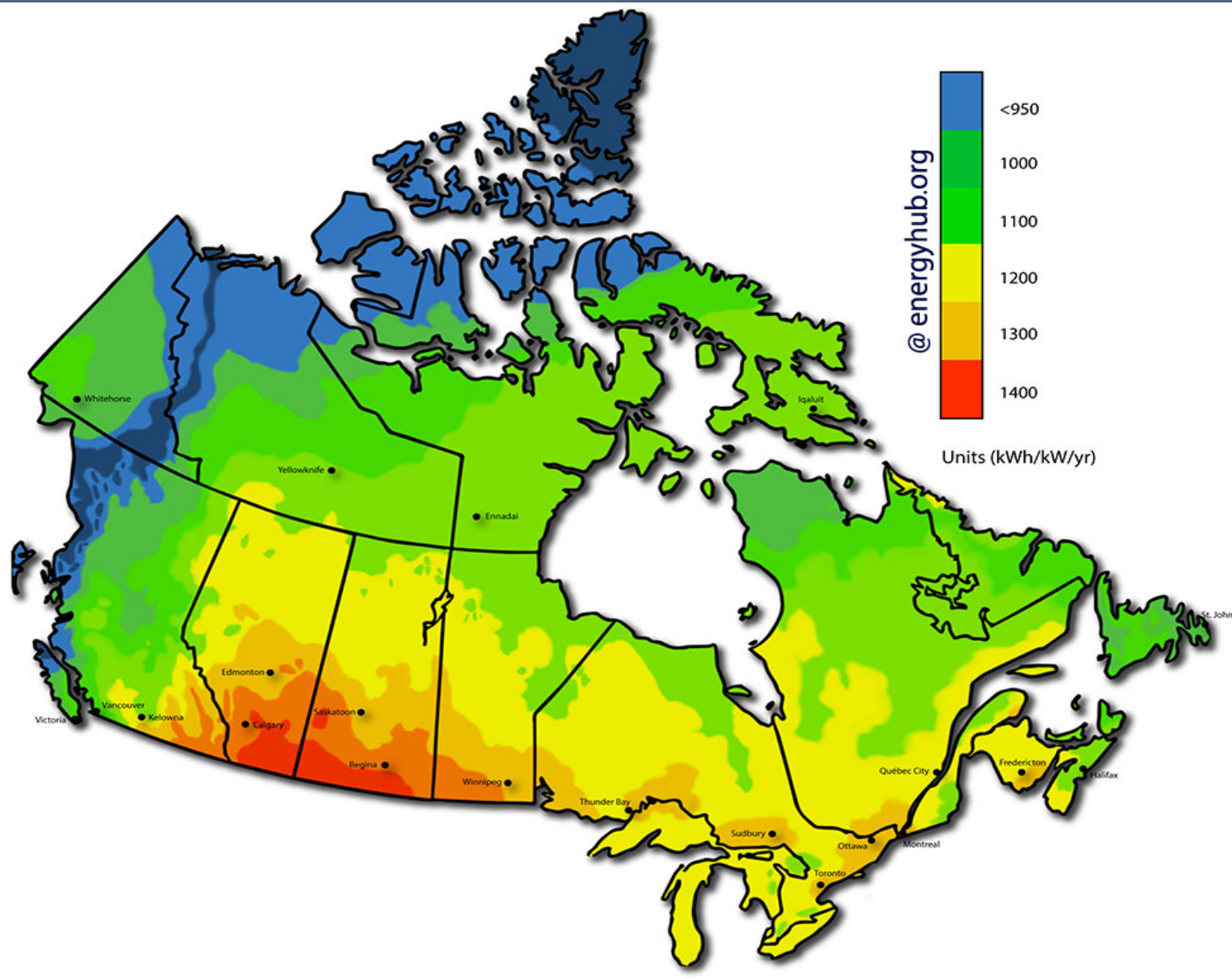
# Status of Oil and Gas in the M.D. of Taber

- 3,427 active wells
- 2,119 suspended wells
- 3,421 abandoned wells
- 3,899 reclaimed wells
  
- over 500 wells assigned to the Orphan Well Association
  - More to come (Wolf Coulee, Arrowpoint, Manitok, Houston, Strategic)
  
- CNRL accounts for about 35% of total wells in the M.D.





# Why did the MD of Taber become involved in the Renuwell project?



- M.D. of Taber falls within best solar resource area in Canada



➤ The M.D. of Taber is also a landowner, holding title to over 83,000 acres of land.





- 570 oil and gas wells on MD of Taber owned lands
- Only about one third still producing





Utilizing the ESRI GIS Collector application for iPhone, M.D. staff are generating a database of all current and historic oil and gas facilities on municipal lands.

- Inspect for weed issues, fencing, obvious contaminants
- Reclamation successes and failures
- Off Lease Trespass
- Photos taken of all sites





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### Legend

#### Municipal Lease Land Inspection

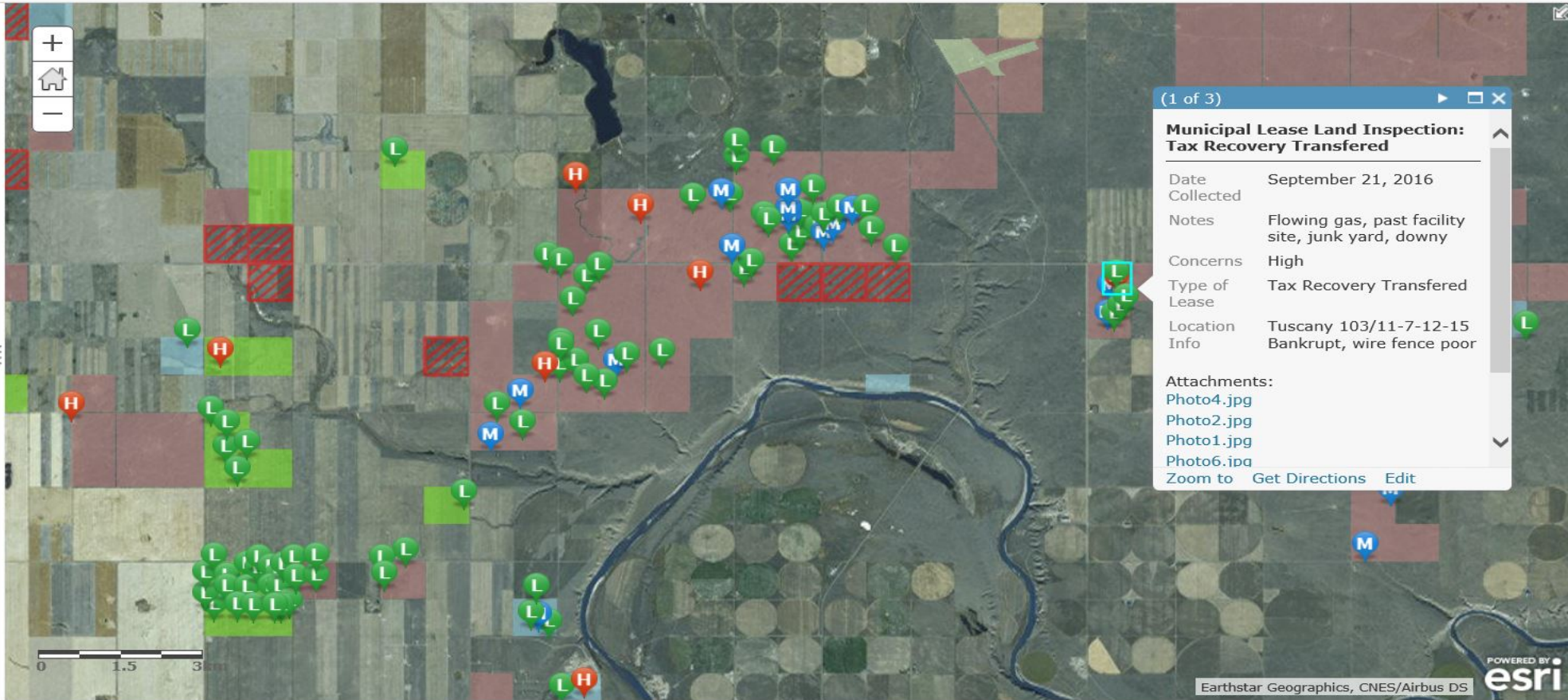
- AI** Action Required Immediately
- H** High
- M** Moderate
- L** Low

#### MD\_Lease\_Land\_Layer

Municipal Land Base

- TABER AIRPORT
- CPR RIGHT OF WAY
- ENCHANT
- RETLAW
- MD PUBLIC WORKS
- MD CULTIVATION LEASE
- MD GRAZING LEASE
- HAYS
- GRASSY LAKE
- TAX RECOVERY TRANSFERED LANDS
- TAX RECOVERY FUTURE TRANSFERS

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#### Municipal Lease Land Inspection: Tax Recovery Transferred

Date Collected	September 21, 2016
Notes	Flowing gas, past facility site, junk yard, downy
Concerns	High
Type of Lease	Tax Recovery Transferred
Location Info	Tuscany 103/11-7-12-15 Bankrupt, wire fence poor

Attachments:  
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# Weed Issues

Unaddressed Weed Issues becoming increasingly problematic to M.D. landowners:

- Crop losses from weeds spreading off lease area
  - Increased fire hazard
  - Food safety concerns from specialty crop producers
  - Landowner shouldering the burden of weed control on lease sites
  - Landowners incurring liability
- 
- Limited support from Alberta Surface Rights Board, Alberta Environment, or the Orphan Well Association







SRB

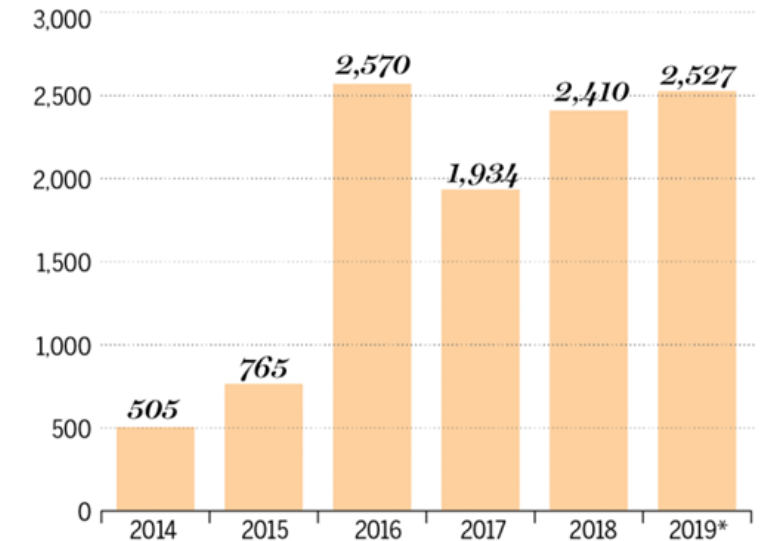
Surface Rights Board

## Surface Rights Board Application Challenges

- Massive number of submissions and backlog of rental recovery applications
  - About 10,000 SRB rental recovery applications submitted in the past 4 years.
  - Last annual report on the SRB website is from 2017
  - Unknown number of backlogged applications
- Time consuming and frustrating for landowners
- Mistakes in processing applications are commonplace.
- SRB reducing lease payments to landowners claiming they are being “unjustly compensated”.

### FARMERS FIGHT TO RECOVER UNPAID RENT

*Surface Rights Board Recovery of Rental Applications*



As of Sept. 30, 2019

SOURCE: GOVERNMENT OF ALBERTA

NATIONAL POST





SRB

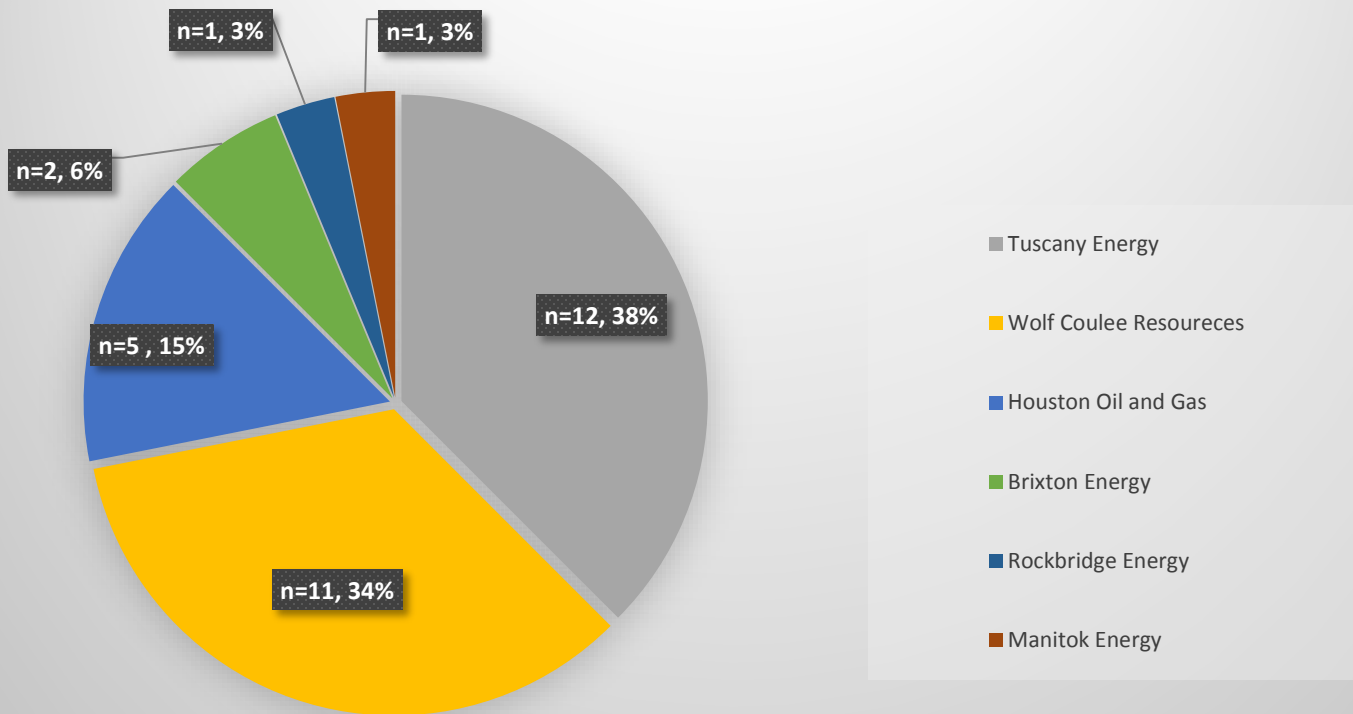
Surface Rights Board

- Inconsistencies in application processing time and payments
- Not responsive to email or phone inquiries, little correspondence from SRB on active files the past six months. (6 million dollar annual payment cap ?)
- AER not enforcing SRB termination orders allowing companies to operate in spite of not paying paying landowner lease rentals or municipal taxes claiming “it’s not in the best interest of Albertan’s to enforce the law” in this case.
- Payments come out of general Provincial coffers through Alberta Environment and Parks



As a landowner, the M.D. of Taber has 32 active Section 36 Surface Right Board rental recovery files on their lands with 6 defunct companies. Many more M.D. landowners are not being compensated for wells on their private lands.

Surface Rights Board Applications on MD of Taber Lands by Company





## Reclamation Liabilities:

- Only ¼ of oil and gas wells within the MD of Taber have an active status as per the Alberta Energy Regulator (2,509 active of 9,865 total wells)
- ~3,000 suspended or abandoned wells





## Reclamation Liabilities:

- Many companies are avoiding or deferring their reclamation obligations.
- Efforts by the MD of Taber to encourage resource companies to address these sites.
  - rental increase requested at five year review period intervals
  - rental reduction clause struck in all surface leases

\* Renuwell Project may expedite reclamation of non-economic or orphaned wells providing benefits to oil and gas producers, the Surface Rights Board, the OWA, and landowners.





<b>Content:</b> Administration – Renewable Energy Projects on Municipally Owned Lands	
<b>Effective Date:</b> Aug 7, 2018	
<b>Date Revised:</b>	<b>Function:</b> 69
<b>Resolution No.</b> C-2018-5027	<b>Approved by:</b> Council
<b>Purpose</b> <p>The M.D. of Taber holds title to over 80,000 acres of land. This land is dominantly grasslands held for the purpose of grazing livestock. Approximately 70,000 acres of this land is native grasslands with the balance consisting of tame grass and cultivation.</p> <p>Alberta's Climate Leadership Plan has set ambitious goals for the Province to reduce their carbon footprint. One aspect of this plan is to have 30% of Alberta's electricity to come from renewable sources such as wind, hydro, and solar by the year 2030. This plan has resulted in project proponents aggressively seeking to secure lands in areas of the Province with the greatest wind and solar resource. The M.D. of Taber has been identified as an area where there is an abundance of both wind and solar opportunity.</p> <p>The objectives of this policy are to:</p> <ol style="list-style-type: none"><li>1. Provide consistency in municipal messaging and decision making for staff when approached by the renewable energy industry proponents to site projects on M.D. of Taber owned lands.</li><li>2. Establish which M.D. owned lands are suitable or inappropriate for renewable energy development.</li><li>3. Provide protection to ecologically sensitive landscapes on M.D. of Taber owned lands.</li></ol>	

# Why Renuwell?

- Complies with M.D. of Taber Land Use Bylaw and municipal policies for solar development
  - Utilization of previously disturbed “brownfield locations for renewable energy development
  - Appropriate site suitability (protection of highest class ag lands, environmental considerations)
  - meets required setbacks from municipal infrastructure (roads, buildings, property lines)
  - Conforms to AEP Wildlife Directive for Alberta Solar Energy Projects (October 4, 2017)



## Why Renuwell ?

- Economic development opportunities for southern Alberta
  - employment opportunities
  - economic spinoff
  - capital investment
  - catalyst for energy transition





## Why Renuwell ?

- MD of Taber has experienced reduced budgets due to declining oil and gas assessments and company bankruptcies
  - \$1.75 million in MD of Taber uncollectable oil and gas taxes in 2019
  - 15 of 44 oil and gas companies (34%) did not pay their municipal taxes in 2019.
- 
- New solar development through the Renuwell project could mitigate a portion of oil and gas assessment losses.





## Why Renuwell?

### ➤ Landowner Benefits:

- Replacement of oil and gas surface leases rentals with solar lease revenue.
- Conservation of highest quality arable land
- Accelerated reclamation of oil and gas sites
- Potential to reduce electricity, distribution, and transmission costs for irrigated agriculture
- Reduce need for landowners to apply to the Surface Rights Board for rental recovery

































Questions ?

