

# Pilot

## Turnkey-Lump Sum Asset Closure Project

Lessons in Collaboration and Procurement

CLRA Conference, Red Deer, Alberta  
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Presented By: Vertex Professional Services Ltd.  
and the Orphan Well Association



# Project Background

- **What we did**
  - **Turnkey/lump sum pilot (TurnLump)**
    - “Hands off” approach
    - Abandonment to reclamation
    - Minimal contingency
    - Transparent process
- **Why we did it**
  - **We wanted to know three things:**
    1. **Could this be a more efficient approach vs T&M?**
    2. **Could this expand OWA capabilities?**
    3. **Would contractors be receptive to risk-reward?**



# Project Background



- **Former Anterra Energy assets at Carseland**
  - **Small and strait-forward oil gathering system:**
    - **42 wells**
    - **56 pipeline segments**
    - **4 facilities**
  - **Close to Calgary**
  - **Developed by PanCanadian**



- **Baseline estimates**
  - **D-11/CAPP = \$8.34MM**
  - **OWA = \$7.07MM**
- **Initial RFP**
  - **“Loose” format allowing creative responses**
  - **Response - Apples and oranges full of contingencies**
- **Subsequent RFP rounds required (x2)**
- **Ultimately two cost recovery models:**
  - **Lump sum - low risk work**
  - **T&M - high risk work**
- **Key learnings:**
  - **RFP must be detailed and prescriptive**
  - **Reduce “unknowns”**

# Project Execution



- **OWA involvement limited to:**
  - Safety inspections and technical review
- **Key learnings:**
  - Accounting systems
    - May need work-arounds / special GL codes
  - Internal accountabilities and reporting
    - Clarify reporting obligations
    - Single point lead
  - Internal resistance





# Bid Process



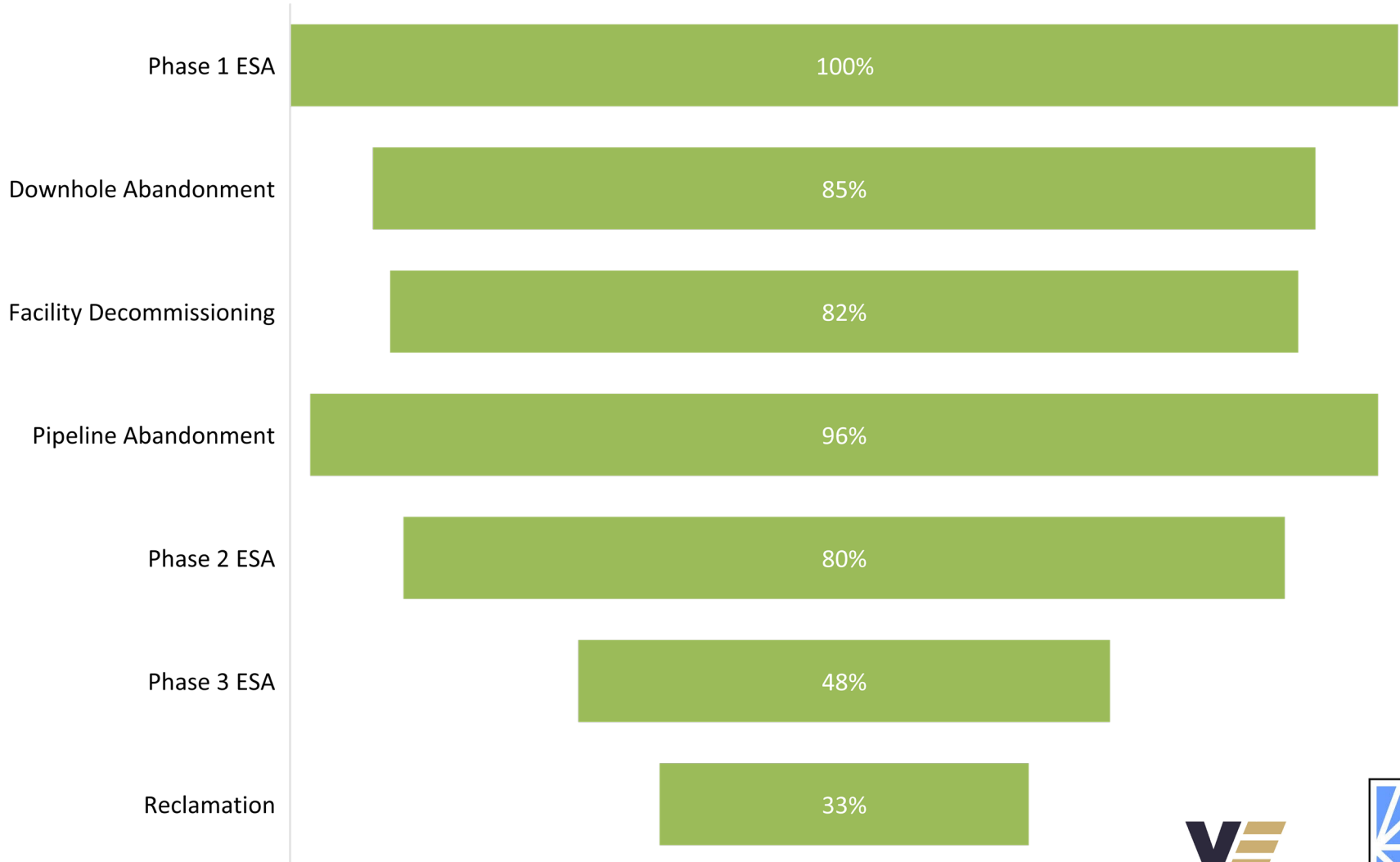
- **Start with 10,000' view**
  - **Risk Management**
  - **Seasonality of Execution Windows**
  - **Contractor Engagement**
- 



# Current Status



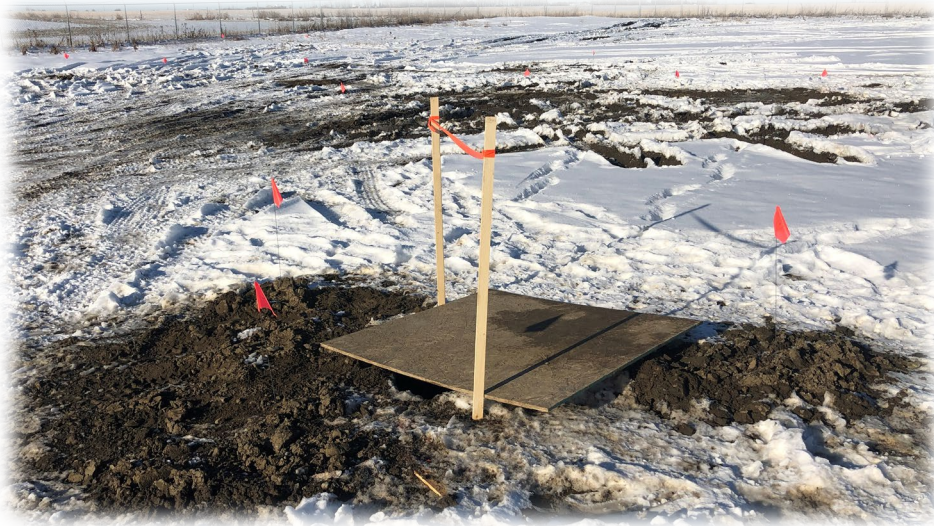
## Percent Complete



# Project Execution



- **Key learnings:**
  - **Overall**
    - **Plan, Plan, Plan**
    - **Collaboration Check In at Field Level**
    - **Windshield Time Management**
    - **Dedicated Team**

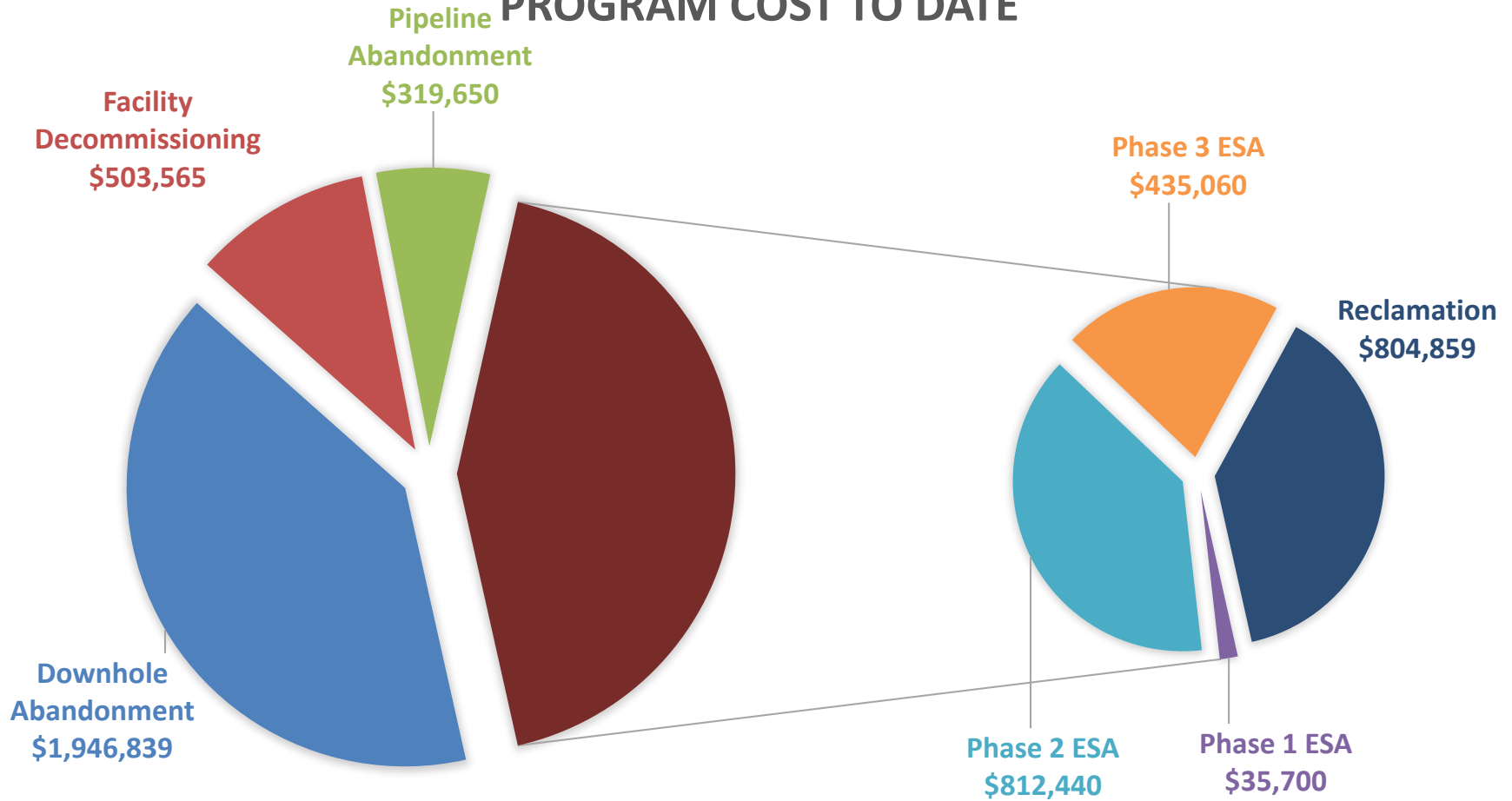




- **Key learnings:**
  - **Abandonment/Decommissioning**
    - **Start Slow to Go Fast**
    - **Take Advantage of Salvage**
  - **Environment**
    - **Multi-Functional Site Visit**
    - **Identify Options Early**
      - **Topsoil + Gravel**
      - **Disposal**



# PROGRAM COST TO DATE



D-11/CAPP Estimate = \$8.34MM

OWA Pre Estimate = \$7.07MM

**Project Outlook = ~\$7.40MM**



# Conclusions/Lessons



- 1. Is this a more efficient approach?**
  - Some wins here but not a “Game Changer”
  - Wellbore and remediation risks are major hurdles
- 2. Could this expand OWA capabilities?**
  - Yes – potential to do so
- 3. Contractors receptive to risk-reward?**
  - Yes - successful “Pain-Share/Gain-Share” approach



Questions?

Thank You!



**Extra Slides?**

# OWA Turnkey Pilot Project – Carseland, AB

## Downhole

## Pipeline

## Facility Decom

## Rem/Rec

Initial Site Scouting  
*Out of Scope*

Write Eng. Program

Prepare Eng Program

Scouting and Inventory

Prepare Eng Program

Phase I

**Execution Plan and Prep**  
(project management, safety, logistics, line locates, landowner notification, access, agreements, etc.)

Execute abandonment

Pressure / Cathodic Isolation

Drain / Isolate / Dismantle

Phase II (if Req)

Cut and Cap

Daylight and Physical Isolation

Removal

Remediation (if Req)

Equipment Salvage

Purge / Pig

Pile Cuts / Concrete Removal

Reclamation

Cut and Cap

Equipment Salvage

Veg Monitoring

Equipment Salvage

Gravel Removal

DSA / RC Application / Certification  
*Out of Scope*

Final Reporting

Final Reporting

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Final Reporting

**Lookback – All Disciplines**

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