

Environmental Liability Assessment Project Profile

Project Type

Environmental Liability Assessment

Project Value

> \$50,000 (withheld at client request)

Start and Completion Date

December 2009 and January 2010

Client

International Energy Company

Market Sector

Oil and Gas

Challenge

- Short client timeline
- 2,400+ sites of varying age
- Ownership ranged from fractional (less than 1%) to 100%
- Limited environmental file information

Solution and Highlights

- Completed in approximately three weeks (including site visits)
- Staffed team from multiple offices to reduce mobilization time and expenses
- Provided an opinion on the overall environmental management of the facilities
 - Estimated annual operating assessment/remediation costs for sites with ongoing work
- Prepared a comprehensive report outlining the environmental liability for each site

The client requested Trace Associates Inc. (Trace) prepare an environmental liability assessment (ELA) for the potential acquisition of the working interest of approximately 2,400 wellsites and 50 facilities (including compressor facilities, batteries, and gas plants). Trace completed the project within approximately three weeks to meet the client's requirements.

The objective of conducting the ELA was to identify approximate values of environmental liability (including environmental assessment, remediation and reclamation costs), identify sites with significant environmental liability, and gain an understanding of current environmental management and housekeeping standards.

Trace personnel reviewed company files, aerial photographs (for all 50 facility sites), and spill release records. Each site was grouped within a construction period that was used to develop a generalized environmental liability formula. The environmental liability estimates were adjusted to consider the working interest for each site; which enabled Trace to estimate the net environmental liability.

The ELA identified five sites considered to have considerable liability (i.e. estimated net liability costs greater than \$500,000). These sites had an estimated environmental liability ranging from approximately \$600,000 to \$4,600,000 per site.

For more information on this project contact Darrell Haight, P.Ag., President at 780.458.7787.

