

## PEPANZ Policy Summary: Orphan Wells

### What exactly are 'orphan wells'?

These are historic onshore oil and gas wells that have not been plugged and abandoned, and do not have a legally responsible owner. They are spread around the country and in many cases are very old (up to 150 years) and very small.

### Is there any risk there could be leaks?

The Ministry for Business, Innovation and Employment (MBIE) has [investigated](#) 960 of these wells and found that only six are a priority - and even then "*none of these six priority action wells are leaking or an immediate danger to personnel or the environment... and do not require immediate action.*"

None of the wells reviewed were large producers of oil or gas and the majority are incapable of flowing oil or gas to the surface unaided. In many cases they did not produce any oil or gas at all.

### Who is responsible for decommissioning a well?

Oil and gas companies are responsible under the law for properly decommissioning wells they drill, and by and large that is what happens. In some rare cases, issues might arise after many decades that no-one was aware of at the time.

### Who is responsible for paying for any clean-up required on an orphan well?

Technically the landowner is responsible for old abandoned wells. However we think this isn't fair on the landowners and it would be more appropriate for the Crown to be ultimately responsible in those very rare cases, given that oil and gas resources are publicly owned by the Crown.

The Government has earned billions in royalties and taxes over many decades from these publicly owned resources. Companies pay 42% of all profits in royalties and taxes on any new producing wells and that works out to around \$500 million per year on average.