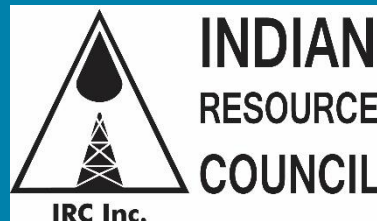


Upstream Oil and Gas Liability Management with Indigenous Participation

Energy Council Conference

Alberta Energy and Indian Resource Council of Canada

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Oil and Gas Liability Management Framework

- Growing inventory of orphaned and inactive wells, exacerbated in recent years by low commodity prices, COVID-19, and economic downturn
- The Liability Management Framework, announced in July 2020, sets clear expectations throughout the life cycle of oil and gas projects
 - Provides certainty for investors and fairness for industry
 - Ensures industry will be able to bear the costs of site closure obligations
- Developed after multi-year consultation with industry and other stakeholders
- Framework is being implemented in stages, with several elements in place
 - Provides industry the necessary time to plan for the short and longer term
 - Iterative improvements will be made to improve the liability management system

Liability Management Framework Elements

- The new framework includes:
 - A **holistic licensee assessment** provides a more accurate and timely assessment of a licensee's ability to address their regulatory and liability obligations;
 - A **Licensee Management Program** to proactively monitor and assist licensees to support the responsible management of energy development;
 - An **Inventory Reduction Program** which establishes mandatory annual closure spending targets for inactive sites and incentives for additional voluntary closure work, as well as a Closure Nomination Program for landowners, land users, and communities to nominate inactive sites for closure;
 - A **mechanism to address issues with post-closure sites** that have received reclamation certificates prior to October 2003 and the licensee is no longer legally responsible for issues with reclamation, and
 - **Expanding the Orphan Well Association mandate** to enhance orphan site management.

Site Rehabilitation Program (SRP) Overview

- Grant program to create jobs in upstream oil and gas abandonment and reclamation
 - Contractor applies for funding after contracting with a licensee
 - Commenced May 1, 2020, and payment requests accepted until February 14, 2023
- Federal funding of \$1 billion
- Approximately \$1 billion approved
- Licensees encouraged to contract Indigenous contractors and contractors were encouraged to hire Indigenous sub-contractors to encourage participation and build capacity
 - The addition of new talent to the sector is critical

Indigenous Components of the Energy and IRC Co-Chaired SRP

- Indigenous Roundtable meets regularly provide feedback and ideas to AB Energy and share info on SRP
- AB Energy provides SRP capacity building and an Indigenous Liaison to answer questions regarding the SRP
- Four SRP funding periods with financial incentives for licensees to hire Indigenous contractors
- In Period 6, funding \$133 million allocated for site closure work on FN and Metis communities
- Overall 104 Indigenous contractors received grants for 11,995 applications in all funding periods
 - Several Indigenous sub-contractors also participating

Questions?

