

February 21, 2020

To: 2020 AER Oil & Gas Administration Fees Recipients

Re: Industry Support for the Alberta Upstream Petroleum Research Fund (AUPRF)

On behalf of the Canadian Association of Petroleum Producers, the Explorers and Producers' Association of Canada, Alberta Energy, and Alberta Environment and Parks, we encourage your company's contribution to the voluntary Alberta Upstream Petroleum Research Fund (AUPRF).

We recognize the significant value the AUPRF applied research program provides the oil and gas industry, and believe that through innovation and collaborative R&D, we can minimize the environmental impact of our industry economically.

The 2020 budget necessary to implement this research program is \$4.078 million.

Background

- 461 Projects launched to date
- 38 Best Management Practices has been developed to date

Performance Highlights

- PTAC's AUPRF projects have a track record of success. They have allowed the Regulator to enact superior policies and guidelines based on scientific evidence. These policies are less costly to regulate and comply with, reducing Industry costs by \$78 million per year.
- The Air Committee's work is helping with cost effective methane detection and mitigation through programs such as Fugitive Emission Management Program (FEMP) Effectiveness Assessment and the Alberta Methane Field Challenge. PTAC's AUPRF program and methane mitigation technology program is targeting to reduce the cost by \$550 million dollars.
- The Reclamation Remediation Committee's work has a focus of using proper scientific methods which inform the creation of proper governmental regulations and policies which improve the outcomes. Three projects of high value have been the F2 and F3 Hydrocarbons Management Limits at Remote Alberta Green Zone Sites; the Subsoil SAR SST Implementation and the recently enacted Native Prairie Protocol Policy. These three projects are currently saving industry \$50 million/year.
- The Water Committee's work includes the creation of the Alberta Water Use Tool (<https://alberta-watertool.com/>) used by industry and others to collaborate on the use of water in central Alberta. They have been working on bridging gaps between operators to create a system of sharing flowback water (produced water) to minimize the need for fresh water for completion operations. Part of this investigation includes studies to de-risk the ability of using layflat hoses (rubber and other materials) to move salt water above ground.
- The Ecological Committee has conducted work on grizzly bears and linear features such as seismic lines and pipeline right of ways (Bears actually do better with these features). They have also conducted studies on caribou preferences to better help the AER manage lands,

Canada Warblers (drop in population is not due to industry activity), several methods of restoring peat, and prairie grass. These studies provide information to inform us on how to be the best stewards of our provincial resources.

- The Well Abandonment Committee has conducted a variety of studies on alternatives to cement for casing and abandoning wells, identifying the source of gas leaks, remediating surface casing vent flows and gas migration issues, plug and abandon strategies and studies on migration issues. This committee is focused on reducing \$93 million/year in the cost of abandonments.

For more information on the AUPRF program, please visit: <https://www.ptac.org/auprf-program-background/>

As a funder, your organization is entitled access to electronic copies of all final reports from AUPRF projects, as well as best management practices developed to improve operational efficiencies and cost effectiveness. Your organization will also be recognized publicly as a financial contributor to this program.

We thank you for your cooperation, and hope that you will join our efforts in supporting the substantial value to industry generated by the Alberta Upstream Petroleum Research Fund.

For additional information on specific AUPRF projects please contact:

Tannis Such at Petroleum Technology Alliance Canada: 403-218-7703 or tsuch@ptac.org.

For information on how your portion of the AUPRF funding was calculated, please contact:

Anila Kaceli at the AER: 403-297-6985 or anila.kaceli@aer.ca.

Sincerely,



Grant Sprague, Deputy Minister of Energy,
Alberta Energy



Bev Yee, Deputy Minister,
Alberta Environment and Parks



Tim McMillan, President & CEO, CAPP



Tristan Goodman, President, EPAC