

# Area-Based Closure Program

## 2020 Highlights

In 2020, participants in the Area-Based Closure (ABC) Program achieved the following:

- **4510** licences abandoned
- **2439** licences reclaimed
- **\$297** million reported closure spend



Closure work was reported on over 18 400 licences.



75% of industry-led well abandonment and reclamation milestones were met by ABC participants.

### What's New in 2020

2020 was the ABC program's second year, and participation grew from 45 to 62 companies.

Due to the impacts of COVID-19, we suspended individual spend targets. We still encouraged licensees to do closure work where they were able to do so safely.

### Program Background

The voluntary ABC program encourages oil and gas companies to work together to decommission, remediate, and reclaim their energy infrastructure and sites.

Participants can complete more closure work for the same cost through collaboration with other companies. Whether working with others or alone, focusing information and services in the same area makes completing closure work more efficient.

184 closure projects were submitted into the ABC mapping tool.

### Closure Activity and Spend Summary

Despite the temporary suspension of a closure target in 2020, ABC participants still showed a commitment to closure. Spend and counts for well abandonment and reclamation certificates were comparable to the previous year.

No additional licensees were allowed to join the program after targets were suspended in May of 2020. Those who did participate spent 90% of the original 2020 target amount.

Compared to 2019, there was a 9.8% increase in the number of wells abandoned and a 7.8% increase in the number of wells that received reclamation certificates.

Grant funding received through the Government of Alberta's site rehabilitation program (SRP) did not count towards the voluntary ABC closure spend targets for 2020 and 2021. Where SRP funding did not cover full closure costs of an activity, the portion paid for by licensees could be applied to closure costs in the ABC program.



Participants spent **90%** of the original 2020 target amount.



**9.8%** increase in the number of wells abandoned.



**7.8%** increase in the number of wells that received reclamation certificates

## Closure Milestones Achieved

### Abandonments

	ABC Participants		OWA		Companies not in ABC	
	2020	2019	2020	2019	2020	2019
Wells	3 930	3 578	1 827	811	1 235	2 105
Facilities	559	283	48	43	57	52
Pipelines	21	29	1	2	35	56

### Reclamation Certificates

	ABC Participants		OWA		Companies not in ABC	
	2020	2019	2020	2019	2020	2019
Wells	2 414	2 240	167	111	1 015	1 607
Facilities	25	14	1	1	12	13
Pipelines	n/a	n/a	n/a	n/a	n/a	n/a

## Spend by Infrastructure & Work Type

### Abandonment Spend

	2020	2019
Wells	\$146.9M	\$164.3M
Facilities	\$7.9M	\$8.7M
Pipelines	\$11M	\$18.4M
<b>Total abandonment spend</b>	<b>\$165.8M</b>	<b>\$191.4M</b>

### Remediation Spend

	2020	2019
Wells	\$44.7M	\$60.5M
Facilities	\$5.9M	\$15.9M
Pipelines	\$1.4M	\$7.4M
<b>Total remediation spend</b>	<b>\$52M</b>	<b>\$83.8M</b>

### Reclamation Spend

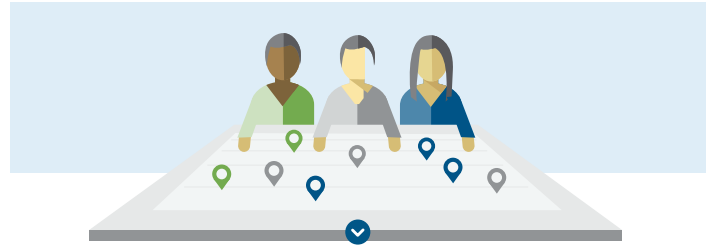
	2020	2019
Wells	\$77.4M	\$60.9M
Facilities	\$2.1M	\$3.3M
Pipelines	-	\$3.2M
<b>Total reclamation spend</b>	<b>\$79.5M</b>	<b>\$67.4M</b>

## What's next?

2021 will be the last year of the ABC program in its current form. 2022 marks the beginning of mandatory and voluntary closure spend targets as part of *Directive 088* and the AER's Inventory Reduction Program. All licensees with inactive *Directive 011* liability will receive a minimum spend target.

Incentives focused on efficiency will still be available for those licensees who commit to a voluntary closure spending target in addition to their mandatory target. See *Manual 023* for more detail.

Licensees and service providers will still be able to collaborate while planning and executing their closure work using the ABC tool to submit proposed and confirmed projects.



**Mandatory closure spend targets start in 2022.**

**Licensees with inactive *Directive 011* liability will receive a minimum spend target.**

**Continued collaboration available for licensees and service providers.**

### 2020 Participants

AlphaBow Energy Ltd.	ExxonMobil Canada Resources Company	Razor Energy Corp.
ARC Resources Ltd.	Gear Energy Ltd.	Sifton Petroleum Inc.
Athabasca Oil Corporation	Harvest Operations Corp.	Sinopec Daylight Energy Ltd.
Bellatrix Exploration Ltd.	Husky Oil Operations Limited	Spur Petroleum Ltd.
Birchcliff Energy Ltd.	I3 Energy Canada Ltd.	Strategic Oil & Gas Ltd.
Bonavista Energy Corporation	Imperial Oil Resources Limited	Strathcona Resources Ltd.
Bonterra Energy Corp.	Ipc Canada Ltd.	Summerland Energy Inc.
Briko Energy Corp.	Ish Energy Ltd.	Surge Energy Inc.
Cabot Energy Inc.	Journey Energy Inc.	Tamarack Acquisition Corp.
Canadian Natural Resources Limited	Long Run Exploration Ltd.	Tangle Creek Energy Ltd.
Canamax Energy Ltd.	Longshore Resources Ltd.	TAQA North Ltd.
Canlin Energy Corporation	MEG Energy Corp.	Tidewater Midstream and Infrastructure Ltd.
Cardinal Energy Ltd.	New Star Energy Ltd.	Torxen Energy Ltd.
Cenovus Energy Inc.	Novus Energy Inc.	Vermilion Energy Inc.
City Of Medicine Hat	NuVista Energy Ltd.	Vesta Energy Ltd.
Clearview Resources Ltd.	Obsidian Energy Ltd.	West Lake Energy Corp.
Cool LNG Inc.	Outlier Resources Ltd.	Whitecap Resources Inc.
Cor4 Oil Corp.	Paramount Resources Ltd.	Zargon Oil & Gas Ltd.
Crescent Point Energy Corp.	Perpetual Energy Inc.	
Ember Resources Inc.	Perpetual Operating Corp.	
Enercapita Energy Ltd.	Pieridae Alberta Production Ltd.	
Enerplus Corporation	Prairie Provident Resources Canada Ltd.	