

# Site Rehabilitation Program Overview

Information about Alberta's new grant funding program for eligible oil field service contractors to do abandonment and reclamation work on oil and gas sites in Alberta.

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## How the program works

The Site Rehabilitation Program (SRP) provides grants to eligible oil field service contractors to perform well, pipeline, and oil and gas site closure and reclamation work, creating jobs and supporting the environment.

The program has up to \$1 billion in grant funding from the federal COVID-19 Economic Response Plan for eligible abandonment and reclamation projects. Funding will be distributed in \$100 million increments targeting specific priorities.

Contractors must have, and comply with, a fully executed oil field service contract with an oil and gas company – otherwise known as the licensee – that has a business associate (BA) code with Alberta Energy.

Eligible contractors may apply for SRP grants at each increment of the program until March 31, 2022, or until the program is fully subscribed.

Contractors have until December 31, 2022 to complete the work.

Detailed information about funding requirements, eligibility, and the application process can be found in the [Site Rehabilitation Program Application Information and Guidelines](#).

Please read the guidelines closely before you apply for a grant to ensure you meet all requirements and criteria. The information below is intended as a supplement to the guidelines. Contractors should always refer to the guidelines when completing their grant application – they are updated regularly.

# Eligibility

## Who and what are eligible for grant funding

### Eligible contractors

Oil field services contractors – with registration, an office, and operations in Alberta – who do work such as:

- upstream oil and gas infrastructure abandonment including:
  - wellsite abandonment
  - pipeline abandonment
  - pipeline segment removal
  - facility abandonment
- environmental work including:
  - Phase 1 and Phase 2 environmental site assessments
  - remediation
  - reclamation

### Eligible activities

The following activities on sites in Alberta are eligible for grant funding:

- closure work on inactive wells and pipelines
- environmental site assessments (Phase 1 and Phase 2)
- remediation
- reclamation

### Ineligible activities

The following activities are not eligible for grant funding:

- suspension (wells and facilities) and discontinuation (pipelines) costs that are not part of abandonment and reclamation projects
- work on producing sites (for example, spill remediation)
- work on orphan wells (the clean up of orphan wells is dealt with by the Orphan Well Association, which has its own dedicated funding)
- closure work outside of Alberta
- work completed or in progress before the grant contract is signed

### Eligible costs

All costs associated with completing the work are eligible for grant funding, including:

- materials and supplies
- wages
- equipment rentals

- laboratory analyses
- transportation of equipment and workers to and from sites

### Ineligible costs

- administration fees, costs of work done in preparation for contract bids, costs to prepare grant application and project contract, or similar costs not directly incurred in relation to eligible closure activities
- food
- beverages
- non-work related expenses

### Eligibility requirements

- Oil and gas sites must be located in Alberta, requiring abandonment and/or reclamation.
- Oil field service contractors must seek out and obtain a valid contract with an Alberta oil and gas licensee.
  - The contract must be fully executed, with no 'subject to' clauses.
- The licensee is responsible for ensuring the contractor has the skills, expertise, capacity and equipment to conduct the work to meet all provincial requirements.
- Grant funding will be awarded only to the contractor, not the licensee.
- All laws, regulations, directives, and environmental and occupational health and safety standards, including social distancing and COVID-19 related health guidelines must be followed in carrying out the work.

### Related FAQs

#### 1. Are sites on First Nations Reserves eligible?

Yes.

#### 2. Why aren't licensees eligible for grants?

Funding will go directly to the oil field service contractors doing the site closure work, creating thousands of direct and indirect jobs, and keeping Alberta's specialized oil and gas service sector going, until we can turn the corner and re-launch our economy.

Licensees aren't eligible for grant funding because Alberta adheres to the polluter-pay principle, and the closure of oil and gas sites is the responsibility of licensees.

#### 3. If a licensee is abandoning its own wells, are they eligible to apply for a grant?

No, licensees are not eligible for grant funding.

#### 4. Are environmental consultants that work for licensees eligible for grants?

Yes, environmental consultants that have a Master Service Agreement with the licensee can apply for grants for the closure work that they perform. As part of their grant agreement, they must provide a copy

of the Master Service Agreement, a purchase order and any other documentation that is part the agreement to perform the specific work they are applying for.

**5. Do subcontractors have to go through a prime contractor or consultant, or can they apply for their own grants?**

Yes, sub-contractors are encouraged to apply directly for their contracted work. The grant program is intended for the people doing the work.

**6. Are sites that are orphaned eligible for grant funding?**

No. The Orphan Well Program is funded by the Orphan Well Fund.

## Funding and contracts

### Funding

Contractors with approved grant applications will receive:

- 10 per cent of the grant amount once their application is approved
- instalments of up to another 60 per cent after submitting interim invoicing and reports (an additional 20 per cent will be applied to the first instalment if the licensee's municipal taxes are paid in full on the proposed site)
- the remainder of the grant when the work is completed

Grant amounts applied for may be for all or part of the contracted amount of work.

### Funding increments

Grant funding will be available in \$100 million increments with targeted priorities, application criteria, and timelines.

#### First increment – May 1 – 31

\$100 million in funding available. Grant applications will be accepted for:

- oil and gas sites needing abandonment and/or reclamation across Alberta
- projects that require 100% government funding
- contracts of up to \$30,000 (per application, per segment of work)

#### Second increment – May 15 – June 15

\$100 million in funding available. Grant applications will be accepted for:

- oil and gas sites on land where government is paying compensation to landowners as required under Section 36 of the Surface Rights Act (otherwise referred to as Section 36 lands)
- projects that require 100% government funding
- contracts of up to \$30,000 (per application, per segment of work)

### Third and subsequent increments

Criteria for future increments will be posted as they are developed. Future increments may focus on larger projects with larger contract values.

### Contracts

- Contracts must be signed by both the oil field service contractor and the site licensee for the contractor to be eligible to apply for a grant.
  - If the contract is not with the licensee, then authorization is required by the licensee.
- It is the licensee's responsibility to determine the contractor's qualifications (skills, experience, capability, health and safety requirements etc.) to perform the site rehabilitation work.
- The contract must be fully-executed by the parties, without any "subject to" clauses, with the only remaining performance the provision of the contracted services by the contractor.
- The contract must include the scope of services, value of the contract, including cost breakdown by work activity, schedule for completion of work, including milestones as set by the contractor, and deliverables.
- The contract must be dated on or after the effective date of the grant program and all of the site rehabilitation work described in the contract must take place on or after the effective date of the grant program.
- Applications cannot be made on behalf of another party. The contractor who is doing the work must be the one to apply for the grant funding.

### Related FAQs

#### 1. What does the \$30,000 contract limit apply to?

The \$30,000 limit is per contract, per grant. This is intended to limit the complexity of application review while staff and applicants are building capacity within the grant system. If contracted work exceeds \$30,000, the maximum available grant is \$30,000. Applicants are strongly encouraged to apply only on work valued within the \$30,000 limit. Government will be assessing the proposed project costs of each application on a case-by-case basis using Alberta Energy Regulator, Government of Alberta and Orphan Wells Association data.

#### 2. How quickly after grant approval will funds be disbursed?

Payment processing times will vary, depending on volumes. The program is currently targeting an average of up to 30 days for disbursement of the first instalment after the signed grant agreement is submitted. We are working on system improvements to speed up these targets.

#### 3. What constitutes a valid contract?

In large part, this is up to the contractor and licensee, but the following must be included:

- the legal entities and contracting parties, as well as their signatures
- fully executed, with no "subject to" clauses
- the scope of services
- value of the contract, including cost breakdown by work activity  
schedule for completion of work, including milestones as set by the contractor
- deliverables.

**4. Would a commitment letter count as a contract?**

No.

**5. What is meant by “the contract must be fully executed with no subject to clauses”?**

The contract must be capable of immediate action. An “agreement to agree” or any condition requiring a future event, such as receipt of grant funding, will not be eligible for a grant. Consideration and other essential terms of the contract are the responsibility of the contracting parties. For example, where producers are unable to pay cash, other acceptable forms of valuable consideration are up to the contracting parties.

**6. Who is responsible for vetting subcontractors?**

This is up to the contractor and licensee under current industry practices.

## How to apply

### Step 1. Read the program guidelines

Make sure you meet the eligibility criteria and funding increment requirements in the [Site Rehabilitation Program Guidelines](#).

Find this information in the Program Eligibility Criteria and Program Periods sections of the guidelines.

### Step 2. Create your Site Rehabilitation Program user account login and password

1. Visit the [Electronic Transfer System](#) to create your new Site Rehabilitation Program user account login and password.
  - You will need to use Chrome or Firefox.
2. Click on “new user account registration” to create your Site Rehabilitation account and password.

### Step 3. Apply online

Once you’ve created your account login and password, you will be routed to the Site Rehabilitation Program grant application. At this time, the grant application is only accepting single well contracts – we are working to fix this and will be able to accept multiple-well contracts in the very near future.

Follow the steps to complete your grant application.

You will need the following to complete your application:

- Your company’s legal name
- Your corporate registration number
- Your company’s signing authority contact information
- The legal name of the oil and gas site licensee you are contracted with and their Business Associate (BA) identification number
- A PDF or JPEG of the signed abandonment or reclamation contract between your company and the site licensee
- The grant amount being requested (for this increment, up to \$30,000 per contract or segment of work)
- The type of infrastructure you will be working on (for example, well, pipeline, facility, etc.)
- The well, pipeline, or facility site:

- Identification number
- Location
- Work activity
- The estimated number of work hours that will be generated during the contract
- The number of employees or sub-contractors that reside in the area where the work is located
- Your preferred method of grant payment, electronic fund transfer (EFT) or cheque
- An Alberta Energy Regulator approval letter if you are planning to do pipeline removal work

If applicable, you will need to provide a municipal tax statement confirming the licensee has no outstanding municipal taxes. This is not a requirement to get grant approval.

### **After you apply**

We will verify your application and contract with the oil and gas site licensee. This may take up to five business days.

Applications must be completed accurately and fully to be considered for the program. Deficient applications will be declined and applicants will be required to reapply.

If you are deemed eligible for a grant, you will be required to sign an agreement with the Government of Alberta outlining the roles and responsibilities of all parties.

Failure to meet the requirements laid out in the agreement could result in the loss of all or part of the grant. Once the agreement has been approved and signed, you will receive an initial payment of either 10 per cent or 30 per cent of the grant total to start work. The licensee's municipal taxes must be paid to get 30 per cent of the grant total to start.

## **Related FAQs**

1. **Can you apply for multiple well sites/work activities/grants in one application (e.g. one application for three projects worth \$30,000, or do you need to do individual applications for each project (e.g. three applications for three projects worth \$30,00)?**  
As we are getting the program underway, you must do an individual grant application for each contract of up to \$30,000 each. You cannot do one application for several contracts.
2. **Can multiple contractors apply for grants on the same well site if they are doing different work?**  
Yes. At the same time, government approval officers will be looking for work duplication on sites. False or misleading information in an application may result in having to repay grant funds, companies or sites being ineligible for future participation in the program, or all of these.
3. **Is there a maximum number of sites that can be applied for per licensee or per contractor?**  
No.
4. **Will there be multiple logins available per contractor to enhance uploading of multiple applications?**  
No. This would cause too much strain on the system. There can only be one login and password per contractor.

## 5. Why won't the grant application allow me to include a contract for multiple wells?

This is an unforeseen limitation of the grant application portal and we are working to fix this. In the meantime, we encourage contractors with multiple-well contracts to sign up for program updates on [alberta.ca/siterehab](https://alberta.ca/siterehab) and we will notify you when this is fixed.

## Reporting requirements and additional grant payments

### Interim report and second grant payment

You will receive the second grant payment of up to an additional 60 per cent of the grant when you provide a complete Interim Invoice Report, which includes:

- an SRP Invoice and Reporting Form
  - contractors can decide at what point they submit their claim for interim payment – at any time when between 30 per cent and 60 per cent of the work is done
- all invoices for costs, services, supplies and equipment for abandonment/reclamation work completed to the date of submission
- a description of the site rehabilitation work completed to the date of submission

### Final report and grant payment

You will receive the remainder of the grant payment when the project is successfully completed.

To receive this final payment, you must provide:

- an SRP Invoice and Reporting Form certifying completion of the site rehabilitation work described in the SRP grant agreement,
- all invoices for costs, services, supplies and equipment incurred since the second grant payment
- a report describing all of the work conducted including data, maps, and the final results, as well as demonstration of compliance with Alberta Energy Regulator requirements.

## Related FAQs

### 1. Does work completion need to be professionally attested?

Work completion must be certified by the licensee. To receive the final grant instalment, you must submit certification from the licensee that the work has been completed satisfactorily and in accordance with all regulatory requirements. The licensee also has to certify the activity online in the Alberta Energy Regulator's OneStop portal.

Any licensee that provides false certification will be ineligible for future grants on their sites.