



NOT WELL SPENT

A REVIEW OF \$1-BILLION FEDERAL
FUNDING TO CLEAN UP ALBERTA'S
INACTIVE OIL AND GAS WELLS

July 2021

By Megan Egler

Prepared for **Oxfam Canada** and **Parkland Institute**



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Executive Summary

There are hundreds of thousands of inactive and abandoned oil and gas wells across Canada, some of which have been deemed as orphans—wells that have been left without decommissioning or cleanup after an oil and gas company is no longer financially capable and/or has gone bankrupt. These wells, alongside other aging oil and gas infrastructure, present human health and environmental risks through surface, soil, and groundwater contamination, as well as leakages of methane gas, a potent greenhouse gas emission. The growing issue is also a result of decades of poor regulation and a failure on part of provincial governments in upholding the ‘polluter pays principle,’ the generally accepted practice that the producers of pollution should be the ones to bear the costs of managing it, removing it, and returning landscapes to their prior functioning.

Presenting positive environmental outcomes alongside job security for struggling oil and gas service workers, well cleanup and reclamation has also been touted as a promising avenue for both COVID-19 emergency measures and the post-pandemic recovery. On April 17, 2020, five weeks after the World Health Organization (WHO) declared COVID-19 a global pandemic and with the country’s economy dropping more than one million jobs during the previous month, the Canadian federal government announced new job support measures as part of Canada’s COVID-19 Economic Response Plan. These measures, intended to help stabilize the economy and provide support for individuals and businesses facing pandemic related hardship, included \$1.72 billion toward the cleanup of inactive and abandoned (including orphaned) oil and gas infrastructure across the western provinces. The Government of Alberta received \$1 billion of this funding.

With a focus on the province of Alberta, this report presents an early assessment of the federal funding of oil and gas cleanups disbursed as part of the COVID-19 Economic Response Plan and the degree to which the federal funding channelled through the provincial government was allocated effectively and efficiently in ways that are compatible with positive social and environmental justice outcomes.

The Site Rehabilitation Program

The growing problem of inactive and abandoned wells is exceptionally pronounced in the province of Alberta. While British Columbia has approximately 16,000 inactive and abandoned wells, and Saskatchewan around 75,000, estimates from the Alberta Energy Regulator put Alberta at approximately 168,000.

On April 24, 2020, one week after the federal government announced funding for the cleanup of abandoned and inactive oil and gas wells, the Government of Alberta set up the Site Rehabilitation Program (SRP) to administer the \$1 billion it would receive. The SRP provides grants of between 50 to 100% of costs for well, pipeline, and facility closures and reclamations. This funding goes directly to oil field service contractors rather than the oil and gas producers who own the infrastructure, and explicitly does not include work on orphaned sites.

To date, the SRP has introduced six application periods totalling \$800 million of the \$1 billion, each with specific targeted priorities and application criteria. Periods 1 and 2 targeted the cleanup of sites where producers were experiencing financial difficulties, Periods 3 through 5 assigned funding allocations for work contracted with active producers in the province based on varying criteria, and Period 6 specifically funded sites on Indigenous lands.

Key Findings

GENDER EQUITY

- In Alberta, the provincial government was quick to issue federally funded job supports for traditionally male occupations, as with the federal funding for oil and gas cleanups through the SRP. However, the government lagged in those that were targeted toward female-dominated sectors and occupations.

INDIGENOUS PARTICIPATION

- Within the SRP, 10% of the \$1 billion funding was allocated toward oil and gas cleanups on Indigenous lands. This is a critical starting point toward reconciliation and environmental justice.
- Efforts within the design of the SRP to increase the participation of Indigenous people included incentives for producers to contract with Indigenous businesses. In funding Periods 4, 5 and 6 totaling \$500 million to date, Indigenous contractors were given priority by stipulating that projects may be grant funded 100%—as opposed to only 50%—if the contractor qualifies as an Indigenous company. A review of quarterly grant disclosure data released by the Government of Alberta and representing the first seven months of the program gave little evidence that this measure is resulting in a meaningful increase in Indigenous participation.
- The SRP was said to prioritize Indigenous involvement by offering a platform through which Indigenous community members and landowners could nominate sites for cleanup. As of March 2021, less than 1% of all well abandonments completed between May 2020 and March 2021 were Indigenous nominations. These represent only 5.5% of the total number of sites nominated by Indigenous community members to date.

GHG EMISSIONS AND ENVIRONMENT

- To the extent that the SRP successfully incentivizes abandonments of well sites in Alberta, there will be methane emissions reductions, however these are not included as an internal performance measure in the program nor are they being tracked.
- The SRP has no means of prioritizing wells based on environmental risk, instead targeting sites that relieve financial obligations of the Government and the oil and gas producers in the province.

JOB CREATION AND SITE CLEANUPS

- Despite intentions to uphold the 'polluter pays principle' by giving grants to contractors rather than oil and gas producers, funding for cleanups that are the legal responsibilities of producers do amount to a displacement of corporate dollars that should have otherwise been spent on the activity.
- Overall, without sufficient public information, it is difficult to assess the extent to which public funding is simply replacing what otherwise would have been industry spending. With this being said, the announcement of the SRP brought a near-complete work stoppage in cleanup activity as companies awaited grant funding, and a suggestive comparison can be made between spending on well cleanups through the SRP and the year prior. Between April 2020 and April 2021, the funds approved through the SRP (\$363.2million) were not drastically different from investments made by industry in 2019 through the voluntary Area-based Closure Program (\$340million representing 70% of all industry activity).
- The stated goal of the SRP was to create 5,300 jobs. If this is met, funding of \$1billion will create 5,300 jobs at \$188,680 per job. This is \$41,800 more per job than money injected into the industry through the Orphaned Well Association to do similar work in 2018. There has been no clear explanation from the Government of Alberta why the public dollars to create one job are higher in the SRP program.
- The Government of Alberta can report partial success in achieving job creation targets. As of April 30, 2021, the Government of Alberta reported that more than 500 Alberta-based companies had received grant funding through the program, leading to the creation of approximately 1,740 jobs. If a consistent ratio of labour hours to grant dollars awarded is assumed for the remainder of the program, this puts total job estimates at 4,792, which is roughly 90% of the goal, but 500 jobs short of government expectations. Many of these jobs may have existed in absence of the program.
- Funds distributed in the first seven months of the program were also highly weighted toward a small number of contractors who were successful in their applications, with 23% of the total amount of funds disbursed going to only five companies out of the 363.

ISSUES OF TRANSPARENCY

- There have been several inquiries on part of journalists and public policy research institutions since the roll-out of the COVID-19 Economic Response Plan that suggest oil and gas lobbyists heavily influenced the design of programs. In Alberta, this is reflected in high payouts to some of the biggest oil and gas companies in Canada.
- More than one-fifth of the funds slated toward sites owned by specific companies were allocated to only one company, Canadian Natural Resources Limited. More than half of the \$500 million of traceable funds was allocated to 15 companies, serving to relieve these companies of their environmental liabilities.
- A lack of transparency hinders the public from assessing policy decisions and programs like the SRP. Data around the SRP and industry activity presented both barriers to availability and usability. Performance measures used to assess the program internally are at this time not publicly available nor are the locations of sites being cleaned up under the program. Potential emissions reductions are not being measured.

Recommendations and Opportunities

Actions targeted toward the cleanup of the oil and gas sector hold promise in addressing a growing environmental threat while increasing employment for oil and gas workers. The following recommendations are meant to ensure that when public dollars are utilized, they are better leveraged toward public benefit.

- Before public funding is considered as a viable solution for oil and gas cleanups, regulation needs to ensure that cleanup liabilities are accounted for on the balance sheets of companies and that adequate funding is secured to cover these costs. Federal oversight is likely required to ensure that the Government of Alberta's new Liability Management Framework is equipped to hold industry responsible for environmental liabilities.
- Federal funds disbursed to provinces should demand accountability to federal standards or require the implementation of demonstrably stronger regulations.
- Public funding toward oil and gas cleanup should allocate a portion of the funds directly to Indigenous communities, who are best able to evaluate risk and set priorities on their own lands.
- Oil and gas cleanup programs should prioritize sites based on environmental risk while allowing for public participation and meaningful community engagement.
- Programs should consider and publicly report on both the quality of jobs being supported through the funding and who these jobs are benefiting. Governments should also track and publicly provide the necessary information for program assessment, including the public disclosures required to assess where private sector spending is being replaced by public funding.

Introduction

There are hundreds of thousands of inactive and abandoned wells¹ across Canada, some of which are deemed as orphans—wells that have been left without decommissioning or cleanup after an oil and gas company is no longer financially capable and/or has gone bankrupt. With the long-term downward trend of the oil and gas industry threatening a growing orphan well inventory, increasing awareness of the scale of methane emissions produced by inactive and abandoned wells, combined with decades of weak regulations around oil and gas well responsibilities, well cleanup has become a hot ticket item that sits at the crossroads of the economy, social justice and climate change.

On April 17, 2020, five weeks after the World Health Organization declared COVID-19 a global pandemic, and with the country's economy shedding more than one million jobs during the previous month,² the Canadian federal government announced new job support measures as part of Canada's COVID-19 Economic Response Plan. These measures, intended to help stabilize the economy and provide support for individuals and businesses facing COVID-19 related hardship, included two major programs focusing on the oil and gas sector—funding for the cleanup of inactive and abandoned oil and gas wells, and the Canadian Emissions Reduction Fund (ERF). These targeted actions, totaling approximately \$2.47 billion, received early praise for balancing the environment and the economy within the COVID-19 recovery. Prime Minister Justin Trudeau was quoted as saying “[j]ust because we’re in a health crisis doesn’t mean we can neglect the environmental crisis.”³ Major environmental organizations also complimented the announcement as a meaningful step towards bailing out people rather than polluters,⁴ and a win against the heavy lobbying being conducted by both the Government of Alberta and the Canadian Association of Petroleum Producers (CAPP) in the month prior to the announcement of the federal supports.⁵

Both programs promised employment in the oil and gas sector, particularly for oilfield-service workers who have faced layoffs as low oil prices prompted producers to curtail drilling activities. They differ however, in that the design and delivery of one program remained the responsibility of the federal government (the ERF), while within the other, management of the majority of the fund was entrusted to the provincial governments of British Columbia, Alberta and Saskatchewan, with stipulations to make certain that federal priorities were upheld.

1 Terms categorizing oil and gas wells vary across governments and within the literature. Here we use the term ‘inactive’ to describe a well that has had no recent activity and has not yet been abandoned; ‘abandoned’ refers to a well that has been decommissioned (plugged, cut and capped) and not yet reclaimed. Both inactive and abandoned wells can be ‘orphaned’ when there is no longer a legally responsible, or financially able company to conduct the well’s abandonment and/or reclamation.

2 Pete Evans. “Canada lost more than 1 million jobs last month as COVID-19 struck.” *CBC News*, April 09, 2020. <https://www.cbc.ca/news/business/canada-jobs-march-covid-19-1.5527359>.

3 Trudeau, Justin. 2020. “Announcing new support to protect Canadian Jobs.” Transcript of speech delivered in Ottawa, April 17, 2020. <https://pm.gc.ca/en/videos/2020/04/17/announcing-new-support-protect-canadian-jobs>.

4 Greenpeace Canada. “Greenpeace Canada response to federal oil & gas funding package.” April 17, 2020. [Media Release]. <https://www.greenpeace.org/canada/en/press-release/30547/greenpeace-canada-response-to-federal-oil-gas-funding-package/>. Stand.earth. “Canada puts people over polluters in federal aid package for energy sector.” April 17, 2020. [Media Release]. <https://www.stand.earth/latest/Canada-climate-energy/canadas-climate-leadership/canada-puts-people-over-polluters-federal>.

5 Corkal, V. “Federal Fossil Fuel Subsidies in Canada: COVID-19 edition.” IISD. February 15, 2021. CAPP. “COVID-19 Crisis Response – Actions required regarding Federal Policy and regulation.” [Memo] March 27, 2020.

As the largest oil and gas producing region in Canada, Alberta has contributed significantly to the Canadian economy for decades. The province also benefits immensely from federal funds targeted toward the oil and gas sector. With a focus on the roll-out of the federal funding intended for the cleanup of oil and gas wells within Alberta, this report provides a timely assessment of the federal funding of oil and gas cleanups disbursed as part of the COVID-19 Economic Response Plan and the degree to which the federal funding channelled through the provincial government was allocated effectively and efficiently in ways that are compatible with positive environmental and social justice outcomes.

Even though there is often a heavy focus on technical aspects when addressing the environmental impacts of the oil and gas industry in Canada, the design of oil and gas cleanup programs present significant opportunities to reverse social inequalities and environmental injustices⁶. It is therefore important that matters of justice be fully explored as programs are being designed and implemented at both federal and provincial levels. Alongside Canada's commitment to reducing methane emissions in the oil and gas sector, oil and gas cleanups also fall at the intersection of a suite of justice commitments made in recent years.

In 2015, the government renewed its 1995 commitment to support the full implementation of Gender-based Analysis Plus (GBA+) to ensure that differential impacts across social groups are taken into consideration during the development of policies, programs and legislation.⁷ The federal government has also made repeated commitments to Indigenous Reconciliation and the phasing out of inefficient fossil fuel subsidies. It is, however, not always clear how these commitments are being addressed by the federal dollars allocated to the provincial governments.

This report will begin with a brief overview of how the \$1 billion federal fund was implemented in Alberta. This section is intended to familiarize the reader with key aspects of the program relevant to understanding the following evaluations. Sections three to five will explore the gender and social justice implications of the resulting program and how they stack up in light of federal commitments. Section six will assess to what extent public funds were utilized in the most effective and affordable way to achieve employment and cleanup targets, followed by a discussion on transparency. To close, key findings will be revisited, and recommendations will be made toward future oil and gas cleanup initiatives, both within Canadian provinces and in the United States.

6 Beckett, C., & Keeling, A. (2019). Rethinking remediation: mine reclamation, environmental justice, and relations of care. *Local Environment*, 24(3), 216–230. <https://doi.org/10.1080/13549839.2018.1557127>.

7 Government of Canada. Gender-based analysis plus (GBA+). *Government of Canada* (website) Accessed April 16, 2021. <https://cfc-swc.gc.ca/gba-ac/index-en.html>.

Federal Funding for the Cleanup of Oil and Gas Wells in Alberta

The growing problem of inactive and abandoned wells is exceptionally pronounced in the province of Alberta. While British Columbia has approximately 16,000 inactive and abandoned wells,⁸ Saskatchewan around 75,000,⁹ estimates from the Alberta Energy Regulator put Alberta at approximately 330,500 wells, of which more than half are no longer producing: 97,000 inactive wells, and 71,000 abandoned wells.¹⁰ Of these, 2,126 wells are in the inventory of the Alberta Orphan Well Association (OWA), an industry-led non-profit organization mandated with cleaning up orphaned wells in the province. It is worth noting that these are conservative estimates, with one recent study citing upwards of 250,000 inactive and abandoned wells in Alberta.¹¹

The Canadian COVID-19 Economic Response Plan committed federal funding of \$1.72 billion intended to clean up inactive and abandoned (including orphaned) oil and gas infrastructure across the western provinces. The majority of the funds (nearly 90%) were distributed to provincial governments with intended oversight by federal-provincial committees to ensure accountability between the governments, municipal and Indigenous involvement, and strengthened regulations toward upholding the ‘polluter pays principle’ in the future—the generally accepted practice that the producers of pollution should bear the responsibility of managing it, removing it, and returning landscapes to their prior function.¹² Funding to the provincial governments included \$1 billion to the province of Alberta, \$400 million to Saskatchewan, and \$120 million to British Columbia. The remainder of the federal fund came as a \$200 million repayable loan provided directly to the Alberta OWA.

On April 24, 2020, one week after the Government of Canada’s announcement, the Government of Alberta introduced the Site Rehabilitation Program (SRP). The SRP was set up to administer the \$1 billion federal fund, providing grants to oil field service contractors that cover between 100% and 50% of costs for work on well, pipeline, and facility closures and reclamations. Given the emergency context and haste with which the funding program was launched, the government adopted an incremental approach, rolling out \$100 million grant periods with evolving targets. It is important

8 BC Oil and Gas Commission. <https://www.bcogc.ca/what-we-regulate/oil-gas/wells/>. Accessed June 3, 2021

9 Williams, J. Regehr, A. Kang, M. (2021). “Methane emissions from abandoned oil and gas wells in Canada and the United States.” *Environmental Science & Technology* 55(1), 563-570. DOI: 10.1021/acs.est.0c04265

10 Government of Alberta. Oil and gas liabilities management. *Government of Alberta* (website) Accessed May 5, 2021. <https://www.alberta.ca/oil-and-gas-liabilities-management.aspx>

11 Williams, J. Regehr, A. Kang, M. Methane emissions from abandoned oil and gas wells in Canada and the United States.” p. S16

12 The ‘polluter pays principle’ is a guiding principle of the Canadian Environmental Protection Act, 1999. <https://www.canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-registry/publications/guide-to-understanding/chapter-3.html>. This principle was upheld in *Orphan Well Association V. Grant Thornton Ltd.*, 2019 (the Redwater case) in the Supreme Court of Canada. <https://scc-csc.lexum.com/scc-csc/scc-csc/en/item/17474/index.do>.

to note that it is the contractor that applies for the grant through the SRP, not the oil and gas producer who owns the infrastructure and has the legal obligation to abandon and reclaim the site. Before applying for the program, contractors must work with oil and gas producers who decide whether a site will be decommissioned or reclaimed. The program specifically excludes orphan wells as the SRP intended to relieve the liabilities of existing companies rather than cleaning up after those that have gone through bankruptcy.

To date the SRP has introduced six application periods totalling \$800 million of the \$1 billion funding, each with specific targeted priorities and application criteria outlined in Table 1. The funding targets chosen within the periods have a clear weighting toward the cleanup of sites that relieve financial obligations of oil and gas producers and the provincial government, over other potential priorities such as environmental risk or sites nominated by local community members. For example, Periods 1 and 2 provided full grant funding for sites owned by oil and gas producers struggling financially; and Period 2 specifically addressed sites where producers failed to make lease payments to landowners. When this happens, the landowner can apply to the Government of Alberta's Surface Rights Board to have the government make the payment on the company's behalf. Payments made by the Government of Alberta have grown in recent years, amounting to over \$20 million in 2020, up from \$8 million in 2019 and \$6 million in 2018 and 2017.¹³

Periods 3 through 5 assigned funding allocations to specific producers based on varying criteria (see again Table 1). Contractors can then apply for grants to do work on sites owned by these producers up to the eligible amount. The last period announced, Period 6, and amounting to 10 per cent of the total funding, was specifically earmarked for cleanup on Indigenous lands. This came after considerable lobbying by the Indian Resource Council and represents a welcomed step toward increased Indigenous involvement.¹⁴

As mentioned previously, the SRP funding is awarded to the oil and gas service company contracted to do the work, not to the producers themselves who bear the liability associated with the cleanup of the site. By design this was intended to honour the 'polluter pays principle'. However, public funds for cleanups that are the legal responsibility of producers do amount to displacements of corporate dollars that should have otherwise been spent on the activity, which conversely violates the 'polluter pays principle'.

The official performance measures used to assess the program periods, and the program as a whole, include the number of hours of work generated, the number of sites completed at various stages of work, and the number of Indigenous employees and subcontractors engaged in the work from the communities where the work is taking place (a specific addition in Period 6).¹⁵ Though a mechanism exists in the program for community members to nominate sites for cleanup, the application guidelines for the program, as of May 2021, did not list the completion of nominated sites as a performance measure. There were also no direct measures of environmental impact despite the potential for well abandonments to contribute to methane emissions reductions.¹⁶

13 The Narwhal. "Data on land rent paid by the Alberta government on behalf of oil and gas companies." *The Narwhal*. March 2021. <https://thenarwhal.ca/wp-content/uploads/2021/03/20210310-Land-rent-data-and-FOIP-results.pdf>

14 Kyle Bakx. "Indigenous communities secure \$100M to clean up oil and gas wells." *CBC*. Nov 27, 2021. <https://www.cbc.ca/news/business/irc-savage-alberta-1.5818506>

15 Government of Alberta. "Site Rehabilitation Program: Application information and guidelines". May 12, 2021. <https://www.alberta.ca/assets/documents/energy-site-rehabilitation-program-guidelines.pdf>

16 Government of Alberta. "Site rehabilitation program: Application information and guidelines". February 10, 2021. Accessed May 5, 2021.

As part of the federal agreement, the Government of Alberta was meant to prioritize funding toward companies “that are in good standing with respect to municipal taxes”¹⁷ within the SRP. This was in response to reports of a multi-year increasing trend of unpaid municipal taxes on the part of oil and gas companies in the province amounting to \$245 million as of February 2021¹⁸. Unpaid taxes threaten the ability of rural municipalities to provide core infrastructure and services for both residents and the oil and gas industry. This was addressed within the SRP through the grant disbursement structure. Once an application is approved, the contractor receives the first 10% of the requested dollar amount. After submitting interim invoicing, they receive another 70%, and the remaining 20% once the work is completed. However, if the producer’s municipal taxes are not paid in full, the interim funding drops to 50% of the total grant amount with the remaining 40% of the funding being withheld from the contractor until the contract is completed. In both scenarios contractors receive the same funding. Though this is intended to address the problem of delinquent taxes, there is no clear repercussion for the tax-defaulting producer, nor does it provide a viable avenue for municipalities to recover these unpaid funds.

Table 1: Site Rehabilitation Program Roll-out

| PERIOD | CRITERIA | TARGETED PRIORITIES |
|--------|---|---|
| 1 | \$100 million for all oil and gas sites in need of abandonment and/or reclamation, and that require 100% grant funding. Contracts up to \$30,000 per application, per closure activity. | This funding was targeted toward sites where owners could not afford the clean-up. This was intended to keep struggling oil and gas producers solvent, and at least for a time, stopping their wells from falling into the orphan well category |
| 2 | \$100 million for all oil and gas sites where the Government of Alberta is currently paying compensation to landowners under the Surface Rights Act and that require 100% grant funding. Priority given to landowner nominated sites. No contract cost limit. | This funding was targeted toward sites owned by oil and gas producers currently defaulting on lease payments. The clean up of these sites relieves both the defaulting owners and the government from paying compensation to landowners. |
| 3 | \$100 million for 100% grant funding of work contracted with active oil and gas producers in Alberta. \$139,000 allocated to sites owned by each active oil and gas producers in the province. | This was intended to equitably distribute funding and employment opportunities across sites, and correspondingly evenly distributes clean-up liability relief across producers. |
| 4 | \$100 million closure work on sites where producers participated in the Area-Based Closure program. 100% grant funding if the contractor is an Indigenous oil field service company, otherwise 50% grant funding. | Funding allocations were based on producers’ voluntary spending commitments for 2020 through a previous government program prior to the program being paused. |

17 Department of Finance. Canada’s COVID-19 Economic Response Plan: New Support to Protect Canadian Jobs. *Government of Canada* (website) Accessed March 10, 2020. https://www.canada.ca/en/department-finance/news/2020/04/canadas-covid-19-economic-response-plan-new-support-to-protect-canadian-jobs.html#Canadas_energy_sector.

18 RMA. “Rural municipalities continue to struggle as unpaid tax amounts owed by oil and gas companies increase” [Media release]. 2021. <https://rmaalberta.com/news/rural-municipalities-continue-to-struggle-as-unpaid-tax-amounts-owed-by-oil-and-gas-companies-increase/>.

| PERIOD | CRITERIA | TARGETED PRIORITIES |
|--------|---|--|
| 5 | \$300 million for sites owned by producers with confirmed hydrocarbon production in 2019, and that spent corporate funds on closure work in 2019 or 2020. 100% grant funding if the contractor is an Indigenous oil field service company, otherwise 50% grant funding. | Grant funding is assigned based on the number of well licenses held by the producer. The funding supports work on sites owned by active oil and gas producers in the province. |
| 6 | \$100 million for closure work on First Nations reserves and Métis Settlements. 100% grant funding if the contractor is an Indigenous oil field service company, otherwise 50% grant funding. | This funding was targeted toward oil and gas clean-ups on Indigenous lands. \$84 million was allocated to sites on First Nations land and \$15 million for sites on Métis Settlements. |

\$200 million of the total \$1 billion has not yet been announced.

Source: Government of Alberta Site Rehabilitation Program (website). Accessed March 4, 2021.

Upholding Commitments Toward Gender Equity

Key Takeaways

- Federal efforts to direct pandemic relief funding to socially or economically marginalized groups did not translate to the provincial level in Alberta.
- Alberta prioritized the roll-out of federal job supports that favored male-dominated sectors over female-dominated ones.

Oil and gas site cleanups and reclamations present hopeful opportunities for those suffering from unemployment, both within the pandemic and after it, but the historical socio-economic inequalities in the province of Alberta need to be considered.¹⁹ The COVID-19 response strategies of the Government of Alberta demonstrated a gendered bias and was symptomatic of a lack of consideration for the gendered dimensions of the pandemic. Alongside this, there was a failure of the federal government in ensuring that COVID-19 job support funding was distributed to those most in need when channeled through provincial governments.

It became clear early in the pandemic that the economic effects of COVID-19, and the ways in which governments responded to them, would have gendered impacts.²⁰ The use of GBA+ at the federal level was meant to complement efforts toward an inclusive economic recovery, aiming to mobilize the participation of women, youth, racialized groups, and Indigenous peoples during and post-pandemic.²¹ Applying the GBA+ framework, the federal government reviewed the impacts of the COVID-19 pandemic on diverse groups of Canadians in the design of the COVID-19 Economic Response Plan—which included the funds for inactive and abandoned well clean-ups. Even within challenging circumstances, the analyses did inform the federal plan and funding was intentionally balanced across intersectional dimensions of gender, age, and income distribution, with several targeted efforts toward

19 In 2020 women earned on average 27% less than men on a weekly basis – that is, nearly \$1400 less per month. In natural resource industries, this number climbs closer to \$1,850. Pre-pandemic, in 2019, oil and gas sector jobs brought in an average weekly wage that was nearly double that of the aggregated average across all sectors in the province. By comparison, health care and social assistance jobs made only 84% of the aggregated average. Statistics Canada. Table 14-10-0064-01 Employee wages by industry, annual

20 Oxfam Canada. Feminist scorecard 2021: Accelerating a feminist COVID-19 recovery. *Oxfam Canada*. March 2021 <https://42kgab3z3i7s3rm1xf48rq44-wpengine.netdna-ssl.com/wp-content/uploads/2021/03/feminist-scorecard-2021-report.pdf>. Hussey, Ian. A feminist approach to Alberta's COVID-19 response. *Parkland Institute*. June 01, 2020. https://www.parklandinstitute.ca/a_feminist_approach_to_albertas_covid19_response. Sultana, A. & Ravanera, C. A Feminist Economic Recovery Plan for Canada: Making the Economy Work for Everyone. The Institute for Gender and the Economy (GATE) and YWCA Canada. July 28, 2020. <https://www.feministrecovery.ca/>

21 Natural Resource Canada. Canada Supports Inclusive Growth Through Economic Recovery. *Government of Canada* (website) Accessed April 16, 2021. <https://www.canada.ca/en/natural-resources-canada/news/2020/07/canada-supports-inclusive-growth-through-economic-recovery.html>.

Indigenous peoples. Women had a higher representation in direct measures within the economic response plan, with 14% of the value of direct measures targeted toward women, 9% to men, and 77% to all genders²².

However, the federal government had little oversight to ensure that this gender sensitive balance was maintained at the provincial levels. Although a GBA+ was conducted in line with federal commitments, there was little scope for translating the norms into on-ground results when provincial governments could choose which funds to prioritize. While the Government of Alberta was quick to issue federally funded job supports for traditionally male occupations, as with the funding for the cleanup of orphan and inactive oil and gas wells, it lagged in those that were targeted toward female-dominated sectors and occupations.

The employment rates of women and men in Alberta were similarly affected during the first year of the pandemic.²³ In March and April of 2020, job losses in the Alberta private sector were entirely in the service sector which employs mostly women²⁴ and the first jobs lost were part-time positions more likely to be held by women.²⁵ Later in the pandemic came job losses in the oil and gas sector due to a range of factors, and were primarily held by men (more than 80%).²⁶ Despite employment losses similar across genders, the Government of Alberta's early COVID-19 response clearly prioritized the oil and gas industry. Front-line workers supporting Albertans during the pandemic were also mostly women²⁷ and there is a growing body of literature identifying care workers as central, both in risk and necessity, within the pandemic.²⁸ However, the government failed to access much of the money offered by federal programs for the top-up of essential workers' wages, those of low-paid health-care workers, and for long-term care and rapid housing for those in need.

A thorough report on federal and provincial COVID-19 measures conducted by the Canadian Centre for Policy Alternatives and released in January of 2021, calculated missed federal supports equating to \$442.8 million.²⁹ Since the release of the report and nearly ten months after the federal government made the funds available, Alberta announced a one-time critical work benefit of \$1,200 for healthcare and social service workers, education support workers and other public-sector employees.³⁰ In contrast, the \$1 billion designated to the province of Alberta for the cleanup of oil and gas wells was translated into the SRP one week after the federal announcement, with the first grants rolling out to contractors two months later. The federal GBA+ assessed these funds to benefit primarily men (up to 70%) through the explicit targeting of employment in the oil and gas sector as well as occupations related to natural and applied sciences.

22 Department of Finance. Overview of Canada's COVID-19 Economic Response Plan. *Government of Canada*.(website) Accessed April 16, 2021. <https://www.canada.ca/en/departement-finance/services/publications/economic-fiscal-snapshot/overview-economic-response-plan.html>

23 Statistics Canada Labour force characteristics by province

24 The goods-producing sector in Alberta is 36% male, while the service-producing sector is 87% female. Statistics Canada Labour force characteristics by industry. For early pandemic labour market notes please see: Alberta Treasury Board and Finance. "Labour Market Notes". *Government of Alberta*. April 2020. <https://open.alberta.ca/dataset/02edb3a8-8a3b-4162-a74c-aaa6de1b7320/resource/4929e6b2-c10d-4a1c-abe2-5b6e298b795e/download/2020-04-labour-market-notes.pdf>

25 Hussey, Ian. A feminist approach to Alberta's COVID-19 response. *Parkland Institute*.

26 Government of Canada. Gender-based analysis plus (GBA+). *Government of Canada* (website)

27 Hussey, Ian. A feminist approach to Alberta's COVID-19 response. *Parkland Institute*.

28 Kate Power. (2020). The COVID-19 pandemic has increased the care burden of women and families, *Sustainability: Science, Practice and Policy*, 16: 1, 67-73. CMAJ. (2020). Mitigating the psychological effects of COVID-19 on health care workers. 192 (17) E459-E460; DOI: <https://doi.org/10.1503/cmaj.200519>.

29 Macdonald, D. "Picking up the tab: A complete accounting of federal and provincial COVID-19 measures in 2020". *Canadian Centre for Policy Alternatives*. January 2021. <https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2021/01/Picking%20up%20the%20tab.pdf>.

30 French, J. "Alberta, federal governments giving \$1,200 pandemic danger pay to front-line workers". *CBC News*. Feb 10, 2021. <https://www.cbc.ca/news/canada/edmonton/alberta-critical-worker-benefit-payments-1.5908613>

Efforts Toward Reconciliation with Indigenous Peoples

Key Takeaways

- A small portion of the funding (10%) was allocated to oil and gas clean-ups on Indigenous lands – one step toward reconciliation and environmental justice
- Indigenous peoples have seen consistently higher unemployment, made worse by economic downturn.
- Despite efforts within the SRP to increase Indigenous participation, there is little evidence to show improved outcomes.

In the past decade, Indigenous groups in Alberta have seen consistently worse outcomes in employment compared to their non-Indigenous counterparts.³¹ In response to this the Government of Alberta made several highly publicized attempts to include Indigenous participation in the SRP. Funding within the SRP has been targeted toward Indigenous oil-field service contractors, consultation has taken place with Indigenous industry representatives, and there are avenues for Indigenous communities to nominate sites for cleanup.³² Oversight from the federal government regarding the cleanup of inactive and abandoned oil and gas wells also sought to ensure municipal and Indigenous engagement. There is limited public data available to assess whether Indigenous participation has increased within oil and gas cleanup activities as a result of these efforts, and what data does exist suggests otherwise.

The targeted efforts within the design of the SRP to increase the participation of Indigenous people included incentives for oil and gas producers to contract with Indigenous businesses. In Periods 4, 5, and 6 of the SRP (totaling \$500 million) Indigenous contractors were given priority by stipulating that projects may be grant-funded 100%, as opposed to only 50%, if the contractor qualifies as an Indigenous company. A list of these companies was compiled through an Indigenous Roundtable which included representatives from Indigenous communities, businesses, and the Indian Resource Council. There were 131 companies on the list, as of March, 2021. Periods 1, 2 and 3 (totaling \$300 million) had no such stipulations and provided 100% grant funding to all contractors.

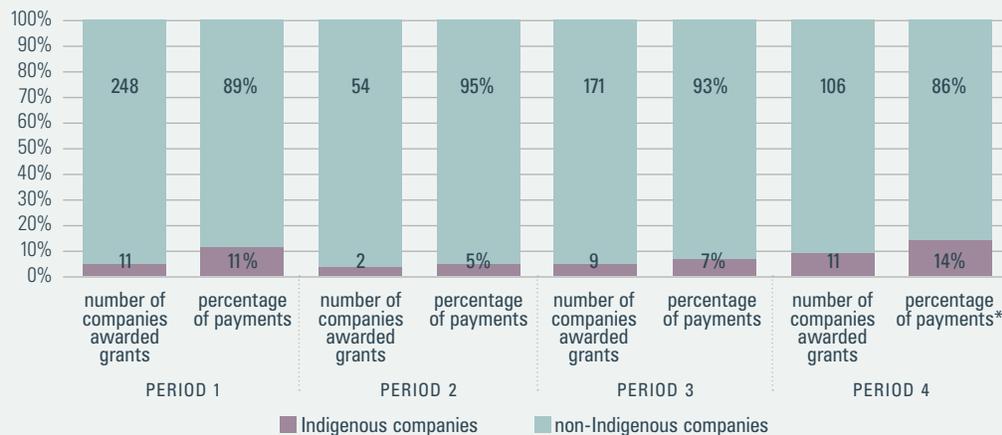
31 In 2020, the employment rate of Indigenous peoples in Alberta fell 8%, while non-Indigenous employment rates fell 5.8%. This trend was even more pronounced in the oil and gas sector where a higher percentage of Indigenous workers and businesses are employed in construction, an area that sees the majority of its work when the industry is expanding. Government of Alberta. 2018 Alberta labour force profiles." *Government of Alberta*.

32 Government of Alberta. "Support for Indigenous oil field service contractors." *Government of Alberta* (website) Accessed April 8, 2021. <https://www.alberta.ca/support-for-indigenous-oil-field-service-contractors.aspx>.

A review of quarterly grant disclosure data released by the Government of Alberta and representing the first seven months of the program gave little evidence that the measure introduced in Period 4 is resulting in a meaningful increase in Indigenous participation. The data revealed approximately \$45 million in SRP funds disbursed over 14,389 payments between June and December 2020. These payments represent primarily initial grant disbursements (equating 10% of the full grant amounts) and are the best proxy available for how many contracts are being supported through the SRP. Payments were directed toward 384 companies (Figure 1). Of the companies receiving funding only 21 (5%) were qualified Indigenous companies, with two companies: Western Petroleum Management and Ridgeline Canada Inc., receiving more than half (55%) of the total number of these payments.³³ In Period 4, which introduced the provisions to increase the participation of Indigenous businesses, there was little change in comparison to previous periods. In the fourth period 16% of all payments went to 11 Indigenous contractors. Though this represents an increase in comparison to Period 1 where Indigenous contractors received only 9% of all payments, there was a slight decrease from Period 2 where 17% of all payments went to Indigenous contractors³⁴.

In Period 4 Indigenous companies saw an increase in the total dollar amounts received through the program (increasing to 25% from 11% in Period 1). This is significant if we are concerned with the percentage of public dollars going to Indigenous companies but is misleading in understanding the extent to which Indigenous companies and workers are benefiting from increased participation in oil and gas cleanup work. Since all contractors, whether funded through industry or the SRP, receive full payment for the work they do, what is important here for the assessment of Indigenous participation, is how many contracts and the size of contracts are being awarded to Indigenous versus non-Indigenous companies. Given limits on public disclosure data, a best approximation can be made by adjusting the payments to represent the full funds being received by the contractor regardless of where they are coming from. When dollar amounts are adjusted in this regard, Period 4 saw only a 3% increase in payment amounts from Period 1 (Figure 1).

Figure 1: Indigenous Participation in Periods 1-4 of the SRP from June to December 2020



*Payments adjusted to represent changes from 100% to 50% grant funding to facilitate comparison between contracts supported through the SRP. Source: Alberta Grant Disclosure Data, 3rd and 4th quarter, 2020, Cross referenced with Government of Alberta's list of qualified Indigenous contractors, March 2021.

33 Government of Alberta. Grant payments disclosure data. Accessed March 15, 2021. <https://www.alberta.ca/grant-payments-disclosure-table.aspx>

34 The grant disclosure data provides information on individual payments made to companies under the SRP. Because grants are disbursed to successful applicants incrementally over the completion of a contract, it is not possible to estimate the total number of sites awarded grant funding nor the number of successful applications submitted by Indigenous or non-Indigenous companies. The total number of payments made and the companies receiving them is the best available proxy for Indigenous participation in the program at this time.

The SRP also attempted to prioritize Indigenous involvement by offering a platform through which Indigenous community members and landowners could nominate sites for cleanup. Locations of the sites awarded grant funding within the SRP are not public, however, a review of well data from the Alberta Energy Regulator, cross-referenced by location with facility and well nominations by First Nations and Métis community members reveals how many well abandonments within the time frame of the program were in fact on nominated sites.

As of March 2021, only 42 wells nominated by Indigenous communities for cleanup work had been abandoned. This represents less than 1% of all well abandonments completed between May 2020 and March 2021, and only 5.5% of the total number of sites nominated by Indigenous communities³⁵. It is difficult to say whether this small fraction of the overall work completed in the province during the duration of the program is a result of the nomination mechanism or simply work that would have been completed in its absence. Though contractors struggling to have applications approved may consult the list of nominations, the SRP lacks actual incentives for contractors and producers to work toward the cleanup of nominated sites ahead of other sites. With this, the platform risks serving little purpose beyond a façade of meaningful engagement.

³⁵ Reclamation work is not represented in the data due to the amount of time it takes for a site to be certified as reclaimed and updated in the public well list. Reclamations represent approximately 36% of approved applications according to the SRP program.

Emissions Reductions

Key Takeaways

- The cleanup of oil and gas infrastructure has a high potential for emissions reductions, however these have not been measured nor prioritized within the SRP.
- The SRP does not prioritize wells based on environmental risk, instead targeting sites that relieve financial obligations of the government and industry.

In Canada, the oil and gas sector is the largest contributor to methane emissions, a potent greenhouse gas.³⁶ Despite this, the SRP did not include environmental targets, nor measures to assess methane reductions (either by companies or researchers) and did not include environmental risk in the prioritization of sites cleaned up through the program.

Federal commitments to the reduction of methane emissions were meant to assist Canada in achieving its Paris Agreement commitments. However, achievements toward this have been slow, with the federal government's own modelling released in 2020 predicting a gap of 5 to 7 million tonnes of CO₂e (carbon dioxide equivalent).³⁷ Federal policy around methane emissions granted the provinces the opportunity to impose equivalent regulations at the provincial level so long as they achieve the same, or higher, levels of reductions. The three western provinces of British Columbia, Alberta and Saskatchewan, the major producers of oil and gas, chose to develop their own regulations.

A review of Alberta's methane emission regulations shows the province falling short of the federal standard with a predicted reduction of only 32% below the 2012 baseline.³⁸ The main areas of concern are the provincial regulations' failure to effectively reduce venting (the intentional release of methane gas in oil and gas operations) and weak reporting and measurement requirements.³⁹

A 2021 study conducted by researchers at McGill University found that annual methane emissions from inactive and abandoned wells have been underestimated by up to 150% in Canada, suggesting that these wells are currently the 11th largest source of anthropogenic methane emissions in the

36 Government of Canada. "Greenhouse gas emissions." April 15, 2021. Accessed May 6, 2021. <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/greenhouse-gas-emissions.html>

37 Pembina Institute. "Without federal action, Canada will miss easiest, cheapest opportunity to reduce climate emissions" [media release] September 3, 2020 <https://www.pembina.org/media-release/without-federal-action-canada-will-miss-easiest-cheapest-opportunity-reduce-climate>.

38 Pembina Institute. "Comparing Alberta and Federal Oil and Gas Methane Emissions Regulations: A fact sheet for policy-makers." 2019. <https://www.pembina.org/reports/2019-joint-methane-factsheet-AB.pdf>.

39 Ibid.

country.⁴⁰ These emissions are particularly difficult to estimate due to a lack of information about the quantity of methane gas being emitted (less than 0.01% of wells in the U.S. and Canada have been assessed) and the extent to which wells have gone undocumented. The study estimated the number of inactive and abandoned wells in Canada to be at least 370,000, of which 68% (250,513) are in Alberta and emit total annual emissions of approximately 0.022 MMt of methane, or 0.55 million tonnes of CO₂e.⁴¹

Another study, also published in 2021, demonstrates the absence of short-run financial incentives for firms to undergo the abandonment and reclamation process compared to simply leaving the well in a state of “suspension” and continuing to pay the surface lease payment.⁴² These inactive wells are even more likely to leak than abandoned wells and pose increased risks. Furthermore, as wells age, the risk of methane leakage increases. As of June 2021, there were more than 30,000 wells in Alberta that the Alberta Energy Regulator has recorded as inactive, but not abandoned, for longer than ten years.⁴³ Of these, more than 20,000 have been classified as high- or medium-risk wells.

In light of this, effort toward abandonments, remediations and reclamations of well sites in the province and the country holds promise in reducing methane emissions overall and presents an important opportunity for needed regulatory reform and future programs targeting emissions reductions. To the extent that the SRP successfully completes abandonments of well sites in Alberta, there will be actual methane emissions reductions, however these are not being tracked as an outcome of the program and the program has no means of prioritizing wells based on environmental risk.

Decisions around which wells are prioritized within the SRP have been left very much in the hands of oil and gas producers. These are profit-maximizing businesses that benefit from using public dollars to reduce their liabilities and improve their balance sheets. Government intervention is needed to ensure that public dollars for oil and gas cleanups are best leveraged toward public good. Future programs should recognize and prioritize the emissions reductions potential of oil and gas well-cleanups which will require either public funding for the research and measurement of associated GHG emissions or the requirement for companies to do this work on their own sites, as is the case for other public-funded programs (for example, the Emissions Reduction Fund).

40 Williams, J. Regehr, A. Kang, M. (2021). “Methane emissions from abandoned oil and gas wells in Canada and the United States.” *Environmental Science & Technology* 55(1), 563-570. DOI: 10.1021/acs.est.0c04265

41 CO₂e based on global warming potential for 100 year time horizon for CH₄. Forster, P., V. Ramaswamy, P. Artaxo, T. Bernsten, R. Betts, D.W. Fahey, J. Haywood, J. Lean, D.C. Lowe, G. Myhre, J. Nganga, R. Prinn, G. Raga, M. Schulz and R. Van Dorland. “Changes in Atmospheric Constituents and in Radiative Forcing” In *Climate Change 2007: The Physical Science Basis. Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. 2007

42 Schiffner, D., Kecinski, M., Mohapatra, S. (2021). “An updated look at petroleum well leaks, ineffective policies and the social cost of methane in Canada’s largest oil-producing province.” *Climate Change* 164:60. <https://doi.org/10.1007/s10584-021-03044-w>

43 Alberta Energy Regulator. “Inactive well license list.” Accessed June 7, 2021. <https://www.aer.ca/regulating-development/rules-and-directives/directives/directive-013>

Public Dollars for Jobs and Cleanups

Key Takeaways

- The SRP runs counter to the ‘polluter pays principle’.
- The Government of Alberta came close to achieving job creation targets.
- It is unclear the extent to which public funding is simply replacing industry spending and there is inadequate public information to assess this. The work stoppage in cleanup activity immediately after the program was announced suggests at least some jobs and spending would have likely proceeded in absence of the program.

Jobs created through federal funding are primarily within non-union oil and gas service companies both through work with the SRP and the OWA. The oil and gas sector has been experiencing job losses for years, only intensified by the COVID-19 pandemic. The Canadian oil and gas industry cut an estimated 53,119 jobs from 2014 to 2019 and with the Alberta oil sands industry shifting from its growth phase to its mature phase, employment in the province is not expected to recover or increase significantly in the future.⁴⁴ Oil and gas infrastructure cleanups are essential elements of government and industry accountability, and environmental health. They also hold promise in providing employment in light of a transitioning energy economy. However, job security will require that funding for well-closure and reclamation work remains consistent over time.

The responsibility for closure and reclamation rests squarely with industry but will be heavily influenced by the regulatory and liability rules established at the provincial and federal levels. What is more, is when public funds are being used for cleanup, it is not entirely clear whether they are being utilized efficiently to provide employment and support for cleanup activities. This should be a minimum requirement.

⁴⁴ Hussey, I. The future of Alberta's oil sands industry: more production, less capital, fewer jobs. *Parkland Institute*. March 2020.

Job Creation Targets

Trends in job creation show the Government of Alberta falling slightly short on its 5,300 job promise as part of the SRP. As of April 30, 2021, the Government of Alberta reported that more than 500 Alberta-based companies had received grant funding through the program, leading to the creation of approximately 1,740 jobs (as estimated in labour hours by oil field service companies in their applications).⁴⁵ At this point \$363.2 million in grants had been approved. If a consistent ratio of labour hours to grant dollars awarded is assumed for the remainder of the program, this puts total job estimates at 4,792, which is roughly 90% of the goal, but 500 jobs short of government expectations. It is important to note that in these measurements one job equates 2000 hours worked, which on average is equal to one year of employment for an individual. This means that jobs created through the program are not necessarily permanent positions and only temporarily increase employment opportunities in the sector.

Funds distributed in the first seven months of the program were also highly weighted toward a small number of contractors who were successful in their applications. Only five companies received 23% of the total amount of funds disbursed,⁴⁶ out of the 363 recorded in the grant disclosure data from the Government of Alberta.⁴⁷ This further suggests that employment opportunities created by the majority of the companies receiving grants are likely to be temporary or contingent on sub-contracting.

It is also uncertain as to whether many of these jobs would have existed without the program since there are legal obligations for producers to be conducting cleanup work outside of public funding. The majority of companies do comply to some degree; however, for these companies the announcement of the SRP brought a near complete work stoppage in well closure activity as they awaited grant funding.⁴⁸ This gaming of the system was confirmed in the public documentation of a meeting held with Alberta Energy and the Environmental Services Association of Alberta on July 6th, 2020, in a note that read, "several companies had cancelled spending based on anticipated funds from the AB SRP."⁴⁹ This suggests that, at least some of the jobs created by the program are jobs that would have existed in its absence and that oil and gas producers are using the grant funding to replace activities they would have performed regardless.

In 2018, prior to COVID-19, the Government of Alberta loaned the Orphan Well Association \$235 million to decommission approximately 2,340 orphan well sites over three years. This was predicted to create more than 1,600 full-time equivalent jobs.⁵⁰ This equates to one job per \$146,875 injected into the industry as a repayable loan. By the same calculation, the \$1 billion funding through the SRP creates one job with every \$188, 680 of public dollars spent if the 5,300-job goal is met. This is \$41,800 more per job. There has been no clear explanation from the Government of Alberta why the public dollars to create one job are higher in the SRP program. Though the demographic makeup, wages

45 Government of Alberta. Site Rehabilitation Program – Grant funding status. *Government of Alberta* (website) Accessed March 15, 2021. <https://www.alberta.ca/site-rehabilitation-program-grant-funding-status.aspx>

46 Capstone Oilfield services Ltd., 360 Energy Liability Management Ltd., Western Petroleum Management Ltd., Strike Group Limited Partnership, 2072677 Alberta Ltd (Summit).

47 Government of Alberta. Grant payments disclosure data. Accessed March 15, 2021. <https://www.alberta.ca/grant-payments-disclosure-table.aspx>

48 Kyle Bakx. "Delays, confusion and little work as Alberta government disburses \$1B to clean up old wells." *CBC News*. July 8, 2020. <https://www.cbc.ca/news/business/srp-alberta-oilpatch-wells-1.5641024>

49 ESAA. July 16th. 2020 Update #1. *ESAA* (website) Accessed March 15, 2021. <https://esaa.org/srp/>

50 Orphan Well Association. "2017 Annual Report." <https://www.orphanwell.ca/wp-content/uploads/2018/10/OWA-2017-18-Ann-Rpt-Final.pdf>

and tenure of the jobs created through the SRP are not public, there are early indicators that as a job creation program for an industry suffering both pre- and during COVID-19, the SRP is not achieving its outcomes efficiently or in the most affordable way.

Oil and Gas Cleanups

Overall, there is uncertainty regarding the extent to which public funding is simply replacing what otherwise would have been industry spending. There is inadequate public information to assess this, however, a suggestive comparison can be made between spending on well cleanups through the SRP and the year prior, when industry made their own voluntary spending commitments. In 2019, work completed by participants in the Area-Based Closure Program, a previous provincial program that helped producers work together to meet well cleanup responsibilities, saw industry spend \$340 million on closure activities, 70% of overall activity in the province.⁵¹ In comparison, as of April 30, 2021, one year after the announcement of the SRP, a similar investment of \$363.2 million had been approved, this time in public funds and the majority of which (\$300 million) was for fully funded projects. Furthermore, Period 4 of the SRP specifically targeted sites belonging to companies that had previously made spending commitments through the Area Based Closure Program. This, alongside the work stoppage following the announcement of the program, suggests that a large portion of industry spending will have been replaced with public funds during the two-year SRP.

⁵¹ Alberta Energy Regulator. Area-based closure. *Alberta Energy Regulator* (website) Accessed March 18, 2021. <https://www.aer.ca/regulating-development/project-closure/liability-management-programs-and-processes/area-based-closure>

Transparency and Corporate Power

Key Takeaways

- Fossil fuel industry lobbyists influenced the design of programs. Some of the biggest fossil fuel companies in Canada benefited the most.
- A lack of transparency hinders the public from assessing policy decisions and programs like the SRP.

Several major issues of transparency and public accountability have surfaced in regard to both federal funding to the oil and gas sector and more specifically to the SRP in Alberta. There have been several inquiries on part of journalists and public policy research institutions since the roll-out of the COVID-19 Economic Response Plan that suggest oil and gas lobbyists had prominent positions at the table during the design of programs.⁵² This is reflected in high payouts to some of the biggest oil and gas companies in Canada⁵³ despite the Canadian government's commitment in 2009⁵⁴, and again in 2020, to phase out inefficient fossil fuel subsidies.

Regarding the Government of Alberta, a lack of transparency hinders the public from assessing policy decisions and programs like the SRP. Open government data is meant to create transparency and accountability, participation, and enhanced governance.⁵⁵ However, data around the SRP and industry activity presented both barriers to availability and usability. Performance measures used to assess the program internally, such as the number of sites completed at various stages of work and the number of Indigenous employees and subcontractors engaged in the work are at this time not publicly available. The locations of the sites approved for grants are also not publicly available, and the potential emissions reductions are not being measured. Therefore, the contribution of the program to GHG emissions reductions is indeterminate, and it is not possible to fully assess the extent to which the jobs created or maintained benefit diverse populations. Where data is available it has low usability, requires the cross-referencing and combining of multiple data sets, and is often lacking the necessary

52 See: Martin Lukacs. "Oil lobby, Trudeau government formed secretive committee during pandemic." *The Breach*. April 13, 2021. <https://breachmedia.ca/oil-lobby-trudeau-government-formed-secretive-committee-during-pandemic>. <https://d36rd3gki5z3d3.cloudfront.net/wp-content/uploads/2021/04/Federal-FossilFuelSubsidies-April-2021.pdf>. Marshall, D. "We have the oil lobby's secret list of COVID demands – if approved, they would set environmental protection back decades". Environmental Defense. https://environmentaldefence.ca/2020/04/17/capp_covid_memo/CAPP_COVID-19_Crisis_Response_-_Actions_required_regarding_Federal_Policy_and_regulation. [Memo] March 27, 2020.

53 See: Martin Lukacs. "Oil lobby, Trudeau government formed secretive committee during pandemic." *The Breach*. April 13, 2021. <https://breachmedia.ca/oil-lobby-trudeau-government-formed-secretive-committee-during-pandemic>. Marshall, D. "We have the oil lobby's secret list of COVID demands – if approved, they would set environmental protection back decades". Environmental Defense. https://environmentaldefence.ca/2020/04/17/capp_covid_memo/. CAPP. "COVID-19 Crisis Response – Actions required regarding Federal Policy and regulation." [Memo] March 27, 2020.

54 G20. Leaders' statement. The Pittsburgh Summit. September 24–25, 2009. Summit proceeding. https://www.treasury.gov/resource-center/international/g7-g20/Documents/pittsburgh_summit_leaders_statement_250909.pdf

55 Rob Kitchin. (2014). *The Data Revolution*. Sage Publications. London

meta-data for its use. During this research, requests to the Government of Alberta for clarification regarding public information resulted in repeated redirections toward the same publicly available information and data.

Data is available on recipients of government funding through Alberta’s grant disclosure database but since disbursements go to the contractor rather than the oil and gas producer, who is benefiting from the program, and to what degree, is not fully disclosed. What can be ascertained by summing up the allocations to producers in Periods 3, 4 and 5, is that more than one-fifth of the funds are being allocated to just one company, Canadian Natural Resources Limited (Table 2.). To add perspective, this represents more than \$100 million dollars of liability relief to a company that has reported 21 consecutive years of dividend increases, including 11% in March 2021.⁵⁶ More than half of traceable funds (\$500 million) was allocated to only 15 companies, serving to relieve companies of their environmental liabilities and in full violation of the ‘polluter pays principle.’⁵⁷

Table 2. Oil and Gas Producers with Highest Allocation Amounts Within the SRP

| LICENSEE | PERIOD 3 | PERIOD 4 | PERIOD 5 | TOTALS |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Canadian Natural Resources Limited | \$139,000 | \$31,388,715 | \$70,955,294 | \$102,483,009 |
| Torxen Energy Ltd. | \$139,000 | \$2,268,987 | \$16,470,969 | \$18,878,956 |
| Cenovus Energy Inc. | \$139,000 | \$8,995,220 | \$8,835,617 | \$17,969,837 |
| Husky Oil Operations Limited | \$139,000 | \$5,663,389 | \$10,125,011 | \$15,927,400 |
| Ipc Canada Ltd. | \$139,000 | \$1,141,687 | \$12,635,467 | \$13,916,154 |
| Ember Resources Inc. | \$139,000 | \$1,191,046 | \$10,842,001 | \$12,172,047 |
| Imperial Oil Resources Limited | \$139,000 | \$4,673,959 | \$6,901,526 | \$11,714,485 |
| Paramount Resources Ltd. | \$139,000 | \$5,238,638 | \$5,174,412 | \$10,552,050 |
| Obsidian Energy Ltd. | \$139,000 | \$4,161,872 | \$6,184,536 | \$10,485,408 |
| Canlin Energy Corporation | \$139,000 | \$1,354,326 | \$7,985,924 | \$9,479,250 |
| Number of companies with allocations | 721 | 56 | 278 | |
| Total industry allocations | \$100,219,000 | \$100,000,001 | \$300,000,000 | \$500,219,001 |

Source: SRP Licensee Allocations, Government of Alberta

⁵⁶ Sharon J. Riley. “\$100 million in federal funding for cleanup of Alberta oil and gas wells went to sites licensed to CNRL.” *The Narwhal*. May 7, 2021. <https://thenarwhal.ca/cnrl-alberta-oil-gas-wells-cleanup/>.

⁵⁷ Ibid.

Conclusions and Steps Forward

Building Just Models for Oil and Gas Cleanups

A clear and notable finding of this program review is that the public dollars intended to clean up Alberta's oil and gas sector through the SRP violated the 'polluter pays principle.' First and foremost, models for oil and gas cleanups need to hold the industry financially accountable for its environmental legacy. Before public funding is considered as a viable solution, regulation needs to ensure that cleanup liabilities are accounted for on the balance sheets of companies and that adequate funding is secured to cover these costs.

In receiving the federal funding, the Government of Alberta was required to address the problem of orphan wells and the backlog of cleanup work to be done by strengthening regulations and enforcing the 'polluter pays principle.' Alberta has proposed a new Liability Management Framework that claims to enable industry to better take responsibility for the cleanup of oil and gas infrastructure. Given the lack of transparency regarding the SRP and its shortcomings found within this research, close attention should be paid within the implementation of this new framework to ensure that the problem is being addressed and that industry is being held responsible. With this in mind, this report endeavours to provide some key areas for improvement when public funds are allocated toward oil and gas cleanup activities.

Improved Program Design

Despite challenges resulting from limited transparency and insufficient public data, this report strongly suggests that the SRP was inadequately designed to minimize public risk while maximizing public benefit. Federal commitments were not meaningfully upheld, environmental factors were not considered, and mechanisms intended to increase Indigenous participation have shown little success. Much of the work funded by the program may well have been performed in its absence, and after being channeled through contractors the end beneficiaries are oil and gas companies and their owners. This said, actions targeted toward the cleanup of the oil and gas sector do hold promise to both address a growing environmental threat and increase employment for oil and gas workers. Plus these technical aspects of program design can be addressed in future iterations of the SRP or related programs.

Many of these technical aspects are already being demonstrated in the work conducted by the OWA and with further expansion into dimensions of social and environmental justice could provide a starting point for future programs. The organization builds relationships with partner contractors enlisted through a transparent procurement process that incentivizes companies to prioritize safe working conditions, adequate qualifications, and quality work. The organization also prioritizes

pre-qualified contractors from local and regional groups. This model can be extended in ways that increase the participation of companies that maintain healthy working relationships with Indigenous communities, municipalities and meet gender equity goals. Working with pre-qualified contractors and subcontractors also allows workflows to be planned, reducing precarity for both contractors and waged workers. Where the SRP failed to account for environmental risk directly through its funding allocations, the OWA has demonstrated how risk ranking can be incorporated into allocations for site funding, while balancing efficiency gains.

Meaningful Engagement

It is important that future program design and implementation consider the technical perspective as only one element of oil and gas cleanups. Site prioritization should not come without meaningful community engagement, and where funding is not directly allocated to Indigenous peoples for work on their own lands, regulatory mechanisms designed to include affected community members, such as site nominations, need to have teeth. Oil and gas site cleanup, and environmental remediation more generally, are often framed as an environmental benefit, but these activities are also corrections of past harm and present an important opportunity to repair social and political relationships and restore trust.⁵⁸ A singular focus on the technical aspects of site cleanup and remediation risks depoliticising the process and absolving governments and corporations of past environmental injustices.⁵⁹ Oil and gas cleanup programs need to include constructive strategies for restoring Indigenous sovereignty, correcting socio-economic inequalities, and promoting direct involvement of affected communities in all stages of site cleanup and remediation.⁶⁰

Stronger Accountability to Federal Commitments

When social justice and environmental commitments have been made at the federal level, funds transferred to provincial governments will require stronger conditions and more oversight to ensure the desired results on the ground. GBA+ conducted across the COVID-19 Economic Response Plan helped the federal government balance funding programs between different populations according to need. This should also be translated at the provincial level.

Federal funds disbursed to provinces should demand accountability to federal standards or require the implementation of demonstrably stronger regulations. The environmental benefits of the funding should be represented in program performance measures with greenhouse gas emissions reductions prioritized, measured, and tracked.

Allocating a portion of the funds directly to Indigenous communities, who are best able to evaluate risk and set priorities on their own lands, is a critical starting point toward reconciliation and

58 Tsosie, R. (2015). Indigenous Peoples and the Ethics of Remediation: Redressing the Legacy of Radioactive Contamination for Native Peoples and Native Lands. *Santa Clara Journal of International Law*, 13(1), 203–272. Retrieved from <http://digitalcommons.law.scu.edu/scujil/vol13/iss1/10>

59 Beckett, C., & Keeling, A. (2019). Rethinking remediation: mine reclamation, environmental justice, and relations of care. *Local Environment*, 24(3), 216–230. <https://doi.org/10.1080/13549839.2018.1557127>

60 For a review of academic and grey literature see: Westman, C. N., & Joly, T. L. (2019). Oil sands extraction in Alberta, Canada: a review of impacts and processes concerning Indigenous peoples. *Human Ecology*, 47(2), 233–243. <https://doi.org/10.1007/s10745-019-0059-6>. See also: Natcher, D. C., & Brunet, N. D. (2020). Extractive resource industries and indigenous community-based monitoring: Cooperation or cooptation? *Extractive Industries and Society*, 7(4), 1279–1282. <https://doi.org/10.1016/j.exis.2020.10.005>.

environmental justice. Within the SRP 10% of the total funds were earmarked for cleanups on Indigenous lands but this proportion could be much higher. As an example, a recent commitment was made by the federal government in the United States to direct 40% of climate investment benefits to disadvantaged communities.⁶¹ Funding earmarked for Indigenous communities should also be directly managed by the communities themselves, acknowledging Indigenous Peoples' right to self-determination.

Transparency and Useful Public Data

Data around the SRP and industry activity presented both barriers to availability and usability during the review of this program making it difficult to assess whether the program was meeting its expectations. In many cases there existed enough data to suggest that the program was inadequate but not enough to make conclusive claims. A minimum requirement for oil and gas cleanups that utilize public dollars should be included in the reporting of the relevant variables needed for program evaluation.

Programs should report on both the quality of jobs being supported through the funding and who these jobs are benefiting. Job creation data should be disaggregated along lines of gender, indigeneity and other contextually significant social factors. In order to ensure that the 'polluter pays principle' is upheld, financial disclosures should be relevant to assessing the program in question and include all program beneficiaries.

When mechanisms intend to address power dynamics between industry, landowners and communities where oil and gas activities are taking place, relevant data should be public. As an example, where site nominations are encouraged, data should be available as to whether these sites are being completed. If attempts are being made to recover unpaid taxes, the public should be able to assess whether this is in fact happening.

To Conclude

Given the information that is available, the degree to which public funds are being utilized for public benefit within the SRP is proving to be poor. This is in line with criticisms that the federal funding represents a handout to major oil and gas companies operating in the province, rather than a program efficiently targeted to benefit workers while addressing environmental concerns.

The roll out of the federal funds for oil and gas cleanups in Alberta provides a worrisome example of how programs, while seeming to address the complexity of the issue at hand, can still perpetuate inequalities while failing to responsibly leverage public dollars. Oil and gas infrastructure cleanups are not only environmental necessities; they present important economic and social opportunities that reach beyond the COVID-19 pandemic. This report is offered in hope that future cleanup programs address the issue of growing oil and gas liabilities in adherence to the 'polluter pays principle', leveraging industry dollars for cleanups rather than public funding. And secondly, when public dollars are utilized, programs are designed in ways that prioritize the public good over the oil and gas industry.

⁶¹ The White House, "Executive Order on Tackling the Climate Crisis at Home and Abroad," January 27, 2021, available at <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>

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