

**MEETING DATE: MAY 20, 2025**

# **BRIEFING NOTE - TO COUNCIL**

## **SUBJECT**

**PROVINCE OF ALBERTA – MATURE ASSET STRATEGY**

## **RECOMMENDATION**

THAT the County of Vermilion River Policy and Priorities Committee accept the Province of Alberta – Maturity Asset Strategy as information.

## **DETAILS**

Background: The Mature Asset Strategy (MAS) was instigated as part of the process to address the “orphan well” issue within the Province of Alberta. Mature Asset Strategy is composed of six working groups, comprised of stakeholders across the province to discuss Municipal Taxes and Rising Costs; Resource Conservation and Enhanced Oil Recovery; Economic Opportunities; Shared Resources and Dedicated Closure Entities; Closure Liability Funding Alternatives; and Risk-Based Closure Regulatory Review.

Discussion: Through the work of the six working groups noted above, 21 recommendations were put forward in the MAS “What we heard and recommendations report – April 3, 2025.”

Major recommendations:

1. Addressing non-payment of municipal taxes – establish rapid and transparent process for addressing late or non-payment of municipal taxes. There is no clear process identified for taxes to get paid, instead the Province continues to allow companies who don’t pay taxes to operate.
2. Reconstituting the surface rights board – reestablish the SRB. The SRB was removed a few years back by the Province, it is unclear how this will solve any concerns.
3. Review AER License Transfer Mechanisms regarding closure liability funding – the Province revised this in 2023 and 2024 and the problem continues to persist, not sure what will be done to solve the concerns.
4. Addressing surface lease non-payment – partner with landowner groups to establish a more transparent process for addressing late payments, it is unclear how and what this accomplish.

5. Strengthening industry-municipality collaboration – establish a working group to create understanding between different parties, it is unclear what this will accomplish.
6. Develop financial models for mature fields – it is unclear what this will mean and accomplish.
7. Establish and enhanced oil recovery (EOR) working group – not clear how this will resolve concerns, what authority the working group has.
8. Support innovation adoption through collaboration – another working group which is unclear how this would help and what authority they would have.
9. Support increased exploration and production in mature asset areas, unclear what affect this may have for all parties.
10. Gas transmission repurposing working group – not clear what authority and who will make up the working group.
11. Regulatory framework for small -scale electricity generation – not sure that a working group is what is needed, regulatory constraints and Provincial red tape are perhaps more of a concern.
12. Rural energy-based economic group – industry, RMA and Municipal Affairs to investigate or develop economic growth opportunities based on rural energy projects. Not sure the value Municipal Affairs brings to the table here?
13. Joint industry closure initiative – unclear as to what this will result in.
14. Enable the development of HarvestCo entities – these companies are part of the problem we have with operators not paying their bills.
15. Explore updating insolvency law to capture the needs of closure and reclamation – this does not address the concern of unpaid taxes.
16. Enable asset-attached closure funding mechanism and establish working group for third-party end-of-life liability models – this is a positive step forward.
17. Examine the creation of a long-term liability indemnity fund for closed assets post reclamation certificate – this appears to be a step in the right direction.
18. Explore eventually requiring asset- attached closure funding on wells or assets that been decommissioned for years but not reclaimed or where off-site contamination from those assets is present – this is a positive step forward, hopefully it wont get bogged down in Provincial red tape.
19. Explore carbon credit markets for end-of-life funding on emitting assets – this is a positive step provide no tax payer dollars are funding private companies.
20. Mandate regulator engagement with a joint industry closure initiative – this seems that it could be a positive move.



21. Form working group to develop program details and operating mechanisms for a joint industry closure initiative – not sure what a working group agreed to by industry, appointed by industry will do which could be effective for all parties involved.

Relevant Policy/Legislation Practices: Municipal Government Act of Alberta.

Desired Outcome (s): Work with Province to ensure that the results of MAS do not undermine the authority and sustainability of the County of Vermilion River.

Response Options: THAT the County of Vermilion River Policy and Priorities Committee accept the Province of Alberta – Maturity Asset Strategy as information.

## IMPLICATIONS OF RECOMMENDATION

Organizational: Council/Administration

Financial: Unknown at this time

Communication Required: None

Implementation: Address Province with concerns of MAS

## ATTACHMENTS

1. Province of Alberta Mature Asset Strategy: What we heard and recommendations report – April 3, 2025.

2. Rural Municipalities of Alberta Mature Asset Strategy: RMA Response to Final Report

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DATE: May 5, 2025