

June 16, 2021

The Honourable Sonya Savage, M.L.A.  
Minister of Energy and Deputy House Leader  
324 Legislature Building  
10800 - 97 Avenue  
Edmonton, AB T5K 2B6

(via email: [minister.energy@gov.ab.ca](mailto:minister.energy@gov.ab.ca))

**Re: Carbon Sequestration Tenure Management (Information Letter 2021-19)**

Dear Minister Savage,

I am writing on behalf of *The Explorers and Producers Association of Canada* (EPAC) and its members regarding the Government of Alberta's proposed approach to tenure management for carbon sequestration as outlined in *Information Letter 2021-19* (the IL). EPAC and its broad set of members are not supportive of the proposed approach and request changes to have both a HUB and distributed carbon sequestration pore space allocation system. Despite the benefits of a HUB model for some parts of Alberta, EPAC believes the exclusion of other forms of carbon sequestration tenure will have negative economic consequence for the province and prevent job growth in this emerging area within rural Alberta.

Carbon capture, utilization, and storage (CCUS) represents a significant economic and ESG opportunity for all Albertans if an inclusive rather than exclusive pore space allocation system is developed. Many EPAC members are currently operating, investing in, or exploring CCUS across Alberta as a means of meeting or exceeding their emissions obligations and as a new, diversified business opportunity. Our diverse members have provincial and international experience with carbon sequestration and have a globally recognized expertise that is sought out by other countries. These efforts are currently reducing emissions and resulting in significant investment in the province.

The combination of Alberta's entrepreneurial spirit and free-market governments has allowed Alberta to build a successful oil and natural gas business. It is that same combination that has made Alberta's Canadian-based oil and natural gas producers a leader in CCUS through

enhanced oil recovery (EOR), acid gas injection, and emerging pure carbon sequestration technology.

Albertans should be concerned that the allocation methodology proposed in Alberta Department of Energy IL 2021-19 will result in a central government planning approach to carbon sequestration with a few government-selected companies controlling this new emerging business, benefiting only a few Alberta communities. Unlike the United States, which has allowed all companies and all communities to benefit under strictly regulated, safe, and orderly development controls, Alberta seems to be focused on an off-shore European approach that lacks direct relevance to the Canadian context.

While EPAC sees a role for large-scale CCUS projects that operate under a regulated hub utility type approach, it also believes there are significant economic benefits and efficiencies to be gained by allowing smaller scale and close to source projects in Alberta, where there is no shortage of pore space available and acid gas injection has occurred safely in the province for over 40 years. Ensuring pore space is available to all players will not only be key to the emissions reduction efforts of the broad oil and natural gas industry; it will also ensure new business and job creation opportunities in communities right across the province.

EPAC believes any CCUS pore space allocation system should support the following key objectives:

1. **Equal Access to Sequestration Pore Space:** Allocation of government carbon sequestration pore space should occur on principle of broad, equal access to technically competent companies rather than a government planned approach that would have the provincial government pick a select few winners and losers in a business arena.
2. **CCUS Should Occur Across Alberta:** All Alberta communities should benefit directly from jobs created in the new emerging CCUS business (including sequestration) and thus government should allow safe and orderly development of a CCUS industry across the province (similar to the United States). EPAC and its members would be publicly critical of a hub concept that dramatically limited opportunities for all Albertans to only a few specific locations across Alberta.
3. **Allow All Forms of CCUS Size and Scale:** Large projects, like the ones currently operating in Alberta, are positive and valuable from a GHG reduction perspective, as well as a business diversification and job creation perspective. No less important is the ability to build on the many acid gas injection well approvals operating safely across Alberta and allow smaller local CCUS injection by technically competent companies.

EPAC recognizes that Albertans need to feel comfortable with CCUS activities in their communities and that companies have a responsibility to undertake robust stakeholder engagement on specific proposals. EPAC would also encourage and believes government has a broader role on consulting all Albertans about the emerging carbon sequestration industry.

I understand the Government of Alberta intends to open consultations on its proposed approach. EPAC looks forward to participating in those conversations to address these concerns, as well as any the government may have, as our members are highly engaged on this file and already very active across Canada's CCUS landscape.

With best regards,



Tristan Goodman  
President, The Explorers & Producers Association of Canada, (EPAC)  
403.312.2900  
[tristan.goodman@explorersandproducers.ca](mailto:tristan.goodman@explorersandproducers.ca)

CC:

The Honourable Jason Kenney, P.C., M.L.A. Premier of Alberta  
The Honourable Jason Nixon, M.L.A. Minister of Environment and Parks and House Leader  
Mr. Peter Guthrie, M.L.A. UCP Energy Caucus Chair  
Mr. Nate Horner, M.L.A., UCP Southern Alberta Regional Caucus Chair  
Mr. Grant Sprague, Q.C. Deputy Minister of Alberta Energy  
Ms. Bev Yee, Deputy Minister of Alberta Environment and Parks  
Mr. Larry Kaumeyer, Chief of Staff to the Premier  
Mr. Jerry Bellikka, Chief of Staff to the Minister of Energy and Deputy House Leader  
Ms. Megan Griffith, Chief of Staff to the Minister of Environment and Parks and House Leader