

Accelerated Site Closure Program (ASCP) Questions and Answers

(Updated June 26, 2020)



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Disclaimer

The Ministry of Energy and Resources reserves the right to update and/or clarify content in this document as necessary. Please check back regularly for the latest version.

Updated questions and responses will be identified in subsequent versions.

Definitions

- Lead contractor – The party who generally is responsible for assembly of the sub-contractors and oversight of the work.
- Work packages – Refers to the grouping of wells and/or facilities for abandonment and/or reclamation assembled by the Saskatchewan Research Council (SRC).

ASCP Program Overview Questions

1. Why did the federal government provide \$400M to Saskatchewan to clean up inactive and orphan oil and gas wells?

The federal government provided this funding as a way to stimulate activity and employment in the struggling oil and gas sector. While the funding is targeted towards the oil and gas service sector, licensees will benefit by having their liabilities retired, improving their balance sheets.

2. How long will the ASCP run?

The program is slated to run until December 31, 2022.

3. Why only \$100M in the first funding release?

This amount accomplishes the objective of getting money into the sector in the near term and allows for program adjustments for future funding phases.

4. Why are you excluding licensees in the first \$100M?

Licensees excluded from the first phase of funding are those that are ineligible due to amounts owing to the Crown. Crown debts include:

- Amounts owing for the Oil and Gas Administrative Levy;
- Amounts owing for the Orphan Well Levy;
- Amounts owing for Crown oil and gas royalties;
- Amounts owing for Crown mineral disposition rentals; and
- Amounts owing for Crown surface lease rentals.

5. How long is the Phase 1 funding and nomination process? (Revised June 26/20)

The ASCP will be rolled out in several phases. Phase 1 will allocate up to \$100 million in funding to Saskatchewan service companies contracted to do abandonment and reclamation work.

Licensee will be allowed to nominate projects throughout all phases of the program as

long as they have unspent funding allocations.

6. Why is there ineligibility for those who owe amounts to the crown and municipalities?

It is the responsibility for licensees to be in good standing with amount owing to the Crown for levies, royalties and rentals. Federal government terms for the funding also require that funds for the clean-up of inactive wells and facilities be preferred to licensees who are in good standing in relation to the payment of applicable municipal taxes.

7. Why is there a March 1, 2020 cut-off for these amounts owing?

This is in recognition of the introduction of operational impacts due to the Covid-19 pandemic and the collapse of oil prices that occurred in March 2020.

8. Are pipeline abandonments covered under the program?

No, only oil and gas wells and associated flowlines and facilities are eligible. Flowlines are the pipes that connect wells to upstream facilities such as batteries. Flowlines may also connect an upstream facility to an injection well. Pipelines are further downstream and therefore are primarily licensed transmission pipelines.

9. Will the program cover wells under the Orphan Program?

The first phase of funding is focused on inactive wells, facilities and related infrastructure. Currently, the Saskatchewan Orphan Well Fund is effectively managing the cost of reclamation and abandonment of orphaned wells and facilities.

10. How much money is anticipated to be released in the second phase?

At this point the number of phases and amount of funds released per phase has yet to be determined. Future phase and funding levels will depend on results and learnings from this initial phase and industry capacity.

11. What is planned to support Indigenous inclusion?

Specific indigenous focused program elements will be considered as part of future phases of work. However, projects on indigenous lands are eligible under the same criteria as outlined and it is expected that there will be Saskatchewan-based indigenous service providers who will be successful in their efforts to participate on various projects.

Licensee - Eligibility Questions

12. Am I an eligible licensee?

In Phase 1 of the ASCP, eligible licensees are licensees who were in good standing in relation to debts owing to the Crown as of March 1, 2020. For the purposes of eligibility under ASCP, Crown debts include:

- Amounts owing for the Oil and Gas Administrative Levy;
- Amounts owing for the Orphan Well Levy;
- Amounts owing for Crown oil and gas royalties;
- Amounts owing for Crown mineral disposition rentals; and
- Amounts owing for Crown surface lease rentals.

13. How/when will I know how much I am eligible for?

Funding allocations for eligibility licensees for phase 1 were issued via email to licensees on June 1, 2020. If you believe you may have been eligible, please contact the ER Service Desk at 1-855-219-9373 or ER.servicedesk@gov.sk.ca for follow-up.

14. If a licensee acquires/divests liabilities during or between funding phases, will the liability allocation be transferred?

It would be ER's intent to not allow the transfer of nominated sites during the program, however consideration could be given to the circumstances. For each funding phase, individual companies and industry liabilities will be restated.

Transfer of infrastructure that has not been nominated would be allowed and in those instances the corresponding funding allocation would transfer with the liabilities.

Licensee - Site Nomination Process Questions

15. What is the process for my company to nominate our projects? (New June 26/20)

Details are on the nomination process can be found in the following places:

1. On-line training module - [User Learning Centre-Liability Management](#).
2. [ASCP Nomination Process Supplemental Information Guide](#)
3. Once you have reviewed the above materials, access to the ASCP nomination process can be obtained in IRIS via navigation to Applications> Accelerated Site Closure Program> Accelerated Site Closure.

16. It has been mentioned that you would like licensees, as much as possible, in Phase 1 to nominate routine wells. What do you mean by routine?

The expectation is that licensees, as much as possible nominate projects that they expect to be routine from a regulatory standpoint in order to reduce the workload for ER in terms of processing abandonment and AOR applications.

Given that many abandonment applications trigger non-routine application reviews (e.g. well proximity to another well), if non-routine applications are being nominated, the licensee should primarily nominate infrastructure projects in Phase 1 where there are no known or expected issues that will result in delays in completing the project or where there is expected significantly higher costs for abandonment and reclamation

Regardless of whether a nominated project falls into a “routine” or “non-routine” IRIS review process, the expectation is that licensees will nominate infrastructure projects where the expectation is that the work can be done quickly and in-line with expected costs.

17. On a well that has been already fully downhole abandoned, is the cut & cap applicable to this program?

Yes, as long as that portion of the work has not been completed or started.

18. For such a well, is infrastructure removal on the surface, along with reclamation & remediation also covered?

Yes. Note that a maximum of 10% of a licensees funding eligibility can be used for remediation of designated problem sites.

19. On a well that has been zonally abandoned, would any up-hole remedial work for ground water protection concerns be considered applicable to this program as long as it is being complete as part of an area-based program?

Yes, as long as that portion of the work has not been completed or started.

20. Would crop loss or damages be considered part of the funding in the event the work requires “off-lease” access for staging of equipment, etc.?

The answer to this question will be confirmed in a future update.

21. In regards to wells you initially nominate can you later substitute those wells/remove or add wells? (Revised June 26/20)

Since you can over-nominate your wells to 125%, this provides you with a means to substitute wells. If you decide to remove wells or add wells at a later date you can as well.

If you wish to add projects, you will need to submit those projects through the nomination process. To remove projects, you will need to contact the SRC.

22. What is my preferred service supplier does not show up as an option during the nomination process? (New – June 26/20)

If this is the case, the service supplier may not have prequalified under the SaskTenders process (<https://sasktenders.ca/content/public/Search.aspx> (Comp #7710)) or may not have applied. You may wish to ask your preferred supplier to engage in that process and wait for that to complete prior to attempting the nomination again or you may wish to proceed without selecting a preferred supplier for this particular project nomination.

Licensee - General Questions

23. Do licensees still need to follow all the existing applicable Regulations and Directives for wells and facilities abandoned and reclaimed under the ASCP?

Yes. All the existing rules remain in place and licensees are expected to ensure that all the procedures for proper abandonment and reclamation are followed. Licensees also remain responsible for all submission of all reporting requirements and applicable update into IRIS.

24. What if I have a contract in place with an Alberta contractor?

This is considered a stimulus program to get Saskatchewan-based oil and gas service companies working. Only work contracted with Saskatchewan-based companies will be eligible for funding. Depending on the Saskatchewan service industry's ability to absorb all the work over the next 2.5 years, the ASCP may need to examine the potential to use out-of-province service providers in the future.

25. Would it be possible for larger companies with internal capabilities to complete our own project management and service company selections be allowed to do so, acting as lead contractor on our projects, as long as all of our suppliers meet the “pre-qualification” process? (Revised June 26/20)

Yes. Licensees can act as the lead contractor. A contract agreement with the SRC will spell out the details and requirement of this arrangement. Note that all payment will be made directly to service companies and not to licensees.

26. It has been suggested that having 10-30 well/site projects would be considered sufficient for the purpose of this program, so if a licensee were to nominate projects of this size or even larger, would it be possible for us to simply complete back to back projects in areas with the same suppliers in order to increase our efficiencies in those areas? (Revised June 26/20)

Licensees should nominate projects that they would consider as project size under their regular course of business. Nominations should be done in consideration of their

available funding allocation for each phase. There currently is no specific upper or lower project limit cap.

SRC will be looking to coordinate work packages in a way that reduces mobilization and demobilization costs. In this scenario, it may very well be that multiple work packages are staged in a way that allows a second package to begin right after the first is complete.

- 27. How will the licensee ensure the service companies provide an appropriate level of:**
- **Health and safety performance and adhere to licensee’s H&S policies**
 - **Communication to the licensee to coordinate appropriate integrated abandonment work (e.g. abandoned well and flowline into an operating facility)**
 - **Technical oversight to ensure future legal liability is appropriately managed**
 - **Cost control to ensure the licensee’s portion of the funding is maximized to create jobs and reduce deemed liability.**

The answer to this question will be confirmed in a future update.

- 28. How is the focus on Sask-based companies/contractors going to work in the event we have already completed all the work leading up to a DSA/AOR with a vendor based out of province?**

This is considered a stimulus program to get Saskatchewan based oil and gas service companies working. Saskatchewan based companies/contractors should be used. However, depending on the complexity of the remediation work that took place, in some cases it may be warranted to use the original contractor if their knowledge and understanding of the site is necessary to complete subsequent phases of the work or will result in significant cost savings over selecting a different contractor.

- 29. There are certain types of “out of province” vendors that are actually closer in proximity to specific work sites. Enforcing the use of in-province vendors could end up costing the licensee significantly more to complete work – could there be exceptions made in these circumstances?**

This is considered a stimulus program to get Saskatchewan based oil and gas service companies working. Saskatchewan based companies/contractors should be used.

- 30. Many Sask-based services (e.g. analytical labs) may not have the capacity to handle all the work. What will be the provision if those services are not available?**

This is considered a stimulus program to get Saskatchewan based oil and gas service companies working. Saskatchewan based companies/contractors should be used.

If the services are not available, other options could be explored only with prior approval. Additional details on this will be confirmed in a future update.

31. Why can't the licensees control the payments?

Federal government terms for the funding specify that funds must be paid to service companies.

The ASCP program is designed to get money into the hands of the service industry quickly. The processes that are being developed will see that contractors are paid on a schedule commensurate with the degree of work completed.

32. In the event that the licensee does not accept some of the work package contract's, would those funds end up back in the "pot" or would additional consideration be given, due to the large scale of our projects, to ensure we get access to our preferred vendors?

If the licensee does not provide sign-off of the work package the funds do not go back into a "pot". The licensee will retain their funding eligibility based on the nominated liabilities that were in the package. That funding eligibility may be consumed by additional or other liabilities that the licensee nominates.

Where possible, consideration will be given to a licensee's preferred vendors.

33. At what stage(s) in the process will contracts be required between the service company and the licensee – I assume once the work packages has been created and sent out for approval? (Revised June 26/20)

There are two likely scenarios that are expected. Case one is that the licensee acts as the lead contractor and case two where a third party acts as a lead contractor.

For case one, SRC will assemble work packages (scope of work) and enters into an agreement with the licensee. The licensee will then contract with suppliers identified in the work package (which may be preferred suppliers if they are available)

In case two, SRC will assemble work packages (scope of work) and enters into an agreement with the licensee and the lead contractor. The lead contractor will then contract with additional Sask-based suppliers identified in the work package.

34. Are there any specific requirements/omissions that need to be adhered to in the structure of the contract? (Revised June 26/20)

Details will be provided in the contract agreement.

35. Can we use our contract well site supervisors since we have developed procedures to ensure cost effective execution of our based programs? (Revised June 26/20)

Yes. As much as possible, consideration should be given to Sask-based supervisors.

- 36. How will a Licensee who is a lead contractor handle services like Hotshot, KCL kill fluid, etc. that are required during the job but not planned for? Can the invoice be submitted at the end of the job without a work package contract? (Revised June 26/20)**

The work contract will allow for the use of such services as required.

- 37. A licensee has a 30 well program at \$50K per well (total \$1.5M). The work is done in September and the licensee is under spent on their allocation by \$100K, what becomes of the under spent allocation? Can the Licensee use it in future phases? Can the Licensee add wells to the existing program to use up his allocation for that round?**

Licensees can continue to nominate wells in a phase to utilize all their funding allocation. If the licensee no longer has any infrastructure that needs reclamation or abandonment, ER may look to re-allocate unused funds to other licensees based on the Phase 1 funding principles or may carry those funds for allocation into Phase 2.

- 38. If a licensee underspends their allocations as of December 31, 2022 what becomes of the under spent allocation?**

Any unspent money in the program as of December 31, 2022 will need to be returned to the federal government.

- 39. What is meant by the reference to nominating wells and facilities up to 125% of a licensees funding allocation?**

125% refers only to the ability to nominate inactive infrastructure projects in excess of your funding allocation for the phase and is based on Licensee Liability Rating deemed liability. For example, if a licensee has an allocation of \$100,000 which is in the range of two wells sites @ \$50K each, the licensees could nominate up to 3 sites. This allows for some flexibility in managing wells/facilities to support area-based closure or in the case where a well/facility needs to be pulled from the program phase. At the end of the day, the intent is to manage spending up to the maximum funding allocation.

The intent is to provide some flexibility to form well/facility packages but also not to overwhelm the system with nominations for every possible well/facility. Licensee nominations should be done in terms of licensee priorities for abandonment and reclamation.

- 40. All service rigs are made differently. Some have cement units integrated in their design. Other come with electric wireline instead of a sand line. If our preferred vendor's service rig has all the features will we have to use a service rig that does not have all the features? (Revised June 26/20)**

Where possible preference will be given to preferred contractors. Sask-based service company and service company availability will be key considerations.

41. Who chooses Phase II Environmental Site Assessment drill sites?

The licensee will have ultimate control over specifying how Environmental Site Assessment work is carried out on their sites. The SRC, SaskBuilds and any contractors will not have any involvement in these decisions.

ASCP Program - Administration

42. What is the role of ER in this program?

ER has primary responsibility for the operations of the program and program spending. ER will develop program eligibility criteria and set out other critical program design parameters including how funding will flow to service providers and how funding will be rolled out over time. ER will also manage the intake of wells and facilities nominated by licensees for abandonment and reclamation using its liability management system in IRIS, which can be leveraged to provide a simple and efficient administrative process.

43. Why contract a third-party to administer aspects of the program when industry can do much of this on their own?

ER does not have the capacity internally to administer this scale of program. The Saskatchewan Research Council (SRC) has demonstrated expertise, including managing the CLEANs program for northern Saskatchewan uranium site clean-up.

Using the proposed administration model will drive program efficiencies. The Government of Saskatchewan anticipates the following benefits from the service delivery model for this program:

- The system is simple and fast, getting funded wells and facilities to industry quickly, while allowing for strategic area-based closure projects.
- Allows economies of scale to be achieved with a focus on work packages, reducing mobilization-demobilization costs, getting more money into the system faster, while ultimately encouraging efficiencies and cost reduction
- All industry stakeholders represented (and have a say) at key points in the process
- Utilizes industry standard contracting, warranty, reporting practices, site safety and liability processes.
- Service companies and licensees are incentivised to ensure that high quality work is done because they maintain regulatory, liability and warranty ownership.

44. How big a bundle of work will be packaged by the SRC?

This will be determined on many factors including but not limited to:

- ability to leverage area-based closures

- physical locations of wells and facilities
- service company capacity to complete the work
- project complexity
- timelines
- estimated costs & budget

45. Is the SRC planning to (or is it necessary to) complete the work packages process on ALL nominated sites?

SRC will be asked to examine nominated wells and facilities from a licensee in conjunction with other nominated wells and facilities in the area. In early stages, it may make sense for some ready-made packages of wells and facilities proposed from a licensee to form the complete the work. What we want to avoid is having wells and facilities stranded in areas where they could more efficiently and effectively be included in a work package. SRC will be asked to do their best to avoid those types of situations.

46. How will middle reclamation/remediation activities be handled? I understand how the abandonment activities will work, but if there are sites are at any other stage, how will these be handled?

Any work that was completed prior to the program launch date will not be eligible. However, sites that are at any stage of the abandonment and reclamation cycle will be eligible in the program. Like well and facility sites, the SRC will seek to bundle reclamation and remediation activities into an efficient package. This could include pairing a site that needs to be remediated with site requiring abandonment. In these cases, to drive efficient use of resources, the remediation work for the package can be conducted simultaneously once the well/facility sites are abandoned.

47. You indicated that “the program will make every effort to facilitate the licensee’s use of preferred contractors, although it may not be possible in all circumstances.” What are some of the situations that would preclude the use of a preferred contractor?

- Preferred contractor is not available.
- The area-based closure objective results in work packages containing multiple licensee’s wells/facilities and the package is assigned to an eligible contractor that is not the preferred contractor for one of the licensee.

48. In general, how is the SRC engaging with the Orphan Program to assist them in area programs even if they are not funded by the ASCP?

For purposes of Phase 1, no Orphan Well work is being completed as part or in conjunction with the ASCP program.

Orphan wells could be added to work packages but this work would need to be paid for out

of the orphan fund rather than the ASCP funding. This would only be considered if cost savings could be demonstrated as a result since orphan expenditures are paid by industry through the orphan levy.

- 49. A company has a 10 well abandonment program with an estimated cost of \$50K per well for \$500K total and the wells actually cost \$60K. Can a licensee stop at 8 wells (cost \$480K) and not do the last 2 wells in order to stay within the program total estimated cost?**

Yes. SRC/ER will be monitoring the spend of each licensee's allocation to ensure that we minimize any phase funding allocation overruns.

- 50. How are cost overruns handled? Does the Licensee have to pay for cost overruns or is the 125% meant to handle cost overruns? (Updated June 26/20)**

The 125% is not meant to handle cost overruns. As noted, the 125% does not apply to the actual spend, only the ability to nominate deemed liabilities in excess of your allocations.

It is anticipated that cost overruns in one phase of the program will reduce funding eligibility proportionately in the subsequent phase. At the end of the final phase of the program or when a licensee no longer has funding eligibility, any cost overruns will need to be paid by the licensee.

- 51. The SRC is administering the program. Will they be excluded from providing services under the program (ex: environmental chemistry)?**

Yes, the SRC will be excluded from providing services under the program.

Service Company - General Questions

- 52. What are the criteria for being designated an eligible service company?**

To be eligible under the program, service companies will have to be Saskatchewan-based, meet some basic legitimacy criteria and have the capacity to conduct the work, or the specific subset of the work, set out by the SRC and the licensee in the work package.

- 53. How do I know if I am considered a Saskatchewan-based service company?**

Service company eligibility will be determined using the RFSQ posted on SaskTenders <https://sasktenders.ca/content/public/Search.aspx>. (Comp #7710). Eligible companies must be Saskatchewan-based, meaning:

- Being located in Saskatchewan;
- Employing Saskatchewan people (threshold TBD);

- Paying Saskatchewan taxes; and
- Sourcing their supplies from Saskatchewan-based businesses based upon capacity, quality and availability.

As part of the RFSQ, prospective service companies will be required to submit the appropriate information to show that they meet the above criteria.

54. Are there any other criteria that service companies must meet to be eligible under the program?

There will be some other basic criteria that service companies must meet to be eligible under the program. This includes that the service company:

- Employ and keep current all safety programs or safety management systems;
- Maintain a minimum of \$2,000,000 Comprehensive General Liability Insurance;
- Maintain a minimum of \$1,000,000 Automotive Liability Insurance;
- Be registered with the Workers Compensation Board (WCB); and
- Where applicable, hold a valid Saskatchewan or home province Certificate of Recognition (COR) or Small Employer Certificate of Recognition (SECOR).

Note – the program may consider alternatives to the COR and SECOR requirements in the event that a licensee is satisfied with the alternative.

55. Are there technical requirements that have to be met to become eligible?

Technical competency will be assessed when the SRC assembles a package of work to be awarded. Before work is awarded, licensees with wells and facilities in the work package will be required to provide sign-off. The program will rely on the expertise of licensees to ensure that eligible service companies have the capacity to undertake the scope of work. This process may be iterative in nature.

56. How do I apply to become an eligible service company under the program?

On June 15, 2020 a Request for Service Qualifications was posted on SaskTenders for the ASCP program. <https://sasktenders.ca/content/public/Search.aspx>. (Comp #7710)

Not everyone will need to respond to the RFSQ. Only those companies that would traditionally bid directly to producers for the work types listed within the RFSQ need to respond to the RFSQ. You will need to carefully review the RFSQ and then determine whether responding is the appropriate step for your business.

Companies should respond if they offer services in major service areas as laid out in the RFSQ, including:

Well Decommissioning:

1. Service Rig
2. Wellsite Supervisor

3. Coil Tubing
4. Wireline
5. Fluid Hauling and Disposal
6. Cut and Cap
7. Pressure Testing
8. Cementation and Service Maintenance
9. Downhole Tools

Remediation/Reclamation:

1. Initial Environmental Assessment (i.e. Phase 1)
2. Detailed Site Assessment
3. Environmental Contracting (i.e. Heavy equipment, transport and waste disposal)
4. Reclamation/Remediation Regulatory and Abandonment Process Applications.

If your business supports these service areas rather than directly delivering them, you do not need to respond to the RFSQ. Providing subcontracting work in the ASCP does require pre-qualification or response to the RFSQ.

There is no closing date for the RFSQ. If you determine you do not want to respond now and later decide differently, that option will remain available throughout Phase 1 of the ASCP.

- 57. An abandonment program typically consists of a lead contractor (often the licensee themselves), a site supervisor (an employee or contracted by the licensee), and a series of contractors delivering the various services required to abandon and reclaim the site. When the program talks about the need for service companies to apply to become eligible under the program, who is that referring to?**

The program intends to be flexible and, in the vast majority of cases, allow the work to be conducted using typical industry practices. In the limited situations where a small licensee does not act as its own lead contractor, the program will supply this function. In cases where the licensee does act as its own lead contractor, the intent is not to disrupt this.

Additional information on service company eligibility can be found at <https://sasktenders.ca/content/public/Search.aspx>. (Comp #7710)

- 58. How will eligible service companies get access to work under the program? (Revised June 26/20)**

Eligible licensees will nominate wells and facilities into the program through the Ministry of Energy and Resources. The SRC will bundle these wells and facilities into work packages to facilitate area-based closure.

A pre-qualification process for some services is currently running and will remain open through the program at <https://sasktenders.ca/content/public/Search.aspx>. (Comp #7710). Licensees will be able identified preferred service providers. If those providers meet pre-qualifications, they can be eligible for work under the program. Additional services not identified in the prequalification process can be contracted by lead contractors if they have the proper work and safety credentials and are Sask-based.

59. Will contractors be able to compete directly for work issued by the Saskatchewan Research Council (SRC)? (Revised June 26/20)

A prequalification process is underway on <https://sasktenders.ca/content/public/Search.aspx>. (Comp #7710). A second phase on the process will involve the submission of competitive pricing. Companies qualified under both processes will be granted consideration for inclusion as service providers for various work packages.

60. If my head office is in Alberta, but I have a satellite office in Saskatchewan and meet all of the other eligibility criteria, am I considered a Saskatchewan-based service company under the program?

Yes. Having a physical satellite office in Saskatchewan, provided that all other eligibility criteria are met, would make that company eligible under the program.

61. My company head office is on the Alberta side of Lloydminster, but I employ Saskatchewan people and primarily work in Saskatchewan. Am I considered Saskatchewan-based?

The test of eligibility will be a reasonable test. Lloydminster based companies are in a unique situation and would likely be eligible provided that all other eligibility criteria are met.

62. My company recently became incorporated in Saskatchewan. Will my company meet the requirement for paying Saskatchewan taxes if we are registered to pay taxes going forward?

Provided that the prospective service company meets all other program eligibility criteria, a recently incorporated Saskatchewan company that will pay taxes on a go forward basis would be eligible for the program.

63. Will all personal working on-site doing work funded by the program need to be from Saskatchewan?

Owing to the Saskatchewan-based eligibility criteria, it is likely that most personal on site would be from Saskatchewan. The program will encourage contractors to use

Saskatchewan labour wherever possible. The program may also establish thresholds for Saskatchewan-based labour.

Additional information in regards to this question will be confirmed in a future update.

64. Once an eligible service company holds the rights to work under an SRC issued work package, does the eligible service company need to contract with the licensee(s)?

Yes. Eligible service companies that are awarded a work package will still be required to contract with the licensee(s) under standard terms and conditions to perform the work. Under no circumstances will the Ministry of Energy and Resources, the SRC, or SaskBuilds get involved in contract negotiations or contracting terms between the licensees and the eligible service companies.

65. My company contracts directly with licensees to provide services. Will this program allow for that type of relationship or will licensees be forced to work through a lead contractor or consultant that is awarded the work by the SRC?

In many cases, the program will rely on a licensee's in house lead contracting function to coordinate and carry out the work. The program aims to be flexible enough to allow this to occur, provided that it is consistent with program objectives and eligibility criteria. In some cases, delivering an area-based closure model may require the program to rely on a lead contractor to coordinate the work, particularly where multiple licensees have assets in the work package. In these cases, the contractors would work through the lead contractor in collaboration with licensees.

66. How will the work package awards be structured?

The work package awards will contain wells, facilities, and sites that are bundled to facilitate an area-based closure model. The packages may contain wells and facilities from a single licensee or may contain wells and facilities from multiple licensees. The work package will specify the wells and/or facilities, locations, the level of detailed work required per well or facility, the high level scheduling, the materials, and the cost and performance/quality metrics of the operations. The remaining terms and conditions would include payment terms, reporting requirements, and any other necessary matters to be determined.

67. When will the first work packages be awarded by the SRC?

It is expected that the first work packages will be awarded in the coming weeks. Phase 1 will look to leverage and quickly execute existing licensee abandonment programs and plans in a way that is consistent with program objectives. Additional information in regards to this question will be confirmed in a future update.

68. How will eligible service companies that are successful in securing a work package award be paid for the work?

Additional information in regards to this question will be confirmed in a future update. The intent is to make payments to service companies as quickly as possible after work is completed.

69. If I am a contractor working under a lead contractor, will I receive payment for services in the same timely manner and schedule as lead contractors holding the SRC issued work package? (Updated June 26/20)

The work package will set out that lead contractors must pay contractors in a timely manner. Failure to do so could impact future program eligibility of the lead contractor. The program is expecting that payments made to service providers will be made within 30 days of completion of the work.

70. If I hold an SRC issued work package that must be complete on a specified budget, what happens if I run into a “problem” well – one that was thought to be routine, but turns out to be more complex with a much higher cost?

These situations will need to be dealt with on a case-by-case basis through conversation between the licensee and SRC. The licensee’s available funding allocation may impact this decision.

In general, the eligible service company will work with the licensee to get the “problem” well into a safe and stable state. If that can be achieved, the well may be removed from the scope of work and returned to at a later date. If a safe and stable state cannot be achieved, the eligible service company and licensee can make a request to the SRC for additional budget to fully address the well or site.

71. What reporting requirements will be associated with the work package contracts?

The reporting requirements will be determined as the work package award process is developed by the SRC. Additional information in regards to this question will be confirmed in a future update.

72. I saw that licensees will be able to select preferred contractors – what if I am not identified by any licensees as a preferred contractor?

While the program will make all reasonable efforts to match preferred contractors with licensees, there will be circumstances where the program is unable to do this. To drive area-based closure and other program objectives, there will be work for eligible SK-based service companies, regardless of whether or not they have been identified as a preferred contractor.

73. If a contractor makes too many mistakes on site, will the licensee be able end their relationship with that contractor and have the SRC issue the rest of the work package to another lead contractor?

Yes. The program does not intend to force licensees to work with contractors who are unable to effectively complete the work. Provided that appropriate justification is provided – ex: within the standard contracting terms - the SRC would look to revoke the work package and re-issue to another suitable contractor.

74. I have not previously done abandonment and reclamation work in the oil and gas industry, but my company has the expertise and equipment to do this work. Would my company ever be awarded a work package under the program?

A contractor with no prior experience would not be awarded a work package under Phase 1 of the program. However, as the program moves into future phases, it is expected that there will be a supplier development component introduced to help companies with the appropriate capacity pivot into the sector.

75. Do all service companies need to be "pre-approved" via SaskTenders?

On June 15, 2020 a Request for Service Qualifications was posted on SaskTenders for the ASCP program. <https://sasktenders.ca/content/public/Search.aspx>. (Comp #7710)

Not everyone will need to respond to the RFSQ. Only those companies that would traditionally bid directly to producers for the work types listed within the RFSQ need to respond to the RFSQ. You will need to carefully review the RFSQ and then determine whether responding is the appropriate step for your business.

Companies should respond if they offer services in major service areas as laid out in the RFSQ, including:

Well Decommissioning:

1. Service Rig
2. Wellsite Supervisor
3. Coil Tubing
4. Wireline
5. Fluid Hauling and Disposal
6. Cut and Cap
7. Pressure Testing
8. Cementation and Service Maintenance
9. Downhole Tools

Remediation/Reclamation:

1. Initial Environmental Assessment (i.e. Phase 1)
2. Detailed Site Assessment

3. Environmental Contracting (i.e. Heavy equipment, transport and waste disposal)
4. Reclamation/Remediation Regulatory and Abandonment Process Applications.

If your business supports these service areas rather than directly delivering them, you do not need to respond to the RFSQ. Providing subcontracting work in the ASCP does require pre-qualification or response to the RFSQ.

There is no closing date for the RFSQ. If you determine you do not want to respond now and later decide differently, that option will remain available throughout Phase 1 of the ASCP.

a. Does this include all small individually staffed companies such as hoe operators, lease consultants, line locators, and seed suppliers to simply name a few?

No. These services do not need to go through the RFSQ process but should be Sask-Based.

b. Landowners often supply topsoil for reclamation purposes. Would they have to apply to SaskTenders as a service company?

No.

76. Will these approved service companies have to apply to the SRC to bid on every project in the system - including those proposed by larger licensees with large, existing area-based programs?

Additional information in regards to this question will be confirmed in a future update.

77. How were the contractors selected through the program?

The contractors have not been selected.

Contractors will be required to apply through SaskTenders to become eligible <https://sasktenders.ca/content/public/Search.aspx>. (Comp #7710). An ongoing series of town hall sessions has included contractors identified through inquiries, known contacts, and research by SaskBuilds. It was a genuine attempt by SaskBuilds to include as many Saskatchewan-based contractors as possible. Lack of participation in the town hall sessions does not mean that a contractor will not be able to apply to become eligible under the program. The program will determine eligibility based on program criteria – contractors will **not be** selected by government.

78. Are the lists of nominated wells and facilities and the SRC's work packages going to be made public so that service companies can contact licensees?

Wells and facilities nominated through IRIS will be sent to the SRC to bundle into an area-based work package. In the event that there is a competitive dimension to awarding the work, the details of the bundle will be posted publicly. The list of eligible licensees and their funding allocations have not been made public at this time but intends to at a later

date.

- 79. How will contractors be notified of the work occurring in their area, and will it be open to all contractors under program or do licensees have ultimate control over the awarding of work taking place on their sites?**

The SRC will be responsible for communicating with contractors with respect to the funded work packages that are put out to the sector under this program. Area, or region, will be one consideration, but the program will recognize that companies are often willing and able to do work in multiple regions of the province. A particular work package may be awarded based on the licensee's submitted list of preferred contractors, but this will not always be the case. The intention is to ensure an efficient, effective, and fair spend of the funding to ensure that a broad base of small and large service companies benefit.

- 80. Is there a contact number that service providers could reach out to with questions regarding the awarding of work packages under the program?**

Some aspects of the program, particularly the process in which work packages will be awarded, are still under development. ER, the SRC, and SaskBuilds are working diligently to get more information out to the sector as soon as possible. For the time being, inquiries can be directed towards ER's service desk at (855) 219-9373 or er.servicedesk@gov.sk.ca.

- 81. Would eligible contractors have the opportunity to work with other eligible contractors to become a one stop shop for the work, or does this all go through a single "lead" contractor?**

One of the goals of the program is to be flexible and allow the sector to mobilize in an efficient way and do what it does best. It is likely that the program would accommodate, and potentially even encourage, this kind of relationship building. The program's internal steering committee will discuss this.

- 82. Does the pre-Qualified vendor process for projects under the orphan fund program make me eligible for work under the ASCP?**

No, the pre-Qualified vendor process for projects under the orphan fund program is for Orphan Well Fund projects only.

- 83. Can you please confirm for me if a company/vendor is on the list located here: <https://simsa.ca/wp-content/uploads/ASCP-Prime-Contractor-List-for-SIMSA.xlsx> , does this mean they are already registered and good to be "nominated" as part of our**

preferred contractors nomination or do they still need to register themselves on the SaskTenders website?

Being on this list does not mean they are prequalified. It just means they attended one of our initial Town Halls. It is solely for networking purposes.

Questions?

If you have any questions or concerns contact the ER Service Desk at 1-855-219-9373 or ER.servicedesk@gov.sk.ca, or visit www.saskatchewan.ca/Business/Agriculture-Natural-Resources-and-Industry/Oil-and-Gas/Accelerated-Site-Closure-Program.