

Written Submission to the Government of Alberta Budget 2025 Consultation



By: Mark A. Scholz, President & CEO
Canadian Association of Energy Contractors

January 10, 2025



The Canadian Association of Energy Contractors is pleased to provide its input to the Government of Alberta's 2025 Budget.

“Marked” Diesel

Our service rig contractors operate mobile service rigs, including support equipment such as a pump & tank and utility trucks, together called a "service rig package." We are looking for the Government of Alberta to permit a service rig package to utilize "marked" diesel in its operations. These units are essential to the success of the following:

- carbon capture, utilization, and storage (CCUS);
- well reclamation; and
- the extraction process of Alberta's subsurface commodities, such as oil, natural gas, helium, lithium, and geothermal resources.

The Government of Alberta has historically recognized that service rig contractors allocate approximately 95% of their time to well operations and only 5% to transportation to the next well location. A service rig package has limited use of the public road system and should be permitted to use "marked" diesel in its operations similar to the agriculture sector, i.e., moving a combine from one field to another.

If service rig contractors had access to fuel under the same commercial terms as the agriculture sector, it would help these businesses manage rising costs, protect jobs, and help secure the continued recovery and long-term growth of the sector.

The ability to make use of “marked” diesel would be isolated to approximately 50 Alberta businesses identified and clearly defined as "service rig contractors" by our Association, therefore capping the exposure to the provincial treasury.

One way to achieve this policy objective is to include the following clause under Section 8, Subsection 3 of the *Fuel Tax Regulation*:

g) for commercial purposes for use in a mobile workover or completion service rig and support units.

About CAOEC

The CAOEC represents 95 drilling rig and service rig member companies (nearly 100% of the industry) on the front lines of energy security and transition. The membership operates a fleet of 460 land drilling rigs and 748 service rigs in Saskatchewan, northeast British Columbia, Alberta, southwest Manitoba, and offshore drilling rigs operating off the coast of Newfoundland.

CAOEC's members are varied and diverse. Many of our members are big, small, and medium-sized enterprises that have been leaders in creating opportunities for young people, Indigenous communities, and middle-class workers to access the energy we need in Canada and around the world.

For decades, our membership has included Indigenous representation. From Indigenous-owned companies such as Pimee Well Servicing, DHC Well Servicing, and Onion Lake Cree Nation Well Servicing to business partnership ventures, ownership stakes, and Indigenous training programs, CAOEC members create meaningful work in remote communities and exemplify an inclusive transformation in the energy services sector.