



November 20, 2023

The Honourable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister
Minister of Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister Freeland,

As the leaders of some of Western Canada's most dynamic companies active in the emerging energy transformation space, we were greatly encouraged by your recent comments that the Government of Canada's Clean Growth Strategy was designed with Western Canada's future at its heart. Our companies are at the leading edge of this transformation as we seek to develop Canada's lithium, helium, and geothermal opportunities.

We are committed to helping diversify Western Canada's economies by developing new clean energy sources using and leveraging the knowledge, experience, methodologies and technologies that have enabled over a century of resource development. We have deep connections to the traditional oil and natural gas industries, which will help advance the Canadian supply of critical inputs to the clean energy of the future. Our success will depend heavily on a healthy and innovative drilling and service rig sector to achieve the clean resource development objectives your government has set for the country.

Consider the following examples:

- The lithium industry will drill hundreds of new wells over the next decade.
- Saskatchewan has a target of annual helium exports in excess of \$500 million per year, and Alberta has similarly prioritized helium development.
- Borealis Geothermal and Shell Canada have invested in the M'Deek Reservoir in British Columbia as part of the Kitselas First Nation's Fuel for Reconciliation geothermal project.
- Eavor Technologies Inc. has received \$90 million from Canada's Clean Growth Fund to scale up its geothermal operations in Alberta.

We require a fleet of modern, safe, and flexible drilling and service rigs and the numerous skilled professionals who deploy and operate them. A rig may drill and service a lithium well one part of the year, a geothermal or helium well the next, and a natural gas well afterward. To compete on the global stage and establish our industry as a leader, Canadian rig contractors must be state-of-the-art and have highly skilled crews capable of running their equipment in rural and remote parts of the country. We have attached photos from several of our project sites as examples.

Accordingly, we are writing to you in support of the Canadian Association of Energy Contractors' (CAOEC) proposal outlined in its Pre-Budget Submission to the Standing Committee on Finance (attached) that investment into emissions reduction technologies deployed on drilling and service rig equipment be included in the Clean Technology Manufacturing Investment Tax Credit (CTMI) currently under development by your government.

The benefits of extending the investment tax credit to the Canadian economy and western Canadian communities are numerous, such as:

- Support of clean and renewable energy.
- Development of critical minerals essential to the emerging green and digital economy.
- Provision of essential energy services to rural and remote communities.
- Support of Indigenous participation in the emerging sustainable energy economy.
- Utilization of carbon abatement technology helping Canada meet its emission reduction targets.

The current design of the CTMI should, in our view, recognize the contributions that drilling and service rigs will increasingly make to the transition to a cleaner energy mix in Canada and beyond. Although the energy services sector's decarbonization rig technology meets the qualifications listed under the 'eligible activities' and 'eligible property' requirements for the CTMI, they cannot utilize the program as the drilling and service rig sector, by design and operation, cannot fulfill the "substantially all" obligation as the technologies used to drill for helium, lithium, and geothermal are also the very same equipment used to drill for oil and gas.

The drilling and service rig sector's adaptability is already in action, with contractors providing seamless services to our emerging sector and quickly providing new and increasingly diversified sub-surface extraction technologies and methods without retraining people on the ground or having to switch out or strand existing equipment.

As you recently said in Calgary on October 25, 2023, "Canada has to keep up. And we have to not just keep up, we have to be in the lead." We agree. To that end, please accept this letter as our support for the CAOEC's recommendations. We look forward to discussing this further with you and your colleagues.

Sincerely,



Chris Bakker
Avanti Helium Inc.
Helium Developers Association of Canada



London Hillyer
Canadian Geothermal Energy Association
(CanGEA)



Leigh Clarke
E3 Lithium



Jeanine Vavy
Eavor Technologies Inc.



Ed Bereznicki
First Helium Inc.
Helium Developers Association of Canada

cc:

Hon. Randy Boissonnault, MP, Minister of Employment, Workforce Development and Official Languages

Hon. Steven Guilbeault, MP, Minister of Environment and Climate Change of Canada

Hon. Seamus O'Regan, MP, Minister of Labour and Seniors

Hon. Jonathan Wilkinson, MP, Minister of Energy and Natural Resources

Mr. George Chahal, MP, Chair, Standing Committee on Natural Resources

Hon. George Heyman, British Columbia Minister of Environment and Climate Change Strategy

Hon. Rebecca Schulz, Alberta Minister of Environment and Protected Areas

Hon. Tracy Schmidt, Manitoba Minister of Environment and Climate Change

Hon. Christine Tell, Saskatchewan Minister of Environment

Hon. Brian Jean, Alberta Minister of Energy and Minerals

Hon. Jamie Moses, Manitoba Minister of Economic Development, Investment, Trade and Natural Resources

Hon. Josie Osborne, British Columbia Minister of Energy, Mines and Low Carbon Innovation

Hon. Jim Reiter, Saskatchewan Minister of Energy and Resources

Mr. Richard Dunn, Executive Director, Helium Developers Association of Canada (HeDAC)

Mr. Mark A. Scholz, President & CEO, Canadian Association of Energy Contractors (CAOEC)

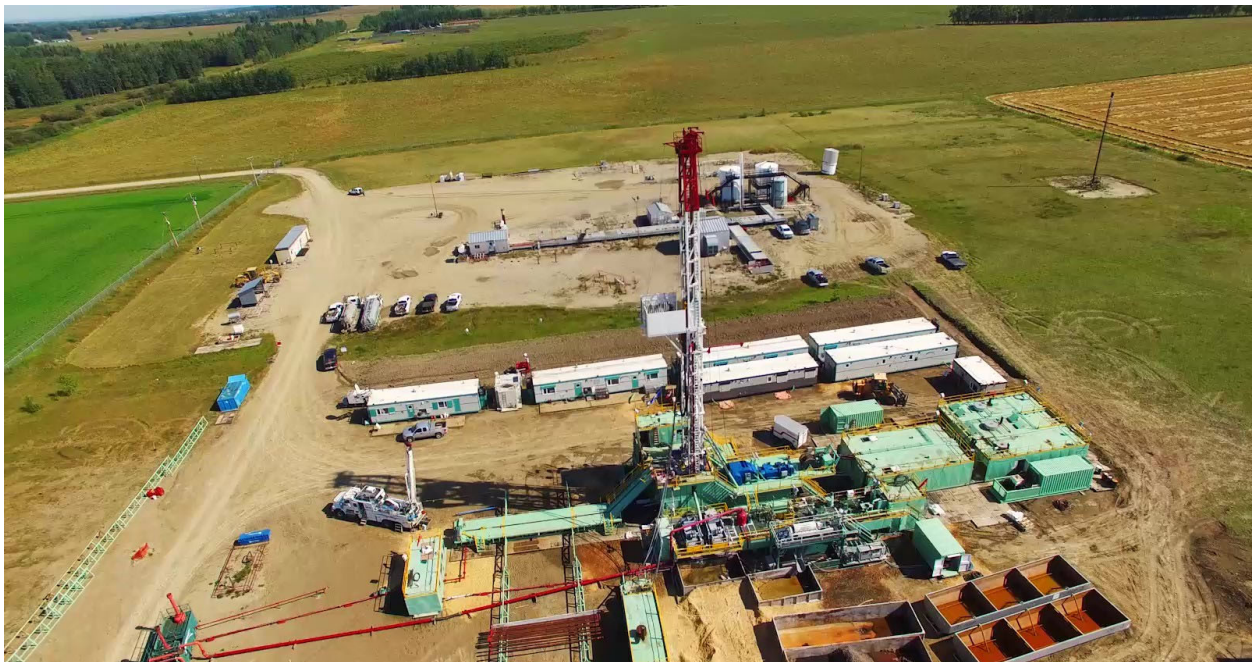


Figure 1: A conventional drilling rig drilling a geothermal well for Eavor Technologies Inc.



Figure 2: A conventional drilling rig drilling a helium well for Global Helium.



Figure 3: A conventional service rig servicing a lithium well for E3 Lithium.