

Bulletin 2023-31

August 28, 2023

Industry-Wide Closure Spend Requirement for 2024

Under the Government of Alberta's [Liability Management Framework](#), we have implemented an Inventory Reduction Program (described in [Directive 088: Licensee Life-Cycle Management](#)), which involves setting an industry-wide closure spend requirement annually. Closure spend requirements increase the amount of closure work that is occurring in the province as licensees are required to spend a minimum amount annually on abandoning, remediating, and reclaiming their oil and gas sites. (These requirements are referred to as closure quotas in section 3.014 of the [Oil and Gas Conservation Rules](#).)

We use inactive liability to determine the industry-wide closure spend requirement. Inactive liability is estimated using [Directive 011: Licensee Liability Rating \(LLR\) Program; Updated Industry Parameters and Liability Costs](#) and site-specific liability assessments for sites with an inactive life-cycle status in accordance with [Directive 001: Requirements for Site-Specific Liability Assessments](#).

The industry-wide closure spend requirement for 2024 is \$700 million. The industry-wide closure spend requirement is reviewed annually and subject to change due to a variety of factors, such as market conditions and previous years' closure spending.

Licensee-Specific Closure Quotas

Each oil and gas licensee with inactive wells and facilities is required to meet an individual annual mandatory closure spend quota. In setting licensee-specific mandatory closure spend, we consider the licensee's proportion of the total industry inactive liability and the licensee's financial health, determined using financial information provided under [Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals](#). Licensees are reminded that financial submissions under [Directive 067](#) (Schedule 3) must be submitted within 180 days after fiscal year end.

Licensee-specific mandatory closure spend for 2024 will be visible by September 28 within OneStop. Further information about the Inventory Reduction Program is available in [Directive 088](#) and [Manual 023: Licensee Life-Cycle Management](#). If you have any questions regarding the program, please contact InventoryReduction@aer.ca. Please do not inquire about licensee-specific mandatory closure spend until after September 28, 2023.