

AER Bulletin 2014-06

February 28, 2014

Licensee Liability Rating (LLR) Program Management Plan

Effective immediately, the AER is implementing the LLR Program Management Plan (the plan). The plan is part of the LLR Program, which protects Albertans from the cost to abandon and reclaim upstream oil and gas orphan wells, facilities, and pipelines. The existing LLR Program remains in place, and the long-term objectives of the LLR Program will still be achieved. The changes to the LLR Program outlined in *Bulletin 2013-09: Licensee Liability Rating (LLR) Program Changes and Implementation Plan* remain in effect.

The plan was created to complement the existing LLR Program and bring about a higher compliance rate. The plan adopts a gradual approach to implementing the financial security requirements and enforcement for licensees experiencing difficulties complying with the financial requirements of the LLR Program. The plan is available for licensees that require more time to pay financial security. The plan exchanges flexibility in payment timelines for a higher level of scrutiny of the licensee's finances and its ability to meet security requirements, reduction in liabilities, and improvement in their LLR ratio. The plan provides an option for licensees to meet the requirements of the LLR Program in order to reduce the overall risk to industry and the Orphan Well Association.

To be approved to use the plan, licensees must meet the eligibility criteria, agree to all requirements, and submit a forecast of future cash flow as evidence they will be able to meet the plan's future security payments and abandonment and reclamation requirements within the specified timelines. The plan is available to licensees currently in noncompliance with the LLR Program and to those who become noncompliant, subject to AER approval. It is the licensee's responsibility to meet the plan requirements; those who fail to do so will have their plan cancelled and be subject to normal enforcement actions. Licensees currently noncompliant with the LLR Program must submit a signed plan and the associated operating forecast 30 days from this bulletin's issue date to be considered. Any licensees that have a future noncompliance with the LLR Program must provide the required submissions before closure orders are issued by the AER.

The LLR Program Management Plan contact is Rob Kennedy, Director of the Closure & Liability (Oil & Gas) Section, Operations Division: 403-297-6131 or Rob.Kennedy@aer.ca. All completed licensee plans and operating forecasts are to be submitted to LiabilityManagement@aer.ca. All submissions will be reviewed and are subject to AER approval.

The LLR Program Management Plan is available on the AER website (<http://www.aer.ca/abandonment-and-reclamation/liability-management>). Printed copies of the plan can be purchased from the AER Dissemination Channels Section, Suite 1000, 250 – 5 Street SW; telephone: 403-297-8311 or 1-855-297-8311 (toll free); fax: 403-297-7040; or e-mail: [infoservices@aer.ca](mailto:infoservices@ aer.ca).

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