

Bulletin 2023-15

April 4, 2023

2023/24 AER Administration Fees (Industry Levy)

Energy Regulation Program

The Alberta Energy Regulator (AER) regulates energy resource development within Alberta and has a mandate to ensure the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources over their entire life cycle. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans.

For 2023/24, the GoA-approved revenue required to support our operations is \$217.4 million. The invoices are sent by email to ensure secure delivery and create efficiencies in approval and payment processing. If you have not already signed up for electronic delivery, please forward your preferred corporate email address or addresses to [AdminLevyReview@aer.ca](mailto:AdminLevyReview@ aer.ca). A generic email address is preferred to avoid changes because of staff turnover.

2023/24 Administration Fees (Industry Levy)

The following table lists the 2023/24 amounts by sector.

Sector	(\$000)	
	2023	2022
Oil and gas	154 346	142 157
Oil sands	43 245	45 004
Coal	8 718	8 571
Pipelines	7 479	3 453
Facilities (<i>Directive 056</i>)	3 218	1 385
Facilities (<i>Directive 023</i>)	413	160
Total	217 419	200 730

The amount of each 2023 invoice depends on the AER's revenue requirement, 2022 production volumes, the number and types of wells and schemes, the total km of pipelines in each class, facility inlet rates, and the number of operators in the sector. Any change in these factors will alter the invoice amount for operators depending on the sectors they operate in. Invoices to operators detailing the fee calculations will be emailed on April 4, 2023, with payment due by **May 4, 2023**.

The [Responsible Energy Development Act \(REDA\)](#) authorizes us to levy an administration fee on the oil and gas, oil sands, and coal sectors and impose a late-payment penalty, which is 20 per cent on any portion of the fee that remains unpaid after the due date. Invoices for administration fees are sent to and payable by the party that was the operator on record (as defined in section 29 of *REDA*) as of December 31, 2022. For conventional wells and oil sands schemes, “operator” means the entity that files well production, injection, or disposal data, or all three, with [Petrinex](#). If the operator fails to pay the fee, the late-payment penalty will be added, and we will pursue the approval holder (if the actual operator and approval holder are two different parties) for payment of the full amount.

If the administration fees or penalty is not paid, we may use various enforcement tools to collect payment:

- We may impose Global Refer, and this may result in an AER order issued in accordance with section 22 of the [Oil and Gas Conservation Act](#). The Global Refer status indicates the company's inability and unwillingness to comply and will be considered when deciding any pending or future applications to the AER.
- We may close producing wells or facilities.
- We may garnish production from operating wells and facilities to collect any outstanding debts. Under section 103 of the *Oil and Gas Conservation Act*, if an approval holder has failed to pay debts to the AER, the AER has a lien on its wells, facilities, pipelines, and land or interests in land, including mines and minerals, equipment, and petroleum substances. Our lien has priority over all other liens, charges, rights of set-off, mortgages, and other security interests.
- We may use other enforcement tools set out in legislation.

Oil and Gas Sector

The administration fee in the conventional oil and gas sector is based on individual well production of oil and bitumen or gas and the number of inactive, service, and production wells for the year ended December 31, 2022.

All wells are classified into one of ten base fee classes set out in the [Alberta Energy Regulator Administration Fees Rules \(AFR\)](#) and shown in the following table. In addition, an adjustment factor is specified and applied to each base fee. This adjustment factor ensures that the total administration fee collected for the sector satisfies our revenue requirement.

Fee class	Min. production (m ³ /yr)*	Max. production (m ³ /yr)	Base fee 2023/24
0	Inactive wells	Not applicable	\$42.00
1	Service wells	Not applicable	\$50.00
2	0.01	300	\$42.00
3	300.1	600	\$102.00
4	600.1	1 200	\$240.00
5	1 200.1	2 000	\$460.00
6	2 000.1	4 000	\$1 040.00
7	4 000.1	6 000	\$1 740.00
8	6 000.1	8 000	\$2 560.00
9	8 000.1	10 000	\$3 500.00
10	10 000.1	>	\$3 800.00

* The adjustment factor is set at 3.939751 of the base fee specified for wells in all classes in the AFR.

Alberta Upstream Petroleum Research Fund (AUPRF)

The Canadian Association of Petroleum Producers (CAPP) and the Explorers and Producers Association of Canada (EPAC) have jointly requested that the AER's administration fee process be used to collect \$5 288 000 to fund the Alberta Upstream Petroleum Research Fund (AUPRF) in 2023. The AER has agreed to assist and has included an amount for this funding in the oil and gas well administration fee invoices. As a result, the adjustment factor used for invoicing has increased from 3.939751 to 4.074035. Payment of the AUPRF is voluntary.

Funds collected by the AER will be passed to Petroleum Technology Alliance of Canada (PTAC). The AER is not involved in and does not make any decisions regarding the manner in which these funds are spent or to whom the funds are disbursed. On request, the AER may provide information to PTAC regarding paid and unpaid AUPRF amounts by operator.

Oil Sands Sector

Fees are levied in five categories based on operating information for the 2022 calendar year. An operator may have activities in more than one category. Each category is subject to an adjustment factor as shown in the following table.

Category	Allocation (\$000)	Adjustment factor
Primary ongoing	6 266	3.898738
Thermal ongoing	13 302	2.400119
Thermal growth	2 668	8.120532
Mining ongoing	19 538	2.883100
Mining growth	1 471	6.842493
Total	43 245	

Coal Sector

The administration fee for coal is based on each mine’s share of total production volumes for the year ended December 31, 2022. It is set at \$0.665085 per tonne of coal as specified in the *AFR*.

Pipelines Sector

The administration fee for pipelines is based on the segments of a pipeline in each class as of Dec 31, 2022. Pipelines segments subject to an administration fee are classed into one of the classes as per table below:

Class	Diameter (mm)	Base fee (\$)
A	<168.3	50.00
A (Discontinued)		25.00
B	≥168.3 and <609.6	60.00
B (Discontinued)		30.00
C	≥609.6	100.00
C (Discontinued)		50.00

An adjustment factor is specified and applied to each base fee. This adjustment factor ensures that the total administration fee collected for the sector satisfies our revenue requirement. For the 2023/24 fiscal year, the annual adjustment factor is 1.339183.

Facilities (*Directive 056*) – Gas Plants

The administration fees are levied to gas plant facilities with an inlet rate greater than or equal to ten million cubic metres per day as of Dec 31, 2022, and an active, new, or unknown activity status. The rate is set at \$4.745277 for every thousand cubic metres per day and applied based on the individual facility inlet rate, as specified in the *AFR*.

Facilities (*Directive 023*) – Processing Plants

The administration fees are levied to processing plant facilities approved under the *Oil Sands Conservation Act* with an operating status as of Dec 31, 2022. The rate is set at \$7.894529 for each cubic metre per day and applied based on the individual facility inlet rate as specified in the *AFR*.

Contact

If you have questions about the 2023/24 administration fees, please contact AdminFeeCoordinator@aer.ca.

inquiries 1-855-297-8311
24-hour
emergency 1-800-222-6514

Appeals

Any appeal must be made in writing and sent to AdminFeeCoordinator@aer.ca.

Payment of all invoices is required by **May 4, 2023**, regardless of whether an appeal has been filed.

Following a decision of the appeal, adjustments will be applied as needed.