

Bulletin 2023-35

September 28, 2023

Mandatory Closure Spend Quotas for 2024

The Inventory Reduction Program described in [Directive 088: Licensee Life-Cycle Management](#) includes setting licensee-specific mandatory closure spend quotas based on an industry-wide closure spend requirement that the AER sets for the oil and gas sector. Licensees must spend a minimum amount annually on abandoning, remediating, and reclaiming their inactive oil and gas sites. On August 28, we released [Bulletin 2023-31: Industry-Wide Closure Spend Requirement for 2024](#), setting the 2024 industry-wide closure spend requirement at \$700 million.

Licensee-Specific Quotas

Each licensee with inactive oil and gas wells or facilities must meet a specific mandatory closure spend quota. In setting the licensee-specific quotas, we consider the licensee's proportion of the total industry inactive liability and the licensee's financial health, determined using the 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 their fiscal year-end.

Licensees can view their 2024 mandatory closure spend quota in OneStop.

Supplemental Closure Spend

Beginning in 2024, licensees will no longer be able to commit to a supplemental closure spend quota. The AER will continue to explore opportunities to improve the Inventory Reduction Program, including looking at the efficiency and effectiveness of the closure requirements as part of ongoing program development.

In 2022 and 2023, two alternative requirements were offered in exchange for committing to spend above the mandatory closure spend quota, providing extensions to deadlines for surface equipment removal and expired Crown mineral lease rights. Any licences that received these extensions will keep them, provided the licensees holding them committed to and are compliant with the 2023 supplemental closure spend and the alternative requirements. As of January 2024, no new licences will receive alternative requirements.

Directive 088, [*Manual 023: Licensee Life-Cycle Management*](#), OneStop, and the AER website will be updated in the coming months to reflect these changes.

More information about the Inventory Reduction Program is available in *Directive 088* and *Manual 023*.

If you have any questions regarding the Inventory Reduction Program or its requirements, please contact InventoryReduction@aer.ca.