Alberta Energy Regulator

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Industry-Wide Closure Spend Requirement for 2025

Under the Government of Alberta's *Liability Management Framework*, the AER's Inventory Reduction Program (described in *Directive 088: Licensee Life-Cycle Management*) involves setting an annual industry-wide closure spend requirement. We review the closure spend amount each year and adjust it based on several factors, such as market conditions and the previous year's closure spending. Closure spend requirements increase the amount of closure work in the province as licensees are required to spend a minimum amount annually on decommissioning, 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*.)

The industry-wide closure spend requirement for 2025 is $750 million.

Licensees defined as a "micro" or "junior" dry gas producer as of July 10, 2024, as per section 2.1.2.1 of *Manual 023: Licensee Life-Cycle Management*, may be eligible for a deferral of their 2024 and 2025 mandatory spend. This deferral is an exceptional circumstance resulting from continued low natural gas prices in recent years. We will contact all micro and junior dry gas producers affected by this change.

Licensee-specific mandatory closure spend for 2025 will be based on the licensee's inactive liability as of September 1, 2024, and will be available to licensees in OneStop in the fall. Consequently, we cannot answer specific questions regarding a licensee's mandatory closure spend until after the information is in OneStop. Direct any other questions regarding the Inventory Reduction Program to InventoryReduction@aer.ca. For more information on the Inventory Reduction Program, see *Directive 088* and *Manual 023*.