Draft Directives Related to LMR Replacement (released February 2025)
What We Heard – And Our Response

We would like to thank all those who provided comments. We reviewed each one and consolidated comments covering similar issues. What follows is a summary of the issues raised and our responses.

Because oilfield waste management facilities are included in the scope of these directives, but are approved rather than licensed, the terms "licence" and "licensee" are to be read as also including oilfield waste management approvals and oilfield waste management approval holders. The term "facility" includes oilfield waste management facilities.

This report addresses feedback received on the new editions of *Directive 001: Requirements for Site-Specific Liability Assessments*, *Directive 011: Estimated Liability*, *Directive 068: Security Deposits*, and *Directive 088: Licensee Life-Cycle Management*. This also includes comments on rescinded *Directive 006: Licensee Liability Rating (LLR) Program*, *Directive 024: Large Facility Liability Management Program (LFP)*, and *Directive 075: Oilfield Waste Liability (OWL) Program*.

Changes have also been made to the *Oil and Gas Conservation Rules* and *Pipeline Rules* to enable revisions to these directives. The AER continues to review the implementation of the new *Liability Management Framework* components to ensure they are achieving the desired outcomes.

Comments on grammar, punctuation, and cross-referencing have not been summarized, but changes were made where needed.

There were respondents that requested additional engagement to discuss feedback. There was a high volume of responses, and the AER is unable to meet with individual respondents to discuss specific comments. We hope that this report and the communication materials made available provide additional clarity. The AER looks forward to any other opportunities for engagement during the implementation of the revised directives.

A list of the respondents is provided at the end of this document.

Stakeholder Feedback – Issue	AER Response
1. General	
In general, these directives give the regulator a great deal of authority without accountability or process of appeal. It fails to incent investment in the province and as written, will probably need a few years in practice before investors and creditors really start to trust it. The concept of an overhaul of the system in order to drive an industry-wide spend with a goal of reducing liabilities is agreeable. However, the documents as currently written introduce uncertainty and could be very punitive depending on who is interpreting/driving the system. Different political parties may have very different interpretations of these terms which will lead to very different implementation via the regulator depending on the governing party. Some commenters recommend giving the AER staff more flexibility to use discretion while these directives continue to evolve.	The new *Liability Management Framework* policy was announced in July 2020, and we have been implementing these changes in phases. While we appreciate this creates some uncertainty, it also allows for the changes to be understood and refined as they are implemented. Discretion is enabled with some of the new requirements, but not with all of them. We will continue to apply discretion in certain situations when there is that authority.
There is interest in regulatory instruments refencing acts that govern professional associations and that qualified professionals be referenced wherever sign off is mentioned. Feedback referenced the need for professionals to carry and present proof of errors and omissions insurance.	We did not add references to requirements outside of the AER that govern professional associations, and we do not require professionals to carry and present proof of errors and omissions insurance. In some circumstances, we require professional sign-off to meet regulatory requirements, and where we do this is noted in the requirements. We do not regulate the professional associations that individuals are associated with and rely on the ethics, code of conduct, and integrity of these associations to ensure that professionals are in good standing and maintain competency for the work that they are signing off on. Further information is available on our website related to professional sign-off. Additionally, further information on Government of Alberta sign-off requirements for environmental professionals conducting reclamation and remediation work in Alberta are available in the Alberta *ESA Standard* and this webpage: https://www.alberta.ca/land-conservation-and-reclamation-professional-sign-off

Stakeholder Feedback – Issue	AER Response
2. Estimated Liability (*Directive 011*)	
"Liability" is a generic term that includes taxes, loan debts, and amounts owing to contractors. Drafting should avoid unusual definitions of common terms when drafting regulatory requirements. These directives should use the specific phrase "closure liability."	The term "liability" can be used in a variety of ways. In *Directive 011*, we have outlined how the term "liability" is used by the AER in this area and have specifically defined what "estimated liability" is. We will not be introducing the term "closure liability" to these directives.
Many banks still use the LMR because it's tied to current debt covenants with many lenders. Removing LMR while the new *Directive 011* values are still being evaluated and updated could result in collateral financial damage. It is recommended that the AER consider publishing the LLR while companies are transitioning and the AER is evaluating *Directive 011* values to minimize collateral financial damage. Financial institutions are still asking for the LLR value and haven't accepted that it is no longer being supported.	The policy direction announced by the Government of Alberta in July of 2020 directed the AER to "replace the AER's current Licensee Liability Rating program." This replacement has been completed in phases to support the transition to the new assessment approach, the first of which occurred in December of 2021 with the issuance of *Directive 088*. Engagement was undertaken at that time with lenders on the pending removal of LMR. Additional details on this transition have been communicated in the following bulletins: 2023-41, 2023-04, 2021-45, 2021-22, 2021-11, and 2020-26. With this release of the revised requirements, the LMR and the LLR programs are now removed; there will no longer be LMR/LLR information made available by the AER. We release an annual liability management performance report. The 2023 report was issued on December 5, 2024, and is available on our website. More frequent reporting is under development and will be shared when available. Licensees can provide financial institutions with their licensee capability assessment information that is available to them in OneStop.

Stakeholder Feedback – Issue	AER Response
Assignment of estimated liability at the time of licence issuance instead of upon completion of construction (*Directive 011*) Commenters requested clarity that there will no longer be a 12-month period where no liability is estimated for new wells and facilities. New facilities are not a source of risk. Why the change? It is also recommended that a new facility not be required to have an SSLA at the time of application.	Estimated liability is assigned when a licence is issued and is based on the energy development proposed in the application for new development. This is described in *Directive 011*. We have a responsibility to report on all liabilities, including those based on approved but not fully constructed developments, which is why an SSLA is required at time of application. Understanding liabilities at the time of licensing is critical to some decisions and programs. Estimated liability associated with new developments will not be included in the calculation of closure quotas. Closure quotas are focused on inactive inventory, which excludes new licences that are being constructed. The orphan fund levy calculation will not include new licences until the first of drilling/construction completion, volumes have been reported to Petrinex, or 12 calendar months from licence issue date (60 months for large facilities). If a licensee decides not to construct its development as outlined in its application, a licensee can apply to amend or cancel its licence to remove the assigned estimated liability. Clarification was added to section 9 of *Directive 011* on how and when the estimated liability will be considered for new licences when the orphan fund levy is calculated.
Lack of clarity and updates in working interest records, causing low-quality data. Attributing 100% of estimated liability to licensees, rather than distributing it to working interest partners (WIP) has led to financial strain on licensees with shared interests. Feedback is recommending mandatory annual updates for all working interest partners, including requirements for accurate disclosures during transfers. Implement a fair liability distribution model to better manage risks across all stakeholders involved in a site.	Licensees are responsible to update and maintain AER records related to their working interest participants, and they can be updated by the licensee at any time. Licensees are responsible to address all of their regulatory and liability obligations, which is why the estimated liability for specific licences is assigned directly to the licensee and not distributed based on working interest participants. We regulate the licensee, who may have private agreements with working interest participants that AER is not involved in.

Stakeholder Feedback – Issue	AER Response
Asset retirement obligations (AROs) Feedback received recommends standardizing and aligning requirements for SSLAs with those of AROs in order to streamline reporting to the AER with financial reporting requirements. Feedback was also provided on financial reporting and shareholders holding companies accountable for the accuracy of ARO disclosures, in addition to audits of ARO disclosures.	We acknowledge that regulatory reporting requirements differ in some ways to financial reporting requirements; however, asset retirement obligations are not used by the AER. The estimated costs to suspend, abandon, remediate, and reclaim a site, as well as provide reasonable care and measures from shutdown of operations through to site reclamation, are determined either by regional estimated liability or site-specific liability assessments as specified in *Directive 011*. Requirements for how to complete and submit an SSLA are specified in *Directive 001*. We have no jurisdiction over financial reporting or auditing of AROs. We require licensees to provide financial information as specified in *Directive 067*, which may differ from AER estimated liabilities. *Directive 011* indicates that we may audit an SSLA at any time, and audits are performed regularly. Further details on the audits the AER may undertake as part of our Compliance and Enforcement Program are outlined in *Manual 013*.
Some commenters do not understand the difference between marginal wells and active wells when it comes to managing liability. In some cases, a different definition for marginal wells is proposed, and other instances asked that it be removed completely. The AER is encouraged to develop a well-type- or commodity-specific definition of marginal well based on a transparent cost recovery or profitability test. A request was made for a marginal well map, like the abandonment and reclamation cost maps in *Directive 011*.	A licensee's liability changes through the energy development life cycle. Marginal liability is a subset of active liability and is based on how much the well is producing (wells producing 1.59 cubic metres of oil equivalent per day [ten barrels of oil equivalent per day] or less). Since marginal wells have less production, there is a greater potential of becoming inactive. We are not changing the definition of marginal wells at this time but will consider this feedback for updates in the future.

Stakeholder Feedback – Issue	AER Response
Deferral of inactive estimated liability (*Directive 011*) Inactive infrastructure on active sites contribute to inactive liability, minimum spend requirements, and the ability for a site to be considered for other liability management programs. Reviewers comment that they cannot abandon, remediate, or reclaim these wells or facilities while the site is active. An example provided was 10% of inactive liability is held by inactive wells that cannot be abandoned and reclaimed due to present activity on that site.	Inactive liability is the estimated liability associated with inactive wells and facilities as well as abandoned/decommissioned wells and facilities. In some cases, inactive wells are more difficult to close because they are located on the same site as an active well, facility, or pipeline. In some cases, closure activities on specific infrastructure can be achieved while other infrastructure on the site continues to operate. Closure quotas were designed to allow licensees to plan their closure activity. Using the example provided, the operator can target the other 90% of its inactive liability. Although closure nomination has an option for deferral of closure activities with the submission of a closure plan for a nominated site, a deferred closure plan does not result in a change in status of wells, facilities, or pipelines, and inactive liability includes those costs.
Feedback was received that the Conditional Adjustment of Reclamation Liability (CARL) Program is being exploited to reduce liability without full reclamation. The CARL program criteria should be tightened for legitimate reclamation and enforced with stricter oversight.	As outlined in *Directive 011*, if the licensee fails to obtain a reclamation certificate under *EPEA* for the licence that was part of the CARL program within the required timeframe (five years or as extended by the AER), the AER will reinstate the estimated liability to its full amount, and the licence will be ineligible for any future CARL adjustment. Additionally, the AER may take other regulatory actions as appropriate, described in *Manual 013: Compliance and Enforcement Program*.
Contradictions in adjustments between sections (section 7 and sections 5.1.1 and 5.1.2), leading to confusion, particularly regarding regional and facility reclamation liabilities. Section 7 isn't clear if it applies to both wells and facilities. Reconcile and clarify adjustments across sections to create a consistent application of estimated liabilities for new and existing sites.	Section 5 is specific to regional estimated liabilities and individual changes to base well and base facility costs considering how the individual well or facility was constructed. Section 7 applies to licences for both wells and facilities and generally applies to both regional and SSLA estimated liabilities. This section focuses on how estimated liability changes whether it is a regional or SSLA estimate when a specific closure milestone is met including abandonment, CARL, or once a reclamation certificate is issued.

Stakeholder Feedback – Issue	AER Response
Not clear why water wells are listed in appendix 1 and are included with regional estimated liability.	Appendix 1 is intended to be clear and transparent on the treatment of all licence types respecting liability and orphaning that are either licensed by the AER or associated with oil and gas activities. This includes water wells not related to upstream oil and gas activities, which are licensed by the AER in certain instances. Well closure data available will be used to understand the closure cost of these wells similar to all other licence types.
3. Regional Costs	
It is recommended that the AER review and update estimated liability (regional costs) annually, biannually, or on an available schedule and that the cost categories be reviewed and refined with industry. Reviewers indicated that facility well equivalent is a poor proxy for estimating liability. Recommendations for consideration of future estimated liability updates were made, including new wells that have not produced, well age, presence of multilateral wells, and commingled wells. It is also recommended that detailed licensee cost estimates or variations be permitted and that costs associated with additional events be reassessed. Comments also reflected concern that consideration of OWA costs skew the data due to the OWA's economies of scale and that OWA values should be adjusted to reflect this. Reviewers are interested in knowing when regional costs will be updated. It is recommended that updates include addition of costs for pipelines, although assigning regional costs to pipelines could create significant uncertainty regarding compliance. The AER needs to acknowledge that these regional estimates are low and have them addressed.	We will continue to update regional costs to improve estimated liability for wells and facilities and also expand estimates beyond wells and facilities. Continued licensee and OWA reporting on closure spending will make more data available to improve accuracy of costs for remediation and reclamation activities. Refer to the following presentation to understand the process that we used to update estimated liability for *Directive 011* in June 2024. Consideration will be given to sharing more on timelines for this work once they are available. There is no option to submit an SSLA (or variation request) for a licence that does not require an SSLA. If licensees have cost estimates that are believed to be better than the costs in *Directive 011*, licensees are encouraged to submit accurate closure spend reporting information and future regional costs will reflect improved cost information. Salvage has not been included in liability estimates since 2013. No costs were updated with this revision to *Directive 011*.

Stakeholder Feedback – Issue	AER Response
A recommendation was made to reassess the maps used for estimated liability; the grouping of Drayton Valley and Grande Prairie is inappropriate due to the higher costs of abandonment in Grande Prairie (approximately 30% higher).	We will continue to update regional costs to improve estimated liability. The delineation of boundaries in appendix 2 and appendix 3 will be subject to future analysis. No regional costs were updated with this revision to *Directive 011*.
A recommendation was made that AER develop a system to improve liability estimates on sites that have both well and facility licences so liability isn't being overestimated through double counting of reclamation liability.	We will continue to look at and update regional costs to improve estimated liability. Single sites with multiple licences will be subject to future analysis.
Table 1 (Directive 011) discrepancies in cost jumps (e.g., from $22M at 100 000 to $29M at 170 000) with numbers doubling above 2500 without clear rationale. There is a lack of granularity in this scaling. Provide more granularity in cost scaling and clarify rationale behind large increments to provide better transparency for smaller producers.	The process used to update *Directive 011* regional well abandonment costs was outlined in the following video when released in June 2024 through *Bulletin 2024-16*.
Comments highlighted that reclamation and remediation estimates are underestimated and that gradual increases to these costs should be made.	We will continue to update regional costs to improve estimated liability as reclamation activities occur in the province and closure spend reporting is submitted to the AER. No regional costs were updated with this revision to *Directive 011*.

Stakeholder Feedback – Issue	AER Response
Regarding regional facility estimated liability, the $17K well equivalent unit rate for abandonment and applying well equivalent to regional reclamation costs does not make sense. The methodology needs to change as using well equivalency will not be reasonable if the well reclamation estimates are increased. Commenters recommended delaying release of the directive until estimates and methodologies are developed for facility estimated liability.	We are looking to review the approach to using a well equivalent to estimate liability for facilities. We have been receiving costs for closure activities, including for facilities through the mandatory closure spend quotas. The estimated liabilities for well abandonments were updated on June 24, 2024 (Bulletin 2024-16). As outlined in that bulletin, *Directive 011* estimated liabilities will be reviewed using closure costs submitted on an annual basis as new costs become available, this includes facility abandonment costs and remediation and reclamation costs for both wells and facilities. As part of the policy direction, LMR and the LLR programs need to be replaced, and this is why *Directive 011* is being updated currently. No costs were updated with this revision to *Directive 011*.
Clarity requested for cementing detail required for well abandonment cost adjustments with groundwater protection for historic wells. Current forms only refer to tubing. Confirmation requested for whether additional estimated liability will assume additional costs unless a defined cement top exists in the AER database.	The cementing changes in *Directive 011* relate to historic wells before requirements were put into place to protect groundwater. These changes improve the AER's ability to correctly assess groundwater protection liability. Groundwater protection can be achieved by either surface casing or cement. There is now an avenue to update cement information that may be missing or incorrect. Groundwater protection for historic wells can now be factored into estimated liability. This is in addition to the surface casing that is already being considered. Submitting information will be optional but will allow licensees, in certain instances, to reduce their liability. Licensees will soon be able to provide missing cementing information to the AER, but this process is still being finalized. A subsequent bulletin will be released in early March 2025 which will outline how to submit the missing cementing information to the AER. Amendments to well casing information will continue to use existing processes. No other changes are being made to how estimated liability is calculated (e.g. defined cement top).

Stakeholder Feedback – Issue	AER Response
4. Site-Specific Liability Assessments	
SSLA content requirements and replacement of Canadian Institute of Chartered Accountants (CICA) requirements (*Directive 001*) Requiring all SSLAs to meet *Directive 001* is not necessary. This creates an unnecessary cost burden to the licensee which will take budget away from spend that could be directed towards closure work. Concern with 10 and 20 well equivalent facilities that will require updated SSLA's to meet *Directive 001* requirements with moving away from CICA standards. Will AER be providing information similar to that provided in *Directive 006*, section 2.3, regarding deemed liabilities for gas plants of different well-equivalencies? Recommend keeping the type A, B, C, and D and not default to *Directive 001* type only.	Types A, B, C, and D language was removed from *Directive 006* in 2009, but the assessment type language remained in the DDS system (and remains today). From 2009 onwards, the types were replaced with the 10, 20, and 40 well equivalent facilities. SSLAs for 40 well equivalent facilities, large facilities, oilfield waste management facilities, and "problem sites" have already been meeting full *Directive 001* requirements. 20 well equivalent gas facilities are largely already meeting the requirements of *Directive 001*. For example, SSLAs are updated every five years, signed by professionals, use third-party undiscounted rates, and are based on a site-specific Phase 1 environmental site assessment, with additional work to a conduct a Phase 2 environmental site assessment, if necessary, where required by the conclusions of the Phase 1 environmental site assessment. The CICA standards use outdated language. We evaluated the use of Chartered Professional Accountants of Canada standards in its replacement and identified challenges, differences, and even disadvantages in comparison to the *Directive 001* requirements. *Directive 001* is the only AER directive that outlines how to complete an SSLA. To transition the 10 well equivalent facilities to meet *Directive 001* requirements, an automatic one-year extension will be provided to licensees where their expiry date is in 2025. This is already reflected in the designated information submission system. SSLAs with expiry dates 2026 and beyond will continue to have the same expiry date.
Commenters were unsatisfied with the AER providing 30 days for submission of an SSLA in *Directive 011*. 60, 90, and 180 days or more were amongst the recommendation.	The 30-day requirement to submit an SSLA has been extended to 90 days with the addition of a requirement to notify the AER of any site that meets criteria outlined in *Directive 011* within 30 days.

Stakeholder Feedback – Issue	AER Response
Feedback requested that more flexibility be provided within *Directive 001* and that the level of effort for an SSLA be based on activity type. Clarification on the applicability of SSLA since *Directive 001* has a comprehensive list of cost elements to include, but not what is applicable to a given facility. Specifically, the AER is asked to clarify: • Which cost estimate elements listed in *Directive 001* apply to any given facility when conducting an SSLA? Do all elements from *Directive 001* apply to every SSLA as long as the applicable item or condition exists on site? • Are all facilities with *D056* category types indicated as requiring an SSLA in *Directive 011*, appendix 1 (October 2024), required to estimate liability based on all elements included in *Directive 001* (October 2024)? Clarification on when requirements are applicable to SSLAs as requirements in section 4 and 5 may not apply to all sites.	Clarification was provided in *Directive 001* within sections 4 and 5. These requirements only apply when relevant to the specific conditions of a site. The size and complexity of an SSLA is proportional to a site's size and complexity. This is determined by such factors as size of infrastructure and site conditions, including the nature and extent of any contamination issues etc. SSLAs are tailored to the specific site and its condition. For example, if there are no groundwater contamination concerns at the site, then the licensee can omit the sections in *Directive 001* related to establishing a cost estimate for groundwater contamination.

Feedback that the term "problem site" is misleading and implies that these sites, which are in compliance, are inherently problematic. Feedback included recommending the retention of the "problem site" concept and a materiality threshold. Although recognized that including that the 4× threshold is arbitrary and may cause a surge in SSLAs given current regional reclamation liability costs. It was recommended that the threshold that triggers an SSLA might be ten times the regional cost for a site. Other commenters indicated that the 4× threshold should be left in *Directive 011* as the only trigger to submit an SSLA.

There is a need for a clearer definition of what is defined as a "problem site" and how it's determined, as it is currently ambiguous. The definition, rating, and cost formula for "problem sites" should be expanded to address a broader range of site types, including pipelines, to ensure consistent application across the sector.

Commenters indicated that all sites with contamination should require an SSLA and that there should be a closer connection between files being overseen by the AERs Remediation and Contamination Management Team (under the *Remediation Regulation*) and SSLAs.

Other commenters indicated concern that the AER has made the circumstances that require an SSLA too broad, increasing the volume of SSLA's required. For example:

- a reference to Tier 2 guidelines should be added in addition to Tier 1 guidelines
- off-lease contamination seems rigid as some sites have limited amounts of contamination off-lease in comparison to portion on lease; recommends parameters for this stipulation to be triggered (e.g. >10% of contaminated volume is off lease)
- clarification for sites that require remedial measures that cannot be completed during active operations and will be delayed >10 years
- AER could refocus requiring SSLA's using the record of site condition information that might indicate increased liability, for

The use of the term "problem sites" was removed. The directive has been updated to reflect when SSLAs are required for sites with estimated regional liability for any of the circumstances outlined in *Directive 011*, which includes some higher liability scenarios. For example, sites that require remedial measures for ten years or more, delaying reclamation, and when there is off-lease contamination as it usually has a source that originated on lease.

We have updated the directive to include the scenario when liability may be estimated using the *Alberta Tier 2 Soil and Groundwater Remediation Guidelines* to determine volumes of contaminated soil that require remediation, provided that work has been completed and an appropriate environmental site assessment report with record of site condition has been submitted and accepted by the AER.

We have removed the scenario that an SSLA is required when estimated liability is expected to be four times the regional cost for a site. This may be revisited as estimated regional liabilities are evaluated and as we continue to implement the new *Liability Management Framework*.

Directive 006 did include a section for industry to voluntarily self-disclose problem sites. However, past processes for triggering an SSLA when one was not normally required relied on the identification of potential problem sites by the regulator. A licensee should understand its sites and the updated requirements in *Directive 011* and will play a stronger role identifying the sites where regional liability is not appropriate.

We have always had broad authority to require an SSLA. The AER will continue to identify sites and require SSLAs based on information gathered for contaminated sites and from complaints submitted to the regulator.

As costs become more current over time, these processes may be re-evaluated.

Stakeholder Feedback – Issue	AER Response
example plume length greater than 200m or Tier 1 exceedances greater than 10× the guideline factoring in proximity to and risk to receptors. Additional feedback was that only noncompliant licensees should be the focus of SSLAs and avoid unnecessary SSLA triggers and to consider eliminating "ought to have known" language for better enforceability.	
Feedback indicated that a licensee would not be able to develop an SSLA before submitting a new facility license since the facility hasn't been constructed. Recommending removal of the requirement for a new facility to have an SSLA prior to applying for a license.	The SSLA is required before the application. SSLAs have already been required before and during new applications for facilities such as oilfield waste management facilities, straddle plants, sulphur recovery gas plants, etc. This is being extended to all licences that require SSLAs as it is important that both licensees and the AER understand the potential closure costs associated with licences prior to their construction.
Comments reflected that there will be increased ESA submissions to OneStop to support SSLAs (e.g. Phase 1 ESA, Phase 2 ESA, RAPs), and formal submission of SSLA reports, which would result in AER review and generation of supplemental information requests.	The requirement to submit SSLA reports with every SSLA submission was introduced in the publication of the July 2023 version of *Directive 001*. We use assessment criteria to determine which SSLAs are reviewed. Those reviews may result in a licensee responding to information requests and correcting deficiencies in their SSLAs. Environmental site assessments, remedial action plans, etc. are a regulatory obligation under the *Remediation Regulation* outside of the SSLA requirements. The AER's intention is to continue to improve liability estimates because they are an important factor for the implementation of the *Liability Management Framework* and understanding licensee risks.

Stakeholder Feedback – Issue	AER Response
Can the AER clarify whether an SSLA requiring a Phase 1 or 2 ESA must only have these reports completed for the initial SSLA, and that these ESA reports do not have to be repeated every five years for SSLA updates? A Phase 2 should be a requirement unless sufficient evidence is given to prove its not feasible via physical impediments. This removes ownership from consultants to provide semi-blind estimates followed by their own professional declaration.	A Phase 1 & 2 ESA are required for an initial SSLA. For subsequent updates to the SSLA, the AER expects licensees to build on their existing SSLA reports and environmental site assessments to submit a complete SSLA that meets requirement 58 of *Directive 001*. The licensee is not required to recreate the original SSLA or ESA work. In those cases where access is restricted, then guidance is provided in *Directive 001*, section 5.1.2.2, "Determining Affected Soil and Groundwater Volumes for Sites with Restricted Access."

It is suggested that SSLAs require an update when an increase is the greater of $2 million or 20% of the current estimated liability rather than either of these conditions applying.

Clarity is requested for whether an SSLA needs to be updated every five years from the assessment date of the last SSLA or the submission date to AER.

This will be a lot of effort and expense for little value on lower risk sites. Could the AER include a provision for an extension of the existing SSLA for lower risk site (to be defined) if there are no significant changes in either the site or the regulations that govern remediation provided the cost schedule is modified to reflect inflation.

A mechanism for a simple SSLA update is recommended without having to complete a full SSLA every five years.

The SSLA process is administratively burdensome; consider adding a note indicating that alternatively the licensee can provide a professionally signed third-party declaration stating nothing has materially changed or at least have that as an option.

It is the responsibility of a licensee to maintain an SSLA that has been submitted to and accepted by the AER. Updates to SSLAs are every five years unless otherwise indicated and based on assessment date which is currently entered into DDS and required by the associated declaration form. *Directive 011* was clarified to confirm that the update every five years is required "unless otherwise authorized by the AER." As a result of this change, there is clear discretion for the AER to extend timelines on a case-by-case basis when requested by the licensee.

SSLAs must also be updated when a licensee becomes aware or ought to have become aware that there is a cumulative increase of either $2 million or 20% of the current estimated liability values in the SSLA. This means that additional findings as result of a Phase 2 ESA may trigger the requirement to update an SSLA. In some cases, these thresholds were previously $1 million or 10% of the current estimated liability values. With the additional clarity for SSLA triggers, timelines for updating SSLAs, and the AER's broad authority for requiring an SSLA, the $2 million or 20% change thresholds are reasonable.

The intent of the update is to evaluate any cost changes since the last SSLA was completed. This assessment includes considering factors such as changes in site conditions, unit rates used in estimating costs, regulatory requirements, etc.

Where no material changes to a site have occurred, SSLA updates may be as simple as inclusion of inflation and an updated declaration to ensure information on record is current. Additional clarification was added into *Directive 011* to help clarify that a completely "new" SSLA is not required when it is simply being updated. We expect licensees to build on their existing SSLA reports and submit a complete SSLA that meets requirement 58 of *Directive 001*. The licensee is not required to recreate the original.

Where work to reduce liability has been conducted, a licensee can make updates to SSLAs at any time. The AER has also created a pathway to no longer requiring an SSLA in some scenarios.

Much of the supporting information for an SSLA must already be submitted to the AER under other regulatory requirements. The SSLA submission process is increasingly integrated with other processes. For example, Phase 2 environmental site assessments must be submitted with a record of site condition under the *Remediation Regulation*, which are then efficiently referred to in SSLAs and other submissions, such as reclamation certificate applications.

Stakeholder Feedback – Issue	AER Response
Clarify the new *Directive 001* form "Liability Declaration Form" with the removal of the Facility Liability Declaration Form removed from *D006*, *D024*, and *D075*.	The Facility Liability Declaration Form has been renamed to the Liability Declaration Form, as it is used for facilities and other sites (e.g. pipelines, wells). The Liability Declaration Form must be submitted as outlined in *Directive 001*.
Recommend that there should be no facility transfer without a completed SSLA less than 12 months old and there is a need to tighten up the ability to transfer, especially from large companies to small or startup companies.	In a transfer application with licenses that have an SSLA requirement, the SSLA must be within one year from the assessment date of the last SSLA for large facilities and oilfield landfills and within three years from the assessment date of the last SSLA for all other licenses or approvals that require an SSLA. If the SSLA is greater than one year old, it must also be accompanied by an evaluation of cost changes that have occurred since the SSLA was completed. We can also direct a licensee to conduct and submit an SSLA in accordance with *Directive 001* if otherwise required.
Feedback was provided that there was misalignment of the wording for the requirements for an SSLA at time of transfer between *Directive 011* and *Directive 088*, section 5.	The language in *Directive 088* was updated to clarify.
Feedback that new requirement 14 requires remediation and reclamation to meet *Directive 058* waste management requirements. Clarity is required for the use of the term "remediation" in reference to a landfill.	Licensees must complete an SSLA that meets the requirements outlined in both *Directive 058: Oilfield Waste Management Requirements for the Upstream Petroleum Industry* and includes the applicable information detailed in *Standards for Landfills in Alberta.* Items that may be considered under this section include groundwater and surface water monitoring plans. A landfill cell may not require remediation; however, areas surrounding the landfill cells may require remediation.

Stakeholder Feedback – Issue	AER Response
A request was made to consider allowing the removal of an SSLA when site conditions allow a return to the regional estimate. Feedback recommended the requirement be amended to allow licensees in good standing the ability opt out of the SSLA requirement when the SSLA value is less than the regional cost.	There are specific licence types identified in appendix 1 of *Directive 011* that require the use of an SSLA to estimate liability. *Directive 011*, requirement 10, identifies when a licensee is required to evaluate and submit an SSLA for licences that typically would use regional estimated liability. It is possible that these licences may return to regional estimated liability if the circumstances identified are no longer present. If a change in licence type (amendment) is the trigger for an SSLA, the licensee must continue to provide an SSLA for that licence until closure is achieved.
Feedback requested that ongoing reporting associated with regulatory obligations, such as *Directive 013*, which are operational expenses, not be included in the estimated liability for an SSLA. This could also be said for activities like groundwater monitoring. Liability estimated should be limited to costs associated with abandonment, decommissioning, remediation, and reclamation. Suspension costs and monitoring should not be included. A larger scope of activities is likely to result in overestimated liabilities.	It's important that the costs to deliver "reasonable care and measures" to manage risks at a site while liability reduction and closure work are underway be included, as detailed in section 4 of *Directive 001*.
It is recommended that the AER require a target date for a reclamation certificate application within an SSLA (*Directive 001*)	The SSLA focuses on estimating costs to achieve closure. Although specific target dates for a reclamation certificate are not included in *Directive 001*, it does state that an estimate of costs must include the remediation and reclamation in a predictable and expedient manner of all directly affected land to a state where the site may be eligible for a reclamation certificate.

Stakeholder Feedback – Issue	AER Response
Feedback requested that unit rates include volume discounts that apply to everyone (e.g., for laboratory analysis, disposal of soil). The standardization of rates based on present-day factual costs or OWA rates was recommended by some reviewers.	Rates vary by company depending on factors such as company size and negotiations. The directive continues to allow for price discounts that are available to all parties. However, client-specific discounts, such as those for preferred client status or coordinated regional cleanups of multiple sites, continue to not apply. There is limited history on closure costs for larger or more complex sites such as those requiring an SSLA. As those costs are submitted to the AER, this will allow for further analysis. Standardization of rates has not been evaluated and may be revisited as we continue to implement the new *Liability Management Framework*.
"Eliminating" in *Directive 001*, section 4, implies zero: "testing for, reporting, and eliminating surface casing vent flow, gas migration, and other casing integrity issues" Recommend replacing with standard testing requirements in *Directive 087*. Recommend removing requirement to remove equipment within 12 months of cutting and capping operation. *Directive 001* only references *Directive 020*.	*Directive 001* outlines the requirements to determine the estimates of costs for closure of infrastructure. Requirements to complete all closure need to be met by the licensee. To help ensure consistency with *Directive 087*, the statement has been updated to replace "eliminating" with "repair." Requirements related to *Directive 020* is not within the scope of this regulatory change project and will be assessed in the future. Regulated parties must ensure all requirements currently outlined in *Directive 020* are met and costs considered when estimates under *Directive 001* are prepared.
Clarity required for pipelines; when would it not be prudent to clean the line since need to ensure the contents are not deleterious to the environment. It is recommended that cleaning be by means of basic pigging at a minimum.	*Directive 001* does not modify requirements on how to decommission pipelines, and closure requirements have not changed.

Stakeholder Feedback – Issue	AER Response
Feedback was received asking whether passive remediation, such as natural attenuation, would be an acceptable remediation approach in an SSLA. Feedback was received that the AER is promoting landfilling as a remediation approach by requesting SSLAs for sites that take longer than two years to remediate. Recommendation that soil treatability testing not be required in SSLAs, as the evidence is not yet available at the time of SSLA completion.	The remediation approach will vary depending on the specifics of the site. The remediation approach must be a method proven effective in Alberta, and an estimate of costs must include the remediation and reclamation of all directly affected land to a state where the site may be eligible for a reclamation certificate in a predictable and expedient manner. Where efficacy has been demonstrated and an appropriate remedial action plan has been accepted by the AER, monitored natural attenuation is one possible remediation approach that can be considered for SSLA sites. In some cases, assessment work may be required in order to provide evidence that a certain remediation will be effective. The remedial approach in the SSLA may need to change until such evidence is available to confirm the approach's effectiveness. It is important and appropriate to have liability adequately captured to inform regulatory decisions (e.g., transfer applications).
A reclamation plan should include the cost of bringing in soils that are soil-pathogen-free (section 5.3 of *Directive 001*).	We expect that licensees meet closure requirements. If soil brought to the site needs to meet a certain standard in order to be eligible for a reclamation certificate, then this would apply in SSLAs.
Requirement that SSLA be prepared and signed off by professional is duplicated in *Directive 001*, requirements 54 and 55.	There is a difference between the lead assessor and the professional who completed the assessment. Both are part of the professional sign-off.

Stakeholder Feedback – Issue	AER Response
There is concern that the AER is mandating the evaluation of a lower hydrostratigraphic unit in this directive. Keep in mind that not all environmental professionals are hydrogeologists, and there should be some concern that companies will start drilling into lower, clean regional water supplies on every impacted site. Not every site requires multizonal or nested monitoring wells to delineate impacts. If this is to be stated, then suggest there should be prescriptive methodologies provided for multidisciplinary professionals to ensure they don't establish preferential pathways and contaminate lower regional water supplies. That or mandate that only hydrogeologists can do these assessments. There are instances where consultants that are not hydrogeologists drill through impacted shallow/perched soil bedrock into underlying regional water supplies, and this should be avoided at all costs.	We expect that environmental site assessment tasks are carried out by qualified professionals as required by the Government of Alberta. The SSLA requirements to understand groundwater conditions and appropriately evaluate contaminant mass distribution in the environment have been part of *Directive 001* for some time. We believe the concerns expressed are already mitigated by requirements 18 and 24 of *Directive 001*. Further, there is information on the duty of industry to set appropriate scopes of work and hire appropriately competent environmental professionals on our website: https://www.aer.ca/regulating-development/project-closure/remediation/record-of-site-condition. No further changes have been made to *Directive 001*, but this topic has been noted for future consideration.
Please clarify how SSLAs, including SSLAs for sites with estimated liabilities above regional costs, are provided to the AER. Previously these could not be uploaded into DDS.	Currently these costs cannot be inputted into DDS. We continue to work on technology solutions that will improve and simplify methods for submitting SSLAs to the AER.

Stakeholder Feedback – Issue	AER Response
SSLAs should be based on professional judgement to prepare SSLA assessments and to leave it to the experienced professionals rather than the scripted AER process that is being described (*Directive 001*).	We need efficient and consistent regulatory processes in order to demonstrate to Albertans that industry is appropriately meeting its obligations. This includes the submission of reliable information, completed by appropriately qualified persons. The AER's use of evidence-based and risk-informed regulatory oversight mechanisms under the integrated decision approach (IDA) is underpinned by the ability to rely upon submitted information. It is impossible to draft requirements that encompass every possible scenario because each site is unique. SSLAs must be completed by professionals outlined in *Directive 001* and allow for a site's uniqueness to be appropriately assessed. The directive clearly lays out the desired outcomes and provides a sufficient level of consistent detail while recognizing discretion. We do not view the context, purpose, and format of an SSLA as limiting an environmental professional's ability to bring their competence to the estimation of liability costs. If you have any questions about meeting the requirements outlined in the revised directive, please contact us at SSLA@aer.ca.
5. Holistic Licensee Assessment & Licensee Capability Assessment (LCA)	
Directive 088 uses both the terms "holistic licensee assessment" and "licensee capability assessment." There is no need to have both phrases as they are duplicative. Recommend removing the phrase "holistic licensee assessment" from all directives and use only the "licensee capability assessment."	The "holistic licensee assessment" broadly refers to all the various aspects of a licensee that we may assess. The "licensee capability assessment," however, is a specific process that looks at specific factors. The licensee capability assessment is part of a holistic licensee assessment, but a holistic assessment includes more than just the capability assessment.

Stakeholder Feedback – Issue	AER Response
Changes were recommended to the LCA factors (*Directive 088*): • pipeline abandonment rate by comparing the ratio of abandoned pipeline segments to the average number of pipeline segments • facility abandonment rate (all facilities on the inactive facility list or only those with an F licence) • weightings and assignment of peer groups • municipal tax arrears • filing under section 36 of the *Surface Rights Act* • present value of future cash flows	This revision did not include an update to LCA factors. These recommendations will be considered for future updates to the LCA. The LCA assesses the capabilities of licensees to meet their regulatory and liability obligations. The holistic assessment includes the capability assessment but is broader; it includes considerations like licence eligibility factors under *Directive 067*.
Feedback that the "multifactor" approach to licensee risks lacks any certainty or parameters, and some are concerned that this will allow for regulator discretion.	We will comprehensively assess the licensee to inform regulatory decisions. While the holistic assessment does have several factors, we have provided clarity on which specific factors may result in further scrutiny or be considered for specific decisions as outlined in *Manual 023*. For example, security for transfers has defined thresholds using specific factors for when security is required and the range of the amount that could be required (tables 9–12 in *Manual 023*). There is transparency as to factors and parameters, and flexibility to ensure that appropriate risks are assessed prior to regulatory decisions.

Stakeholder Feedback – Issue	AER Response
The magnitude of liability factor assumes that a company is high risk simply because they are large. In almost every producer's LCA scorecard this shows up as high risk and is wrong. The magnitude of liability is not a relevant parameter. There are many other relevant indicators; this is not one of them and should be removed. When the LCA categorizes the "magnitude of estimated liability," the high category is colored as red even when large producers are conducting closure work. Recommending color system is only applied to level of financial distress where risk levels need to be highlighted and not with magnitude of liability as assigning colors distorts perception and having it uncolored would be more accurate and fair.	As outlined in *Directive 088*, the LCA assesses the capabilities of licensees to meet their regulatory and liability obligations across the energy development life cycle and uses various factors to identify risks posed by a licensee. In *Manual 023*, table 1 describes the factors in two groups: risk and performance. The risk factors in the LCA are used to assess the level of financial distress and the magnitude of the liability for each licensee and will be categorized as low, medium, or high. These factors evaluate the likelihood of a licensee being able to fund and manage their regulatory and liability obligations. Magnitude of estimated liability is indeed relevant, and being high in that category, or colouring that category as red, does not necessarily mean that the licensee is "high risk." It is one of many factors that go into that determination.
Feedback was received that in the LCA, licensees are compared with peers, but information in the system seems to be missing or there are issues to viewing it. If the LCA is to be used for a licensee to increase their standings in certain areas, the ranking should be linked to an accessible data set for review by licensees for accuracy and planning.	We are evaluating the options available for providing detailed information about the sources used for the datapoints in LCA. Currently, the LCA does show the best, worst, and median scores achieved for each parameter by licensees in the same peer group.

Stakeholder Feedback – Issue	AER Response
Feedback suggested that there is limited transparency regarding the dataset used for the licensee capability assessment, especially concerning definitions and data source. Clear, well-defined criteria and specified data sources are essential to improve accuracy and provide a better understanding of how these assessments are conducted. For example, with the facility abandonment rate, it's unclear whether this metric includes all facilities on the inactive facility list or only those with an F license. Also, the pipeline abandonment rate penalizes responsible pipeline abandonment when a company continues to actively licence new pipelines for operation, rather than reflecting actual progress.	We are evaluating the options available for providing detailed information about the sources used for the datapoints used in LCA. This may be included in a future update to *Manual 023*. Most of the data is available to licensees through OneStop/DDS/AER Data hub or is the result of licensee-submitted data. We will review the parameter definitions provided in *Manual 023* and will update on a case-by-case basis. We are reviewing the parameters used to evaluate a licensee's performance with respect to pipelines in general and pipeline abandonment specifically. The LCA will be updated once this work is completed.
Provide a detailed breakdown of how you calculate crossover. The verbal description given is insufficient. This should help limit collateral damage and provide more certainty for industry so they can run their business.	*Manual 023*, table 3, was updated and an additional appendix was added to provide more clarification related to how the "crossover timeline" parameter within the licensee capability assessment is determined.
6. Licensee Management	
Reviewers recommended that licensees receive five calendar days when requested to provide additional information through the licensee management program.	The amount of time given to a licensee for it to provide additional information for assessment within the licensee management program is specific to the information being requested and is identified in a letter issued to the licensee. There is not one timeline that is appropriate in all scenarios as recommended by comments.

Stakeholder Feedback – Issue	AER Response
7. Closure Quotas	
It is recommended that the AER publicly provide its reasoning for the amount it sets for mandatory closure spend requirements. The AER should explain how the annual closure spend is set relative to the industry-wide closure liability estimate so the public can understand the AER's planned timeline for the closure of Alberta's inventory of inactive oil and gas assets. Reviewers also indicated that a one- to two-year period does not create stability and recommend earlier notification for budgeting and planning. Some commenters proposed setting timelines for the closure quota program rather than closure spend amounts, including putting time limits on inactive wells. Others recommended publication of an index to commodity pricing at the beginning of a five-year cycle with off ramps and on ramps to create more predictability and address investor uncertainty. Almost every other jurisdiction in the world sets time limits for how long a well can be inactive before it must be decommissioned and reclaimed. A closure quota results in companies choosing the newest, easiest wells to close and delaying the closure of older, more difficult wells.	The primary goal of the industry-wide closure spend requirements is to stop the increase of conventional oil and gas inactive liability in Alberta in a reasonable timeframe. We expect that a combination of increased industry-wide spend requirements and industry finding efficiencies in conducting closure activities will result in achieving this goal. While closure timeliness is also important, the focus of closure quotas is more on completing as much closure as possible for a limited amount of spend and by using efficiencies of scale through large area-based closure programs. Additionally, the policy direction from the Government of Alberta to the AER was to establish annual mandatory industry closure spending requirements and not specific timelines for closure work to be completed. Providing long-term forecasts of the industry-wide spend requirement was challenging as the program is still immature and benefits from shorter-term, annual evaluation and adjustments. We anticipate that as the program matures, the industry-wide spend requirement will become more stable and predictable.

Stakeholder Feedback – Issue	AER Response
Some reviewers view the closure quota and closure nomination programs as conflicting. It is recommended that the AER have discretion to approve alternative proposals from licensees to address potential conflicts and business constraints. Feedback was also provided that there is disproportionate spending on low-liability sites over high-risk, long-term sites and it is recommended to require a portion of mandatory spend for high-risk sites, promoting balanced remediation efforts. Lack of SSLA-driven prioritization with the mandatory spend, favoring low-cost abandonment. Recommend integrating SSLAs to prioritize high-risk sites over quick, low-liability closures. SSLAs are not used to guide strategic closure decisions. Recommend mandate SSLA usage to ensure balanced closure activities in mandatory spend allocations.	Both closure quotas and closure nomination require licensees to complete more closure work through integrated approaches. Closure work completed on sites nominated through closure nomination can be eligible toward licensee-specific mandatory closure spend quotas. Closure quotas are intended to increase the amount of closure activity in Alberta, reduce liability, and increase the amount of land being returned to equivalent capabilities. An area-based approach can reduce the cost of closure through better planning, industry-wide collaboration, and reduced equipment mobilization. The AER does not direct specific closure activities or prioritize sites; however, if circumstances warrant, we do have the ability to direct closure activities. If discussion with a licensee is not sufficient, an eligible requester can nominate an inactive or abandoned site that meets the criteria for the closure nomination program to trigger the requirement for a closure plan with timelines that are publicly available. The closure plan can align with the licensee's work towards its closure quotas. There is some discretion built into both programs; a licensee chooses where closure activity occurs and the timing of closure activities. Licensees can submit closure plans for sites nominated through closure nomination that reflect their broader closure activities and timelines.
There is interest in including money spent under RCAM being eligible for spend toward mandatory closure spend quotas (*Directive 088*).	The licensee of record is responsible for ensuring "reasonable care and measures" (RCAM) to prevent impairment or damage of their wells, pipelines, facilities, and sites throughout the energy development life cycle, which is a separate activity from conducting closure and at this time will not be considered for the mandatory closure spend.

Stakeholder Feedback – Issue	AER Response
Feedback was provided that remediation and reclamation work conducted by a company should be eligible for the mandatory closure spend quota on both active and inactive sites to provide more flexibility with prioritizing spending. Facilities that were abandoned following the pipeline tie-in to a major facility downstream now hold an inactive status, on a physical location where current wells are producing. This inflates inactive liability because the active wells on the pad also hold reclamation liability. This issue persists with wells, as inactive wells on active pads contribute to inactive liability and minimum spend requirements, but operators cannot abandon, remediate, or reclaim these wells while the pad is active.	The policy direction provided to the AER from the Government of Alberta was to focus on inactive inventories. This is an option we may consider for some scenarios in the future. We currently do not allow it as there is no ability to verify whether this work is part of bringing a site to closure, rather than changing the purpose of the site. Also, the estimated liability of these sites does not currently count towards the determination of a licensee's mandatory closure spend quota since it is calculated based on a licensee's inactive estimated liability.
Recommendations were made to include program incentives for companies that spend above their mandatory spend. Some reviewers want good closure performance to come with incentives to offset uncertainty.	As announced in *Bulletin 2023-35*, we decided to end the supplemental closure spend program. This program evolved from the area-based closure incentives program. After operating the program for almost five years, it was determined that the amount of effort to manage it was not worth the added value. Industry participation was low, and the most valuable incentive for certain low-risk inactive wells was transitioned into a regulatory change making it available to all licensees. There is a benefit to licensees to spending above their quota, as this further reduces their liabilities.

Stakeholder Feedback – Issue	AER Response
Clarity is sought on how the AER determines the threshold for security in lieu and the rationale for allowing it given that the AER "prefers not to be a bank." It was recommended that the AER remove the threshold and allow security deposit in lieu for all licensees. There is support for the ability to provide security for a shortfall in achieving mandatory closure spend.	A security deposit in lieu threshold is identified in section 4.2.1 of *Manual 023*: "Licensees with a mandatory closure spend quota equal to or less than $50 000 have the option to pay security in lieu of meeting the mandatory spend." This is an option provided in cases where licensees with small mandatory closure spend quotas may have difficulty completing meaningful closure work to meet a closure milestone for the amount of their quota. It is preferred that licensees meet their mandatory closure spend quota through completing closure work rather than paying security as this will increase the amount of land being returned to equivalent capabilities.
Clarity requested for closure quotas when an amalgamation occurs.	When an amalgamation occurs, the successor is provided an updated mandatory closure spend quota, which will be the combined mandatory closure spend quotas of the separate licensees for the current year and subsequent years. This process is not new and has been in place for years. This is different for licence transfers where both licensees remain. As per section 5 of *Directive 088*, we will not adjust a licensee's mandatory spend or retroactively adjust the closure spend reporting after a transfer is approved. After a transfer, the liability will be reflected in future mandatory closure spend quota calculations.
Recommended that the closure cost categories in appendix 1 of *Manual 023* and OneStop be reviewed and refined to make it more representative of industry closure activity and reporting system.	We continue to improve the closure spend reporting categories and have worked closely with industry through various engagement sessions over the past years. We are working on removing some of the one-time reporting restrictions, which is anticipated to improve reporting flexibility without impacting data integrity.
Feedback was provided that requirements 4 and 7 in *Directive 088* (regarding closure quotas and reporting requirements) seem repetitive and recommend combining them.	While these two requirements are similar, they are distinct and separate. Requirement 4 is specific to when the closure spend reporting is required to be submitted, and requirement 7 specifies that the reported data needs to be submitted in the appropriate spend category and type in OneStop as outlined in *Manual 023*.

Stakeholder Feedback – Issue	AER Response
8. Closure Nomination	
Municipalities want to be an eligible requester if municipal taxes are outstanding. First Nations are seeking clarification on whether they are considered an eligible requester for wells and facilities on reserve lands. Owner-operators would like the option to nominate sites for closure.	Closure nomination is part of the *Liability Management Framework* and, currently, it only applies to wells and facilities licensed under the *OGCR* as directed by the government. It does not apply to other developments such as brine-hosted mineral resource development. Municipalities are eligible requesters for land where they are the landowner. In the case of a well or facility situated on an Indian reserve, the reserve as represented by the council of the band as defined in the *Indian Act* is an eligible requester for the closure nomination program. However, the AER does not have full jurisdiction for closure activities on reserve lands; therefore, there is coordination with IOGC with regards to the closure plans that are required after an eligible site is successfully nominated. Further policy direction from the GoA is required to change eligibility of a site for the closure nomination program or the definition of an eligible requester.

Stakeholder Feedback – Issue	AER Response
Sites should be eligible after being inactive or abandoned for two years instead of five years. Feedback was received suggesting we reduce the timeline for a site to be eligible for closure nomination from 5 years inactive to between 90 days and 2 years inactive. Other jurisdictions regulate timelines for abandonment and reclamation of wells anywhere from 90 days to 2 years, and no other jurisdiction allows sites to sit inactive for more than 5 years.	Both site and requester eligibility criteria were defined by the policy; however, data shows that after five years of being inactive, less than 1% of wells are reactivated and there is a low risk from closing sites that still have valid resource potential. Five years also gives licensees an opportunity to be proactive and plan closure activities with its landowners while allowing for alignment with the rest of the inventory reduction program defined in *Directive 088*. Although a site needs to meet the eligibility criteria to be a candidate for closure nomination, inactive wells cannot sit inactive with no monitoring. When a well becomes inactive, licensees are required to suspend in accordance with *Directive 013* or abandon in accordance with *Directive 020*. Further policy direction from the GoA is required to change eligibility of a site for the closure nomination program or the definition of an eligible requester.

Stakeholder Feedback – Issue	AER Response
Recommendations were made for other baseline closure plan timelines, including reducing the first closure activity of abandonment and Phase 1 environmental site assessment to one to two years. Comments also expressed concern that closure nomination and closure quotas have competing priorities, especially as spending requirements increase. Feedback also recommended shorter time frames in table 1 generally and that these timeframes need to be supported by evidence-based decision making. Feedback provided was that there are unreasonably long timelines in the directive allowing well cleanup to again be delayed. After well nomination (which only occurs after five years of inactivity), an indeterminate amount of time is given for approval of a closure plan, and then 10–13 years is provided to reclaim the well—almost two decades is too much time to allow for old infrastructure to be fully addressed. Concern was expressed for the administrative burden on the AER for managing closure plans. It was recommended that the AER apply a pragmatic approach rather than a prescriptive approach for the program.	There are many factors that affect how long it takes a site with inactive and existing infrastructure to progress through closure to reclamation certification. These factors may include access to equipment and other resources to complete the work, scale of contamination or remediation needs, seasonal or weather restrictions, vegetation type and growing conditions, and monitoring to show that reclamation has been successful. The timelines defined for the baseline closure plan option align with the demonstrated pace of closure activities for a less-complex site and consider the required time for licensees to successfully meet the obligations associated with each closure activity. Availability of the baseline closure plan option simplifies administration of the program and recognizes that many companies are already incorporating these sites into closure planning activities. Complicating factors, like those listed above, may result in extended timelines, or a licensee may complete closure activities ahead of baseline timelines as site-specific conditions and closure planning allows. The first closure activity allows three years for companies to abandon the well or facility, remove surface equipment, and complete the Phase 1 environmental site assessment. These three closure activities have been combined into one three-year timeline instead of having separate one-year timelines for each activity. It is common for all these activities to occur in close timing or concurrently with other wells. By providing a single deadline to complete all these initial closure activities, it allows for some flexibility in closure planning to enable efficiencies through the entire closure process and provides an opportunity to incorporate nominated wells and facilities with other closure activities. There is also an option to defer closure activities or submit a nonroutine closure plan that enables a licensee to align closure activities for more efficient closure work and other purposes.

Stakeholder Feedback – Issue	AER Response
Commenters recommend that the closure nomination dashboard include a map to show the location of wells that are eligible for closure nomination and those sites that are part of the closure nomination program.	We have built a publicly available lookup tool where stakeholders can enter in their legal land description and be advised of all sites within that LSD that are eligible for closure nomination. Closure plan details and dates of closure plan activity completions submitted by licensees are part of the website updates underway. Stakeholders can also view the detailed work undertaken by searching on our publicly available OneStop web resource. We will consider mapping functionality for future versions of this tool.
Landowners should be involved in closure plan decisions. Some eligible requesters, including First Nations and landowners, want to be notified when closure plans are not baseline, and others want correspondence at all points in the process. Commenters also requested that eligible requesters be able to comment and submit information for consideration in closure nomination decisions. It is recommended that the AER set itself a timeline of 90 days for making decisions on closure plans. Mandatory fines are recommended for licensees that do not meet closure plan timelines.	Approval of a licensee's closure plan submission will only be issued automatically if the licensee has selected the baseline closure plan option. The review process for non-baseline and proposal to defer the closure plan is dependent on the rationale for selecting each of these closure plan options and the information provided by the licensee to support its rationale. In some cases, additional information may be required from the licensee. Referrals to various AER departments may also be required. Licensees are encouraged to engage with requesters, including First Nations and any other stakeholder, throughout the energy development life cycle, including when the licensee is developing closure plans for wells and facilities or proposing to change plans. During the stages of closure, there are many opportunities for engagement. The alternative dispute resolution (ADR) process is available to requesters and licensees if common ground cannot be found. We will not set a timeline for AER decision making. The audit, verification, and compliance process for not meeting closure timelines within the closure nomination program are under development.

Stakeholder Feedback – Issue	AER Response
Manual 023, section 4.3.3.3, paragraph 2, indicates that there is an option to apply for a deferral, but only if the well was nominated for closure by an "eligible requester." This should be open for owner-operators to apply for as well.	The request for a deferral must come from the licensee rather than the operator due to the legal distinctions outlined in the *Oil and Gas Conservation Act* (*OGCA*). As outlined in the *OGCA*, the licensee is the holder of the formal license for the well or facility as recorded by the regulator. This definition includes not only the primary licence holder but also certain individuals who may step into the role due to specific legal or financial circumstances, such as a receiver, receiver-manager, trustee, WIPs, or liquidator. The requirement that the deferral request come from the licensee stems from the regulatory framework that separates the operational responsibilities of the operator from the legal and regulatory obligations of the licensee. While the operator is responsible for the day-to-day management of the well or facility, the licensee holds the ultimate legal and regulatory responsibility for the well's life cycle, including closure. As such, only the licensee is authorized to submit a deferral request.
9. Transfers	
Licenses with a licence status of cancelled or re-entered are not eligible for transfer. Can you elaborate on why this is necessary? It will result in wells being in the hands of defunct licensees if they, for example, try to whitemap out of an area but are forced to retain a handful of re-entered wells.	A cancelled licence is a well licence that was never acted on or the well was never drilled, which means there is no impact to the land or liability associated with it. As a result, it can't be transferred as it the licence number is just a record in the system. A re-entered licence cannot be transferred because they are no longer the current licensee. For re-entered wells, a new licensee is issued a new licence number, replacing the previous licence number as per *Directive 056*, section 7.6(8). The original licence number that has now been re-entered remains in the system for record keeping purposes. This new licensee is responsible for this new well licence and as such is not a defunct licensee.

Stakeholder Feedback – Issue	AER Response
10. Security Deposits	
Some comments expressed concern with the AER's broad authority to require security, including use of terminology like "unless otherwise indicated." These "otherwise indicated" situations need to be clearly listed in this directive. There is already too much uncertainty; this creates more. Reviewers find it difficult to know when and under what circumstances the AER requires security deposits from industry and how security deposits will be managed. Some commenters expressed concern that the provisions in *OGCR* leave too much room for interpretation. Additional factors were identified for the AER's consideration when determining security deposits including municipal tax arrears, filing under the *Surface Rights Act*, and present value of future cash flows. Recommendations were made to exclude inactive liability form security requirements if mandatory spend requirements are being met.	The current changes to liability management directives were focused on rescinding LMR/LLR. The *OGCR* provides a broad authority to require security at any time the regulator considers it appropriate to do so to offset costs of closure activities, providing care and custody, and carrying out any other activities necessary to ensure the protection of the public and the environment. The *OGCR* has been updated to outline some of the factors considered for determining security across the life cycle, including for amendments, inactive or abandoned sites, compliance, licences requiring an SSLA, and licensees in financial distress according to the LCA. However, the new security approach is still under development will include additional details for when security is required, how security is calculated, opportunities for refunds, and reporting when it is published. Directives are targeted to be updated and available for public comment in 2025 related to the new security approach. The AER does consider estimated liability when requiring a security deposit and updates to estimated liability (e.g., updated SSLA required by the regulator) can result in a change to the required security deposit.

Stakeholder Feedback – Issue	AER Response
There is interest in understanding security requirements when LMR is rescinded until a new security approach is defined and how long this transitional period will be.	Security has been collected through various liability programs using a holistic assessment of licensees and an understanding of the risks posed by decisions being made (e.g. transfer applications, waste management applications, licensee management, compliance with closure quotas). Refund request decisions have also been made. The transitional period will continue until the new security approach is published in AER requirements and licensees have been assessed under the new approach. This will take time. The AER will continue to require security from licensees and make decisions when a refund request is submitted. Security requirement and refund decisions will consider holistic assessment, reasonable risk factors outlined in *Directive 067*, the risk posed by the decision, and the guidance that currently exists in the *OGCR*, *Directive 088*, and *Manual 023*.
Feedback recommended the AER consider using the holistic licensee assessment to evaluate oilfield waste landfill risk to determine if security is required. Commenters recommended that security for landfills and other high-risk sites like pipelines align with actual remediation costs. Feedback also requested that the facility-specific security deposit for the amount by which deemed liabilities exceed deemed assets be retained. Feedback provided recommend the crossover timeline calculation treat the waste facilities with the same risk modifier (i.e., 3 years, multiplied by 0.5).	Security for waste management facilities is required in accordance with Part 1.1 of the *OGCR*. Like all other facilities licensed under the *OGCR*, when determining the amount of security, the AER will, unless otherwise indicated, consider the holistic licensee assessment to mitigate the potential risks. With the transition away from LLR/LMR, we are no longer calculating a licensee's deemed assets. Oilfield waste landfills require security for the total amount of the costs set out in its SSLA (100%). If the SSLA provided at the time of application is audited and found to be incomplete, additional security may be required based on updates to the SSLA. The SSLA includes all costs associated with bringing the oilfield waste landfill to closure, including remediation of areas surrounding the landfill cells and monitoring.

Stakeholder Feedback – Issue	AER Response
Commenters requested additional certainty for security that will result from a transfer application and reflect on the wide range of values in *Manual 023* that are currently used. It is recommended that security deposits on license transfers be waived when the transfer is cleaning up past transactions or historical transfers where a licence was transferred or failed to be transferred even though it was part of an agreement.	Licensees are able to request preapplication meetings with the AER before submitting an application to clarify any procedural questions, but no predeterminations are made at these meetings, and no information presented can be used in the review and decision process. Licensees are encouraged to provide such additional information to supplement the application at time of transfer application, to be considered in the review. *Directive 068* outlines that security could be required as a result of a transfer application. *Manual 023* outlines ranges for security that may be required because of a transfer application. These ranges were updated in *Manual 023* in December 2024, considering previous feedback we received. We retain our discretion to determine the appropriate amount considering the specific risks and circumstances of the application, which could include purpose for the transfer application.
Operators want to know where security deposits are being applied when they exceed the amount required by a specific program and are not eligible to be refunded.	The *OGCR*, section 1.140, gives us the authority to convert a security deposit from one such basis to the other. This is not a common practice, and we will contact a licensee if this provision is used.
The AER won't accept a security deposit from one licensee to satisfy the security deposit requirements of another licensee. Can you elaborate on why this would be a problem?	As outlined in *Directive 068*, the requirements for security collection and refund are directly associated to the licensee, which is why we are unable to collect security on behalf of another licensee.
Are WIPs responsible for its proportionate share of the orphan fund levy?	The orphan fund levy is invoiced to licensees based on their proportionate share of industry's liabilities. Working interest participants are not invoiced, but licensees may seek a proportionate contribution of the levy invoice from their partners.

Stakeholder Feedback – Issue	AER Response
Comments included a request to return interest when funds exceed the security deposit required by the AER, that holding interest is punitive. Some reviewers recommended that interest accrued be directed to a nonprofit dealing with landowner issues. Clarity is required for how accrued interest will be handled by the AER, including understanding why interest will not be applied to security deposit requirements.	The *OGCR*, sections 1.180 and 1.200, set out the requirements for interest earned on a security deposit. *Directive 068* only provides clarity of those rules. Interest earned can only be returned to a licensee upon request if the licensee has fully met all of the obligations and carried out all of the activities in respect of which the security deposit was provided and met the other eligibility requirements of the regulator for a full refund of the security deposit.
Additional clarity is requested for refund eligibility and the refund request process to enable licensees to determine eligibility for a refund and what the AER considers when a decision on a refund request. There needs to be a timeframe that the AER needs to be accountable to for the return of funds and holistic review. It should state what industry needs to provide and how long the AER has to review and return funds. It was recommended that the AER have timelines that it must meet for making decisions on refund requests. Some reviewers expressed support for a minimum threshold for security held to avoid frequent refund transactions. Others expressed views that withholding surplus funds is inappropriate and poor financial governance.	A request for refund will trigger a holistic assessment of the licensee as described in *Directive 068*. *Manual 023* further defines the AER's considerations when a request for refund is made, including level of financial distress and crossover timeline. Further clarity will be provided on the criteria that we use for making decisions on refund requests as we develop the new security approach. Additional information will be added to *Directive 068* and manuals or communication material at that time, which is targeted for later 2025. Until such time, refund requests will continue to be assessed holistically.

Stakeholder Feedback – Issue	AER Response
Some reviewers recommended forms of security other than cash and LOCs as an acceptable form of security. Commenters recommended that all operators be allowed to put forth bonds, parental guarantees, insurance, or other type of financial guarantee and that the AER consider financial instruments that the banking and insurance sectors provide that allow security to the public and freedom of capital to industry. Other reviewers recommended limiting forms of security to cash only. There are concerns that LOCs will expire, increasing risk exposure.	As outlined in *Bulletin 2022-17*, surety bonds are only an acceptable form of security under the Mine Financial Security Program. Surety bonds enable a licensee to provide security without restricting its capital. At this time, only cash and letter of credit are acceptable forms of security for oil and gas development. Government of Alberta policy direction is needed to enable the use of other forms of security. We continue to develop a new security approach to replace the liability management rating security in phases, as outlined in *Bulletin 2023-41*. We will continue to discuss with Alberta Energy and Minerals if there is the ability to consider other forms of security. If other forms will be considered, additional information will be made available at that time. When an LOC is used as a form of security, we have processes in place with the bank issuing the LOC and the licensee so that we are notified before an LOC expires or is cancelled, so it can be renewed or converted to cash.
A licensee can view information on the type and amount of any security deposit made to the AER through the Digital Data Submissions (DDS) system. It is understood DDS is being retired. Please confirm where this security information will be held.	Licensees can continue to view their security through DDS until another reporting mechanism is developed. We will advise when this is available.
11. Orphan Fund Levy	
How are orphan fund levy funds used?	Section 70(1) of the *OGCA* outlines the uses for the orphan fund. This information is no longer included in directives to reduce redundancies.

Stakeholder Feedback – Issue	AER Response
There are views that the orphan fund levy is insufficient and that the levy should be higher while oil production is strong. Reviewers requested further clarity on OWA effectiveness and timelines for completing work and request that the AER publicly discloses its assessment of the OWA.	Orphan fund requirements are outlined in the *OGCR*, section 16.530. *Directive 011* is intended to outline when estimated liability is used in calculating a licensee's share of the orphan fund levy. It does not set out the parameters for calculating the amount being levied annually. For information on the orphan fund levy for 2025, a bulletin will be released when it is issued in the spring. Please refer to our website for further information once released. The OWA publishes an annual report at https://www.orphanwell.ca/ outlining the work that is completed each year. We track industry performance as it relates to liability management and the impact of the liability management requirements over time, including orphan sites, in the Liability Management Performance Report.
There is concern that there is a misalignment of liability programs due to the retention of both the orphan fund levy and orphan fund levy for large facilities.	The design of the orphan fund levy is not changing with these revisions. There will continue to be both an orphan fund levy requiring annual levy payments and an orphan fund levy for large facilities that is required when a large facility is being managed by the OWA.

Stakeholder Feedback – Issue	AER Response
12. Understanding What Information Will be Made Available	
The AER should create easily accessible, clear, regularly updated, comparable, and easily navigable webpages for the public information it proposes to make available in these directives, as well as for information it currently discloses. The information should be kept up to date. For licensee disclosure information, updates should be made on the same cadence as information is submitted by licensees. All other publicly available information should be updated at a minimum annually. AER webpages should be open and transparent, easy to navigate, and have a navigable table of all licensees that contains a summary of the licensee life-cycle management of each licensee.	On December 2, 2024, we released a redesigned website and updated web content to help improve accessibility and transparency of information. The sites feature improvements in two key areas: • A better user experience with a modern look and feel that's responsive for tablets and mobile devices. • Find the information you need in fewer clicks through a reorganized site structure and new elements that provide quicker access to popular pages, apps, and tools. On December 5, 2024, we released the second annual Liability Management Performance Report. This report seeks to provide transparency on how industry manages conventional oil and gas liabilities, establish robust baseline performance metrics, and provide ongoing assessments of both the industry as a whole and individual licensees. The report provides an annual snapshot of progress over time, including background and context on liability associated with conventional oil and gas operations, industry trends on infrastructure growth, liability estimates, and closure spending and activity. The report, interactive licensee and regional dashboards, and compliance with the 2023 closure quotas and administrative and orphan levies can be viewed on our website. We will continue to update content on aer.ca to provide more clarity and improve reporting of this information through the Annual Liability Management Report and other communication tools.

Stakeholder Feedback – Issue	AER Response
More clarity is required describing the format and timing of information being made available. It is positive that the AER is proposing to make publicly available licensee-specific total estimated liability (including site-specific liability or components of total estimated liability based on active, inactive, and marginal liability); however, the directive does not detail the manner in which this information will be disclosed. Previously, the AER has been found not to sufficiently share information on estimated liability with the public. In 2023, the Auditor General found that while the AER has an industry-wide closure liability estimate, it does not regularly update it or communicate it to Albertans The AER must continue reporting on industry wide liability estimates over time and must now transparently report on licensee-specific estimated liability. Information on licensee-specific total estimated liability should be disclosed in an easily navigable, accessible and free manner on an AER webpage (not just on OneStop). We recommend that the AER create and maintain a table that lists the total estimated liability of each licensee along with the licensee's estimated liabilities by category of active, marginal, inactive, inactive for greater than five years, and inactive for greater than ten years. The table should contain hyperlinks to more detailed information on each licensee. Future public reporting should show changes in licensee-specific estimated liability over time in a user-friendly and easily understandable manner. Private companies are concerned about the AER making additional data publicly available. Of particular concern is any data being inaccurate or misleading. This can have an impact on current and future shareholder interpretation. A request was made to require that a full SSLA be made available upon request of a landowner.	Each licensee has access to its own estimated liability through the Liability Assessment Report in OneStop, which has been updated with additional information available to authorized users in alignment with the content outlined in *Directive 011*. We are aware that additional updates to *Directive 011* are needed. The first update to *Directive 011* since 2015 occurred in June 2024 (*Bulletin 2024-16*). *Directive 011* estimated liabilities will be reviewed using closure costs submitted on an annual basis as new costs become available; this includes facility abandonment costs and remediation and reclamation costs for both wells and facilities. Site-specific liability assessments can be requested from the licensee. The details of these assessments contain licensee-specific information that the AER maintains as confidential except in specific circumstances where there are agreements in place (e.g. transfer application). What the rules or the AER define as confidential will be retained as confidential, this includes the information submitted to or acquired by the AER from the licensee for the purpose of determining site-specific liability assessments. Our annual Liability Management Performance report was updated in December 2024 and will continue to be a mechanism for sharing information. Estimated liability for the oil and gas sector is in section 2 of the 2023 report, and licensee-specific data can be viewed through the interactive licensee dashboard. More frequent reporting is under development and will be shared when available.

Stakeholder Feedback – Issue	AER Response
Information is being shared on estimated liabilities publicly but not the assessment or modelling of the OWA. It is recommended that the AER publicly disclose its assessment and modelling of OWA effectiveness and timelines that is has already completed, and then annually that the AER undertakes and publicly discloses an updated assessment.	The Office of the Auditor General of Alberta (OAG) completed their audit of oil and gas liability management programs and published their findings titled *Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure* in March 2023. One of the OAG recommendations was to assess the sustainability of the Orphan Well Association. We are actively working on addressing this recommendation and will consider the feedback provided to determine if this information can be shared upon completion of the work and response from the OAG. The OWA is an independent organization operating under the delegated authority of the AER, as set out in the *Orphan Fund Delegated Administration Regulation* (*OFDAR*). The orphan fund levy is set annually and approved through the Government of Alberta budget process. The sustainability of the orphan fund relies on all of the AER's liability management programs, not just the orphan fund levy. We are still implementing the broader *Liability Management Framework*, and it will take years to see the impact on industry liabilities. The OWA releases an annual report that shares operational, financial, and strategic highlights based on their fiscal year from April 1 to March 31 that can be accessed on their website.

Stakeholder Feedback – Issue	AER Response
It is recommended that the AER provide any data or requests associated with a transfer application to both parties involved in the transfer and that this requirement is updated to "AER will provide……" Comments also included a request to make information from the transfer application available to the public, including total estimated liability of assets being transferred, change in the total estimated liability for the transferor and transferee for active, marginal and inactive inventory, and the amount of security required as part of the transfer decision. This information is needed for the public to assess how the transfer impacts the risk of a transferee failing to address closure liabilities and provides industry clarity on information to be made public.	When a transfer is application is submitted, the application does proceed through the AER's Public Notice of Application process. There is often confidential information in a transfer application, and the transferor and transferee have an agreement between the parties involved to enable sharing of information for a decision to be made. Due to the confidential nature of the information, not all of the details of a transfer application can be made available to the public. We expect both parties involved in a transfer application to act in good faith and share information openly. We do have authority to share estimated liability between the transferor and transferee when that information is not forthcoming in a timely matter.
Will information be made available for each licensee such as a summary of closure spending for prior and current years? Confirm whether licence numbers will be published publicly with this information. Some reviewers recommend that licence numbers not be publicly available, but accessible with licensee authentication.	Our annual Liability Management Performance Report does provide information on industry and licensees closure spend, including compliance with the requirement and percent of quota met. Each licensee has access to its own closure reporting through OneStop. Specific details on how additional closure spend data (e.g., licensee closure spending, closure spend trends) will be reported is still under development. What the rules or the AER define as confidential will be retained as confidential.

Stakeholder Feedback – Issue	AER Response
Some reviewers indicated that AER should disclose all information on security deposits held by the AER by licensee, and if no security is held, a justification should be provided. It was recommended that the AER should disclose both industry and licensee-specific information on security deposits that are summarized by purpose or program. It is recommended that the AER provide further clarity on what licensee-specific information will be publicly available. It is requested that there be additional assurance regarding the maintenance of confidentiality.	The inclusion of the section on availability of information in *Directive 068* clarifies how we are increasing transparency related to security held. Specific details on how security information will be reported is still under development. With the release of the 2023 Liability Management Performance Report, initial information related to security for transfers was included (see section 2 and table 1). The information identified as being kept confidential according to section 12.152 of the *OGCR* and section 16 of the *Pipeline Rules* (e.g. financial or reserves information submitted by a licensee) will continue to be retained as confidential.
13. Rescinded Directives	
The ability to submit corporate estimates (*Directive 006*) should not be removed.	The variation of parameters under the former LLR program is not being retained. Licensees did not use the ability to vary estimates when the option was available. With a new data source being used to generate regional estimated liabilities, these costs will be used in all instances unless directed by the AER per section 6 of *Directive 011*. Estimated liabilities will be based on regional estimates or site-specific liability assessments.

Stakeholder Feedback – Issue	AER Response
Clarification required regarding netback reporting requirements, which were previously outlined in the rescinded *Directive 006* and *Directive 024*. It is recommended that the AER provide an update regarding netback reporting requirements. This is required to understand if netback reporting requirements are no longer required. There are recommendations for the continuation of use of netbacks for consideration when calculating security and calculation of crossover for facilities. It was also recommended that non-producing licensee (NPL) netbacks be used to calculate the crossover timeline for NPLs. The facility specific rating should be replaced with facility specific crossover timeline. To account for the higher risk of waste facilities, the deemed asset was only assigned 1.5 years of cashflow, instead of 3 years. The crossover timeline calculation should treat the waste facilities with the same risk modifier.	With the transition away from LLR/LMR, we are no longer calculating a licensee's deemed assets. Netbacks were part of the deemed asset calculation and have been discontinued. Netback requirements have been removed from the directives. Within the *Liability Management Framework*, deemed assets have been replaced with factors and parameters from the licensee capability assessment, including level of financial distress and crossover timeline. Netbacks are not used to calculate crossover, and the decision was made to no longer use netbacks. Crossover is a corporate assessment and not calculated for individual licences (facilities). We will continue to develop the crossover timeline and consider how it could be expanded to facilities. Any change to reporting requirements will be provided at a future date, but we will no longer require netback submissions.
If a licensee of a facility in the LFP (*Directive 024*) becomes defunct within 24 months of a transfer of the licence for that facility, the AER will review the circumstances surrounding that transfer. This feature protects the LFP from weak companies purchasing high liability facilities. It is still in and has to stay.	While this feature was removed with the rescinding of *Directive 024* and the Large Facility Program, which was part of the LLR program, there is the authority within the *Oil and Gas Conservation Act*, section 31.1, to review the transfer of the facility.
Concern was expressed about the loss of the opportunity to request security from working interest participants for large facilities (*Directive 024*).	The provision in section 26.1 of the *OGCA* remains, enabling the written request of a licensee of a large facility or one or more working interest participant who have a 50% or greater share in a large facility or to enable the requirement for a security deposit in respect of the large facility. This provision also outlines each working interest participant's responsibility to pay for its share of the security deposit to the licensee.

Stakeholder Feedback – Issue	AER Response
It is recommended that the AER retain the voluntary facility-dedicated security deposit and requirements that require security when information is not provided (*Directive 024*).	Voluntary security provisions previously included in directives were not used and have been removed from updated directives. A licensee can continue to voluntarily provide security at any time.
The requirements in *Directive 024* and *Directive 075* that any facility-specific security deposit held by the AER will be applied first to the facility for which it was collected, with any surplus being available for any unfunded liability held by the licensee, are being rescinded. Facility-specific security must be used for that facility in order to protect the orphan fund.	This authority remains in section 1.180 of the *OGCR*. The directives were duplicative.
Under the OWL program in *Directive 075*, security was required for an NPL or eligible producer licensee regardless of its LMR for the amount by which a WM facility's deemed liabilities exceed its deemed assets. Removing this feature will increase the risk of inactive sites falling to the orphan fund since they would not be sellable in the case where the waste company goes into bankruptcy. This clause needs to be retained in the new documents.	Security for oilfield waste management facilities is required in accordance with Part 1.1 of the *OGCR*. Like all other facilities licensed under the *OGCR*, when determining the amount of security, the AER will, unless otherwise indicated, consider the holistic licensee assessment to mitigate the potential risks. With the transition away from LLR/LMR, we are no longer calculating a licensee's deemed assets. When a licensee goes into insolvency proceedings, regardless of the infrastructure type, they may or may not be sellable.
"A licensee not prepared to provide the financial information required … must submit a security deposit for … each facility for which information is not provided." With rescinding *Directive 075*, this protective element would be eliminated. We recommend retaining the requirement in *Directive 068* to encourage compliance with the requirement to submit for financial information.	Part 1.1 of the *OGCR* gives the AER broad authority to require security deposits across the energy development life cycle to offset the estimated costs of carrying out activities necessary to ensure the protection of the public and the environment and to address regulatory and liability obligations, including closure. The rescinding of *Directive 075* does not change the ability for the AER to require security for oilfield waste management facilities. When considering whether to require security deposits and when determining the amount of security, we will, unless otherwise indicated, consider the holistic licensee assessment to mitigate the potential risks.

Stakeholder Feedback – Issue	AER Response
14. Liability Management in Sectors Regulated by the AER	
Directive 011 includes appendix 1, which lists licence types. The methods used to estimate liability, whether each licence type is eligible for orphaning, and which levy is invoiced for each licence type. Comments expressed concern that licensees with brine-hosted mineral and geothermal licences have more onerous requirements and that all operators should have the same requirements for deriving estimated liability, including not being able to use the cost tables in *Directive 011*. It is recommended that more clarity be provided for estimating liability on brine-hosted mineral multi well facility pads and for determining security. Also, for brine-hosted mineral licensees, since their liability assessments are part of their applications, their liability information is not confidential, which creates an unfair standard. Reviewers requested confirmation that CCS wells and pipelines are not subject to AER liability management and the orphan fund levy. Clarity was also requested for applicability of closure quota and closure nomination programs.	Not all energy developments that we regulate are licensed or issued approvals under the *OGCA* or *Pipeline Act*. Liability management requirements are outlined in the regulatory instruments that pertain to its development. For example, liability requirements regarding geothermal wells, facilities, pipelines, and associated approvals for sole purpose of geothermal production, licensed under the *Geothermal Resource Development Act* (*GRDA*), are outlined in *Directive 089*. The approach to estimating liability for geothermal and brine-hosted minerals is referenced in *Manual 012*, where *Directive 011* could be used as a starting point. Clarity on establishing estimated liabilities and requirements for security related to geothermal and brine-hosted mineral development activities are not the focus of these changes at this time. Carbon sequestration wells, facilities, pipelines, and associated approvals are subject to the *Mines and Minerals Act*. Carbon sequestration infrastructure licensed solely for carbon capture and storage do not currently have liability estimated and are not currently part of the orphan fund levy. *Directive 011*, appendix 1, is intended to direct licensees to the appropriate methods or regulatory requirements for estimating liability and to clarify whether each licence type is eligible for orphaning and which levy applies. *Directive 011* does not apply to all energy developments at this time. In general, information provided as part of an application is not confidential; however, site-specific liability assessments are. The inventory reduction programs within *Directive 088* are based on inactive inventory and are enabled by the *OGCR*. The provisions for confidentiality of financial information are within the associated rules for the energy development. For oil and gas development, it is in the *OGCR*, section 12.152; for brine-hosted minerals, it is within the *Brine-Hosted Mineral Resource Development Rules*, section 102.

Stakeholder Feedback – Issue	AER Response
The phrase "when directed by the AER" and "factors it considers appropriate" (*Directive 011*) creates uncertainty for brine-hosted mineral holders. For example, if the AER does not "direct" an operator early enough in the process to conduct a SSLA, a complete application may not get submitted to the AER and approved in time to align with a brine-hosted mineral holders strategic goals. Being required to conduct a SSLA at any time based on factors the AER considers appropriate is not acceptable in all circumstances. It would be clearer to introduce specific clauses and transparent reasons for requirements or for noncompliant companies and to avoid blanket conditions.	There are specific times that an SSLA is required for energy activities. SSLA requirements for geothermal and brine-hosted mineral developments are outlined within *Directive 089* and *Directive 090*, respectively, with additional clarity provided in *Manual 012*. We recommend a geothermal or brine-hosted mineral licensee contact us at the early stages of development to help determine if an SSLA is required for their development.
15. Implementation Following Publication	
Please clarify when the changes will be in effect and how to know what systems to use.	Directives will be effective on the date of publication and outline what systems to use. We continue to update our processes and will communicate through bulletins, committees, and our website if we require licensees to change its processes (e.g. submission of information).
The AER website is difficult to navigate and incomprehensible. The AER needs easily accessible, clear, up to date, navigable web content at no cost that does not require authentication to access information.	We will update our web content for liability management with the publication of these directives and as we continue to implement the *Liability Management Framework*. It is important to understand the data that we make available to the public, and we recommend that the data provided be consumed in the context for which is it shared. This understanding of liability information can be found through the Liability Management Performance Report.
Recommended that AER continue to monitor programs to ensure they are achieving desired outcomes and protecting public interest and the orphan fund. This is especially the case for the large facility program.	The large facility program no longer exists, although the definition of "large facility" remains as defined by the *OGCA* for use in levy calculations. All programs at the AER undergo continuous improvement, and no adjustments to the directives are needed to enable this.

Stakeholders Who Submitted Feedback (in alphabetical order)

360 Engineering and Environmental

Alberta Wilderness Association

AlphaBow Energy Ltd.

Bonterra

Calgary Climate Hub

Canadian Association of Petroleum Producers (CAPP)

Canadian Natural Resources (CNRL)

Cardinal Energy Ltd.

Closure lm

Cold Lake First Nations

Duncan First Nation

E3 Lithium

Ecojustice Canada Society

Enbridge Pipelines Inc.

Energy37 Consulting Inc.

Explorers and Producers Association of Canada (EPAC)

Gilchrist Consulting and Investigations

Horse Lake First Nation

Independent Contractors

IPC Canada Ltd.

Kiwetinohk Energy Corp.

Mancal Energy Inc

Matrix Solutions Inc a Montrose Environmental Company

Members of the Public

NorthRiver Midstream Inc

NuVista Energy Ltd.

Obsidian Energy Ltd.

Pembina Pipeline Corporation

Pine Cliff Energy Ltd.

Plains Midstream

Prairie Provident Resources Canada Ltd.

Rife Resources Ltd.

SECURE Energy Services Inc.

Sinopec Canada

Spur Petroleum Ltd.

Summit Earth Services

Torxen

University of Alberta

University of Calgary Faculty of Law

Wolf Midstream

Worley Canada Services Ltd.