

# Liability Management in Alberta for Oil and Gas

In Alberta, we live by a simple rule: if licensees are going to profit from the province's natural resources, they must be responsible and properly decommission, remediate, and reclaim any land they disturb.

## What is closure and liability?

Energy companies must ensure that all infrastructure and energy development sites are permanently and safely decommissioned, assessed, remediated if necessary, and reclaimed. These activities are known as "closure." The costs and responsibility associated with this closure work is called "liability," and this rests with industry.

Liability is created as soon as any disturbance occurs on the landscape for the development of energy activities and remains until the site is reclaimed and the land is returned to an equivalent land capability.

## How is oil and gas liability managed in Alberta?

To help the oil and gas industry more actively manage closure and liability, the Government of Alberta released a [new liability management framework](#) in 2020 and directed the Alberta Energy Regulator to develop new programs to implement the policy. The framework includes an improved system to assess the capabilities of oil and gas operators to meet their regulatory and liability obligations across the energy development life cycle. This new system is being phased in, and initial requirements have been established in *Directive 088*. The intent of the framework is to continue reducing existing liabilities through closure work, while making sure industry prioritizes reclamation on assets that are reaching end-of-life.

## What are the key new requirements and programs?

In 2021, we released new and updated requirements to implement the framework and ensure that the oil and gas industry meets its end-of-life obligations. Key new requirements were outlined in the following AER documents:

- [Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals](#)
- [Directive 088: Life-Cycle Management](#)
- [Manual 023: Licensee Life-Cycle Management](#)





## Why managing liability matters

Managing liability is important to reduce the number of well, facility, and pipeline sites that have not yet been reclaimed. The intent is that licensees reduce their liability while they are operating. Over the years, there has been a steady growth in inactive infrastructure, and it is important that the amount of closure work occurring keeps pace. To ensure this, we continue to monitor and assess companies' ability to meet their end-of-life obligations for oil and gas sites. The Orphan Well Association also conducts closure work that is financed by security collected from the licensee or through the Orphan Fund Levy.

## QUESTIONS?



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