Public Statement

Statement from the Alberta Energy Regulator

For immediate release.

Calgary, Alberta (November 1, 2018)...

Several media outlets have reported liability estimates provided by the AER in presentations to industry. We want to apologize for the concern and confusion that this information has caused.

The numbers are staggering – $260 billion in total liability, which is $200 billion more than we have consistently reported. This particular estimate was created for a presentation to try and hammer home the message to industry that the current liability system needs improvement. While the message to address liability is important, the numbers were not validated and were based on a hypothetical worst-case scenario. Using these estimates was an error in judgement and one we deeply regret.

The AER-verified calculations estimate the current total liability at $58.65 billion.

We know that we have a lot of work ahead of us in the liability space; this was made obvious during the recent economic downturn and highlighted in particular with the Redwater ruling.

While we are still waiting for a decision from the Supreme Court of Canada on the Redwater case, we have not been idle.

Through Directive 067, we now require more information at the time of application and have more discretion to reject applications where an applicant poses a risk to public safety or the environment. The directive also allows the AER to review existing licensees to manage risk. Energy operators must disclose financial information to the AER, such as audited financial statements and the existence of insolvency proceedings. The AER has the authority to revoke or vary existing license eligibility or deny eligibility based on a company’s financial disclosure.

We have also helped introduce the area-based closure program, which encourages operators to work together in an area to close oil and gas infrastructure. The program benefits industry and Albertans by reducing costs and the number of inactive sites in the province.
Regardless of the estimates, we are working to protect Albertans’ interests – from introducing progressive reclamation and area-based closure to working directly with companies to reduce inventory and introducing new requirements that improve oversight of which companies can hold a licence.

The AER will continue to protect what matters to Albertans: safety, the environment, and the economic benefit that comes from the development of our energy resources.

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PS2018-5