

News Release

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Canada

AER to appeal Redwater decision to Supreme Court of Canada

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For immediate release.

Calgary, Alberta (April 28, 2017)...The Alberta Energy Regulator (AER) will be seeking leave to appeal to the Supreme Court of Canada a recent Alberta Court of Appeal decision.

In the 2-1 Alberta Court of Appeal decision, the majority dismissed the AER’s appeal of a Court of Queen’s Bench decision allowing the receiver/trustee to disclaim, or walk away from, unproductive energy assets and their associated liabilities.

“We are disappointed in the decision of the majority,” said AER president and CEO Jim Ellis. “It fails to recognize that the AER is not acting as a creditor when it takes steps to ensure that the public is protected from the environmental costs associated with suspension, abandonment, and reclamation when companies enter into insolvency proceedings.”

While the AER is appealing the decision because its effects are significant for Albertans, this decision will have significant ramifications across the entire country, as demonstrated by the participation of other parties as interveners.

The decision may lead to more wells, facilities, and pipelines being sent to the Orphan Well Association (OWA), as receivers and trustees pick and choose which sites will maximize returns to creditors. The OWA is a nonprofit organization that abandons and reclaims orphan infrastructure and associated sites and is funded by industry.

“The OWA is an extremely important backstop that ensures energy companies—not Albertans—pay for final closure of energy facilities when a licensee has no other assets to cover the costs,” Ellis added. “It was intended to address true orphans, not to be used as a place for liabilities that companies no longer want to deal with.”

The Alberta Energy Regulator ensures the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources over their entire life cycle. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans.

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Backgrounder: Redwater Energy Corp. timeline of events and the Orphan Well Association

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