



 Alberta
Energy
Regulator

ANNUAL REPORT

2025/2026

MANDATE

To provide for the efficient, safe, orderly, and environmentally responsible development of energy and mineral resources in Alberta through our regulatory activities.

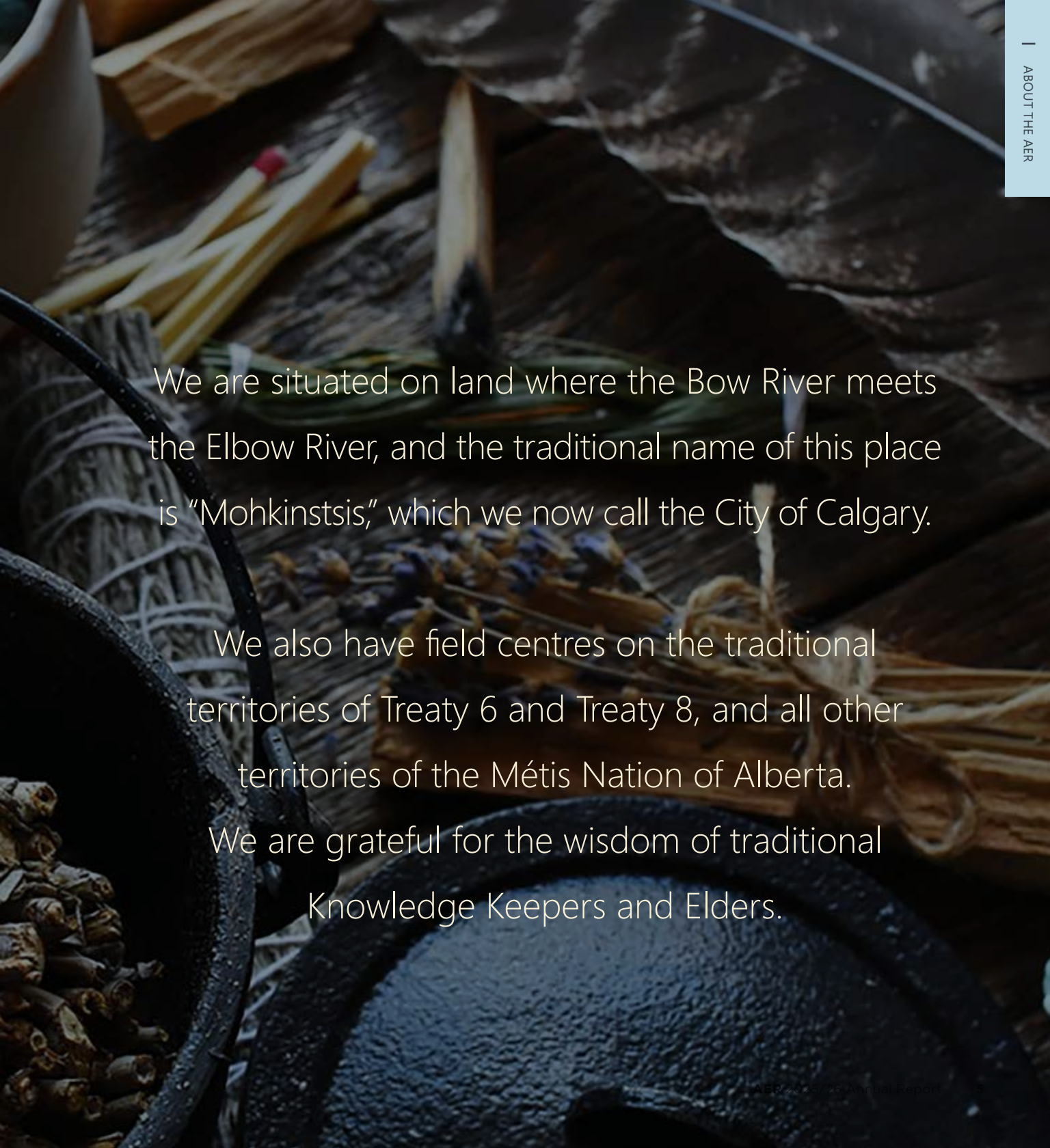
“When responsibly developed through the AER’s regulatory stewardship in support of our mandate, Alberta’s abundant mineral and hydrocarbon resources can provide economic benefits for all Albertans for decades to come.”

—ROB MORGAN
President and CEO



LAND ACKNOWLEDGEMENT

In the spirit of reconciliation, the Alberta Energy Regulator (AER) acknowledges that our head office is located in Treaty 7, the traditional territories of the Blackfoot Confederacy: the Kainai, Piikani, and Siksika First Nations, the Tsuut'ina Nation, and the Îlethka Stony Nakoda Nations: the Bearspaw, Chiniki, and Goodstoney First Nations.



We are situated on land where the Bow River meets the Elbow River, and the traditional name of this place is “Mohkinstsis,” which we now call the City of Calgary.

We also have field centres on the traditional territories of Treaty 6 and Treaty 8, and all other territories of the Métis Nation of Alberta.

We are grateful for the wisdom of traditional Knowledge Keepers and Elders.

MESSAGES

Letter from the Chair

This year we saw a heightened national focus on growing Alberta's energy and mineral resources to ensure Canada's long-term economic prosperity and security. Against this backdrop, the importance of the AER's mandate has never been clearer, so the board set a renewed and unambiguous vision for the AER:

Empowering Alberta's prosperity by positioning the regulator to implement its legislated mandate and Government of Alberta policy through a modern regulatory framework that accelerates sustained economic growth and drives efficient and responsible development of Alberta's energy and mineral resources.

This vision reflects our accountability as a regulator and our role in enabling orderly, efficient, and responsible development across the full life cycle of energy and mineral resources. To support this direction, the board focused on strengthening

foundational capabilities and governance systems that will position the AER for the long term.

The board advanced its oversight of risk. We approved new enterprise and regulatory risk appetite statements that clearly articulate the level of risk we are prepared to accept in pursuit of our mandate and strategic priorities. The statements, alongside other tools, help guide how risk is assessed to support consistent and transparent risk-informed decisions. They also help ensure that strong corporate governance, and regulatory efficiency remain at the core of the AER's decision making in six areas foundational to our regulatory risk oversight:

- 1. Public safety**
- 2. Environmental protection**
- 3. Orderly development**
- 4. Resource conservation**
- 5. Information collection**
- 6. Liability management**

The board worked closely with the Executive Leadership Team throughout the year to establish a strategic blueprint focused on enabling responsible growth and enhancing how liabilities are managed. You'll see this strategy featured throughout this year's report, across our full regulatory life cycle.

This year's achievements pave the way for growth and modernization as a regulator. Together, they strengthen the foundation for consistent and transparent regulatory oversight, support clear and predictable regulatory processes, and improve internal alignment across branches, priorities, and decision making.

We're well equipped to meet the opportunities and challenges ahead as we steward the safe, responsible, and efficient development of our natural resources on behalf of Albertans.



DUNCAN AU
Board Chair



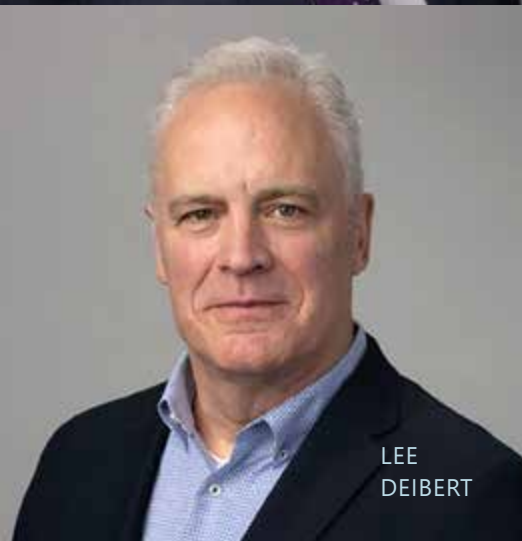
DUNCAN AU
Board Chair



ALLISON
RIPPIN
ARMSTRONG



CAREY
ARNETT



LEE
DEIBERT



RODERICK
GRAHAM



GARY
LEACH



RICHARD
PICHE



THERESA
WATSON



DAVID
YAGER

Letter from the CEO

As I reflect on my first year in the role, the urgency around responsible energy and mineral resource development has increased amid evolving world events. The provincial and federal governments have set bold ambitions to significantly grow oil and gas production and pipeline capacity to key markets; increase the number of carbon capture, storage, and utilization projects; and diversify into emerging critical mineral resources.

Achieving these ambitions requires a modern, predictable, and responsive regulatory framework—one that supports responsible investment, provides clarity and confidence to industry, and protects the interests of Albertans. Our role is twofold: guide industry seeking to participate in developing Alberta's vast resources and hold industry to the high standard Albertans expect and is established in our strong regulatory framework.

This past year, we have developed a five-year strategy as our road map to get there. It sets clear direction for our organization and reflects both the opportunities and the challenges before us, focused on clear priorities: **enable growth in production, enhance liability management, and optimize organizational effectiveness.**

Responsible expansion across Alberta's energy and mineral sectors requires diligence, discipline, and intention. The AER has and will continue to streamline regulatory processes and improve efficiency so that expectations are clear, decisions are predictable, and timelines are reliable. These efforts help ensure Alberta can remain a competitive jurisdiction for investment, while maintaining strong protections for people, land, air, and water.

One of our priority programs is supporting the adoption of technologies that can improve operating performance, safety, and environmental outcomes. By creating clear

pathways for innovation, we can help industry improve how resources are developed without compromising regulatory rigour. Internally, we are re-evaluating our own technology solutions with the intent of providing a single integrated regulatory platform for AER staff, industry, and stakeholders to improve access and efficiency.

We know Albertans expect companies to meet their financial obligations and properly manage the full life cycle of their assets. We share concerns about the risks associated with inactive, contaminated, and orphaned sites, and about the community and landowner impacts when companies lack the financial capacity to uphold their responsibilities. To address this, we'll continue strengthening our proactive, risk-informed approach to liability management, ensuring end-of-life obligations are met, reducing long-term risks, and strengthening company oversight in situations where it matters most. This work supports environmental protection, landowner confidence, and industry accountability, reinforcing public trust in the regulatory system.

Our ability to deliver on our strategic priorities and maintain a high level of performance in our day-to-day regulatory responsibilities requires a dedicated and capable workforce. I have confidence that AER staff will meet the challenge and demonstrate that a modern, predictable, responsive, knowledgeable, and risk-informed regulator can deliver on the high expectations of Albertans.



ROB MORGAN
President and CEO



ROB MORGAN
President and CEO



ERIN KURCHINA
Vice President, People,
Culture and Learning



MARTIN FOY
Chief Operations Officer
(retired August 28, 2026)



MIKE DALTON
Vice President, Finance, and
Chief Financial Officer



RICHARD HANNAH
Vice President, Information
Management & Technology,
and Chief Information Officer



SEAN SEXTON
Executive Vice President, Law,
and AER General Counsel



The AER is a full-life-cycle regulator responsible for all stages of energy and mineral resource development in Alberta—from exploration and production to closure and reclamation.

The Government of Alberta created the AER in 2013 when it proclaimed the *Responsible Energy Development Act (REDA)*. The AER's statutory powers, mandate, and functions are provided under this act.

Through this legislation, the Government of Alberta outlined the AER's mandate and legal framework to provide for the safe and environmentally responsible development of the province's energy and mineral resources. The AER is accountable to the Minister of Energy and Minerals and the Minister of Environment and Protected Areas, and works closely with other government departments

on regulatory and policy matters, including Municipal Affairs and Indigenous Relations.

Alberta's energy and mineral sectors are vast and complex and include crude oil, natural gas, oil sands, coal, geothermal, minerals, and an extensive pipeline network to move these resources to processing facilities and markets. The AER is one of a few organizations worldwide responsible for regulating the full development life cycle—from exploration through to closure—across such a broad mix of resources. This integrated, life-cycle-based mandate uniquely positions the AER to support Alberta's

evolving energy and mineral resource development responsibly, competitively, and sustainably into the future.



11
offices



over 1000
employees
(as of April 2026)

In 2025/26, we did not receive any disclosures of wrongdoing under our Whistleblower Protection Policy.

AER's Strategy

Vision

Empowering Alberta's prosperity by positioning the regulator to implement its legislated mandate and Government of Alberta policy through a modern regulatory framework that accelerates sustained economic growth and drives efficient and responsible development of Alberta's energy and mineral resources.

Strategic Priorities

Enable Growth in
Production

Enhance Liability
Management

Optimize
Organizational
Effectiveness

What the AER Regulates

as of April 2026



The AER does not regulate gasoline, electricity, the regulated natural gas rate, or pipelines that cross Alberta's provincial borders.

*Operating, permitted, abandoned, and discontinued within Alberta. In addition, we also provide inspection and incident response support for over 12 700 kilometres of pipelines regulated by the Alberta Utilities Commission.





MODERN REGULATOR

Modern, risk-informed regulation plays a critical role in enabling responsible, innovative, and competitive energy and mineral resource development in Alberta.

The AER is evolving its regulatory approach to respond to rapid technological change, emerging resources, and rising public expectations, while continuing to protect public safety and the environment. By streamlining regulatory requirements and application processes, providing predictable decisions and timelines, and strategically leveraging technology and data, the AER is

advancing its regulatory framework to one that is more efficient, transparent, and responsive. This work supports responsible development across the full project life cycle and positions industry to pursue opportunities in critical minerals, advanced geoscience, and emerging technologies that will shape the province's energy future.

PILOTS & TECHNOLOGY

FOSTERING INNOVATION

Pilots play a critical role in fostering innovation within Alberta's energy and minerals industry. The AER works with regulated parties and stakeholders to assess innovation proposals and find ways within the regulatory framework to demonstrate and deploy new technologies and processes.

LEARN MORE



REGULATORY CLARITY & GUIDANCE



Released *Manual 031: Guidelines for Pilot Applications for New Technology or Processes*



How to apply for and obtain approval for field-level pilots for new technology or processes.



PILOT REQUESTS



→ Over
95%
approved



A listing of pilot requests received is available on the AER's Pilot Reporting web page.

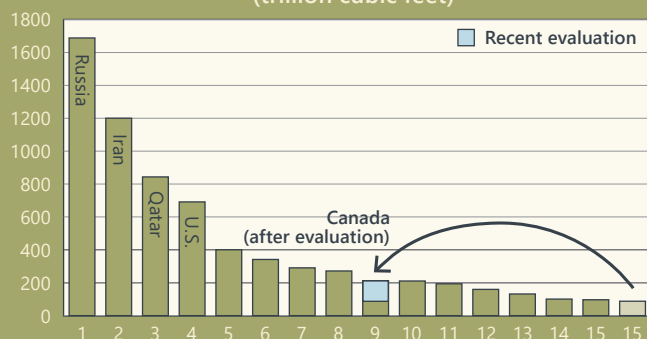
ALBERTA'S ENERGY POTENTIAL

The Alberta Energy Outlook (ST98) is an annual report on the state of hydrocarbon reserves and the supply and demand outlook for Alberta's diverse energy and emerging resources.

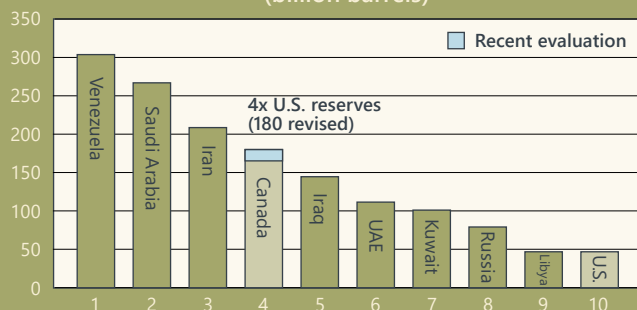
CANADA'S GLOBAL RESERVES RANKING

With the re-evaluation of Alberta's proven reserves done in collaboration with McDaniel & Associates Consultants Ltd., Canada more than doubled its natural gas reserves and moved from 15th to 9th place globally. Canadian oil reserves rank 4th on the global stage, accounting for 10% of total global oil reserves.

GAS (trillion cubic feet)



OIL (billion barrels)



CAPITAL EXPENDITURES

Oil sands investment	Oil & gas investment	Total investment	Total value of production
↑ 3%	0%	↑ 2%	↓ 6%
(Cdn \$14.7 billion)	(Cdn \$17.1 billion)	(Cdn \$32.4 billion)	(Cdn \$130 billion)

CRUDE OIL

Total production	Wells placed on production
↑ 3%	↓ 28%
(87.0 10 ³ m ³ /d)	(2430)

CRUDE BITUMEN

Mineable production	In situ production
↑ 3%	↑ 6%
(281.0 10 ³ m ³ /d)	(309.9 10 ³ m ³ /d)

NATURAL GAS

Marketable production	Wells placed on production
↑ 3%	↑ 17%
(324.2 10 ⁶ m ³ /d)	(950)

See page 47 for more information or read the full report:



A man with glasses and a mustache, wearing a light green button-down shirt, is leaning over a wooden crate filled with small, dark, cylindrical objects. He is in a laboratory or research center, with other wooden crates and equipment visible in the background. The text "TECHNICAL EXCELLENCE" is overlaid on the right side of the image.

TECHNICAL EXCELLENCE

Core Research Centre.

Having technical excellence among employees is critical for the AER to deliver its mandate. As a life-cycle regulator, the AER relies on specialized technical and regulatory expertise to interpret complex data, translate policy into clear regulatory requirements, and make consistent, risk-informed, evidence-based decisions that uphold safety, environmental protection, resource conservation, and regulatory certainty.

Established in 2021, the AER's Technical Excellence Program is led by the organization's principals—senior technical leaders in the engineering, geoscience, economics, and regulatory disciplines. The program strengthens employees' technical and regulatory expertise through field-based learning, technical workshops, professional forums, and regulatory training.

WORKFORCE COMPOSITION

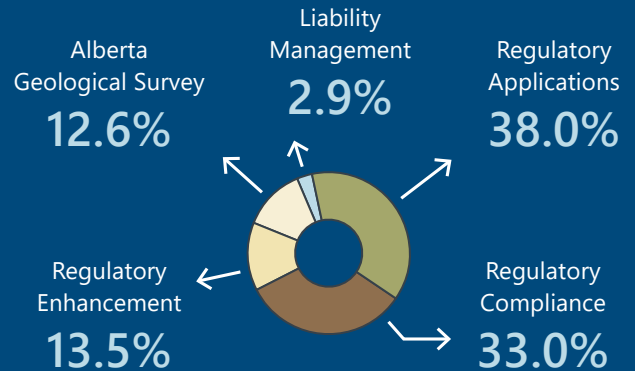
The AER's principals advise on workforce composition to ensure that the organization is equipped with skilled multidisciplinary teams that are equipped to solve the AER's most complex regulatory matters: regulatory design, efficient resource development, water protection and conservation, and public safety.



38
New hires into
technical roles

OPERATIONS DIVISION EMPLOYEE DISTRIBUTION BY FUNCTIONAL AREA

The AER's Operations Division regulates energy development across the full project life cycle, from initial application to end-of-life closure and reclamation.



PROGRAM SPOTLIGHTS



PRINCIPAL-LED COMMUNITIES OF PRACTICE

Forums that facilitate collaboration and knowledge sharing across business areas to support technical excellence and continuous development.



ENGINEER-IN-TRAINING PROGRAM

A 12- to 18-month structured training program for new engineering graduates that includes a data analytics component followed by an extended period in field operations.



SUMMER STUDENT PROGRAM

Offers post-secondary students with hands-on, meaningful work experience across the organization, while gaining insight into the AER's mandate and operations. The program brings fresh perspectives, new ideas, and emerging skills to the AER that strengthen teams, enhance innovation, and support collaboration.

Leading with Science:

Advancing Critical Minerals Knowledge in Alberta

Some minerals are essential to modern life. Lithium, copper, and rare earth elements make possible the renewable energy systems, digital technologies, and advanced equipment that power everything from electric vehicles to medical imaging to national defence. As countries accelerate electrification and technological innovation, global demand for these minerals is rising sharply.

At the heart of Alberta's response to this global shift is the Alberta Geological Survey (AGS), a branch of the AER. The AGS provides transparent,

technically robust geoscience that illuminates Alberta's mineral opportunities and supports informed, responsible decision making across industry, communities, and research partners. Through high-quality mapping, data collection, and scientific interpretation, the AGS plays a foundational role in shaping Alberta's evolving energy and minerals future.

Since 2021, the AGS has undertaken one of the most extensive [mineral mapping initiatives](#) in Alberta's history. This work reflects a modern approach to resource understanding—leveraging advanced technologies, integrated datasets, and accessible digital tools to make Alberta's mineral potential clearer than ever. Public resources such as the [Alberta Interactive Minerals Map](#) and the [Alberta Geology, Minerals, and Energy Infrastructure Mapping Application](#) allow

users to interactively explore mineral occurrences, geological context, and supporting infrastructure across the province. These tools are complemented by a growing catalogue of [AGS publications](#), including accessible reports on lithium, vanadium, uranium, rare earth elements, and other critical minerals.

AGS data has confirmed that as of February 2025, **Alberta hosts 17 of Canada's 34 critical minerals**, occurring in varied geological settings and, in some cases, at globally significant amounts. These include:

- lithium brines
- rare earth elements
- uranium
- vanadium
- nickel
- titanium
- black shale-hosted base and critical metals





To date, the AGS has completed the following mineral-related work in Alberta:

~50 000 m
of drill core analyzed

>1 million
line-kilometres of airborne
geophysical data analyzed

35 000+ km²
of satellite-based mineral
mapping completed

80+
datasets, reports, and
interactive products released

Alberta's Expanding Lithium Opportunity

In March 2026, the AGS released a provincewide [lithium assessment](#) confirming **82.5 million tonnes of lithium** (measured in lithium carbonate form) naturally present underground—positioning Alberta among the world's most significant emerging lithium jurisdictions. The report identifies the Devonian Leduc Formation as the primary host, containing roughly 95% of the resource, with additional potential in the Swan Hills/Slave Point and Nisku formations.

Backed by the most comprehensive lithium focused dataset compiled for Alberta, the assessment by the AGS provides a clear geological foundation for understanding where lithium occurs and which areas warrant further evaluation. The scale and

distribution of this resource highlight lithium as one of Alberta's most promising mineral opportunities and reinforce the importance of continued scientific work to support future exploration and development.

Foundation for the Future

The AGS is just getting started. As Alberta's critical minerals landscape expands and evolves, the survey will continue advancing the geological knowledge that underpins it. By updating models, integrating new datasets, and improving public access to subsurface information, the AGS ensures Alberta's geoscience foundation remains current, credible, and accessible.

This ongoing work enhances the province's ability to respond to emerging opportunities across the

full spectrum of Alberta's resource endowment, including critical minerals. Through sustained scientific leadership and a commitment to transparency, the AGS supports responsible exploration, long-term resource planning, and a diversified, sustainable future for Alberta.

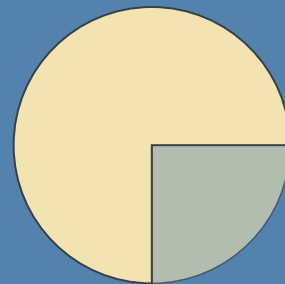


Interest in AGS mineral resources continues to grow—page views increased from 5 616 in 2022 to 21 886 in 2024, and rose another 8% in 2025, reaching 23 676 views. Overall, this represents a 322% increase since publications under the Mineral Mapping Program began.

REGULATORY TECHNOLOGY

Technology enables the AER to deliver modern, efficient regulation and securely provide quality data to stakeholders. OneStop uses a complex rule set to automate routine (low risk) regulatory events and forward nonroutine (higher risk and complexity) events to technical experts for review.

ONESTOP PROCESSING



over **75%** of regulatory
transactions were processed
through OneStop

FUNCTIONALITY IN ONESTOP



WATER LICENSING AND ASSESSMENT CAPABILITIES

to support effective water management by enhancing how application and water use submissions are reviewed and processed.

LIABILITY MANAGEMENT REQUIREMENTS

to help ensure that regulatory decisions are informed by up-to-date and consistent information.

PUBLIC LANDS FUNCTIONALITY

to improve efficiency and consistency in approvals and authorizations, support environmental considerations, and better align the regulatory system with Government of Alberta policy.

RECEIVED THROUGH ONESTOP

355 142
submissions

25 628
applications

14 252
notifications

As the AER continues to evolve its technology systems, it will look to expand system capabilities to support regulatory events across the full project life cycle, including industry compliance.



APPLICATION PROCESSING & TIMELINES

The AER reviews 96 different application types, each with a unique processing target. Target timelines for review reflect the complexity of the applications, ensuring they are processed in a timely and diligent manner.

Timelines that extend beyond targets are often due to incomplete applications, high-complexity developments, or unresolved statements of concern.

APPLICATION PROCESSING



34 636
applications processed

Target timelines met:

99%
routine
applications

98%
nonroutine
applications

DID YOU KNOW?

Comparative reviews show Alberta has shorter approval timelines than peer jurisdictions. The AER’s published best-practice timelines are shorter than most Canadian agencies’ targets, supporting faster overall approval outcomes.

Alberta’s streamlined, provincial approval process also contributes to this performance, compared with peer jurisdictions that rely on multi-agency reviews or federal impact assessment pathways. While these comparisons provide helpful context, approval timelines are influenced by differences in mandates, application types, and review processes.

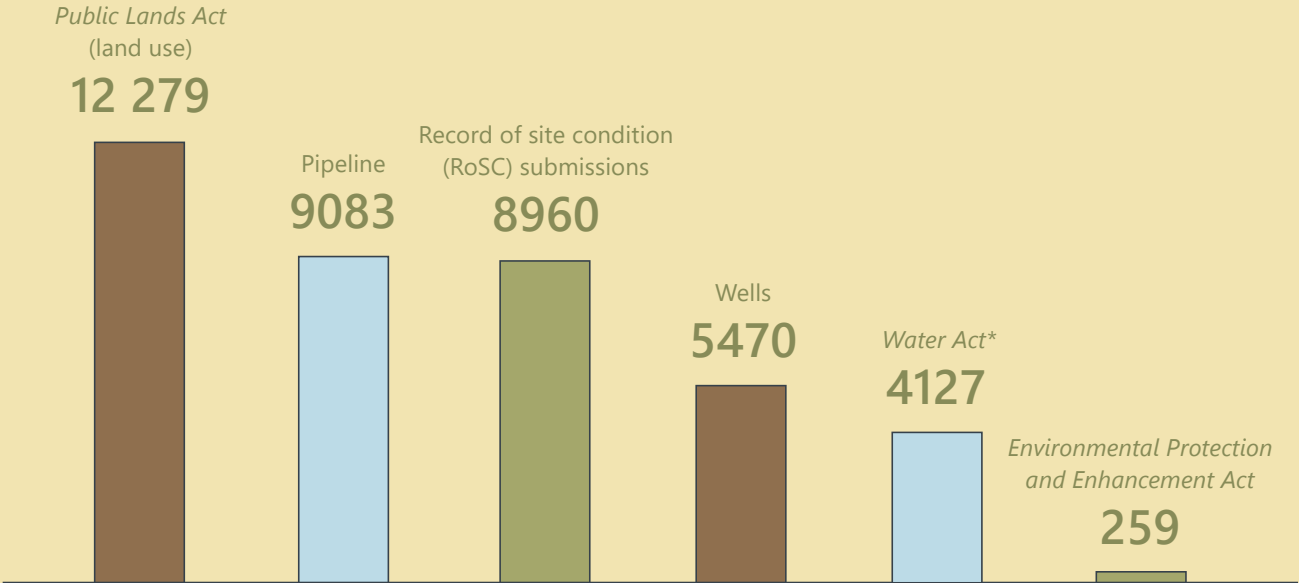
IN SITU OIL SANDS



In situ operators continued to focus on production sustainment, expanding subsurface development areas, modifying well pads, and debottlenecking where required to keep current infrastructure operating at design capacities.

In 2025, the AER achieved a significant milestone, processing 75% of aging, backlogged in situ applications that had been placed on hold for years at the request of the applicants.

PROCESSING VOLUME BY TYPE



*Includes 3511 temporary diversion licences.

UPDATING REGULATORY REQUIREMENTS

The AER formed its red tape reduction initiative in May 2019 in response to the Government of Alberta's *Red Tape Reduction Implementation Act*. The government set a goal to reduce regulatory requirements by one-third to cut costs and inefficient processes, while maintaining public and environmental safety.

In 2025/26, the AER updated 62 regulatory instruments and eliminated 1045 requirements.

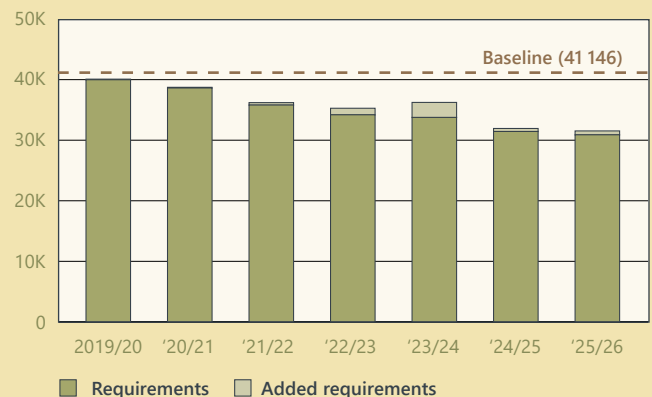
CUMULATIVE REDUCTION

Since 2019, the AER has reduced the cumulative red tape count while maintaining rigorous oversight and conducting public engagement where appropriate.

Industry-verified
cost savings
\$2.41B

Red tape count
reduced by
↓ 23.4%
(9623 requirements)

YEAR-OVER-YEAR REQUIREMENTS REDUCTION



HAVE YOUR SAY

Participant involvement begins before the AER receives an application and continues throughout the project life cycle. Under requirements such as *Directive 056*, companies must notify nearby residents, provide project information, and work to address concerns before applying.

Once an application is posted, the public may submit statements of concern or

participate in alternative dispute resolution. If the AER determines that a hearing is required and issues a notice of hearing, requests to participate may be submitted, and the hearing panel will determine participation.

The AER also provides public comment periods and other engagement opportunities to support ongoing participation.

PUBLIC NOTICES & DECISIONS POSTED ON AER.CA

58 561

Public Notices of Application

41 354

Publications of Decision

STATEMENTS OF CONCERN

385

Received

36

Withdrawn*

252

Registered

133

Not registered

*Withdrawn SOC's may have been registered before April 1, 2025.

ALTERNATIVE DISPUTE RESOLUTION (ADR)

ADR helps parties resolve disputes related to energy or mineral resource development at any stage of a project. In 2025, the AER supported 186 ADR files, with methods ranging from conflict coaching to mediation.

Supported **186** files



RESPONSIBLE DEVELOPMENT

Responsible development depends on transparency and reliable information.

The AER supports responsible development by providing [performance](#) insights and market intelligence that help stakeholders understand how Alberta's energy and mineral sectors are operating.

Tools such as the [Compliance Dashboard](#), [application-timeline reporting](#), and the [Alberta Energy Outlook \(ST98\)](#) help stakeholders understand Alberta's energy regulatory environment and regulatory decisions.



Holding tank at a site near Rocky Mountain House.

Water Use, Groundwater Protection, and Tailings Oversight

Albertans depend on the AER to ensure that energy and mineral resource development preserves one of the province's most valuable resources—its water. Responsible development balances two priorities: managing water resources and providing for the safe, efficient, and orderly energy and mineral development that supports the province's economy and vital services.

The AER plays a central role in maintaining that balance. This includes

allocating and conserving water resources and helping to ensure that environmental oversight is integrated into energy development decisions.

Delivering Accountability in Water Management

Under the [Water Act](#), the diversion and use of surface water and groundwater requires approval. The AER reviews water-related applications tied to energy and mineral activities, issues approvals for work in or near water bodies and wetlands and administers both temporary diversion licences and term licences for water use under the act. Companies must obtain approval before using surface water or groundwater, and the AER determines how much water can be allocated for those purposes.

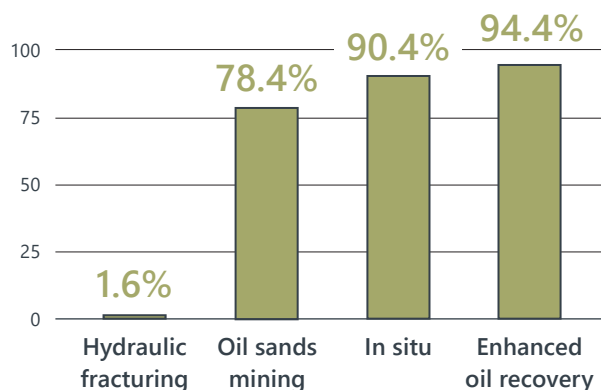
Water allocation reflects a project's maximum justified need, not average use; allocation is set based on the

highest expected operational requirement over the life of the project (e.g., peak drilling or completion years, highest anticipated number of wells in a single year). Applicants must demonstrate that they have evaluated alternatives that avoid or minimize the use of high-quality nonsaline water and that reuse, recycling, and productivity/efficiency measures are incorporated into project design. The requested allocation must reflect these measures.

The AER also oversees the safety of dams associated with energy and mineral development through its [Dam Safety Program](#) under the [Water \(Ministerial\) Regulation](#).

This regulatory system ensures that water regulation is applied where the AER's jurisdiction and energy-related risks intersect most directly, while broader provincial water management responsibilities remain with Alberta Environment and Protected Areas (AEPA).

2024 Water Recycling Rates by Technology



2025 numbers will be published later in 2026.

Transparency That Strengthens Public Confidence

Transparency is central to maintaining public confidence in how water resources are managed. Each year, the AER publishes its [Water Use Performance Report](#), which provides Albertans with a clear view of how water is allocated and used in the recovery of oil, gas, and oil sands resources. The report forms part of the AER's broader [industry performance program](#), designed to drive continuous improvement, strengthen accountability, and make performance information publicly accessible.

The [2024 results highlight](#) both progress and opportunities for continued efficiency. Across the energy industry, 81% of the water used was recycled, 18% was from nonsaline sources, and 1% was from alternative sources.

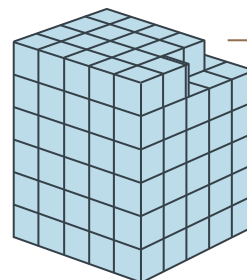
In 2024, 7% of the estimated non-saline water available in Alberta was allocated for use across all sectors (e.g., agricultural, commercial, municipal, and industrial). Of this nonsaline water allocation, 12% was allocated to the energy industry. In 2024, the energy industry only used 28% of their allocation, reflecting both operational needs and the major role water reuse plays in reducing reliance on fresh water. These results reflect a sector-wide shift toward more efficient water use and greater reliance on recycling, especially during years of continued dry conditions and low soil moisture levels.

Managing Risks

In oil sands mining, water management is closely tied to tailings management. The AER provides ongoing oversight through [Directive 085: Fluid Tailings Management for Oil Sands Mining](#)

2024 Water Availability and Allocation

Nonsaline water available (surface and groundwater)
 $143.10 \times 10^9 \text{m}^3$



Overall allocated water
 $9.49 \times 10^9 \text{m}^3$

Energy allocation
 $1.11 \times 10^9 \text{m}^3$

Used for energy extraction
 $0.31 \times 10^9 \text{m}^3$

[Projects](#), which requires operators to submit annual tailings management reports. These submissions allow the AER to monitor performance and ensure that companies remain within approved thresholds.

To further support transparency, the AER publishes the [State of Fluid Tailings Management for Mineable Oil Sands](#) report each year. The 2024 report noted that all oil sands mines were operating at or below approved new fluid tailings profiles and triggers, and below total volume limits, while also remaining within legacy profiles and deviation thresholds. These results indicate that regulatory requirements have been met while longer-term treatment and reclamation work continues.

The AER is also working with the Government of Alberta on the [oil sands mine water steering committee recommendations](#) to help create an



accelerated plan to treat tailings water and eventually return it to the land for use by future generations.

Aligning Regulation with Strategic Priorities and Policy

Within the AER strategic blueprint, water management is identified as a priority area supporting both responsible resource development and greater regulatory certainty.

Policy alignment also plays an essential role. When allocating water for upstream oil and gas operations, the AER follows the Government of Alberta's [Water Conservation Policy for Upstream Oil and Gas Operations](#), which emphasizes using and reusing water wisely and prioritizing feasible alternatives to high-quality nonsaline water.

This approach supports environmental stewardship while helping ensure operational resilience, particularly in regions where water availability and competing demands increase public interest in how water resources are managed.

Science That Informs Better Decisions

Strong regulatory decisions are supported by strong science. The Alberta Geological Survey's [Groundwater Geoscience Program](#) is used by both the AER and AEPA to inform policy development, regulatory decisions, and

the management of cumulative effects on Alberta's groundwater systems.

The program focuses on understanding aquifer characteristics, groundwater-surface water connectivity, groundwater availability and chemistry, and the recharge, discharge, and movement of groundwater through the subsurface. The AGS's multidisciplinary groundwater geoscience program helps build a more complete understanding of Alberta's groundwater resources and supports responsible development decisions that manage environmental impacts over the long term.

Supporting Responsible Development for Albertans

Together, these efforts reflect how the AER advances responsible development in Alberta. Through clear jurisdiction, transparent performance reporting, strong oversight of complex issues such as tailings, alignment with provincial policy, and science-based decision making, the AER works to protect water resources while enabling the safe and orderly development of energy and mineral resources.

In doing so, the AER helps ensure that Alberta's water resources remain well managed today while supporting responsible resource development for generations to come.



INDUSTRY PERFORMANCE REPORTING

The AER evaluates industry performance against priorities and outcomes established by Government of Alberta policies. These annual reports cover several program areas:

Water use – shows how water is allocated and used to recover resources

Tailings – summarizes and assesses an operators' progress in managing fluid tailings

Pipelines – includes information about pipeline incidents and trends

Methane – covers progress in reducing upstream methane emissions

Liability – summarizes progress in addressing inactive and orphaned infrastructure

LEARN MORE





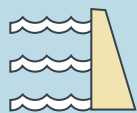
DAM SAFETY

The AER regulates dams associated with energy development in Alberta, including oil sands mining, in situ oil sands projects, coal mining, and oil and gas operations.

LEARN
MORE



SPOTLIGHT



273
dams under
AER jurisdiction

177
dams
inspected

11
notices of
noncompliance issued



19
dams added to the
dam inventory

6
dams removed from
the dam inventory

357
dam-related regulatory
submissions reviewed



SEISMICITY

70+ seismic monitoring stations across Alberta are operated by the AER/AGS to track earthquake activity and identify event locations and magnitudes. Alberta experiences both natural and induced earthquakes, with most events too small to be felt due to low intensity and local ground conditions.

LEARN
MORE



INDUCED SEISMICITY

Human activities that may induce seismicity include fluid extraction, geothermal operations, wastewater disposal, dam impoundment, CCUS-related subsurface storage, and hydraulic fracturing.



MONITORING REQUIREMENTS

In regions with past induced seismicity, the AER issues subsurface orders. The AER also issues directives and monitoring requirements—including mandatory reporting and operational responses—to reduce seismic hazards.



FRAMEWORK THRESHOLDS

The AER's outcomes-based regulatory framework sets thresholds for allowable earthquake magnitudes and requires operators to mitigate frequency and magnitude to prevent infrastructure damage, nuisance impacts, and industrial disruptions.

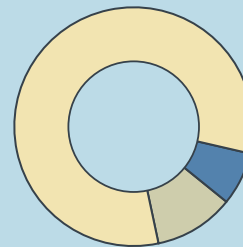
HEARINGS

Hearing commissioners are appointed to conduct hearings on behalf of the AER.

An AER hearing is a formal, court-like process used to gather information before decisions are made on energy and mineral applications, regulatory appeals, and reconsiderations.

In 2025/26 most of the hearing commissioners' proceedings were regulatory appeals.

HIGHLIGHTS



Throughout the year, the Hearing Commissioners' Office managed the following:

23
proceedings

3
decisions

2
hearings

A hearing is part of an overarching process or proceeding. Sometimes matters are resolved before a hearing is held.

PUBLIC RECORD SYSTEM

The Hearings Public Record System on the AER's website enables the public to access hearing decisions, documents, evidence, dates and other information about hearings.

LEARN MORE





OVERSEEING INDUSTRY COMPLIANCE

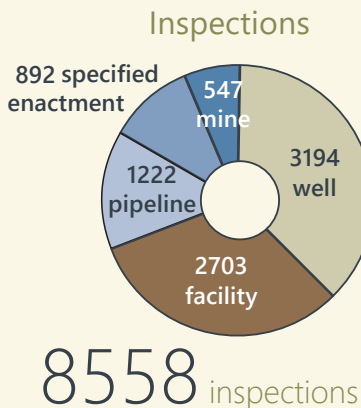
To ensure that development happens safely and responsibly, and that producers follow the rules, the AER conducts various compliance assurance activities. Inspections and audits are key verification activities to collect information. They are completed through desktop documentation reviews and field observations.

LEARN MORE



INSPECTIONS COMPLIANCE

These results reflect a wide range of inspection types and risk levels. Each inspection checks several requirements, and if one item is noncompliant, the licensee is considered noncompliant for that inspection.



Compliance Rates

Mine – 96%
Specified enactment – 81%
Well – 78%
Pipeline – 69%
Facility – 66%

74% average
compliance rate

AUDITS

5474

audits completed to verify operational
and application requirements

INVESTIGATIONS

The AER may conduct a formal investigation in response to energy- or mineral-related incidents or when a noncompliance is found. When noncompliance is deemed serious, it is triaged for investigation.

21 new investigations

Investigations can take from three months to two years to complete. The AER takes actions based on the results to determine the appropriate enforcement action. The tools we use vary depending on the severity of the noncompliance. Enforcement tools range from warning letters to prosecution.

9 enforcement actions → 5 administrative penalties
4 warning letters

COMPLIANCE AND ENFORCEMENT

Issued **130** orders,
requiring operators to address
specific noncompliances and take
action by a specific deadline.

LEARN MORE

The Compliance Dashboard demonstrates how the AER is involved in incident response, investigations, compliance, and enforcement.



INCIDENT & EMERGENCY MANAGEMENT

Incidents and emergencies include releases, complaints, and alleged contraventions. We publish initial incidents on the AER [Compliance Dashboard](#), which was updated this year to make reportable incident, investigation, and enforcement updates more accessible. The AER's incident and emergency management activities included the following:

- 80 energy-related emergencies reported to the AER
- 8 emergencies involved an emergency response coordinator presence, either deploying to the site or an incident command post
- 22 licensee emergency response plan (ERP) exercises evaluated
- 90 licensee emergency response plan audits completed
- 61 spill cooperative membership standing audits completed
- 19 industry awareness sessions, mutual aid meetings, conferences, and spill cooperative events attended

The AER continued to strengthen its emergency management oversight through updates to [D071](#) and the associated guide,

[Manual 026](#). This work enhances industry's emergency coordination, readiness, and resilience through the following:

- Expanded applicability: The two instruments now apply to additional sectors like minerals and geothermal, which are required to maintain robust emergency response programs.
- Alignment with national standards: Select CSA Group elements have been incorporated to ensure consistency with best practices.
- Enhanced requirements: There's now a stronger emphasis on emergency exercises, program documentation, and continuous improvement.
- Supportive rule changes: Complementary regulatory updates have been introduced to support implementation and compliance.

To support revisions to [Directive 071](#) and [Manual 026](#), the AER also engaged with industry and stakeholders across the province to ensure the revised requirements were clear, comprehensive, and well understood.





LIABILITY MANAGEMENT

To minimize the financial exposure of Albertans to unfunded oil and gas liability, the AER uses a proactive approach to manage the environmental impacts caused during energy development.

To ensure that closure work is prioritized by industry, the AER

- sets an annual industry closure quota,
- requires licensees to begin closure activity on sites identified through closure nomination, and
- administers an annual orphan fund levy that funds the Orphan Well Association (OWA) to close sites left behind by insolvent and defunct licensees.



Closure work at a site near Brooks, Alberta.

Liability Management

Acquiring and holding a licence or approval for energy development in Alberta is a privilege, not a right. Companies that profit from Alberta's energy and mineral resources are responsible for paying to properly decommission, remediate, and reclaim their sites.

The AER applies resource-specific frameworks to reduce the risk of unfunded liabilities across oil and gas, oil sands mining, coal mining, geothermal, brine-hosted mineral, and rock-hosted mineral development to ensure that industry, not the public, bears closure costs.

Licensees looking to develop these resources must obtain and maintain eligibility under [*Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals*](#). The AER completes a comprehensive assessment of a licensee's financial health and potential for "unreasonable risk" to assign or modify its eligibility status, which can be general, limited, or revoked.

Oil and Gas Liability Management

For oil and gas, the AER takes a holistic and active approach to managing liabilities accumulated over more than a century of development. To understand a licensee's capability to meet its regulatory and liability obligations, a multifaceted, holistic licensee assessment is conducted.

The assessment results are used to make certain regulatory decisions throughout the energy development life cycle. (Refer to [*Directive 088, Manual 023*](#), and [*Directive 067*](#) for further details.) With an understanding of the capability of each licensee operating in the province, the AER can apply appropriate regulatory tools to proactively manage risk.

As of 2025, 36% of infrastructure is currently inactive or abandoned, 32% has achieved reclamation certification or is exempt, and 32% remains producing.

Industry reduces its liabilities primarily through two funding mechanisms:

[Inventory Reduction Program \(IRP\):](#)

Licensees must prioritize closure by spending a [mandatory amount](#) each year on decommissioning, remediation, and reclamation. In 2025, the

Oil and Gas Closure by the Numbers (2024)

Key principle:

Holding a licence in Alberta is a privilege. Industry is responsible for full closure and reclamation costs.



\$1B+
spent on
closure

28%
above required
industry quota

14%
reduction in inactive
wells since 2021

2025 numbers will be published later in 2026.

industry closure quota was \$750 million, up \$50 million from 2024. Since the inception of this program in 2021, industry has consistently exceeded the mandatory amount each year, resulting in a cumulative overspend of \$543 million on reducing liabilities.

[Closure nomination](#) provides an avenue for eligible requesters to nominate eligible inactive or abandoned wells and facilities for closure. Following a public comment period in late 2025, the AER published revised editions of [Directive 088: Licensee Life-Cycle Management](#) and the supporting [Manual 023](#), which reduced the closure nomination baseline closure timelines from ten years to five years and clarified reporting requirements. This change better reflects the original intent of the program, which was to provide a mechanism for landowners to have the AER prioritize work with the responsible company.

Information about closure plans for accepted nominations and the progress of closure activities is posted to the [closure nomination dashboard](#).

Orphan Fund Levy: Industry also funds closure work through an annual levy collected by the AER and passed through to the Orphan Well Association, a separate non-profit organization funded by industry. The levy amount is based on the current volume of the orphan inventory, the closure rate of orphan sites, and an AER estimate of the potential for future orphan energy sites. In 2025/26, \$144.45 million was collected to support the safe closure of orphaned sites left by insolvent or defunct licensees. For 2026/27 the orphan fund levy increased 7% to \$154.56 million.

The most effective way to reduce liability is for it to be proactively closed

by licensees and the Orphan Well Association through annual closure work. However, the collection of security deposits is sometimes used as a tool to mitigate liability risk. The AER has broad discretion to require security deposits across the energy development life cycle to offset the estimated costs of conducting activities necessary to protect the public and the environment, and to address regulatory and liability obligations, including closure. For example, when a licensee does not meet its mandatory licensee quota, the AER will collect an amount that is equal to the difference between what the licensee spent and the amount they were mandated to spend to meet its quota. For the 2024 closure quota year, the AER collected \$4.3 million in security for missed quota. The outstanding noncompliance represents less than 1% of the overall industry quota.

Oil and Gas Closure Quota (2025)

\$750M
total
industry
quota

\$144.5M
orphan fund
levy

Banked spend pilot:
\$286M
above mandatory
requirements

Coal and Oil Sands Mining Financial Security

\$52.7B
in MFSP liability (2025)

\$2.6B
in security held
by the AER



LIABILITY MANAGEMENT PERFORMANCE REPORT

This report summarizes industry's and the Orphan Well Association's progress in addressing inactive and orphaned wells, facilities, and pipelines, including AER actions to ensure compliance with regulatory requirements. The 2025 report will be published in fall 2026 and detail how industry performed against the required \$750 million industry quota set for the 2025 calendar year.



READ
THE
REPORT

The AER also mitigates risk during licence transfers by collecting security deposits as a condition of approval, when necessary. *Manual 023*, tables 9 and 10, outline the potential ranges of security that may be required as a result of a transfer application considering the licensee's level of financial distress and crossover timeline. In 2024, the AER collected \$25.4 million in security as part of the condition of approval for transfer applications. In 2025, a self-serve [Licence Transfer Security Estimator](#) was introduced to help companies better understand potential security requirements earlier in the process when contemplating a transfer as part of a transaction.

Together, these tools help the AER track estimated liabilities while ensuring that infrastructure is closed and reclaimed on a timely basis. The AER continues to improve how liabilities are estimated by analyzing annual industry reported closure costs and is assessing how this data can be used to update liability estimates for

pipelines, single-well batteries, and well remediation and reclamation.

In 2024, more than \$1 billion was spent on closure, including \$900 million in reported eligible licensee spending (exceeding requirements by 28%) and \$119 million in Orphan Well Association-funded work. Between 2021 and 2024, the inactive well count declined by 14%, from 91 000 to 78 000.

In 2025, the following enhancements were made to closure quotas:

- A banked spend pilot allows licensees that exceed their mandatory closure requirements by 20% or more to apply excess spending toward future obligations through 2027. In its first year, 123 licensees qualified, spending more than \$286 million above mandatory requirements.
- A rolling three-year compliance period was introduced for smaller producers with closure quotas of



Fenland reclamation area near a facility close to Fort McMurray.

\$200 000 or less, encouraging sustained and meaningful closure work.

Oil Sands and Coal Mining

For oil sands mines and coal mines, the [Mine Financial Security Program](#) (MFSP) protects Albertans by securing funds to cover closure and reclamation costs throughout a project's life. Approval holders must provide sufficient financial security to ensure that sites are reclaimed to equivalent land capability before a reclamation certificate is issued.

As of June 30, 2025, total reported MFSP liability was \$52.7 billion, an 8.03% decrease from 2024. By September 29, 2025, the AER held nearly \$2.6 billion in MFSP security, a 52% increase year over year.

MFSP security for oil sands mines was \$1.78 billion, up 95.16% from 2024 (\$0.91 billion). MFSP security for coal mines was \$0.81 billion, up 1.14% from 2024 (\$0.80 billion).

Geothermal, Brine-Hosted, and Rock-Hosted Mineral Development

Developers of geothermal, brine-hosted, and rock-hosted mineral resources also undergo a holistic licensee assessment when applying to hold licences and during licence transfer applications.

These three categories were recently added to the AER mandate by the Government of Alberta. Developments in these categories are at an early stage. As these industries develop, the AER will have more information to report.

In 2024, the AER's mandate expanded to include rock-hosted mineral mines; however, no applications for new mineral mines have been submitted to date. The AER released the [Rock-Hosted Mine Liability Process](#) (RMLP) in December 2025, requiring approval holders to provide 100% security for the estimated liabilities associated

with a rock-hosted mineral development project. The process is outlined in [Specified Enactment Direction 005: Rock-Hosted Mine Liability Process](#) and [Manual 033: Rock-Hosted Mine Liability Process – Mine Liability Estimation Tool User Guide](#).

For geothermal and brine-hosted minerals developments, licensees provide at the time of application—for new applications, amendments, transfers, and conversions—an estimate of their total liabilities. This includes the breakdown of liability for the individual licences included within any application submitted to the AER. At a minimum, a security deposit equal to 50% of the total liability estimate, up to a maximum of 100%, could be a condition of approval of the new licence applications, amendment, conversion, or transfer to mitigate risks. Refer to [Directive 089: Geothermal Resource Development](#) or to [Directive 090: Brine-Hosted Mineral Resource Development](#) for specific development requirements.

FINANCIALS

The AER is an industry-funded regulatory body accountable to the Government of Alberta. The operating expenses and capital investments of the AER are derived from several revenue sources: administration fees (commonly referred to as the administrative levy), government grants, and other revenue sources such as proceeds from product sales. Furthermore, the AER collects orphan fund levies, licence fees, and forfeited security deposits, all remitted directly to the Orphan Well Association (OWA).

The following table summarizes the results of our operations and net capital investment for the year ended March 31, 2026.

Administration Fees

The *Responsible Energy Development Act* authorizes the AER to levy administration fees on regulated sectors, including oil and gas, oil sands, coal, pipelines, and facilities. The funds collected are used to fulfil the AER's mandate to provide for the efficient, safe, orderly, and environmentally responsible development of energy and mineral resources in Alberta through our regulatory activities.

Consolidated Financial Highlights

Consolidated Summary of Annual Highlights

	2026				2025
	Budget	Adjustments	Adjusted budget	Actual	Actual ¹
	(in thousands)				
Revenues					
Administration fees	\$ 250 000	\$ 1 248	\$ 251 248	\$ 251 297	\$ 226 107
Orphan fund levies and transfers	144 950		144 950	166 073	150 376
Government of Alberta grant	13 700		13 700	13 172	18 127
Investment income	5 899		5 899	5 143	6 339
Premiums, fees, and licences	2 624	952	3 576	3 478	4 039
	417 173	2 200	419 373	439 163	404 988
Expenses					
Energy regulation	269 723	2 200	271 923	263 631	247 604
Orphan well abandonment	144 950	-	144 950	166 073	150 376
	414 673	2 200	416 873	429 704	397 980
Operating surplus	2 500	-	2 500	9 459	7 008
Capital					
Capital investment	14 500		14 500	16 571	18 692
Less: Amortization of tangible capital assets	(12 000)		(12 000)	(16 131)	(11 944)
Net loss on disposal and write-down of tangible capital assets	-			(60)	(174)
Disposal of in year purchased tangible capital assets				(110)	
Net capital investment	2 500	-	2 500	270	6 574
Surplus	\$ -	\$ -	\$ -	\$ 9 189	\$ 434

Note 1: Certain 2025 figures have been reclassified, where necessary, to conform to the 2026 presentation.

All amounts are expressed in thousands of Canadian dollars.

For the year ended March 31, 2026, administration fees increased by \$25 190, or 11.1%, to support the AER's operational needs. Industry contributions remained relatively consistent year over year, with 68.5% (2025 – 69.0%) derived from oil and gas, 20.0% (2025 – 19.4%) from oil sands, 3.2% (2025 – 3.6%) from coal, 5.7% (2025 – 5.4%) from pipelines, and 2.6% (2025 – 2.6%) from facilities. Additionally, administration fees for the 2026 fiscal year include \$521 (2024 – \$353) in issued late-payment penalties.

Orphan Fund Levy and Transfers

Under Part 11 of the *Oil and Gas Conservation Act*, the AER is required to prescribe an orphan fund levy. This levy is based on the revenue requirements identified by the Orphan Well Association. For the year ended March 31, 2026, the orphan fund levy increased by \$9 450, or 7%, to \$144 450 to support the OWA's operational needs. In addition, the AER collected and transferred \$20 238 (2025 – \$14 227) in forfeited security deposits, \$497 in application fees (2025 – \$434), and \$888 (2025 – \$715) in penalties.

Government of Alberta Grants

The AER recognized \$13 172 in grant revenue to support various initiatives, including the continued

implementation of its mineral regulatory framework (\$10 067), the Reserves Study Project (\$1 500), and the Southern Alberta Groundwater Evaluation (\$1 339).

Energy Regulation

Expenses rose by \$16 027, or 6.5%, for the year ended March 31, 2026. This increase was primarily driven by higher personnel-related costs. Overall, the AER remains committed to exercising financial prudence and actively seeking cost reduction opportunities.

Capital Investment

Investment in tangible capital assets, primarily in information technology, is essential for the AER to deliver its regulatory mandate effectively, support sound decision making, and maintain a modern digital service.

For the year ended March 31, 2026, the AER made capital investments totaling \$16 571. Investments focused on strengthening IT infrastructure, advancing the OneStop platform and the AER's Integrated Decision Approach technology, and enhancements to core information technology

infrastructure. Additional investments were made in computer hardware, vehicles, and other operational equipment to support ongoing business needs.

Budget Management

For the year ended March 31, 2026, the AER reported a surplus of \$9 189 (3.3% of Energy Regulation revenue) compared to a budgeted balance position. The surplus reflects favourable variances between planned and actual revenues and expenditures, as well as adjustments to the AER's organizational structure made during the year. These changes, alongside ongoing efforts to identify efficiencies and reprioritize activities, supported effective cost management. This favourable position provides flexibility to address future operational and cost pressures. These variances did not result in any unmet commitments, and the AER continued to deliver on its mandate.

READ THE FULL
FINANCIALS



APPENDIX: ALBERTA ENERGY OUTLOOK



Overview

Alberta's oil production reached an all-time high in 2025, primarily reflecting improved market access due to additional export pipeline capacity. Oil companies continued to increase production, filling the available space in the expanded Trans Mountain Pipeline, which came online in May 2024. Moreover, natural gas production increased modestly in 2025, driven by recovering natural gas prices and increased demand for diluent to transport oil sands, as producers continue to target liquids-rich areas.

In 2025, a shift in environmental policy was observed across many jurisdictions. The new US administration, inaugurated in early 2025, started shifting its domestic and global environmental policies by focusing on fossil fuel

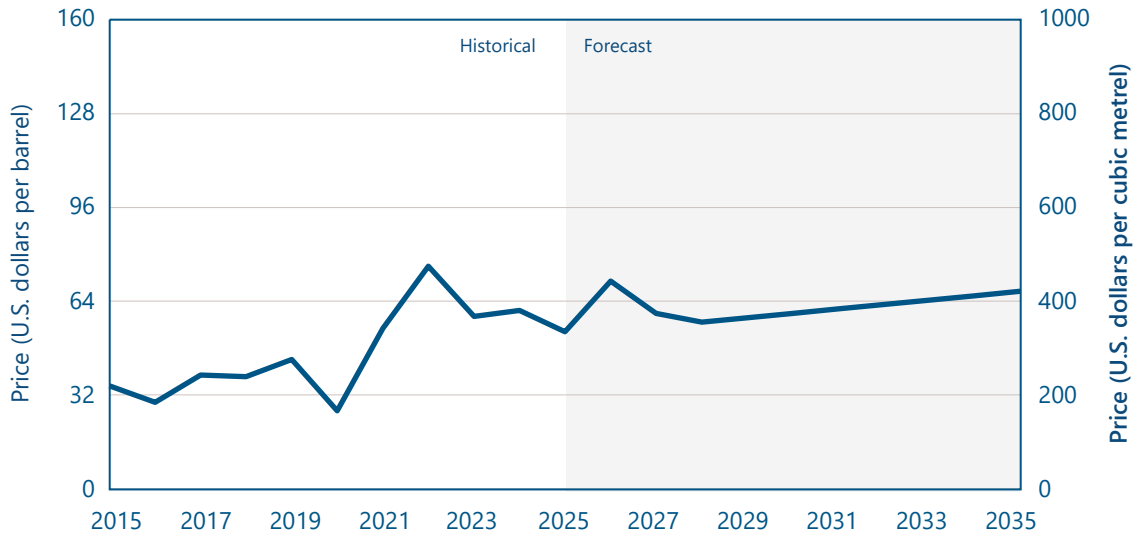
expansion over renewables, reassessing renewable energy incentives and withdrawing the US from the Paris Agreement on climate change. Several other countries, including Canada, the United Kingdom, and Germany, also reassessed their environmental goals for energy transition to ensure energy security and affordability. While environmental policies continue to evolve, oil and gas demand is expected to persist, which may provide Alberta with an opportunity to supply additional reliable energy.

In 2025, the federal and provincial governments signed a memorandum of understanding (MOU) to support oil production growth and expand pipeline export capacity for Alberta. Under the MOU, it is expected that environmental impact assessments for major projects will be accelerated.

The Government of Alberta reinforced its objective for shorter approval timelines by implementing an expedited 120-day provincial approval process for priority projects.

The Middle East conflict that began in late February 2026 has significantly constrained global energy supply and driven energy prices sharply higher. The Strait of Hormuz—a critical chokepoint through which about 20% of the world's oil and liquefied natural gas (LNG) supply flows—has been substantially disrupted. Consequently, major regional producers, including Saudi Arabia, Iraq, the United Arab Emirates, and Kuwait, have curtailed production as stranded exports accumulated, prompting the International Energy Agency to coordinate the largest emergency release of oil stocks in its history. Many countries, particularly in Europe and Asia,

FIGURE 1. WESTERN CANADIAN SELECT CRUDE OIL PRICE



Historical values from the Government of Alberta.

have been forced to ration energy consumption and impose caps on energy price increases. This has placed inflationary pressure on the global economy and could reduce economic growth globally.

Prices

Although oil prices rose in response to the Middle East conflict in 2026, prices fell in 2025, largely due to production increases by the Organization of the Petroleum Exporting Countries and its allies (OPEC+) and rising output from non-OPEC+ countries, including the U.S., Canada, Brazil, and Guyana. The Western Canadian Select (WCS) price decreased by 12% in 2025, averaging US\$53.70 per barrel (bbl), along with a lower West

Texas Intermediate (WTI) price. The differential between WTI and WCS narrowed in 2025 to an average of US\$11.14/bbl, compared with the 2024 average of US\$14.73/bbl, reflecting the additional crude oil takeaway capacity provided by the expanded Trans Mountain Pipeline.

The WCS price is forecast to average US\$71.00/bbl in 2026, ease to US\$57.00/bbl in 2028. In 2029 and beyond, prices are expected to increase gradually, reaching US\$67.50/bbl by 2035.¹ Figure 1 shows historical and forecast prices for WCS.

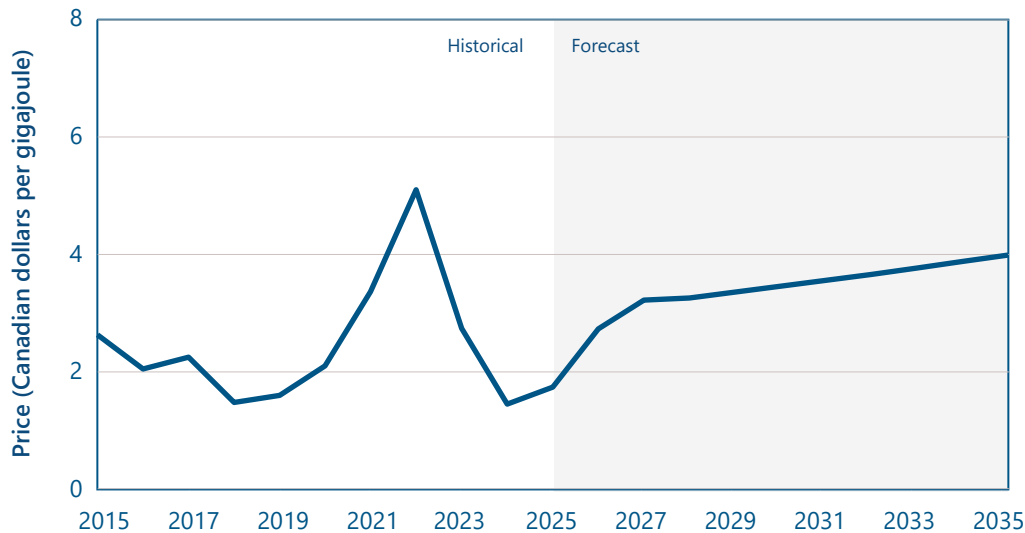
In 2025, the Alberta local natural gas price (AECO-C) increased to Cdn\$1.74 per gigajoule (GJ), primarily driven by strong oil sands fuel demand and the

start of LNG Canada's liquified natural gas exports. Despite this increase, the natural gas price differential between Henry Hub and AECO-C widened in 2025 due to rising supply and elevated inventories in Alberta.

The AECO-C price is forecast to increase to Cdn\$2.73/GJ in 2026, and then slowly rise to Cdn\$3.99/GJ by 2035. Figure 2 shows historical and forecast prices for AECO-C.

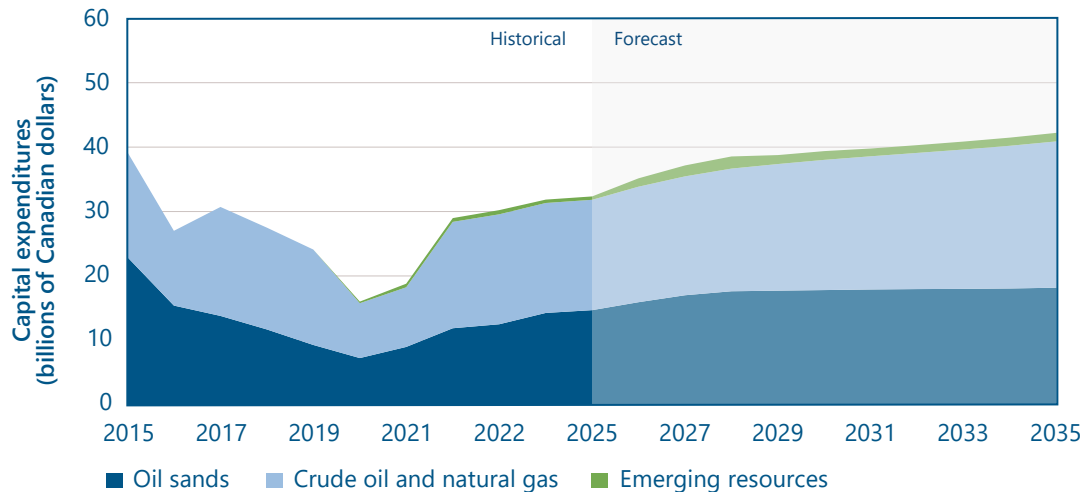
¹ Prices are determined by supply and demand factors, which are influenced by economic activity, seasonal temperatures, market access, and nonmarket factors. All price forecasts are compared with publicly available forecasts from major banks, consultants, and international forecasting agencies.

FIGURE 2. AECO-C NATURAL GAS PRICE



Historical values from the Canadian Gas Price Reporter and Intercontinental Exchange.

FIGURE 3. ALBERTA OIL AND GAS, OIL SANDS, AND EMERGING RESOURCES CAPITAL EXPENDITURES



2025 values are estimated. Oil sands, crude oil, and natural gas historical values are from CAPP. Emerging resources include geothermal, hydrogen, helium, and lithium. Historical figures are estimated. Hydrogen investment does not include CCUS.

Capital Expenditures

Total capital expenditures for crude oil, natural gas, oil sands, and emerging resources grew by 2% in 2025, reaching a ten-year high amid rising production. Investment in crude oil, natural gas, and oil sands increased; investment in emerging resources also edged up.

From 2026 onward, enhanced market access and expected long-term growth in crude oil prices are expected to provide opportunities for further investment in crude oil and oil sands projects. Higher natural gas prices and increased demand for diluent to transport oil sands are expected to drive investment for natural gas liquids

investments. Expansions, debottlenecking, new drilling, and continued improvements in operational efficiency are expected to support oil sands investment growth. Total capital expenditures in the crude oil, natural gas, oil sands, and emerging resources sectors are forecast to reach Cdn\$42.2 billion by 2035. Figure 3 shows the capital expenditure history and forecast for hydrocarbons and emerging resources.

Reserves

The AER has provided independent appraisals of Alberta's energy resources since 1961. The Government of Alberta uses information from these appraisals to develop policies and regional land-

use plans, and the energy industry uses them to evaluate investment opportunities in Alberta.

In 2024, the AER procured the services of McDaniel and Associates Consultants Ltd. (McDaniel) to evaluate Alberta's reserves and resources using industry-accepted methods published in the *Canadian Oil and Gas Evaluation Handbook* for conventional, unconventional, and oil sands formations. Based on McDaniel's 2025 full report, Alberta's diverse resource base is categorized into three areas: oil sands, conventional production, and six major resource plays: the Montney, Duvernay, Spirit River, Cardium, and Charlie Lake Formations, as well as heavy oil multilaterals

Table 1 Resources, reserves, and production summary

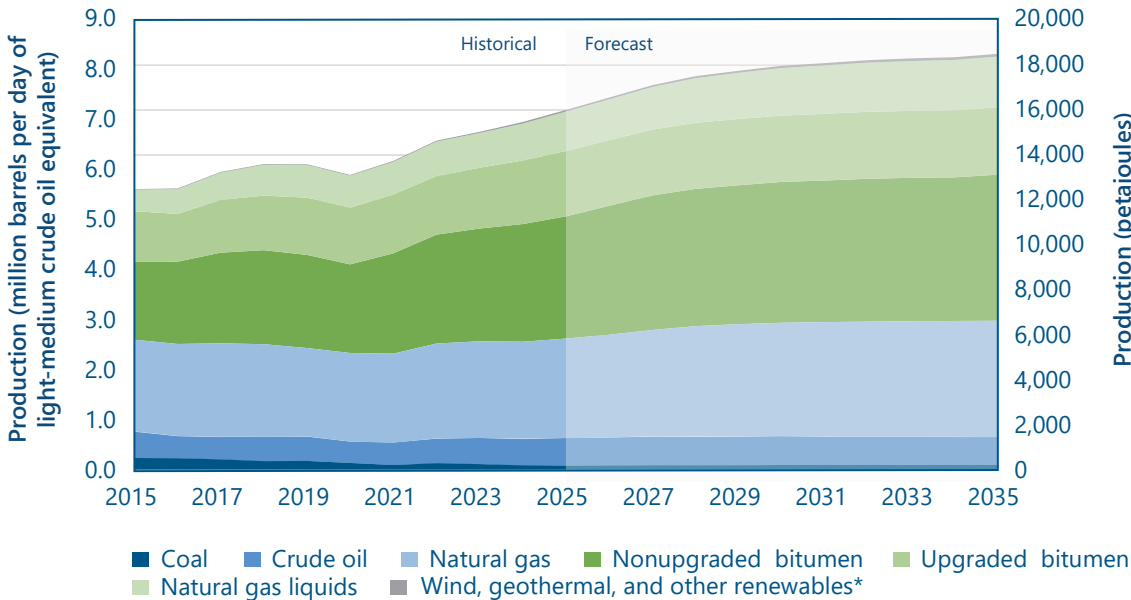
	Crude bitumen		Crude oil		Natural gas	
	(million m ³)	(billion barrels)	(million m ³)	(billion barrels)	(billion m ³)	(trillion cubic feet)
Initial in-place resources	293 125	1 845	15 628 ^a	98.3 ^a	10 749	381.5
Proved developed producing (PDP)	2 129	13.4	317.8	2.0	914.6	32.3
Proved undeveloped (PUD)	24 599	154.8	1 160	7.3	2 936	103.7
Total proved (as of Dec. 31, 2023)	26 729	167.3	1 478	9.3	3 851	136.0
Proved+probable developed producing (P+PDP)	2 384	15.0	349.6	2.2	1 014	35.8
Proved+probable undeveloped (P+PUD)	27 332	172.0	1 287	8.1	3 262	115.2
Total proved+probable reserves (as of Dec. 31, 2023)	29 716	187.0	1 637	10.4	4 276	151.1
2024 production	206.9	1.30	53.9^b	0.34^b	115.6	4.1
2025 production	215.7	1.36	56.4^b	0.35^b	118.4	4.2

Any discrepancy is due to rounding. Columns may not add up due to rounding. Crude oil proved and proved+probable reserve numbers include condensate and are sourced from McDaniel & Associates.

^a Crude oil initial in-place resources do not include condensate.

^b Crude oil production includes condensate.
m³ = cubic metres.

FIGURE 4. TOTAL PRIMARY ENERGY PRODUCTION IN ALBERTA



*Geothermal data included in 2020 to 2035.

(primarily the Clearwater Formation). Table 1 shows Alberta's resources, reserves, and production for oil and gas in Alberta. The data indicate that Alberta has sufficient reserves for many years of production.

Production

Total primary energy produced in Alberta increased by 3% in 2025,² as crude oil and oil sands producers raised output and took advantage of increased pipeline takeaway capacity resulting from the expanded Trans Mountain Pipeline. Natural gas production also increased, driven by higher gas prices and stronger demand from the oil sands sector for natural gas and diluent.

In 2025, Alberta produced an estimated 16 007 petajoules (PJ) of energy from all sources, or 7.2 million barrels per day of light-medium quality crude oil equivalent (10^6 BOE/d). Upgraded and nonupgraded bitumen production accounted for 52% of total primary energy production in 2025.

Alberta is projected to produce 18 503 PJ (8.3×10^6 BOE/d) of energy from all sources by 2035. Figure 4 shows the primary energy production in Alberta by type.

Demand

Alberta's total primary energy demand was 6 367 PJ (2.9×10^6 BOE/d) in 2025. This is about 40% of total

energy production. Increasing demand for natural gas was primarily driven by oil sands operations, power generation, and petrochemical activity.

Alberta's energy demand is projected to increase to about 7 415 PJ (3.3×10^6 BOE/d) by 2035. Figure 5 shows the primary energy demand in Alberta by type.

² Trends and growth rates may differ slightly when standard units of measure, such as cubic metres or tonnes, are compared. Various grades of energy commodities have different heating values, and changes to their composition may yield slightly different numerical trends and growth rates.

FIGURE 5. PRIMARY ENERGY DEMAND IN ALBERTA

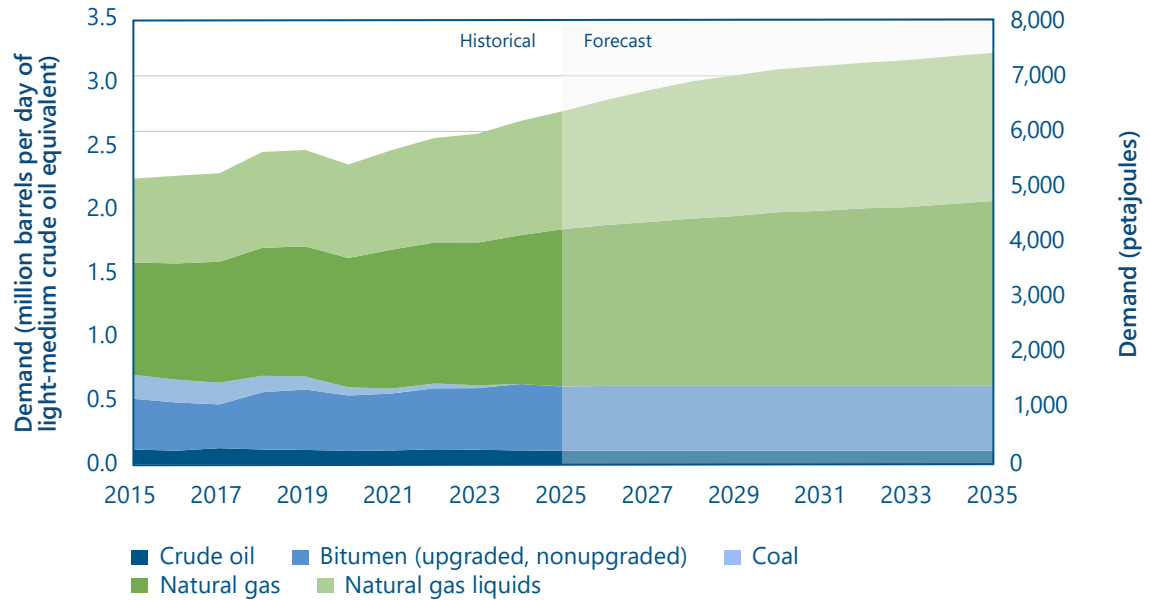
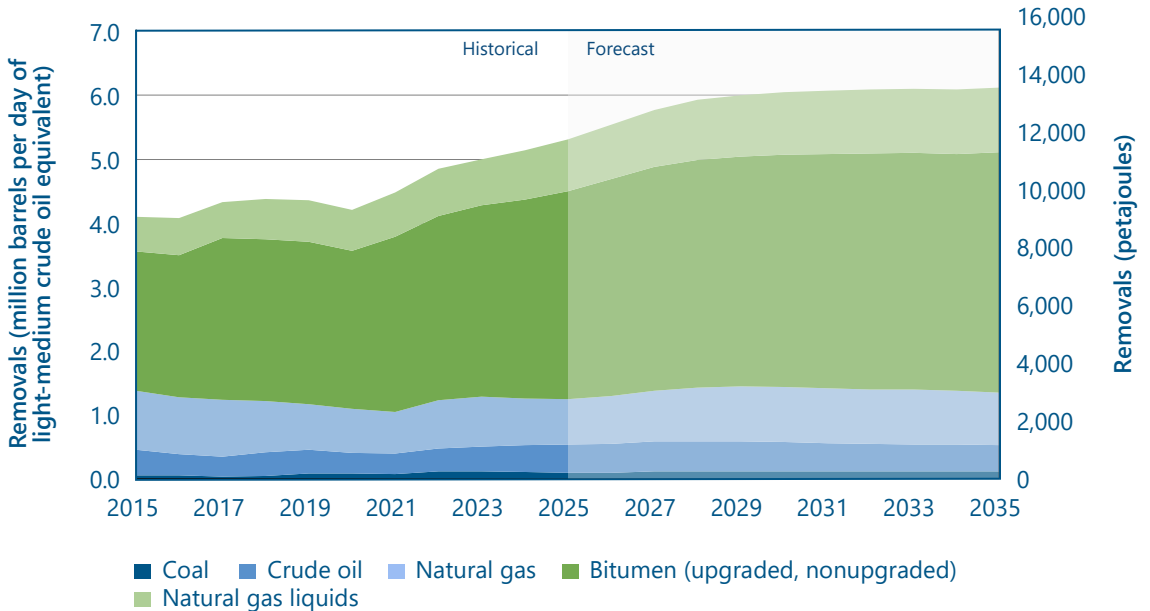


FIGURE 6. PRIMARY ENERGY REMOVALS FROM ALBERTA



Removals

Primary energy removals from Alberta increased by 3% in 2025. Sufficient pipeline capacity, along with increased production from crude oil, upgraded bitumen, and nonupgraded bitumen, contributed to increased energy removals. Total primary energy removals from the province in 2025 were estimated at 11 825 PJ (5.3 10⁶ BOE/d), with oil (bitumen and crude oil) and natural gas liquids accounting for 85% of the primary energy removals. In 2025, Alberta imported 685 PJ (0.4 10⁶ BOE/d) of pentanes plus from the US via

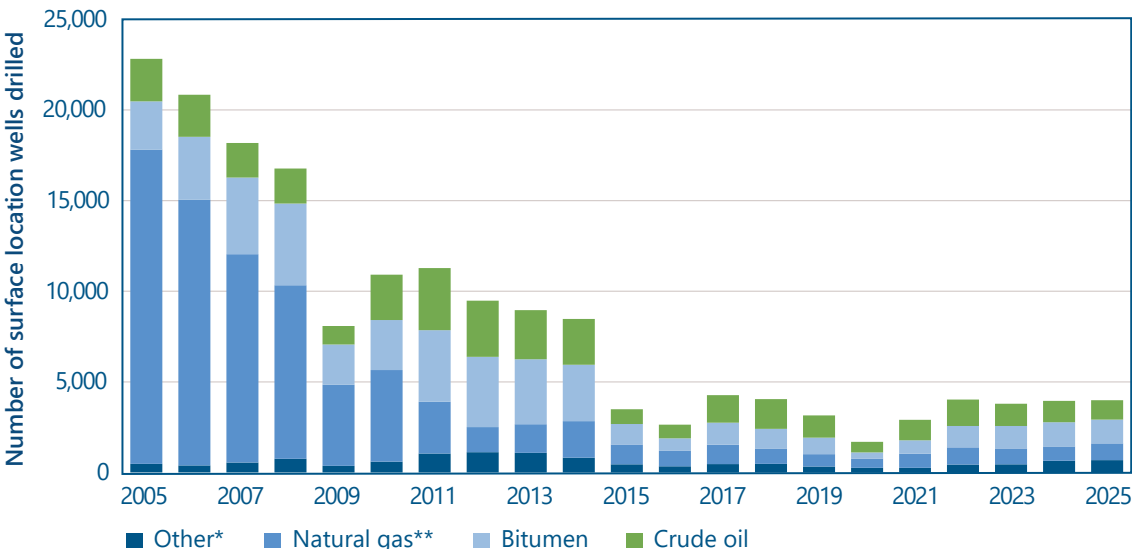
pipelines, and these volumes are included in pentanes plus removal data as a diluent used to transport bitumen in Figure 6.

Primary energy removals from the province are projected to reach 13 648 PJ (6.1 10⁶ BOE/d) by 2035, with bitumen and crude oil representing a growing share of total removals. Natural gas removals from the province are projected to increase, as production growth is forecast to outpace demand growth. Figure 6 shows the primary energy removals by type from Alberta.

Drilling Activity

Well legs with multiple bottom locations can connect to a single surface-location-drilled well that is specified in a well licence. Figure 7 shows that the number of surface-location-drilled wells—based on well licence records and intended spud dates—increased by 1% in 2025. Natural gas drilling increased by 19%, crude oil drilling decreased by 10%, and oil sands drilling decreased by 2%.

FIGURE 7. HISTORICAL DRILLING ACTIVITY FOR SURFACE LOCATION WELLS IN ALBERTA



Surface-location-drilled wells are based on well licence records, which include the intended spud date and fluid type.

* Includes unsuccessful, service, and suspended wells.

** Includes coalbed methane wells.

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