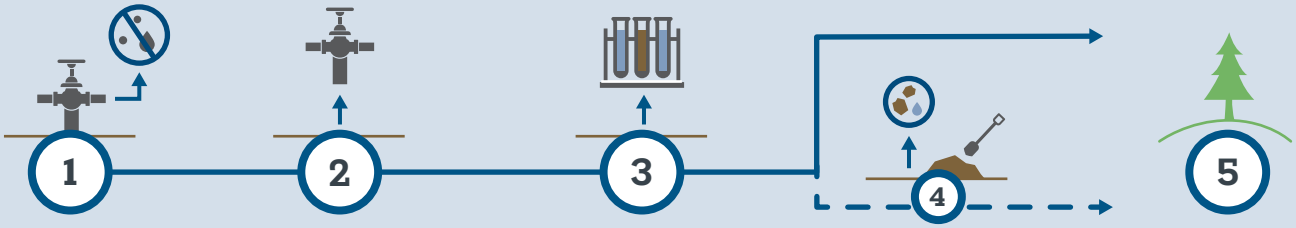
Liability Management 2025

Alberta Energy Regulator

What is closure and liability?

All energy infrastructure and development sites must be safely decommissioned, assessed, remediated where necessary, and reclaimed. Together, these activities are known as "closure." Industry has the regulatory obligation to complete closure work. Liability refers to the legal responsibility to safely close and clean up energy development sites, and the estimated cost to do this is the liability estimate.



Inactive
Well/facility has not produced for 6–12 months.

Decommission
Permanently plug and cut/cap wellbore. Remove equipment.

Environmental Site Assessment
Review historical information and assess soil and groundwater.

Remediate (if needed)
Clean up any contaminated soil and groundwater.

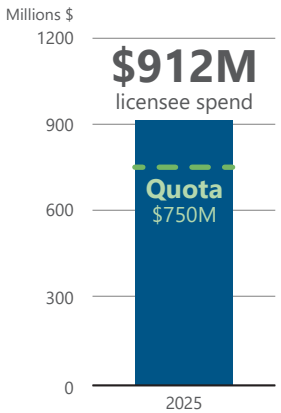
Reclaim
Redistribute soils and revegetate the site for eventual return to equivalent state.

How is industry performing?

After 20 years of steady growth, the number of inactive wells is now showing a declining trend as industry has increased its closure activity. Industry's continued focus on closure is needed to maintain this progress and address the remaining inactive infrastructure.

SURPASSING REQUIREMENTS

The industry closure quota increased to $750 million. Licensees surpassed the requirement by 22%.



ENSURING COMPLIANCE

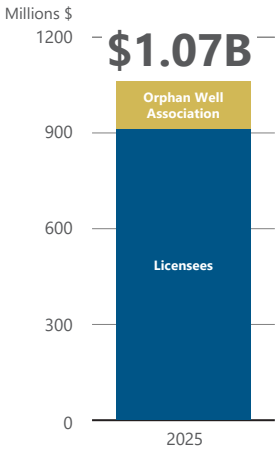
80% of licensees met their closure quota requirements, with many exceeding their required spending.

Outstanding obligations among noncompliant licensees represented 3% of the industry closure quota.



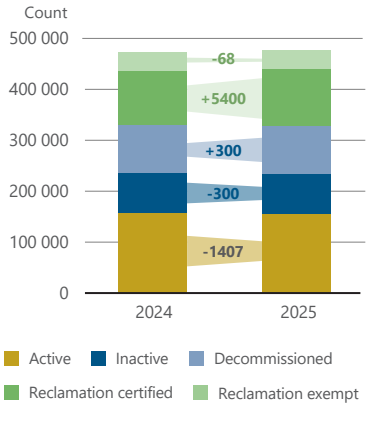
INCREASING TOTAL SPEND

Over $1 billion was spent on closure.



PROGRESS TOWARDS CLOSURE

Active wells (includes marginal) decreased by 1%.
Inactive wells decreased by 1%.



We're committed to improving transparency about industry's management of oil and gas liabilities. For more information on how we manage liability, visit **aer.ca**.