

Improvements needed to the liability management system

- “deemed assets” do not reflect a licensee’s actual assets or ability to pay for abandonment and reclamation.
- “deemed liabilities” for abandonment and reclamation are underestimated.
- “deemed liabilities” do not include other liabilities.
- Security held by the AER is entirely inadequate.

Options to address the problem

- Fixed and strictly enforced timelines for the abandonment and reclamation of inactive wells, facilities and pipelines.
- Security posted with the AER for the full cost of abandonment and reclamation.
- Relaxation of the requirement to prove up petroleum and natural gas leases within 5 years.



Outcomes we would like to see

- “polluter pays principle”: those who have directly benefited from the development of the resource are responsible for the costs of abandonment and reclamation.
- The costs of oil and gas development are fully internalized to the industry.

