Quick Reference Guide

Directive 88

Licensee Life-Cycle Management

"**CLOSURE**" means the phase of the energy resource development life cycle that involves the permanent end of operations, and includes the abandonment and reclamation of wells, wellsites, facilities, facility sites, and pipelines.

Year	Industry-wide Mandatory Target
2022 (set)	$422 million
2023 (set)	$700 million
2024 (set)	$700 million
2025 (forecasted)	$833 million
2026 (forecasted)	$909 million
2027 (forecasted)	$992 million

**When assets are acquired throughout the year, companies will not see an update until the following July.

What constitutes closure work?

**Teal indicates services offered by Summit

- Zonal abandonments
- SCVF/GM Testing
- SCVF/GM Repair
- Downhole plug repair
- Cut & Caps
- Total well abandonment
- Surface equipment removal
- Subsurface equipment removal
- Facility/Pipeline abandonment
- Phase I ESA/Phase II ESA
- Remedial Action Plan
- Risk Management Plan
- Site Assessments
- Remediation
- Reclamation
- Monitoring & Maintenance

What is not considered closure work?

- Well & Facility Suspension
- Pipeline discontinuation as well as their associated installations
- Remediation on active sites (ie spills)

The AER will determine a threshold for when licensees may elect to provide a security deposit in the full amount of their mandatory target instead of meeting the mandatory target through closure work. Only those licensees whose mandatory spend is less than $50,000 qualify for this.

Failure to spend the mandatory spend or provide a security deposit (post AER engagement) for the outstanding amount by the deadline will result in non-compliance enforcement and trigger a holistic licensee assessment.
Mandatory spends must be completed in the calendar year.

Deposit for any shortcomings of the mandatory target must be to the AER by January 31 of the following year. Credit is given for closure work completed.

Key Date: January 31st

Beginning in 2024, licensees will no longer be able to commit to a supplemental closure spend quota.

The AER will continue to look at opportunities to improve the Inventory Reduction Program.

Mandatory Spend = Inactive Liability x 6.7% for High Target Rate

Mandatory Spend = Inactive Liability x 3.6% for Low Target Rate

Low Target Rate = ~10% Inactive Well Count & High Financial Distress

High Target Rate = Not in Financial Distress

Additional Reference Documents

Click heading or scan code

Manual 023
Licensee Life-Cycle Management

D-013
Suspension Requirements for Wells

D-067
Eligibility Requirements for Acquiring and Holding Energy Licences and Approval

D-068
Security Deposits

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