



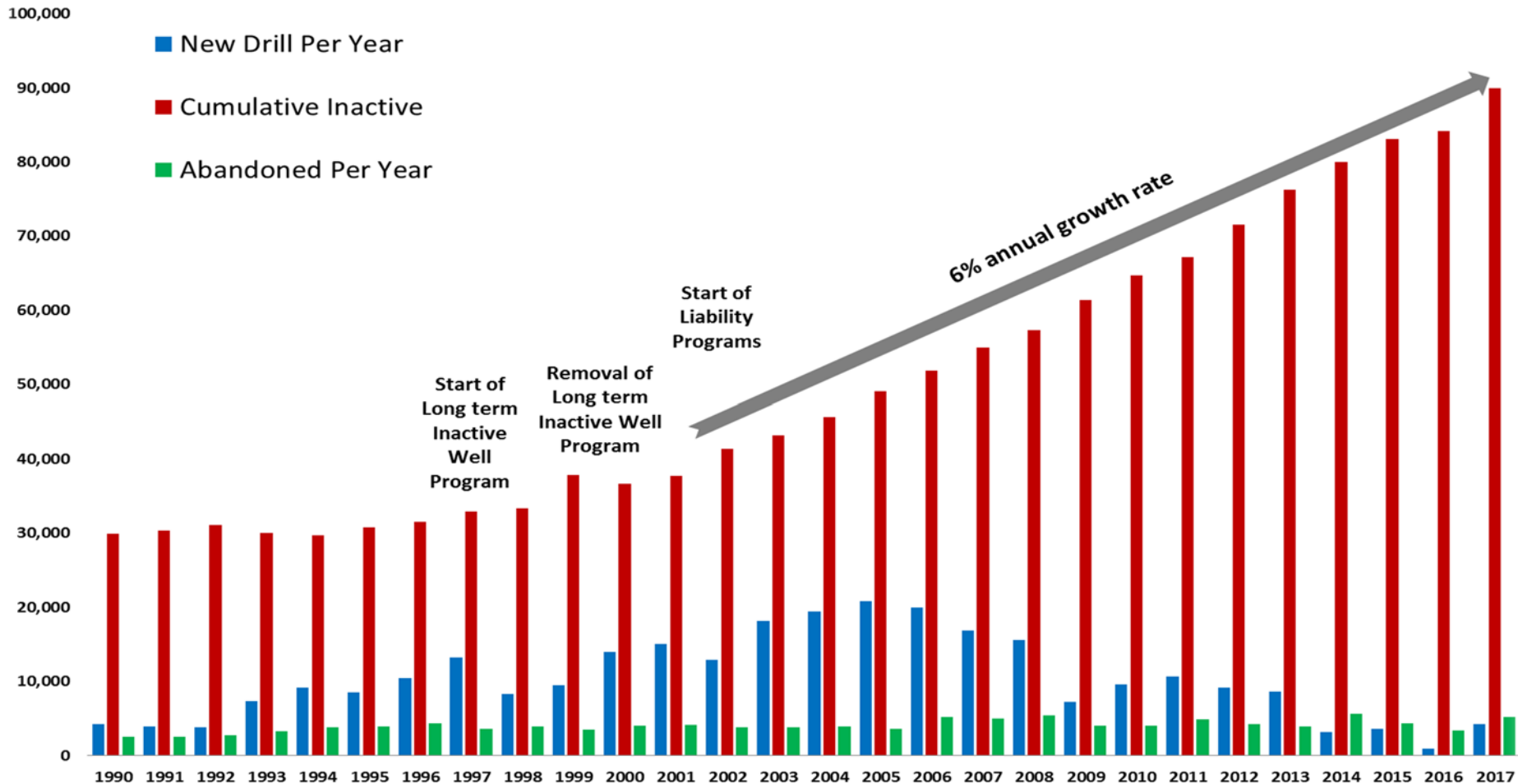
# Area-Based Closure

Dustin Shauer, Senior Specialist  
Liability Strategy Team, Closure & Liability

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# Overview

- 》 What is area-based closure (ABC)?
- 》 Objective, principles & outcomes
- 》 ABC Framework
  - 》 Liability Reduction Target, Reporting Requirements and Evaluating Performance
- 》 Next Steps



# What is ABC?

- ABC is a **voluntary, collaborative** initiative designed to encourage **timely and efficient** movement of inactive oil and natural gas infrastructure through the closure process, from abandonment to reclamation certification.
- ABC offers greater **flexibility** to industry participants by allowing them to choose the most efficient and effective way to achieve **timely closure** of **low-risk, inactive** sites.

# Objective

*To enable industry-wide area based closure of inactive oil and natural gas infrastructure and sites in a way that continues to prevent liability exposure to Albertans through movement of inactive inventory to closure while enhancing the province's reputation as a place to invest for sustainable energy development.*

# Principles

- 》 Flexible
- 》 Achievable
- 》 Scalable for all sizes
- 》 Transparent
- 》 Outcomes-focused
- 》 Data-driven
- 》 Collaborative
- 》 Continuous improvement

# Expected Outcomes

- 》 Reverse the inactive liability growth trend
- 》 Enhanced timeliness of closure of inactive sites
- 》 Greater understanding and transparency of liabilities
- 》 Broad industry collaboration
- 》 Efficient closure operations
- 》 Effective regulatory framework

# ABC Framework – Year 1

- All companies have the opportunity to participate in the program through the AER's OneStop system.
- Licensees may request an alternative to *Directive 013* medium risk type 6 requirements for that calendar year.
- AER may consider additional alternatives to area-specific low risk regulatory requirements.

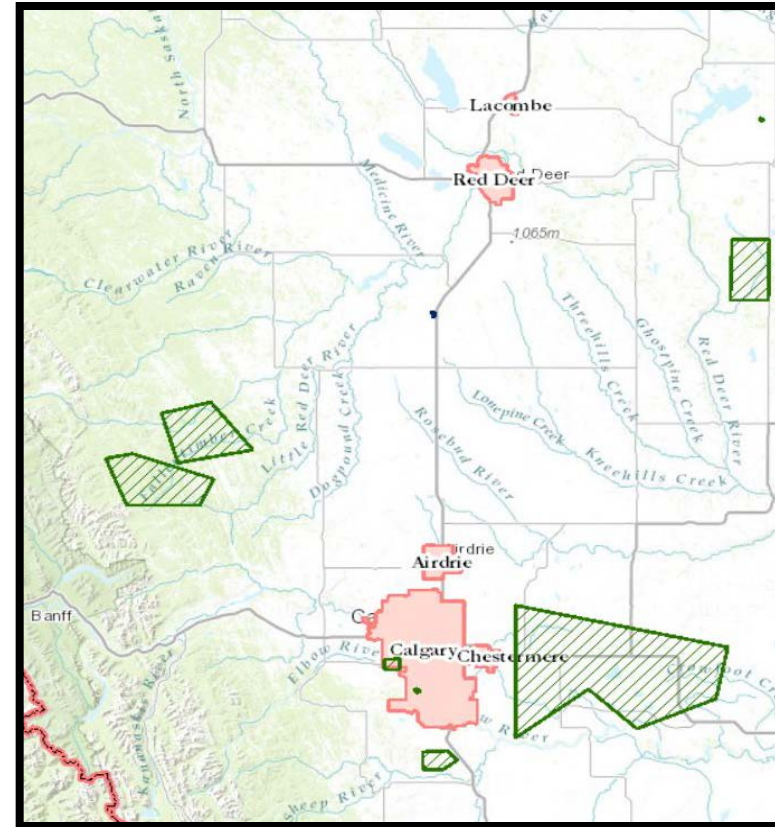
# ABC Framework – Year 1

- Licensees requesting an alternative to *Directive 013* medium risk type 6 requirements must make a commitment to closure spending via an Inactive Liability Reduction Target.
- Year 1 target is 4% of the Licensee's *Directive 011* deemed inactive liability.

*Note: target will need to increase over time to achieve the outcome of reversing the inactive liability growth.*

# Interactive Provincial Map

- › Where?
  - › 'Polygons' of ABC projects
  - › Proposed or Confirmed
- › What?
  - › Wells, Facilities, Pipelines
  - › Abandonment, Remediation, Reclamation
- › When?
  - › Year, Quarter
- › Who?
  - › Company contact information



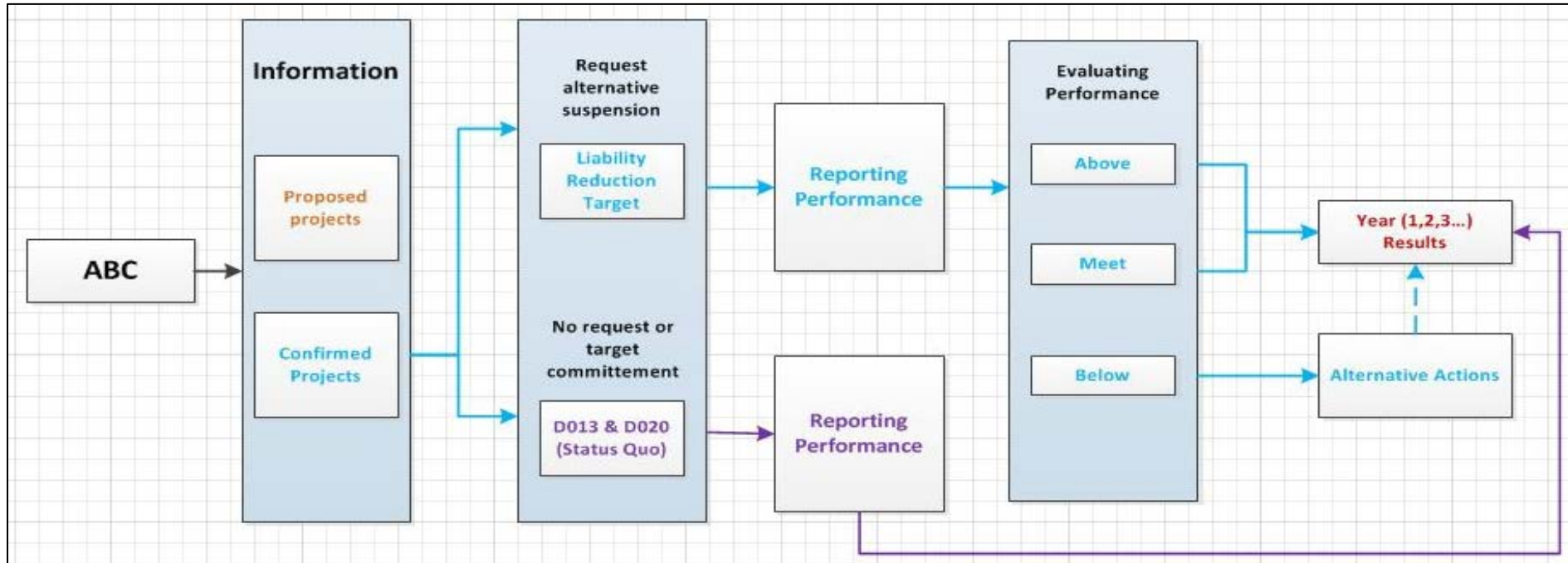
# Activity and Spend Reporting

- Closure **activities and associated expenditures** will be reported to AER through OneStop.
- '**Stage Gates**' to better measure closure progress.
- Spend on inactive wells, pipelines and facilities count toward the **inactive liability reduction target**.

# Evaluating Performance

- 》 Compare licensees' actual liability expenditure to their inactive liability reduction target.
  - 》 Above / Meet target - licensee may continue in ABC program
  - 》 Below target - licensee may or may not continue ABC program

# ABC Framework



# Next Steps

- › Steering Committee to remain in place
- › Program enhancements
- › Review additional incentives for the program (low-risk regulatory requirements)
- › Performance Reporting and share best practices
- › Review the inactive liability reduction target

# More Information / Contacts

- » Web Content, FAQs, Voiceover Recording
- » Contact AER: [abc.inquiries@aer.ca](mailto:abc.inquiries@aer.ca)
- » Contact your association (CAPP, EPAC, PSAC)



# Questions





**Thank you**