

Public Statement

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Alberta Energy Regulator pleased with Supreme Court of Canada Redwater decision

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For immediate release.

Calgary, Alberta (January 31, 2019)...

One of the Alberta Energy Regulator's (AER's) responsibilities is to protect Albertans. This duty recently took us to the highest court in Canada. The AER is steadfast in our belief that the public should not be on the hook for the closure and reclamation costs of insolvent licencees.

The AER appreciates that the courts at all levels took the time to carefully consider this important matter and in each instance issued clear, well-reasoned decisions. We are pleased that the Supreme Court recognized the potential massive impacts that this issue could have caused – not just for the energy sector— but for many industries across the country.

We are now working to understand the full implications of the Supreme Court of Canada's decision and what it means for the AER and Albertans – we expect our review to take several weeks.

It has been clear to us since we embarked on this journey that we must manage liability differently in order to continue protecting Albertans, our environment, and our province's many responsible operators.

We have already taken action. Improvements made to *Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals* gives us more discretion on who can hold a licence and to impose additional conditions on licencees. Companies must now provide more financial information to the AER. We are also developing a framework to assess risk using financial, behavioural, and inventory risk factors to identify which companies might be unable to meet their obligations. In 2018, we announced a program to encourage collaboration between companies to reduce inactive well inventory. But even with all those improvements, we know more must be done.

With the decision now in hand, we can align our plans with the court ruling as we continue to build a new liability management framework.

While there has been uncertainty in the energy sector as we waited for the Supreme Court decision, I am confident our regulatory system will be stronger, based on the decision and the lessons we learned through the process. Albertans can be certain that the AER will continue to ensure that Alberta's energy industry is regulated in a safe, efficient, orderly, and environmentally responsible manner.

Gordon Lambert
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