

**Inactive Liability Reduction Program
(ILRP)
Questions and Answers**



ILRP Questions and Answers

1. What are the cut off dates for spending? Is it based on a fiscal or calendar year?

The program is based on the calendar year. To qualify, all expenditures must be made during the 2023 calendar year, starting January 1, 2023 and ending December 31, 2023.

2. Is there reporting obligations that licensees must meet?

Yes. 90 days following year end, licensees will be required to report all expenditures on a licence by licence basis. Licensees will also be required to provide a statement certifying actual expenditures for each calendar year signed by its Chief Financial Officer or equivalent or a person who has legal signing authority for or on behalf of a licensee.

3. Can licensees use ASCP funds to meet their ILRP spending obligation?

No. Only actual expenditures paid for by the licensee will qualify. At year end, Energy and Resources (ER) will compare the company's reported expenditures against the ASCP data to ensure this is the case.

4. Do licensees claim the full gross expenditure on any retirement project or only claim the net working interest share of the expenditure towards their total obligation?

Claim the full gross expenditures for work conducted on infrastructure or sites for which you are the licensee. Do not claim expenses where you are a working interest but not the licensee.

5. Can licensees claim any excess spending over their minimum obligation for the current year, in the following year(s)?

Yes. Spending in excess of a licensee's ART can be carried forward and applied toward future spend obligations in subsequent years.

6. What types of expenditures qualify toward a licensee's ART?

Refer to Table 1, "Qualifying Expenditures" in the Appendix of the FSSCR.

7. Do expenditures on spill remediation at an active site qualify under the ILRP?

Not normally as this would be considered on-going maintenance at an active site. However, if the site has been identified as a problem site then such expenditures do qualify regardless of whether the infrastructure at the site is active or not.

8. Would expenditures to repair a surface casing vent flow or gas migration issue qualify under the ILRP?

No, only if the work is conducted as part of the well abandonment.

9. What if meeting the requirements of the ILRP would result in a licensee having to abandon or decommission inactive infrastructure that they plan to reactivate or use for a future purpose?

Refer to section 5-7 of the FSSCR.

10. Will a licensee's ART be adjusted if they sell or acquire inactive infrastructure over the course of the year?

If, through a transfer, a licensee acquires additional inactive liabilities or divests of inactive liabilities, there will be no recalculation of the licensee's ART for that year, unless a licensee does not have sufficient inactive liability post-transfer to meet its ART.

11. What if a licensee's ART in a given year is less than the cost to complete a well abandonment?

Refer to section 5-5(2) of the FSSCR.

12. How do I view my company's current ART and carryover?

The Inactive Liability Reduction Program (ILRP) details can be viewed in IRIS. On the home screen hover over 'Support' and click 'My Business Associate.' On the right side, click LLR Details. This should take you to the main tab for LLR 'Main' tab. Next to that tab is the 'Inactive Liability Reduction' tab. The top Summary is the current snapshot of the ILRP program and the bottom Detail is the Year-Over-Year look at the program.

13. In IRIS, I can't see any obligation or any screens related to ILRP, how can I fulfill this obligation?

The user will need to get the following permissions added to your profile in IRIS:

- I.INF.LLRCorporateHealthTest.Maintain
- I.INF.LLRCorporateHealthTest.View
- I.INF.LLRInactiveLiabilityReduction.Maintain
- I.INF.LLRInactiveLiabilityReduction.View
- I.LLR.Obligation.Notification
- I.LLR.Obligation.Submit
- I.INF.ConfidentialPermanent.All.View
- I.INF.LiabilityManagementApplications.Administrator
- I.INF.LiabilityManagementApplications.Applicant
- I.INF.LLR.View

14. What if the ART is not met in a calendar year?

The 'ART Decrease Request' application can be submitted in IRIS to request a lower ART for the calendar year. In a single PDF, the licensee must clearly describe their circumstances and provide a detailed explanation as to why the current ART should be reduced. The PDF file is attached to the 'ART Decrease Request' application and will be reviewed by the ministry.

If the ART is not met for a calendar year an ILRP invoice may be issued. Posting security is not an acceptable long-term (year over year) alternative for meeting the requirements of the ILRP. In order to meet compliance with the ILRP, licensees will be required to carry out actual abandonment, decommissioning, reclamation and remediation work.