



Legislative Assembly of Alberta

The 31st Legislature
Second Session

Standing Committee
on
Public Accounts

Energy and Minerals

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**Legislative Assembly of Alberta
The 31st Legislature
Second Session**

Standing Committee on Public Accounts

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Lunty, Brandon G., Leduc-Beaumont (UC), Deputy Chair

Cyr, Scott, Bonnyville-Cold Lake-St. Paul (UC)
de Jonge, Chantelle, Chestermere-Strathmore (UC)
Eremenko, Janet, Calgary-Currie (NDP)
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* substitution for Tara Sawyer

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Standing Committee on Public Accounts

Participants

Ministry of Energy and Minerals

Wade Clark, Assistant Deputy Minister, Energy Policy

Larry Kaumeyer, Deputy Minister

Roxanne LeBlanc, Assistant Deputy Minister, Financial Services

Rob Morgan, Chief Executive Officer, Alberta Energy Regulator

Robert Murray, Chief Operating Officer and Assistant Deputy Minister, Strategy and Market Access

9 a.m. Tuesday, April 14, 2026

[Mr. Sabir in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance.

My name is Irfan Sabir, the MLA for Calgary-Bhullar-McCall and chair of the committee. As we begin this morning, I would invite members, guests, and LAO staff at the table to introduce themselves, and we will begin to my right.

Ms de Jonge: Thank you, Chair. Good morning, everyone. Chantelle de Jonge, MLA for Chestermere-Strathmore.

Mr. Lundy: Good morning, everyone. Brandon Lundy, MLA for Leduc-Beaumont.

Mr. van Dijken: Glenn van Dijken, the MLA for Athabasca-Barrhead-Westlock.

Mr. Yao: Tany Yao, Fort McMurray-Wood Buffalo.

Mr. Cyr: Scott Cyr, MLA for Bonnyville-Cold Lake-St. Paul.

Dr. Murray: Bob Murray, chief operating officer for the Department of Energy and Minerals.

Ms LeBlanc: Roxanne LeBlanc, senior financial officer, Energy and Minerals.

Mr. Kaumeyer: Deputy Minister Larry Kaumeyer, Energy and Minerals.

Mr. Clark: Wade Clark, assistant deputy minister, policy division, Energy and Minerals.

Mr. Morgan: Good morning, everyone. Rob Morgan, chief executive officer of the Alberta Energy Regulator.

Mr. Leonty: Good morning. Eric Leonty, Assistant Auditor General.

Mr. Schmidt: Marlin Schmidt, Edmonton-Gold Bar.

Ms Renaud: Marie Renaud, St. Albert.

Member Eremenko: Good morning. Janet Eremenko, MLA for Calgary-Currie.

Ms Robert: Good morning. Nancy Robert, clerk of *Journals* and committees.

Mr. Roth: Good morning. Aaron Roth, committee clerk.

The Chair: Thank you.

We will now go to those joining us online. Please introduce yourself as I call your name. MLA Jackie Lovely.

Mr. Roth: She went offline.

The Chair: Well, I'll note for the record the following substitutions. Mr. Yao is substituting for Mrs. Sawyer. We did receive a substitution for Mr. Cyr. Mr. Rowswell was supposed to substitute, I think. Now you're attending?

Mr. Cyr: May I?

The Chair: Yeah.

Mr. Cyr: Right. I had a conflict with the private member bills, so Mr. Rowswell was covering for me during that time, but that committee ended early, so I'm here.

The Chair: Okay. Thank you.

Purpose statement. The Standing Committee on Public Accounts is mandated to review the public accounts of the government of Alberta and reports of the Auditor General. The committee examines the administration of government policy, not the merits of it, with the objective of enhancing transparency and accountability in government spending of public funds. The committee operates best when it maintains a nonpartisan approach in carrying out its responsibilities on behalf of all Albertans.

A few housekeeping items to address before we turn to the business at hand. Please note that microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of the meeting can be accessed via the Legislative Assembly website. Members, please set your cellphones and other devices to silent for the duration of the meeting, and comments should flow through the chair at all times.

Before we proceed, I will let MLA Jackie Lovely introduce herself.

Ms Lovely: Good morning, everyone. MLA Jackie Lovely for the Camrose constituency.

The Chair: Thank you.

Hon. members, are there any changes or additions to the agenda? If not, would a member like to move the Standing Committee on Public Accounts approve the proposed agenda as distributed for its April 14, 2026, meeting?

Mr. Yao: I'll participate.

The Chair: MLA Yao.

Any discussion on the motion? All in favour? Any opposed? Thank you. The motion is carried.

We also have minutes from the March 31, 2026, meeting of the committee. Do members have any errors or omissions to note? Seeing none, would a member like to move that the Standing Committee on Public Accounts approve the minutes as distributed of its meeting held on March 31, 2026?

Ms Lovely: So moved.

The Chair: MLA Lovely.

Any discussion on the motion? All in favour? Any opposed? The motion is carried.

I would like to welcome our guests from the Ministry of Energy and Minerals and the office of the Auditor General, who are here to address the ministry's annual report 2024-25, responsibilities under their purview during that reporting period, and relevant reports and outstanding recommendations of the Auditor General.

I invite officials from the ministry to provide opening comments not exceeding 10 minutes. The deputy minister.

Mr. Kaumeyer: Thank you, Mr. Chair. My name is Larry Kaumeyer. I'm the Deputy Minister of Energy and Minerals. Joining me today here on my right is Rob Morgan, the CEO of the Alberta Energy Regulator; Wade Clark, who is in charge of policy for the department; Roxanne LeBlanc, who is our financial officer; and Bob Murray, who is our chief operating officer. We are also supported by Adrian Begley, who is behind us, who is the CEO of

the APMC, as well as Tracy Wadson, who is in charge of operations within the department.

It's a pleasure to be here today to speak to the work of Energy and Minerals during the 2024-25 fiscal year. Energy and Minerals serves as the steward of Alberta's energy and mineral resources and is responsible for collecting nonrenewable resource revenues. As a revenue-generating ministry the department also marks the Crown's conventional crude oil royalty barrels received in lieu of cash royalties through the Alberta Petroleum Marketing Commission.

In 2024-2025 the ministry collected nearly \$22 billion in nonrenewable resource revenues. That's about \$4.7 billion above budget and \$2.7 billion higher than the previous year. This increase was driven primarily by a lower than forecast foreign exchange rate, higher west Texas intermediate prices, narrower light-heavy price differentials, and increased gas royalties due to a higher Alberta natural gas reference price. Throughout the year ongoing geopolitical risks remained in focus, with the fiscal year concluding amid evolving tariff threats from the United States.

Turning to production, in 2024 marketable oil sands production reached a record high of 3.38 million barrels per day, an increase of about 4 and a half per cent from 2023. This growth followed the completion and start-up of the Trans Mountain pipeline expansion, which provided producers with greater market access and the ability to increase output. Conventional crude oil production also increased modestly last year from about .52 million barrels per day in 2023 to .54 million barrels per day in 2024. Alberta's annual marketable natural gas production remained largely unchanged. Drilling activity increased for crude oil and bitumen wells while natural gas drilling declined over the same period slightly.

Looking ahead, reasonable forecasts continue to show demand for oil and gas for decades to come, and I think we've all seen that recently in regard to the disruptions in the Middle East.

Alberta's government is building on this foundation to diversify the energy sector and advance emerging technologies and markets. A key priority is expanding market access, including liquefied natural gas exports. Alberta's government continues to work with industry regulators and other governments to streamline project approvals, improve pipeline access, and advance infrastructure to ship clean natural gas products to international markets. As countries such as Japan and South Korea seek long-term, reliable LNG supply, Alberta is well positioned to be able to be a supplier of choice through emerging LNG projects on the west coast.

Hydrogen also represents a significant emerging opportunity, and government is taking steps to position the province as a global leader in hydrogen. Alberta is the largest producer of hydrogen in Canada. Over the past year the department began revisiting Alberta's hydrogen road map to support policy development and investment attraction. At CERAWEEK in Houston the Premier and the Japanese Organization for Metals and Energy Security renewed a 2021 memorandum of understanding to explore supplying clean hydrogen as ammonia. Alberta also worked directly with global companies to address competitiveness gaps and infrastructure constraints related to ammonia exports.

9:10

Alberta's government remains committed to a practical approach to achieving net-zero emissions by 2050, with carbon capture, utilization, and storage playing a central role. Over the past year the province continued to support the Quest and Alberta carbon trunk line projects with funding allocated through 2025 to capture approximately 2.8 million tonnes of carbon each year. This is equivalent to the annual emissions of almost 600,000 vehicles.

Several companies also announced decisions to move forward with large-scale carbon capture storage hub projects, with three hubs signing carbon sequestration agreements with government and advancing toward necessary regulatory approvals.

Ensuring the long-term sustainability of Alberta's oil and gas sector remains a key priority. The province's liability management framework has been making great strides to clean up inactive wells and sites across the province. According to the Alberta Energy Regulator's most recent liability management performance report the number of inactive wells decreased by almost 20 per cent between 2020 and 2024. The report also notes that industry has been doing their fair share, exceeding their closure spending requirements target by 28 per cent with total spending of almost \$900 million in 2024 and 2025.

The Orphan Well Association also made significant progress in decommissioning and reclaiming orphan wells, pipelines, and facilities, with the number of fully reclaimed sites increasing by 22 per cent over the year before. As more sites are decommissioned, the OWA continues to work on remediation and reclamation. To help inform the development of a strategy to address mature oil and gas wells, Alberta's government engaged with stakeholders across all sectors of the industry the past year. In addition, government is establishing a working group with municipal partners to address related issues such as unpaid municipal taxes from oil and gas producers.

Alberta is home to one of Canada's largest petrochemicals manufacturing industries, and according to Alberta's Industrial Heartland there is an opportunity to grow the province's petrochemical sector by more than \$30 billion by 2030. To help capitalize on this tremendous opportunity, the Alberta petrochemical incentive program, or APIP, is encouraging further development, attracting billions of dollars of new investment and creating good-paying jobs here in Alberta. APIP funds 12 per cent of a project's eligible capital costs for any petrochemical facility using natural gas as a feedstock after it becomes operational. In 2024 Alberta signed an agreement with Rocky Mountain Clean Fuels to provide a \$20.8 million APIP grant to support their \$173 million gas-to-liquids facility. As well, APIP continued to support Dow Chemical's furnace expansion project and Inter Pipeline's Heartland Petrochemical Complex.

Increasing market access to transport the province's resources to markets in North America and around the world remains central to maximizing value for people living in Alberta. Last year Alberta's government primarily focused on advocacy and engagement of key initiatives such as Enbridge line 5 pipeline and Trans Mountain. In May 2024 the Trans Mountain expansion project began operations, increasing capacity from approximately 300,000 barrels per day to almost 900,000 barrels per day.

To help the province get top dollar for bitumen, Alberta's government also announced its intention to enable the bitumen royalty in kind program. This will allow Alberta's government, through the Alberta Petroleum Marketing Commission, to expand market access.

The Chair: Thank you, Deputy Minister.

I will now turn it over to the office of the Auditor General. Mr. Leonty, you have five minutes.

Mr. Leonty: Good morning, committee members and all those officials here from the Ministry of Energy and Minerals. Thank you for the opportunity to provide you with an overview of the work of the office of the Auditor General, including our 10 outstanding recommendations to the Alberta Energy Regulator. There are currently no outstanding recommendations to the department, APMC, or the Alberta Utilities Commission.

I'll begin with our financial statement audit work for fiscal '24-25. We audited select financial transactions at the Department of Energy and Minerals as part of our audit work of the province's consolidated financial statements. In addition, we conducted separate financial statement audits of the Alberta Energy Regulator, the Alberta Utilities Commission, the Alberta Petroleum Marketing Commission as well as the postclosure stewardship fund. We issued clean audit opinions for each of these entities for the year ended March 31, 2025. Of note, environmental liabilities have been a key audit matter and a subject of significant risk identified during our financial statement audits for the last several years.

In addition to our financial statement audit work, I want to highlight two past audits. We made nine outstanding recommendations in our report on liability management of non oil sands oil and gas infrastructure, and we released that report back in March of 2023. Albertans need an effective liability management system to hold industry accountable for meeting their environmental obligations and to ensure that liability management risks are properly managed. Inactive oil and gas infrastructure that is not properly closed can pose serious environmental, public health, and economic risks to Albertans. Failure to ensure that operators and industry conduct and pay for the safe shutdown of their infrastructure does potentially increase the risk that extensive closure costs could be shifted to the public, which is why we completed the audit in the first place.

We found that Alberta Energy Regulator does have liability management processes in place during the audit period we looked at. However, not all those processes were well designed and effectively mitigating risks associated with the closure of oil and gas infrastructure. One of the key findings of the report was that public reporting and external performance measurement on liability management are insufficient to assess whether results are actually being achieved and whether risks are being properly managed. The absence of external performance measures, including clear goals and targets, dates back a number of years and has historically limited public accountability for the performance of the liability management system.

Overall, we made nine recommendations to the AER to improve its processes. These include for collecting sufficient security, ensuring compliance with closure requirements, ensuring timely closure activity, reducing industry's growing liability for inactive sites, assessing information and sustainability of OWA, and processing licence transfer applications. We also recommended that AER improve its performance measurement processes and public reporting along with its enterprise risk program. With one exception related to financial security collection, these recommendations are ready for assessment. We're currently in the process of following up those recommendations, and we'll be reporting in the not too distant future.

There's also one outstanding recommendation from our 2021 report on processes to provide information about government's environmental liabilities. We recommended that AER and Environment and Protected Areas complete case-by-case assessments on potentially contaminated sites where there's no owner or there's no industry backstop and then determine whether any cleanup work must be completed by the government to ensure the safety of the public and the environment.

Our recommendation also included estimating the costs to complete that necessary work. Due to the lack of clarity about responsibility, funding sources, and priorities departments and agencies were not providing Treasury Board with relevant information about the portfolio of sites for which the government is maybe responsible, has accepted responsibility, or where regulators have been unable to identify a responsible party. Without good

information the government may not accurately account for environmental liabilities, resulting in the province's financial statements not reflecting the total environmental liabilities of the province that they're responsible for. This recommendation is not yet ready for us to assess, but we do understand from both organizations that that should be ready very shortly.

Thank you to the management group here today for their time, co-operation, and assistance during our audits.

That concludes my opening comments, Chair. Thank you very much.

The Chair: Thank you, Mr. Leonty.

We will now hear questions from the committee members, and we will begin with the Official Opposition. You have 15 minutes in this rotation.

Mr. Schmidt: Thank you, Mr. Chair. Page 87 of the annual report says that the department incurred \$362 million in costs higher than budget for resource development and management, primarily due to contingent liabilities. Can the deputy minister explain these contingent liabilities?

9:20

Mr. Kaumeyer: The increase in the 2025 actual over the 2024-25 budget is primarily due to the additional \$362 million accounting accrual for contingent liabilities related to ongoing litigation claims. That is predominantly based on the coal file, which is before the courts.

Mr. Schmidt: In January of 2025 the department lifted the moratorium on coal development, in part, according to the Premier, to protect taxpayers from the cost of potential lawsuits from coal companies. Now, this assessment of contingent liabilities: was that done before or after the moratorium was lifted?

Mr. Kaumeyer: The coal litigation contains information about the litigation against the Crown. Regarding coal projects led by Justice, Energy and Minerals, and TBF, or Treasury Board of Finance, the terms of any settlements are privileged and confidential, and the government cannot discuss details related to the settlements of any other active litigation at this time. The government of Alberta has executed agreements with certain coal companies that resolve lawsuits against the government of Alberta. Two companies . . .

Mr. Schmidt: If I could just interrupt the deputy minister for a second. My question was related to the assessment work that the department did to assess the legal risk of these lawsuits prior to lifting the moratorium. What was the likelihood of these lawsuits to succeed, and how much were the liabilities deemed to be at risk before the moratorium was lifted?

Mr. Kaumeyer: The legal risk that we've identified at this time, regardless of the moratorium, is privileged. At this time, because it's in front of the courts, we cannot provide that detail.

Mr. Schmidt: Okay, so we can't – the department refuses to tell us what their assessment of the actual likelihood was although we do have a number, \$362 million, that's linked to contingent liabilities. It would be interesting to know whether or not that number increased or decreased as a result of the moratorium, but the government refuses to answer that question.

We now know that Atrum Coal settled its claim for \$143 million and that Evolve Power, formerly Montem Resources, settled its claim for \$95 million. Can the deputy minister tell the committee what the people of Alberta got in exchange for those settlements?

Mr. Kaumeyer: Two of the companies, as you've mentioned, Evolve Power-Montem resources and Atrum, have publicly disclosed some details to comply with Australian law. I believe that the opposition can go and access that; it's in the public domain. Atrum and Evolve Power-Montem Resources announced that they have executed definitive agreements with the government of Alberta resolving their claims on the Elan and Chinook coal projects, respectively. The government has concluded these matters fairly, in accordance with Albertans' desires and best interests, and it's committed to protecting the foothills and the Rocky Mountains. But the details you're asking for are in the public domain, so I would ask you to go and look for them.

Mr. Schmidt: What protections on those two particular projects did the people of Alberta get in exchange for \$240 million in settlements? Did the department cancel coal leases? Were exploration permits revoked? What legal permissions were settled?

Mr. Kaumeyer: It's all in the public domain.

Mr. Schmidt: Well, then tell us.

Mr. Kaumeyer: Well, that's not – I mean, you can go and get those details.

Mr. Schmidt: Yeah. Well, you were the one who settled the lawsuits. Why can't you tell the committee my question?

Mr. Cyr: Point of order. We're now getting into (b), (c), (h), (i), and (j). He's being abusive with the deputy minister. I would say that repeating the question over and over again, when he has said that this is in the public domain, seems to be futile, Mr. Chair. Continuing to ramp this up and not going through the chair with this is also a very big problem this member seems to have repeatedly in this meeting. I would ask that the chair maybe ask the member to get back to this meeting, the scope that we have. Instead of repeating this needless barrage of questions that have been asked and answered, can we move on, sir?

Mr. Schmidt: Well, thank you, Mr. Chair. Of course, we don't have a point of order here. Standing Order 23(b) has never been successfully argued. It's always been the position of the chair of this committee that members are free to ask questions until they're satisfied that they've gotten the answer. I haven't reached that point yet, so I don't think that that's a point of order.

With respect to abusive language I'm sorry that I'm expressing the frustration of millions of Albertans who can't seem to get the details of a \$362 million lawsuit that was settled on their behalf by this government. In fact, I would argue that it's the department that's using abusive language by refusing to be transparent about what it's doing here. There's no point of order here, and I ask that I be allowed to continue this line of questioning.

The Chair: Thank you.

Member, you have thrown everything in there from section 23. Section (b), "speaks to matters other than the question under discussion," I don't think that's the case here; (c), "persists in needless repetition," we are not even 10 minutes into this meeting; (h), "makes allegations against another Member," that's not the case here; (i), "imputes false or unavowed motives," that's not the case here; and "uses abusive or insulting language," I didn't find that's the case; (j), that was. There was no point of order and, frankly, somewhat a waste of the committee's time.

Also, I would ask the deputy minister as well. Even the annual report is in the public domain. You cannot just say that since it's

public domain, you won't answer. You don't have to give a specific answer, but I would ask that you try to answer whatever is in the scope and within the purview of the ministry's 2024-25 annual report and activities.

With respect to questions through the chair I have always been lenient on both sides. As long as conversation is flowing smoothly, kept respectful, I'm fine with back and forth, but again, it's always good to direct the questions through the chair.

Thank you.

Mr. Schmidt: Thank you. To repeat my question: what assurances did the people of Alberta get that no coal projects will happen on those locations as a result of these settlements with Atrum Coal and Evolve Power?

Mr. Kaumeyer: I think the assurances that the government provided are that we have concluded these matters fairly and in accordance with Albertans' desires and best interests, and it is committed to protecting the foothills and the Rocky Mountains, as previously stated.

The terms of the settlements were confidential. The government is unable to comment on these matters as the terms of these settlements are confidential and in accordance with the agreements by the companies.

Mr. Schmidt: I guess we traded \$250 million for magic beans, as far as we know.

Has any settlement been reached with either Cabin Ridge or Northback?

Mr. Kaumeyer: That is before the courts, and at this time I can't disclose that.

Mr. Schmidt: Why didn't lifting the moratorium end their claims?

Mr. Kaumeyer: Companies have the ability to put forward a claim if they so choose to. That's up to them. That is before the courts.

Mr. Schmidt: Valory Resources, also known as the Black Eagle Mining Corporation, also told journalists that it had settled its claim against the government but declined to state the amount. Can the deputy tell the minister how much the settlement with Valory Resources was?

9:30

Mr. Kaumeyer: Again, these agreements have been settled, including both Energy and Minerals as well as the Department of Justice that we've worked very closely with to ensure that those settlements have been addressed and dealt with, and in accordance with the terms and conditions of those settlements they are confidential and at this time not in the public domain in regard to the details.

Mr. Schmidt: Why did the department agree to these nondisclosures? Did it think that it wasn't in the public interest for the people of Alberta to know where up to \$362 million was being spent and what they were getting in return for that?

Mr. Kaumeyer: I don't believe that the government felt that at all. I think the government felt that we were acting in the best interests of both the companies and Albertans to ensure that we actually settled the suits appropriately within the conditions.

Mr. Schmidt: But you can't tell us what we got in exchange nor any of the terms of the agreements or even the amount that was paid to any of these, so the deputy minister has an interesting

interpretation of public interest. Can the deputy minister say anything about what Albertans got in return for the settlement with Valory Resources? What protections did we get for the projects that it was undertaking?

Mr. Kaumeyer: I would direct the member back to the public statements made by the companies that have settled with them. They have made comments relative to what their settlements are, and that is where the facts are.

Mr. Schmidt: Was the cancellation of the hearing of Valory Resources' proposed mine 14 part of the settlement?

Mr. Kaumeyer: Again, that is within the settlement in a confidential manner, and that is where it sits.

Mr. Schmidt: We know through freedom of information requests that the AER CEO contacted the minister's chief of staff with the deputy minister's approval to discuss the mine 14 hearing. What we don't know is whether this kind of contact is routine. How many times in the fiscal year 2024-25 did the CEO of the AER contact the minister's office to discuss applications that were before the regulator?

Mr. Kaumeyer: First, I would suggest that your comment that the deputy minister made that assumption relative to the AER CEO is incorrect. If you have a fact on that, I'd like to see that the deputy minister actually was involved in actually guiding the AER CEO to the minister's office, which is not true. I'd like to see that. I'd like to see that document that proves that the deputy minister actually directed that.

Mr. Schmidt: No.

Mr. Kaumeyer: Well, that's what your statement said.

Mr. Schmidt: No, I said: with your approval.

Mr. Kaumeyer: That's what you said, and I will refer to the CEO of the AER for that for a follow-up.

Mr. Morgan: Thank you. The choice that the CEO of the Alberta Energy Regulator made was to inform government that this decision was before the regulator. The CEO looked at all of the facts associated with that, all of which was articulated in the decision that was released. The basis for the CEO's decision, all of the facts and the basis for that decision, were contained in that disclosure, which is publicly available.

Mr. Schmidt: So my question wasn't necessarily with respect to proposed mine 14, although I do find it interesting that the CEO is referring to himself in the third person. Perhaps he's feeling so guilty about this decision that he's even dissociating from himself. But my question was how many times did the CEO contact the minister's office in the 2024-25 fiscal year to discuss applications that were before the regulator?

Mr. Morgan: I, as the CEO, joined the regulator in February 18 of 2025, and on one occasion informed the government that a decision was pending, and that was the extent of it.

Mr. Schmidt: And what was the project in question?

Mr. Morgan: That was the Summit mine 14, the reconsideration decision that I made on the hearing, the ongoing hearing, the hearing at the time and to reconsider that hearing.

Mr. Schmidt: Thank you very much.

Mr. Chair, forgive me for saying this, but neither the department of energy nor the AER have a tremendous track record of being forthright and honest. I'm wondering if the CEO . . .

Mrs. Sawyer: Point of order.

Mr. Cyr: This is a clear point of order.

Mrs. Sawyer: Mr. Chair, 23(j). I'm sorry; you surely can see – yes, laugh because you're disrespectful – how he's using abusive, insulting language and tone with the minister's aide. Like, surely you see this.

Mr. Schmidt: A tone. I didn't hear a reference to a standing order, so I don't think there's a point of order here.

Mrs. Sawyer: I did. I said: 23(j).

The Chair: Through the chair. Don't go back and forth.

Mrs. Sawyer: Now through the chair.

The Chair: Yes, now through the chair because you are raising a point of order and points of order will be argued through the chair, not among the members. That's why.

Mr. Schmidt: Thank you, Mr. Chair. I don't think this is a point of order. This isn't abusive or insulting language. This is language based on reported facts related to the department of energy and the Alberta Energy Regulator and, in fact, based on their responses that we've heard to previous questions that I've just asked. So I don't think this is a point of order here.

The Chair: I do think at this point it is a point of order because you could use different language about the record of this department or AER and using this language will actually cause disorder, so please choose your words differently and try to rephrase your question.

Mr. Schmidt: Thank you, Mr. Chair. I appreciate your guidance on this matter.

Let's just say that I don't believe the Alberta Energy Regulator CEO when he says that he contacted the deputy minister's office only one time. So I'm wondering if he's willing to table, to prove this claim to the committee, all of his correspondence, e-mail, phone records, to show that he has only contacted the minister's office one time.

Mr. Morgan: No, I am not prepared to disclose that.

Mr. Schmidt: Interesting. Interesting choice to refuse to enhance the credibility of the organization that he represents.

The annual report discusses the liability management framework on page 58. The department indicates that it is ready for the Auditor General to conduct a follow-up assessment on the recommendation to monitor, enforce, and report on the inventory reduction program. Yet in its most recent liability management report the AER still doesn't report on the timeliness of cleanups, and its own data shows that inventory reduction spending is still highly focused on decommissioning and neglects remediation and reclamation. How can the department claim that it's ready for follow-up when its own data shows that they failed to implement the Auditor General's recommendations?

Mr. Kaumeyer: The AER's liability management performance report is an annual publication under the AER's industry performance program. The report offers a snapshot of industry

performance in managing oil and gas liabilities. It highlights annual progress and provides context of specific liabilities associated with oil and gas operators, including trends in infrastructure growth, estimated liabilities, and details on required spending by operators to close oil and gas assets across the entire province. The report is available at www.aer.ca.

If asked about preventing dining and dashing or small companies from assuming more risk, then they can manage the holistic licence assessment, the HLA, approach supported by the licensee capability assessment that replaces the AER's licence liability rating program. You can assess the report itself and it will provide you with the details.

Mr. Schmidt: Thank you. My question was related to specific recommendations that the Auditor General had regarding reporting on the timeliness of cleanups and focusing work on decommissioning and neglecting remediation and reclamation. The liability management report shows that they haven't addressed those concerns that the AG recommended. How can the AER say that it's ready for follow-up when it clearly hasn't implemented the AG's recommendations?

Mr. Kaumeyer: I would say that we have. In fact, according to the AER's regulatory 2024 Liability Management Performance Report the total liability for Alberta's oil and gas sector was estimated at approximately \$36.6 billion in '24, including inactive and inactive liability distributed across the province. That has come down over the past year, and in fact the Auditor General has stated that he has that recommendation forthcoming.

9:40

The Chair: Thank you.

We will now move to the government side for 15 minutes. MLA de Jonge.

Ms de Jonge: Thank you so much, Chair, and through the chair to the deputy and to your other officials, thank you for being here this morning. I appreciate the really important work that you do on behalf of Albertans. I hope that we'll have a respectful dialogue for the rest of our meeting this morning.

Looking on page 55 of the annual report, the ministry reports on the regular engagement with the federal government, with stakeholders, and with other provinces on concerns of federal policies that intrude into areas of provincial jurisdiction. To those who know the history of our province, going back to the '30s with the Natural Resources Transfer Act to the work Lougheed did on section 92A of the Constitution, you know, through the chair, that this is very, very important to Alberta. It's actually defined our relationship with the federal government since 1905.

Now, we're looking at areas like the Impact Assessment Act, the oil and gas emissions cap, which are federal policies that intrude on our areas of provincial jurisdiction. Going back to your comments on page 55 of the annual report, what are some ways that Energy and Minerals is working with other provinces and the federal government to protect our province's jurisdiction in areas of resource development, and specifically how successful have these initiatives been within the fiscal year in question?

Mr. Kaumeyer: All right. Well, thank you, MLA. In October of 2024 the government of Alberta gave the federal government a four-week deadline to remedy the unconstitutional provisions in the amended Impact Assessment Act or face another legal challenge. The federal government has failed to address Alberta's concerns, and in response the government of Alberta has referred the constitutionality of the amended Impact Assessment Act to the

Alberta Court of Appeal. Since that time, as the MLA may be aware, the government has engaged with the federal government to look at how the Impact Assessment Act, a contribution agreement could be developed between the federal government and the provincial government, and we have found some success in drafting that proposal within the IAA. That does not change the overall approach that we're taking as a government, though.

The government of Alberta also undertook a thorough evaluation of the draft federal oil and gas sector emissions cap regulations and submitted Alberta's technical submission to the draft regulations based on a number of grounds. Alberta is asking the federal government to listen to the concerns raised by this technical submission. The government of Alberta will be challenging these regulations in the courts immediately after their enactment.

Since that time, as I'm sure the MLA is aware, the province of Alberta has had an excellent record of reducing emissions within the province. We have had our first success in regard to reducing emissions, based on a 2019 objective from the federal government in which we exceeded the emissions target in regard to methane emissions, particularly from industry. We are subsequently in the process of and have signed an agreement with the federal government via the MOU by which we and industry have collaborated and worked very closely together to ensure that we can have a further reduction in methane emissions, to 75 per cent by 2035. That is consistent with what industry believes that they can deliver upon.

The substantive work that the government has done and that, frankly, my department has done in ensuring that we can continue the path of reducing methane emissions, which have a high degree of potency, while also, most importantly, ensuring that the industry can continue to grow while managing this is something that we feel we've done quite successfully.

Ms de Jonge: Through the chair, thank you for the work you're doing, Deputy.

I want to chat a bit about hydrogen and ammonia exports. My constituency is home to a Nutrien facility and to Orica, which is a producer of ammonia nitrate and as well Rocky Mountain Clean Fuels, which you mentioned in your opening remarks. Pages 43 to 44 of the annual report outline your work to promote and advance ammonia exports as a method to export clean hydrogen to markets in Asia.

My questions are: you know, how are these international markets using hydrogen to meet their energy needs, and what's the opportunity here for Alberta? Specifically, how has Alberta, through your ministry, worked with industry, with the federal government, and, importantly, with B.C. as well to ensure that we have market access through the Pacific coast? Finally, this is a quickly evolving international market. I'd like to know how your ministry is working on this and how Alberta is responding to that call.

Mr. Kaumeyer: Thank you. We've done some comprehensive work in regard to the establishment of a hydrogen road map, and the analysis conducted in support of that indicates that Alberta's future capacity for clean hydrogen production could be approximately 45 million tonnes per year given Alberta's abundant natural gas supply to support incremental hydrogen production.

The province has tremendous advantages relative to producing clean hydrogen using natural gas in conjunction with carbon capture, utilization, and storage. We have significant volumes of low-cost natural gas supply, great geology relative to pore space to store any carbon, various government supports and incentives, and

existing energy infrastructure and a functioning carbon price market that goes to support the ability of that.

From the perspective of the work that we have done with the federal government, we believe strongly that there needs to be more work done by the federal government to support the transportation of ammonia to the west coast of British Columbia predominantly for export. We work very closely with industry to ensure that we could find viable ways by which that transportation could take place, and we continue to advocate for that in Ottawa with the federal government in particular.

We've also done some work in regard to that with Saskatchewan in small ways and other provinces that are looking for the ability to move their gas out as well. Of course, British Columbia would play an active role relative to that. The primary transportation needs would be through rail, and it's through rail that we are looking at how we would derisk the ability to move large volumes of hydrogen, MLA, to ensure that we can do that in a safe manner.

To date the work continues. There are still projects within the hydrogen and ammonia road map that we continue to develop. At this time it's sitting with the federal government to decide formally whether they are prepared to support the additional investment that would be required to ensure that hydrogen and ammonia can be safely transported to the west coast.

Ms de Jonge: Thank you, Deputy, through the chair.

With that, I'll cede my remaining time to my colleague.

The Chair: Thank you.

If I could just take a little bit of time to ask Mrs. Sawyer to introduce herself.

Mrs. Sawyer: Thank you, Mr. Chair. Tara Sawyer, MLA for Olds-Disbury-Three Hills.

The Chair: Thank you.

MLA van Dijken.

Mr. van Dijken: Okay. Thank you, Chair. I'm going to ask a couple of questions with regard to liquefied natural gas, pages 44 and 45 of the annual report, an important part of the strategy to expand our natural gas exports. The importance of LNG market access is critical in ensuring that we are able to continue to access the Asian market especially. Could you explain to us what opportunities you see for Alberta in terms of trade diversification and responsible LNG exports?

I see there are half a dozen projects that are listed on page 44. Additionally, can you explain the impact that some of these projects will have on the energy sector once they're completed? Can you explain to us how Energy and Minerals is working with industry and other partners in government to advocate for LNG market access specifically?

9:50

Mr. Kaumeyer: Thank you, MLA van Dijken. I think we are all very well aware of what is occurring relative to the ability to expand our LNG markets globally right now. We probably as a country are having a do over. Could we have gone back 10-plus years and actually had a federal government that supported the ability to expand projects more expeditiously, we would have more volume going off. We have LNG Canada, of course, that is moving almost two megatonnes of LNG today, and it's going about the process right now. In fact, we expect by the fall for phase 2 of LNG Canada to actually be approved by the federal government along with supports from the British Columbia government.

From the perspective of Alberta the primary project that would go to support gas for Alberta is the Ksi Lisims project. That project is currently moving itself towards a final investment decision. We don't have a date on that, but that project in and of itself would see a significant percentage. As high as 60 per cent or 70 per cent of the gas in that project would be from Alberta sources, which I think is quite important.

We continue to work closely with our B.C. colleagues to ensure that we are looking at the projects that are forthcoming on the west coast to ensure that we can have the ability to move more LNG. I think, more importantly than anything, we can all see today, as we look across the globe in regard to what's occurring with the demand side of LNG and the secure supply that comes with Alberta being able to provide that to the west coast with a 12- to 15-day shipping time to Asian markets, that there are many Asian partners today that I think will be and continue to look at Alberta as a reliable, safe source of natural gas and, frankly, Canada. I think that we have a huge opportunity if we can advance these projects. We need to move faster – I think we can all agree on that – and I think that the opportunity is there for us to see that Ksi Lisims in particular is one that we will support directly.

The department is working on a gas royalty in kind in the same way that we worked on a bitumen royalty in kind program. That will be something that we look at at some point later this year relative to our ability to directly market our gas as a province to support small to medium-sized producers who need aggregation and support with being able to get their gas to market. We see that as being a way in which we can go to support, through producers, the ability to actually have these projects expanded and get that gas to market, where it can be, obviously, exported on an LNG basis to other countries.

Mr. van Dijken: Thank you for that.

I'm going to target the Alberta petrochemicals incentive program in my next question, a program that, as you said in your introduction, provides 12 per cent incentive upon completion of construction and using natural gas. How successful has the APIP been at attracting new investment, and can you speak to Alberta's investment competitiveness in the petrochemical sector? How does the APIP compare to similar programs in other jurisdictions in North America?

Mr. Kaumeyer: Yeah. Thank you for the question again, MLA. The APIP, or Alberta petrochemical incentive program, has been successful at attracting significant new investment to the province and strengthening our competitiveness in the petrochemical sector overall. Since its launch in 2020 APIP has generated strong interest from both domestic and international investors by offering a clear rules-based grant of up to 12 per cent of eligible capital costs after the project is finished and operational.

In 2024-25 the APIP applications represented almost \$38 billion in potential investment for the province, more than 53,000 construction jobs, and more than 1,600 permanent jobs, demonstrating strong market confidence in Alberta as a place to invest in the petrochemical sector.

While some U.S. jurisdictions offer larger headline incentives through negotiated tax abatements, those programs are often complex. They are locally negotiated and less predictable than APIP. APIP's strength is that it is simple, transparent, and bankable given the investor's confidence that the incentive will be delivered once eligible criteria are met. As a department we continue to look at APIP applications that are coming in, which tells me, MLA, that the program continues to be attractive and continues to attract investment.

The Chair: Thank you.

We will now hear questions from the Official Opposition. In this round you have 10 minutes. Member Schmidt.

Mr. Schmidt: Thank you very much. I want to return to the recommendations that the Auditor General made to the Alberta Energy Regulator, specifically with respect to the inventory reduction program. The AG recommended improving enforcement of the inventory reduction program. It's interesting that in 2023 the AER identified that 91 per cent of its licensees were compliant with the mandatory closure spend, but in 2024 that number dropped to 85 per cent. How can the AER claim that it's ready for the AG to follow up on its assessment of the implementation of the recommendation to improve enforcement when its own data shows that they're actually getting worse at enforcing the closure spend and not better?

Mr. Kaumeyer: In regard to recommendation 4 the Alberta Energy Regulator advised the Auditor General that it was ready for a follow-up audit as of September 3, 2025 – I believe that the Auditor General will confirm that – following the completion of key actions to implement the recommendations as suggested. It's important to note that the audit occurred during a period of transition as the liability management framework was being implemented and liability programs were being modernized . . .

Mr. Schmidt: Thank you, Deputy Minister. My question was with respect to enforcement in particular. Can the department or the AER CEO talk about the enforcement action that was taken in 2023 or 2024 to enforce the mandatory closure spending?

Mr. Kaumeyer: I think that the AER has followed the LMF, or the liability management framework, that was announced and began implementation in 2020. The number of inactive wells has fallen by 14 per cent, from 91,000 in 2020 to 78,000 in 2022, and continues to fall throughout the 2023 and 2024 period.

Mr. Schmidt: Again to the deputy minister: what enforcement actions were taken by the AER to enforce the mandatory closure spend? Ninety-one per cent of licensees were compliant. That means 9 per cent weren't in 2023. Fifteen per cent of licensees weren't compliant with the mandatory spend in 2024. What enforcement actions were taken to get the money from those licensees that was required of them in the closure program?

Mr. Kaumeyer: Do you want to take that, Rob?

Mr. Morgan: Thank you for the question through the chair. The AER has a number of compliance tools that they use when there are conditions of noncompliance, which would include companies that are unable to pay their minimum spend from a liability spending perspective. The AER has an escalation that they will write orders for those. They will issue a notice of noncompliance initially, and in a number of cases where issues of noncompliance have been notified, companies have complied. In some cases it was just simply an oversight, and they were able to actually pay and make sure that they did submit the correct expenditures.

Mr. Schmidt: On that point, then: in 2023 and in 2024 how many of the noncompliant licensees then complied with the requirements after being issued a notice of noncompliance?

Mr. Morgan: The statistics are ultimately the individual companies that did comply. For any outstanding noncompliances the AER would then issue further compliance tools, including refer status. Global refer status is one of the tools where the company, then, is

no longer able to receive approvals for applications or drill wells. If noncompliance continues, the company can issue additional orders to the company.

Mr. Schmidt: Thank you. I appreciate the AER CEO's explanation of the tools that it could use. It's well known that the AER refuses to use its tools to enforce compliance with a number of measures.

10:00

My questions are specifically with respect to the enforcement actions that were actually taken in 2023 and in 2024 to enforce compliance with the mandatory spend. What actual actions did the department take? I'm not interested in hearing about hypothetical tools that are at the disposal of the Energy Regulator. What tools did you actually use and for whom?

Mr. Morgan: Depending on the individual situation, the AER would use the tools available for those licensees that were in a situation of noncompliance.

Mr. Schmidt: Again, the CEO can answer the question. He's refusing to do so. He's talking in hypotheticals. Tell us exactly what enforcement tools were used in 2023 and 2024 to enforce compliance with the mandatory spend.

Mr. Morgan: If the company refuses to pay, the AER will start with a notice of noncompliance.

Mr. Schmidt: Thank you. I'm going to move on because the CEO is intent on wasting the time of the committee with not answering the questions.

The AG recommended that the AER improve the licence transfer processes by developing a system to track, monitor, and report on the effectiveness of discretion requests, yet the most recent liability management performance report contains no such information. How can the AER say that it's ready for the Auditor General to follow up on the assessment of this recommendation when it's failing to track, monitor, and report on this measure?

Mr. Morgan: Through the chair, the AER has completed an assessment of the Auditor General recommendations and believe we have complied and have submitted those results to the Auditor General, as the Auditor General has indicated, and we are waiting for the feedback from the Auditor General.

Mr. Schmidt: Is there currently a system to track, monitor, and report on the effectiveness of the discretion requests in licence transfers?

Mr. Morgan: The AER has a very robust licence transfer process that was implemented as part of the liability management framework. As part of that framework the AER will assess all licence transfers through the holistic licensee assessment and will determine if there is security that would be required to be paid by companies associated with any risk of the ability of those individual companies to manage their future liabilities. Those notices are provided to those companies, and those payments are collected by the AER.

Mr. Schmidt: Thank you very much for another non answer from the CEO.

The AER says that it's ready for the AG to follow up on its recommendation to evaluate compliance assurance activities on suspended and abandoned wells. What compliance assurance activities did the AER conduct in 2024-25, and what were the results of those compliance activities?

Mr. Morgan: The AER conducts approximately 10,000 inspections per year on sites to ensure compliance, to respond to notifications or questions of concern on individual . . .

Mr. Schmidt: Thank you to the CEO. Again, this is a specific question on compliance assurance activities on suspended and abandoned wells that the Auditor General identified needed to be approved. I'm not interested in hearing about the total number of inspections that the AER conducted. How many compliance inspections and activities were conducted with respect to suspended and abandoned wells specifically?

Mr. Morgan: The AER conducts inspections on individual companies, individual sites based on a risk-assess approach where there is deemed to be a risk to public safety and/or noncompliances. The inspectors . . .

Mr. Schmidt: Just a number. All I'm looking for is a number. How many compliance assurance inspections and enforcement actions were conducted in '24-25? Just a number. Give us a number.

Mr. Morgan: I don't have a number.

Mr. Schmidt: Okay. You could have just said that rather than filling the air with non answers.

The AER says that it's ready for the Auditor General to follow up on its recommendation to improve reclamation certification controls. Now, what targets has the AER set for audits? Did it meet them? What was the noncompliance rate for reclamation certificates issued in the '24-25 year?

Mr. Morgan: I'm sorry. I don't have the information on the specific compliance rates. The information was provided to the Auditor General for his consideration.

Mr. Schmidt: Can the CEO even tell us what the target is for audits on reclamation certification?

Mr. Morgan: Depending on the number of reclamation certificates that are received, the AER does generally proceed with a risk-based assessment of those. As with everything that the AER proceeds with, it's all risk based, and the intent is to identify any specific risk-based issues. If there is a particular landowner complaint, the AER will send an inspector out to assess the complaint with the landowner.

Mr. Schmidt: Again, the risk-based system was in place when the Auditor General did his initial assessment, and it was deemed to be unsatisfactory. It doesn't sound like the AER has done anything to implement the Auditor General's recommendations.

The Chair: Thank you.

We will now hear questions from government members. In this rotation you have 10 minutes. MLA Lundy.

Mr. Lundy: Well, thank you very much, Mr. Chair, and thank you, of course, to our officials for joining us here today. Through the chair I'd like to ask some questions on royalties and payout. These are extremely important considerations for all Albertans. They in no small part fund our essential services that we rely on every day in health care and education and other important aspects of our lives, so I think it is important to hear from the department just a few details and some information on our royalties. I have a series of questions. Through the chair I will be referencing pages 73 to 77 of the annual report. This is where we detail the ministry's royalty programs to attract investment and encourage development. My

first question to the deputy: can you please, for the benefit of this committee and perhaps those at home, provide an overview of Alberta's royalty regime?

Mr. Kaumeyer: Through the chair, thank you, MLA Lundy. I'm happy to provide an overview. A key component of much of Alberta's royalty system is the revenue minus cost principle, which is the foundation for our royalty system in the province. This means the base for royalties paid is determined by not only revenues but also costs, which are deductible. This principle also allows operators to share some risks with the Crown and incentivizes future investment, which, of course, is instrumental if the province is in fact going to double its oil production.

The current R minus C royalty systems in the province of Alberta have a two-tier royalty structure determined by the actual payout status. The Crown charges a lower royalty rate at the initial stage of production. This initial prepayout phase, as it's called, allows companies to recover their upfront costs. Once a company has recovered its initial investment for a project, mine, or well, it transitions to a postpayout, which has a higher royalty rate.

Alberta has, for example, not only oil and gas but also royalty rates on coal. Alberta has two coal royalty regimes. Subbituminous coal royalties are a flat rate royalty charged on a per-tonne basis, and that rate is the lower of \$2 per tonne or \$2 multiplied by the Crown royalty adjustment factor per tonne. The Crown royalty adjustment factor – we refer to it as CRAF – is set by ministerial order. That currently results in an effective rate of \$55 a tonne and is in effect until the end of 2026. We are assessing our current coal royalties shortly here. Bituminous coal royalty is a revenue minus cost regime at this time.

For oil and gas the prepayout well pays a lower royalty rate and then transitions to postpayout rates once the well's revenue exceeds its assigned C-star, as it's referenced. The structure gives operators more certainty about recovering their initial investment. For prepayout wells royalty rates typically range from 5 per cent of revenues while revenue is less than costs. For postpayout wells under what is referred to as the modern royalty framework, or RMF, it uses prices and production-sensitive formulas with royalty rates ranging from 5 per cent to 40 per cent of revenues depending on the commodity.

Mr. Lundy: I appreciate that, through the chair to you, Deputy. I think it's important to understand the different structures and the benefits to Albertans and why the royalty system is structured the way it is. I know it can be easy to get lost in some of the details.

Before I move on, I would maybe ask for a little more information – this is on pages 17 and 18 – specifically on bitumen production. I think you touched on it briefly. We all know the outsized role that the oil sands plays in our provincial economy and in our royalty regime. Through the chair can the deputy please explain how the oil sands royalty regime is different from other resources? Additionally, how does the royalty regime account for investment costs in oil sands royalty projects?

10:10

Mr. Kaumeyer: Thank you, MLA, through the chair. For oil sands projects royalties are paid based on projects specifically. The oil sands royalty regime is price sensitive, where royalty rates are set on a sliding scale. This is linked to west Texas intermediate prices in Canadian dollars. This link between royalty rates and oil prices ensures that the province collects more when prices are high and companies are profitable and less when prices are low. This also makes bitumen revenues highly sensitive to oil price swings.

For prepayment projects royalty rates, as I said, range from 1 per cent to 9 per cent of gross revenues. This is based on a sliding scale of WTI prices of between \$55 and \$120 Canadian per barrel. For postpayment projects royalties are charged on the greater of the gross revenue royalties using the same calculation as a prepayment for projects or 25 per cent to 40 per cent of net revenues, which is based on the sliding scale in a similar fashion, MLA, with prices between \$55 and \$120. Clearly, it is, I'm sure, not lost on the members that in the current framework of WTI currently trading, depending on the day with President Trump, somewhere between \$90 to \$110, we would be seeing a much higher overall royalty benefit to the province based on our pre- and postpayment structure.

Of the approximately 120 projects that make up the entire oil sands project makeup, roughly 75 per cent are in a postpayment at a higher percentage than at a prepayment given that, obviously, some of those projects are dated and we are now in a postpayment phase.

Mr. Lundy: Well, through the chair, thank you so much again for that additional context. Of course, we just went through budget season. I won't speak for Mr. Horner, but he's very keen to some of this information.

I might move on to the other side of the coin, in a way, and that's investment, making sure that we have the royalty structure to attract some of this investment. Through the chair, I'll be on pages 25 and 26 of the annual report, speaking to performance indicator 1(c), which tracks investment in Alberta's energy and mineral sector. I'd like to ask the deputy: can you speak to some of the external factors driving the trends in upstream investment over the past few years? And maybe, if you could, through the chair, touch on the government of Alberta's strategic plan reporting upstream investment of \$30.2 billion for 2024 while the ministry's performance indicator reports approximately \$31 billion. Can you please explain the difference between these two figures?

Thank you.

Mr. Kaumeyer: Sure. Thank you for the question, through the chair. You're correct. Total upstream energy sector investment in Alberta was \$30 billion in 2023, accounting for 51 per cent of Canadian upstream investments. So as a province we account for more than half. The preliminary 2024 data for upstream energy sector investment in Alberta is \$31 billion, also representing, similarly, 51 per cent of the total investment in Canada.

By comparison, when you compare us to other jurisdictions, Saskatchewan and British Columbia had an estimated investment of \$8.9 billion and \$8.8 billion in the upstream energy sectors respectively compared to the province's \$30 billion number. Both provinces account for about 14 per cent, where we make up more than half of the overall national total sector investment. Between 2021 and 2024 both British Columbia and Saskatchewan had an increase in estimated upstream energy sector investment. From the trends of Alberta observed for upstream energy industry investment, we see significant investment occurring in regard to enhanced oil recovery and the ability for new technologies to start to assess how we can optimize the ability to extract more oil with less energy.

The Chair: Thank you.

We'll move back to the Official Opposition for 10 minutes. MLA Schmidt.

Mr. Schmidt: Thank you. My next set of questions is related to unpaid municipal taxes, discussed on page 63 of the annual report. In September of 2024 the AER approved the transfer of 170 well licences to Maga Energy from Journey Energy even though Maga

Energy owed over \$200,000 in unpaid taxes to Sturgeon county, and Sturgeon county had made the AER aware of the amount of unpaid taxes owing in March of 2024, six months prior to the licence transfer being authorized. Now, this is 10 times the allowable threshold established by the AER for well licence transfers for unpaid taxes.

When initially asked by journalists about the transfer, AER representatives said that Maga had met the requirements to proceed, but when pressed on how they could have met the requirements given that Sturgeon county alerted the AER to the amount of unpaid taxes, the AER provided no further response. I certainly hope that we can get a response to this question today. How did this licence transfer proceed given that the AER knew that Maga owed more than \$200,000 in unpaid taxes to Sturgeon county?

Mr. Morgan: Thank you for the question through the chair. The AER has a process, as I have highlighted, for licence transfers and collecting security. There was in 2023 and 2024 a ministerial order that did set a threshold of \$20,000 but also did provide a provision that if the company is on an approved payment plan with the municipality, that is a situation where a licence transfer was allowed to proceed, and in a review of this particular file the AER was in compliance with that ministerial order.

Mr. Schmidt: When Sturgeon county alerted the AER of the unpaid taxes, it was, in fact, because Maga Energy had failed to comply with its payment agreement with Sturgeon county, so can the AER CEO tell us exactly why this transfer was still allowed to proceed even though Maga had failed to comply with its own payment agreement with Sturgeon county and that the AER knew that?

Mr. Morgan: From my understanding of the situation at the time – I was not at the AER – the review of the timing of when the licence transfers were approved and the knowledge at that time of an approved payment plan was consistent with the ministerial order.

Mr. Schmidt: Did Maga file incomplete or inaccurate information when it applied for these transfers?

Mr. Morgan: Not to my knowledge.

Mr. Schmidt: Will the AER clear up any confusion about the matter by committing to tabling Maga's application to the committee?

Mr. Morgan: I'm not intending to do that.

Mr. Schmidt: If Maga did file false or misleading information about a payment or payment arrangement, were they subject to any enforcement action as a result of that noncompliance?

Mr. Morgan: The AER does audit individual files. If a noncompliance is found, the AER will then follow their compliance protocol, which includes a notice of noncompliance.

Mr. Schmidt: Again, the CEO knows that I'm asking about particular actions that were taken with respect to particular licensees, not a general description of the processes that are available to the CEO. I'm not a government backbencher. I'm not looking for platitudes and generalities. Did Maga application – were they subject to any enforcement action as a result of filing an application that resulted in the transfer of 170 well licences even though they owed more than \$200,000 in unpaid taxes?

10:20

Mr. Morgan: The review that was undertaken, from my understanding, was that the timing of the transfer and the knowledge of the staff at the time that the payment plan was in place resulted in the transfer being approved.

Mr. Schmidt: Again, we have written reports from the CAO of Sturgeon county, who clearly said that the AER knew full well that Maga was not in compliance with its payment plan six months before this transfer. The CEO could clear this up by just tabling all of the results of the internal investigation that was conducted as a result of this. Is he willing to do that, or are we just expected to take his word for it and assume that the representatives from Sturgeon county were lying when they told this to reporters?

Mr. Morgan: AER reviewed the licence transfer process in regard to the Maga situation, and at the time of that licence transfer the transfer process was in compliance with the ministerial order.

Mr. Schmidt: According to data compiled by the Investigative Journalism Foundation Halo Exploration, Prairie Provident Resources, BDJ Energy, Bighorn Energy, Endrum Energy, and Pulse Oil Operating had licence transfers approved even though they had more than \$20,000 in municipal taxes owing. Can the AER explain how these transfers occurred? Given its previous claims that Maga Energy met the requirements to proceed even though that's demonstrably false, will the AER table the required documentation to prove that it made its decisions in line with the ministerial orders it's supposed to comply with?

Mr. Morgan: Again, my understanding of those licence transfers is that they were done in accordance with the ministerial order that was in place at the time of those transfers.

Mr. Schmidt: Is the CEO not concerned that his own organization is accused of failing to comply with his ministerial orders and will not take action to clear up this confusion?

Mr. Morgan: When concerns are raised, they are reviewed internally, and I have not encountered since my time a situation where the AER was not in compliance with the ministerial order.

Mr. Schmidt: Again, that's demonstrably false. We know that it happened with Maga Energy. I'm asking if he's going, if he's willing to . . .

Mr. Cyr: Point of order. This is definitely 23(j). We can probably go with 23(c) as well. The reason that I'm stating this is that the CEO of AER has been clear that, to his awareness, they have followed all of the requirements of the executive order, and the member across has stated as fact that they have not. Now, clearly, you can't have two truths in the same place here, so he's either calling him a liar, which is out of order here, and . . .

Mr. Schmidt: Basically.

Mr. Cyr: See, now he just he admitted to it. This is what this member does quite regularly. I ask that you rule him out of order because this is preposterous, the direction he's taking with this line of questioning.

Mr. Schmidt: Well, thank you, Mr. Chair. I don't think that this is a point of order. I think this is a matter of debate. As we know, in the Legislature facts don't matter, but clearly the facts of this case are that the AER violated the ministerial order, and the AER CEO

continues to deny that even though it's a demonstrably false claim. I'm not calling him a liar, but I am pointing out that he's lying about this. This isn't a point of order.

The Chair: Thank you, Member.

You cited 23(c) and (j).

Mr. Cyr: Right. He's repeated this repeatedly.

The Chair: I heard you. I heard you, and I don't think that you made the case for (c).

For (j), again, I guess the CEO is here. He can defend himself. You don't need to do that, but that's an example of a matter of debate, when a member is citing some reference to something. You're citing something different. I think that's up to the CEO to answer the question as he sees fit, but I didn't see any suggestion that he was accusing the CEO of lying or anything. Simply, he's stating the fact that Sturgeon county is saying this, and the AER is saying this. That's a matter of debate. I don't find it a point of order.

Mr. Cyr: I'd like to call a point of clarification, 13(2).

The Chair: Sure.

Mr. Cyr: Sir, he admitted inside of his defence of himself that he was calling him a liar.

The Chair: Standing Order 13(2) doesn't allow you to relitigate it. It just allows, I guess, me to explain what I ruled in a more fulsome manner. The line of questioning here was that Sturgeon county has raised some concern with respect to some transfer of licence, that the company was owing them some money, and they are alleging that they have provided AER with certain facts. The question was posed to the AER CEO, so it's up to him how he answers that question, but I do not believe that there was some sort of accusation or abusive language. It's a matter of debate, and that's what is happening, as I see it. That was my ruling. That's why I didn't rule it a point of order.

Mr. Cyr: Okay. Sir, I'd like to move point of order 65(2)(b).

The Chair: Standing order 65(2)(b)?

Mr. Cyr: Yes, please.

The Chair: Okay. I will ask just one question. Shall the chair ruling stand? All those in favour, say aye. All those opposed, say no. The chair ruling is overturned.

Mr. Schmidt: So, again, according to data compiled by the Investigative Journalism Foundation there were a number of companies that had licences transferred even though they owed more than \$20,000. Will the AER table the required documentation to prove that it made its decisions in line with the ministerial order that it's supposed to comply with?

Mr. Morgan: As I have stated previously, any situation that I am aware of where the AER was asked about licence transfers, the process was in compliance with the ministerial order.

Mr. Schmidt: Did any compliance audit on this unpaid municipal taxes licence transfer system take place?

Mr. Morgan: I'm not aware of any specific situation.

Mr. Schmidt: Thank you very much.

Page 107 of the annual report discusses the AER's environmental liabilities. The AER also says that it's ready for the Auditor General to follow up on its implementation of the recommendations to conduct case-by-case assessments of sites that it is responsible for remediating. Now, the AG recommended that this assessment should include a determination of what work, if any, should be done at each of these sites. Did the AER complete that work?

Mr. Morgan: The AER has provided information to the Auditor General of sites that were identified. The AER follows a process of identifying sites with site-specific liability assessment. The AER has identified over 700 sites that have specific site liability assessments, which is incorporated as part of the estimated liability, that the deputy minister referred to, of \$36.6 billion.

Mr. Schmidt: Just for clarity, though, this is \$700 million in liability for sites that the AER is responsible for cleaning up?

10:30

Mr. Morgan: No. There are 700 sites that are part of the liability management framework, which is incorporated in the estimated liability of \$36.6 billion that the AER has released as part of their annual . . .

Mr. Schmidt: Okay. So these are 700 sites that the AER is responsible for cleaning up?

Mr. Morgan: These are 700 sites that are identified as part of the industry-wide liability assessment. They have specific site liability assessments, which are incorporated into work that the individual companies have done to provide those assessments, which is incorporated as part of the \$36 billion liability.

Mr. Schmidt: Why is the AER claiming no environmental liabilities in its annual report?

The Chair: Thank you.

We will now move to the government members for 10 minutes. MLA Lovely.

Ms Lovely: Yes. There was an answer that didn't get finished, so if you wanted to continue on with that first before I start my questioning, that'd be great.

Mr. Kaumeyer: On the royalty side?

Ms Lovely: Yeah.

Mr. Kaumeyer: Sorry. Just a few seconds here. My apologies.

Yes. In regard to the royalty framework I didn't quite finish. I did identify that we, obviously, are in a very different market, a very different situation. I did probably think it was important to kind of expand on some of the other royalty work that's going on that builds upon much of the additional work, frankly, that we're giving to the Alberta Energy Regulator, in the sense that we are now asking the regulator to actually regulate many more industries. As a result, we're actually having to develop more royalties. Within the metallic and industrial minerals, for example, we are in the process of developing a brand new royalty framework for critical minerals in a province. That's brand new for this province, and I think it's frankly quite remarkable with technology, some of the elements of what we're finding with critical minerals in the province.

The metallic and industrial minerals are subdivided into four different royalty categories that include both metallic as well as, ironically, salt. We actually currently do produce quite a bit of salt within the province. The salt royalty is currently \$45 per tonne. Salt

is extracted from subsurface brines or solution mining. Quarriable mineral royalty is a flat royalty charged on a per-tonne basis, and we also have placer mineral royalties, a 5 per cent gross royalty.

We have been in the process now of developing our critical minerals royalty framework. The province has recently just completed a reserve of our critical minerals in the province, and I think it's quite important that all Albertans understand the wealth and the value of what we have in the province, predominantly in lithium today. It is the one, MLA, that we have been able to identify. Recently we had McDaniel just complete the reserve study for lithium across the province. They have identified and confirmed that we have in excess of 80 million tonnes of lithium in the province of Alberta that today, based on prices, would be well worth over \$1 trillion to the province from that basis.

As a result of that, we are working very closely with a number of key lithium providers relative to our ability to support them in being able to start the extraction. There are some tremendous companies that are doing work to develop the lithium resource in the province, and our royalty framework will go to support that as they develop and come up, not initially because we want them to get going and start to be profitable. Our royalty framework will operate the same way.

Within the metallic mineral royalty framework, it's also currently revenue minus cost royalties, and the prepayment is much smaller than it would be for bitumen. The current prepayment rate is 1 per cent of gross revenue. The postpayment rate is the greater of 1 per cent or 12 per cent of net revenue. As I say, we're in the process of wanting to make sure, competitively as a province, that we're incenting those companies to make that investment to ensure that they can generate positive cash flow as well as us being able to build in a royalty framework in time that goes to support what is really a developing industry here in the province.

The metallic and industrial mineral royalty system is currently slated for review in response to the emerging lithium and brine-hosted minerals sector and related proposed changes to the tenure and regulatory system for brine-hosted minerals and the need to ensure the royalty regime and rates are appropriate for the industry on a go-forward basis. We're wanting to work with the Neo Lithiums, the E3s that are in the marketplace and beginning to develop the ability to actually now scale up to where they are commercial. At that point we'll be looking at ensuring that our royalty framework goes to support not only their growth, but it has to ensure that it supports the ability for Albertans to have a fair share relative to the royalty framework overall.

Ms Lovely: I'm so glad that I had this opportunity to ask that question. It sounds like Albertans will benefit from this. Thank you.

On page 45 of the annual report the ministry reports that it "continues to work . . . with cross-ministry and agency partners to implement the action items identified under the Minerals Strategy and Action Plan." The ministry also discusses the development of critical minerals, value chains, and creating a framework for fully integrated critical minerals supply chain. What are some of the critical minerals resources available in the province, and what are the economic opportunities for Albertans in developing them? Also, could you speak to what the value-added production of critical minerals entails and how your ministry will encourage development?

Finally, pages 45 to 46 and 48 to 49 in the annual report mention the minister's work to promote, enhance, and support geoscience data, knowledge, and mapping. Can you provide more details about how this supports the development of critical minerals and what this work entails?

Mr. Kaumeyer: Thank you, MLA Lovely. I think, you know, the work that began under then Premier Kenney in regard to the Alberta geological study that was done in the province is extremely important for all members to understand. The government actually made a significant investment of \$30 million to \$40 million to go and geologically map the entire province. That work was essential to much of the, you might say, development that's occurring now across critical minerals as the next foray sector that's beginning to evolve in the province. I think that it's important for Albertans to understand that, all nascent today, that will be an extremely important sector as we go forward relative to it.

In 2024 the Alberta Geological Survey rebuilt its website. As I say, we mapped the entire structure relative to the province. This currently resides with the AER in regard to its operation. At the same time the department undertook the review in 2024 of the Mineral Resource Development Act as part of the support of knowing that the geological work that was there began to have companies inquire as to how they can now go about developing this resource. We had to develop the policy to come in to support that very element of how we would proceed with that.

As I said, we continue to see tremendous work on the part of the industry sector begin to step up. We're seeing significant amounts of new findings relative to both the geological work and the ability for these sectors to be stood up. We have, for example, in the province of Alberta critical minerals, including nickel, cobalt, magnesium, and I think, as the Premier likes to say, we've also got a fairly significant amount of uranium. It just happens to be deeper than where Saskatchewan's is today. But that's the kind of future in regard to technology catching up as to where we can go in regard to the development of these.

10:40

In May of '24 Fortune Minerals in Alberta announced that it received a combined total of \$16.2 million from Enercan as an actual investment itself from the U.S. defence fund to support this. The world is looking for more critical minerals. We are poised to be able to have both the policy framework and the royalty framework to support that growth going forward.

The Chair: Thank you.

We'll move back to the Official Opposition for 10 minutes. MLA Schmidt.

Mr. Schmidt: Yeah. The CEO of the AER wasn't able to answer my question. Of the 700 sites that were identified as being the AER's responsibility to remediate, why were no environmental liabilities listed in his annual report for '24-25?

Mr. Morgan: Thank you for the question. Through the chair, I misunderstood your question. The 700 sites are not AER's responsibility. Those sites are part of an individual licensee's assessment of sites that makes up the total \$36.6 billion of liability that individual licensee has. In any orphan situation of sites they would go through the Orphan Well Association, so the AER does not retain any liability for those specific sites. It's part of the liability management framework to properly identify the liability held by individual companies in some cases where they have additional information that might result in a specific site liability assessment.

Mr. Schmidt: Thank you for clearing that up.

Now back to my original question, then. The AG, the Auditor General, recommended that a case-by-case assessment of each of

the sites that the AER was responsible for cleaning up be conducted. Did the AER do that work, and what was the result of that work?

Mr. Morgan: I'm sorry. To my knowledge I'm not aware of any specific sites that the AER is responsible for.

Mr. Schmidt: Okay. The annual report indicated that the AER transferred 31 sites from it to the environment and parks department in fiscal year '24-25. Now, prior to that transfer did the AER do any case-by-case assessment of those sites as recommended by the Auditor General?

Mr. Morgan: I'm not aware of those specific assessments.

Mr. Schmidt: Again, whether or not you were aware of the assessment isn't the issue here. Did the AER, the agency that you're responsible for overseeing, complete the work of the assessments?

Mr. Morgan: There was discussion as far as, to my knowledge, where responsibility for those sites should arise or should be, and it was ultimately determined that would be Environment and Protected Areas. They have assumed responsibility for those sites, from my understanding.

Mr. Schmidt: Okay. Did the AER, then, complete a ranking of each site according to cleanup priority prior to those being transferred to environment and parks?

Mr. Morgan: I'm not aware, to my knowledge.

Mr. Schmidt: Was there a cost estimate completed on those sites?

Mr. Morgan: I'm not aware, to my knowledge.

Mr. Schmidt: Obviously, in fiscal year '24-25 the AER identified 31 sites that it could have been responsible for. It came to some kind of agreement with environment and parks to transfer those sites. But we know that the current system will mean that the AER continues to assume responsibility for legacy sites where no other responsible owner and where it can't be shifted to the Orphan Well Association. Did the AER clarify the process for determining its liability for legacy sites in '24-25?

Mr. Morgan: I'm not aware of a particular process in that circumstance. These sites, as the hon. member correctly pointed out, did not have a particular owner. Ownership of the site was in question, and through discussions with Environment and Protected Areas they assumed responsibility for the sites.

Mr. Schmidt: So there is no clear process for determining when the AER is responsible for managing a contaminated site even though we know that the current system will continue to mean that the AER will continue to become responsible for some sites. How can the AER claim that it's ready for follow-up on the Auditor General's recommendation when the CEO has admitted that they don't even have a process in place that the Auditor General recommended they put in place?

Mr. Morgan: The AER is responsible for summarizing assessment of liability on energy sites that have a particular owner, that if there is an orphaning situation those sites will then go to the Orphan Well Association. These 31 sites, again, to my knowledge, at that point in time did not have a particular owner. There was some uncertainty as to who had responsibility for them. In some cases these sites were not energy related and then it was determined that the sites were more appropriately managed through Environment and Protected Areas.

Mr. Schmidt: Well, I certainly hope that the Auditor General is more lenient in his assessment of your implementation than I would be given those answers.

Now, the Alberta Energy Regulator says that it's ready for the Auditor General to follow up on its recommendation to improve oversight of remediation action plans. What percentage of remedial action plans were reviewed in 2024-25?

Mr. Morgan: I'm sorry. I don't have that specific number.

Mr. Schmidt: Can the CEO tell us what's in the binder that's in front of him? Because he hasn't been able to provide an answer to any of the questions that I've asked here this morning.

How many remediation action plans were monitored and followed up on in 2024-25?

Mr. Morgan: I'm sorry. I don't have that specific number.

Mr. Schmidt: Okay.

The AER says that it's not ready for the Auditor General to follow up on the recommendation to determine how much security is necessary and how it will be collected. Now, the 2024 liability management performance report shows that licensees with less capability are consistently let off the hook, being allowed to post very little security compared to new licensees, and that overall less security was collected in 2024 than in 2023. Is the AER still committed to implementing the Auditor General's recommendation with respect to the collection of security?

Mr. Morgan: The AER has a fairly robust process for collection of security, and we are very committed to addressing the Auditor General's recommendations. We regularly engage with the Auditor General on those recommendations and provide a point in time when we believe we are ready to be assessed on that performance.

As I've sort of mentioned, since the 2023 audit the AER has improved the liability management framework, which included the introduction of security requirements on licence transfers. That was a change that was identified by the Auditor General. The previous liability rating program was removed and the new holistic licensee assessment process was introduced, which provides not only an assessment of specific liability but overall operational performance of the organizations of the companies that ultimately can be assessed not only in a licence transfer situation but also in a situation where security is requested given any increased risk of the individual organization's ability to meet their future obligations on liability.

Mr. Schmidt: Thank you.

Mr. Chair, it's been incredibly concerning to hear the answers to the questions that I've raised, simple answers. The Alberta Energy Regulator has admitted here at this committee that he improperly met with minister's staff with regard to the mine 14 hearing cancellation, violating the independence of the Alberta Energy Regulator. He's refused to provide any evidence that his department that he oversees is in fact complying with the ministerial order that he's responsible for carrying out with respect to well licence transfers and unpaid municipal taxes. He has continually claimed that his agency is ready for the Auditor General to follow up, even though the documentation that it has provided publicly, the answers that it has given have clearly indicated that they're not ready to follow up, and he's shown nothing but contempt for this committee by refusing to answer pretty simple straightforward questions. So one final question to the CEO: will he submit his resignation today given that he's . . .

10:50

Mr. Lundy: Point of order. Thank you, Mr. Chair. This is, I would say, a deliberate point of order by the member opposite. He certainly didn't seem too concerned with what would obviously be a point of order. This is point of order 23(j), abusive language and intended to cause disorder. If there was a point of order that specifically said "slander," I would call it. The member has engaged in it in tremendous amounts today. Anyone watching online would obviously be able to see that.

Mr. Chair, if it was the ability of our committee to ask for people to be fired, I'm sure everyone around this table would ask for the Member for Edmonton-Gold Bar to be fired, but that's not the point of this committee. The member knows that. This is a point of order: 23(j). Thank you.

Mr. Schmidt: Well, thank you, Mr. Chair. You know, the Alberta Energy Regulator CEO has a duty to uphold the law, uphold public trust, and defend the public interest. In my view, given the responses that we've seen today from the Energy Regulator CEO, he's failed to uphold his responsibilities, and it's my opinion that the right thing for him to do is to submit his resignation. This is not abusive language. This is not intended to insult or malign anybody. This is simply a statement of the facts and is my interpretation of what I think the right thing to do. This is simply a matter of debate. This isn't a point of order, and I ask that the chair rule that as such.

The Chair: Thank you. I think I would note this: that the member will agree that this question is not in order in that it doesn't relate to any report 2025 for ministries' activities. But also a point of order is not an opportunity to say things that you can't otherwise say, that it's a deliberate point of order, it's an attempt to slander, and all those things. We should use those words very carefully and not use a point of order as an opportunity to take shots at other members.

Member, you have 26 seconds remaining.

Mr. Schmidt: Thank you. I'll give the CEOs an opportunity to respond to my question.

Mr. Morgan: Thank you for the question. Through the chair, the AER board of directors will routinely assess the performance of the CEO on an annual basis and will provide feedback to me, the CEO, as part of that annual review.

The Chair: Thank you. We will move back to the government members for 10 minutes.

Member Cyr.

Mr. Cyr: All right. Again, thank you for the good work that you guys are doing. I will say to the CEO of AER: Glen Wolfe, who is my local AER manager, is doing a fantastic job. I know that your staff throughout the province are doing remarkable work, and the fact that our opposition has decided to slander the entirety of the AER . . .

Mr. Schmidt: Point of order, Mr. Chair: 23(h), (i), and (j). The member is clearly using language intended to disrupt. He's casting insults at us. He's also specifically causing disorder by suggesting that the AER is doing a good job of regulating the energy industry. Nothing could be further from the truth. I ask that the member be ruled out of order on that point.

The Chair: Anybody wants to respond?

Mr. Cyr: Thank you. We just heard from you in your ruling, sir, that (h) and (i) don't fit inside of a lot of this. What I will say is that

when it comes to the allegations that the member has made, I was very clearly saying the opposition. I didn't point to a specific member in all of this, and that means this is a matter of debate because it's clear that throughout the day that the members of the opposition have been trying to inflame this whole meeting, to create a controversy where there is none, and bringing the good name of the AER and it's front-line workers down to a level that I would say is atrocious. They're known for having the best quality of environmental stewardship throughout the world, sir, and to hear that being put at risk by the opposition members is sad.

Thank you.

The Chair: I think that I just maybe a minute ago did warn the member who used that kind of language, and slander is a fairly strong word. Again, I will give caution in the strongest language possible that we do not use that kind of language because here opposition is only represented by three members, and if the word will be used in that context that is problematic.

Continue with your question that relates to the '24-25 business.

Mr. Cyr: Thank you. I take, I guess, your advice very seriously, sir, so I will move on.

For the deputy minister, again, I know that we've got a lot of really good work being done by your department, AER, the Orphan Well Association. I've seen it in my constituency, and that means I can speak with, I guess, experience when it comes to how well your department is doing. Now, we've heard today about the recommendations and enacting the recommendations. I was just curious on how you approach this.

If we could make sure that we could leave a little bit of time so that we can hear from the Auditor General's department as well because I believe it's important to hear that you are working in good faith with the Auditor General in his capacity as the oversight of our independent offices throughout the province and the government itself. If you wouldn't mind just kind of giving us an idea of how you're enacting these recommendations, how well you're working with the Auditor General's office.

Thank you.

Mr. Kaumeyer: Thank you. Yeah, I'm happy to.

I think, Chair, if it's all right, I may just state that I think that the opening comments made by the representative from the Auditor General's office did make it actually quite clear that there are a number of outstanding recommendations which his office is acting upon which are still to be determined and still to be implemented, and I'd suggest that the broader committee needs to take that into construct here relative to where we are, what we are trying to accomplish, and in some respects what the questioning that came forward really was trying to deviate from relative to the work that the Auditor General is doing that will be forthcoming in the coming weeks. I think that's extremely important to keep in mind.

The Chair: I think as long as questions are about what's in your purview about the report, about the Auditor General's recommendation, like, I don't judge the quality of questions or quality of answers. You can continue.

Mr. Kaumeyer: Thank you, Chair.

On the OAG recommendations on page 67 of the Auditor General's December 2025 annual summary of ministry audit work, it states that there are nine outstanding recommendations to the AER on Alberta's liability management system for oil and gas infrastructure as well as one outstanding joint recommendation to the AER and Ministry of Environment and Protected Areas on processes to provide information about the government's environmental liabilities. These are two separate and distinct offices.

The Chair: Deputy Minister, I think we are running really short of time, but at this point I would thank you, unless members want with unanimous consent to go beyond 11.

Ms Lovely: No.

The Chair: No? Okay.

Thank you for being here, and anything that you have undertaken to provide to this committee may be provided in 30 days and forwarded to the clerk.

At this time, the meeting stands adjourned.

[The committee adjourned at 11 a.m.]

