

GOVERNMENT OF ALBERTA

DEPARTMENT OF ENERGY

MINISTERIAL ORDER __/20__

I, _____, Business Unit Leader, Oil Sands Development Business Unit, as the delegate of the Minister of Energy under section 8(1)(j) of the *Mines and Minerals Act*, R.S.A. 2000, c. M-17, make, pursuant to section 16 of the *Oil Sands Royalty Regulation, 1997*, A.R. 185/97, Project Approval Order No. OSR0__ as set out in the attached Appendix.

DATED at Edmonton, Alberta, this _____ day of _____, 20__.

**Business Unit Leader
Oil Sands Development Business
Unit
Department of Energy**

APPENDIX TO PROJECT APPROVAL ORDER NO. OSR0XX

issued under the authority of the

Mines and Minerals Act

Oil Sands Royalty Regulation, 1997 (AR 185/97)

- (S.16(1)) 1. Project ABC is hereby approved as a Project under and for the purposes of the Oil Sands Royalty Regulation, 1997 (the “Regulation”) in accordance with this Order.
- (S.17(1),(3)) 2. Project ABC comprises
- (a) the operations and assets described in Schedule A to this Project Approval Order No. OSR0XX (Part 1 of Schedule A, excluding Part 2 of Schedule A, being referred to as the “initial Project description”).
- (S.16(2)(a)(ii)) 3. For the purposes of the Regulation, the effective date of the initial Project description is January 1, 2004.
- (S.16(2)(a)(iii)) 4. The prior net cumulative balance in respect of the initial Project description is \$500,000,000, as described in Part 3 of Schedule A to the Project Approval Order No. OSR0XX, effective January 1, 2004, and is subject to verification and, if necessary, adjustment pursuant to an audit performed on behalf of the Crown.
- (S.16(2)(a)(iv)) 5. Project ABC is not a Qualifying Joint Venture Project for the purposes of the Regulation.
- (S.16(2)(a)(v)) 6. The initial Operator of Project ABC is XYZ Corp. Inc.
- (S.16(2)(a)(vi)) 7. This approval is subject to the following conditions:
- (a) The Minister will upon request, be given such access to the financial, production and other records as the Minister considers necessary for the purposes of verification and audit in relation to the prior net cumulative balance of the initial Project description, and may amend the prior net cumulative balance of the initial Project description, in accordance with the Minister's findings. Each time the Minister approves, under the Regulation, an amendment to the ABC Project, if any, the Minister will upon request, be given such access to the

financial, production and other records as the Minister considers necessary for the purposes of verification and audit in relation to the modifications to the prior net cumulative balance attributable to that amendment, and may amend the modifications to the prior net cumulative balance, attributable to that amendment, in accordance with the Minister's findings.

(b) The Minister may, from time to time, add terms and conditions to this approval and amend or delete the terms and conditions of this approval.

8. Attachment 1, Attachment 2 and Attachment 3 to this Project Approval Order No. OSR0XX are added to and form part of this Project Approval Order No. OSR0XX, as Schedule A, Exhibit A of Schedule A and Exhibit B of Schedule A, respectively.

ATTACHMENT 1 TO PROJECT APPROVAL ORDER NO. OSR0XX

Schedule A to Project Approval Order No. OSR0XX Initial Project Description

PART 1: Inclusions

- (S.17(1)(b)(i)) 1. Project ABC occupies the following development areas, referred to as the “Project Leases”, and which are displayed on Exhibit A of this Schedule A:
- a) Portions of Crown oil sands agreement 79XXXXXXXXX, granting the rights to oil sands in the Wabiskaw-McMurray, as described in Zone Designation 3412, underlying the following lands:
 - (i) the northwest quarter of Section XX in Township XX, Range X West of the Xth Meridian;
 - (ii) Section XX in Township XX, Range X West of the Xth Meridian; and
 - (iii) the west half of Section XX in Township XX, Range X West of the Xth Meridian.
- (S.17(1)(b)(ii)) 2. Project ABC occupies the following surface areas, referred to as the “Project Lands”, and which are displayed on Exhibit A of this Schedule A:
- (a) the northwest quarter of Section XX in Township XX, Range X West of the Xth Meridian;
 - (b) Section XX in Township XX, Range X West of the Xth Meridian; and
 - (c) the west half of Section XX in Township XX, Range X West of the Xth Meridian.
- (S.17(3)) 3. Project ABC is limited to the following activities, identified in the Operator’s applications to the Minister under the Regulation, and to the Alberta Energy and Utilities Board (“EUB”) under the Oil Sands Conservation Act, and referred to here as the “Project Operations”:

- (a) recovering Project substances through primary methods;
 - (b) recovering Project substances through thermal methods, such as steam assisted gravity drainage (“SAGD”) technologies, using the horizontal injection-production well pairs identified in Exhibit B, and without the assistance of gaseous or liquid solvents;
 - (c) producing no more than 25,000 m³ of Project substances per month, recovered from Project wells on the Project Lands;
 - (d) obtaining cleaned crude bitumen from Project substances through a processing plant located on Project Lands, blending the cleaned crude bitumen with diluent on Project Lands, temporarily storing the blended cleaned crude bitumen at tank facilities on Project Lands;
 - (e) separating water from the bitumen, for treating, de-oiling and disposal at Project disposal wells located off the Project Lands; and
 - (f) disposing of the cleaned crude bitumen, without further processing into other oil sands products, and transporting the blended cleaned crude bitumen to market by truck.
- (S.17(1)(a)) 4. Until December 31, 2010, the ABC Project will operate under the following Approval, granted by the EUB pursuant to the Oil Sands Conservation Act, for the recovery by steam assisted gravity drainage of crude bitumen from the Wabiskaw-McMurray Deposit in the Athabasca Oil Sands Area:
- (a) EUB Approval No. XXXX, dated January 1, 2002 and expiring December 31, 2010.
- (S.17(3)) 5. Project ABC includes only the crude bitumen production wells described in Exhibit B of this Schedule A and their associated well pads.
- (S.17(3)) 6. Project ABC includes the SAGD injection, observation, water source, water disposal, water monitoring and delineation wells described in Exhibit B of this Schedule A. The ABC Project also includes any subsequent wells, other than crude bitumen wells, and their associated well pads, if any, which:

- (a) were drilled or recompleted after the effective date of the initial Project description;
- (b) have both a surface location and a bottom hole location on the Project Lands; and
- (c) fall within the definition of “Project Operations.”

(S.17(3))

7. Project ABC includes the following facilities, identified in the Operator’s application to the Minister under the Regulation, and to the EUB under the Oil Sands Conservation Act, and referred to here as the “Project Facilities”:

- (a) the SAGD facilities, located on Project Lands, including the steam generator, boiler feedwater treatment system, production treatment equipment, production storage tanks, produced gas system and electrical generators, residing on Project Lands and which are necessary for Project Operations;
- (b) the Class Ib scheme for the disposal of water, operating under EUB Approval No. XXXX, the waste water disposal system, including pipelines and power lines, and the water disposal and water monitoring wells listed on Exhibit B and which are necessary for Project Operations;
- (c) the following crude oil and crude bitumen batteries residing on Project Lands and that are necessary for Project Operations:

(i) Facility Code	Name
(ii) XXXXXXXX	ABC Battery 01-31
(iii) XXXXXXXX	ABC Steam 01-31

- (d) all other project infrastructure, including buildings, access roads, well pads and pad facilities, well heads, pumps and engines, tanks and heaters, steam distribution systems, flares, pipelines, electric power lines, residing on Project Lands and which are necessary for Project Operations;
- (i) including any subsequent facilities, built after the effective date of the initial Project description on the Project Lands, and which fall within the definition of “Project Operations”.

PART 2: Exclusions

- (S.17(3))
1. Any wells, facilities or infrastructure residing off the Project Lands, unless specifically included in Part 1 as being part of the initial Project description.

PART 3 – Prior Net Cumulative Balance

- (S.18(1)(a))
1. The prior net cumulative balance of the initial Project description will include all revenues and allowed costs of Project ABC incurred from January 1, 2001 to the effective date of the initial Project description.
- (S.18(1)(a))
2. The prior net cumulative balance of the initial Project description will also include allowed costs of the Project ABC incurred from November 1, 1999 to December 31, 2000 during which time the Operator was taking diligent and substantial action, through community consultation and baseline environmental surveys, towards obtaining EUB approval for their scheme.

ATTACHMENT 2 TO PROJECT APPROVAL ORDER NO. OSR0XX

Exhibit A of Schedule A to Project Approval Order No. OSR0XX

Project Leases and Project Lands

The following page of Attachment 2 to Project Approval Order No. OSR0XX includes a map displaying the location of the Project Leases and Project Lands. This map is included for the purpose of illustration only. In the event of a discrepancy between this map and the written legal descriptions of the Project Leases, Project Lands and Project Wells in Schedule A, the written legal descriptions in Schedule A will take precedence.

Sample

ATTACHMENT 3 TO PROJECT APPROVAL ORDER NO. OSR0XX

Exhibit B of Schedule A to Project Approval Order No. OSR004
Project Wells

1. Crude Bitumen Production Wells

Well Name	CPA Format Well ID	Drilling Completed
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2. SAGD Injection Wells

Well Name	CPA Format Well ID	Drilling Completed
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3. Observation Wells

Well Name	CPA Format Well ID	Drilling Completed
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4. Delineation Wells

Well Name	CPA Format Well ID	Drilling Completed
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5. Water Source Wells Located off Project Lands

Well Name	CPA Format Well ID	Drilling Completed
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6. Disposal Wells

Well Name	CPA Format Well ID	Drilling Completed
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