

**QUESTIONS AND ANSWERS FROM THE TENURE  
INFORMATION EXCHANGE  
APRIL 14, 2011**

**Regulatory Enhancement Project**

1. What is the expected timing of implementation of the recommendations from the regulatory enhancement project?

The enhanced system will take care and time to implement. It will require careful and deliberate planning, adequate resources, and proper time to get it right. There is an implementation team comprised of members of Sustainable Resource Development, Environment, the Energy Resources Conservation Board and the Department of Energy.

**Continuation Tidbits**

2. Is there a need/want for secondees to help with the resourcing issues? If yes, how do companies sign up for this?

We have never had this offer before so will take this back to the executive for discussion.

3. What is the longest 8(1)(h) extension granted due to multiple 8(1)(h) s granted for continuing issues?

There is one agreement in the Lubicon area that has been extended for a total of 24 years due to on-going issues.

4. Has a company ever commenced legal action against the Crown because an extension was not granted or land continued?

Not that we are aware of as we follow regulations to remain fair and consistent. Both continuations and extensions have methods within the regulations to request a review of our decision.

5. Can a licence grouping be done at the same time as the licence validations are done? This would solve a lot of process problems in industry and would save a process step for the Crown.

This is one of the things we are looking at doing in the Business Process Review. In the current regulation, it can't be done that way.

6. If you have a continuation application in for expiry, do you need to cease activity?

This is the company's decision to make and should involve a risk assessment. Wells producing or drilling over expiry have the lowest risk to continue. Section 17 applications or mapping applications have the highest risk.

7. Does a well need to be shut in if an agreement expires?

No. The well can produce over expiry.

## Shallow Rights Reversion

8. Are leases issued after January 1, 2009 still subject to shallow rights reversion at expiry?

Yes, it is only the serving of shallow rights reversion notices that is deferred.

9. Is the one year delay for the serving of notices, or is the decision to serve to be reviewed in a year?

We will review the decision to serve notices in a year.

10. Is the entire program set back by one year or will the department shorten the time period to prove production?

The notice period will remain at three years as set in the *Mines and Minerals Act*. The first shallow rights severance will occur in 2014 when the first primary term leases expire subject to shallow rights severance.

11. If two different agreements are served a shallow rights reversion notice, can they be consolidated?

Yes, if all other conditions are met.

## Online Training

12. Are the training modules dated as to when they were last updated?

Training modules are not dated, however you will receive an email in the Message Center of your Online Learning account when modules are updated or when new modules are published. The message will specify the course along with the date of the change and will provide a link to the specified course(s).

13. Do you have to log onto ETS to get to the online learning modules?

No, you do not need to log on to the Electronic Transfer System (ETS) to access Online Learning. Simply go to the ETS page and scroll down until you see the link to Online Learning.

14. When I get an e-mail from the e-transfer system telling me there is a change there is no direct link to what the change is. Why not? I could not easily figure out what the change was.

The Electronic Transfer System sends emails to clients when there has been a change or update to a transfer or posting request. The emails refer to the request number but do not provide additional information. Emails are not secure and it is important that confidential information about your business is not accessed by others.

15. Is there a fee for using the online training?

There is no fee.

## **Use of Undisposed Crown Rights**

16. Are we ever going to get to “on-line” units in ETS?

It is in our plan to automate Exhibit “A” revisions. Our new main frame system, the Alberta Mineral Information System (AMI) which replaced LSAS now includes detailed information to help launch this automation in the future.

17. Sections 1 and 2 are Crown with the road allowance in the middle. If section 2 expires, can we “plug” the road allowance portion of the wellbore and continue to produce from section 1?

Yes you can plug back to the road allowance and continue producing.

18. If a producing horizontal well goes through a road allowance and one of the sections expires, rather than having a \$50,000.00 trespass fee would not the \$5,000.00 reinstatement fee apply?

To avoid trespass, production should cease immediately upon the expiry or cancellation of a mineral agreement held on either side of a road allowance. The expired or cancelled agreement would have to be eligible for reinstatement or a late continuation application and if so, the \$5,000.00 reinstatement/late application fee would apply.

19. How close to the road allowance can a horizontal well pad be located? At one time there was a buffer zone.

There is no longer a 40m buffer zone.

20. Do we require authorization if our horizontal well heel commences within the road allowance?

If there are corresponding mineral rights on either side of the road allowance you would not require Crown authorization.

21. If we are producing oil from the road allowance do we need to lease the full section on both sides of the road allowance or just the quarter section?

Quarter section spacing will apply.

22. If a well is spud prior to IL 2011-09 and is producing from the road allowance without approval, will you forget about the trespass?

Wells drilled/producing without having Crown approval prior to the issuance of IL 2011-09 would be subject to a trespass review and penalty on a case by case basis.

23. Does the road allowance lie on top or in between two adjoining sections?

A road allowance occurs every two sections (North/South) and every one section (East/West) between adjoining sections of land and the minerals underlying the road allowance belong to the Crown.

24. Can you search for the undisposed Crown rights approvals such as disposal wells using the ETS system?

Yes. The authorization numbers assigned will reflect the type of approval. For example, a water source approval is WWS 11059999 (well water source, approved 2011 May, four-digit sequential number). The type of approval, designated representative, land and zone will be displayed in the search.