

QUESTIONS AND ANSWERS FROM THE INFORMATION  
EXCHANGE  
APRIL 22, 2010

**Soldier Settlement Board (SSB)**

1. Are rents payable by electronic payment or a separate manual cheque?

For now rent payments must be made manually by cheque and must be payable to the Minister of Finance (Province of Alberta). The payment must be accompanied by a letter which clearly specifies the particulars of the payment. If you convert to a provincial lease the normal electronic payment method is available.

2. At end of the term of the Federal lease, will there be a new provincial lease issued?

At the end of the term, the lessee will have the choice of renewing the federal lease or accepting an Alberta replacement lease disposition.

3. Does the Federal Government own any mineral rights in Alberta or are they all provincial now?

Yes, the Federal Government continues to own mineral rights in Alberta. The minerals in National Parks, Indian Reserves and in a number of other parcels that have been kept for a specific purpose are owned by the federal Crown.

4. Can rent payment be included with regular monthly payments (manual cheque) with a letter sent to the SSB?

A rent payment for a federal lease on lands previously held by the Soldier Settlement Board should not be included with payments that are part of the regular monthly statement process for land rental. For now rent payments for federal leases must be made by cheque and must be payable to the Minister of Finance (Province of Alberta) and sent to the Department of Energy.

5. How would we know where the Federal lands are that are coming available?

The 477 titles which were transferred from Canada to Alberta on April 1, 2010 are depicted on a map and listed in two schedules on the Alberta Energy website. Go to the website: [www.energy.alberta.ca](http://www.energy.alberta.ca) >Our Business>Soldier Settlement Board.

6. What did they do, or is being planned, with the \$31 million?

The \$31 million was deposited into the government's general revenue account. The money has not been allocated for a special purpose.

7. Will you be sending a letter to make the choice of status quo or transferring to an Alberta lease?

The department plans to contact lessees who hold federal leases by letter. Lessees who hold agreements that will be expiring in 2010 will be contacted first. We are waiting for the full files to be sent from Canada before initiating contact.

8. For continuation purposes – if the agreement is still Federal are the processes the same as Federal or are they the same as the Alberta Crown continuations?

The federal leases will be renewed subject to federal legislation. The process is not the same as the provincial continuation process.

9. How will continuations be handled?

The federal leases will be renewed subject to federal legislation.

10. Federal lease due in April (we sent payment in March to Federal government) - who is responsible for getting the payment to Alberta now?

If payments due in April were sent to the federal government rather than the provincial government, the federal government will transfer the funds to the province. The lessee does not need to look after this.

11. How soon do we send royalty payments? And where? Federal? Provincial?

Royalty payments are payable to the Minister of Finance (Province of Alberta) for production in April 2010. Details about royalty payments for production on former Soldier Settlement parcels are posted under Frequently Asked Questions on the Soldier Settlement Board page on the Energy website: [www.energy.alberta.ca](http://www.energy.alberta.ca) >Our Business>Soldier Settlement Board.

12. How long before we see registrations updated for SSB? (from Federal to Provincial)

Transfers were registered by Alberta Land Titles on April 1, 2010. Titles which had been in the name of the Soldier Settlement Board or Her Majesty the Queen in right of Canada have been registered in the name of Her Majesty the Queen in right of Alberta.

13. How about when AccuMap will be updated?

AccuMap updates data on a regular basis. You will need to contact IHS Energy in Calgary to verify the status of this project.

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## **Consolidations:**

Do consolidated agreements get new agreement numbers?

The consolidated agreement assumes one of the agreement numbers from the agreements being consolidated.

How are they determined?

They are based on the term dates of the agreements being consolidated.

If the agreements being consolidated all have the same term date, the resulting consolidated agreement will be assigned the lowest agreement number from the group.

If the agreements being consolidated have different term dates, the resulting consolidated agreement will be assigned the agreement number from the group with the earliest expiring term date.

This is outlined in Information Letter 2010-10.

What is the earliest date that a company can apply for consolidation?

A company can apply for consolidation anytime during the term of the agreements and they must apply before expiry of any of the agreements being consolidated or before expiry of any notice on any of the agreements being consolidated.

Regarding consolidations, please elaborate on “be in the same term”. Does this mean date of issue or continued type such as a Section 15 or Section 16?

“Be in the same term” means that the agreements must all either be in their primary term, or same continued term, such as all under a Section 15, or all under a Section 16 or all under a Section 17.

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## **Shallow Rights Reversion:**

Should the \$25.00 per hectare acceptance fee regarding a Section 17 one year continuation be reviewed in order to be more in line with the economics for small companies? What is the formula to arrive at \$25.00?

Prior to regulation changes in 1998 companies were charged a refundable security deposit in the amount of \$25.00 per hectare if a Section 97 continuation was granted. Section 97 continuation required a well be drilled to bring the lands to proven status. This security deposit was refunded once a company upheld their obligation to drill a well. When the regulations were changed, Section 97 of the *Mines and Minerals Act* was changed to Section 17 of the P&NG Tenure Regulation and the refundable security deposit was replaced by the non-refundable acceptance fee. The acceptance fee was based on the previously refundable security deposit and is

calculated the same way (\$25.00 hectare, minimum of \$1,600.00). In the five years prior to the change only 20% of the security deposits were refunded, thus it was not working as designed. The amount of the acceptance fee has not been reviewed since and will be during the Tenure Business Process Review.

How will “productive zone” be defined? Eg: specific zones (colony) vs. groups ( Mannville)

With shallow rights reversion the productive zones will be defined in the same way they are defined for deeper rights reversion. In your example of Colony within Mannville, the department will still define the group of sands as the productive zone, in this case Mannville..

And what will be required to qualify as “productive”; Actual production or potentially productive tests?

Productive can be proven with good gas tests with physical recovery of gas and comparable to the zone in other wells in the area; physical production; or mapping.

Can you speak to continuing sections with “mapping”

Continuing rights under Section 15 is the same for shallow rights as it is for deeper rights. This means that all subsections of Section 15 are available, which includes mapping under Section 15(1)(e). You may supply mapping and other technical data to demonstrate that a spacing unit is underlain by a productive pool.

“Term Date” please clarify (expiry date or commencement date)

“Term Date” is the date that the agreement commences. The expiry of an agreement is based upon the month and day of the term date in the expiring year.

You submit a P&NG lease for continuation with  
Natural gas Viking production and Petroleum sparky production.  
Would the resulting PNG lease (when applying SRR & DRR) be PNG top Viking to P&NG to base Mannville?

Yes, the petroleum and natural gas lease would be continued from the top of the Viking zone to the base of the Mannville zone.

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## **Alberta Energy System Application Development**

Will the new lease agreement appendices use the new dynamically created tracts?

All new lease agreement appendices will be produced with dynamically created tracts. They are currently produced utilizing the same rules as most rights/substances to least rights/substances

under the current system. The changes will be most evident at the point of continuation where the order of the tracts may change.

Why isn't hectarage, especially partial Ha, listed on Amended Appendices?

Partial hectarage will be listed on all PNG amended appendices produced after the implementation of the new system. A conversion is being done to incorporate all of the data prior to January 2011.

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## **Company Amalgamations**

Where company B buys Company A through a court approved plan of arrangement, with business continuing under company B will the department perform a global name change from Company A to Company B?

No, this is not a registered name change. The company will have to submit transfers to have the ownership changed.

In Example 1, What does "outstanding business" include?

Outstanding business is any assignments, transfers and future postings that have been submitted via the Electronic Transfer System (ETS)

Three months after an amalgamation, the ETS account for the amalgamated company are still active.

The three month amalgamation established date is for the Petroleum Registry of Alberta only, but it could take up to three months to inactivate an ETS account if future postings have been submitted.

Will previous Memorandum of Registrations (Mor's) be available on ETS?

We are working towards having the Memorandum of Registration documents being available through ETS. Once this happens it will follow the same rules as any documents received via this format today.