

Title:	Guide to Certification for Site Reductions, Additions, Overlaps, Multi-Well Facilities, and Forced Lease Boundary Changes
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Purpose

This guide describes the process and information that is required to process reclamation applications for specific lease situations where more than one activity occurs on the same parcel of land. This guide replaces R&R/12-2 *Guide to Certification for Wellsite Reductions, Additions, Overlaps, Multi-Well Facilities, and Forced Lease Boundary Changes*. In the event of a discrepancy between this guide and any Act or Regulation, the Act or Regulation prevails.

Background

The Environmental Protection and Enhancement Act (EPEA) requires an Operator to reclaim specified land and obtain a reclamation certificate. The Conservation and Reclamation Regulation defines which activities are subject to this requirement. The Conservation and Reclamation Regulation exempts an operator from reclamation requirements if a second specified land activity is carried out on or in respect of the first operator's specified land. The objective of this exemption is to ensure Operators are not prevented from fulfilling their regulatory obligations for reclamation and certification by the presence of another operator's specified land activity. The exemption is not to be used to reduce an Operator's stated liability by exempting an activity with a relative high reclamation cost in favor of an overlapping, lower cost activity.

Procedure/Guideline

The following information applies to private lands. A similar approach is taken on public lands but sitespecific conditions may result in different outcomes. Operators should contact the appropriate land manager.

Site Reductions

A lease reduction occurs when an Operator reduces the operating area of their lease (possibly for the purpose of reducing the rental). See Figure 1 for an example of a site reduction.

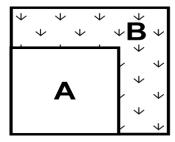


Figure 1. "A" + "B" were the original site. "B" is no longer needed.

Reclamation certificate applications **will not be accepted** for the reduced area. A reclamation certificate application must include the entire site ("A" + "B"), as the entire site must be certified. An exception may be made where two activities exist on the same lease, but the areas occupied by each are clearly separate. For example, if a facility and well occupy clearly separate areas of the same lease and the facility is abandoned but the well is active, the area occupied by the abandoned facility can be reclaimed and certified.

Site Additions

A lease addition occurs when an Operator decides they require additional working space. See Figure 2 for an example of a site addition. Sometimes the original lease is amended and other times a separate lease or a temporary workspace agreement is taken out for the additional working space.

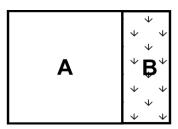


Figure 2. "A" was the original site. "B" was added to allow for extra work space.

In either instance, a reclamation certificate application **will not be accepted** for the addition alone. A reclamation certificate application, which includes the whole lease or lease plus temporary workspace, as the case may be, must be submitted as the entire area used in connection with the activity must be certified.

Local Government Forced Lease Boundary Changes

When specified land activities are located within a municipality, there are occasions when the local government requires the boundaries of a lease to change so that land may be more easily subdivided. See Figure 3 for an example of this.

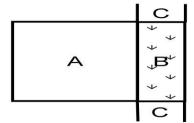


Figure 3. "A" + "B" were the original site. "B" may be certified if required by a local authority, for example to complete road "C".

Applications for reclamation certificates **will be accepted** for these portions. The Operator must provide a survey plan that clearly defines the dimensions of the area being certified, and a copy of the request for certification from the local government.

Multiple Access Roads

Some sites used one access road during exploration and then switched to a different access road for production (Figure 4). If the first access road has been reclaimed and will not be used in the future, applications for reclamation certificates **will be accepted** for that access road. Operators must submit a survey plan showing the original access to be certified and the access road currently being used.

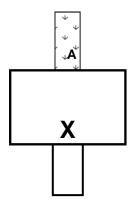


Figure 4. Site with two access roads.

Access road "A" is no longer being used and may be certified.

Overlapping Activities

In most cases, only one specified land activity will occur on a given piece of land. However, in some cases there may be two or more activities. An overlapping activity occurs when there is more than one specified land activity on the same piece of land or portion thereof.

Overlapping Exemption

Overlapping exemptions may be used in situations where there are two or more specified land activities **conducted by two or more Operators** on an area of land. Examples include:

- A pipeline through a wellsite or access road;
- Pipelines crossing each other (foreign line crossings);
- Pipelines crossing railway lines;
- A pit or a mine going through a wellsite;
- · Re-entry well where the lease area is slightly different; or
- Overlapping wellsite leases.

The two activities will not always be reclaimed at the same time and reclamation of land held for one activity may be adversely affected by the second activity. When this happens, two options are available for coordinating reclamation obligations. In the options below, Operator A is the operator of the chronologically first activity.

Option 1 (Preferred Option)

Operator "A" pursues Operator "B" to reclaim the piece of land that is adversely impacted. Once the site has been fully reclaimed by Operator "B", Operator "A" applies for a reclamation certificate.

If Operator "B" refuses to reclaim the piece of land, Operator "A" may ask the regional Environmental Protection Officer or the Alberta Energy Regulator (AER), depending on the nature of the Operator "B" activities (i.e. energy or non-energy) to issue an Environmental Protection Order (EPO) to get Operator "B" to comply with his obligations under EPEA.

Option 2

The Conservation and Reclamation Regulation allows the Alberta Environment and Parks (AEP) Director/Alberta Energy Regulatory (AER) to exempt an Operator from getting a reclamation certificate when the activity has been overlapped by another activity that meets the definition of specified land (s. 15.1(1)(b)). Please note that this does not exempt an Operator from liability for contamination. Liability for contamination is perpetual under EPEA.

When a portion of the site being reclaimed by Operator "A" is overlapped by another activity (Figure 5), Operator "A" may apply for a reclamation certificate and an exemption, excluding the area adversely impacted by Operator "B". Operator "A" should request the exemption from Operator "B". If Operator "B" refuses, Operator "A" may request the exemption from the AER if Operator "B" is engaged in an energy activity or AEP if the activity is non-energy. Should the exemption be granted, Operator "B" becomes responsible for reclamation of lease "B", including the area that overlapped the area formerly occupied by Operator "A".

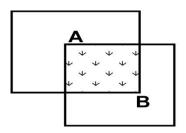


Figure 5. "A" and "B" are separate sites. The shaded area forms the overlapping exemption request. Either site "A" or site "B" can be certified with the overlap.

For sites where one activity completely overlaps the other (Figure 6), **no application for a reclamation certificate is required for the first activity**. Operator "A" should submit an overlapping exemption form. The reclamation certificate application fee is not required in this case. If the site is associated with an abandoned well, the liability associated with the well licence will no longer be included in the AER liability assessment. Once the final well bore is abandoned, the Operator may apply for a reclamation certificate for the entire pad.

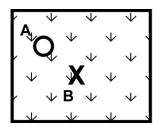


Figure 6. The first operator should apply for overlapping exemption. The second operator must apply for a reclamation certificate.

Multi-Licensed Energy Sites

Well pads and separate wells are common with multi-licensed sites.

Operators who abandon a well bore on a multi-well pad (see Figure 7) can utilize the multi-well pad option in the AER's Digital Data Submission (DDS) system.

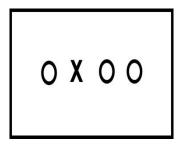


Figure 7. Four wells on the pad. The abandoned well bore is marked "X". The establishment of a multi-well pad provides for a reduction in the reclamation liability of the wells located on the pad.

In some instances, multi-licensed energy activities are built on separate, abutting leases held by the same company. See Figure 8 for an example. In many instances, the second lease is smaller and irregularly shaped in comparison to a typical wellsite lease. The smaller lease may or may not have the abandoned well bore contained within it (e.g., see lease "B" in Figure 8 with abandoned well bore "X" in lease "A").

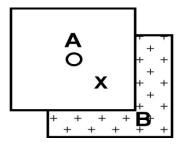


Figure 8. Two well bores and two separate leases. Wellsite "B" may be certified. Wellsite "A" will only be certified if both well bores are abandoned.

The AER would prefer to have both sites certified at once; however, a reclamation certificate application **will be accepted** for the lease that relates to the abandoned well bore (generally the smaller, irregularly shaped lease). This is not a site reduction as there are two separate leases with two separate well bores.

A reclamation certificate application **will not be accepted** for a lease that has two well bores on it (e.g., lease "A" in Figure 8) until **both** well bores are abandoned.

Operators must submit a survey plan that clearly defines the dimensions of the area to be certified, the perimeter of each of the two lease boundaries, and the location of the abandoned well bore.

The Operator is responsible for reclaiming any part of the certified portion disturbed during the reclamation of the other well.

Liability

The Operator that assumes liability for reclamation of the exempted area should conduct all due diligence beforehand, so as to be *fully aware* of all potential liabilities associated with the exempted area, particularly **pre-existing contamination**. If reclamation or remediation is deemed necessary at a later date on the excluded portion, the Operator who holds the current liability is responsible to do the work. However, if the exempted area has contamination that is clearly attributable to activity that took place prior to the current Operator, previous Operators may also be held jointly responsible with the current Operator.

Operators are urged to contact the Surface Rights Board to discuss the impact on their lease agreements with the landowner if an area is excluded from a reclamation certificate.

Overlapping Exemption Form

In order to exempt all or part of the land held for an activity, an *Application for Exemption for Requirement to Obtain a Reclamation Certificate Due to the Presence of an Overlapping Activity* form must be completed by both Operators and accompany the reclamation certificate application. The survey plan that is submitted with the reclamation certificate application must clearly show the area being excluded from the application in addition to the area requested for certification.

Overlapping Exemption Form on Crown Lands

An overlapping exemption is needed when there is a specified land activity and the operator of another specified land activity has taken over the entire surface holding by assignment through the AER or AEP. The operator of the first activity can receive an exemption by submitting the overlapping exemption form to the AER or AEP.

An Overlapping Exemption is not needed when pipelines overlap roads or wellsites; roads overlap wellsites, or other types of leases. Every holding approved on Crown Land is placed there by a legal document under the *Public Lands Act*. If an authorization is issued, then that holding already has its own built- in "Overlapping Exemption".

Further Information

Questions may be directed to the following:

Alberta Energy Regulator (for oil and gas, coal and oilsands activities)

RecRemQuestions@aer.ca

Alberta Environment and Parks (for all other activities)

Land.Management@gov.ab.ca

Additional copies of this document may be obtained by contacting the Alberta Environment and Parks Information Centre or the Alberta Energy Regulator.

Alberta Environment and Parks:

Information Centre
Main Floor, Great West Life Building
9920 - 108 Street
Edmonton, Alberta T5K 2M4
Phone: (780) 310-3773

Fax: (780) 427-4407

Email: AEP Info-centre@gov.ab.ca

aep.alberta.ca

Alberta Energy Regulator: Phone: 1-855-297-8311

aer.ca

Copies will also be available from the Alberta Energy Regulator Field Centres.

Original signed by: Date: August 13, 2015

Kem Singh Executive Director, Land Policy Branch

Application for Exemption from Requirement to Obtain a Reclamation Certificate Due to Presence of an Overlapping Activity¹

This form **must** accompany the application for reclamation certificate from Operator A and be signed by **both** operators. (When the site is completely overlapped no application for reclamation certificate is required.) The area to be certified **and** the area being exempted must be clearly identified on the survey plan submitted.

Please note that while the application form contemplates agreement between the operators of overlapping activities and mutual agreement is ideal, consent is *not* required. The *Conservation and Reclamation Regulation* allows the AEP Director/AER to exempt an Operator from getting a reclamation certificate when the activity has been overlapped by another activity that meets the definition of specified land (s. 15.1(1)(b)). Consequently, an overlapped operator may still apply to AEP or the AER, as the case may be, for an overlapping exemption where the Operator is unable to obtain consent from the overlapping party.

Operator A Information:

Operator (Company) Name:						
AER License Number or AEP Approva						
ALIT LICENSE NUMBER OF ALIT Approve	ii/ixegisiiaii	JII INGIIIDEI	•			
Type of Specified Land:] pipeline	☐ pit	☐ mine	☐ railway	☐ roadway	
Other:						
Location of Specified Land: LSD	Sec	Twp	Rge	W	_M	
Date of Construction:		Date of I	Reclamation:_			
Size of Specified Land: ha Size of Area Proposed for Exemption:						
Remaining Area to be Certified:	ha					
Signature:						
Position:						

Operator (Company) Name:
AER License Number or AEP Approval/Registration Number:
Type of Specified Land:
Other:
Date of Construction:
Declaration : I understand that I take responsibility for reclamation of the land exempted for Operator A.
Signature:
Position:
AER/AEP:
Application Approved
Original aigned by:
Original signed by: Designated Director under the Act

See Guide to Certification for Site Reductions, Additions, Overlaps, Multi-Well Facilities, and Forced Lease Boundary Changes for more information on use of the Form.

Operator B Information:

¹ Pursuant to Sec. 15.1(1)(b) of the Conservation and Reclamation Regulation