

March 22, 2000

MINERAL RIGHTS INFORMATION BULLETIN 2000-1

SUBJECT: ZONE IDENTIFICATION - THE KSITUAN MEMBER, STODDART GROUP

The purpose of this Information Bulletin is to clarify the interpretations made by the Department of Resource Development (the department) and the Alberta Energy and Utilities Board (EUB or the Board) staff of the stratigraphy of certain Mississippian strata in the northwestern area of Alberta.

Recent inquiries by industry have prompted the department and EUB staff to review the stratigraphy in this area to provide operators with more certainty about what mineral rights are described by the Deeper Rights Reversion Zone Designations (DRRZD) in active petroleum and natural gas (P&NG) agreements in northwestern Alberta. The following zones were reviewed: the Permian Belloy, the Ksituan Member and the Stoddart Group.

For tenure purposes the department considers the Ksituan Member to be the upper part of the Taylor Flat Formation of the Stoddart Group. Some interpretations include the Ksituan Member as the Lower part of the Permian Belloy Formation, however, recent conodont work indicates the Ksituan Member to be Carboniferous (Upper Mississippian) in age. The Ksituan Member should, therefore, be part of the Stoddart Group.

Based on the principle that the name of the stratigraphic interval takes precedence in DRRZDs (see Department of Energy Information Letter 98-14), a lease will convey rights to the Ksituan Member if that agreement conveys rights to the Stoddart Group.

The current type well for the Stoddart DRRZD #31 does not include the Ksituan Member. To ensure consistency between the name of the DRRZD and the interval on the type log, the EUB pursuant to Section 21(1)(e) of the Oil and Gas Conservation Act has replaced Stoddart DRRZD #31 with Stoddart DRRZD #271. The interval for the type well for this new Stoddart DRRZD will include the Ksituan Member. All agreements currently continued to the base of the Stoddart using DRRZD #31 will be amended to use the new Stoddart DRRZD #271.

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Section 21(2) of the Oil and Gas Conservation Act authorizes the Board to make a decision to resolve disputes arising between parties concerning the manner in which a zone designation or DRRZD is applied. This may require a public hearing to allow all affected parties the opportunity to make their respective positions known before a decision is rendered. A decision by the Board is final.

For further information, please contact:

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