

Contact Us



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Current Regulations

[O&G Conservation Rules](#)
[Directive 065](#)
[Directive 051](#)
[Directive 007-1](#)
[AER Bulletin 2014-27](#)
[AER Well Spacing Map](#)
[Saskatchewan Guidelines](#)
[BC Guidelines](#)
[Manitoba Guidelines](#)

Regulatory changes for Montney oil and gas wells in Alberta

On July 23, 2015, the AER released Bulletin 2015-23. This bulletin details the issuance of Subsurface Order No.1A, which expands the area originally set out in Subsurface Order No. 1. Subsurface order No.1 removed all well density restrictions, set the target area for both oil and gas drilling spacing units to 100 meters from the sides of the drilling spacing unit and removed any requirement for good production practice applications in the future (if applicable).

Any existing special well spacing approvals within the boundaries of Subsurface Order No. 1A must be rescinded to receive the benefit of this order. SO1 spacing provisions will only apply to lands with no existing special well spacing approval. A copy of Subsurface Order No.1A can be found [here](#). Please feel free to contact us if you would like to discuss this further.

Maximum Wellhead Injection Pressure Audits (MWHIP) in Enhanced Recovery Schemes

Over the last year, the AER has been actively reviewing and auditing the assigned MWHIP's for injection wells in enhanced recovery scheme approvals. The objective of this review and audit is to ensure all injection wells in all enhanced recovery schemes have an MWHIP assigned to them which will be shown on the ER approval. The active injectors will have either the depth related MWHIP assigned pursuant to Directive 065 Appendix O or an MWHIP based on a Directive 051 approval the AER has been able to locate in their system. It is the operator's responsibility to respond and agree with the AER's findings or in the cases where they disagree, provide back up information such as approvals stating the MWHIP or fracture data.

The AER audit also identifies injectors that have been inactive, presumably so that operators can prepare and submit the application to remove the injectors from the list of approved injectors at their earliest convenience. No such audit is being conducted on disposal schemes as the MWHIP assignments already listed in the approval.

Authorization to Conduct Operations in Undisposed Crown Mineral Rights

When proposing to dispose into a zone in which the operator has not leased the mineral rights, if the lands are Crown, the Alberta Department of Energy requires an application to request authorization to conduct operations in undisposed Crown mineral rights. While in the past, a paper copy application would be submitted, the DOE now requires that these applications be submitted via the DOE's electronic transfer system. DOE will not accept paper copies of these applications.

ER Scheme VRR Amendments

As noted in previous newsletters, the AER has been actively auditing ER schemes, particularly in instances where the scheme has not achieved or met the cumulative VRR condition of the approval (usually set at 1.0). We've seen a number of instances lately where operators require periods of re-pressurization and have opted to shut-in production while continuing to inject, which, in some cases, has rendered the scheme non-compliant. In these cases, there may be a regulatory solution that does not include shutting in wells or halting injection. If you receive such a letter from the regulator or you are in a similar situation, feel free to contact us to discuss.

LLR Phase 3 Implementation Reminder

Bulletin 2015-13, issued March 31, 2015, announced the delay of the phase 3 changes to the Licensee Liability Rating program from May 1, 2015 to August 1, 2015. This is to remind you that the AER will be increasing the deemed well abandonment liability costs and deemed asset values by the final one-third to bring them into full 2012 industry average values. This means the AER will be recalculating your deemed assets and liabilities and sending out invoices for financial securities owed where a shortfall exists. The AER will not automatically issue refunds if there is a surplus, as a result of the updated calculation. The AER conducts its LLR or Liability Management Ratio – LMR (a combination of the LLR, the Large Facility Liability Management Plan – LFP and the Oilfield Waste Liability – OWL) assessment on the first Saturday of each month following the receipt of the updated production information from PETRINEX.

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Until next month.....

-Jason Benoit