

**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](#)[BC Water Service Wells](#)[AER Well Classification](#)**SME Issuance of Overproduction Notices**

In early May, the Saskatchewan Ministry of the Economy issued a number of overproduction notices to operators. In certain instances, these notices outlined the wells which required immediate attention and also discussed the regulatory means in which the operator could restore compliance. If you would like some assistance or would like to discuss the notice you received, please do not hesitate to contact us. We'd be happy to help.

**SME Changes to Fees and Charges 2016-17**

SME intends to charge a one-time application fee of \$600 for each oil and gas disposition issued to replace over 20 paper based service fees. This fee has not yet been approved, but is expected to be approved in the summer of 2016 under the Oil and Gas Tenure Registry Regulations. For more information please click [here](#).

**LMR Issues? You may be pleasantly surprised with options available to you!**

As discussed in previous newsletters, with the decrease in drilling activity over the last couple of years, many licensees deemed assets continue to decline, which in turn, reduces the licensees Liability Management Rating (LMR).

To offset this reduction, operators may be able to take advantage of the deemed liability reduction options the AER has made available. These options are often administrative in nature and require no capital to implement.

Recently, an operator approached us who had a LMR of **1.01**. Based on a production forecast, it was clear that, within two months, the operator's LMR would decline to below 1.00 and a security deposit of over **\$140,000.00** would have to be paid to the AER.

Through a number of administrative changes, BRC was able to decrease the operator's deemed liabilities by over \$120, 000.00, which immediately increased the licensee's LMR to **1.10**, thereby eliminating the required security deposit over those same two months.

If you would like BRC to assess your company's LMR situation, please feel free to contact us. You may be pleasantly surprised with the options available to you.

**Bulletin 2016-15: 2016 AER Administration Levy**

On May 17, 2016, the AER published its 2016 administrative fees, which are based on a number of factors, including 2015 production volumes, number of wells, etc.

The AER has also agreed to use their administration fee process to fund the Alberta Upstream Petroleum Research Fund. As such, your company's invoice will also include a **voluntary administration fee** for CAPP and EPAC, which will be used for this research fund.

A copy of the bulletin can be found [here](#).

**Public Statement 2016-05-27 Court of Queen's Bench Redwater Decision**

The Alberta Court of Queen's Bench rendered its decision on May 19, 2016 regarding the disposition of AER licensed assets of Redwater Energy Corporation.

Redwater had declared bankruptcy, was placed under receivership and had an LMR below 1.0. The bank, Alberta Treasury Branch (ATB) demanded repayment of Redwater's indebtedness. One way in which the receiver, on behalf of Redwater, could address their obligations to the ATB, was through the sale of still viable Redwater assets (i.e. producing wells). However, in order to do that, the AER would have to approve the transfer of those viable assets, something the AER was not willing to do as Redwater owed a balance to the LMR security fund and/or the Orphan Well Association.

In Public Statement 2016-05-27, the AER stated, "*The decision allows receivers and trustees to disclaim AER licensed assets as a means of avoiding abandonment and reclamation obligations that normally attach to AER licences. The decision may encourage further receiverships and bankruptcies as a means of avoiding end of life obligations and poses a risk of a significant increase in the number of orphaned AER licensed assets. The AER takes the position that receivers and trustees should not be permitted to avoid end of life obligations in this manner. For that reason, the AER is appealing the decision.*"

A copy of the Public Statement and some background information can be found [here](#).

**OGC Bulletin 2016-13**

On May 6, 2016, the OGC also released its Fee and Levy changes. A copy of the bulletin can be found [here](#).

**OGC Bulletins 2016-16 and 2016-17**

On May 20, 2016, the OGC released Bulletins 2016-16 and 17 along with the draft Oil and Gas Activity Application Manual, the draft Oil and Gas Activity Operations Manual and the draft Spatial Data Submission Standards Manual; in preparation for the launch of the OGC's Application Management System (AMS). The AMS transforms the current paper based oil and gas application processes to digital and will be implemented on July 11, 2016. More information on the AMS or manuals can be found [here](#) and [here](#).

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Until Next Month.....  
Jason Benoit