

Conservation and Reclamation INFORMATION LETTER

Certification of Wellsite Reductions, Additions, Overlaps, Multi-Well Facilities, and Forced Lease Boundary Changes

BACKGROUND

Alberta Environment has been receiving a number of reclamation certificate applications for portions of wellsite leases, odd-shaped leases, and other special cases. This Information Letter describes the response to these requests so operators will know when an application will be processed and when one will not.

IMPLEMENTATION

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

Wellsite Reductions

A wellsite 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 wellsite reduction.

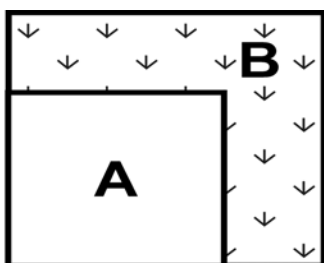


Figure 1. "A" + "B" were the original wellsite. "B" is no longer needed.

Reclamation certificate applications **will not be accepted** for the reduced area. The whole wellsite ("A" + "B") will be certified after abandonment.

Wellsite Additions

A wellsite addition occurs when an operator decides they require additional working space for a well. See Figure 2 for an example of a wellsite addition. Sometimes the original lease is amended and other times a separate lease is taken out for the additional working space.

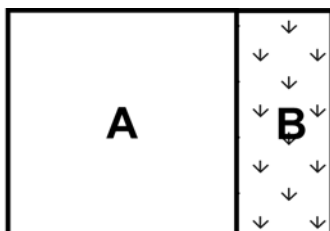


Figure 2. "A" was the original wellsite. "B" was added to allow for extra work space.

In either instance a reclamation certificate application **will not be accepted** for the addition alone. The whole wellsite will be certified after abandonment.

Overlapping Activities

An overlapping activity is when more than one activity occurs on the same piece of land or portion thereof.

Partial Overlap

In some cases, two wells may overlap a part of their leases. An application for a reclamation certificate **will be accepted** for the reclaimed portion only if accompanied by an application for exemption for the overlapping portion (see Figure 3).

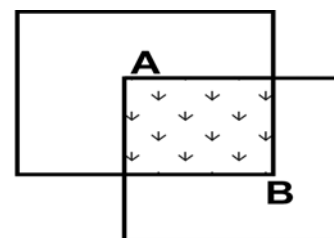


Figure 3. "A" and "B" are separate wellsites. The shaded area forms the overlapping exemption request. Either wellsite "A" or wellsite "B" can be certified with the overlap.

Complete Overlap

For sites where one activity completely overlaps the other **no application for reclamation certificate is required for the first abandonment**. The operator of the abandoned well should submit an overlapping exemption form (without the \$300 certificate application fee). The abandoned well will not show up on the EUB Licensee Liability Rating or the Orphan Fund levy.

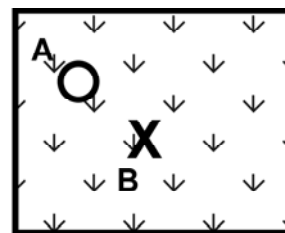


Figure 4. The first abandoned wellsite should apply for overlapping exemption. The second abandoned wellsite must apply for a certificate.

See C&R/IL/97-6 for the form to apply for an overlap exemption.

Multi-Well Fields

Two scenarios are common with multi-well facilities.

Well Pads

Operators who abandon a well bore on a multi-well pad (see Figure 5) can apply to Alberta Environment, Science and Standards Division for an exemption so that the abandoned well bore is not counted in the Orphan Fund levy.

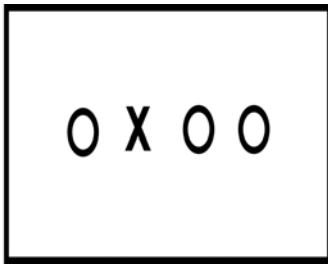


Figure 5. Four wells on the pad. The abandoned well bore (marked "X") can be exempted from the levy.

Operators must supply the EUB license number for the abandoned well bore, a survey plan showing the location of the well bore on the multi-well pad and any other abandoned well bores on the pad.

Once the final well bore is abandoned the operator may apply for a reclamation certificate for the entire pad.

Separate Wells

In some instances, multi-well facilities are built on separate, abutting leases held by the same company. See Figure 6 for an example. In many instances the second lease is smaller and irregularly shaped in comparison to a normal well-site lease. The smaller lease may or may not have the abandoned well bore contained within it (e.g., see lease "B" in Figure 6 with abandoned well bore "X" in lease "A").

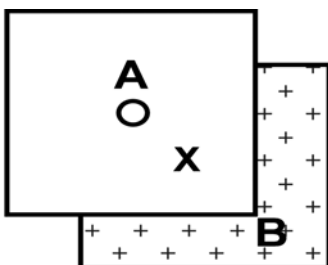


Figure 6. Two well bores and two separate leases. Well-site "B" may be certified. Well-site "A" will only be certified if both well bores are abandoned.

Alberta Environment would prefer to have both sites certified at once, however an 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.

An application **will not be accepted** for a lease that has two well bores on it (e.g., lease "A" in Figure 6) 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 fixing any future disturbance of the certified portion created during the reclamation of the other well.

Local Government Forced Lease Boundary Changes

When wellsite leases are located within a city or town, 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 7 for an example of this.

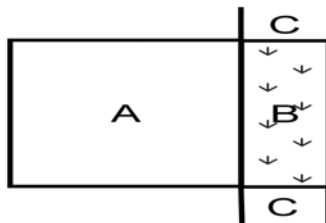


Figure 7. "A" + "B" were the original wellsite. "B" may be certified if required by a local authority, for example to complete road "C".

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 8). If the first access road has been reclaimed and will not be used in the future, applications for reclamation cer-

tificates **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.

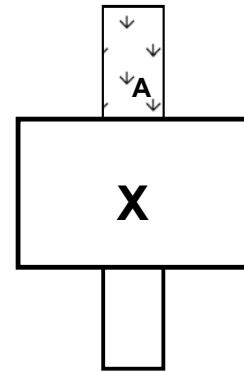


Figure 8. Wellsite with two access roads. Access road "A" is no longer being used and may be certified.

CONTACTS

The following can be reached toll free by calling 310-0000 and then dialing the number shown below.

For Green Area public lands:

Alberta Sustainable Resource Development,
Public Lands Division,
3rd Floor, 9915 - 108 Street,
EDMONTON, Alberta T5K 2G8.

Phone: (780) 427-3570
Fax: (780) 422-4251
e-mail reclaim@env.gov.ab.ca

For White Area public lands:

Alberta Sustainable Resource Development,
Public Lands Division,
Room 200, J. G. O'Donoghue Building,
7000 - 113 Street,
EDMONTON, Alberta T6H 5T6.

Phone: (780) 427-6597
Fax: (780) 422-4244
Website: www.gov.ab.ca/navigation/sustain/publiclands/index.html

For all other lands:

Alberta Environment,
Science and Standards Division,
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