

(Consolidated up to 152/2007)

ALBERTA REGULATION 151/71
Oil and Gas Conservation Act
OIL AND GAS CONSERVATION REGULATIONS

PART 2
LICENSING OF WELLS

Application for Licence

- 2.010(1)** An application for a licence shall
- (a) be made on the form prescribed for that purpose by, and obtainable from, the Board, and
 - (b) include the documentation required by Directive 56, "Energy Development Application Guide and Schedules", published by the Board.
- (2) A licence shall be subject to such conditions as may be set out therein or attached thereto.
- (3) The well name shall be in accordance with section 13.020.

AR 151/71 s2.010;11/98;47/99;269/2006

- 2.020(1)** This section applies to an application for a licence for a well other than
- (a) repealed AR 103/73 s2,
 - (b) repealed AR 144/96 s3,
 - (c) a well which is one of a group of experimental wells, oil sands evaluation wells or test holes referred to in section 2.030, and
 - (d) any other water supply well of a depth of more than 150 metres.
- (2) Repealed AR 179/98 s2.
- (3) An application for a licence under this section shall be accompanied by a suitable plan showing
- (a) the location of a well, tied by bearings and distance to a monument, or, in the case of a well located in an unsurveyed territory, determined in accordance with the *Unsurveyed Territory Survey Regulations* (Alta. Reg. 86/76),
 - (b) the relation of the well location to the boundaries of the quarter section shown by the co-ordinates from the two boundaries of the quarter section that are also boundaries of the section, assuming a 20 metre wide road allowance, and by calculated distances to the interior boundaries of the quarter section,
 - (c) the relation of the well location to the surface topography within 200 metres of the well, including
 - (i) elevations of the corners of the surface lease,

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- (ii) elevations of any significant water bodies,
 - (iii) sufficient information to establish the general character of the topography and any predominant drainage pattern,
 - (d) the relation of the well location to
 - (i) surface improvements,
 - (ii) wells,
 - (iii) coal mines, whether working or abandoned,
 - (iv) water wells,within 200 metres of the well,
 - (e) where it is proposed to drill the well in a water covered area, the depth of the water.

(3.1) A plan submitted in accordance with subsection (3), shall be

- (a) repealed AR 11/98 s3;
- (b) on a readable scale,
- (c) prepared from a survey made under the direct supervision of an Alberta Land Surveyor,
- (d) certified by the Surveyor.

(4) An applicant under this section shall

- (a) notify any landowners or residents as necessary of the applicant's plans to drill a well, in accordance with Directive 56, "Energy Development Application Guide and Schedules", published by the Board, and
- (b) provide to the Board such further particulars concerning the well or proposed surface location of the well as the Board, after examination of the application, may require.

AR 151/71 s2.020;103/73;144/74;264/74;295/78;350/87;
144/96;11/98;179/98;269/2006

2.030(1) This section applies to an application for a licence for one or more oil sands evaluation wells, test holes or experimental wells, but does not apply to holes drilled under permit pursuant to the *Coal Conservation Act*.

(2) Application may be made under this section for a licence for,

- (a) where the setting of surface casing in the wells is not required by the Board, not more than 12 wells to be included in a single scheme or program of drilling, or
- (b) where the setting of surface casing is required by the Board, one well.

(3) Repealed AR 179/98 s3.

(4) If the licensee of a licence granted under this section for oil sands evaluation wells or test holes wishes to use one or more of such wells otherwise than as oil sands evaluation wells or test holes, he shall

- (a) apply to the Board for the removal of the well or wells from the licence and for the issue of a separate licence for each well so removed, and
- (b) forward to the Board the deposit and data that would have been set out in or accompany an application under section 2.020.

(5) As soon as possible but not more than 30 days after an oil sands evaluation well or test hole is drilled, the licensee shall furnish the Board on the form prescribed for that purpose by, and obtainable from, the Board, full information as to the location and depth of the well, the strata penetrated by it, the abandonment plugs and such further information as the Board may require.

AR 151/71 s2.030;2/76;179/98

2.040(1) This section applies to an application for a licence for a well

- (a) repealed AR 103/73 s3,
- (b) to obtain gas for use solely on a farm or ranch or for other domestic uses of the applicant, or
- (c) repealed AR 103/73 s3,
- (d) to supply water for any purpose and being of a depth of over 150 metres.

(2) Repealed AR 144/96 s4.

(3) Repealed AR 2/76 s4.

(4) Repealed AR 179/98 s4.

AR 151/71 s2.040;103/73;2/76;295/78;144/96;179/98

Transfer of Licence

2.050(1) An application for a transfer of a licence must be on the form established for that purpose by, and obtainable from, the Board and the transfer is not effective unless this subsection is complied with.

(2) Where the Board directs the transfer of a licence pursuant to section 18, subsection (5) of the Act, the person to whom the licence is so transferred shall pay to the Board the fee prescribed by section 17.010(1)(d.1).

(3) If a licensee of one or more wells changes its name or amalgamates with another company which results in a change of name, the licensee shall submit to the Board the appropriate certificates.

AR 151/71 s2.050;350/87;9/93;144/96;179/98

2.060 to 2.080 Repealed AR 27/86 s2.

2.081 Repealed AR 83/2002 s3.

Agent

2.082 An application for the approval of an agent or for consent to the discharge of an agent must be made on the form established for that purpose by, and obtainable from, the Board.

AR 144/96 s6;179/98

Well Near Aerodrome

2.090 A person proposing to drill a well within 5 kilometres of a lighted aerodrome, or within 1.6 kilometres of an unlighted aerodrome shall, before applying for a well licence, advise the Regional Manager, Air Navigation Requirements, Transport Canada, Edmonton, Alberta, of the proposed well site, the height of the derrick to be used and the approximate dates between which drilling operations are expected to take place.

AR 151/71 s2.090;295/78;350/87

Coal Mines

2.100(1) If the applicant for a licence intends to drill through a bed or seam of coal, the applicant shall notify in writing the lessee of the coal lease.

(2) Where an applicant intends to drill through a bed or seam of coal, then, before a licence may be granted, the applicant shall satisfy the Director of Mines that it is practicable to drill through the bed or seam.

(3) The location of a well to be drilled through a bed or seam of coal, and its drilling, completion, operation and abandonment, shall be in accordance with sections 6.140 to 6.190.

AR 151/71 s2.100;11/98

Surface Improvements

2.110(1) No well shall be drilled at any point that is within

- (a) 100 metres of any surface improvement other than a surveyed roadway or road allowance, or
- (b) 40 metres of a surveyed roadway or road allowance

unless there exist special circumstances which in the opinion of the Board justify the drilling of a well within a lesser distance.

AR 151/71 s2.110;295/78;89/82

Water Pollution Control

2.120(1) No person shall

- (a) drill a well or cause or permit a well to be drilled, or

- (b) construct a pit for containing mud, oil, water and other fluid associated with the well or cause or permit such a pit to be constructed,

closer than 100 metres, or such greater distance as the Board may direct, to the normal high water mark of a body of water or permanent stream unless he has obtained written approval from the Board of his plans to prevent pollution of the water.

(2) The plans referred to in subsection (1) shall

- (a) indicate the elevations of the normal high water mark and surrounding land, and
- (b) set forth measures to meet the particular circumstances that may be encountered including
 - (i) the construction and maintenance of dikes, reservoirs and other installations, as may be required, and
 - (ii) the final disposal of mud, oil, water and other fluid associated with the well or drilling operation.

AR 151/71 s2.120;2/76;295/78

PART 4 DRILLING SPACING UNITS AND TARGET AREAS

Drilling Spacing Unit

4.010(1) The drilling spacing unit for a well is the surface area of the drilling spacing unit and

- (a) the subsurface vertically beneath that area, or
- (b) where the drilling spacing unit is prescribed with respect to a specified pool, geological formation, member or zone, the pool, geological formation, member or zone vertically beneath that area.

(2) A drilling spacing unit does not include the area of a road allowance.

AR 151/71 s4.010;374/91;12/98

Normal Drilling Spacing Units

4.020(1) The normal drilling spacing unit for an oil well is one quarter section.

(2) The normal drilling spacing unit for a gas well is one section.

(3) Repealed AR 144/96 s10.

AR 151/71 s4.020;295/78;469/78;374/91;144/96

4.021(1) Notwithstanding sections 4.020 and 5.005(1),

- (a) in the area outlined in the map set out in Schedule 13A that is above the Manville Group, 4 wells may be produced from each gas pool in a section, and

- (b) in the area outlined in the map set out in Schedule 13A that is in the Manville Group,
 - (i) 2 wells may be produced from each oil pool in a quarter section, and
 - (ii) 2 wells may be produced from each gas pool in a section.
- (2) Subsection (1) does not apply in respect of a pool or part of a pool that
 - (a) is in a special drilling spacing unit prescribed by the Board under section 4.040,
 - (b) is in a holding established under section 5.190, or
 - (c) is the subject of an order of the Board under section 79(4) of the Act.

AR 153/2006 s2;12/2007

Target Areas

4.030(1) The target area for those wells drilled or to be drilled in the area of the Province outlined and marked “1” on Schedule 13, is as follows:

- (a) if the drilling spacing unit is one section, the target area shall be the central part of the section;
- (b) if the drilling spacing unit is one quarter section, the target area shall be the central part of the quarter section;
- (c) if the drilling spacing unit is one legal subdivision, the target area shall be the central part of the legal subdivision.

(2) The target areas for those wells drilled or to be drilled in the area of the Province outlined and marked “2” on Schedule 13 shall be within the drilling spacing unit, as follows:

- (a) if the drilling spacing unit is one section, the target area shall be the central part of the section;
- (b) if the drilling spacing unit is one half section, the target area shall consist of legal subdivision 6 or 16;
- (c) if the drilling spacing unit is one quarter section, the target area shall consist of legal subdivision 6, 8, 14 or 16;
- (d) if the drilling spacing unit is 2 legal subdivisions, the target area shall consist of the north-west quarter of the south-west or north-east legal subdivision of the quarter section;
- (e) if the drilling spacing unit consists of one legal subdivision, the target area shall consist of the north-west quarter of the legal subdivision.

(2.1) The target areas for those wells drilled or to be drilled in the area of the Province outlined in Schedule 13A shall be located

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- (a) at least 200 metres from the south and east boundaries of the quarter section, in the case of an oil well, and
 - (b) at least 300 metres from the south and west boundaries of the section, in the case of a gas well.
- (3) Legal subdivisions shall be divided into quarters by lines described as follows:
- (a) each east-west line shall be parallel to the south boundary of the legal subdivision and shall pass through a point on the east boundary of the legal subdivision, 200 metres north of the south-east corner of the legal subdivision;
 - (b) each north-south line shall be parallel to the east boundary of the legal subdivision and shall pass through a point on the south boundary of the legal subdivision, 200 metres west of the south-east corner of the legal subdivision.

AR 151/71 s4.030;264/74;374/91;12/98;153/2006

4.035 Repealed AR 374/91 s2.

Special Drilling Spacing Units

4.040(1) Notwithstanding sections 4.020 and 4.030, the Board may prescribe special drilling spacing units which may differ from normal drilling spacing units in size, shape or target area.

- (2) An application for an order pursuant to subsection (1) shall conform to the provisions of section 15.160 concerning such applications.
- (3) The Board shall not grant an application for an order pursuant to subsection (1) that would reduce the size of drilling spacing units to less than the size of normal drilling spacing units unless the applicant shows that
- (a) improved recovery will be obtained,
 - (b) additional wells are necessary to provide capacity to drain the pool at a reasonable rate that will not adversely affect the recovery from the pool,
 - (c) the drilling spacing units would be in a pool in a substantial part of which there are drilling spacing units of such reduced size, or
 - (d) in a gas field, increased deliverability is desirable.
- (4) The Board may prescribe for an approved oil sands scheme or after publication of notice, for an experimental scheme
- (a) special drilling spacing units as to size, shape and target area, or
 - (b) an area not having any specific drilling spacing units as to size, shape or target area within which wells may be drilled.

AR 151/71 s4.040;374/91

4.050(1) Any person proposing to drill a well in a fractional section shall apply to the Board for a special drilling spacing unit if the proposed drilling spacing unit differs in area from a normal drilling spacing unit by more than 5 per cent.

(2) If the Board by order declares a fractional section to be a drilling spacing unit, the Board may apply either a production penalty based on the ratio of the area that the fractional section drilling spacing unit bears to a normal drilling spacing unit or an off-target penalty.

AR 151/71 s4.050;374/91

Off-target Penalties

4.060(1) Where the Board has prescribed a special drilling spacing unit, it may prescribe a factor to be applied in reduction of the base allowable of the well if the well is not completed within its target area.

(2) Notwithstanding any other provision of this section, where a well is off-target, the Board may specify that the off-target penalty factor prescribed for the well pursuant to section 4.070 shall not apply, or may be modified or changed, subject to such terms and conditions as the Board may prescribe.

(3) If a drilling spacing unit exists that is smaller than one quarter legal subdivision, but is similar in configuration as to shape and target area as to the larger drilling spacing units, and where an off-target well exists in the smaller drilling spacing unit, the Board, in order to determine the off-target penalty factor, may use and adapt the figures referred to in Schedule 14 to fit the boundary and area of the smaller drilling spacing unit.

(4) If a well is completed within its target area, its base allowable shall not be reduced because of its location within its drilling spacing unit.

(5) Where a well is spudded on or after 1 April 1994 and is the first well in a new pool, the off-target penalty factor prescribed for the well under section 4.070 shall not apply.

(6) For the purposes of this section,

(a) “capable”, when the term is used in connection with a first well, means

(i) an oil well that is placed on production within 6 months of the spud date, and

(ii) a gas well that is completed and a suitable test has demonstrated to the Board’s satisfaction that the well has the ability to produce gas at commercial rates on a sustained basis;

(b) “first well” means the well in a new pool with the earliest spud date that is capable of production.

AR 151/71 s4.060;350/87;374/91;226/93;12/98

4.070(1) If a well is completed outside of its target area, its base allowable shall be reduced by a penalty factor determined in accordance with Schedule 14.

(2) The point at which the off-target penalty factor is determined is the minimum horizontal distance, measured in metres, from any portion of the well bore within the oil or gas productive part of the producing pool to the nearest boundary of the drilling spacing unit.

(3) Notwithstanding subsection (1), a well drilled prior to 1 April 1994, with an off-target penalty that is less than the off-target penalty factor determined by Schedule 14, shall retain its current penalty factor.

AR 151/71 s4.070;69/72;2/76;202/76;250/77;295/78;469/78;229/79;
267/82;374/91;12/98

4.080 Repealed AR 12/98 s9.

4.090(1) If the Board, by order or regulation, changes the drilling spacing unit so that a well in the drilling spacing unit that was on-target before the issuance of the order or regulation, is off-target, the base allowable shall not be reduced because of its location within the drilling spacing unit unless the Board otherwise directs.

(2) Where any well was spudded on or before January 1, 1992, it shall not become off-target nor have its off-target penalty changed due to the change in regulations.

AR 374/91 s3