

Contact Us

Jason Benoit, C.E.T.
Manager
Dir: 403.874.6789



Robyn Swanson,
P.Eng., C.E.T.
Technical Advisor
Dir: 597.436.4250

Current Regulations[O&G Conservation Rules](#)[Directive 065](#)[Directive 051](#)[Directive 007-1](#)[AER Bulletin 2014-07](#)[AER Well Spacing Map](#)[Saskatchewan Guidelines](#)[BC Guidelines](#)[Manitoba Guidelines](#)[BC Water Service Wells](#)[AER Well Classification](#)**Bulletin 2016-16 – Changes to the LMR program**

As I'm sure you are all very much aware, on June 20, 2016, the AER released Bulletin 2016-16 which implemented an interim increase to the minimum liability management ratio (LMR) from 1.0 to 2.0 immediately following a transfer of AER licences, approvals or permits. If the LMR of 2.0 is not achievable after a transfer the licensee can achieve the required 2.0 minimum by posting a security (to make up the shortfall), address existing abandonment obligations or transferring additional assets.

This has brought forward many questions from our clients as to how a licensee can ensure that they meet this 2.0 target. As I've discussed in previous [newsletters](#), there is likely lots that we can do to reduce your deemed liabilities. The resultant increase in your company's LMR, through nothing more than various administrative changes, may surprise you.

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.

In another situation, we reviewed a company's assets/liabilities and determined that there was likely over **\$2,000,000.00** in liability reductions that could be realized.

If you would like us to assist you in this regard, please do not hesitate to contact us. We'd be happy to help! A copy of the bulletin can be found [here](#).

Directive PNG008: Saskatchewan Public Notice Requirements

Since late last year, SME has been following a new public notice process. Operators wishing to submit reservoir management applications (GPP, CCP, Disposal, etc.) must now notify offset mineral owners as well as SME, who will then post the notice on their website. Applications can only be submitted after the 21 day notification period expires, which commences the day the SME posts the notice on its website. Public notices are posted every Friday. To ensure you meet the deadline for the week's posting, public notices must be sent to SME via email by the Wednesday preceding the Friday.

For more information regarding this process, please click [here](#).

Special Drilling Spacing Units in Alberta

There have been a few operators who have been rescinding or have contemplated rescinding special drilling spacing units lately. The main reason for wanting to rescind special DSUs is for tenure (i.e. drill to hold). While we can certainly help you rescind special DSUs, it could be a waste of your resources to do so, particularly if the land is subject to a holding or a Unit.

If you have questions about this or a contemplating a rescission of a special DSU, feel free to contact us.

Bulletins 2016-17 and 2016-18 : New AER Reclamation Certificate Application Requirements and Process

On June 21, 2016, the AER released Bulletins 2016-17 and 2016-18 which implemented a new process for submitting reclamation certificate applications. The AER also scheduled free training sessions for this new process in both Edmonton and Calgary. The originally scheduled sessions in Calgary filled up very quickly and as a result the AER has scheduled an additional training session for July 7, 2016 from 8:30-12. Space is limited to 50 participants.

For more information on this new process, please click [here](#). To sign up for this additional training session click [here](#).

Class IB and Class III Disposal Well Applications in Alberta

Although Directive 065 indicates otherwise, the AER no longer requires the submission of a Directive 051 application concurrently with a Directive 065 Class IB and Class III disposal application. This is significant change and one that allows operators to have their plans assessed by the AER, without having to spend significant capital on the proposed wellbore beforehand.

If this [newsletter](#) isn't for you, please [unsubscribe here](#).

Until next month....

-Jason Benoit