

Oil Sands and Coal Exploration Application Guide

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Alberta Energy Regulator

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1 Introduction

This application guide includes the application requirements, processes, and expected timelines for oil sands exploration and coal exploration programs to help industry plan its programs and to help all interested parties understand the regulatory process for exploration under the *Public Lands Act*, the *Environmental Protection and Enhancement Act*, the *Oil Sands Conservation Act*, and the *Oil and Gas Conservation Act*. This guide should enable the submission of complete applications that can be evaluated by the Alberta Energy Regulator (AER) within expected timelines.

Highlights

- Applicants are encouraged to notify stakeholders before submitting an application for an oil sands exploration (OSE) program and any associated oil sands evaluation wells. This notification must meet the requirements of the *Public Lands Act* and *Directive 056: Energy Development Applications and Schedules*, and it can be done early in the process and as one single notification.
- The term for OSE programs and coal exploration programs (CEPs) will be five years, which would include up to two years to complete exploration operations and up to three years to reclaim them. Applicants may request shorter terms. Longer CEP and OSE program terms will
 - give industry more flexibility to complete exploration programs and reclamation without requiring additional applications, and
 - give interested parties with a better understanding of longer-term plans.
- The expiry date of an oil sands evaluation well licence may be extended past the typical one-year term, up to a maximum of two years, to align with the expiry period of the exploration operations of an approved OSE program. An applicant's preapplication notification is valid for up to two years to support an oil sands evaluation well licence, provided the notification clearly stated the term of the OSE program.
- An application for an OSE program or CEP may include a range of applied-for exploration operation locations, such as oil sands evaluation well sites, drill holes, and access roads, thereby accommodating changes that result from ongoing exploration. Any requested operational flexibility and their associated impacts must be fully assessed and consulted on.
- A caribou protection plan (CPP) may be submitted or amended at any time. A CPP is required when activities are within a caribou zone. The CPP will be given a reference number from a land use officer upon submission. The applicant will be notified by the land use officer once the CPP is accepted. An accepted CPP is required before the AER can render a decision on an OSE program or CEP application within a caribou zone.

2 Application Requirements for OSE Programs, CEPs, and Well Licences

2.1 Difference between application requirements on private and public lands

Application requirements vary between public and private lands. Requirements also vary depending on whether the proposed exploration operation is in an approved mine site or in a mineral surface lease (MSL).

Table 1. Summary of Applications Required for Exploration on Public Land

Legislative requirements	Public lands	
	Outside of approved MSL	Inside approved MSL
<i>Public Lands Act</i> and <i>Environmental Protection and Enhancement Act</i>	Application under section 20 of the <i>Public Lands Act</i> , and notification under the <i>Code of Practice for Exploration Operations</i> .	Notification is required under section 3.1 of the <i>Code of Practice for Exploration Operations</i> .
	Outside of approved mine site*	Inside approved mine site*
Energy resource enactments	After a letter of authority is granted for an OSE program, an oil sands evaluation well licence is required in accordance with <i>Directive 056</i> pursuant to the <i>Oil and Gas Conservation Act</i> . Permit may be required in accordance with the <i>Coal Conservation Act</i> .	No oil sands evaluation well licence is required for mine sites in accordance with the <i>Oil Sands Conservation Act</i> . Permit may be required in accordance with the <i>Coal Conservation Act</i> .

*Mine Site is defined in the *Oil Sands Conservation Rules*

Table 2. Summary of Applications Required for Exploration on Private Land

Legislative requirements	Private lands	
	Outside of approved MSL or mine site	Inside approved MSL or mine site
<i>Environmental Protection and Enhancement Act</i>	Notification is required under section 3.1 of the <i>Code of Practice for Exploration Operations</i> .	Notification is required under section 3.1 of the <i>Code of Practice for Exploration Operations</i> .
	Outside of approved mine site	Inside approved mine site
Energy resource enactments	Oil sands evaluation well licence is required under <i>Directive 056</i> pursuant to the <i>Oil and Gas Conservation Act</i> . Permit may be required under the <i>Coal Conservation Act</i> .	No oil sands evaluation well licence is required. Permit may be required under the <i>Coal Conservation Act</i> .

2.1.1 Notification and Consultation Requirements

The AER’s notification and consultation requirements are specified under AER legislation. The AER requires an applicant to develop a participant involvement program that includes people who may be directly and adversely affected by the OSE program or CEP. An applicant must initiate the participant involvement program before filing a CEP or OSE program application under the *Public Lands Act* or any oil sands evaluation well licence application under *Directive 056*.

For CEP or OSE programs on public land, applicants are encouraged to conduct a single notification that addresses the full extent and impact of proposed exploration activity and that meets the notification requirements for the CEP or OSE program application and all associated *Directive 056* applications.

For OSE programs and CEPs on private land, written consent is required from all registered owners of the land on which the exploration program will be conducted.

The Aboriginal Consultation Office (ACO) assesses the adequacy of First Nation consultation made on behalf of the Crown.

2.1.2 OSE Program and CEP Application Requirements

2.1.2.1 General

Any oil sands or coal exploration activity must comply with the *Code of Practice for Exploration Operations (COP)* under the *Environmental Protection and Enhancement Act (EPEA)*. If an OSE program or a CEP is on public land, a *Public Lands Act* disposition providing for the surface access approval is required in addition to the COP notification.

CEP and OSE program applications must address all aspects of the *COP* and, where the OSE program or CEP is on public land, must include the activities plan check list in appendix 1 of this document.

2.1.2.2 First Nations Consultation

To ensure that consultation feedback is incorporated into the application, the AER strongly encourages companies to have received a decision on the adequacy of First Nations consultation (FNC) before submitting any applications. The AER will not make a decision on the CEP or OSE program application until the ACO decides on the adequacy of FNC.

Companies are encouraged to contact the ACO well before submitting a CEP or OSE program application to ensure that FNC is adequate for the extent of the applied-for exploration program.

2.1.2.3 Consent

An application for an OSE program or CEP on public land must include consent from any overlapping surface rights holders, including forestry management agreement holders, coniferous timber licence holders, deciduous timber licence holders, and grazing lease holders. Before submitting an application to the AER, consent must be obtained, and a copy of the consent must be included in the application.

2.1.2.4 Exploration Terms and Expiry

OSE program or CEP applications will be issued for terms of five years—two years for exploration and three years for reclamation.

2.1.2.5 Range and Flexibility for Well Site and Access Road Locations

To accommodate changes to the exploration operation locations (e.g., oil sands evaluation well sites, drill holes, and access roads) resulting from ongoing exploration, a clearly defined range of the exploration operation locations and the impact of this range may be requested in a CEP or OSE program application. This range or flexibility the applicant may require should be clearly described and shown on constraints maps. For example, the proposed oil sands evaluation well site will be within a specified distance of the location shown on a constraints map. The proposed extent of the range of the location of exploration operations must be fully justified in the CEP or OSE program application. If approved, this range provides flexibility to accommodate changes during the program implementation. No subsequent application would be required for changes to exploration operation locations within a previously assessed and approved range.

For the flexibility in locations to be granted, the applicant must provide a declaration that FNC was deemed adequate for the full range of exploration operation locations proposed in the CEP or OSE program application.

2.1.2.6 Mapping

CEP or OSE program application maps must clearly identify each exploration operation location, such as oil sands evaluation wells, drill holes, and access roads, and any sensitive areas, in accordance with the *Code of Practice for Exploration Operations*. If the applicant is requesting a range for any exploration operation locations, maps must clearly identify this potential range.

The AER encourages applicants to submit geographic information system (GIS) shapefiles for every map included in the CEP or OSE program application for ease of AER review and for future reference. The AER does not require hard copies of applications.

2.1.2.7 Caribou Protection Plans

The AER requires an accepted CPP before deciding on a CEP or OSE program if the program falls within caribou zones as shown on the provincially-approved caribou land-use referral map. A CPP can be submitted or amended at any time. A CPP related to the location of the exploration program must be submitted to the appropriate regional area land use e-mail address, which may be found on the AER's website, www.aer.ca/about-aer/contact-us/land-use-contacts.

2.1.2.8 Historical Resource Requirements

Applicants must work with Alberta Culture to ensure that all requirements under the *Historical Resources Act* are met for a CEP or OSE program application.

3 Oil Sands Evaluation Well Licence Applications under *Directive 056*

Each oil sands evaluation well site specified in an OSE program requires a *Directive 056* licence before any associated field activity occurs, unless the oil sands evaluation well will be within an approved mine site under the *Oil Sands Conservation Act*. Under part 2, section 4(5) of the *Oil Sands Conservation Rules*, oil sands evaluation wells drilled within an approved mine site do not require a *Directive 056* well licence.

An applicant's notification of an OSE program on public lands must satisfy the participant involvement requirements for *Directive 056* well licence applications. OSE program approval satisfies the landowner non-objection requirement under *Directive 056* for activities on public lands.

To expedite the *Directive 056* licensing process, applicants are encouraged to submit a request for multiple well licences at the same time using the multiwell, B150 application type. Site-specific surveys are not required; instead, maps provided in the OSE program application can be attached to support the *Directive 056* application.

Applicants must identify the OSE program approval and expiry term in a cover letter attached to the *Directive 056* application. The expiry date of oil sands evaluation well licences will be aligned with the expiry term of operations part of an approved OSE program to a maximum of two years.

4 Application Process and Timelines

4.1 OSE Program and CEP Application Process on Public Lands

Applications for CEP and OSE programs on public land must be submitted to aersurfaceactivityapplication@aer.ca. All e-mails should include a reference to the type of program in the subject line of the e-mail.

The AER strongly encourages applicants to submit complete applications to ensure efficient AER review. Incomplete CEP or OSE program applications will generally be rejected within five business days.

Public Lands Act applications that are submitted to the AER without the FNC adequacy assessment decision will be reviewed, but a decision will not be made until the FNC is complete.

For CEP and OSE program applications on public lands, the application will be sent to the appropriate AER land use officers (LUOs), based on region, after an initial completeness review. The LUOs will be responsible for the primary review of the program applications. The LUOs will also be the contacts for managing the day-to-day operations of all CEP or OSE programs in their areas.

Public notice of a CEP or OSE program application on public lands will be issued on the AER's website upon registration, in accordance with section 31 of the *Responsible Energy Development Act (REDA)*. The AER's *Rules of Practice* describes the public notice of application process. The public notice of

application will generally have a 30-day notice period, during which the public can submit any statements of concern (SOC). The AER expects any concerns raised through an applicant's preapplication notification process to be addressed wherever possible before an application is submitted.

When a regulatory decision is made on a CEP or OSE program application, a notice of decision granting the exploration activity will be sent by e-mail to the holder of the exploration program and any SOC filers. The holder can then apply for oil sands evaluation well licences under *Directive 056*.

The AER will also issue a public notice of application for oil sands evaluation well licence applications; however, the decision on oil sands evaluation well licences that can be submitted as "routine" will be expedited in accordance with section 5.2 of the AER's *Rules of Practice*.

4.2 CEP and OSE Program Application Process on Private Lands

CEP and OSE programs on private land only require notification to the AER, not an application; therefore, no public notice of application is issued on the AER's website. However, in accordance with section 3.2.1 of the *Code of Practice for Exploration Operations*, beginning or continuing exploration on private land is prohibited without the written consent of all registered owners of the land on which the exploration program will be conducted. Once written consent is obtained, a notification for exploration on private land under the *Code of Practice for Exploration Operations* must be submitted to epea.wa.applications@aer.ca.

For a CEP or OSE program on private land, notification must include written consent of all current registered owners of that land.

Oil sands evaluation well licence applications on private lands must meet all *Directive 056* requirements, including site-specific consultation programs. Licences issued will reflect a one-year term unless requested otherwise.

4.3 Application Processing Timelines

A decision on a complete CEP or OSE program application under the *Public Lands Act* without any SOCs can be expected within 60 business days. On a complete OSE program application submitted by September 15, the AER will make a decision by October 31. These timelines may be extended because of unresolved SOCs.

5 Changes to OSE Programs, CEPs, and Well Licences

5.1 Amendments to Approved OSE Programs and CEPs

To reduce the number of regulatory decisions and additional notifications, industry is encouraged to plan ahead and apply for the full extent of its planned exploration programs. Location changes beyond the range previously assessed and approved, and any surface disturbance that goes beyond the impact

previously assessed and approved, requires a subsequent CEP or OSE program application, including notification and consultation. An applicant may file an amendment to an approved CEP or OSE program CEP following the same process for a new program as outlined above.

Amendment applications for OSE programs and CEPs must be submitted to aersurfaceactivityapplication@aer.ca and must reference the approved exploration program number.

5.2 Transfer or Assignment of OSE, CEP, and Oil Sands Evaluation Wells

OSE programs and CEPs, whether in the application stage or approved, are prohibited under section 149 of the *Public Lands Administration Regulation* from being transferred from one company to another as part of an acquisition.

Well licences issued under *Directive 056* can be transferred.

6 CEP and OSE Program Renewal Applications and Well Licence Term Changes

The maximum term for a CEP or OSE exploration program is five years: two years for exploration activities and three years for reclamation. Any approval less than the two-year exploration operational term may be eligible for a renewal. CEP and OSE program renewal requests (previously referred to as extensions) must be submitted to aersurfaceactivityapplication@aer.ca and must include the following:

- A clear statement identifying the request as a CEP or OSE program renewal request and the reasons why the renewal is considered necessary
- The amount of work remaining to be completed in the approved OSE program or CEP
- An updated schedule of the proposed exploration operations, including any changes to the schedule of previously approved activity within the exploration program
- An updated activities plan
- A list of the associated well licences issued under *Directive 056* or permits under the *Coal Conservation Act*, with the current expiry dates

Submission under the *Public Lands Act* of a renewal application for the exploration program will result in public notice under section 31 of *REDA*. The public notice of application will generally have a 30-day notice period, during which the public can submit any statements of concern.

The AER will issue a decision on the renewal application under the *Public Lands Act* after reviewing the complete application and after receiving a decision on the adequacy of FNC from the ACO.

A new licence application under *Directive 056* is required if a well licence has expired.

6.1 Temporary Field Authorizations

Temporary field authorizations cannot be used to amend an approved OSE program or CEP. However, disposition operations approvals (DOAs) can be used for minor access or site relocations beyond those previously assessed and approved where the disturbance is minimal, low impact, and temporary in nature; e.g., when the surface area disturbed is less than 0.5 ha and the activity under the DOA will be completed in less than one year.

The DOA cannot include new access or new sites. DOA will be issued for the maximum time required to complete the activity.

6.2 Cancellations

To cancel a CEP or OSE program on public lands where no disturbance has taken place, or when a reclamation certificate has been issued, an application must be submitted to aersurfaceactivityapplication@aer.ca clearly identifying the request to cancel the OSE program or CEP, including a declaration that no disturbance has taken place.

6.3 Conversion of Exploration Operations to Permanent Dispositions on Public Lands

It may be determined that exploration operation infrastructure (e.g., an oil sands evaluation well, drill hole, access road) is required for long-term use, such as observation or access. If there is the potential for converting any CEP or OSE program infrastructure to a permanent disposition, these activities should be contemplated and described in the initial CEP or OSE program application. However, companies are encouraged to not apply to the AER for a permanent disposition under the *Public Lands Act* to convert exploration operation infrastructure until the purpose is clearly known.

Changing the purpose of an oil sands evaluation well or drill hole from exploratory to permanent requires a mineral surface lease (MSL) application, and changing the purpose of an access road from exploratory to permanent requires a licence of occupation (LOC) application. MSL and LOC applications need to clearly identify conversions from an approved CEP or OSE program, both in the remarks section of the application and within the environmental field report.

Any proposed exploration operation changes that were not previously assessed and approved require an amendment application, including notification and consultation. Applicants are encouraged to work with the ACO to ensure that an FNC undertaken for an exploration program can be used for any conversion from a temporary disturbance to a longer-term disturbance.

For oil sands evaluation wells proposed to be converted to observation wells, the oil sands evaluation well licences must be amended to observation well licences through the *Directive 056* application process after the appropriate MSL or LOC approvals have been obtained. Site-specific surveys will be required.

Because oil sands evaluation wells must be abandoned within 30 days of the final drill date unless the purpose of the well is changed through a *Directive 056* licence amendment, applicants are encouraged to

apply as early as possible when the long-term purpose of the well is clearly known, even if the well has not been drilled.

7 Reporting

Annual reports and final reports for exploration on private land must be submitted in accordance with the *Code of Practice for Exploration Operations*. These reports must be submitted to epea.wa.applications@aer.ca.

The holder of an approved CEP or OSE program on public lands must also submit reports in accordance with the letter of authority. These reports for must be submitted to aersurfaceactivityapplication@aer.ca.

8 Reclamation

Exploration operations must be reclaimed in accordance with the *Code of Practice for Exploration Operations* and, where applicable, the letter of authority. Oil sands evaluation wells must also be reclaimed in accordance with the 2010 Reclamation Criteria (Updated July 2013) for Reclamation of Specified Land.

Although the *Code of Practice for Exploration Operations* gives operators two full growing seasons to complete reclamation, and three full growing seasons to apply for a reclamation certificate. The AER encourages operators to complete reclamation within one year of the surface disturbance to help ensure reclamation success.

Reclamation certificate applications must be submitted through the Electronic Disposition System within three years of the completion of exploration operations.

Where reclamation has not been successful after the three years, a miscellaneous lease application for reclamation research may be made to the AER to remove those unsuccessful areas from the OSE program or CEP. The operator may then apply for a reclamation certificate for the reclaimed area.

Failure to submit an application for a reclamation certificate within the time required is a contravention of the *Code of Practice for Exploration Operations* and must be reported.

9 Contact Information

Direct general inquiries to the AER by e-mail at inquiries@aer.ca or by calling 1-855-297-8311. Direct technical questions about application requirements to aersurfaceactivityapplication@aer.ca. Direct technical questions about approved CEP or OSE programs to the LUOs in the associated region as defined by the land use field centre map available on the AER's website. All e-mails should include a reference to the type of program in the subject line of the e-mail.

Appendix 1 Oil Sands Exploration Programs and Coal Exploration Programs Application Completeness Checklist

Where the answer is “No,” please provide comments explaining why this information is not considered necessary for a decision by the AER.

General information	Yes	No	Comments
Cover letter (gives <i>Public Lands Act</i> application date and contact information)			
<i>Code of Practice for Exploration Operations</i> schedule 1—notice information (form) (provide location of form)			
General location of program (include oil sands or coal lease and/or permit number), and permission from the lease/permit holder if applicable			
Location of sensitive areas and environmental summary			
Requested start date and justification			
Requested expiry date and justification			
Signature of company representative			
Code of Practice for Explorations Operations: Schedule 2 (written descriptions)	Yes	No	Comments
Time schedule of activity, operating procedures and suspension described			
Core hole size (dimensions) and siting described			
Access width (specify new and existing) and siting described			
Amount of area disturbed provided (new and reused)			
Hole location (legal and GPS) table included.			
Type of equipment to be used provided			
Summary of land use planning policies and regulations in effect in the area provided			
Soil salvage described			

Timber salvage described			
Access through other subsurface leases described			
Drilling waste / remote sumps described			
Water withdrawal described			
Erosion control measures described (slopes, water, wind)			
Reclamation and revegetation described			
Camps described			
Copies of consents provided (e.g., grazing lease)			
List of potentially adversely affected stakeholders provided			
First Nation consultation completed? (If Yes, attach results.)			
Historical resources assessment provided			
Caribou protection plan — AER regional area acknowledgment letter provided. (If Yes, attach copy of letter.)			
Land Standing Automated System (LSAS) report provided			
Was area office contacted prior to application submission? If so, provide the following: Phone _____ In person _____ Name of contact (please print): _____ Date of contact: _____			
List of other associated activity provided			
Map Submission	Yes	No	Comments
Version number and date			

Land ownership identified (Crown or private)			
Property boundary shown (oil sands or coal lease)			
Core hole locations identified (UTM and LSD description), with applied-for range as appropriate			
Previous exploration programs identified			
Access (proposed and existing to be used)			
Previously disturbed/undrilled core hole sites identified			
Other surface dispositions identified			
Other subsurface lease rights identified			
Location of sensitive areas identified			
Wildlife zones identified (e.g., caribou, sheep, ungulates)			
Location and types of water crossings identified			
Sumps identified (to apply for MSL)			
Log storage areas identified			
GIS shapefiles provided			