Cumulated Data

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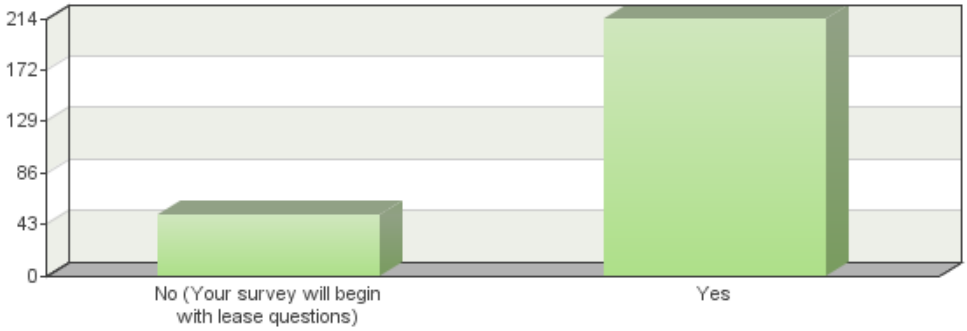
Report info

Report date:	Wednesday, March 14, 2012 10:57:07 AM MDT
Start date:	Friday, February 10, 2012 1:30:00 PM MST
Stop date:	Tuesday, March 13, 2012 11:59:00 PM MDT
Stored responses:	309
Number of completed responses:	109

Question 1

Do you know the initial term licence rules?



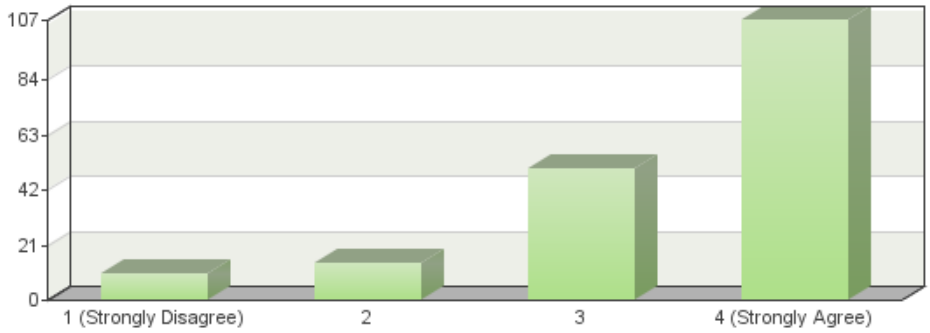
Frequency table

Choices	Absolute frequency	Relative frequency	Adjusted relative frequency
No (Your survey will begin with lease questions)	51	16.5%	19.25%
Yes	214	69.26%	80.75%
Not answered:	44	14%	-
Sum:	**309**	**100%**	**100%**

Total answered: 265

Question 1

When validating a licence, the ability to use a re-entry well remains appropriate. (A re-entry well is a well that is abandoned and re-entered and receives a new spud and rig release date from the ERCB.)



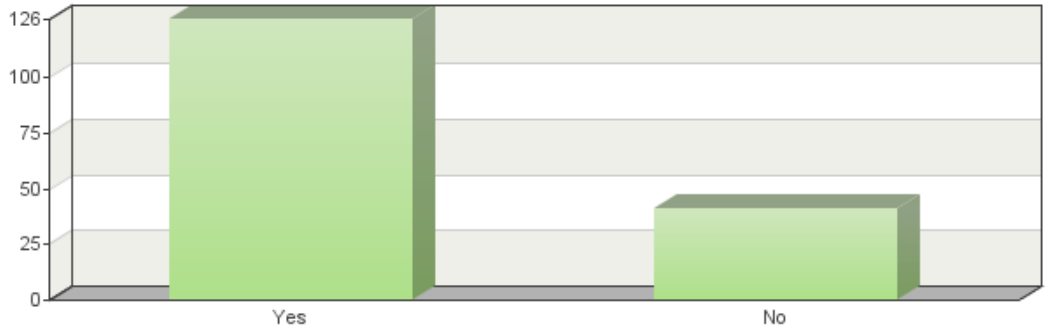
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	10	3.24%	5.52%
2	14	4.53%	7.73%
3	50	16.18%	27.62%
4 (Strongly Agree)	107	34.63%	59.12%
Not answered:	128	41%	-
Sum:	**309**	**100%**	**100%**

Total answered: 181

Question 3

The phrase in Rule (c) significant new information is too subjective to describe geological technical information. Rule (c) will be changed to read: Well re-entered on location with additional drilling less than minimum depth but proven productive with either production or a good gas test . The department must agree. Is this rule clear?



Frequency table

Choices	Absolute frequency	Relative frequency	Adjusted relative frequency
Yes	126	40.78%	75.45%
No	41	13.27%	24.55%
Not answered:	142	45%	-
Sum:	**309**	**100%**	**100%**

Total answered: 167

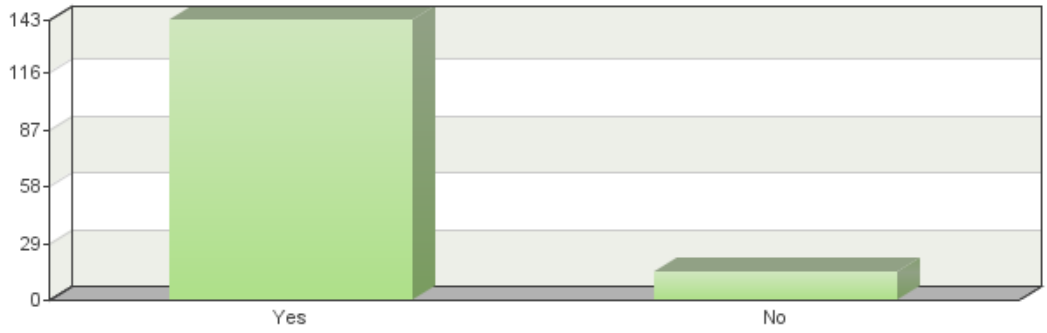
Question 2a

Please explain how this rule is not clear, or feel free to suggest an alternate way to describe it.

Text input
What is considered a good gas test. This is still left open to interpretation. Maybe just leaving it as deemed capable of production.
Examples of what 'significant new information' COULD mean would be very helpful.
Would be more clear if "good" was quantified.
What is a "good" gas test. Does this mean any gas or commercial quantities of gas?
A 'good' gas test is subject to interpretation
The phrase a "good gas test" is subjective. Subjectivity is fine but perhaps something that industry is more familiar with like "paying quantities"??
What is a good gas test? How is good defined. My definition and the crowns may be different. I suggest a specific number, regardless of the price of gas.
the word "good" is too subjective
define a "good gas test", the reference to me reads as leading to interpretation and is no more concise the the prior
- redundant with validation rule "D" - still subjective as to "good gas test" < what does that mean for significant new info? - also subjective as to shallower but contains "New info". What is deemed "new" ?
I believe that greater guidance is required about what constitutes "a good gas test". Presumably, it is a test that reasonably indicates sufficient exploitation potential to warrant incurring the costs to place the well on production at some future date. (See CAPL definition of "Paying Quantities" in the 2007 CAPL Operating Procedure for an example of the type of definition that you might want to consider.)
The phrase a "good gas test" is also subjective. This statement does not fully clarify the rules. If this is going to the criteria then you have to put parameters around what you consider to be a good gas test.
?? no comment
"good gas test" is too subjective. Suggest that this be tightened up using language such as "sustained production test demonstrating productive capability in commercial quantities" or something along those lines. Must also include a crude oil/liquids component.
What comprises a good gas test? What if the well tested oil?
What constitues a good gas test?
dis 'significant' defined anywhere in the PNG tenure regs or M&M Act?
Whether or not a well is productive should have no bearing on validation rules. The point was to drill a well to provide information.
good gas test is as subjective as new information.
Firstly good gas test is as subjective as signifcant new information and secondly what about an oil test.
What constitutes a "good gas test", any amount of gas?
Need definition of what a "good" gas test is.
To me, the term "good gas test" is also subjective. What I think constitutes a good gas test may be different than what you or others feel is a good gas test. Also, why is the term "good gas" being used? Does it mean a good oil test isn't sufficient? Does it mean a good test that does not produce gas or oil isn't sufficient? Obviously not as recovering hydrocarbons is not a requirement for validation. If you do decide to use to use wording similar to this, the word "gas" should be removed such that it reads "good test."
A "good gas test" is just as subjective as "significant new information".
"a good gas test" is still subjective. Also need to include oil tests.
I understand "proven productive" but what is a "good" gas test??? Perhaps could we describe it as a recovery of any hydrocarbons either upon test or production?
"good gas test" is subjective.
Not clear what a Good gas test constitutes and additionally what happens if this is an oil play that may not produce from a vertical test but cores etc would provide the significant information necessary to move forward with further development with horizontal wells? The way the above is written it sounds as though if you re-enter a well you need to prove production to a section 15 cont standard on a Initial term license??
How do we define a good gas test?
Rule would still be subjective as validation would potentially be based on a "good gas test". A definition for what constitutes a "good gas test" could be included for clarity.

Question 3

For initial term licences containing the rights from the surface, under the proposed Rule (c) as stated in the previous question, the full length of the wellbore will be used to calculate the number of sections earned for validation. Is this rule clear?



Frequency table

Choices	Absolute frequency	Relative frequency	Adjusted relative frequency
Yes	143	46.28%	91.08%
No	14	4.53%	8.92%
Not answered:	152	49%	-
Sum:	**309**	**100%**	**100%**

Total answered: 157

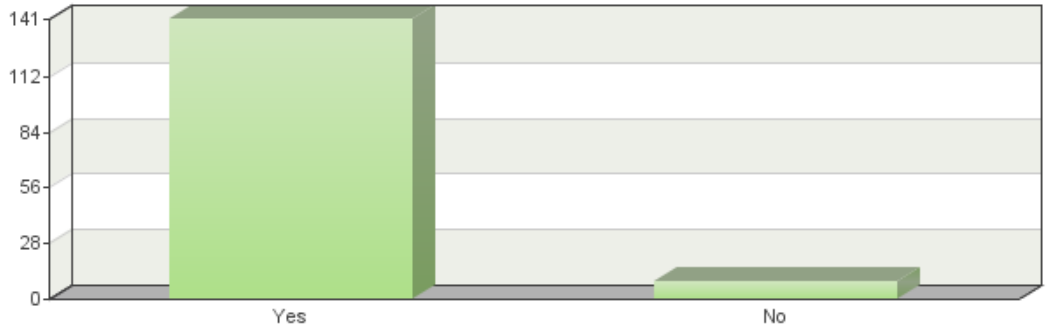
Question 3a

Please explain how this rule is not clear, or feel free to suggest an alternate way to describe it.

Text input
A 'good' gas test is subject to interpretation.
What defines "significant new information"?
The rule is clear, but I'm not crazy about the result. I don't think that the depth should depend on what rights are included in the licence. The same amount of drilling would have been required to get to the target horizon whether shallow rights were included or not, the same as is the case for the calculation of measured depth on a new drill.
A re-entered well should not use entire MD from surface to bottomhole but only newly drilled metres whether vertical or horizontal.
Unless I'm missing something, from what I can see it doesn't actually state that the full length of the wellbore is used in the calculation.
Please explicitly state application of the rule, in the case where drilling is less than 150m it remains unclear as to how validation will be calculated.

Question 4

For initial term licences granting the deeper rights only, i.e., the rights below the base of a zone, instead of providing significant new information the rule would be: A minimum of 75 meters into the licenced deeper rights must be drilled and logged to validate the licence. These logs must be submitted to the department at the time of validation application. The full length of the wellbore will be used to calculate the number of sections earned for validation. Is this rule clear?



Frequency table

Choices	Absolute frequency	Relative frequency	Adjusted relative frequency
Yes	141	45.63%	94%
No	9	2.91%	6%
Not answered:	159	51%	-
Sum:	**309**	**100%**	**100%**

Total answered: 150

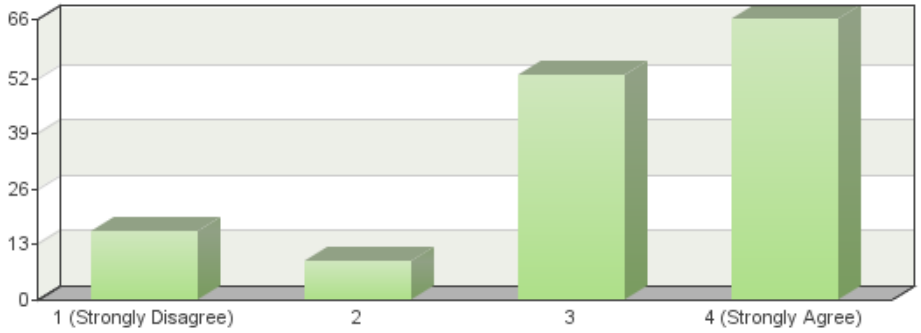
Question 4a

Please explain how this rule is not clear, or feel free to suggest an alternate way to describe it.

Text input
GYR
Sometimes the ERCB provides a logging waiver as there is a well in the section. If there are additional technical documents that can be used instead of logs to verify zones and measured depth. (ie directional surveys)
To avoid complications with directionally drilled wells, add the word "vertical" or "measured" before depth so that there is certainty around what the minimum obliation is. Also, use the correct Canadian spelling of "metres" (as opposed to "meters").
The rule is clear but does not contemplate horizontal wells and the difficulty in logging same.

Question 5

Currently, only re-entered wells that had additional drilling less than minimum depth were allowed to be used as validating wells, if significant new information was provided (now production or gas test). This rule should also be applicable to new wells that have not been drilled to minimum depth.



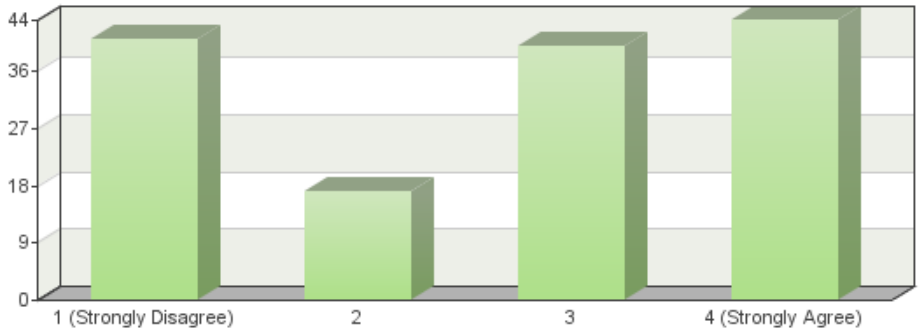
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	16	5.18%	11.11%
2	9	2.91%	6.25%
3	53	17.15%	36.81%
4 (Strongly Agree)	66	21.36%	45.83%
Not answered:	165	53%	-
Sum:	**309**	**100%**	**100%**

Total answered: 144

Question 6

If using a multi-legged well for validation, industry may select only one leg at the kick off point as well as the vertical portion of the well to calculate sections earned.



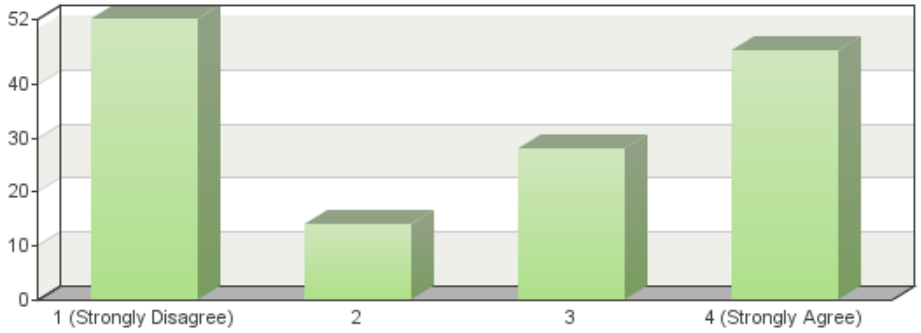
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	41	13.27%	28.87%
2	17	5.5%	11.97%
3	40	12.94%	28.17%
4 (Strongly Agree)	44	14.24%	30.99%
Not answered:	167	54%	-
Sum:	**309**	**100%**	**100%**

Total answered: 142

Question 7

In an areal situation where a licence is located between two leases, only the portion of the wellbore within the licence will be used to calculate sections earned at validation. This is because horizontal wells that do not bottom hole on the licence show no intent to evaluate the licence.



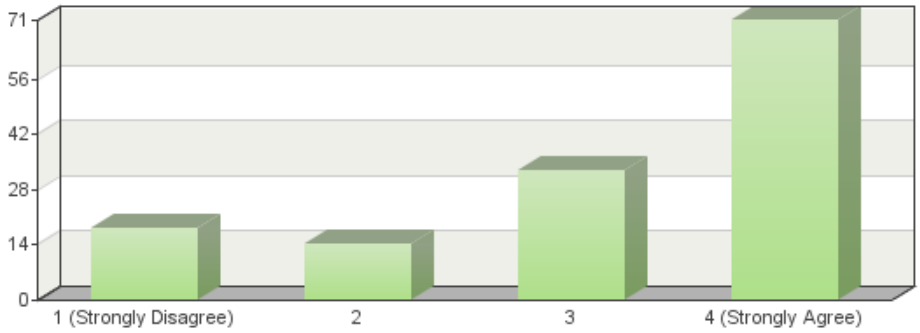
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	52	16.83%	37.14%
2	14	4.53%	10%
3	28	9.06%	20%
4 (Strongly Agree)	46	14.89%	32.86%
Not answered:	169	54%	-
Sum:	**309**	**100%**	**100%**

Total answered: 140

Question 8

To resolve the issue described above, when a validating well is drilling over the licences expiry and its term is extended to one month from rig release, application for validation must be received on or before the original agreement expiry date .



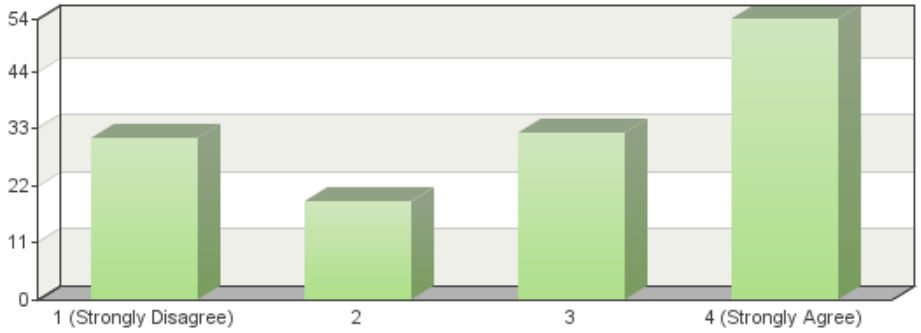
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	18	5.83%	13.24%
2	14	4.53%	10.29%
3	33	10.68%	24.26%
4 (Strongly Agree)	71	22.98%	52.21%
Not answered:	173	55%	-
Sum:	**309**	**100%**	**100%**

Total answered: 136

Question 9

Currently, the grouping application must be received within one month of the rig release date and before the earliest expiry of any of the licences to be grouped. To simplify groupings, it would be cleaner to apply for and select the sections earned at the validation stage and "bank" any remaining sections which could be used on other licences not necessarily expiring right away.



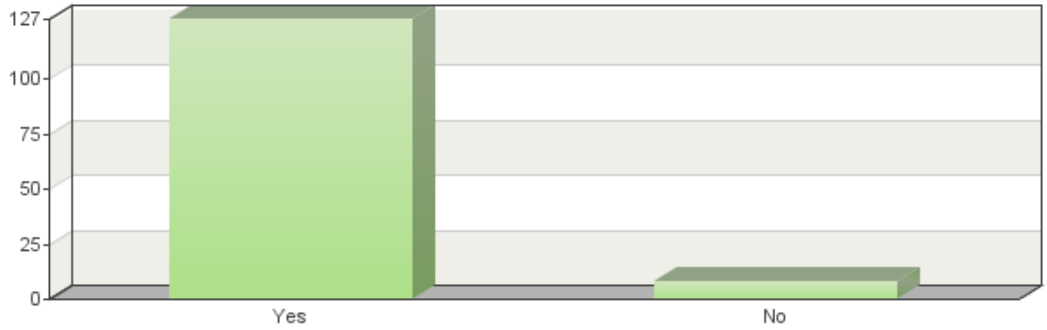
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	31	10.03%	22.79%
2	19	6.15%	13.97%
3	32	10.36%	23.53%
4 (Strongly Agree)	54	17.48%	39.71%
Not answered:	173	55%	-
Sum:	**309**	**100%**	**100%**

Total answered: 136

Question 10

Do you know the agreement continuation rules?



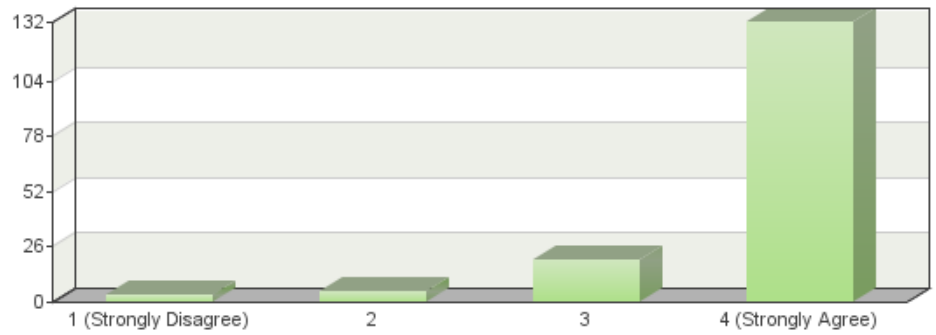
Frequency table

Choices	Absolute frequency	Relative frequency	Adjusted relative frequency
Yes	127	41.1%	94.07%
No	8	2.59%	5.93%
Not answered:	174	56%	-
Sum:	**309**	**100%**	**100%**

Total answered: 135

Question 1

The term of a Section 16 continuation should be changed to six months for both the first Section 16 and each subsequent Section 16.



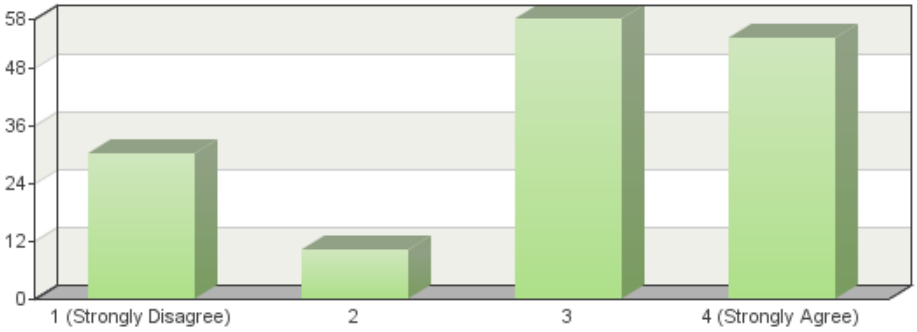
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	3	0.97%	1.88%
2	5	1.62%	3.12%
3	20	6.47%	12.5%
4 (Strongly Agree)	132	42.72%	82.5%
Not answered:	149	48%	-
Sum:	**309**	**100%**	**100%**

Total answered: 160

Question 2

An agreement that has been continued pursuant to Section 16 more than once (i.e., rolling), will be severed after the second Section 16 term, at the third application. Severance will be based on the deepest well drilled during the first two Section 16 continuation periods, providing the well has been targeted for rights contained in the agreement(s) to be continued. This well may or may not be the qualifying well and must be drilled within the rolling agreements. The goal with severance is to free up land while allowing industry to develop their target formation. In this example, the agreement would be severed based on the depth drilled in Well #2. It was never a qualifying well, but was the deepest well drilled within the first two Section 16 continuation periods and we will assume it was targeted for rights contained in the agreements being continued.



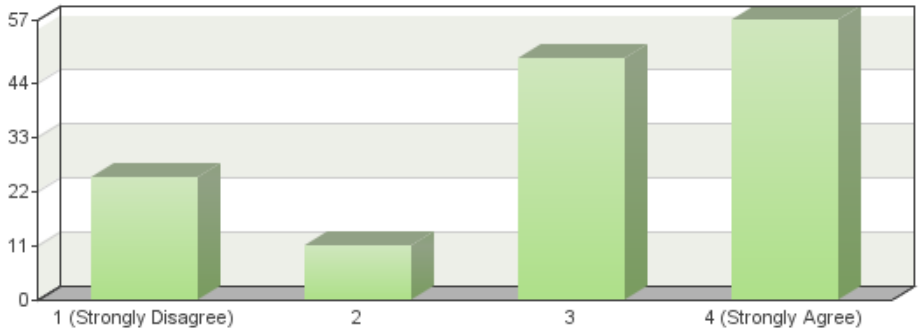
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	30	9.71%	19.74%
2	10	3.24%	6.58%
3	58	18.77%	38.16%
4 (Strongly Agree)	54	17.48%	35.53%
Not answered:	157	50%	-
Sum:	**309**	**100%**	**100%**

Total answered: 152

Question 3

Up to nine sections per qualifying well will be allowed to be continued instead of the current five sections per qualifying well. Mapping will not be allowed.



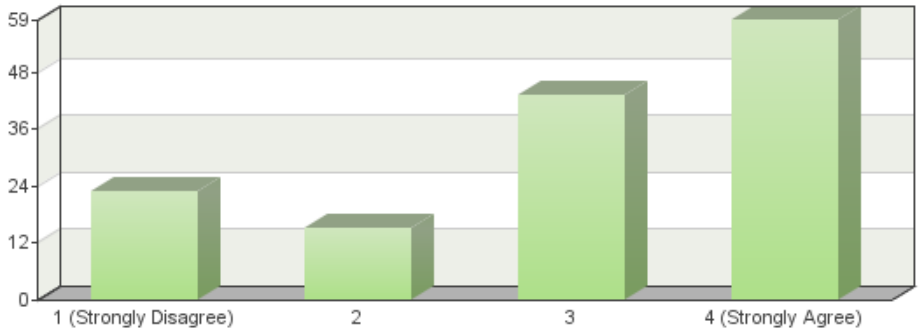
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	25	8.09%	17.61%
2	11	3.56%	7.75%
3	49	15.86%	34.51%
4 (Strongly Agree)	57	18.45%	40.14%
Not answered:	167	54%	-
Sum:	**309**	**100%**	**100%**

Total answered: 142

Question 4a

If multiple agreements are being continued: The section containing the qualifying well is selected. The remaining up to eight selected sections must touch and corner the section containing the qualifying well.



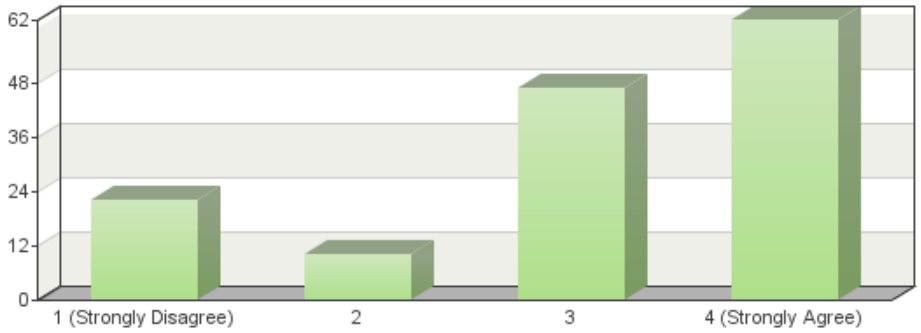
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	23	7.44%	16.43%
2	15	4.85%	10.71%
3	43	13.92%	30.71%
4 (Strongly Agree)	59	19.09%	42.14%
Not answered:	169	54%	-
Sum:	**309**	**100%**	**100%**

Total answered: 140

Question 4b

If a single agreement is being continued: If the well is drilled on a single agreement containing nine or more sections, a maximum of any nine sections can be selected to continue the agreement.



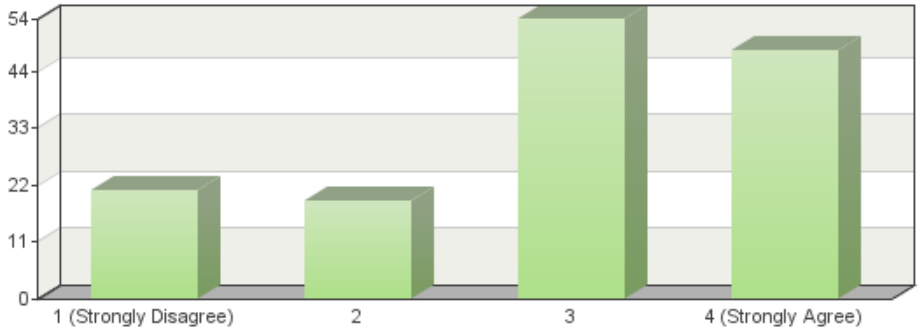
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	22	7.12%	15.6%
2	10	3.24%	7.09%
3	47	15.21%	33.33%
4 (Strongly Agree)	62	20.06%	43.97%
Not answered:	168	54%	-
Sum:	**309**	**100%**	**100%**

Total answered: 141

Question 4c

This is a combination of 4a and 4b up to the maximum of nine sections.



Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	21	6.8%	14.79%
2	19	6.15%	13.38%
3	54	17.48%	38.03%
4 (Strongly Agree)	48	15.53%	33.8%
Not answered:	167	54%	-
Sum:	**309**	**100%**	**100%**

Total answered: 142

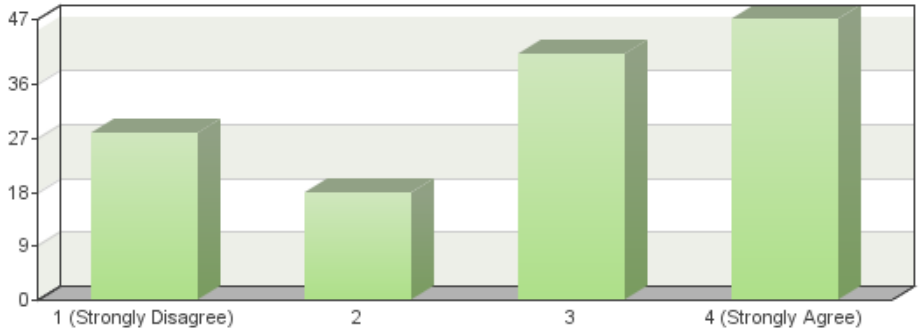
Question 4d

Please insert any further comments.

Text input
no comment
Seems fair especially since the idea of shallow rights reversion will take away more land from industry to crown, this gives industry more land (for a price) and takes from the crown. Ensure it is "up to 9 sections" so industry can choose to pick less sections if wanted.
Disagree with the 4A touch & corner, prefer the existing may have 1 section in between. Don't understand 4c.
What would the result of a productive horizontal section being drilled say through A to B would you be able to select any section in A and B and only adjoining in lease C
We have questions before we can provide an informed answer related to 4C. The scenario provided in 4C is a bit unclear as we are uncertain if we could potentially continue Lease C in Section 35 or Lease B in Section 6 as they do not touch or corner the earning well/lease.
Removing the mapping ability is not good since there is a potential that future development is restricted due to the distance criteria.
How will vertically stacked agreements be handled? If shallower rights are also being evaluated with a deeper well then it should be possible to also continue the rights contained in the offetting shallower agreement.
I believ the automatic continuation of up to 5 sections was more than enough and in my experience (25 years) was seldom used regardless.
4c is confusing and could result in cheker board of rights to reduce competition.
I recently submitted a section 16 continuation application with mapping support for 10 sections. Two of the sections will be continued under section 15 however my understanding is that I had to apply for all 10 under a 16 rather than 8 under a 16 and 2 under a 15. The crown will then respond with a 15 offer. Under the proposed rules, I would not have been able to apply for all 10 sections unless I was allowed to submit two applications at once for the same instrument. I would suggest you allow this as it would only be done in the case where the applicant was extremely confident in the section 15 approval.
We are already passed primary term in these examples and so the Lessee has had sufficient years to develop PNG in these lands! Five sections is already generous following primary term and expcially allowing this to apply to multiple agreements. This would never happen in a predominantly freehold setting such as in the USA. Let's get the lands turned over for: a) maximum revenue for the people of Alberta; b) maximum opportunity for the smaller and entrepreneirial companies the vast majority of which are Alberta based.
Mapping should be allowed.
Section 16 is generous anyway - allowing for work to be completed outside the initial term. I think only the section should be granted.
The primary objective of obtaining a section 16 continuation is to provide further time to evaluate and prove up one's play type and I consider the opportunity for lands to granted a section 16 continuation that are not configured in a format that is consistent with proving up a geological play type a departure from the spirit of what section 16 is intended. I feel that thre should be some limitations on the configuration to avoid continuing lands just for the sake of continuing lands. I feel that this is may require some geological mapping to support the lands selected for continuation.
Nine sections is too generous
While we support change generally to Section 16 continuation, no reference has been made if Section 16(8)'s would still be allowed. In the case of unconventional plays, additional time beyond the 6 month period would be necessary and appropriate. It has been our experience that Section 16(8) is the only current mechanism that will allow the crown to grant a longer continuation period to allow for proper technical analyses (extensive core analysis including oriented core, rock strength work, tri-axial analysis, TOC, Tmax regain permeability analyses and XRD), and paced development. The 6 month continuation period is often insufficient to allow such analysis, followed by selection of the next location, surface acquisition and licensing. Without having additional Regulations that support unconventional plays it is important to retain Section 16(8) to allow the crown and industry greater flexibility.
No comment

Question 5

Applicants and industry find it difficult to understand when a Section 17 will be granted. To clarify the rules surrounding the continuation of an agreement pursuant to Section 17, the concept of an Administrative Section 17 continuation will be introduced. The changes consist of making Section 17 continuations an administrative process where up to eight spacing units can be continued for one year. The eight spacing units will have to be adjacent to a producing or productive spacing unit.
Some of the criteria include: · A producing well; · Work does not have to be on the agreement being continued. Use of offsetting information is allowed; · Gas tests obtained during the term of the agreement are allowed; · Test data needs to be conducted during the term of all of the agreements being continued; · Mapping is not allowed; · The acceptance fee remains the same, at $25.00 per hectare; · The selection of land will be based on spacing units; · Agreements will not be subject to shallow rights reversion until expiry of the Section 17 term.



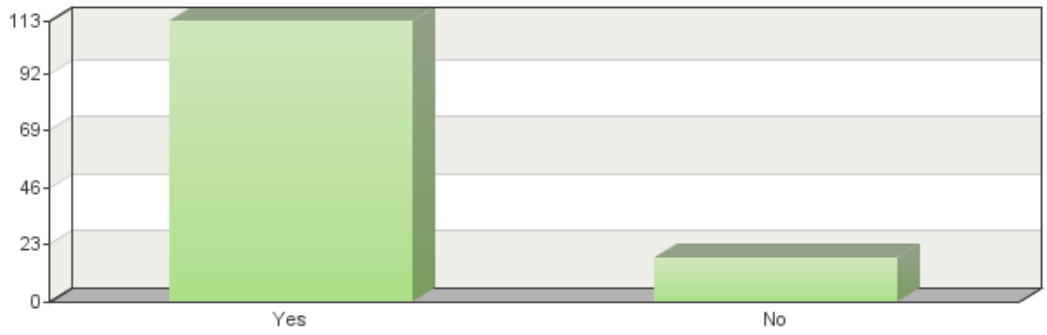
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	28	9.06%	20.9%
2	18	5.83%	13.43%
3	41	13.27%	30.6%
4 (Strongly Agree)	47	15.21%	35.07%
Not answered:	175	56%	-
Sum:	**309**	**100%**	**100%**

Total answered: 134

Question 6

The continuation of commingled wells can be confusing, so the following offers some clarification on changes that would apply only to the proposed Administrative Section 17 continuation. The following currently takes place (outside Development Entity 2). If commingled wells have: · Flow tests on individual zones: o On-location - the department continues the deepest productive zone as proven productive. o Off-location - the department considers mapping of individually tested zones for proven or potential continuation. · No flow tests on individual zones: o On-location the department continues the shallowest zone as proven productive and the deepest zone as potentially productive. This provides the company one year to prove the deeper zones are contributing to production. o Off-location the department does not consider mapping of untested zones. For the Administrative Section 17 continuations, the following is proposed for tested and untested wells: · On-location commingled wells - the current practice will continue. · Off location commingled wells will be allowed to continue any touching or cornering sections to the deepest zone completed. See the example below. As an example of a more complex scenario, the graphic below shows different agreements in the same spacing unit. This example illustrates a shallow agreement and deeper agreement (i.e., stacked agreements) on the same spacing unit with an off-location commingled well. The new Administrative 17 continuation would continue the agreement as follows : Agreement 1 , P&NG to the base of Zone A. Agreement 2 , P&NG from below the base of Zone A to the base of Zone B. Are the proposed rules for the "Administrative" Section 17 continuations clear?



Frequency table

Choices	Absolute frequency	Relative frequency	Adjusted relative frequency
Yes	113	36.57%	86.26%
No	18	5.83%	13.74%
Not answered:	178	57%	-
Sum:	**309**	**100%**	**100%**

Total answered: 131

Question 6a

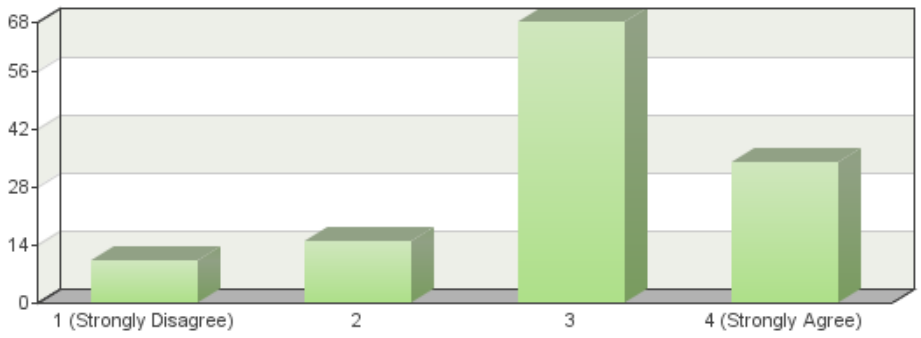
Please explain how this rule is not clear, or feel free to suggest an alternate way to describe it.

Text input
it strikes me this will get confusing in that there is no mapping submitted, yet you can use off location wells.
Land Administrators are not geologists. I believe some of the more experienced administrators will be able to do continuations like this, but I forsee many young land administrators making errors with the proposed rules. I think it is much better the way it is, as there is black and white submissions, and black and white CR responses. This involves the administrators too much, and too many do not a) have the experience or b) do enough continuations on a regular basis to understand the proposed rules, and in some companies, land administrators are the people explaining the scenarios to their team. It works now, messing with it will ensure messiness.
Would want to see the precise wording used to describe the concepts shared above in the draft reg.
It seems like a blanket approach that doesn't fully consider the technical information which normally accompanies a Secton 15 or Section 17 application. Mapping is important and should not be ignored.
Do not understand.
It is not straight forward. A company would have to fully go through the process to fully understand it.
Rule is clear, however, where wells are commingled and no flow tests are available on individual zones, in addition to individual flow/production tests, the crown should allow "production logging" (such as Spinner log or Temperature Log) that would demonstrate production from individual zones. This would provide sufficient data for the crown to grant continuation of deepest productive zone under Section 15 at the end of the Section 17 continuation period at minimial cost to the Company.
It seems like it is not strait forward explanation. Not sure how to make it clearer.

Question 7

Alberta Energy discussed the possibility for changes to the PNG tenure continuation rules to accommodate resource plays.

As part of the PNG Tenure Business Process Review, we consulted with an industry working committee and industry technical experts on resource plays. It appears that the geology for unconventional plays is the same as for conventional. Industry acknowledged that resource plays require greater investment and more development, because of the larger scale of unconventional plays. Points raised included: · A resource play is a formation that is not porous enough to flow on its own, so it needs to be stimulated. Increased fracturing and the use of horizontal wells is required. This results in a higher well density. · Unconventional plays require the rock to be fractured (rubble-ized). Recovery is more complicated. · Wells drilled in a pattern to optimize recovery. · An unconventional has sweet spots similar to sweet spots in a conventional play. Based on the feedback to date, from a continuations perspective the primary difference is that more time is required to develop an unconventional play compared to conventional. The tenure system is based on time agreements are purchased for a specific period of time and the right to keep it longer is earned through information and productivity. Indefinite continuation (Section 15) is a very high standard and Alberta Energy ensures that industry provides strong reasons to grant this type of continuation. Creating a division between conventional and unconventional or resource plays is not dependant on changing the technical requirements for continuations. Time seems to be the primary variable, so it is difficult to adjust continuations rules to differentiate between conventional and unconventional plays. As a result, the changes noted previously for Sections 16 and 17 will accommodate growing industry activity in resource plays.



Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	10	3.24%	7.87%
2	15	4.85%	11.81%
3	68	22.01%	53.54%
4 (Strongly Agree)	34	11%	26.77%
Not answered:	182	58%	-
Sum:	**309**	**100%**	**100%**

Total answered: 127

Text input
True that Time is a primary variable but drilling and completion costs are much higher in unconventional plays so this should be reflected in the earning and extentions of land
Unconventional plays should have tenure for continuation based on productivity alike to the oil sand rules for continuation.
The revisions go a long way towards addressing concerns. Given the degree to which a resource style play potentially requires a large land base, ADOE might also give consideration to applying somewhat more liberal standards to the infill locations within a delineated resource area and using section 18 to take away rights that are not being developed in a timely manner.
I think that it is a step in the right direction, so long as Alberta Energy is willing to consider reasonably liberal mapping of the resource play extent based on regional data. Obviously a balance must be struck between competing interests, but I'm not sure that the additional time being proposed for section 16s, and the "automatic" section 17s, provide sufficient time given the stakeholder consultation issues often being faced, together with the onerous natural gas pricing environment industry is facing for at least the next few years.

Since there is a grey area between what plays are defined as conventional vs unconventional there should not be any difference between regulations that cover both play types. Industry is continually finding formations that were drilled and completed in a conventional manner and now are developed by so called unconventional drilling and completion techniques so dividing the province between conventional and unconventional plays would be an administrative nightmare.

Since there is a grey area between what plays are defined as conventional vs unconventional there should not be any difference between regulations that cover both play types. Industry is continually finding formations that were drilled and completed by conventional means but are now being developed by so called unconventional drilling and completion techniques so dividing the province between conventional and unconventional would be an administrative nightmare.

A distinction between play types (conventional vs. unconventional) will need to be made painfully clear.

Shale, or unconventional, is new now, but it should eventually follow sweet and poor trends much like conventional zones are today.

On the previous page - first example - the proposal is a little problematic. The commingled well without individual tests only warrants a section 17 on the deeper completed zones. If no further work is done, the deeper rights will revert back to the crown even though that well is producing from those zones. Imagine in the scenario where those rights are purchased in the future by a different company which drills a well and completes the same zone right beside the original well. This is unreasonable. If the crown is going to allow commingling without individual zone tests, it has to recognize the deepest zone as being deemed productive.

The bottom line is the land needs to turn over. If you approach a senior company, let's pick on a few, such as Imperial Oil, Conoco Phillips, Suncor, Shell,Devon; the lands are not available if there is any chance of continuation. If a company fears it may lose the lands, then their priority rises in the capital budget process and they either get drilled or farmed out to industry--"read" smaller entrepreneirial companies that are Alberta based. Many a smaller company's good fortunes have been created by the turnover of lands and a last minute farmout of a "major's" acreage.

The regulations should provide flexibility and incentive to drill unconventional resource plays which includes using mapping.

I am uncertain that the proposed changes will accomodate industry activity in resource plays - I guess time will tell.

Unconventional plays require both additional time and additional capital to prove up the resource. Some recognition should be provided for Unconventional play types requiring additional time and capital. To treat conventional and non-conventional resource plays as common is like comparing apples and oranges - they are both a fruit but inheritly different. Some additional consideration should be given on providing a possible additional tier in Continuation Applications for Unconventional Plays - provided they meet the criteria of qualifying for same (which needs to be determined if this is going to be implimented)

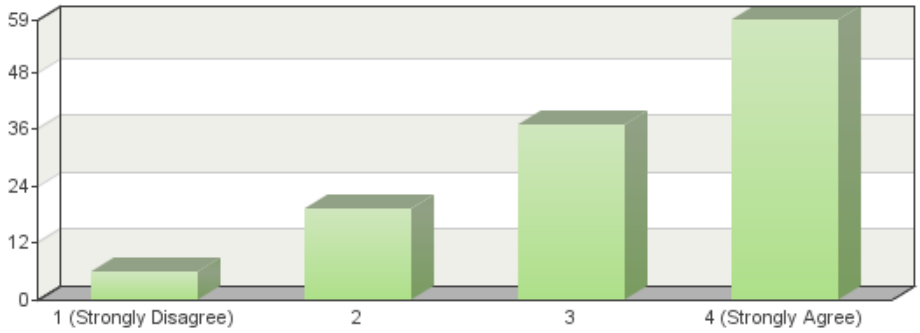
Only proven lands should be granted a section 15 and this rule changes ensures Section 15 is not weakened.

The statement "It appears that the geology for unconventional plays is the same as for conventional." is completely untrue. We believe "Unconventional Resource Plays require unconventional thinking".

Our Company (Seven Generations Energy Ltd.) has been strictly focused on tight gas, tight oil and tight mixed hydrocarbon system plays since inception in 2008 and owns large Alberta Crown lease holdings mid-way between Grande Prairie and Grande Cache. Recently (March 2nd, 2012), senior members from our Management Team, Susan Targett (VP Land) and Steve Haysom (VP Expl) met with Representatives from the Crown Royalty Department as well as Tenure and certain Technical staff to present some of the issues that we believe will arise during the course of land tenure as we develop "unconventional plays". We would welcome the opportunity to elaborate on our position regarding "unconventional" vs. "conventional" plays and the need to provide additional Regulations beyond the changes proposed in this survey. Our CEO, Pat Carlson will be meeting with Minister Ted Morton on March 14th and a copy of the presentation will be forwarded via separate email to the Continuations, Tenure Branch for additional information.

Question 8

Industry can choose to have their agreement finalized before the one month offer period expires, but their decision would be binding and could not be reversed.



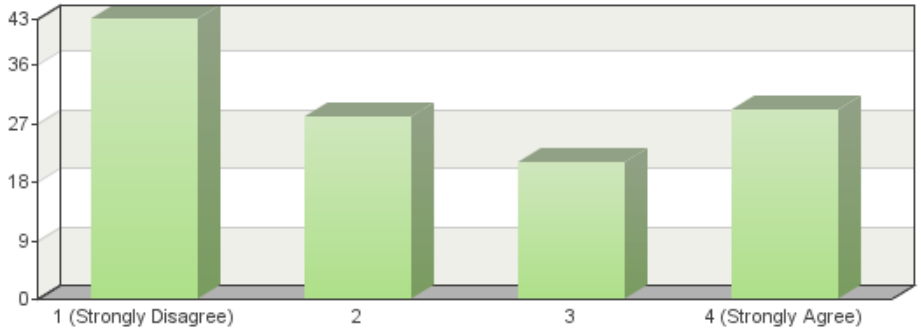
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	6	1.94%	4.96%
2	19	6.15%	15.7%
3	37	11.97%	30.58%
4 (Strongly Agree)	59	19.09%	48.76%
Not answered:	188	60%	-
Sum:	**309**	**100%**	**100%**

Total answered: 121

Question 9

Late applications for continuation will only be allowed for producing wells, not for wells that are just tested.



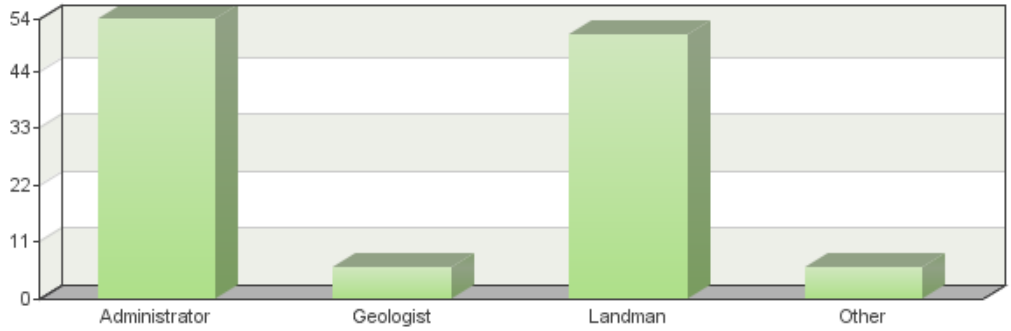
Frequency table

Levels	Absolute frequency	Relative frequency	Adjusted relative frequency
1 (Strongly Disagree)	43	13.92%	35.54%
2	28	9.06%	23.14%
3	21	6.8%	17.36%
4 (Strongly Agree)	29	9.39%	23.97%
Not answered:	188	60%	-
Sum:	**309**	**100%**	**100%**

Total answered: 121

Question 28

What is your profession?



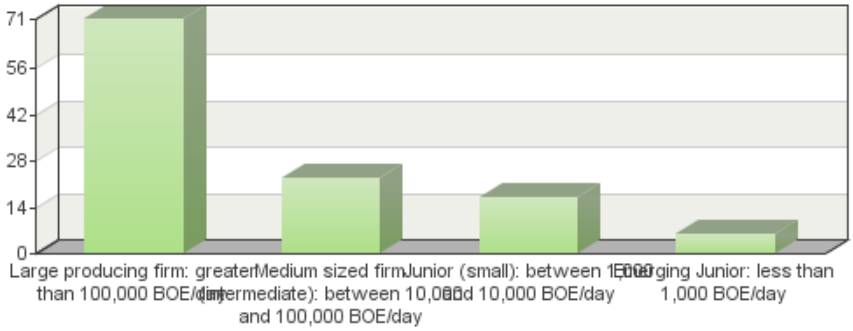
Frequency table

Items	Absolute frequency	Relative frequency	Adjusted relative frequency
Administrator	54	17.48%	46.15%
Geologist	6	1.94%	5.13%
Landman	51	16.5%	43.59%
Other	6	1.94%	5.13%
Not answered:	192	62%	-
Sum:	**309**	**100%**	**100%**

Total answered: 117

Question 29

What size company do you presently work for?



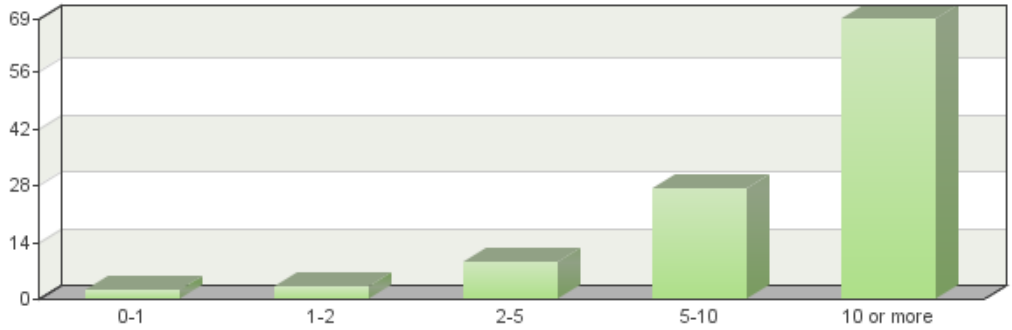
Frequency table

Items	Absolute frequency	Relative frequency	Adjusted relative frequency
Large producing firm: greater than 100,000 BOE/day	71	22.98%	60.68%
Medium sized firm (intermediate): between 10,000 and 100,000 BOE/day	23	7.44%	19.66%
Junior (small): between 1,000 and 10,000 BOE/day	17	5.5%	14.53%
Emerging Junior: less than 1,000 BOE/day	6	1.94%	5.13%
Not answered:	192	62%	-
Sum:	**309**	**100%**	**100%**

Total answered: 117

Question 30

3. How many years continuation experience do you have?



Frequency table

Items	Absolute frequency	Relative frequency	Adjusted relative frequency
0-1	2	0.65%	1.82%
1-2	3	0.97%	2.73%
2-5	9	2.91%	8.18%
5-10	27	8.74%	24.55%
10 or more	69	22.33%	62.73%
Not answered:	199	64%	-
Sum:	**309**	**100%**	**100%**

Total answered: 110

Question 31

As a tester, please provide any further comments regarding this survey.

Text input

The rules surrounding validation from re-entry wells are not consistent with ERCB definitions. The DOE defines a re-entered well differently than the ERCB and that's not ideal given the DOE doesn't provide its own definition. I would suggest they do.

excellent

These proposed changes would greatly benefit our business and the continuation application process.

I appreciate the opportunity to have a say in the process.

I am very appreciateive of Alberta Energy's willingness to integrate industry's input into their decision making

will have our technical review under separate cover.

Thanks for the opportunity for input.
Resource plays do require more time, however the survey indicates a "reasonable" amount of time...not excessive.
If you give us more time (beyond the survey recommendations) the technical teams will jsut delay a decision.

The change I would like to see is a faster turnaround in the Department's response to a continuation application. Of late, we don't receive a response to our continuation applications until 5 months after submitting it. Since no operations on the lands can be done until finalization of the continuation, the extensions contemplated by the rule changes are reduced significantly (i.e. Section 17 continuations are paid for and the intent is to give the company an additional 12 month period to develop it's play, while in essence the company will only have a 7 month continuation period).

As the Manager of our Land Team, I had to give serious thought to the questions in this survey. My comment is that this survey demonstrates that a very significant amount of time and thought has gone into this work.

unconventional shale plays need further consideration for continuations.

Reviewed by Geologist, Landman and Senior Land Administrator

Serveral Questions

Licence Item 2 should productive test not also state oil
Item 5 - if more than one sone penetrated whay happens to the other zones
Item 9 - where talking groupings as to selected or banked not quite sure what this is really saying

Leases

Item 5 - Feel that an Option for Mapping should still remain
Item 8 - not clear on what is meant by "agreement Finalize"

It would have been nice to have comment fields on additional questions.

The other area that is a big looming issue is the management of offsets in a higher drilling density environment. Is the laterally or diagonally adjacent spacing unit actually the appropriate test any more or should there be a distance test of some sort when the applicable zone has a permitted higher drilling density than one well per "spacing unit"?

Appreciate the chance to provide input. I think that Alberta Energy is moving in the right direction with the proposed changes, but must ensure that the new rules reflect the extremely difficult economic situation facing natural gas producers/explorers at this time.

Survey cases tended to be specific but rating (agree to disagree) affords ambiguous responses. As the Devil is in the details, I do not feel that the response methodology affords me to convey answers to the same specivity as the case questions.

Communication with representatives of the Department in the past have always been helpful and appreciated. The more complex the continuation and tenure processes get the more communication and assistance will be required. Hopefully the level of experience and assistance will continue with tenure changes. As far as granting additional time or benefit for unconventional resource players, I think they have a choice - buy and plan to develop or loose the rights. Granting additional time only allows or can create levels of disingenuous. Also I think a minimum depth for Licence validation needs to be looked at, surface casing can validate a well and certain lands for an additional 5 years. I think a minimum of 400 - 500 meters unless other wise approved by the Department is more reasonable. I notice little comment on shallow rights reversion - a dogs breakfast for sure but just another challenge. Keep up the great work.

Over all the changes seem to be very positive to reducing ambiguity in existing regulations.

It would be great if all continuation data could be submitted electronically. We (and I assume most companies) maintain electronic wellfiles and Maps, Cross-sections, etc can be PDF'ed for submission as well.

Thanks

My view from the position of Landman, COO and CEO over 34 years of experience and primarily with entrepreneurial companies of between 3,000 to 20,000 boe/d is that the continuation process must be rigorous contribution to turn over of the lands. This drives activity and the creation of wealth for all.

This was jointly filled out by 3 Lease Analysts, 1 Contracts Analyst, and 1 Landman.

Regarding Question 6 (Licences) If using a multi-legged well for validation, industry may select only one leg at the kick off point as well as the vertical portion of the well to calculate sections earned: I think you should be able to use the vertical and the horizontal leg for calculating validation; however, you should only be able to do that once for each well. Therefore, I don't agree with those who say that you should be able to use the vertical and each horizontal leg. After the vertical and the first horizontal leg, it is basically development drilling that should not count towards validation.

Regarding Question 8 (Licences): I think licence continuations where a well is drilling over expiry should be treated the same as Section 16 continuations of leases. In other words, you should have to apply before the expiry of the licence.

I am confused - will the administrative replace the current section 17 in it's entirety?? Assume that there are no other contemplated changes? Please clarify.

I applaud you folks for soliciting Industry feedback on proposed changes that will work in concert with how our O&G Industry is evolving. I encourage more of this with respect to possible changes in future.

Keep Up The Good Work !

Appreciate the oppurtunity to comment as well as flexibility exhibited by the Crown.

I think that a survey is a great way to get more input from more people than just the committees you had worked with.