

General Information

Purpose

- Use this guide to help you complete applications for continuation of petroleum and natural gas (PNG) leases and licences. This guide does not apply to validation and grouping of initial term PNG licences.
- Use the Continuation Application Form to apply for continuation under Sections 15, 16, and 17 of the Petroleum and Natural Gas Tenure Regulation (PNG Tenure Regulation.)
- Sections in the form and this guide refer to the PNG Tenure Regulation, unless otherwise specified.
- You may also use this form to apply for extensions under Sections 16(8) and 18(6) of the Regulation, and under Section 8(1)(h) of the Mines and Minerals Act.

Resources

- The Alberta Energy website www.energy.gov.ab.ca provides access to relevant forms, guides, regulations and other information. On the home page select: Our Business→Tenure→Tenure Administration.
- If you have any questions, please phone **(780) 427-7425** and ask for **Continuations**.

Submitting an Application

- Always complete Parts 1, 2 and 4 of the form. Complete Parts 3, 5, 6 and 7 as applicable. Use additional copies of pages 1 and 2 if required.
- **The success of your application may be affected if all relevant data is not submitted.**
- **An application for continuation must be received by the Alberta Department of Energy, at either the Edmonton or the Calgary office, on or before the expiry date of any agreements included in the application.**
- Applications may also be faxed to the Edmonton office at (780) 422-1123. Do not send applications by e-mail. If you fax an application, you do not need to mail the original.
 - Only one application per agreement may be considered by the department.
 - A later application received before expiry supersedes any previous application(s), unless the "Amendment to previous application" box is checked.
- **Ensure you are authorized to submit the application.** Your company must be the designated representative or obtain authorization from the designated representative for each agreement applied for (see Part 2 below.)
 - If the designated representative applies before expiry after another authorized company has made an application, the previous application is superseded and the authorization of the previous applicant is revoked.
- You may use a single application form for multiple agreements **provided that:**
 - There is only one application for each agreement,
 - You are authorized to apply for all agreements,
 - The agreement expiry dates are within one year of each other, and
 - The agreements are located near each other, so that they are covered by the same technical data.

- Rental payment is not required at the time of application. The department provides notification of rental owing after the continuation decision is finalized.
- Where required on the form, the preferred date format is YYYY-MMM-DD, e.g., 2007-JAN-07.
- Every page of your application should reference the agreement number, or the first agreement listed in your application. On page 1, this information is included in Part 2. On page 2, enter it at the top of the page above Part 5.

Status of the Agreement

- Once the department receives and registers your application, the department's land information system (LSAS) gives an agreement status of "Continuation Pending" until the department finalizes the continuation decision.
- Lands and rights which are not included in an application will expire.
- Do not assume continuation has been granted until you receive written confirmation from the department.

Request for Review (Appeal)

- Only the company who submitted the application can request a review of the department's offer of continuation.

Part 1 - Administrative Information

- **Applicant Company:** Fill in the name of the company applying for continuation, and the mailing address.
- **Applicant File Number:** Include your file number if you wish it to be referenced on the department's response.
- **No data to follow:** Check this box if all information is being submitted with the completed application form.
- **Data being sent by courier or mail:** Check this box if additional data is being sent separately.
 - Data sent separately must be received by the department within one week of the faxed application.
 - Please reference the PNG Crown Agreement number on the envelope or cover page of the data package.
 - You do not need to include a copy of the application form.
 - Submit all data in print (hard copy) format. Do not submit in electronic or digital format.
- **Amendment to previous application:** You may amend a previous application up until expiry of the agreement(s) applied for. Submit a complete form, not just the amended parts. Be sure to sign and date the amended application.
 - Check this box if your application amends or adds to a previous application.
 - If this box is not checked, a new application supersedes and replaces any prior applications.
- **Application Date:** Enter the date of the original application which your application is amending.
- **Parts of form amended:** Identify which parts of the form are amended (e.g. 5 and 6)

- **Advance Ruling Request:** Check the box if you would like the department to determine the type and extent of continuation before expiry, based on evidence gathered to date.
 - The application must be received at least two calendar months before expiry to be eligible for an advance ruling. (e.g., May 15 deadline for July 15 expiry.)
 - Once the department issues an advance ruling on continuation, you may amend or supersede the first application with a new application before expiry.
- **Geological Discussion Attached:** Check this box to confirm geological discussion is attached. A geological discussion summarizes work done, results and conclusions. It should be submitted with the application form, even when technical data is sent separately. For additional information, please refer to the Technical Notes (below) and the Technical Guidelines for Continuation (available on the department's website.)
- **Return Seismic Lines:** Check this box if you are submitting seismic lines as part of your application and would like them returned when the continuation decision has been made. The department does not return any other data.

Part 2 – PNG Crown Agreement Information

- Use a separate column for each agreement applied for on one form. However, if two or more agreements have the same expiry and the same designated representative, you may include them in one column.
- If you need additional columns, attach additional copies of Page 1.
- **PNG Crown Agreement Number:** Enter the Petroleum and Natural Gas (PNG) Agreement number on the first line (e.g., 0494091399)
- **Applicant File Number (Optional):** If it is useful for your company, enter the company's file number (or file name) on this line (Examples: M12345; 2.10.203; Redwater). This file number (or name) will be referenced in the department's correspondence to the applicant resulting from this application.
- **Applicant is designated representative OR Authorization attached:**
 - Check the first box if the applicant company is the same as the designated representative.
 - If the applicant and designated representative are different, check the second box and obtain a completed Authorization Form (or letter of authority) from the designated representative. Submit this with your application.
 - If the name of the applicant is not identical to the designated representative, a letter of authorization is required. For example, if ABC Oil Ltd. is the applicant and XYZ Energy Ltd. is the designated representative, XYZ Energy Ltd. must supply a letter of authorization in order for ABC Oil Ltd. to apply. Your application will not be processed until authorization is received.
 - A copy of the Authorization Form is available on the department's website (see General Information, above.)
- **Applying for entire agreement OR Applying for portion of agreement:**
 - Check the first box if applying for all lands in the agreement. A land description is not required.
 - If applying for a portion of an agreement, provide a land description for those portions. The department prefers the format M-RR-TTT: SS and portions (e.g., 5-11-061: 30SW,L11,L12) where:
 - M = West of the nth Meridian
 - RR = Range (2-digit)
 - TTT = Township (3-digit)
 - SS = Section (1- or 2-digit) and coordinates designate the half section (N, S, E, W) or quarter

section (NE, SE, SW, NW.)

L = Legal Subdivision (1- or 2-digit)

Part 3 - Extensions

- Depending upon the type of extension, you may request extension in order to continue work or due to unforeseeable, non economic circumstances beyond the company's control that prevented work from being conducted or completed.
- Check the applicable box. Indicate the date you would like the extension to go to. If the extension is granted, it may be to a different date than requested.
- **Section 16(8) Extension Request:** an agreement that is continuing under *Section 16* may be eligible for an extension if more time is required to complete evaluation of the rights, or there are non-economic extenuating circumstances beyond the company's control.
- **Section 18(6) Extension Request:** an agreement that is subject to a *Section 18* notice may be eligible if some operations have already been conducted on the agreement location and more time is required, or there are non-economic extenuating circumstances beyond the company's control.
- **Section 8(1)(h) Extension Request (under the Mines and Minerals Act):** an agreement that is not eligible for continuation or extension under the Regulation may be eligible for an extension if more time is required due to non-economic extenuating circumstances beyond the company's control.
 - This type of extension is applicable to licences expiring under an initial or intermediate term, leases expiring under a primary term, and both licences and leases expiring under Section 17 continuation.
 - When a Section 8(1)(h) extension is granted, the agreement status is the same as it was under the former expiry date (e.g., an agreement that was under Section 17 continuation at the time the extension was applied for remains under Section 17 continuation through the extended period.)
- To qualify for an extension due to extenuating circumstances under one of the above Sections in the Act or Regulation, the company must demonstrate the following:
 - Circumstances were unforeseeable, non economic and beyond the company's control (i.e., not related to business decisions such as late farm-in)
 - The company or operator demonstrated diligent effort, where feasible, to address the circumstances.
- Attach a detailed explanation of the circumstances and efforts to overcome them. Provide a chronology of events and your plan for completing work if the extension is granted. Where available, attach supporting documentation (e.g., a letter or e-mail from a drilling company that has run into drilling problems; correspondence from the EUB regarding a well licence application; letters of objection from surface owners or stakeholders.)
- The department may request additional information upon reviewing your application.

Part 4 - Signature and Contact Information

- **Applicant:** Print (type) applicant name and position title, and sign and date in the space provided.
- **Technical Contacts:** Provide the name, title, phone and fax numbers for at least one technical contact.

- **At the top of Page 2**, insert the first agreement number that appears on Page 1 to ensure that we keep both pages of your application together.

Part 5 – Units, Gas Storage Agreements and Offset Compensation [Section 15(1)(b), (c) and (d)]

- A spacing unit subject to a Unit Agreement, a Production Allocation Unit Agreement, an obligation to pay Offset Compensation or a Gas Storage Unit Agreement is eligible to be continued pursuant to Section 15(1)(b), (c) or (d).
- If any of these circumstances apply, identify the zone affected along with the name, number or land description.

Part 6 - Qualifying Wells [Section 16]

- The 16-character well id is the preferred format for referencing a well (e.g., 100/01-01-001-01W4/00)
- **Applicant is/is not the well licensee:** If the applicant is not the same as the well licensee, attach authorization from the well licensee to use the well as a qualifying well.
 - Ensure the well licensee also provides authorization for use of well data, where necessary.
 - A copy of the Authorization Form is available on the department's website (see General Information, above.)
- **Qualifying Well:** Provide the well location or Unique ID, the spud date and the rig release date. Use a separate column for each well. If there are more than two qualifying wells, use another copy of page 2 of the form.
- **Qualifying Well:** Under Section 16(1) of the Regulation, "Qualifying well" means a well that is either drilling at expiry, or has a rig release date within the last three months of the term of the agreement or the continuation period.
- A qualifying well can only be used once for Section 16 continuation. Therefore, all lands or agreements using the same qualifying well must be included in the same application.
- **Rig Release Date:** If the rig has released, enter the rig release date. If rig release has not yet occurred, leave blank.
- **Selecting Sections:** For each qualifying well, either select up to 5 sections or apply by mapping with technical data.
- Without technical data, you may select up to five sections per qualifying well:
 - Any sections on the agreement in which the qualifying well was drilled,
 - On multiple agreements, providing the selected sections touch or corner the section containing the qualifying well, or
 - A combination of the above
- With technical data, you may apply for more than five sections per qualifying well:
 - Anywhere in the same agreement

- Anywhere in nearby agreements.
- You may not “pick and map” from the same qualifying well. For the same qualifying well, you may either select up to 5 sections or map lands with technical data, not both.
- If you apply for continuation by mapping, you must provide technical data to demonstrate that the qualifying well evaluates the additional lands and rights outside the section on which it is drilled. See the table at the end of this guide for recommended data.
- If applying with more than two qualifying wells, lands continued under Section 16 may have different expiry dates, depending on the rig release date of each qualifying well used to continue those lands. If you map all lands together, the lands get the same 3- or 6-month expiry date, based on the latest rig release date of the qualifying wells. This may also give more flexibility for selecting lands for subsequent 3-month Section 16 continuations.
- If you apply for more than five sections with mapping in a single agreement and the Department disagrees with your application, you may then qualify to select a maximum of five sections provided that the qualifying well is drilled on the expiring lands. The Department’s offer of continuation will make this option available if you are eligible.
- Only the sections granted an initial six month continuation can be included in subsequent applications for a three month continuation. In other words, you can drop sections in subsequent applications, but you cannot add other sections.
- If you wish to identify other wells that are not included as qualifying wells, include them under Part 7.

Part 7 - Technical Data for Qualifying Wells, Productive/Potential Wells and Pools [Section 15(1)(a) and (e), Section 16, Section 17]

- **Data Referral and Authorization:** Use this part of the form to reference previously submitted data, and data being submitted by another company to support your application.
- **New data:** Complete this authorization if incoming data is being submitted separately confidentially by another company in support of your application.
- **Data previously submitted within the past 12 months:** Complete this section and include the necessary authorizations if you want the department to use data previously submitted by your company or another company. Provide the application date and the PNG Crown Agreement Number for which the data was originally submitted.
- Be sure to provide and/or obtain all the necessary authorizations to allow the department to use the data to support your application. A copy of the Authorization Form is available on the department’s website (see General Information, above.)
- **Zones:** Complete a separate column for each zone for which you are submitting data.
 - Identify all productive or potentially productive zones when submitting supporting technical data for Section 15(1)(a) and (1)(e) and Section 17 applications.
 - **ALL productive and potentially productive zones must be listed.** Failure to identify zones in your application may affect the success of your application.
 - If an agreement in your application is zone-specific (e.g., a natural gas agreement; an agreement with rights “excepting” petroleum and natural gas in one or more zones), **include a correlation between the wells in the agreement and the well quoted in the Zone Designation.**

- **Type of Continuation Requested:**
 - Identify which section of the Regulation you are applying under (more information below.)
 - **Data provided for zone (Optional):** Completing this checklist is optional, and may be used if your company finds it is a helpful tool for confirming the type of data submitted. The department does not use this checklist to verify data submitted. Provide as much data and interpretation as available and relevant.
- **Other wells not listed in Part 6:** You may identify relevant wells, in addition to those identified as qualifying wells (if any) under Part 6. This information can be helpful in the department's review of your data, as sometimes the other wells prove to be useful as qualifying wells.

SECTION 15(1)(a) - SPACING UNIT FOR A PRODUCING OR PRODUCTIVE WELL

- A spacing unit may be continued under Section 15(1)(a) if:
 - It contains a physically producing well (ie: flowing or pumping) or
 - The data submitted demonstrates that a well within that spacing unit is capable of producing petroleum or natural gas in paying quantity.

SECTION 15(1)(e) - PRODUCTIVE SPACING UNIT

- A spacing unit will be considered for continuation under Section 15(1)(e) when you submit technical data demonstrating that it is underlain by a pool capable of producing petroleum or natural gas in paying quantity.

SECTION 17 - POTENTIALLY PRODUCTIVE WELLS OR ZONES

- A spacing unit that contains a potentially productive well, or is undrilled but contains one or more potentially productive zones, may be continued pursuant to Section 17.
- If you apply for continuation under Section 17, you are not required to submit the acceptance fee of \$25.00 per hectare with your application. We will advise you of the amount payable when we respond to your application.

Notes on Technical Data

Essential and Useful Data and Interpretation

| Type of Data | Type of Continuation Applied For | | | | |
|--|----------------------------------|------------------|---------------------|-----------------------------------|-------------------------------------|
| | Section 15(1)(a) | Section 15(1)(e) | Section 16(mapping) | Section 17 (drilled spacing unit) | Section 17 (undrilled spacing unit) |
| Geological discussion of the pool | Essential | Essential | Essential | Essential | Essential |

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Well logs: with formation tops and all tested and perforated intervals marked | Essential | Essential | Essential | Essential | Essential |
| Recent production data | Essential | Essential | Essential | Essential | Essential |
| DST or flow test data | Essential | Essential | Essential | Essential | Essential |
| Test Data from Other Pertinent Wells | Useful | Useful | Useful | Useful | Useful |
| Mapping , whichever of the following is appropriate: <ul style="list-style-type: none"> ▪ Isopach mapping ▪ Net Pay mapping ▪ Structural mapping with supporting cross sections | | Essential | Essential | | Essential |
| Seismic data: <ul style="list-style-type: none"> ▪ Discussion of seismic data ▪ Interpreted seismic mapping with supporting interpreted seismic lines/sections ▪ Shot point maps ▪ Synthetics | | Useful | Useful | | Useful |
| Other Technical Data (see Notes below) | Useful | Useful | Useful | Useful | Useful |

- All submitted data is retained by the Department, with the exception of seismic lines, which may be returned upon request (check Return Seismic Lines box in Part 1 of the application form).
- ALL DATA IS HELD CONFIDENTIAL. This data is not made available to anyone else, unless authorized to do so by the party who provided the data. No information submitted for a continuation is used for any other application, even if it relates directly to another agreement.
- If you wish your data to be used in support of another company's application, you must authorize the Department to do so. (Part 7 of the application form)
- Please obtain authorization from another company to use their data that was submitted previously (within the past 12 months), or is being forwarded to the department by the other company. (Part 7 of the application form)
- You may refer to previous data submitted by your company within the past 12 months to support a current application. (Part 7 of the application form)
- You may present data in person at the Department's Edmonton office by contacting the Continuations area to book a meeting. Please have the following information ready:
 - Preferred date, time and length of meeting (if possible, have an alternate date available)
 - Crown agreement number(s)
 - Zone(s) being addressed; Type of application (Section 15, 16 or 17)
 - Who will be attending and their professional designations

- Type of data being presented (geological, engineering, geophysical)
- Audio-visual equipment required
- All relevant data should be included with your application. Note that data submitted to the EUB is not available to the Department, with the exception of well information, production data and test data that is non-confidential. Data that has been released from confidential status for less than three months, and data that has only recently been submitted to the EUB (eg: recent test or production data), may not be available.
- Following the Department's initial review of your application, you may be advised of any deficiencies. Failure to respond in a prompt manner may affect the result of your application.
- **ALL productive and potentially productive zones must be listed.** (Part 7 of the application form.)
- Copies of the well logs and cross-sections should include a large enough interval to correlate the zones (eg: completed interval plus regional markers above and below).
- "Zone" is defined in the Petroleum and Natural Gas Tenure Regulation as a stratum or series of strata considered by the Minister to be a zone for the purposes of this Regulation. In many cases zones may be geological formations, but in some instances they are larger and include more than one formation (eg: the Mannville zone includes numerous formations). If you are mapping several formations in the same zone (eg: Glauconitic, Basal Quartz, Ostracod), list the data supplied for each formation in a separate column in Part 6 on Page 2 of the Application Form.
- Supporting data may include all types listed in different sections of this Guide, as well as:
 - Maps including paleogeographic, facies development and trend maps
 - Core or sample descriptions
 - Geologic or technical references
 - Engineering data including oil and gas analyses, pressure data
 - Reserves information including material balance and volumetrics calculations
 - Test data such as spinner surveys or RFTs
 - Surveys for horizontal or deviated wells with vertical and horizontal projections of the well's trajectory
 - EUB applications and approvals including holdings, changes in spacing units, EORs and Projects