

# Frequently Asked Questions

## AER FORM O-38: Application for a New Well Base Maximum Rate Limitation

### 1. When is an O-38 application required?

O-38 applications are required for oil wells that discover a new pool or are drilled in a confidential pool or outside existing AER pool order boundaries.

Note: If a well is drilled inside of an existing AER pool order boundary, an O-38 application is not required.

### 2. When should I submit an O-38 application?

An operator may submit an O-38 application once the well has at least 30 days of production reported on Petrinex. Where gas will be conserved in accordance with *Directive 060* prior to the completion of the new oil well production period, an O-38 application should be submitted once gas conservation is reported on Petrinex.

### 3. Where do I submit an O-38 application?

O-38 applications are to be submitted by e-mail to [O38.Applications@aer.ca](mailto:O38.Applications@aer.ca).

### 4. If part of the horizontal well is located outside the AER pool order, does an O-38 application need to be submitted?

Yes, if **any** productive portion of a horizontal well is outside the AER pool order, an O-38 application is required.

### 5. How is the horizontal well modifier (HWM) assigned?

If a horizontal well is drilled in a new or existing pool that is subject to maximum rate limitation (MRL) administration, a HWM is assigned by one of the following:

- On the O-38 application disposition
- By operator's request via e-mail to [O38.Applications@aer.ca](mailto:O38.Applications@aer.ca)
- By internal review

### 6. If a new oil well is drilled outside of an EOR scheme approval area and there is no primary mechanism in the AER MRL order, does an O-38 application need to be submitted?

Yes. If only an enhanced recovery mechanism is listed for a pool in the MRL order, an O-38 is required in order to set a primary allowable and reserves for the new primary well drilled outside of the existing EOR approval area.

### 7. When are pool orders established?

Pool orders are published and updated monthly and are found in the AER order system on the AER's website.

### 8. Why would a well be coded as undefined if it is a part of a defined pool?

If the correct pool code is **not** recorded in Petrinex when placing the well on production, it will remain undefined for an extended period in the AER system. The pool code will be amended either through an O-38 submission or upon review by the AER.

**9. If an applicant does not agree with the AER pool designation, how can they dispute it?**

A pool delineation application may be submitted in accordance with *Directive 065: Resources Applications for Oil and Gas Reservoirs* if the applicant does not agree with the AER pool designation prescribed on the O-38.

**10. Will the MRL change when the pool loses confidential status?**

MRLs for confidential pools are established on a well basis while MRLs for non-confidential pools are established on a pool basis. Therefore, the MRL may change when a pool loses confidential status. Operators are encouraged to refer to the MRL order on a monthly basis to confirm their MRL and any applicable special provisions assigned to their pool.

**11. When does a pool lose confidential status?**

A pool loses confidential status once its oldest well is one year from its finished drilling date **OR** when five or more wells are included in a pool, whichever occurs first.

**12. Where can I find the rate administration for a particular pool?**

The rate administration for active, nonconfidential pools can be found in the AER's monthly MRL order on the AER's website. The MRL order will indicate whether a pool is subject to MRL or good production practice and provides details of any applicable special provisions in appendix II.

**13. If a pool has a special provision, does it automatically apply to all wells in that pool?**

Special provisions can apply either on a well or pool basis. When a pool is denoted in appendix I of the MRL order as having a special provision, operators are advised to reference appendix II of the MRL order to fully understand how the special provision applies.

**14. When is the MRL order published?**

MRL orders are posted on the AER website several days before the month it applies to. It is important for operators to refer to the MRL order monthly to ensure that all relevant data for calculating a given monthly allowable is taken into account.

**15. What is GPP?**

Good production practice (GPP) is defined in the *Oil and Gas Conservation Rules (OGCR)* as the production of oil and gas at a rate that is not limited to restrictions imposed by an MRL, but that is limited to what can be produced without adversely and significantly affecting conservation, the prevention of waste, or the opportunity of each owner in the pool to obtain his share of production.

**16. How is a pool granted GPP?**

The AER may grant GPP under section 10.060 of the *Oil and Gas Conservation Rules* by its own discretion or after reviewing and approving an application filed in accordance with *Directive 065: Resources Applications for Oil and Gas Reservoirs*.

- **For a well in a newly defined oil pool**, the AER will grant GPP through the O-38 application process where the well meets the requirements of *Bulletin 2015-29: Administration of Good Production Practice for Conventional Crude Oil Pools*.
- **For existing pools** subject to MRL administration, an application for GPP may be submitted in accordance with *Directive 065* if a licensee wishes to operate under GPP.