

Frequently Asked Questions

Bulletin 2015-29: Administration of Good Production Practice for Conventional Crude Oil Pools

October 2015

Q1. What is good production practice (GPP)?

A1. GPP is the production of oil and gas at a rate not limited to restrictions imposed by a maximum rate limitation (MRL). The Alberta Energy Regulator (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 (Directive 065)*.

Q2. Why is the AER changing how it administers GPP?

A2. The changes announced in *Bulletin 2015-29* will give operators regulatory certainty around rate controls so that they can effectively assess resources, plan future development, and establish the optimum depletion strategy to maximize resource recovery. The AER will regularly monitor and assess pools operating under GPP to ensure that GPP is preventing wasteful operations throughout the life cycle of an oil pool.

Q3. I have an oil well that is not within a defined AER pool but is conserving gas in accordance with *Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting (Directive 060)*. Can I produce from this well under GPP after the well's on-production date?

A3. No. AER Form O-38: Application for a New Well Base MRL (O-38) must be submitted for all oil wells in undefined pools. Once we confirm that gas is being conserved in accordance with *Directive 060* and that none of the exception criteria set out in the bulletin apply, GPP will be granted and will become effective when the O-38 application is approved.

Q4. When should I submit an O-38 application?

A4. An O-38 application should be submitted after 30 days of production for an undefined well. The AER might assign an MRL if you fail to submit an O-38 application before the new oil well production period expires.

Q5. I have a well that overproduced in the month before GPP became effective. Am I required to retire this overproduction?

A5. Yes. Any overproduction must be retired in accordance with *Directive 007-1: Allowable Handbook*.

Q6. Are the special provisions stipulated in the AER's MRL order waived if the AER grants GPP status to a pool?

A6. No. Wells must adhere to conditions specified in the MRL order and any conditions of AER approvals. All AER requirements continue to apply.

Q7. The pool I operate in does not meet the criteria to be granted GPP through the O-38 process. Can I still file a *Directive 065* application for GPP?

A7. If you are in a pool that does not meet the criteria specified in the bulletin, licensees should submit a *Directive 065* GPP application requesting approval to operate under GPP administration.

Q8. Have the requirements for a *Directive 065* GPP application been revised as a result of *Bulletin 2015-29*?

A8. No. The *Directive 065* requirements for all rate control applications remain unchanged.

Q9. I am in an oil pool that is still subject to MRL administration but meets the criteria for GPP. Do I need to file a *Directive 065* application in order to obtain GPP approval?

A9. Operators may submit a *Directive 065* GPP application any time. However, the AER is reviewing existing pools on MRL administration; once the review is complete, pools that meet the criteria for GPP status will be posted in the AER's MRL order.

Q10. What should I do if I have concerns about a pool operating under GPP?

A10. If you have concerns about a pool operating under GPP administration, you can submit a rate control application to establish rate controls and to rescind GPP in a pool, in accordance with *Directive 065*.

Q11. On what basis would the AER remove GPP?

A11. The AER will continually assess a pool's development activity, geology and reserves, and production performance trends to ensure wasteful operations, as defined in section 1(1)(ddd) of the *Oil and Gas Conservation Act*, are avoided. Licensees may be called upon to provide optimum depletion strategy reports to demonstrate that resource recovery is being maximized.

The AER may remove GPP and establish rate controls where risks to oil and gas conservation are identified.

Q12. How will I know when the AER has removed GPP status for a pool?

A12. The AER will notify all licensees operating within the pool by letter, stating when GPP status will be removed and what the pool's base MRL will be.