

AER Brochure: Understanding Oil and Gas Development in Alberta

This brochure contains information to help you understand what sort of development is being proposed and how it affects you.

An oil and gas company representative has approached you and wants to conduct oilfield activities on or near your land. You and the company will be discussing the proposed development and its potential impact on you, as well as alternatives and measures to minimize impacts. You may also be negotiating a surface lease agreement (for example, on the location of a well and access road) and discussing compensation.

AER Requirements and Expectations for Stakeholder Involvement

The AER believes that any individual, organization, community, or group with a stake in Alberta's energy resources is a stakeholder, having both roles and responsibilities. All stakeholders are encouraged to develop relationships that are respectful, responsive, and responsible. While other groups also have a stake in energy development, the three main stakeholder groups are the public, industry, and the AER.

The public: The AER application process provides the public with an opportunity to share its questions and concerns with the company. There are many things the public, individually or collectively, can do to participate in the planning of proposed developments. Many communities have formed groups with members from industry and the AER. These groups try to find ways to resolve issues at the local level. The company will provide you with contact information if there is a group in your area.

Industry: When proposing an energy resource activity, industry is required to conduct a stakeholder involvement program. Industry is also expected to communicate with landowners and residents on a regular basis throughout the life of the project, which may be 30 years or longer.

The AER: As the regulator of the energy industry, the AER has the authority to approve or deny proposed energy resource activity in the province of Alberta and to place enforceable conditions on any licences issued. The AER also assists individuals, communities, and other interested groups in understanding the regulatory requirements and expectations and how they apply at the local level.

Your Rights and the Company's Rights

In Alberta, both the landowner and the company have rights.

Rights to information: Under AER regulations, rules, requirements, and guidelines, the company must provide information to stakeholders so they can fully understand what is being proposed. If you are concerned about surface impacts, the company must give you details about how and why it chose the proposed well site, pipeline route, and access road location. The company should also tell you what to expect in terms of equipment and operations during the production phase.

The company may provide any agreements you make with it, as well as records of discussions, to the AER during the application process. That material becomes part of the AER's record of the application, which is public and available to anybody. In addition, information provided to the AER (whether as part of the application process or otherwise) may be publicly available under the *Freedom of Information and Protection of Privacy Act*.

Mutual rights to use the land: Most land in Alberta carries two titles and two sets of rights. The surface title gives the landowner full control of the land's surface and the right to work it. The mineral title gives the company or person who owns the minerals under that land the right to explore for oil and gas. In some situations, title to land will give the owner both the surface and the mineral rights. If title to the land is split, the mineral owner needs access to the land surface to drill and produce oil and gas.

Two important conditions apply to the company's right to explore. First, drilling and production activity must be done in a way that is environmentally and technically acceptable. Second, a company must operate in ways that minimize possible interference with the landowner's use of the land.

Planning an Oil or Gas Project Selecting a Pipeline or Facility Location

When selecting a pipeline right-of-way or a facility site, the company must consider potential impacts on present and future land uses. The company must

- ensure that you understand what substance the pipeline is to transport or the facility is to handle,

- answer your questions on its plans for soil handling and reclamation, and
- address any other concerns you may have related to the proposed pipeline or facility.

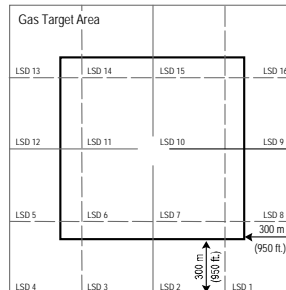
Selecting a Well Site

When selecting a well site, the company considers subsurface geology, land surface conditions, current and future land use, environmental sensitivity, and reclamation. Well spacing regulations provide requirements about where wells may be located.

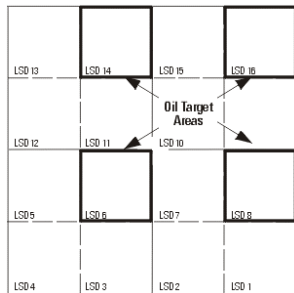
A **spacing unit** is the subsurface area that one well can drain. The spacing unit for oil wells in Alberta is normally one well per quarter section of land; for gas wells it is normally one well per section of land. However, reduced spacing and directional drilling are common practices in Alberta.

Inside the spacing unit is a **target area** where the bottom of the well should end.

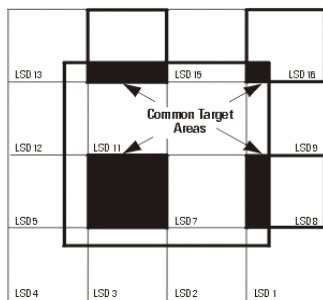
In the example below, the **gas target area** is the centre 100 hectares (250 acres) of the section. Keep in mind that the target area dictates the **subsurface** location for a well, not the **surface** location.



The **oil target area** is the northeastern 16 hectares (40 acres) of the quarter section, as shown in the example below.



Together, the oil and gas target areas overlap and form a **common target area**, as shown in the shaded portions of the figure below. Many companies prefer to drill the common target area if there is a chance to encounter both oil and gas.

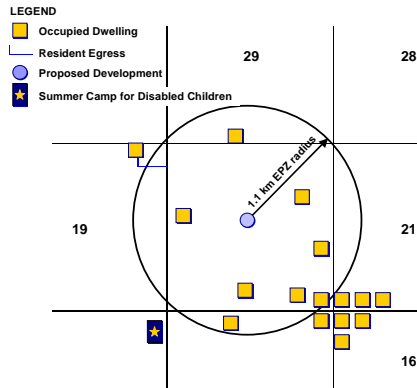


If you disagree with a proposed well location, you may ask the company representative to sketch the spacing unit and target area for the well. This will help you determine if there is flexibility for moving the well site.

Consultation

In many instances it is appropriate for a company to complete public consultation and notification beyond the requirements

stated in AER *Directive 056: Energy Development Application and Schedules*. The following figure illustrates how a company expanded its stakeholder involvement program beyond the requirement to take into account the special needs and circumstances of the community.



During the initial planning stage of a well, a company began preliminary development of its stakeholder involvement program using the public consultation and notification requirements. With further development of the stakeholder involvement program, the company identified that the requirements would not take into account egress of the resident just outside the northwest area of the development, residents in the community to southeast of the development, or the special needs of the summer camp for disabled children located in the southwest.

The company then adapted its stakeholder involvement program to include the residents, summer camp, and community. By including all the parties during the initial planning stages, the company was able to identify and address the concerns raised by the residents and summer camp prior to its application to the AER.

Having Your Say

Landowners, residents, and communities that have concerns related to the development of Alberta's energy resources should become involved as early as possible in the development planning process. It is usually easier to resolve issues at the local level before they become matters of greater concern. Ongoing dialogue also builds trust and is one way for you to have greater influence on energy resource activity.

There are a number of options available to help you resolve concerns about proposed development. As a landowner or resident, there are several key points in the application process when your questions and concerns may be addressed.

Usually, a company will offer to discuss the proposed development with you at your home. If you and the company cannot resolve your concerns, either party may ask an AER staff member to facilitate a meeting or meetings between you and the company.

If concerns continue to be unresolved, you or the company may request that the AER arrange for a third-party mediator to assist you. This is part of the Alternative Dispute Resolution (ADR) process. If you can resolve issues through such discussions with the company, with or without a facilitator or mediator, you may find that you have greater influence on project planning and reducing its impacts.

However, if concerns cannot be resolved, you may file a statement of concern with the AER.

If you show the AER, through a statement of concern, that you may be directly and adversely affected if the Board approves a proposed energy resource activity, the AER may decide to proceed to a public hearing.

Required EnerFAQs

The AER has put together a number of EnerFAQs on topics of general interest to the public. Regardless of whether the proposed development is a well, pipeline, or facility, the company must either provide or offer all current AER EnerFAQs publications as set out on the AER website.

EnerFAQs continue to be published on topics of general interest to the public. As new EnerFAQs related to energy development become available, they will be posted on the AER website. EnerFAQs may be obtained from the AER website at www.aer.ca or by contacting AER Communications through the Customer Contact Centre at 403-297-8311 or toll free: 1-855-297-8311.

AER Field Centres and Contacts

Field Centres

Bonnyville
780-826-5352

Drayton Valley
780-542-5182

Grande Prairie
780-538-5138

High Level
780-926-5399

Medicine Hat
403-527-3385

Midnapore
403-297-8303

Red Deer
403-340-5454

St. Albert
780-460-3800

Wainwright
780-842-7570

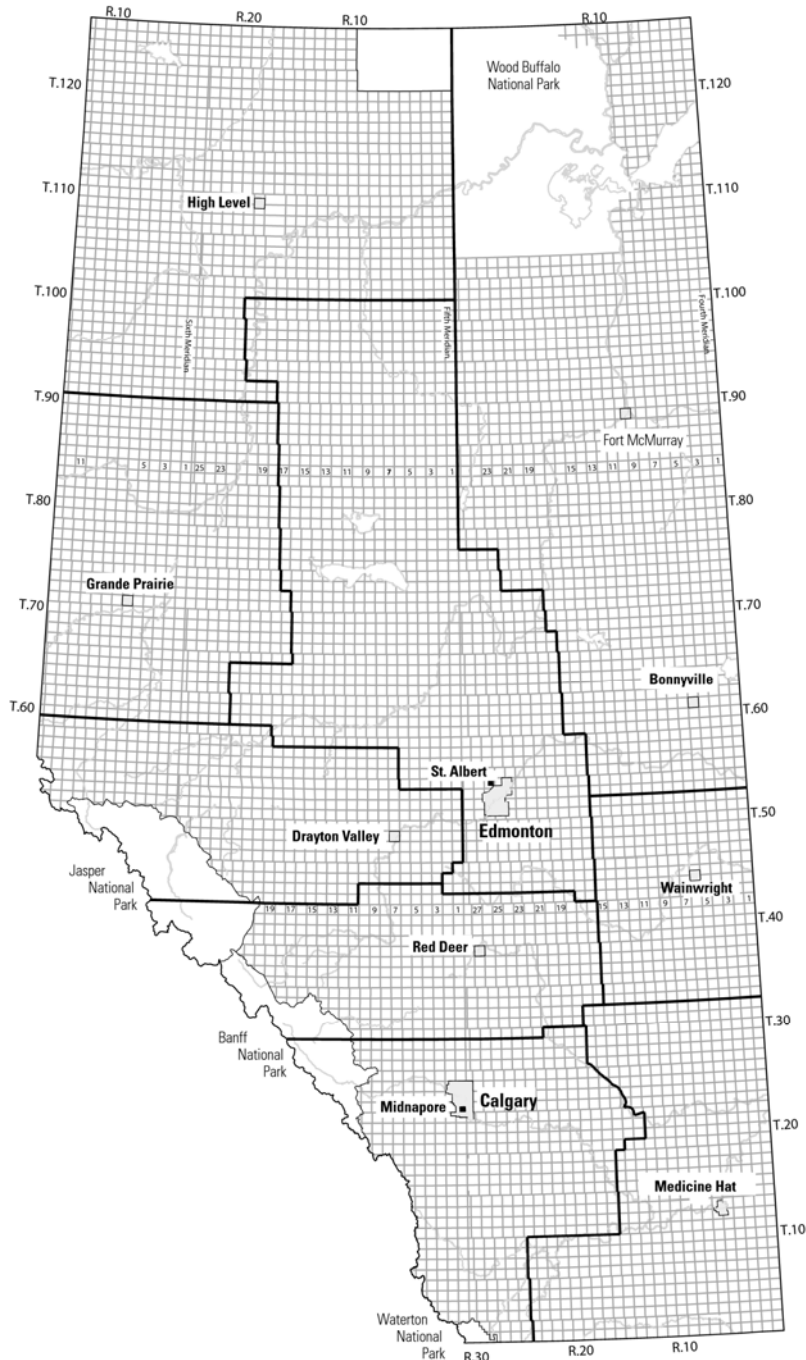
**Fort McMurray
Regional Office**
780-743-7214

Calgary Head Office
Customer Contact Centre
403-297-8311
1-855-297-8311
(toll free)

**Facilities Applications
Group**
403-297-4369

E-mail:
Directive56.help@aer.ca

**Alternative Dispute
Resolution Team**
1-855-297-8311



To call the above numbers toll free, dial 310-0000 and follow the prompts or ask the operator for the desired number.