Subsurface Order No. 5

MADE at the City of Calgary, in the Province of Alberta, on	
September 29, 2016	ALBERTA ENERGY REGULATOR

The Alberta Energy Regulator (AER), pursuant to the *Oil and Gas Conservation Act* (chapter O-6 of the Revised Statutes of Alberta, 2000) and the *Oil and Gas Conservation Rules* (*OGCR*; AR 151/71), orders as follows:

1) The zones within the Cardium Formation (collectively referred to as zone) within the area outlined in appendix A of this order are subject to Subsurface Order No. 5 (order).

2) Notwithstanding sections 4.021, 4.030, 4.040, 10.060, 11.010, and 11.102 of the *OGCR*, the following requirements apply with respect to the zone within the area designated in clause 1:

   a) Unless otherwise prescribed by the regulator under *OGCR* section 4.040, there are no well density restrictions in a drilling spacing unit.

   b) Unless otherwise prescribed by the regulator under *OGCR* section 4.040, the target area for wells drilled within the standard drilling spacing unit are as follows: in a drilling spacing unit for a gas or oil well, the target area must be the central area within the drilling spacing unit having sides 100 metres from the sides of the drilling spacing unit and parallel to them.

   c) Defined pools will be subject to good production practice (GPP) as reflected in the AER's MRL order, provided that optimal depletion strategies are employed and wasteful operations are avoided.

   d) Initial pressure tests in accordance with *Directive 040: Pressure and Deliverability Testing Oil and Gas Wells* are required to be taken at a minimum of one well per each three section by three section area (nine section squared area) measured from the well surface location.

   e) Annual pressure tests in accordance with *Directive 040: Pressure and Deliverability Testing Oil and Gas Wells* are not required.

   f) Initial deliverability testing in accordance with *Directive 040: Pressure and Deliverability Testing Oil and Gas Wells* is not required.

   g) When required to take drill cutting samples within the zone pursuant to the *OGCR*, section 11.010, and *Directive 056: Energy Development Applications and Schedules*, a licensee must take the samples at intervals no greater than 20 metres within the zone.

3) Notwithstanding clause 2, licensees of a well completed in the zone within the area designated in clause 1 may be required at any time to conduct tests and provide data, reports, and interpretations, including performance reports, to enable sufficient review of the licensee's activity, resource characterization, and reservoir management pursuant to sections 11.005 and 11.006 of the *OGCR*.

4) Where a conflict arises between this order and a term or condition of an approval or licence, the term or condition of the approval or licence prevails.

This order does not in any way predetermine regulatory authorization of wells, pipelines, other production facilities, access roads, and other surface disturbances that may be associated energy resource development of the zone within the area designated in clause 1. Surface energy resource activities and related land access are regulated separately under Alberta legislation administered by the AER and other provincial departments and municipal governments and must comply with *Alberta Land Stewardship Act* regional plans.

This order does not infer that the AER views the zone within the area designated in clause 1 above as productive with respect to mineral rights tenure. This matter is subject to Alberta Energy authority under the *Mines and Minerals Act*.

This order comes into force on October 7, 2016.

Made at the City of Calgary, in the Province of Alberta, on September 29, 2016.

ALBERTA ENERGY REGULATOR

<original signed by>

Véronique Giry

Vice President, Industry Operations Branch

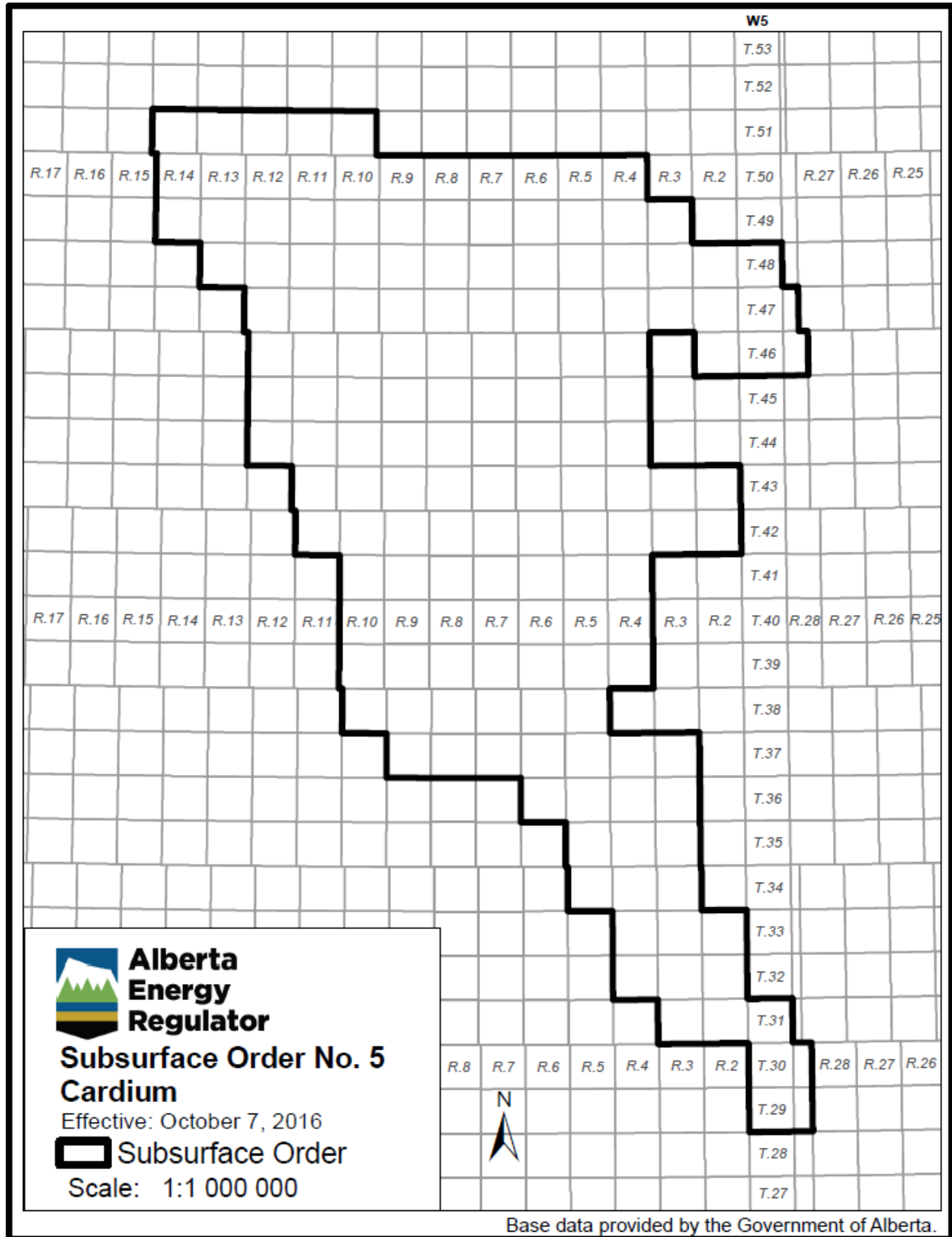*<original signed by>*

Jim Jenkins

Director, Reserves Group, Reserves and Resources Branch

<original signed by>

Rob Borth

Director, Subsurface Authorizations Group (Oil and Gas), Authorizations Branch

Appendix A - Subsurface Order No. 5: Cardium Formation

Alberta Energy Regulator
Subsurface Order No. 5
Cardium
Effective: October 7, 2016
☐ Subsurface Order
Scale: 1:1 000 000

Base data provided by the Government of Alberta.

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