



INTRODUCTION

The Instruction Directive (ID), Coal Mine Areas is a guide provided to explain how ER-46 Well Licence applications will be evaluated within areas surrounding active coal mines.

PURPOSE

Amendments to *The Oil and Gas Conservation Act* (the Act) have resulted in a review of how ER-46 applications are evaluated in active coal mine areas. Coal mine operators and petroleum and natural gas licensees are encouraged to work towards orderly development of these overlapping mineral resources by forming agreements that accommodate both parties. In the event that an agreement between the two parties cannot be reached, the Ministry of the Economy (ECON) will determine pursuant to Section 9 of the Act, if the well licence should be issued and what conditions will be applied to the licence.

AREA OF REVIEW

The area of review is a geographical area submitted to ECON by the coal mine operator that is comprised of the current area being mined plus an area that is planned to be mined. This area is subject to review and approval by ECON. The current approved area of review is attached on pages 5 and 6 of this document.

WELL LICENCE EVALUATION

The following details are provided to clarify the attached flow chart on page 4 of this directive.

1. WLA submitted to ECON. Surface location inside coal mine area of review.

Well licence application submitted to ECON. The surface location identified on Part 1 of the licence application is located within the coal mine area of review as defined in this directive.

2. Agreement between Coal and PNGA in place and is attached to WLA.

If there is an agreement attached to the well licence application, the licence is processed and issued with no delay or further review.

3. Has PNGA contacted Coal?

If the well licence applicant has not contacted the coal mine operator prior to submitting the well licence application, the licence applicant will be instructed to do so in the interest of reaching an agreement. If the licence applicant can demonstrate that the coal mine operator has been contacted and no agreement is in place, the coal mine operator will be contacted by ECON. The coal mine operator is provided the opportunity to present a rationale as to why the well cannot be safely placed in the location illustrated in the well licence application.

4. Coal submits rationale within 7 days to ECON and PNGA.

If the coal mine operator does not submit a rationale within 7 days, the licence application is processed. If a rationale is received, the ECON reviews the submission. The rationale must also be submitted to the well licence applicant.

5. ECON rejects WLA. Section 9, the Act.

If the ECON determines that the well cannot be safely placed in the location proposed in the licence application, the licence application is rejected. If the ECON finds that further information is required, the well licence applicant is provided an opportunity to submit a rebuttal to the coal mine operator's rationale.

6. PNGA submits rationale within 7 days to ECON and Coal.

If the well licence applicant does not provide a rationale within 7 days, the well licence application is rejected. If a rationale is submitted, ECON reviews the rationale.

7. Minister issues licence with conditions.

Well licence application is approved with conditions that are detailed below

LICENCE CONDITIONS

Well licenses issued in the coal mine area of review may be subject to the following conditions. ECON may apply conditions as required and is not limited to the list of conditions below.

1. Infrastructure:

Prior to installation of a flow line from the well location to a battery, the licensee shall submit plans to ECON for approval. Review of the planned infrastructure may involve consultation with the coal mine operator to ensure the flow line or any other infrastructure installation meets with section 9 of the act.

2. Reclassifications:

Well licence applications approved under the conditions of this directive will not be permitted to be reclassified without a written agreement in place involving both parties.

3. Fixed term of licence:

If a well is proposed within a planned future area of the mine, the licence will be issued with a fixed term determined by ECON based on the mine plans submitted to ECON and the rationales provided by both coal and the licence applicant. Once the term has expired, the well location will be reviewed by ECON to ensure the well continues to satisfy section 9 of the act. Pending the review, the well licence may be re-issued or extended for another term, or the well licence will be cancelled and abandonment ordered.

4. Well proposed within active mine area:

If a well is planned within the active mine area, a condition will be placed on the licence that the well may not be spudded within 5 years or until the area is mined and reclaimed. Licensee must contact Petroleum Tenure regarding any mineral rights extension requests that may be required due to this licence condition. This condition may be modified or removed if the well licence applicant is prepared to abandon the well and any infrastructure at any time as required by the coal mine operator.

5. ECON may order abandonment at any time:

Pursuant to section 12 of the Act, ECON may at any time order the abandonment of the well and infrastructure if it is necessary for the purpose of public safety, protection of the environment or any other reason as may be required by the minister.

Abandonment may occur before the end of a license's fixed term, however terms of the abandonment must be agreed upon by the coal mine operator and the licensee. Abandonment under these circumstances will not be ordered by ECON.

FLOW CHART: INSTRUCTION DIRECTIVE, COAL MINE AREAS





