

Royalty Operations
Enhanced Hydrocarbon Recovery Program

SCOPE: Enhanced Hydrocarbon Recovery Program Applications

The Enhanced Hydrocarbon Recovery Program (EHRP) is designed to encourage incremental production through enhanced recovery methods and generate additional royalties and other benefits to Albertans. Enhanced recovery methods involve the injection of various materials into an oil or gas pool in order to increase hydrocarbon production from existing developments.

Scheme operators may apply to Alberta Energy to have their schemes included in the program after December 31, 2016. Applications will be accepted through an external Sharepoint site created specifically for royalty programs.

Applications to the EHRP should contain the following information:

- A covering letter stating intention to apply for the EHRP, preceding submission of the application. Alberta Energy will provide a user name and password to an external Sharepoint site where the application can be uploaded
- Maps showing definition of scheme area(s) and ownership. All data to be submitted for scheme area(s) and the crown portion only. The scheme must be for a single pool
- Maps showing capital facility and pipeline locations
- Alberta Energy Regulator (AER) scheme approval (can be forwarded when approved)
- Engineering Evaluation Report – current as of the filing of this application. The report must be authenticated by a registered member of the Association of Professional Engineers and Geoscientists of Alberta (‘APEGA’) prepared

in accordance with the Canadian Oil and Gas Evaluation Handbook ('COGEH') or Petroleum Resources Management System (PRMS).

Technical Risk Analysis

- Technical risks should be described for enhanced case, and related to reservoir characteristic and geological conditions.

Other Government Grant and/or Incentives

- Details of any government grants, contributions or incentives received. Eligible EHRP costs are net of grants and/or other incentives received from a government. Costs will also be reduced by any value received from CO₂ Projects Royalty Credit and/or Innovative Energy Technologies Programs (IETP).

Excel Spreadsheets

- Complete all four spreadsheets Provided (Base Case Production, Enhanced Case Production, Base Case Cost, Enhanced Case Cost). Additional rows may be added if necessary.

Applicants will be required to contact Royalty Operations with a cover letter, either written or emailed to MRFPrograms@gov.ab.ca, stating their intent to apply to the Emerging Resources Program. A return email address will be required for further correspondence.

Once the statement of intent is received an email will be sent back to the applicant with a login and password for an Alberta Energy external Sharepoint site. The applicant is required to upload their complete application to this site.

Applications must contain all of the above information or an explanation as to why excluded data/information does not apply and has been left out of the application. Royalty Operations will conduct a pre-screen of the submitted applications to ensure the checklist requirements are met. Applications will not be considered received by Alberta Energy until these requirements have been met. If the material is deemed deficient, we will contact the client and ask for additional information. The date on which these minimum requirements are met will become the official received date of the application.

Once an application is received, Royalty Operations will notify Energy Information and Analysis (EIA) Branch to begin the economic analysis and Energy Technical Services (ETS) Branch to begin the technical review. Should there be any need to receive further information from the applicant; a representative from either EIA or ETS will contact the applicant. The expected review time can be up to 6 months.

Once the economic and technical analysis has been completed, the results will be returned to Royalty Operations to make a determination on the approval of the application. Once the application is either approved or denied then a letter will be sent to the applicant from Royalty Operations advising of the final decision.

If the application is approved, then the operator can select an effective date for the scheme in the program. The operator may provide a requested effective date at the time of application or in writing provided to the Royalty Operations. For tertiary schemes, the request of the effective date must be submitted to Alberta Energy prior to the first day of the month that has been requested. The requested effective date must be made within 36 months of the date of first injection. If the operator has not selected an effective date then the effective date will be the first day of the 37th month following the date of first injection. For secondary schemes, the effective date will be determined on a case by case basis but no later than 36 months after the month in which the first injection occurs.