

PNG Licence Validation Guide

Use this guide to help complete the Licence Validation Application, for validation of petroleum and natural gas (PNG) licences at the end of their initial term in the Electronic Transfer System (ETS) under PNG Continuation. This guide **does not** apply to PNG leases or intermediate term licences.

General Information

Use the Licence Validation Application to apply for validation under Sections 9, 11 and 11.1 of the Petroleum and Natural Gas Tenure Regulation (the Regulation) to validate an initial term licence into its five-year intermediate term. At the expiry of the intermediate term the licence is subject to the same continuation requirements as a primary term lease.

Sections in the application and this guide refer to the Regulation, unless otherwise specified.

This application is also used to apply for an extension of the term of an initial term licence, under Section 26 of the Regulation or Section 8(1)(h) of the *Mines and Minerals Act* (the Act).

You may also use this application to apply to extend the time to complete a specific action under Section 8(1)(g) of the Act.

Alberta open government portal has a listing of [Energy legislation](#).

Resources

See the [Tenure](#) section on [Alberta.ca](#) for guides, regulations and other information.

If you have any questions regarding the ETS-PNG Validation on-line process, please phone the PNG

Continuation Helpdesk at 780-644-2300 option 2.

For additional information regarding the application process also refer to our [Alberta Online Learning](#).

Validation Application Information

An application for validation must be submitted through ETS to Alberta Energy & Minerals (the department) on or before expiry date of the initial term licence, but no sooner than 3 months before expiry.

Data must be submitted electronically either with your application through ETS or if confidential to the applicant, send separately via email to:
EM.DataSubmissionPNGContinuation@gov.ab.ca

Do not mail, fax, courier or drop off your application and data.

Always complete the Admin, Licence and Wells tabs of the application. If applicable, complete the Other Data tab.

Note: Submit a separate validation application for each expiring licence. Only one validation application per licence agreement will be considered by the department.

Well logs are required with each validation application. The success of your application may be affected if all relevant data is not submitted.

If the well(s) has previously been used as a validating or earning well for a licence validation, the well logs are not required. The data from the first validation application remains with the department.

Paper based well logs, data and USB flash drives will not be accepted and must be electronically submitted with your application through ETS.

If you are not the Designated Representative, ensure you are authorized to submit the validation application.

- Your company must be the designated representative or obtain authorization from the designated representative, for each licence you are validating, prior to submission.
- Your company must be the well licensee or obtain authorization from the well licensee, for each well you are using to validate your licence, prior to submission.
- Rental payment is not required at the time of application. The department provides notification of rental owing after the validation decision is finalized.

Application Status

Once the department receives your application, the validation application will have a status of "Intermediate Term Applications = Yes" on the Agreement Detail report until the department finalizes the validation decision.

- Lands not applied for at expiry or lands not eligible for validation will revert to the Crown.
- Do not assume validation is granted until you receive final confirmation from the department.

Validation of the Licence

If the department agrees with the validation application, a letter confirming validation and an Amended Appendix (if applicable) for the agreement is sent electronically through ETS-PNG Continuation to the designated representative and to the applicant (if applicable).

Upon validation, the licence enters a five-year intermediate term.

Licences are subject to severance of deeper rights at the end of their initial term. Validation is based on the deepest zone evaluated. An evaluated zone must be fully penetrated, or penetrated by more than 15 meters, by a validating or earning well.

Lands and rights not validated are deleted and revert to the Crown.

Offer and Request for Review (Appeal)

If the department does not agree with the application, the applicant will receive a validation offer electronically through ETS-PNG Continuation. The ETS Request status will be at Offer. You will then have the option to respond to the validation offer.

The department will validate/finalize the licence as outlined in the offer unless the applicant submits additional data prior to the agreement expiry or requests a review before the offer expiry date.

- Only the company who submitted the application can request a review of the department's offer.

A Request for Review can only be made on land, zones or rights that were originally applied for.

Following a review, the department will finalize the validation.

Application Tabs in ETS

Administrative Information Tab

Company Name: Select the name of the company applying for validation.

Applicant File Number (Optional): If it is useful for your company, enter the company's file number (or file name) on this line (Example: M12345). This file number or name will be referenced in the department's correspondence with the applicant.

Comment: You can add a comment for your reference. This is optional and will not be seen by the department.

Contact Information: Enter the applicant contact information.

Technical Contacts: Provide the name, title, phone number and email address for at least one technical contact. This is not required but suggested.

Uploaded Files: Attach and upload technical data including a geological discussion to support your application.

Save your request. ETS will assign an ETS Request number for the application. **Note:** your application has not been submitted.

Licence Tab

Licence Agreement Number: Click the Add Agreement button, a Search Agreements screen will display. Enter the 10-digit Crown Agreement number, (e.g., 5405060101) and select Search. The agreement will display. You must check the agreement check box and select OK. The expiry date will populate once the agreement has been selected.

Selecting Lands: Click Select Lands to Validate. Check off the lands you wish to validate and select OK. All lands chosen in the Licence tab must be accounted for in the Wells Tab.

Requesting an extension: An extension may be applied for if additional time is required beyond the expiry date of an agreement to continue operations.

Select the type of extension and agreement you wish to apply for and click the Add button. The Expiry Date and all corresponding land applied in the Agreement tab will be displayed. Indicate the date you want the agreement to be extended until. Click on Browse to select the extension document(s) you want to attach to your application. Once selected you must then click on the Add Document button.

- An extension of term may be applied for under Sections 26 of the Regulation or under Section 8(1)(h) of the *Mines and Minerals Act (The Act)*
- You may also apply to extend the time to complete a specific action under Section 8(1)(g) of the *Act*.
- The circumstances for extensions are generally considered at the time of expiry; therefore, you should apply for a Section 8(1)(h) extension close to agreement expiry.

Section 26: an agreement that is applied for under this section may be eligible for an extension if there are mechanical or other issues encountered when drilling a well. Documents must be uploaded to support the application.

Section 8(1)(h) Extension Request (under the Act): an agreement that is not eligible for validation under the Regulation may be eligible for an extension if more time is required due to non-economic extenuating circumstances beyond the company's control.

- An extension under this section provides Ministerial discretion to extend the term of an agreement. Supporting information must be submitted that corroborates the circumstances that prevented you from meeting the obligations under a validation.
- There is no guarantee that an application under this section will result in an extension being granted.

An extension granted at the end of the initial term will extend the initial term, but it will reduce the five-year intermediate term for the same amount of time up to one year, but no more.

Section 8(1)(g): An agreement may be eligible under a Section 8(1)(g) to extend the time to complete a specific action. It must be applied for with another section of the Regulation.

To qualify for an extension under one of the above Sections pursuant to The Act or the Regulation, the company must demonstrate the following:

- Circumstances were unforeseeable, non-economic and beyond the company's control (i.e., not related to business decisions such as a late farm-in)
- The company or operator has demonstrated a diligent effort, where feasible, to address the circumstances.

Extension Documents are required for an extension request. Attach and upload with your application a detailed explanation of the circumstances and efforts to overcome them. Provide a chronology of events and your plan for completing work if the extension is granted. Where available, attach supporting documentation (e.g., a letter or e-mail from a drilling company that has run into drilling problems; correspondence from the AER regarding a well licence application; letters of objection from surface owners or stakeholders etc.)

If additional data or data from an authorized company is being sent separately to support an application, it must be emailed to:
EM.DataSubmissionPNGContinuation@gov.ab.ca

Include in your email the PNG Agreement number on all data or correspondence and a copy of the authorization if applicable. This data must be received within 5 business days of application submission.

The department may request additional information upon reviewing the extension request.

Wells Tab

From the drop down choose the well type you wish to validate your licence with (e.g., Validating, Earning and/or Multi- Leg)

- Enter the 16 characters well event id (e.g. 100/01- 01-001-01W4/00) and select Add.

Well Authorization: If the applicant is not the same as the well licensee, authorization from the well licensee to use the well must be provided prior to application submission.

Refer to the Authorization Guide, see the [Tenure](#) section on Alberta.ca for guides, regulations and other information, or visit the Authorization training module under [PNG Continuation](#) in the online learning for ETS screen captures.

ALL DATA IS HELD CONFIDENTIAL. Data is not made available, unless authorized to do so by the party who provided the data. No information submitted for a validation is used for any other application, even if it directly relates to another agreement.

Well logs must be submitted to determine the rights evaluated by the deepest validating well.

Only electronic data is accepted. Logs must be submitted electronically with formations clearly marked and uploaded with your application.

All relevant data should be included with your application. Note that data submitted to the AER is not available to the department, except for non-confidential well information, production data and test data. Data that has been released from confidential status for less than three months, and data that has recently been submitted to the AER (e.g. recent test or production data), may not be available.

"Zone" is defined in the Regulation as a stratum or series of strata considered by the Minister to be a zone for the purposes of this Regulation. In many cases zones may be geological formations, but in some instances, they are larger and include more than one formation (e.g., the Mannville zone includes numerous formations).

Validating Well, Section 9 of the Regulation

Validating Well ID: The well event that earns the right to validate a specified number of sections from the initial term of the licence into the intermediate term of the licence.

Note: A horizontal well is considered one well and it increases the eligible area in which to select sections to validate.

Drilling over Expiry: Check this box if the validating well is drilling over agreement expiry.

Re-Entry Well: Check this box if the well has been re-entered. Ensure the well has a new spud date and rig release date.

Sections Earned: Calculated based on Schedule 2 of the Regulation. Optionally enter sections earned by the well.

Licence No.: Assigned by AER when a well licence is approved. The licence number will be auto populated once the well id is entered.

Lands: Select Customize. Choose which section(s) of land you would like to validate using that well and click OK. All sections of land chosen under the Licence tab must be accounted for under the Wells tab.

Only one well per spacing unit can be used for validation (excludes a spacing unit that has tracts).

Zone: The deepest zone that was penetrated and evaluated >15m.

- Click the Select Zone button. Choose a zone and click Select.
- To navigate, either use the scroll bar or click inside the Select Zone box and enter the first letter of the zone you are searching for, this will take you to the first zone starting with that letter. From here you may need to use the scrollbar if necessary.

Data Provided: The department requires well logs with a validation application to confirm the deepest zone evaluated, unless previously submitted data is selected. Production Data may be required to validate a productive spacing unit. A Directional Survey may be required when validating with a horizontal or multi-lateral well.

- **Well Logs, Directional Survey, and Production Data:** At least one of these options must be included and data attached and uploaded with your application.
- **Sent Previously:** Select this option if technical data was previously submitted with another application within the last 12 months. Add the agreement number that the data was previously submitted for.

Earning Well, Section 11.1 of the Regulation

Earning Well ID: An earning well earns a certain number of sections based on the meterage of a validating well. Any sections not used is banked for use at a later expiry.

Drilling over Expiry: Check this box if the earning well is drilling over agreement expiry.

Re-Entry Well: Check this box if the well has been re-entered. Ensure the well has a new spud date and rig release date.

Source Agreement: Enter the agreement number the well is located on. This is an optional field.

Licence No.: Assigned by AER when a well licence is approved. The licence number will be auto populated once the well id is entered.

Lands: Select Customize. Choose which section(s) of land you would like to validate using that well and click OK. All sections of land chosen under the Licence tab must be accounted for under the Wells tab. Only one well per spacing unit can be used for validation (excludes a spacing unit that has tracts).

Zone: The deepest zone that was penetrated and evaluated >15m.

- Click the Select Zone button. Choose a zone and click Select.
- To navigate, either use the scroll bar or click inside the Select Zone box and enter the first letter of the zone you are searching for, this will take you to the first zone starting with that letter. From here you may need to use the scrollbar if necessary.

Data Provided: The department requires well logs with a validation application to confirm the deepest zone evaluated, unless previously submitted data is selected. Production Data may be required to validate a productive spacing unit. A Directional Survey may be required when validating with a horizontal or multi-lateral well. Attach and upload data, including a geological discussion, in the Admin tab with your application.

Multi-Leg Well, Section 11 of the Regulation

Multi-Leg Well ID: A multi-leg well is for assigning the deepest zone only if different from the validating or earning well. Only one leg can be used to calculate sections earned.

Drilling over Expiry: Once drilling over expiry for the corresponding validating and/or earning well is selected, the multi- leg drilling over expiry box will automatically be selected.

Re-Entry Well: Check this box if the well has been re-entered. Ensure the well has a new spud date and rig release date.

Licence No.: Assigned by AER when a well licence is approved. This populates upon entering the well and it must match that of the validating and/or earning well(s).

Zone: The deepest zone that was penetrated and evaluated >15m.

- Click the Select Zone button. Choose a zone and click Select.
- To navigate, either use the scroll bar or click the Select Zone box and enter the first letter of the zone starting with that letter. From here you may need to use the scrollbar.

Data Provided: The department requires well logs with a validation application to confirm the deepest zone evaluated, unless previously submitted data is selected. Production data may be required to validate a productive spacing unit. A Directional Survey may be required when validating with a horizontal or multi-lateral well. Attach and upload the data, including a geological discussion, in the Admin tab with your application.

- **Sent Previously:** Select this option if data was previously submitted with another application within the last 12 months. Add the agreement number that the data was previously submitted for.

Other Data Tab

New data submitted by another company: select Add Company. Enter the client's name or the client id of the company submitting the data and select Find. Choose the company by clicking Select.

If you wish your data to be used in support of another company's application, you must authorize Alberta Energy to do so. Authorization must be submitted electronically through ETS-PNG Continuation-Authorizations.

Be sure to request and receive concurrence for all the necessary authorizations to allow the department to use the data to support your application.

Note: If additional data or data from an authorized company is being sent separately to support an application, it must be emailed to:
EM.DatasubmissionPNGContinuation@gov.ab.ca

Include in your email the PNG Agreement number on all data or correspondence and a copy of the authorization if applicable. This data must be received within 5 business days of application submission.

Refer to the Authorization Guide, see the [Tenure](#) section on Alberta.ca for guides, regulations and other information, or visit the Authorization training module under [PNG Continuation](#) in online learning for ETS screen captures.

Verify/Submit an Application

- To verify your application, you may select the Verify button at the bottom of the ETS screen. This will verify your application entries against the department's information. This does not submit your application.

- To submit an application, select the Submit button at the bottom of the ETS screen. Your application will be verified again and if there are no deficiencies it will be submitted to the department.

For any deficiencies in your application, an error or warning message will be displayed at the top left corner of the application. An email notification is also sent. Any errors must be corrected before you will be permitted to submit your application.

Although warnings do not prevent your application from being submitted, they are designed to identify areas where you may wish to incorporate additional information to your application.

If the applicant and designated representative are different, authorization is required **prior** to application submission.

The ETS Request status will change to Processing (Submitted) once the application has been successfully received by the department.

Amending an Application

You can amend a Processing (Submitted) application that was previously submitted with the drilling over expiry box checked for either a validating or earning well.

Once the agreement has expired you can amend your application by clicking the Amend button in ETS. If your ETS Request has a status of Amendment in Progress, the department's review of your application stops.

A warning message will then appear: You have up to one month from the rig release date to amend the application. If the amendment is not submitted within the required timeframe, your application will be processed as previously submitted. You will be able to amend lands, sections earned, zones and data information for the well(s) drilling over expiry. If applicable, a multi-leg well(s) can also be added.

Once an amendment has been completed, click submit to send the application back to the department. Your ETS Status will become Processing (Amended).

Please ensure the spud date and rig release date of the validating/earning well(s) are updated in the AER records as soon as possible. The department cannot validate the licence until these dates are confirmed in the AER system.

If no amendment is needed your application will be processed as is.

Client Withdrawn

If something is missed in the original agreement application, and it is prior to expiry, you can withdraw the application and resubmit. To do this, click the **Withdraw** button. Once completed the ETS status will become **Client Withdrawn**.

Note:

- Withdrawing an application will remove it from the department's records and any offers made on the agreement are also rescinded.
- When submitting a new application for the agreement, you must apply for all lands and/or zones that you want reviewed and submit the relevant data.

After an Application is Submitted

Validation Response Times

ETS Requests or applications submitted have an electronic submission date. This date allows the department to determine if the application is received on time or if it will be subject to a late application penalty.

If a client indicates on their submission that data is being sent by email, the department grants five business days before processing the application. As response times have been established, if the supporting data is not received within five business days, the application will be reviewed without it.

Pending vs. Processing for Offer ETS Requests have many statuses to guide applicants/clients through the review process, so they know where their request is at.

Once a request has a status of **Offer** you may review the **Offer Options** and decide if you are going to Accept, Decline, Request for Review (after agreement expiry)/Additional Data (before agreement expiry) or customize the department's Offer. Every Offer has an **Offer Expiry Date** displayed near the top of the screen.

After you have selected and saved for each Offer Option, you have **two** choices:

1. You may click the **Submit button only**. This will change the status of your request to **Offer Response Pending**. This status indicates that you have made your decision for the Offer Response, but it has not been submitted to Alberta Energy.

Note:

Once the Offer Expiry Date is past, ETS will automatically send your Offer Response to the department and the status will change to **Processing (Offer Response Submitted)**. When the status is at Offer Response Pending, the applicant can make any required changes, save and submit again. Changes can be made up until the Offer Expiry Date, but you must remember to click the **Submit** button.

1. You have the option to check off the box at the bottom of the Offer screen authorizing the department to finalize the agreement prior to the Offer Expiry Date AND click the Submit button. This will change the status of your request to Processing (Offer Response Submitted). After expiry you are not able to make any changes to your response. If you are submitting additional data or requesting a review, you must check this box so your response is actioned once the data is received.

Note:

By checking off the box to surpass the Offer Expiry Date, it will not flag your agreement as a rush. It

simply means that your agreement will be placed into the offer response work list sooner. The department has one month from the Offer Response received date to process, as an agreement cannot be finalized until after expiry.

Early Response Checkbox for Offers After

agreement expiry:

- If the Early Response checkbox is checked, you CANNOT make any changes to your offer response if after agreement expiry. Your response is final and cannot be revoked. If you are submitting additional data or requesting a review, check off this box and upload the data.

Prior to agreement expiry:

- If you wish to change your Offer Response decision only, contact the department to have the Offer returned to you. The Offer will be returned and the ETS status will return to Offer.
- If you wish to add a Section of Act, lands, zones and/or wells, you must withdraw your application and submit a new complete application and data.

Notification Emails for PNG Continuation Clients'

ETS sends notification emails to the ETS application contact as a courtesy to notify your company that documents are available for review and/or action. Ensure contact information is current, so all notification emails are sent to the appropriate person. The email includes information on where to locate the ETS Request (e.g., Work in Progress, Authorization or Request Status). The [ETS Notification for ETS PNG Continuation Client's Guide](#) provides an explanation of the emails, including the reason for the email and who receives each email.

Note: Email notifications should not be relied on to track Applications in ETS. Best practice is for clients to monitor their requests on a regular basis. Users can search the status of a request any time in the Work in Progress screen by the ETS Request number, agreement number or the application ID. Requests can also be searched and sorted by the status of the request to find time sensitive business, i.e., request status of Offer.

Response Times

In general, applications are responded to within 1-2 months from receipt date.

Note: At the discretion of the department, response times may be extended.

No Application for Validation

In those instances where no application for validation is received, and the department's review confirms eligibility under the Regulation, we will initiate the process by generating an application through our internal system. The system generated application will include an offer or final letter. The assigned request number and the name of the designated representative will be populated on the affected PNG agreement. Cancelled agreements may also be on the monthly Agreement Cancellation Report.

An email will be sent from ETS informing your company's site administrator that an application has been created, and action is required.

You can accept or decline the offer by completing the offer response and submitting it. The offer can also be declined by not providing a response before the Offer Expiry Date. Please note that "Request for Review" is not available as an offer response option.

Note: Contact Information must be provided to submit a response to the No Application Offer.

The following information can be edited for responding to a No Application offer: Contact Information, Technical Contact Information, Lands, Data provided for the existing validation well and if the well is drilling over expiry. You may also edit the Other Data Tab and/or add a multi- leg well(s) if applicable.