

Onshore Petroleum Drilling Regulations

made under Section 27 of the

Petroleum Resources Act

R.S.N.S. 1989, c. 342

O.I.C. 2001-167 (March 30, 2001), N.S. Reg. 29/2001

as amended up to O.I.C. 2011-110 (March 25, 2011, effective April 1, 2011), N.S. Reg. 120/2011

Table of Contents

Citation

Interpretation

Application of regulations

Policy

Administrator

Offences

Drilling rig removal prohibited

Form and submission of application

Surveys

Application time frames

Application for amendment

Term

Renewal

Application fee

Review of application

Financial security and responsibility

Transfer, assignment or change of name

Operator to ensure compliance

Well drilling, re-entry, suspension, completion or abandonment

Land access consent

Separation distances and restrictions

Drill site access restricted

Drilling, re-entry, suspension, completion and abandonment activities

Availability of regulations

Display of Authorizations and critical procedures

Daily and weekly reports

Well evaluation - general

Suspended well

Well re-entry

Well completion

Operator responsible for abandoned wells

Well abandonment record

Continuing responsibility of operation

Well history report

Marine areas

Security and release of well information and materials

Confidential business information

Inspections

Operator audit/inspection reports

Certifying authority report

Suspension or cancellation of an Authorization

Surrender of exploration agreement or other agreement

Appeal

Citation

1 These regulations may be cited as the Onshore Petroleum Drilling Regulations.

Interpretation

2 In these regulations

(a) “abandoned” means, with respect to a well, a well that has been permanently plugged;

(b) “Act” means the Petroleum Resources Act;

(c) “Administrator” means a person designated by the Minister pursuant to Section 5 and includes an acting Administrator;

(d) “applicant” means an operator who makes an application pursuant to these regulations;

(e) “application” means an application made to the Administrator

(i) for an Authorization pursuant to Section 8,

(ii) for an amendment to an Authorization pursuant to Section 11,

(iii) to renew an Authorization pursuant to Section 13, or

(iv) to transfer or assign an Authorization pursuant to Section 17;

(f) “Authority to Abandon” means an Authorization issued pursuant to clause 15(1)(c) to abandon a well;

(g) “Authority to Drill” means an Authorization issued pursuant to clause 15(1)(c) to construct a well;

(h) “Authority to Complete” means an Authorization issued pursuant to clause 15(1)(c) to complete a well;

(i) “Authority to Re-enter” means an Authorization issued pursuant to clause 15(1)(c) to re-enter a well;

(j) “Authority to Suspend ”means an Authorization issued pursuant to clause 15(1)(c) to suspend a well;

(k) “Authorization” means an approval of the Administrator for any one of the activities described in clauses (f) to (j);

(l) “certifying authority” means a person engaged by the Administrator to perform the duties described in Section 40, and includes an employee or agent of the certifying authority;

(m) “completed” means, in respect of a well, a well that has been drilled to permit the

(i) production of fluids from the well,

(ii) observation of the performance of a reservoir,

(iii) injection of fluids into the well, or

(iv) disposal of fluids into the well;

(n) “contractor” means a person who undertakes to perform any drilling, service or other operation at a drill site under an agreement, directly or indirectly, with either the operator or another person having a right with respect to or an interest in the drill site;

(o) “development well” means a well that is drilled in a field or pool for the purpose of the

(i) production of fluids from the well,

(ii) observation of the performance of a reservoir,

(iii) injection of fluids into the well, or

(iv) disposal of fluids into the well;

(p) “discovery well” means an exploratory well that, in the opinion of the Administrator, has encountered petroleum in quantities of commercial significance;

(q) “drill site” or “well site” means a location where a drilling rig is or may be installed;

(r) “drilling rig” means the equipment used to make a well by either boring or other methods and includes a derrick, drawworks, rotary table, mud pump, blowout preventer, accumulator, choke manifold and other associated equipment including power, control and monitoring systems;

(s) “exploratory well” means a well, other than a development well, that is drilled for the purpose of discovering petroleum or obtaining geological information;

(t) “inspector” means a person appointed by the Minister or Administrator pursuant to subsection 38(1);

(u) “legal survey” means a survey conducted by a person licensed to practice land surveying in Nova Scotia under the Land Surveyors Act;

(v) “marine lands” means submerged lands not administered or managed by the Canada-Nova Scotia Offshore Petroleum Board, including, but not limited to, St. George’s Bay, Chedabucto Bay, and Minas Basin;

(w) “mineral” means mineral as defined in the Mineral Resources Act;

(x) “mineral right” means mineral right as defined in the Mineral Resources Act;

(y) “Minister” means the Minister of Energy;

[Note: the reference to the Minister has been updated in accordance with Order in Council 2002-286 under the Public Service Act, R.S.N.S. 1989, c. 376, effective June 17, 2002.]

(z) “offshore area” has the same meaning as in the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act;

(aa) “operator” means a person who holds a petroleum right under the Act and a valid Authorization, and includes

(i) the representative of the person, and

(ii) a contractor employed or hired by the person;

(ab) “petroleum” means petroleum as defined in the Act;

(ac) “petroleum drilling practice” means drilling exploratory wells in accordance with accepted industry practice, including

(i) specifications of the American Petroleum Institute (API), as amended from time to time,

(ii) Recommended Practices of Alberta (ARP) or Industry (IRP), as developed by the Canadian Petroleum Safety Council, as amended from time to time, and

(iii) any other practice approved in writing by the Administrator;

(ad) “professional engineer” means a person licensed to practice engineering in Nova Scotia under the Engineering Profession Act;

(ae) “re-entry” means, with respect to a well, re-commencing drilling or other downhole operations in a well where such work had been suspended;

(af) “representative” means a person designated pursuant to Section 3 of the Act;

(ag) “rig release date” means the date when a drilling rig last conducted operations on a well in accordance an Authorization for that well;

(ah) “spud” means, with respect to the drilling of a well, the initial penetration of the ground;

(ai) “surface improvement” includes a railway, pipeline or other right-of-way, road allowance, surveyed roadway, dwelling, water well, power line, industrial plant, aircraft runway or taxiway, a building or structure or any other situation or feature determined by the Administrator;

(aj) “survey plan” means a topographical survey of the well site area that includes the coordinates of the well;

(ak) “suspended” means, with respect to a well, a well in which drilling or producing operations have temporarily ceased;

(al) “well” means an opening in the ground being drilled or completed

(i) as an exploratory well for petroleum,

(ii) for the production of petroleum, or

(iii) for injection to an underground formation;

(am) “well control” means the control of the movement of fluids in or from a well;

(an) “wireline” means a line that is used to run survey instruments or other tools in a well and is made of

(i) steel, or

(ii) several wires made of steel, copper or other metals together with electrical insulation.

Application of regulations

3 (1) Subject to subsection (2), these regulations apply

(a) to every operator who drills or proposes to drill for petroleum under the Act; and

(b) to every well that is drilled, re-entered, completed, suspended or abandoned under the Act.

(2) These regulations do not apply to a well drilled in the offshore area except for the Donkin coal block, as defined in the Donkin Coal Block Development Opportunity Act (Canada).

Subsection 3(2) amended: O.I.C. 2008-143, N.S. Reg. 119/2008.

Policy

4 The Minister may develop or approve policies, standards and guidelines for the administration of these regulations.

Administrator

5 (1) The Minister shall designate an Administrator to administer these regulations.

(2) The Administrator shall be responsible for preparing

(a) interpretations of these regulations;

(b) proposals for amendments to these regulations; and

(c) policies, standards and guidelines for the administration of these regulations.

Offences

6 (1) No person shall drill, re-enter, suspend, complete or abandon a well unless an Authorization has been granted and the Authorization remains in force.

(2) It is an offence to contravene the Act, the regulations, or the terms and conditions of an Authorization.

Drilling rig removal prohibited

7 No operator shall remove or cause or permit the removal of a drilling rig from a well site unless the well has been drilled, re-entered, suspended, completed or abandoned in accordance with these regulations.

Form and submission of application

8 (1) An application form for an Authorization shall be in a form prescribed by the Administrator.

(2) An application form shall be completed and signed by an operator.

(3) Unless otherwise stated in these regulations, any information or application that is required to be submitted under the Act and these regulations shall be prepared and submitted to the Administrator in a form and manner satisfactory to the Administrator.

Surveys

9 An application shall include 3 copies of a legal survey of the well site that identifies the location, elevation and coordinates of

(a) any proposed well;

(b) any exploratory well that has been assigned the status of a discovery well by the Administrator; or

(c) upon the request of the Administrator, any other well.

Application time frames

10 Unless the Administrator agrees in writing, an applicant shall submit an application

(a) for an Authority to Drill not less than 45 calendar days prior to the proposed spud date;

(b) for an Authority to Re-enter not less than 21 calendar days prior to the proposed well re-entry date;

(c) for an Authority to Suspend not less than 24 hours prior to the proposed well suspension;

(d) for an Authority to Complete not less than 24 hours prior to the proposed well completion;

(e) for an Authority to Abandon not less than 24 hours prior to the proposed well abandonment.

Application for amendment

11 (1) Every operator shall apply to the Administrator for an amendment to an Authorization if

(a) the operator proposes to change, modify or expand an activity that is the subject of the Authorization;

(b) the operator proposes a change to the terms or conditions of the Authorization, which, in the opinion of the Administrator, is significant; or

(c) the proposed amendment is of an administrative nature.

(2) An application for an amendment of an Authorization shall contain the following information:

(a) a description of the proposed modification and an explanation of its purpose;

(b) an assessment of the effects of the proposed modification in relation to the information contained in the original application;

(c) such other information required by the Administrator, including any supplementary information to clarify information contained in the application.

(3) Unless the Administrator agrees in writing, an application for amendment shall be made not less than 72 hours before the amendment is required.

Term

12 (1) The term of any Authorization is concurrent with and subject to the term of the exploration agreement made under the Petroleum Resource[s] Regulations in respect of which the Authorization is issued.

(2) If an exploration agreement is suspended or terminated, any Authorization that has been issued in respect of the agreement is automatically suspended or terminated, as the case may be.

Renewal

13 If the term of an exploration agreement is renewed, the operator who holds the agreement shall apply to renew any Authorization that has been issued in respect of the agreement.

Application fee

14 (1) An application shall be accompanied by a non-refundable fee of \$114.35.

Subsection 14(1) amended: O.I.C. 2011-110, N.S. Reg. 120/2011.

(2) The Administrator may bill an applicant for all reasonable costs and expenses in excess of \$114.35 that are incurred directly by the Administrator to process an application and the applicant shall pay the bill before an Authorization is issued.

Subsection 14(2) amended: O.I.C. 2011-110, N.S. Reg. 120/2011.

(3) An applicant may request that the Administrator provide documentation to support any bill issued under subsection (2).

(4) Any conflicts respecting documentation provided pursuant to subsection (3) may be submitted to be resolved through alternate dispute resolution.

Review of application

15 (1) Upon receipt of an application, the Administrator may

(a) require the applicant to submit any additional information that the Administrator considers necessary;

(b) require the applicant to consult with persons or organizations that may be impacted by activities related to the application;

(c) issue an Authorization to the applicant, subject to such terms and conditions as the Administrator determines to be appropriate;

(d) amend an Authorization held by the applicant, subject to such terms and conditions as the Administrator determines to be appropriate;

(e) refuse to issue an Authorization to the applicant; or

(f) cancel an Authorization previously issued to or held by the applicant and replace it with a new Authorization.

(2) If the Administrator refuses to issue an Authorization, the Administrator shall advise the applicant in writing together with reasons.

Financial security and responsibility

16 As a condition of an Authorization, every operator shall, prior to the commencement of any drilling,

(a) furnish the Administrator with financial security in a form and in an amount satisfactory to the Minister that requires the provider of the financial security to abandon the well and leave the drill site in a satisfactory condition in the event of the failure of the operator to comply with the Act, these regulations or a term or condition of an Authorization issued on the well site; and

(b) furnish the Administrator with evidence, in a form satisfactory to the Administrator, that the operator is financially able to meet any financial liability that may be incurred as a result of the drilling of the well.

Transfer, assignment or change of name

17 (1) No operator shall transfer or assign an Authorization without the written approval of the Administrator, which shall not be unreasonably withheld.

(2) An assignee of an Authorization is subject to the duties, obligations and liabilities of the original Authorization holder and any further terms and conditions that may be imposed by the Administrator, and the assignor is relieved of any duties, obligations and liabilities under the Authorization.

(3) The sale of a controlling interest of a partnership or company that holds an Authorization or the transfer of an Authorization from a parent company to an affiliate or subsidiary is deemed to be a transfer.

(4) Where there is a change in the name of the operator, approval of the Administrator is not required but the operator shall advise the Administrator in writing within 24 hours of the change.

Operator to ensure compliance

18 Every operator shall ensure that a well is drilled, re-entered, suspended, completed or abandoned in accordance with

(a) the Act;

(b) these regulations;

(c) the terms and conditions of the relevant Authorization;

(d) any designs, specifications, or plans developed and approved by the Administrator in accordance with these regulations;

(e) any codes or standards, as amended from time to time, that apply to petroleum exploration well drilling;

(f) any petroleum drilling practice approved in writing by the Administrator; and

(g) all other laws of general application, including but not limited to the Environment Act and the Occupational Health and Safety Act.

Well drilling, re-entry, suspension, completion or abandonment

19 Where a well cannot be drilled, re-entered, suspended, completed or abandoned in accordance with the relevant Authorization owing to the existence of conditions not anticipated by an operator at the time the application was submitted for approval, the operator shall

(a) verbally inform the Administrator and follow up in writing that the well has not been drilled, re-entered, suspended or abandoned in accordance with the relevant Authorization;

(b) leave the well in as secure a condition as is practical; and

(c) drill, re-enter, suspend, complete or abandon the well in accordance with the relevant Authorization within a period of time specified by the Administrator.

Land access consent

20 (1) No operator shall drill a well on

(a) lands privately owned or occupied except with the written consent of the owner, occupier, or an agent of the owner or occupier of the lands;

(b) lands owned by the Crown in right of the Government of Canada, except with the written consent of the appropriate department, agency, board or commission of the Government of Canada or of a person authorized by the appropriate department, agency, board or commission to give consent;

(c) public lands

(i) under the administration and control of a Department of the Crown in right of the Province of Nova Scotia, except with the written consent of that Department,

(ii) that form part of a public highway or public road, except with the written consent of the Department of Transportation and Infrastructure Renewal,

[Note: the reference to the Department of Transportation and Public Works has been updated in accordance with Order in Council 2007-553 under the Public Service Act, R.S.N.S. 1989, c. 376, effective October 23, 2007.]

(iii) under the administration of an agency, board or commission of the Crown in right of the Province of Nova Scotia, except with the consent of that agency, board or commission, and

(iv) that are leased or otherwise encumbered, except with the written consent of the holder of the legal interest to which the public lands are subject.

(2) Subsection (1) shall not be construed as removing the necessity to obtain a consent to drill a well on any land from any person not referred to in that subsection, if the consent of that person is required by law.

Separation distances and restrictions

21 (1) No operator shall drill a well within 100 m of any surface improvement unless that person establishes to the satisfaction of the Administrator that the operation can be conducted without damage or threat to the surface improvement.

(2) Except where restricted or prohibited under the Act, no well shall be drilled that may penetrate a mineral deposit under a mineral right or a coal gas deposit under a petroleum right unless measures considered satisfactory by the Administrator are taken to

(a) protect the mineral or coal gas deposit from damage or loss of value; and

(b) prevent interference with any persons operating under the mineral or petroleum right.

Drill site access restricted

22 A person who is not directly associated with the work activity on the drill site may not enter a drill site unless that person has written permission from the operator or the Administrator.

Drilling, re-entry, suspension, completion and abandonment activities

23 Every operator shall

(a) conduct the drilling, re-entry, suspension, completion and abandonment of a well in accordance with current petroleum standards and good petroleum drilling practice;

(b) conduct the drilling, re-entry, suspension, completion and abandonment of a well in a manner that maintains full control of the well at all times;

(c) have plans and equipment available to deal with all abnormal situations that may be anticipated;

(d) ensure that all equipment and materials are fit for the purpose for which they are to be used and in good operating order;

(e) operate equipment, including travelling blocks and ancillary equipment, masts, substructures, drilling lines, well control equipment and pressure vessels, within the limits specified by the manufacturer of the equipment; and

(f) at the end of each crew shift, require the retiring drilling supervisor of any drilling rig to log and inform the new supervisor of any mechanical deficiencies that have not been rectified during the shift and of any downhole conditions or other problems that have a bearing on the conduct of the drilling of the well.

Availability of regulations

24 (1) Every operator shall keep at the drill site a copy of these regulations and any Authorizations issued for the drill site during the period that drilling is being conducted at the drill site.

(2) Every operator shall make the regulations or Authorizations referred to in subsection (1) available upon request by any person on the drill site.

Display of Authorizations and critical procedures

25 Every operator shall

(a) display an Authorization in a prominent place on the drill site; and

(b) post, in a place where they can readily be seen by the drilling crew, a labelled drawing of the blowout preventers and a written record of the mud density, together with the detailed procedures for controlling a kick, including a drill string space-out chart.

Daily and weekly reports

26 (1) Every operator shall, while drilling a well, submit a report to the Administrator each day, by fax or by an equivalent means, setting out

- (a) the depth of the well;
- (b) the lithology of the formations encountered during the previous day;
- (c) the properties of the drilling fluid;
- (d) the results of each formation leak-off test; and
- (e) such other information as may be requested by the Administrator.

(2) Every operator shall, while drilling a well, prepare and submit to the Administrator each week

(a) a report describing the lithology of any formation drilled and the nature of any reservoir fluids encountered during the preceding week; and

(b) a summary of the results of any deviation and directional surveys that were taken during the preceding week, including a calculation of the bottomhole coordinates for any well that was directionally drilled or that has deviated more than 5° from the vertical.

Well evaluation - general

27 (1) The Administrator may, at an operator's request, at any time change the name, classification or status of any well covered by an Authorization.

(2) Every operator shall obtain well tests, wireline logs, analyses, surveys and samples during the drilling of a well that are sufficient to provide, in the opinion of the Administrator, a comprehensive geological and reservoir evaluation.

(3) Upon the written request of the Administrator, every operator shall

- (a) take a wireline log, test or survey;
- (b) cut a core; or
- (c) collect a sample of drill cuttings or formation fluids

as specified in the request.

(4) Every operator shall collect, store and transport a sample of a drill cutting, core, or well fluid taken from a well in a manner that prevents any loss or deterioration of the sample.

(5) Every operator shall submit to the Administrator any analysis and any interpretation of the data performed under these regulations or an Authorization.

Suspended well

28 (1) An application for an Authority to Suspend shall include a well suspension program that is consistent with good petroleum drilling practice.

(2) Every well that is suspended shall be completed or abandoned prior to the expiry of the original petroleum right or any renewal or extension provided under the Act to the holder of that right.

(3) Every operator of a suspended or completed well shall

(a) inspect the well each year or at such other interval as requested in writing by the Administrator; and

(b) submit a report to the Administrator each year, or at such other interval as requested in writing by the Administrator, on the condition of the well.

Well re-entry

29 (1) An application for an Authority to Re-enter shall include a well re-entry program that is consistent with good petroleum drilling practice.

(2) Every well that is re-entered shall be completed or abandoned prior to the expiry of the original petroleum right or any renewal or extension provided under the Act to the holder of that right.

Well completion

30 An application for an Authority to Complete shall include a well completion program that is consistent with good petroleum drilling practice, and provides for

(a) the isolation of each completed reservoir interval from any other porous or permeable interval penetrated by the well; and

(b) the efficient testing and production of any completed reservoir interval.

Operator responsible for abandoned wells

31 (1) An application for an Authority to Abandon shall include a well abandonment program that is consistent with good petroleum drilling practice.

(2) Where a well is to be abandoned, it shall be done in such a manner that any formation fluid is prevented from flowing through or escaping from the well.

(3) The operator of an abandoned well shall

(a) inspect the well each year or at such other interval as requested in writing by the Administrator; and

(b) submit a report to the Administrator each year, or at such other interval as requested in writing by the Administrator, on the condition of the well.

Well abandonment record

32 (1) Every operator shall record the details of the manner in which a well has been abandoned and shall submit 3 copies of the record to the Administrator within 48 hours of the rig release date of the well.

(2) The record referred to in subsection (1) shall be accompanied by a well schematic, approved by a professional engineer, that illustrates the condition of the well after abandonment.

Continuing responsibility of operation

33 (1) An acknowledgment by the Administrator of a well abandonment record submitted in accordance with Section 32 does not relieve an operator of the responsibility for a proper abandonment of the well if, at a later date, the abandonment of the well is found not to be in accordance with these regulations or an Authorization.

(2) Where the Administrator determines or is informed that a well or a portion of a well has not been abandoned in accordance with these regulations or an Authorization, the Administrator may order the operator of the well to properly abandon the well and may specify the period of time in which the proper abandonment of the well is to be carried out.

Well history report

34 (1) Unless a different period is approved in writing by the Administrator, every operator shall prepare a well history report upon abandonment of a well and shall submit 3 copies of the report to the Administrator

(a) within 90 calendar days of the rig release date in the case of an exploratory well; and

(b) within 45 calendar days of the rig release date in the case of a development well.

(2) The well history report for an exploratory well shall contain a record of all operational, engineering and geological information that is relevant to the well and shall be organized into the following sections, with appendices, where appropriate:

(a) an introduction;

(b) general well data;

(c) a summary of drilling and related operations;

(d) geological and palaeontological information;

(e) a summary of directional and deviation surveys and the coordinates of the bottom of the hole;

(f) a plot of the location of the borehole in the case of a well that has deviated more than 5° from the vertical;

(g) reservoir and well evaluation data;

(h) any wireline logs, core analyses, testing results, studies, reports or records relating to the evaluation of the well; and

(i) such other information as requested in writing by the Administrator.

(3) The well history report for a development well shall contain

(a) a summary of the completion operations;

(b) the coordinates of the bottom of the hole and of the top of any productive zone, and in the case of a directionally drilled well, a plot showing the location of the wellbore;

(c) details of the completion equipment and tubing including a diagram of equipment installed in the well;

(d) results of any formation flow test;

(e) a copy of any report that concerns well stimulation;

(f) any wireline logs, core analyses, testing results, studies, reports or records relating to the evaluation of the well; and

- (g) such other information as requested in writing by the Administrator.

Marine areas

35 (1) Where an operator proposes to drill a well on or with respect to any marine lands, the Administrator may exempt the operator from any of the provisions of these regulations.

(2) Where the Administrator exempts an operator pursuant to subsection (1), the Administrator may order that the operator comply with any provisions of the Nova Scotia Offshore Area Petroleum Drilling Regulations specified in the order.

(3) Where the Administrator orders that an operator comply with any provision of the Nova Scotia Offshore Area Petroleum Drilling Regulations, that provision shall have the same force and effect as regulations made under the Act.

(4) Where the Administrator orders that an operator comply with any provision of the Nova Scotia Offshore Area Petroleum Drilling Regulations, compliance with such an order shall be deemed to be a condition of the operator's Authority to Drill.

Security and release of well information and materials

36 (1) Subject to subsection (2) and to any law of the Province, the Administrator shall securely store and keep confidential all information relating to a drilling program, including logs, reports, cores, cuttings and fluid samples submitted by an operator in accordance with Section 72 of the Petroleum Resources Regulations.

(2) General information on a well, including the name, classification, location, identity of the drilling unit or drilling rig used by the operator, depth and operational status of the drilling program, may be released by the Administrator to the public.

(3) Information that is submitted to the Administrator by an operator in support of an application

(a) in respect of the proposed design or the method of operation of a program, shall not be released at any time without the written consent of the operator; and

(b) in respect of research work or feasibility studies relating to exploration or production techniques and systems, shall not be released until 5 years have elapsed from the date the information was submitted to the Administrator.

Confidential business information

37 (1) Information that an applicant claims to be protected under the Freedom of Information and Protection of Privacy Act, including confidential business information, shall be clearly identified to the Administrator together with information to support a claim, including the information required under Section 21 of the Freedom of Information and Protection of Privacy Act.

(2) Where an applicant claims information to be confidential business information, the Administrator shall review the claim and, until a decision is made pursuant to subsection (4), shall take adequate precautions to prevent disclosure of the information.

(3) When reviewing a claim pursuant to subsection (2), the Administrator may request additional information to support the claim, including what steps the applicant has taken to maintain the confidentiality of the information.

(4) Within 14 days following the date of receipt of the claim filed pursuant to subsection (1), or within such further time as may be agreed upon by the applicant and the Administrator, the Administrator shall determine whether the claim is accepted or rejected in whole or in part and shall advise the applicant in writing of the determination.

(5) Information accepted to be confidential business information pursuant to subsection (4) shall not be disclosed to the public and the Administrator shall take adequate precautions to prevent the disclosure of the information.

(6) Where the Administrator rejects a claim pursuant to subsection (4), an applicant shall, within 7 days following the date of the Administrator's written advice pursuant to subsection (4), notify the Administrator in writing that

(a) the claim is waived and the applicant wishes to continue to proceed with the application; or

(b) the application is to be withdrawn, in which case the Administrator shall immediately return to the applicant all of the information submitted with the application.

Inspections

38 (1) The Minister or Administrator may appoint an inspector to conduct inspections or investigations for the purposes of these regulations.

(2) It shall be a term and condition of every Authorization that the operator shall grant a right of entry to the well site and other sites where relevant information and documentation may be stored to the Administrator or an inspector appointed under subsection (1), to allow them to carry out an inspection or investigation of an activity that is the subject of an Authorization or any other activity carried out under these regulations.

(3) The operator for a drill site shall

(a) give the Administrator or inspector all reasonable assistance to enable the inspector to carry out the inspection; and

(b) furnish all information that may be reasonably required by the Administrator or the inspector.

(4) Upon entering a site the Administrator or inspector shall, upon request, produce an identification card provided by the Province and provide reasons for the entry.

(5) The Administrator or an inspector, in carrying out any duties or exercising any powers under the Act or these regulations, may be accompanied by one or more persons who are considered by the Administrator or inspector to be necessary to enable the Administrator or inspector to carry out those duties or exercise those powers.

(6) The operator shall give the Administrator or inspector all reasonable assistance to enable the Administrator or inspector to carry out their duties or exercise their powers.

Operator audit/inspection reports

39 (1) Upon the request of the Administrator, an operator shall conduct an audit or an inspection to ensure that an activity that is the subject of an Authorization is carried out in compliance with

(a) the Act;

(b) these regulations; and

(c) the terms and conditions of the relevant Authorization.

(2) The audit or inspection referred to in subsection (1) shall document

(a) all non-compliance noted; and

(b) the corrective actions taken or planned.

(3) A copy of any audit or inspection conducted pursuant to this Section shall be filed with the Administrator upon completion.

Certifying authority report

40 (1) The Administrator may engage the services of a person as a certifying authority.

(2) The certifying authority shall

(a) determine whether a drilling program, well re-entry, well suspension, well completion or well abandonment will be, has been or is being carried out in accordance with the Act, these regulations and the terms and conditions of the relevant Authorization; and

(b) perform such other duties as are determined by the Administrator.

(3) The certifying authority shall be engaged by the Administrator through a bidding process and selected from a list of independent third parties who have engaged persons or who are persons knowledgeable about petroleum exploration drilling and drilling programs, including well re-entry, well suspension, well completion and well abandonment.

(4) Every operator or person in charge of or responsible for a drilling program, well re-entry, well suspension, well completion or well abandonment and every contractor or employee of the operator or person shall assist the Administrator or the certifying authority or any employee or agent of the certifying authority acting in the exercise of the duties outlined in subsection (2) and any further duties determined by the Administrator.

(5) On completion of the certifying authority's duties, the certifying authority shall provide the Administrator with a report that shall

(a) advise on the certifying authority's findings pursuant to clause (2)(a);

(b) certify, for such period as the certifying authority determines, that the drilling program, well re-entry, well suspension, well completion or well abandonment will continue to meet the requirements of the Act, these regulations and the terms and conditions of the relevant Authorization; and

(c) include any other information requested by the Administrator.

(6) The costs and expenses of the certifying authority shall be paid by the Administrator and shall be recovered from the operator whose activity is the subject of the certifying authority's report.

(7) The operator may request that the Administrator provide documentation to support any bill issued under subsection (6).

(8) Any conflicts respecting documentation provided pursuant to subsection (7) may be submitted to be resolved through alternative dispute resolution.

(9) The report issued by the certifying authority may be used by the Administrator to assist in

(a) evaluating an application for an Authorization or in amending, suspending, cancelling or reinstating an Authorization;

(b) directing the alteration or modification of the drilling program, well re-entry, well suspension, well completion or well abandonment;

(c) determining whether to require the installation of additional or other equipment on a drill rig or at a drill site; or

(d) the exercise of the Administrator's powers and duties conferred by the Act and these regulations.

Suspension or cancellation of an Authorization

41 (1) Where the Minister believes on reasonable and probable grounds that an operator has contravened or will contravene

(a) the Act;

(b) these regulations; or

(c) any term or condition of an Authorization,

the Minister may suspend or cancel the Authorization.

(2) The Minister shall give an operator prior notice of the Minister's intent to suspend or cancel an Authorization pursuant to subsection (1) and a reasonable time period to remedy any breach or default.

(3) Upon suspension or cancellation of an Authorization pursuant to subsection (1), the Minister shall immediately give notice in writing to the operator together with reasons for the suspension or cancellation of the Authorization.

(4) The Minister may reinstate an Authorization that has been suspended or cancelled pursuant to subsection (1) as it was originally issued at any time the Minister considers it appropriate to do so.

Surrender of exploration agreement or other agreement

42 The suspension, cancellation or surrender of an exploration agreement, a production agreement, or other right to explore for or produce petroleum that relates to a drill site covered in an Authorization shall not relieve the operator of the responsibility for the proper abandonment of any well drilled by the operator on the drill site.

Appeal

43 (1) An appeal from a decision of the Administrator made under these regulations shall be to the Minister.

(2) An appeal under subsection (1) shall be made within 30 calendar days of the decision.

(3) Unless a longer time period is required and the Minister notifies the appellant, the Minister shall consider the appeal and provide a written decision within 30 days of the filing of the appeal.

Last updated: 15-11-2011