



Province of Alberta

MINES AND MINERALS ACT

CARBON SEQUESTRATION TENURE REGULATION

Alberta Regulation 68/2011

With amendments up to and including Alberta Regulation 89/2013

Office Consolidation

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(Consolidated up to 89/2013)

ALBERTA REGULATION 68/2011

Mines and Minerals Act

CARBON SEQUESTRATION TENURE REGULATION

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Definitions

1 In this Regulation,

(a) repealed AR 89/2013 s48;

- (b) “carbon sequestration lease” means an agreement under section 116 of the Act issued in the form of a lease under section 9;
- (c) “deep subsurface reservoir”, in respect of a permit or lease, means the pore space within an underground formation that is deeper than 1000 metres below the surface of the land within the location of that permit or lease;
- (d) “Directive 65” means Directive 65, “Resources Applications for Conventional Oil and Gas Reservoirs”, published by the Regulator;
- (e) “evaluation permit” means an agreement under section 115 of the Act issued in the form of an evaluation permit under section 3;
- (f) “lessee” means the holder of a carbon sequestration lease;
- (g) “minerals” means minerals as defined in the Act;
- (h) “permittee” means the holder of an evaluation permit.
- (i) “pore space” means the pores contained in, occupied by or formerly occupied by minerals or water below the surface of land;
- (j) “Regulator” means the Alberta Energy Regulator.

AR 68/2011 s1;89/2013

Application

2 This Regulation applies to agreements entered into by the Minister under Part 9 of the Act.

Evaluation Permits**Evaluation permit**

3(1) A person may apply to the Minister for an agreement under section 115 of the Act.

(2) The Minister may issue an agreement under section 115 of the Act to an applicant in the form of an evaluation permit if the Minister receives from the applicant

- (a) an application in a form that is satisfactory to the Minister,
- (b) the application fee prescribed in the Schedule to the *Mines and Minerals Administration Regulation* (AR 262/97) for an evaluation permit,

- (c) the annual rental prescribed under section 6 for the first year of the term of the evaluation permit, and
- (d) a monitoring, measurement and verification plan that meets the requirements set out in section 7.

(3) Subject to subsection (4), an evaluation permit grants, in accordance with the terms and conditions of the permit, the right to conduct evaluations and testing, including the drilling of wells and injection of substances as approved by the Regulator, into deep subsurface reservoirs within the location of the permit to evaluate the geological or geophysical properties of the deep subsurface reservoirs for the purposes of determining their suitability for use for the sequestration of captured carbon dioxide.

(4) The Minister may limit the operations or activities that may be conducted under an evaluation permit to those operations or activities specified by the Minister in the evaluation permit.

(5) An evaluation permit does not grant the permittee the right to win, work or recover any minerals found within the location of the permit.

AR 68/2011 s3;89/2013

Term of evaluation permit

4 The term of an evaluation permit is 5 years from the term commencement date shown in the permit.

Area and boundaries of evaluation permit

5(1) The area of the location of an evaluation permit must not exceed 73 728 hectares.

(2) The boundaries of the location of an evaluation permit must be acceptable to the Minister.

(3) The Minister may reduce the area of an evaluation permit at any time during the term of the permit if the permittee makes an application to the Minister indicating the area that is to be retained in the permit.

Annual rental for evaluation permit

6 The rental for each year of the term of an evaluation permit is the amount payable at the rate prescribed in section 20(3.1) of the *Mines and Minerals Administration Regulation* (AR 262/97).

Monitoring, measurement and verification plan for permit

7(1) The Minister may approve a monitoring, measurement and verification plan received under section 3 in relation to an evaluation permit if the plan

- (a) sets out the monitoring, measurement and verification activities that the permittee will undertake for the term of the permit,
- (b) contains an analysis of the likelihood that the operations or activities that may be conducted under the permit will interfere with mineral recovery, and
- (c) contains any other information requested by the Minister.

(2) A permittee must not conduct any operations or activities under the evaluation permit unless

- (a) a monitoring, measurement and verification plan has been approved in relation to the permit, and
- (b) the permittee complies with the approved plan.

Grouping of evaluation permits

8(1) A permittee, or an applicant for more than one evaluation permit, may apply to the Minister for the grouping of evaluation permits for the purpose of submitting one monitoring, measurement and verification plan in respect of all of the permits in the approved permit group.

(2) Subject to this section, the Minister may approve an application for grouping of evaluation permits, subject to any terms and conditions that the Minister may specify.

(3) An evaluation permit may not be included in more than one permit group at a time.

(4) The location of evaluation permits within a permit group must be contiguous.

Carbon Sequestration Leases**Carbon sequestration leases**

9(1) A person may apply to the Minister for an agreement under section 116 the Act.

(2) The Minister may issue to an applicant an agreement under section 116 of the Act in the form of a carbon sequestration lease if the Minister receives from the applicant

- (a) an application in a form that is satisfactory to the Minister,
- (b) the application fee prescribed in the Schedule to the *Mines and Minerals Administration Regulation* (AR 262/97) for a carbon sequestration lease,
- (c) the annual rental prescribed under section 13 for the first year of the term of the carbon sequestration lease,
- (d) evidence satisfactory to the Minister that the location specified in the application is suitable for use for the sequestration of captured carbon dioxide,
- (e) a monitoring, measurement and verification plan that meets the requirements set out in section 15, and
- (f) a closure plan that meets the requirements set out in section 18.

(3) Subject to subsection (4), a carbon sequestration lease grants, in accordance with the terms and conditions of the lease, the right to drill wells, conduct evaluation and testing and inject captured carbon dioxide into deep subsurface reservoirs within the location of the lease.

(4) The Minister may limit the operations or activities that may be conducted under a carbon sequestration lease to those operations or activities specified by the Minister in the lease.

(5) A carbon sequestration lease does not grant the lessee the right to win, work or recover any minerals found within the location of the lease.

Term of carbon sequestration lease

10 The term of a carbon sequestration lease is 15 years from the term commencement date shown in the lease.

Renewal of carbon sequestration lease

11(1) The Minister may renew a carbon sequestration lease for further terms of 15 years if the Minister receives from the lessee

- (a) an application for renewal in a form that is satisfactory to the Minister,
- (b) a monitoring, measurement and verification plan that meets the requirements set out in section 15,
- (c) a closure plan that meets the requirements set out in 19(3), and

- (d) evidence satisfactory to the Minister that the lessee has the approval of the Regulator under section 39 of the *Oil and Gas Conservation Act* for the injection of the captured carbon dioxide in the location of the lease.
- (2) The renewal of a carbon sequestration lease under subsection (1)
 - (a) may apply to a portion or portions of its location or to a zone or zones within the location determined by the Minister, and
 - (b) is subject to any terms and conditions that the Minister prescribes at the time the renewal is granted.

AR 68/2011 s11;89/2013

Area and boundaries of carbon sequestration lease

- 12(1)** The area of the location of a carbon sequestration lease must not exceed 73 728 hectares.
- (2) The boundaries of the location of a carbon sequestration lease must be acceptable to the Minister.
- (3) The Minister may reduce the area of a carbon sequestration lease at any time during the term of the lease, if the lessee makes an application to the Minister indicating the area that is to be retained in the lease.

Annual rental for lease

- 13** The rental for each year of the term of a carbon sequestration lease is the amount payable at the rate prescribed in section 20(3.1) of the *Mines and Minerals Administration Regulation* (AR 262/97).

Grouping of carbon sequestration leases

- 14(1)** A lessee, or an applicant for more than one carbon sequestration lease, may apply to the Minister for the grouping of carbon sequestration leases for the purpose of submitting one monitoring, measurement and verification plan in respect of all of the leases in the approved lease group.
- (2) Subject to this section, the Minister may approve an application for grouping of carbon sequestration leases, subject to any terms and conditions that the Minister may specify.
- (3) A carbon sequestration lease may not be included in more than one lease group at a time.

- (4) The location of carbon sequestration leases within a lease group must be contiguous.

Monitoring, measurement and verification plan for lease

15 The Minister may approve a monitoring, measurement and verification plan received under section 9 or 11 in relation to a carbon sequestration lease if the plan

- (a) sets out the monitoring, measurement and verification activities that the lessee will undertake while the plan is in effect,
- (b) contains an analysis of the likelihood that the operations or activities that may be conducted under the carbon sequestration lease will interfere with mineral recovery, based on the geological interpretations and calculations the lessee is required to submit to the Regulator pursuant to Directive 65 in its application for approval of the injection scheme under the *Oil and Gas Conservation Act*, and
- (c) contains any other information requested by the Minister.

AR 68/2011 s15;89/2013

Duration and renewal of plan

16(1) A monitoring, measurement and verification plan that is approved by the Minister in relation to a carbon sequestration lease ceases to have effect on the earlier of

- (a) the third anniversary of the date on which the plan was approved, and
- (b) the date that the lease is renewed.

(2) A lessee must submit a new monitoring, measurement and verification plan for approval under section 15 no fewer than 90 days before the date on which the approved plan ceases to have effect.

Compliance with plan

17(1) A lessee must not conduct any operations or activities under a carbon sequestration lease unless

- (a) a monitoring, measurement and verification plan has been approved and is in effect for the lease, and
- (b) the lessee complies with the approved plan.

(2) Each year, before the anniversary date of the monitoring, measurement and verification plan that is in effect for the carbon sequestration lease, the lessee must submit to the Minister a report that sets out the findings and observations from the monitoring, measurement and verification activities that the lessee has conducted.

Initial closure plan

18 The Minister may approve a closure plan received under section 9 in relation to a carbon sequestration lease if the plan sets out a description of the activities satisfactory to the Minister that the lessee will undertake to close down sequestration operations and facilities.

Duration and renewal of closure plan

19(1) A closure plan that is approved by the Minister under section 18 ceases to have effect on the earlier of

- (a) the third anniversary of the date on which the plan was approved, and
- (b) the date that the carbon sequestration lease is renewed.

(2) A lessee must submit a new closure plan for approval no fewer than 90 days before the date that an approved plan ceases to have effect.

(3) The Minister may approve a closure plan submitted under subsection (2), or received under section 11, in relation to a carbon sequestration lease if the plan sets out a description of the activities satisfactory to the Minister that the lessee will undertake to close down sequestration operations and facilities, and contains the following:

- (a) a summary of the activities that have been conducted by the lessee on the location of the carbon sequestration lease since it was issued;
- (b) the quantity of captured carbon dioxide that has been injected;
- (c) an evaluation of whether the injected captured carbon dioxide has behaved in a manner consistent with the geological interpretations and calculations the lessee submitted to the Regulator pursuant to Directive 65 in its application for approval of the injection scheme under the *Oil and Gas Conservation Act*;

- (d) the most recent geological interpretations and calculations that may have been made by the lessee with respect to the injected carbon dioxide and any associated pressure front;
- (e) a description of the location, condition, plugging procedures and integrity testing results for every well that has been used for the injection of captured carbon dioxide under the lease;
- (f) a description of any decommissioning, abandonment or reclamation activities undertaken by the lessee in the location of the lease;
- (g) an inventory of the reports and documents that the lessee has submitted to the Regulator or a department or agency of the Crown in right of Alberta or the Crown in right of Canada since the approval of the first closure plan related to the carbon sequestration lease, whether or not those reports and documents were required to be submitted;
- (h) advice and recommendations about the monitoring, measurement and verification activities that should be conducted after the issuance of a closure certificate is issued for the carbon sequestration lease under section 120 of the Act.

AR 68/2011 s19;89/2013

Post-closure Stewardship Fund

20 A lessee shall pay into the Post-closure Stewardship Fund a fee per tonne of captured carbon dioxide injected into the location of a carbon sequestration lease at the rate established by the Minister.

Consequential Amendments and Expiry**Consequential amendments**

21(1) *The Mines and Minerals Administration Regulation (AR 262/97)* is amended by this section.

(2) Section 20 is amended

(a) in subsection (3) by adding “or 116” after “section 57(5)(c)”;

(b) by adding the following after subsection (3):

(3.1) A rental for a year of the term of an agreement under section 115 or 116 of the Act is payable at the rate of \$1.00 per year for each hectare in the area of the location of the

evaluation permit or carbon sequestration lease, subject to a minimum of \$50 per year.

(3) The Schedule is amended

(a) **in item 2 by adding** “, other than an agreement referred to in item 2.1,” **after** “of the Act”;

(b) **by adding the following after item 2:**

2.1 Fee for the issuance of an evaluation permit or carbon sequestration lease under the <i>Carbon Sequestration Tenure Regulation</i>	\$625
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Expiry

22 For the purpose of ensuring that this Regulation is reviewed for ongoing relevancy and necessity, with the option that it may be repassed in its present or an amended form following a review, this Regulation expires on April 30, 2016.



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