



Play-based Regulation

Piloting a New Approach to Oil and Gas Development



The Alberta Energy Regulator (AER) is the single regulator for oil, natural gas, oil sands, and coal development in Alberta.

This document provides information on the AER itself, play-based regulation, and the AER's play-based regulation pilot project. See the AER website at www.aer.ca for more information.

New Technologies = New Rules **What is Play-based Regulation?**

The Alberta Energy Regulator ensures the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources over their entire life cycle. As Alberta's energy industry changes, we must adapt our requirements to ensure that development continues to meet this goal.

The AER is considering play-based regulation as one of the ways we can address new technology and changes in the intensity and scale of development. While any type of industrial activity comes with risks, these risks can be reduced through strong regulatory requirements at every stage of a project's life.

Play-based regulation will help us better manage *all* the impacts of development. In part this will be done through a piloted application process which will allow applications for multiple wells, pipelines, facilities, access roads, and water use to be submitted all as one, rather than submitting separate applications for each of these developments. Because we will be accepting single project applications for multiple energy development activities, applicants will be required to engage stakeholders on the *entire* project plan as opposed to on a well-by-well basis under the traditional regulatory system. This will provide stakeholders with a better picture of a project's impacts.

We will also encourage energy companies to share their project plans with each other in an effort to coordinate infrastructure, such as lease roads and pipeline rights-of-way, in order to reduce the environmental impacts of energy development.

Play-based regulation will take into account energy development on a broader scale than has typically been done in the past. These reviews will allow us to better understand regional-level issues such as surface infrastructure needs, wellbore integrity, and the impact of the project on water and air.

While these energy projects will only require a single application, each will undergo a stringent technical review of all aspects of the proposed project. We will also continue our strong focus on monitoring and enforcement, and will require operators to demonstrate that regulatory outcomes are being achieved.

Current AER requirements that apply to all upstream oil and gas operations in Alberta will be the foundation for play-based regulation. However, these requirements may be modified to better suit the characteristics of a specific resource play as it is developed. Requirements under play-based regulation will continue to reflect the high priority the AER places on public safety, efficient and orderly development, and protection of the environment.

What Will the Pilot Project Accomplish?

We are currently conducting a pilot project to learn how play-based regulation will work and where

improvements can be made. To help stakeholders better understand the pilot, the AER created *Manual 009: Play-Based Regulation Pilot Application Guide*, which sets out the information that must be included in an application under the pilot. The guide is available at www.aer.ca. We will evaluate the effects play-based regulation may have on development and stakeholders and on the AER's effectiveness. The AER's play-based regulation pilot is the first step towards a proposed new framework for regulating oil and gas development in the province. This framework is described in the discussion paper *Unconventional Regulatory Framework* (available on the AER website). Visit <http://aer.ca/about-aer/spotlight-on/pbr-pilot-project> for more information.

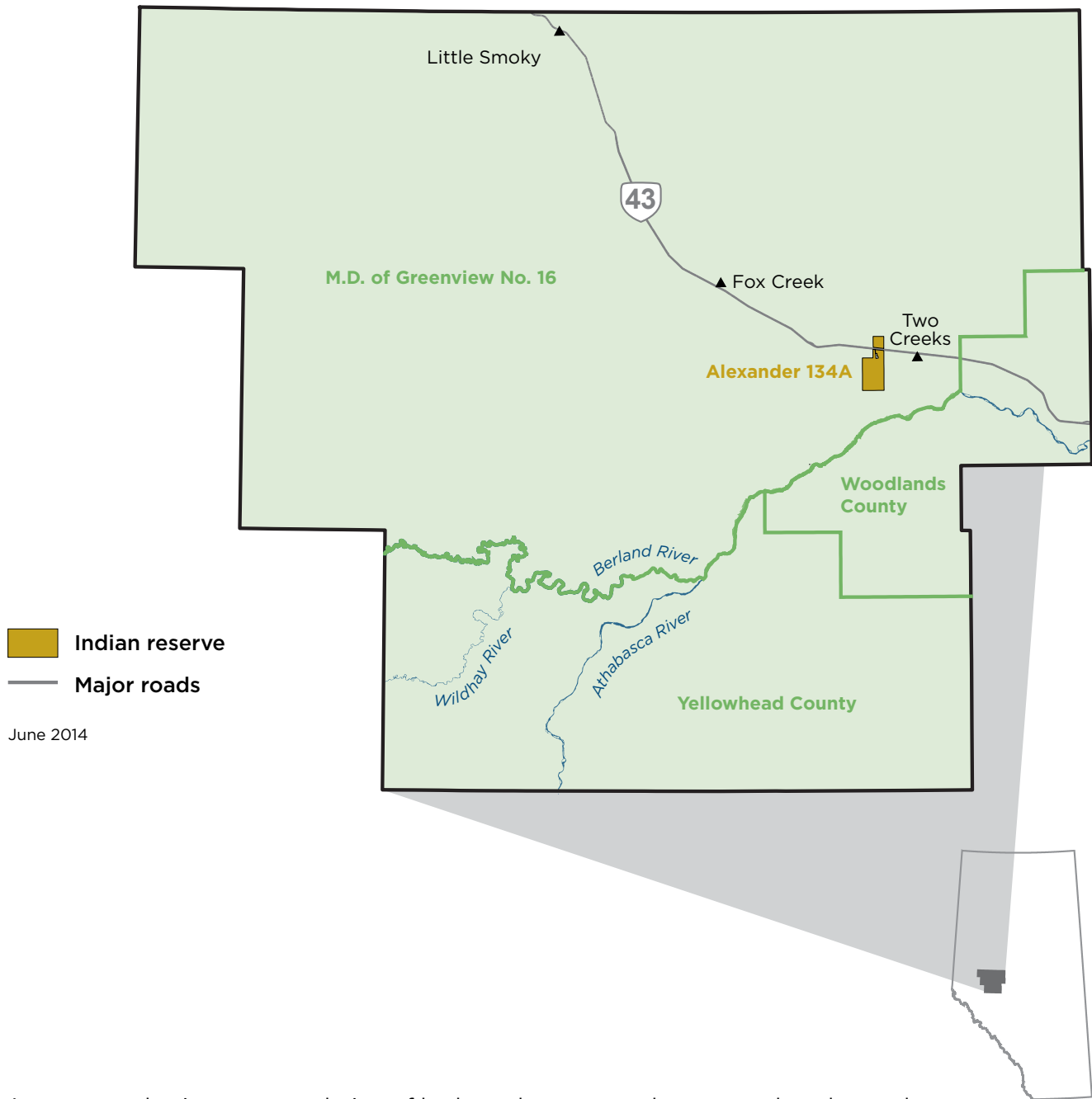
The pilot project is taking place near Fox Creek in the Duvernay resource play. The Duvernay is what is known as an unconventional resource play, characterized by oil and gas resources trapped in low-permeability rock that cannot be extracted using traditional methods; methods such as hydraulic fracturing are used to bring these resources to the surface. The Duvernay resource play is in the early stages of development, but it has the potential to be significant for Alberta. While the AER tests play-based regulation in the pilot area, participation by Duvernay operators is voluntary. Operators may continue to make applications using the AER's existing application processes and requirements.

Play-based regulation benefits:

- Orderly, responsible development
- Reduced land, water, and air impacts
- Collaboration among operators in an area or play
- Enhanced stakeholder engagement

Pilot Project Area

Base data provided by Spatial Data Warehouse Ltd.



A resource play is an accumulation of hydrocarbons over a large area deep beneath the surface of the ground. Its geology and geographic setting define the characteristics of the play and how it is likely to be developed. Through play-based regulation, rules and processes for energy development are designed to suit the risks associated with a specific resource play.

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The Alberta Energy Regulator

The Alberta Energy Regulator is the single provincial regulator of oil, gas, oil sands, and coal development in Alberta. Built on more than 76 years of energy regulation in Alberta, the AER provides for the safe, efficient, orderly, and environmentally responsible development of energy resources. This includes allocating and conserving water, managing public lands, and protecting the environment while securing the economic benefits of energy development for all Albertans.

Our Responsibilities

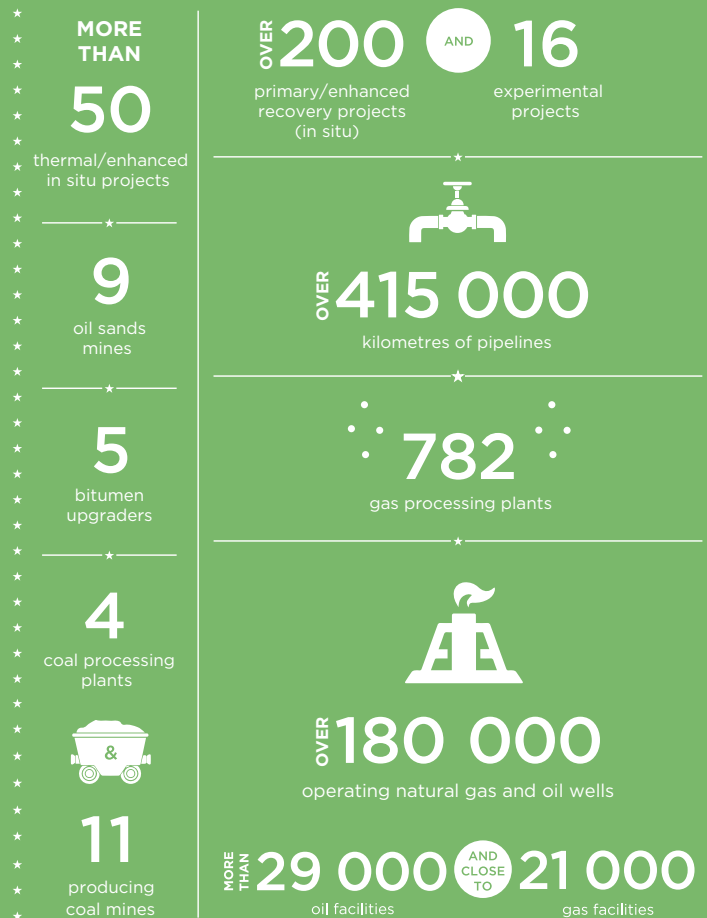
With established reserves of 1.69 billion barrels of bitumen and crude oil, 33.7 trillion cubic feet of natural gas, and 37 billion tons of coal, we regulate some of the world's largest hydrocarbon resources.

To ensure that hydrocarbon development in Alberta is done safely and environmentally responsibly, and is closely managed, the Government of Alberta has granted the AER authority to

- review and make decisions on proposed energy developments,
- oversee all aspects of energy resource activities in accordance with government policies,
- regularly inspect energy activities to ensure that all requirements are met,
- penalize companies that fail to comply with AER requirements, and
- hold hearings on proposed energy developments.

Supporting all of this work are more than 1200 technical staff, scientists, inspectors, investigators, stakeholder engagement staff, lawyers, regulatory experts, and other employees working from 15 locations stretching from Medicine Hat in the south to High Level in the north.

The AER Regulates:



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Original graphic provided by Oilweek Magazine