



May 2007

E-5010-6 PRB

Information Letter Reclamation and Surrender of Surface Leases on Indian Reserve Lands

This information letter addresses the reclamation and surrender process for surface leases on Indian Reserve lands. Indian Oil and Gas Canada ("IOGC") operates pursuant to the *Indian Oil and Gas Act* and the *Indian Oil and Gas Regulations, 1995* ("the Regulations"). It also enforces provisions of the *Canadian Environmental Assessment Act* ("CEAA") and uses standards of the Alberta Environment ("AENV") Upstream Oil and Gas Reclamation and Remediation Program. More information about this AENV program is available on the AENV Web site at www3.gov.ab.ca/env/protenf/landrec/upstream/index.html.

IOGC approves the surrender of surface leases following inspection by the band council and confirmation by it that restoration of the surface is satisfactory.

Process to Surrender a Surface Lease

The following procedures are required to be carried out before a company receives approval to surrender a surface lease:

1. Pursuant to subsection 38(2) of the Regulations, lessees must obtain the written approval from IOGC to abandon a well that has been cased and from which the original drilling rig has been removed. Send abandonment requests to IOGC's Petroleum Geologist.
2. The lessee must ensure that reclamation on all Indian Reserve land, regardless of location or province, is completed as per AENV Upstream Oil and Gas Reclamation and Remediation Program standards (including all associated Information Letters, Guidelines, Criteria and Forms) and as indicated in the CEAA Terms letter attached to the lease agreement. Note that only those leases issued after 1995 will have CEAA Terms letters.

If the lessee did not carry out any projects or make any physical alterations to the surface area of the lands under the surface lease, it must still provide a reclamation application. Additionally, an inspection of the site is still required pursuant to subsection 44(2)(a) of the Regulations.

3. The lessee must provide IOGC with a Band Council Resolution signed by Chief and Council for any feature that will not be reclaimed (e.g. access road, Texas gate).

4. The lessee must advise IOGC in writing if a lease site requires Phase II and III Environmental Site Assessments and/or remediation. IOGC requires the lessee to submit a draft remediation plan including remediation criteria for IOGC review to ensure all interested parties are in agreement. The plan must also outline how the lessee will keep IOGC and the First Nation apprised of its progress. In accordance with CEAA's *Inclusion List Regulations* subsection 41.1, remediation activities will generally trigger the need for an environmental assessment that will be submitted with the final remediation plan.
5. Once the lease site has been reclaimed in accordance with AENV's *Reclamation Criteria for Wellsites and Associated Facilities – Update 1995* and is ready for surrender, the lessee shall submit to IOGC and the First Nation, completed copies of IOGC's Wellsite Reclamation Application Form (March 2007), IOGC's Detailed Site Assessment Report Form and a Phase I Environmental Site Assessment (as outlined in AENV's *Phase I Environmental Site Assessment Guideline for Upstream Oil and Gas Sites D&R/IL/01*), and any subsequent Phase II and III Environmental Site Assessments (ESA).
6. IOGC will review the submitted reclamation assessment package for completeness. The lessee must arrange a reclamation inspection, at which representatives from the First Nation, IOGC and the lessee must be in attendance. Pursuant to subsection 44(2)(a) of the Regulations, the band council must inspect the surface area of the lease to be surrendered and confirm that it has been restored to its satisfaction. IOGC encourages lessees to survey and stake the well centre and/or lease corners prior to the reclamation inspection. Reclamation inspections will only be conducted in the growing season and in accordance with the timing requirements set out in AENV's *Reclamation Criteria for Wellsites and Associated Facilities – Update 1995*.
7. Issues identified during the reclamation inspection will be discussed during the inspection. Mitigation measures may be developed to address the issues. If deficiencies are identified, a follow-up reclamation inspection will be required after the deficiencies have been corrected.
8. IOGC will provide the lessee with a letter stating the reclamation is satisfactory. Upon receipt of the letter, the lessee shall forward four executed copies of the Memorandum of Surrender ("MOS") to IOGC. The MOS form is available on IOGC's Web site at www.iogc.gc.ca in the Doing Business section on the Forms page.
9. The lessee must pay surface lease rentals until the surrender process is complete whereby the MOS has been executed by IOGC. At that time, IOGC will send a letter to the lessee confirming the termination of the surface lease.

Please forward applications for reclamation to:

Environment Unit
Indian Oil and Gas Canada
Suite 100, 9911 Chiila Boulevard
Tsuu T'ina, AB T2W 6H6

For More Information

For more information, please visit IOGC's Web site at www.iogc.gc.ca or contact the IOGC Environment Unit at 403-292-5625.