

September 8, 1999

Mineral Rights Information Bulletin 99-6

**SUBJECT: CANADIAN FORCES BASE (CFB) SUFFIELD;
DEEP PETROLEUM & NATURAL GAS RIGHTS ARE NOW AVAILABLE FOR POSTING**

Under an agreement negotiated with the federal government in the early 70's, the Province of Alberta obtained surface access rights for oil and gas exploration and development on CFB Suffield (the Base). These access rights were subsequently assigned to Alberta Energy Company (AEC), making Suffield a solely AEC operated property for the past 25 years. The Alberta Government, AEC and the Department of National Defence (DND) have negotiated a Surface Access Agreement which will now allow other companies to enter onto the Base to conduct deep oil and gas exploration and development activities. The deep rights available for posting cover approximately 175,000 hectares.

The existing AEC Range Control Office has been incorporated into a private company called Suffield Industry Range Control Ltd. (Range Safety). Range Safety will be an independent entity and will be a signator to the Surface Access Agreement, along with the Alberta Department of Resource Development and the lessee.

An Industry Operators' Committee will be established, with each operator on the Base becoming a member. This Committee will have authority to make changes, with the approval of Range Safety and the Base Commander where required, to schedules attached to and forming part of the Surface Access Agreement.

A copy of the Surface Access Agreement may be obtained by calling the Department.

A meeting to brief industry on the special requirements for operating at Suffield, the relationship between industry, DND and Range Safety, and the role of Range Safety, will be held at Calgary on October 1, 1999 at the Palliser Hotel, 133 - 9 Avenue SW, at 10:00 a.m.

(over)

Some areas as shown on Schedule “G” have less surface access than others. It should be noted that operations on the Base are subject to significant restrictions, higher associated costs and increased liability. These are a result of the following conditions:

- No above ground infrastructure is permitted outside of the Oil Access Area.
- In the Military Training Area (MTA), surface access is available from November 1 to May 1 and during each of the other six months is generally restricted to 10 day windows between military training operations.
- In the Defence Research Establishment Suffield (DRES), access may be restricted and short notice given to leave the area.
- No seismic operations are permitted in the MTA and DRES areas if there is snow cover unless the program area has been previously inspected by Range Safety.
- Lessees under a lease are jointly and severally liable for their operations.
- All operations have to be approved by Range Safety and all access is controlled.
- Range Safety is funded by the Operators on a prorata basis.

Prior to constructing new infrastructure, operators are encouraged to see if underutilized facilities can be used.

Proposed Schedule for Activities

1. Because of the restricted periods for acquiring seismic and in order to provide for land sales in the spring of 2000, AEC has agreed to provide its proprietary 3D seismic at normal industry trade rates. There is also an extensive amount of 2D non proprietary trade seismic on the Base that may be available.
2. Companies may shoot their own seismic, but if the programs are located in the MTA or DRES areas a surface inspection is required by Range Safety after the last military exercise and before snow cover.
3. To take advantage of the September military stand down September 19-28, AEC has arranged for Solid State Geophysical to shoot two 3D seismic programs. The surveys will be available on a participation “group shoot” basis. If any company wishes to conduct its own seismic it should contact Range Safety as soon as possible.
4. The department intends to hold the first sale in April 2000, in order to take advantage of a drilling window in the later part of April. Posting requests will be accepted in January 2000. Because of the surface access restrictions, only requests for leases will be accepted.

For further information, please contact:

Eugene Saldanha
Manager, Mineral Agreements and Sales
Minerals Tenure and Freehold Tax Branch
Mineral Operations Division
Alberta Department of Resource Development
2nd Floor, Petroleum Plaza North
9945 - 108 Street NW
Edmonton AB T5K 2G6

Tel: 780/422-9426

Fax: 780/422-1123

F. David Coombs
Executive Director
Minerals Tenure & Freehold Tax Branch