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MINERAL RIGHTS INFORMATION BULLETIN 2016 - 01

Re: Subsurface Agreement Type

Subsurface Reservoir Lease

A Subsurface Reservoir Lease (SRL) is issued either for storage of hydrocarbons or waste within Crown-owned underground salt caverns or to use a subsurface reservoir zone for storage or sequestration. SRLs are issued through Part 4.1 (sections 47.1 to 47.5) of the *Metallic and Industrial Minerals Tenure Regulation*. All new applications are reviewed by the Crown Mineral Disposition Review Committee (CMDRC), which performs a primary risk analysis for the lands affected and the proposed storage cavern/reservoir zone.

What is an SRL used for?

SRL's are used to store a number of substances, including natural gas, petroleum liquids, and by-products from petroleum and natural gas operations.

What rights are granted?

A SRL grants the right to remove salt in a subsurface reservoir zone to create a subsurface cavern and the right to use a subsurface cavern for storage of a specified substance. For salt caverns, the subsurface reservoir zone is the salt-bearing formation that a salt cavern is created in. Typically, this is the Prairie Evaporite formation or the Lotsberg formation, which are both within the Elk Point group; however, any salt formation may be a candidate for a subsurface cavern.

Terms and Conditions of a SRL

Each SRL is issued with specific terms and conditions. This ensures SRL's are issued consistently between lessees. Alberta Energy has created a standard set of terms and conditions specifying the subsurface reservoir zone, permitted activities, substance(s) to be stored, length of term, renewal and cancellation.

How to apply for a SRL

To apply for a Metallic and Industrial Subsurface Reservoir Lease, submit an application to the Coal and Mineral Development Branch of Alberta Energy. A complete application requires the client name that the agreement will be recorded under, land location, subsurface reservoir zone, substance to be stored, an application fee, and first year's rent. The maximum size of each application should be 256 hectares, or one section (and a minimum of 16 hectares). Application Guidelines can be viewed at: <http://www.energy.alberta.ca/minerals/718.asp>

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