



## Proposed Oil and Gas Wells, Pipelines, and Facilities: A Landowner's Guide

When oil and gas companies propose development on or near your property, you want to be aware of your rights as a landowner and the options available to you. The EnerFAQs *The AER and You: Agreements, Commitments, and Conditions* should be read with this document.

### » What are my rights when a company proposes a development on or near my property?

Under Alberta Energy Regulator (AER) requirements and guidelines, a company applying to develop an oil or gas project may be required to provide notification and information about the proposed activities so persons receiving the information can fully understand what is being proposed and what the potential impacts could be. The information a company gives must include details about how and why it chose proposed locations for any wells, pipelines, facilities, or access roads and what to expect in terms of equipment use and operations during the production phase. Public notices of application will be posted on the AER website, and landowners may file a statement of concern to an application.

### » What are the company's rights?

Most land in Alberta carries two titles and two sets of rights.

- A **surface** title gives the landowner ownership of the land's surface and the right to work it.
- A **mineral** title gives the company or person who owns the minerals under that land the right to explore for oil and gas, in the case of a petroleum and natural gas or oil sands lease.



Sometimes, a title to land will give an owner both the surface and the mineral rights. If a title to the land is split, the mineral owner may need access to the land's surface to drill and produce oil and gas.

Two important conditions apply to the company's right to explore. First, drilling and production activity must be done in a way that is environmentally and technically acceptable. Second, a company must operate in ways that minimize possible interference with the landowner's use of the land.

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» **What can I expect the company to do first?**

One of the early steps in the well site, facility or pipeline route selection process is a survey. A survey helps a company identify the exact location of the proposed well site, access road, pipeline, or facility and the surface area required. Alberta's *Surveys Act and Surface Rights Act* give the surveyor the right to enter your property for the purpose of surveying. It is common practice—and common courtesy—for a company representative to contact you before surveying. The purpose of the visit will be to advise you of the approximate well and road or pipeline location being proposed.

The company is responsible for the cost of damages caused by the survey.

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» **What kind of arrangements are most common between a landowner and a company?**

**Pipeline Right-of-Way**

The pipeline easement (right-of-way) is an agreement between a landowner and a company in which the landowner receives financial compensation in return for allowing a company to create an easement for pipeline routes. Normally, this pipeline easement (or facility surface agreement) is obtained before the AER approves an application to construct a pipeline or facility—except in cases where a dispute between a landowner and a company exists.

Pipelines link the oil and natural gas industry's "upstream" sector, which produces oil, natural gas, and related products from underground reservoirs and surface facilities, to the "downstream" sector, which handles refining, marketing, and product distribution.

The upstream sector operates gathering or flow lines, which move raw product from remote wells to processing facilities or directly to larger transmission pipelines. Product travels through pipelines under pressure created by compressors and pump stations.

Compressors powered by gas engines or electric motors can compress the natural gas in pipelines to up to one hundred times the normal atmospheric pressure.

You will be informed about what kind of pipeline project is being planned on or near your land. Under AER requirements, a company must

- give you a description of the project and tell you how it will affect you,
- ensure that you fully understand the proposed construction schedule and methods to be used,
- make sure you are familiar with the product to be transported by the pipeline or to be handled at the facility, and
- address all concerns about soil handling, site reclamation, and other issues related to the planned pipeline or facility.

Pipeline and facility construction must also meet Alberta Environment and Sustainable Resource Development's environmental protection guidelines. Pipelines typically stay in the ground after abandonment and reclamation.

Again, public notices of application for pipelines will be posted on the AER website, and there will be opportunity to file a statement of concern in response to an application.

#### **Well Site Selection**

Geologic and seismic data are important in choosing a well site. A company will normally select the location of a well based on the geology of nearby wells or on seismic information. Some of this information may be confidential.

However, a company should give you basic geologic information so that you know what restrictions there may be in choosing a different location for the well. Moving away from the best geological location could increase the risk of drilling a dry hole, a well which has no significant amount of oil or gas, or recovering less oil or gas.

#### **» What should I expect during the negotiation process?**

After a company initiates pre-application consultation and you begin negotiations, various situations could arise. You and the company might agree or disagree about the site of a well and related facilities or the route of a pipeline. If the proposed project is located directly on your land, you may agree or disagree about the compensation you should receive. Landowners receive financial compensation in return for allowing companies to place a well site or pipeline on their land.

Further information related to compensation is available from the Surface Rights Board (SRB) or from your AER field centre. The AER does not deal with compensation issues. Note that the SRB, not the AER, deals with payments for right-of-way, crop loss, and other damages.

Negotiations often result in an agreement that meets the needs of both parties. The AER encourages a negotiated agreement and recommends that all commitments be confirmed in writing. An agreement that meets the needs of both parties can help maintain a good working relationship for the life of the proposed project.

If the operating properties on your land are sold to another company, it is important to any review existing agreements with a representative of the new company.

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» **What if the company and I can't agree on a site location for the drilling of a well?**

If you are having difficulty agreeing on a site, directional drilling could be a solution. It involves drilling the well diagonally instead of vertically. Sometimes landowners prefer a well location outside of a target area or away from the best geological point. If this is the case, you can ask whether the well can be directionally drilled to the target from a surface location with less impact.

While a directional well may be technically possible in some situations, it increases the cost of drilling and producing the well. The increased costs and benefits of directional drilling must be weighed against the impacts of vertical drilling. You may want to ask the company to estimate the additional costs for a directional well in relation to the value of anticipated production.

Directional drilling technology has improved in recent years. It is now fairly common in some areas to drill several directional wells from the same surface location to reduce surface impacts. This practice is prevalent in areas where well spacing occurs at higher densities than the standard one well per section (gas) or per quarter section (oil).

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» **What if my land-use plans change in the future?**

Before agreeing to a well site or to a location for a pipeline, facility, or access road, consider how it could affect your current and future land use (see *EnerFAQs Setbacks*). Also, make sure you understand the company's soil handling, lease preparation, and reclamation methods. A company should be considering land surface conditions, current and potential land use, environmental sensitivity, and reclamation. A company will have to apply for a reclamation certificate under the *Environmental Protection and Enhancement Act*.

A company must also consider any negative effect of a project on land use and the environment, as well as any associated visual impacts and concerns of persons who may be directly or adversely affected. For example, a location on unproductive land, such as a slough or hillside, may seem like a good choice to you, but the company must consider impacts that could prevent the use of a site, such as environmental impacts, the ability to reclaim the site, and the impact on neighbours.

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» **What if all parties agree on the site?**

If you and the company agree on the location of a well, facility, pipeline route, or access road, the company then applies to the AER for a licence to proceed with the development. If the application meets all legal and technical requirements, the AER grants the licence.

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» **What can I do to ensure the company abides by the agreement?**

Private surface agreements between landowners and energy companies operating on their property can now be registered with the AER's new Private Surface Agreements Registry. A landowner that feels a company is not meeting a term or condition of the agreement may ask the AER to determine whether the company has met the term or condition of the agreement.

See the EnerFAQs *How to Register a Private Surface Agreement* to learn more about registering private surface agreements.

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» **What if an agreement on a site can't be reached?**

If you and the company cannot agree on the location for a well, facility, pipeline, or access road, a party may ask the AER for its involvement through alternative dispute resolution (ADR).

ADR offers concerned parties a variety of options for managing disputes, including direct negotiation between the parties, AER staff mediation, third-party mediation, and arbitration.

AER staff are available to facilitate discussions between landowners and companies before or early on in the application process. The goal is to identify and promote resolution of concerns before they intensify.

Through ADR, the AER might suggest that parties

- attempt negotiations again,
- use AER ADR staff to facilitate, or
- use a neutral third party to mediate.

If these methods fail to produce an agreement, the AER may direct parties to use ADR to resolve outstanding concerns. For more information on ADR, see EnerFAQs *All About Alternative Dispute Resolution (ADR)*.

In some cases, the AER may decide that a hearing on an application is appropriate. An AER hearing is a formal proceeding that includes the presentation of evidence and the opportunity to question the positions of others. For more information on AER hearings, see EnerFAQs *Having your Say at an AER Hearing*.

Note that if you continue to object to the company's location on your property a well licence alone does not give a company the right to enter your land. If this is the case, after a company obtains a well licence from the AER, it can apply to the SRB for a right-of-entry order. The order allows representatives of the company to enter your land to perform the tasks approved by the AER. The SRB will then conduct a hearing to determine the compensation to be paid.

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» **How much more development will occur if drilling is successful?**

If successful drilling leads to production, a wellhead or pump will be required on oil wells and a heater may be necessary for gas wells. Other equipment, such as pressure vessels and tanks, may be placed on the well site where it causes the least interference with farming operations (e.g., between the well and a nearby fence line).

Production facilities such as separators, heaters, and tanks make up what is called a battery. A company must discuss the location and details of production facilities with you and any other land occupants. Some facilities require separate licensing and you have the ability to continue to ask questions about these production facilities and to voice concerns about the construction of production facilities, even if a well site exists.

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» **Will it cost me anything to reclaim the site if the well is unsuccessful?**

No. If a well turns out to be a dry hole, a company will likely abandon it and must reclaim the site. Before a company gives up the surface lease, it must obtain a reclamation certificate from the AER. This reclamation certificate is issued only after the AER is satisfied that the site has been properly reclaimed. The landowner has the ability to file a request for regulatory appeal in regards to the issuance of a reclamation certificate. There are strict timelines for filing such a request.

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» **How do I get more involved?**

In many communities, neighbours meet with AER representatives and area oil and gas companies to resolve local issues together. The public is strongly encouraged to participate in these local synergy groups. Synergy groups are in communities all over the province, and each is structured to meet the unique needs of the community and local operators. There is no cookie-cutter approach. Members of such groups have found that they are stronger and better informed together than they may be as individuals. If you would like to join or form a synergy group, contact your nearest AER field centre, as the AER participates in nearly all the synergy groups in Alberta. A list of phone numbers can be found on the AER website [www.aer.ca](http://www.aer.ca).

Remember, you have the ability to ask questions at any point in the development process about drilling, pipeline, and production operations that affect you and your neighbours.

Public notices of application will be posted on the AER website, and there is the ability to file a statement of concern in response to an application.

» **Questions you may want to use for discussion between you and a company.**

**(Not all questions apply to every proposed project)**

**Proposed energy development**

- Is there a community-based group dealing with energy issues in my area?
- What kind of development is being proposed?
- How was the surface location selected?
- How will drilling activities and production affect my land/farming operations?
- What authorizations will the company be seeking from the AER (energy, water, etc.)?

**Sour gas and emergency response planning**

- Will the well encounter hydrogen sulphide (H<sub>2</sub>S) or will the pipeline transport H<sub>2</sub>S?
- What is the company doing to protect public safety?
- What are the details of the emergency response plan?
- Will I be compensated for any damage done during an emergency situation?

**Setbacks**

- What is the setback for the proposed development?
- May I develop my land if it falls within a setback?

**Flaring, incinerating, and venting**

- Will the proposed project involve any flaring or incineration of waste gas?
- If so, when and under what circumstances will flaring or incineration occur?
- What steps has the company taken to eliminate or reduce flaring, incineration, and venting?
- Will the company notify me when servicing work results in flaring or venting?

**Odours, noise, and traffic**

- What can cause odours during drilling and production operations?
- What are the plans to minimize noise levels?

- What type and volume of traffic should I expect at various stages of development?
- How will the company respond to issues or concerns that may arise in day-to-day operations of the facility, and whom may I contact?

#### **Environmental issues: soil, water, and visual**

- What steps will be taken to ensure protection of the environment and the least amount of impact on it?
- How will the soil quality be protected?
- What are the company's water needs?
- How will the company protect the supply and quality of aquifers and water wells at all stages of exploration and during ongoing operations?
- How will the company reduce potential visual impacts associated with facilities?

#### **Animal health**

- Will my livestock and pets be evacuated if there is an emergency? If not, who will feed and water them?
- Who will monitor the health of my livestock after an emergency, and for how long?

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#### **» What resource materials are available if I have more questions?**

Several publications on well, pipeline, and facilities applications are available at the AER. These publications form part of *Directive 056: Energy Development Applications and Schedules*. In particular, section 2 on participant involvement describes the minimum requirements a company must meet regarding public consultation and notification when making a well, pipeline, or facility application to the AER. Contact the AER directly at 403-297-4369 or by e-mail at [Directive56.help@aer.ca](mailto:Directive56.help@aer.ca) with inquiries related to *Directive 056*.



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**» Additional Information**

For more information on the AER and its processes or if you wish to speak with your local field centre or have general questions about oil and gas in Alberta, contact the AER Customer Contact Centre, Monday to Friday (8:00 a.m. to 4:30 p.m.) at 1-855-297-8311 (toll free).

This document is part of the EnerFAQs series, which explains the AER's regulations and processes on specific energy issues. Please visit [www.aer.ca](http://www.aer.ca) to read more of the EnerFAQs series.

The following agencies provide supplementary information on oil and gas development in Alberta for use by both industry and the general public:

**The Farmers' Advocate Office**

Helps resolve disputes on matters relating to the farming community and provides information on farming community matters.

305, 7000 - 113 Street

Edmonton, Alberta T6H 5T6

Phone: 310-3276 (FARM)

Fax: 780-427-3913

Website: [www.farmersadvocate.gov.ab.ca](http://www.farmersadvocate.gov.ab.ca)

**Alberta Surface Rights Board**

Provides information on entry or compensation related to oil and gas resource activity on privately-owned or Crown-occupied lands.

1229 91 Street SW

Edmonton, Alberta T6X 1E9

Phone: 780-427-2444 (toll free by first dialing 310-0000)

Fax: 780-427-5798

Website: [www.surfacerights.gov.ab.ca](http://www.surfacerights.gov.ab.ca)

### The Registrar of Land Agents

Investigates concerns about a land agent or complaints dealing with matters pertaining to the *Land Agents Licensing Act* or the *Land Agents Licensing Regulations*.

Alberta Enterprise and Advanced Education  
Land Agents Licensing  
7th Floor Labour Building  
10808 - 99 Avenue  
Edmonton, Alberta T5K 0G5  
Phone: 780-415-4600 (toll free by first dialing 310-0000)  
Fax: 780-422-7173  
Website: [www.eae.alberta.ca/labour-and-immigration/land-agents-licensing.aspx](http://www.eae.alberta.ca/labour-and-immigration/land-agents-licensing.aspx)

Every year the AER collects, compiles, and publishes a large amount of technical data and information about Alberta's energy development and resources for use by both industry and the general public. This includes raw data, statistics, hearing materials, and information on regulations, policies, and decisions.

Publications may be either viewed at the AER library or obtained from the Information Product Services Section (IPSS). Both are housed on the tenth floor of the AER head office in Calgary. Publications may also be downloaded free of charge from the AER website ([www.aer.ca](http://www.aer.ca)).

For a print or CD copy of a specific publication, contact IPSS by phone (403-297-8190), fax (403-297-7040), or e-mail ([infoservices@aer.ca](mailto:infoservices@aer.ca)).

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