

Draft Regulation

Mining Act
(chapter M-13.1)

Petroleum, natural gas and underground reservoirs —Revocation

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), that the Regulation to revoke the Regulation respecting petroleum, natural gas and underground reservoirs, appearing below, may be made by the Government on the expiry of 45 days following this publication.

The draft Regulation revokes the Regulation respecting petroleum, natural gas and underground reservoirs (chapter M-13.1, r. 1) following the coming into force of the Petroleum Resources Act (2016, chapter 35, s. 23), the Regulation respecting petroleum exploration, production and storage licences, and the pipeline construction or use authorization, the Regulation respecting exploration, production and storage activities on land and the Regulation respecting exploration, production and storage activities in a body of water. The Act and the Regulations must come into force at the same time.

Study of the matter shows that the draft Regulation will have an impact on enterprises currently holding rights to search and produce petroleum and gas or operate an underground reservoir to the extent that they will be subject to the regulations pertaining to the Petroleum Resources Act.

Further information on the draft Regulation may be obtained by contacting Marie-Eve Bergeron, Director, Bureau des hydrocarbures, Ministère de l'Énergie et des Ressources naturelles, 5700, 4^e Avenue Ouest, bureau A-422, Québec (Québec) G1H 6R1; telephone: 418 627-6385, extension 8131; toll free: 1 800 363-7233, extension 8131; fax: 418 644-1445; email: marie-eve.bergeron@mern.gouv.qc.ca

Any person wishing to comment on the draft Regulation is requested to submit written comments within the 45-day period to Luce Asselin, Associate Deputy Minister for Energy, Ministère de l'Énergie et des Ressources naturelles, 5700, 4^e Avenue Ouest, bureau A-407, Québec (Québec) G1H 6R1.

PIERRE ARCAND,
*Minister of Energy and
Natural Resources and
Minister responsible for the Plan Nord*

Regulation to revoke the Regulation respecting petroleum, natural gas and underground reservoirs

Mining Act
(chapter M-13.1, s. 306)

1. The Regulation respecting petroleum, natural gas and underground reservoirs (chapter M-13.1, r. 1) is revoked.

2. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

103135

Draft Regulation

Petroleum Resources Act
(2016, chapter 35)

Petroleum exploration, production and storage in a body of water —Making

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), that the Regulation respecting petroleum exploration, production and storage in a body of water, appearing below, may be made by the Government on the expiry of 45 days following this publication.

The draft Regulation sets the conditions for the granting and exercise of the authorizations required for petroleum exploration, production and storage in a body of water, except a marine environment, and sets the fees payable. The draft Regulation also determines the protective and safety measures that must be implemented. In addition, it establishes the content of the permanent well or reservoir closure and site restoration plan, the time at which the work planned in the plan must be carried out, and the duration, form and terms of the related guarantee.

Study of the matter shows that the draft Regulation will have an impact on enterprises currently holding rights to explore for and produce petroleum and gas or operate an underground reservoir that will have to obtain authorizations to carry out certain activities that were not regulated, in particular the carrying out of stratigraphic surveys, fracturing and reconditioning. The enterprises will also have to furnish a guarantee representing the totality of the costs for well or reservoir closure and site restoration. They will have to contend with greater accountability, in particular in respect of the information sent to the Minister of Energy and Natural Resources. The additional requirements may impose, in certain cases, a significant burden.

Further information on the draft Regulation may be obtained by contacting Marie-Eve Bergeron, Director, Bureau des hydrocarbures, Ministère de l'Énergie et des Ressources naturelles, 5700, 4^e Avenue Ouest, bureau A-422, Québec (Québec) G1H 6R1; telephone: 418 627-6385, extension 8131; toll free: 1 800 363-7233, extension 8131; fax: 418 644-1445; email: marie-eve.bergeron@mern.gouv.qc.ca

Any person wishing to comment on the draft Regulation is requested to submit written comments within the 45-day period to Luce Asselin, Associate Deputy Minister for Energy and Mines, Ministère de l'Énergie et des Ressources naturelles, 5700, 4^e Avenue Ouest, bureau A-407, Québec (Québec) G1H 6R1.

PIERRE ARCAND,
*Minister of Energy and
Natural Resources and
Minister responsible for the Plan Nord*

Regulation respecting petroleum exploration, production and storage in a body of water

Petroleum Resources Act

(2016, chapter 35, s. 23; ss. 10, 26, 68 to 70, 71, 2nd par., 73, 1st and 2nd pars., 76, 1st and 2nd pars., 78, 1st and 2nd pars, 80, 84, 2nd par., 85, 88, 90, 2nd par., 91, 92, 3rd par., 93, 95, 96, 100, 2nd par., 102, 103, 2nd par., 128, 1st and 3rd pars., 131, 1st par., 191, 207, pars.1 to 3, 5 and 6)

CHAPTER I

GENERAL

1. This Regulation establishes the conditions of exercise of the petroleum exploration, production and storage activities, while ensuring the safety of persons and property, environmental protection, and optimal recovery of the resource.

It applies to activities carried out in a body of water, except in a marine environment.

2. In this Regulation,

“activity site” means a zone grouping one or more drill holes and the land laid out in the immediate vicinity to receive the equipment and infrastructures necessary for the operations carried out in the drill holes or, in the case of a survey, the zone corresponding to the perimeter of the area of the survey; (*site des activités*)

“actual vertical depth” means the vertical distance from a point in the drill hole to a point on the surface; (*profondeur verticale réelle*)

“annular space” means a space in the shape of a ring between the outside of a casing and the wall of the drill hole or between two casing walls inserted one inside the other; (*espace annulaire*)

“blowout preventer” means all the special valves or other similar mechanical devices, installed between the wellhead and the drill floor, and intended to block, control and monitor the drill hole in the event of a blowout; (*bloc obturateur de puits*)

“casing shoe” means a metal annular part installed at the bottom of a casing string; (*sabot de tubage*)

“casing string” means the entire casing of a drill hole composed of a number of tubing sections generally linked by threaded connections; (*colonne de tubage*)

“completion” means all the work carried out in a well or a section of well to allow its start up once the drilling activities are completed, excluding fracturing; (*complétion*)

“concentration of residential, commercial, industrial or service activities” means the grouping of 5 lots or more on which one or more residential, permanent or seasonal, commercial, industrial or service activities are present, and a lot including 5 residential buildings or more; (*concentration d’activités résidentielles, commerciales, industrielles or de services*)

“conductor casing” means the first casing installed at the time of the construction of a drill hole to prevent the collapse of unconsolidated formations near the surface and to provide structural support for the wellhead equipment and for the subsequent casing strings; (*tubage conducteur*)

“deflector” means a sealing and collection device comprising pipes and valves, placed near the wellhead and used to control a shallow blowout and keep the fluids away from the drill hole; (*défecteur*)

“directional drilling” means a hole drilled at an angle greater than 10° from vertical; (*forage directionnel*)

“drill hole” means a well or a stratigraphic survey; (*trou de forage*)

“drilling fluid” means the sludge circulating in the drill rod and coming up in the annular space during drilling to remove cuttings, to cool and lubricate the bit and to maintain the desired pressure in the drill hole; (*fluide de forage*)

“drilling rig” means the equipment used to drill a well which includes in particular a derrick, a winch, a rotary table, a drilling fluid pump, a blowout prevention system, and power, control and monitoring systems; (*appareil de forage*)

“drill-stem test” means an operation for collecting samples of fluids contained in rock to determine flow characteristics and measure reservoir pressures, without modifying the drill hole equipment; (*essai aux tiges*)

“emanation at the surface casing blowhole” means the flow of fluids from the annular space between the surface casing and an internal casing; (*émanation à l'évent du tubage de surface*)

“flow-back water” means water produced by petroleum exploration and production activities that comes up to the surface of the drill hole; (*eau de reflux*)

“flushing fluid” means fluid designed to clean the drill hole and separate the drilling fluids from the cement slurry; (*fluide de chasse*)

“formation fluid” means a fluid in a natural state or injected present in the pores, fractures, faults, caves or other porosities of the formation; (*fluide de formation*)

“fracturing half-length” means the radial distance separating the well from the outside end of a fracture propagated by fracturing; (*demi-longueur de fracture*)

“fracturing test” means a geomechanical survey carried out before the fracturing that allows to anticipate the length of fractures, the reaction of geological units to fracturing and the geological confinement potential of the fracturing fluids by the sealing rock, and to find out at which pressure the rock starts fracturing; (*essai de fracturation*)

“gas migration” means the gas flow detectable on the surface, outside the farthest casing string; (*migration de gaz*)

“guide tube” means a light tube used to prevent the collapse or washout of soft ground near the surface of a drill hole, but is not used to control the well; (*tube guide*)

“horizontal well” means a well whose drill hole angle, from vertical, exceeds 80° and includes a section extended from the drill hole in the reservoir; (*puits horizontal*)

“injection well” means a well used to inject fluids into an underground formation to improve the recovery of the petroleum; (*puits d'injection*)

“injectivity test” means a procedure to determine the rate and pressure at which fluids may be pumped to obtain the permeability of a zone without fracturing the formation; (*essai d'injectivité*)

“integrity” means, in the case of a drill hole, the condition that ensures containment and prevention of a blowout of fluids in the underground or surface formations; (*intégrité*)

“intermediate casing” means a casing installed before reaching the final depth of the drill hole to isolate unstable hole sections, lost circulation zones, overpressured or underpressured zones or production zones; (*tubage intermédiaire*)

“measured depth” means the length of travel of the drill hole; (*profondeur mesurée*)

“observation well” means a well used to monitor the conditions of one or more geological formations, to determine the decline characteristics of a reservoir or to monitor the other wells of a reservoir, except an observation well for groundwater within the meaning of the Water Withdrawal and Protection Regulation; (*puits d’observation*)

“primary protective barrier” means the first protective barrier of a well constituted of one or more components that, collectively, are designed and installed to contain and isolate fluids inside a well; (*barrière de protection primaire*);

“production casing” means a casing installed to isolate the production zones and provide a duct through which the well is completed and operated; (*tubage de production*)

“production tubing” means a steel tube placed inside casings used as a duct through which fluids are routed from the production zones to the surface or, in the case of an injection well, from the surface to the production zones; (*tube de production*)

“re-entry” means the new drilling in a well already drilled and for which the drilling rig has been released; (*réentrée*);

“seal” means an inflatable device used to close a drill hole or an annular space; (*garniture d’étanchéité*)

“secondary protective barrier” means a second protective barrier designed and installed to ensure a protection and allow control of the well in the event of a mechanical failure of the primary protective barrier; (*barrière de protection secondaire*)

“spacer fluid” means any liquid used to physically separate a liquid or a specific use component from another; (*fluide de séparation*)

“surface casing” means a steel casing in a competent formation after the installation of the conductor casing to prevent the walls from collapsing and protect against underground water contamination; (*tubage de surface*)

“temporary interruption” means the interruption of work for a short period between 2 activities or 2 operations; (*interruption provisoire*)

“usable groundwater” means groundwater whose total concentration in dissolved solids is less than 4,000 mg / l; (*eau souterraine exploitable*)

“well logging” means measurement or recording based on the depth of a characteristic of a geological formation carried out from a drill hole; (*diagrapie*)

“wellhead” means a device installed between the top part of the surface casing and the blowout preventer during the construction phase of the drill hole; it also includes the coil, valve and adaptor system that controls the pressure in a drill hole; (*tête de puits*)

“wellhead value” means the average retail sale price of the substance extracted, excluding all taxes and less the average transportation costs from the well to the places of delivery, measuring costs and, if applicable, purification costs. (*valeur au puits*)

3. For the purposes of this Regulation, the base of the usable groundwater is set at 200 m below the surface, unless a hydrogeological study or an analysis of an adjacent drill hole shows that the deepest base of the aquifer of the usable groundwater is located at a different depth.

4. All documents that must be sent to the Minister under this Regulation must also be sent in an electronic version, in PDF, excluding well logging raw data that must be in ASCII files. The maps produced by a geoscience information system software must be sent in a shapefile or in PDF.

5. The measurement units in the documents required under this Regulation must be expressed according to the International System (SI).

CHAPTER II

SAFETY AND PROTECTIVE MEASURES AND INCIDENT NOTICE

DIVISION I

SAFETY AND PROTECTIVE MEASURES

6. A licence holder ensures that there is a sufficient number of qualified persons and that the persons have received the training needed to successfully complete the activities planned safely and in a manner to protect the environment.

7. A licence holder must ensure that the equipment and components on the activity site are

(1) in good condition and used for the purposes specified, in accordance with the requirements of the manufacturer;

(2) free from any alteration that may endanger the safety of persons and property, and environmental protection; and

(3) entered in a list that is updated and kept on the activity site.

8. A licence holder must ensure that vessels, platforms, navigation equipment and equipment are cleaned before their mobilization on the activity site. The cleaning concerns, in particular, the hull, tools and equipment likely to come into contact with the body of water, and the ballast and water they contain.

- 9.** A licence holder must ensure that adequate procedures and equipment are in place to
- (1) verify and control the pressures to which the equipment is submitted during the activities;
 - (2) detect a liquid flow, or a gas emanation or migration; and
 - (3) control at all times a drill hole.
- 10.** In the case of a loss of control of a drill hole, a licence holder must close the preventer valves of all other drill holes of the activity site until the drill hole is again under control.
- 11.** A licence holder must install a communication and information exchange system that ensures,
- (1) during a change of shift, the transmission of any information pertaining to the conditions and mechanical or operational problems likely to have an impact on the safety of persons and property, and environmental protection;
 - (2) that every person on the activity site is familiar with the safety instructions and evacuation procedures in an emergency; and
 - (3) that every person responsible for a measure under the emergency response plan provided for in subparagraph 4 of the second paragraph of section 27 is familiar with the system.
- 12.** A licence holder must ensure that
- (1) radio communications with the vessels and platforms near the drilling installation are maintained;
 - (2) an escape route is established from each work station and is accessible to every person present therein; and
 - (3) the manuals and any document needed for the safe performance of the work are readily available on each vessel or platform.
- 13.** A licence holder must ensure that any support craft is designed, constructed and maintained to fulfill its support role and to operate safely in reasonably foreseeable conditions.
- A support craft may not come closer than 500 m from the installation without the consent of the authorization holder. The authorization holder must take all the measures necessary to notify the persons responsible for the vessels or aircraft present in that zone of the facilities therein and associated risks.
- 14.** A licence holder must ensure that fuel, safety-related chemicals, drilling fluids, cement and other consumables necessary for the carrying out of the ongoing activities are readily available and stored on the activity site in quantities sufficient for any reasonably foreseeable emergency condition.

The licence holder must also ensure that the products used for any work, in particular, explosives, fuel, chemical substances and drilling fluids are stored, handled and transported in a manner that prevents their deterioration and ensures the safety of persons and property, and environmental protection.

15. A licence holder must, for the activities following the cementing of the surface casing, use a biocide treatment on the fluids injected in a drill hole to reduce the action of microorganisms and prevent corrosion by hydrogen sulfide (H₂S).

The Minister may exempt the holder from that requirement if the holder demonstrates that there is no risk of bacterial corrosion.

16. A licence holder must also ensure that the residual materials from the activities are stored, handled, transported, treated and disposed of so as to ensure the safety of persons and property, and environmental protection.

The licence holder also ensures that the activities are carried out so as to reduce to a minimum the production of residual materials.

17. Smoking is prohibited on the activity site, except in locations designated for that purpose by a licence holder.

18. A licence holder must ensure that the activity site and access roads are kept in good condition and that no danger results from the layout of the equipment and installations.

The activity site must also be laid out and maintained so that it is accessible at all times to the emergency teams.

19. A licence holder must secure the drill hole and the activity site during a temporary interruption of activities in order to ensure the safety of persons and property, and environmental protection.

During the temporary interruption, the holder must use a wellhead that must be closed, unless the drill hole is cased over its entire length and has not been perforated.

20. Where a well poses a risk for the safety of persons and property, and environmental protection, a licence holder must carry out corrective activities in compliance with Chapter X.

A well is considered to pose a risk if any of the following situations is detected:

(1) there is an emanation at the surface casing blowhole and that emanation has one of the following characteristics:

(a) its stabilized flow is equal to or greater than 50 m³ / day;

- (b) the emanation is not only composed of gas;
 - (c) it contains hydrogen sulfide (H₂S) whose concentration is equal to or greater than 6 µg/m³ for 4 minutes;
 - (d) it is produced by a failure of a seal or casing;
- (2) the stabilized closing pressure at the wellhead is equal to or greater than half the fracturing pressure measured at the elevation of the surface casing shoe or, if that elevation is unknown, at 11 kPa/m multiplied by the actual vertical depth of the surface casing;
- (3) there is a gas migration that represents a fire hazard or a risk to the safety of persons and property, and environmental protection.

21. Where a licence holder uses a wellhead, that wellhead must comply with CSA Standard Z625, Well design for petroleum and natural gas industry systems, except a storage wellhead that must comply with CSA Standard Z341, Storage of hydrocarbons in underground formations, published by the Canadian Standards Association.

DIVISION II

INCIDENT NOTICE

22. A licence holder must immediately notify the Minister where any of the following incidents occurs:

- (1) damage to the integrity of a drill hole;
- (2) a casing corrosion problem;
- (3) an unexpected loss of pressure in a drill hole;
- (4) the detection of hydrogen sulfide (H₂S);
- (5) an accidental blowout or emission;
- (6) liquid flow;
- (7) the detection of any of the situations provided for in the second paragraph of section 18;
- (8) a fire or an explosion;
- (9) an accidental spill;

(10) vandalism;

(11) the triggering of the emergency response plan provided for in subparagraph 4 of the second paragraph of section 27;

(12) damage to private property;

(13) any other event likely to have an impact on the safety of persons and property, and environmental protection.

The notice must contain the corrective measures taken by the holder or those planned with their schedule.

In the case of a corrosion problem, the holder must inform the Minister of the type of corrosion, the depth interval and the cause.

In the case of a blowout, the holder must inform the Minister of the depth, volume, duration and density of the drilling fluid necessary to control the drill hole.

In the case of damage to private property, the licence holder must also notify the owner.

23. After having received an incident notice under section 22, the Minister may require that the licence holder send to the Minister an event report stating the facts, evaluating the consequences, listing possible causes and proposing mitigation measures and measures to prevent reoccurrence of the event.

CHAPTER III

PROVISIONS SPECIFIC TO ACTIVITY AUTHORIZATIONS AND APPROVALS

24. A licence holder must ensure that all depth measurements are taken from a single reference point. The holder must always indicate the reference point from which those measurements are taken.

25. A licence holder applying for an authorization or an approval for an activity must, in the application submitted to the Minister, demonstrate that the planned work will be carried out according to generally recognized best practices to ensure the safety of persons and property, environmental protection and the optimal recovery of the resource.

26. A licence holder must keep a copy of authorizations and approvals on the activity site for the work period.

27. The application for authorization or approval of an activity, except the approval of the enhanced petroleum recovery project, must be accompanied by a safety and community involvement program detailing elements likely to have an impact on the safety of persons and property.

The safety and community involvement program must include, in particular,

- (1) a plan at a scale of 1:500 showing the activity site, including, in particular,
 - (a) the dimensions of the site;
 - (b) access roads;
 - (c) the actual or proposed location of the collar of the drill hole covered by the authorization or approval application; and
 - (d) existing or proposed storage equipment, installations, infrastructures and basins;
- (2) a description of the mitigation measures that will be implemented to minimize disruptions for the local communities;
- (3) an emergency response plan compliant with CSA Standard Z731, Emergency Preparedness and Response, published by the Canadian Standards Association;
- (4) a plan for communication with the local communities revised by the monitoring committee;
- (5) an estimate of the economic benefits for the region; and
- (6) any other information or document requested by the Minister.

For the application for a geophysical surveying authorization, the safety and community involvement program must also include a schedule of the road traffic, indicating the volume of trucking and the period during which it will take place and a map showing routes. However, it does not have to include the elements provided for in subparagraphs 1 and 3 of the second paragraph.

CHAPTER IV

MEASUREMENT

28. A licence holder ensures that the rate of flow and the volume of the following fluids are measured:

- (1) the fluid extracted from a well;
- (2) the fluid injected into and withdrawn from a well;
- (3) the fluid that enters, leaves, is used or is flared, vented or burned in an installation.

The measurements recorded must be expressed at a temperature of 15° C and a pressure of 101.325 kPa.

29. A licence holder ensures that the measurements are taken in accordance with the flow system, flow calculation procedure and flow allocation procedure.

The term “flow system” means the flow meters and auxiliary equipment attached to the flow meters, fluid sampling devices, test equipment, the master meter and meter prover used to measure and record the rate and volumes at which fluids are

- (1) produced from a pool or withdrawn from an underground reservoir;
- (2) injected into a pool or stored in an underground reservoir;
- (3) used as a fuel;
- (4) used for artificial lift; or
- (5) flared or transferred from an installation.

30. A licence holder must notify the Minister at least 15 days before the calibration of a meter prover or a master meter.

A copy of the calibration certificate is sent to the Minister within 7 days following the calibration.

31. A licence holder who mixes fluids from a well or a group of wells must, 30 days before measuring the production flow of the pool, notify the Minister of the method, the frequency and the duration of the measurements, indicating the manner in which the total production of each of the mixed fluids will be allocated to each of the wells.

32. Where a well goes through a number of pools or formations, a licence holder ensures that the production of each pool or formation is allocated and the injection into each pool and each formation is allocated.

CHAPTER V

GEOPHYSICAL SURVEYING AUTHORIZATION

DIVISION I

CONDITIONS FOR OBTAINING AN AUTHORIZATION

33. A licence holder who wishes to obtain a geophysical surveying authorization must apply to the Minister, in writing, at least 30 days before starting the work.

If the surveying involves line cutting, the application must be submitted to the Minister at least 60 days before starting the work.

34. The application must contain

- (1) the name and contact information of the holder and the licence number; and
- (2) the work schedule and an estimate of the realization costs.

35. The application must be accompanied by

- (1) the demonstration that the separation distances provided for in section 41 are complied with;
- (2) a bathymetric map at a sufficient scale showing, in particular,
 - (a) the perimeter of the licence;
 - (b) the territories of the municipalities in which surveying is conducted, if applicable;
 - (c) the St. Lawrence River Seaway included in the territory covered by the licence;
 - (d) the activity site and the survey lines, and the traverses with their nature, numbering and length; and
 - (e) the points of energy source and their numbering;
- (3) the geophysical surveying technical program provided for in section 36 signed and sealed by a geologist or an engineer;
- (4) payment of the fee of \$1,030; and
- (5) any other information or document requested by the Minister.

If required and based on the area of the surveying, the licence holder may, for the purposes of subparagraph 2 of the first paragraph, submit a number of maps at different scales.

36. The geophysical surveying technical program must include

- (1) the name and contact information of the geologist or the engineer responsible for the program;
- (2) the name, profession and functions of the persons who prepared or revised the program;
- (3) the name and contact information of the enterprises charged with carrying out the data acquisition, processing and interpretation work;

- (4) the name of the region in which the surveying will be conducted;
- (5) a description of the geological context and the degree of maturity of the exploration in the territory concerned;
- (6) the type of the proposed surveying and the energy source used;
- (7) the objectives of the surveying including, in particular, the acquisition parameters, the structures, the geological formations targeted and the investigation depth;
- (8) the area covered by the surveying or the total number of linear kilometres to be surveyed;
- (9) the coordinates of the ends of each survey line or the perimeter of the area of the surveying according to the NAD83 map reference system;
- (10) the required flexibility margin on either side of the survey line for positioning the lines indicated on the map;
- (11) the method used to determine the location of the lines;
- (12) a chronological and detailed description of the work to be carried out;
- (13) the time at which the work will be carried out;
- (14) a description of the equipment to be used;
- (15) the type and name of the vessel or platform, its registration number, the name of its owner and the estimated number of persons on board;
- (16) the type of navigation equipment used and its specifications;
- (17) the accuracy of the navigation and positioning systems; and
- (18) the meteorological and hydrographic conditions anticipated for the work period.

DIVISION II

TIME PERIODS AND NOTICE OF THE START OF THE WORK

37. The authorization holder must, within 12 months after the Minister granted the authorization, start the geophysical surveying work.

The work is deemed to have started as soon as the first step provided in the work schedule is initiated.

The Minister may grant an additional time period for carrying out the surveying if the holder demonstrates the need therefor.

38. The authorization holder must, at least 7 days before the start of the work, notify the Minister of the date anticipated for the start of the work.

Where the holder cannot comply with the date, the holder must as soon as possible notify the Minister, in writing, indicating the reasons justifying the delay. The holder must also notify the Minister, in writing, of the new expected date for the start of the work if the date is expected within 7 days of the first notice of delay or of the holder's intent not to proceed.

39. The authorization holder must, at least 24 hours before, notify the Minister of the work completion date if the geophysical surveying work is completed or temporarily interrupted, and in the latter case, the holder must also notify the Minister of the work resumption date.

DIVISION III

CONDITIONS OF EXERCISE

40. The authorization holder must comply with the technical program.

The holder may modify the program by sending to the Minister a supplementary agreement signed and sealed by a geologist or an engineer stating the nature of the modification and the reasons justifying it. The supplementary agreement must be sent to the Minister before carrying out the work covered by the agreement. If it is urgent to modify the technical program for safety or work quality purposes, the holder must immediately send the agreement to the Minister and justify the urgency.

A supplementary agreement to the technical program is not required in the following cases:

(1) a change in the position of survey lines, as long as the position remains within the flexibility margin set under paragraph 10 of section 36;

(2) the cancellation of a firing.

In the situations provided for in the third paragraph, the holder immediately notifies the Minister of the change to the technical program.

41. The authorization holder who uses an explosive energy source must not position the shot holes in the right of way of the St. Lawrence River waterway. The holder must also not position them

(1) less than 10 m from a pipe that is not made of concrete;

(2) less than 15 m from a submerged telecommunication infrastructure or any other submerged installation or infrastructure of the same type;

(3) less than 32 m from a pipeline or another installation or infrastructure of the same type, the collar of an existing drill hole or, if the charge exceeds 2 kg, less than a distance corresponding to the following formula:

$$A + B \times 4 = C$$

where

A is 32 m

B is the explosive charge, in kg

C is the minimum separation distance;

(4) less than 180 m from a high-capacity dam, within the meaning of the Dam Safety Act (chapter S-3.1.01);

(5) less than 200 m from a transmission line having a voltage equal to or greater than 69,000 V; or

(6) less than 200 m from a concrete pipe, if the explosive charge exceeds 12 kg.

The distances must be measured horizontally, in a straight line, from each energy source to the nearest point of the elements referred to in the first paragraph.

If the individual points of the energy source cannot be located precisely, the minimum distances must be measured from the survey line to the nearest point of the elements referred to in the first and second paragraphs.

The Minister may allow the reduction of the distances if the authorization holder demonstrates to the Minister that an effective protective measure reduces risks.

42. In the case of a surveying involving the use of an air gun as an energy source, the authorization holder must ensure

(1) that, during the surveying, the air vessels, air manifolds, air lines and electrical lines and the compressor of the air gun system are regularly inspected for signs of abrasion and wear; where the compressor, a vessel, a manifold, an air line or an electrical line is defective, it must be promptly replaced or repaired if possible;

(2) where there is air pressure in the air gun, the pressure is maintained as low as is practicable but sufficiently high to ensure that the air gun remains seated and that there is no danger of accidental firing; and

(3) that, where a firing is carried out from the deck of a vessel or of a platform, the person charged with the use and maintenance of the gun is present.

43. Where more than 1 air gun is used as a seismic energy source, the authorization holder must establish a procedure for the connection of each air gun to its air line and pressure control valve.

44. Firing may be done from a vessel or a platform if the person in charge of safety has authorized it.

No firing may be done where the air gun is submerged if divers are within a radius of 1,500 m from the gun.

45. Before firing a gas exploder or an air gun, the person responsible must ensure that

(1) a siren is sounded before the firing to alert workers of an impending firing in time to allow evacuation of an area within a radius of 8 m from the firing site;

(2) not more than 1 air gun is fired at one time;

(3) before the firing, an inspection is done to ensure that the area within a radius of 8 m from the firing site is clear of unauthorized workers;

(4) the pipes and hoses connected to the gun that are subject to high pressure are secured or equipped with safety chains to prevent whipping of the pipes or hoses when air pressure is injected into them;

(5) the air pressure in the air gun is less than 3.5 MPa; and

(6) the person in charge of the vessel or platform is advised that the firing is being carried out.

46. No maintenance of the air gun is carried out until

(1) the air pressure in the air gun and the air line connected to the air gun has been completely bled off;

(2) the shuttle of the air gun can be moved freely by use of a wooden safety tool to confirm that.

47. In the case of surveying involving the use of a gas exploder as an energy source, the authorization holder must ensure that

(1) there is no welding or brazing in any area that is in close proximity to any gas cylinders or inflammable liquid tanks;

(2) gas storage areas are properly ventilated;

(3) all valves and fittings used on a gas cylinder are approved by the manufacturer of the cylinder for use on the cylinder;

(4) all equipment used for handling explosives is approved by the manufacturer of the equipment for the handling of explosives;

(5) every gas cylinder and inflammable liquid tank is stored in an area set aside for that purpose and signs warning of the hazard of explosion are posted in conspicuous locations in that area; and

(6) every gas cylinder and inflammable liquid tank is protected from overheating.

48. In the case of surveying involving an electrical energy source, the authorization holder must ensure that

(1) the charging and discharging circuits of the electrical seismic energy source are equipped with circuit breakers;

(2) the electrical cables of the electrical seismic energy source are protected from damage and are adequately insulated and grounded to prevent current leakage and electrical shock; and

(3) the electrical seismic energy source, when tested, is fully immersed in water.

DIVISION IV

DAILY REPORT AND COMPLETION REPORT

49. The authorization holder must draw up a daily report of the work and keep it on the activity site.

The daily report must contain all the elements applicable to the declared day, in particular,

(1) the number of the geophysical surveying authorization;

(2) the type of surveying carried out and the energy source used;

(3) the position and condition of the vessel or platform;

(4) the number of persons on the vessel or platform;

(5) a description, in chronological order, of the work carried out and the time required for carrying out each step of the work;

(6) the number of the lines or traverses in which the data was acquired;

(7) the number of linear kilometres acquired or the area covered, their total and the remaining quantity;

(8) work interruptions and disturbances due, in particular, to meteorological conditions and technical and operational difficulties, and their duration;

(9) the operational problems encountered and the corrective measures taken or planned;

- (10) the abnormal meteorological conditions that caused a work delay, in particular, due to
 - (a) visibility;
 - (b) temperature variation;
 - (c) wind speed or direction;
 - (d) the height, period and direction of the waves and swells;
 - (e) the size, distance and direction of ice;
 - (f) icing; and
 - (g) rolling, pitch and vertical motion of the vessel or platform; and
- (11) any other information or document deemed necessary by the Minister.

50. The authorization holder must send to the Minister, every Monday, the daily reports of the preceding week until the end of the work. If the Monday is a holiday, the report is sent on the first working day that follows.

51. The authorization holder must send to the Minister, within the period provided for in section 100 of the Petroleum Resources Act (2016, chapter 35, s. 23), a completion report signed by a geologist or an engineer including, in particular,

- (1) the number of the geophysical surveying authorization;
- (2) the name and contact information of the holder and the licence number;
- (3) the name and contact information of the geologist or engineer responsible for the technical program;
- (4) the type and the name of the vessel or platform used, its registration number and the name of its owner;
- (5) the type of navigation equipment used and its specifications;
- (6) the name of the enterprises that took part in the work and the nature of the work;
- (7) the number of employees who took part in the work and their positions;
- (8) the name of the region in which the surveying was carried out;

- (9) the type of surveying carried out and the energy source used;
- (10) the purposes of the surveying including, in particular, the acquisition parameters, structures, geological formations targeted, the type of play and the investigation depth;
- (11) the total number of linear kilometres acquired or the area covered by the surveying;
- (12) the start and end dates of the work;
- (13) the summary of the work carried out in chronological order;
- (14) a summary of the abnormal meteorological conditions that caused the operation delay and the corrective measures taken;
- (15) a compilation of the daily progress of the work;
- (16) a bathymetric map at a sufficient scale showing
 - (a) the perimeter of the licence;
 - (b) the activity site, survey lines and traverses with their nature, numbering and length;
 - (c) the points of energy source and their numbering; and
 - (d) the St. Lawrence River waterway included in the territory covered by the licence;
- (17) a description of the data acquisition parameters indicating, in particular,
 - (a) the spacing between the points of the energy source, the receiver points and, if applicable, between the survey lines;
 - (b) the characteristics of the energy source used; and
 - (c) the setting of the recording filters;
- (18) a description of the data processing parameters;
- (19) the adjustments made to the data during the interpretation;

(20) the following interpretation maps:

(a) in the case of seismic reflection surveying, the isochrone time structure map of the main target and, if applicable, the secondary target and the interpreted profiles; if the stratigraphy of an adjacent drill hole is known, the holder must carry out the blocking of the seismic profile nearest to the hole and indicate the correlation between the main reflectors and the stratigraphy;

(b) in the case of seismic refraction surveying, the velocity map;

(c) in the case of magnetic surveying, the map for the total magnetic field corrected and offset and the map for the residual magnetic field corrected and offset;

(d) in the case of gravimetric surveying, the maps of Bouguer anomalies and of the residual field;

(21) an analysis of each of the interpretation maps specifying the correlation between the geology and the geophysical data;

(22) if applicable, the technical reports prepared by the enterprises that carried out the data processing or interpretation;

(23) a comparative analysis of the work carried out compared with that planned in the technical program and the results obtained compared with those anticipated;

(24) a description and photographs of the equipment used and its specifications;

(25) photographs of the bottom of the water;

(26) bathymetric maps prepared from the surveyed data; and

(27) the recommendations for the continuation of the work.

If required and based on the area of the work, the holder may, for the purposes of subparagraph 16 of the first paragraph, submit a number of maps at different scales.

CHAPTER VI**STRATIGRAPHIC SURVEY AUTHORIZATION****DIVISION I****CONDITIONS FOR OBTAINING AN AUTHORIZATION**

52. A licence holder who wishes to obtain a stratigraphic survey authorization must apply to the Minister, in writing, at least 60 days before starting the work.

53. The application must contain

- (1) the name and contact information of the holder and the licence number;
- (2) the name of the proposed stratigraphic survey; and
- (3) the work schedule and an estimate of the realization costs.

54. The application must be accompanied by

- (1) a bathymetric map at a scale of 1:20,000 showing, in particular,
 - (a) the surface projection of the drill hole profile to the location of the bottom of the hole;
 - (b) the location of the existing drill holes within a radius of 5 km; and
 - (c) the demonstration that the distances provided for in sections 64 and 66 are met;
- (2) the stratigraphic survey technical program provided for in section 55 signed and sealed by an engineer;
- (3) payment of the fee of \$4,426; and
- (4) any other information or document requested by the Minister.

55. The stratigraphic survey technical program must contain

- (1) the name and contact information of the engineer responsible for the program;
- (2) the name, profession and functions of the persons who prepared or revised the program;
- (3) a description and the photographs of the initial condition of the site;
- (4) the demonstration that, during the positioning of the stratigraphic survey, the regional and local geology and the presence of adjacent drill holes have been taken into consideration;

- (5) the demonstration that the presence of gas in the soil in its natural state has been taken into consideration;
- (6) a chronological and detailed description of the work to be carried out;
- (7) the name and contact information of the enterprise charged with carrying out the work;
- (8) the type and name of the drilling installation, its registration number, the name of its owner and the estimated number of persons on board;
- (9) the type of navigation equipment used and its specifications;
- (10) the demonstration that the drilling installation is designed and constructed according to the generally recognized best practices;
- (11) the design standards and a description of the immobilization system;
- (12) the refuelling method;
- (13) if applicable, the home port and the location of the land base for storing material and products necessary for the work;
- (14) a longitudinal section of the stratigraphic survey indicating the technical elements anticipated before and after the sealing;
- (15) a geological projection including
 - (a) a stratigraphic column indicating the thickness of the unconsolidated deposits, the geological formations, porous and permeable zones, faults and other major structures;
 - (b) the identification of the potential zones of fluid kicks or lost circulation;
 - (c) the anticipated base of the usable groundwater, if it is different from the base provided for in section 3;
 - (d) anticipated primary and secondary petroleum objectives; and
 - (e) if the seismic profile has been done, the interpreted seismic profile indicating the top of geological formations, the shotpoint nearest the location of the drilling and the location of the anticipated petroleum objectives;
- (16) the list of the proposed coring intervals;

- (17) the list of pressure and leak tests, drill-stem tests, formation integrity tests and all other tests planned;
- (18) the list of the well loggings planned;
- (19) the meteorological and hydrographic conditions anticipated during the work;
- (20) if applicable, a description of the ice management activities;
- (21) the depth of the water at the location of the stratigraphic survey;
- (22) the bathymetric map of the area in which the stratigraphic survey is located and, if applicable, a mapping of the bottom of the water;
- (23) a description of the nature of the surface deposits and their geotechnical characteristics;
- (24) a description of the aquatic wildlife;
- (25) for each of the drilling, diving and accommodation installations, a compliance certificate issued by any of the following certification authorities:
 - (a) the American Bureau of Shipping;
 - (b) the Bureau Veritas;
 - (c) DNV GL (Det norske Veritas and Germanischer Lloyd);
 - (d) Lloyd's Register North America Inc.;
- (26) a drilling program including, in particular,
 - (a) the type of drilling rig and equipment to be used and their specifications;
 - (b) the drilling fluids and flushing fluids used and their properties, and a demonstration that those fluids comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee;
 - (c) the measures planned for the management of petroleum, formation fluids, drilling fluids, chemical substances and other discharges;
 - (d) the diameters of the drill hole according to the measured depth and the actual vertical depth on a longitudinal section, to the bottom of the planned hole;

- (e) a graphic projection of the formation pressure and temperature to the expected final depth;
 - (f) a projection of the planned fracturing gradient;
 - (g) a graphic projection of the deviation of the drill path to the expected final depth;
 - (h) the frequency of the measurements of the deviation of the path in dip and azimuth;
 - (i) the demonstration that the casing strings and tubes comply with CSA Standard Z625, Well design for petroleum and natural gas industry systems, published by the Canadian Standards Association; and
 - (j) a program for centralizing casings that allows to reach a minimum centralization of 75% compliant with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee, indicating, in particular, the type of centralizers, their dimension, frequency of installation and installation;
- (27) a program for cementing annular spaces in each of the casing strings compliant with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the *Drilling and Completion Committee* and including, in particular,
- (a) the diameters of the casing strings according to the measured depth and the actual vertical depth;
 - (b) the planned height of the cement column in the annular space;
 - (c) the cement preparation and application methods;
 - (d) the planned minimum and maximum pumping flows and the pumping equipment capacity;
 - (e) the type of cement used, its density, its additives and their proportions, its setting time, the calculated volume and surplus percentage;
 - (f) any changes to the cement required due to specific physical and chemical conditions of the environment, including, in particular, the depth of the stratigraphic survey, an abnormal pressure or temperature, a circulation loss area, salt areas, unconsolidated deposits or a corrosive environment;
 - (g) the methods used to prepare the drill hole for cementing and to improve fluid displacement, in particular, casing movement; and
 - (h) the method for monitoring cement circulation in the annular space;
- (28) the burning activities, the reasons justifying them and an estimate of the volume of gas burned;

(29) if a simulation or modelling has been carried out, a description of the simulation or modelling and the results obtained;

(30) a site sealing and restoration program including, in particular,

(a) the method used to demonstrate the tightness of the stratigraphic survey carried out before the sealing work;

(b) the stratigraphic survey cleaning method used before installing plugs;

(c) the type of device used and its specifications; and

(d) a cementing program compliant with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee including, in particular,

i. for each cement plug, the intervals, the type of cement used, its density, its additives and their proportions, its setting time, the calculated volume and surplus percentage;

ii. any changes to the cement used for the plugs required due to specific physical and chemical conditions of the environment, including, in particular, the depth of the stratigraphic survey, an abnormal temperature or a corrosive environment;

iii. the method for installing each plug; and

iv. the method and frequency of the monitoring of the position of the plugs during sealing, the waiting time before the monitoring and the criteria of the acceptability of the position of the cement plugs;

(e) the method used to demonstrate that following the installation of the plugs and before the cutting of the casings and surface guide tube, there was no gas emanation; and

(f) a chronological and detailed description of the site restoration work planned for maintaining the quality of the body of water and minimizing impact on wildlife, including, in particular,

i. the procedure for dismantling installations and, if applicable, the procedure for dismantling the supply cable;

ii. the rehabilitation of contaminated land;

iii. the purge of pipes; and

iv. the withdrawal of equipment and facilities; and

(31) the list of references consulted during the preparation of the technical program, in particular, the standards from recognized organizations and guidelines from other Canadian jurisdictions.

56. Before ruling on the application for authorization, the Minister may, if the Minister deems it necessary to ensure the long-term integrity of the stratigraphic survey, require that a licence holder tests the cement in a laboratory. The test must comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

The holder sends the test results to the Minister.

DIVISION II

TIME PERIODS AND NOTICE OF THE START OF THE WORK

57. The authorization holder must, within 12 months after the Minister granted the authorization, start the stratigraphic survey work.

The work is deemed to have started as soon as the first step provided in the work schedule is initiated.

The Minister may grant an additional time period for carrying out the stratigraphic survey if the holder demonstrates the need therefor.

58. The authorization holder must, at least 7 days before, notify the Minister of the start of the following work:

- (1) the mobilization to the site where the drilling rig will be located;
- (2) the start of the drilling;
- (3) the sealing of the stratigraphic survey.

Where the holder cannot comply with the date, the holder must as soon as possible notify the Minister, in writing, indicating the reasons justifying the delay. The holder must also notify the Minister, in writing, of the new expected date for the start of the work if the date is expected within 7 days of the first notice of delay or of the holder's intent not to proceed.

59. The authorization holder must, at least 24 hours before, notify the Minister of the rig release and, in the case of a temporary interruption, the holder must also notify the Minister within the same time period of the resumption of the work.

60. The authorization holder must also, at least 24 hours before, notify the Minister of the straightening or towing of an installation.

DIVISION III**CONDITIONS OF EXERCISE**

61. The authorization holder must comply with the technical program.

The holder may modify the program by sending to the Minister a supplementary agreement signed and sealed by an engineer stating the nature of the modification and the reasons justifying it. The supplementary agreement must be sent to the Minister before carrying out the work covered by the agreement. If it is urgent to modify the technical program for safety or work quality purposes, the holder must immediately send the agreement to the Minister and justify the urgency.

A supplementary agreement to the technical program is not required in the following cases:

- (1) an adjustment of less than 10 m in the final depth of the stratigraphic survey resulting in a slightly different geological projection;
- (2) a change in the position of the stratigraphic survey where it remains on the activity site;
- (3) the addition or cancellation of a coring section, a drill-stem test, a well logging, a sample collection or a fluid sample.

In the situations provided for in the third paragraph, the holder immediately informs the Minister of the change to the technical program.

62. The authorization holder must design and construct the stratigraphic survey so as to

- (1) comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee;
- (2) ensure work safety;
- (3) prevent incidents in the maximum load conditions normally foreseeable during the life cycle of the stratigraphic survey;
- (4) withstand potential conditions, forces and stresses;
- (5) ensure a resistance sufficient for fluid kicks;
- (6) protect the integrity of the groundwater and the body of water;
- (7) ensure that the petroleum layers and aquifer layers are isolated one from the other;
- (8) allow the characterization of the geological formations targeted; and

(9) allow activities for controlling the pressure of the bottom of the drill hole in a constant and safe manner.

63. If the water level allows, the authorization holder must, as soon as the work starts and until the site restoration work starts, install a sign at the entrance of the activity site indicating, in particular,

- (1) the location of the stratigraphic survey;
- (2) the holder's name and the licence number;
- (3) the name and number of the stratigraphic survey appearing on the authorization;
- (4) a telephone number in case of emergency; and
- (5) the pictograms associated with the hazardous products present on the activity site.

64. The authorization holder may not position the collar of a stratigraphic survey

- (1) less than 40 m the St. Lawrence River waterway;
- (2) less than 100 m from a transmission line having a voltage equal to or greater than 69,000 V, a telecommunication infrastructure, a windmill, pipeline or any other installation or infrastructure of the same type;
- (3) less than 180 m from a high-capacity dam within the meaning of the Dam Safety Act;
- (4) less than 150 m from any building having fewer than 3 floors or a floor area less than or equal to 10,000 m²; or
- (5) less than 175 m from a concentration of residential, commercial, industrial or service activities.

The distances must be measured horizontally, in a straight line, from the collar to the nearest point of the elements referred to in the first paragraph.

The Minister may allow the reduction of the distances if the authorization holder demonstrates to the Minister that an effective protective measure reduces risks.

65. The authorization holder may not drill a stratigraphic survey less than 100 m from the boundaries of the territory covered by the holder's licence.

66. The authorization holder may not position the activity site less than 60 m from a national park or a protected area entered in the protected area register provided for in section 5 of the Natural Heritage Conservation Act (chapter C-61.01).

67. During the drilling, the authorization holder must make sure that

- (1) the stratigraphic survey is drilled so as to never intersect an existing drill hole;
- (2) the drilling fluids, drilling fluid system and associated monitoring equipment are designed, installed, used or maintained to provide an effective barrier against formation pressure and to allow for an adequate characterization of the geological formations investigated;
- (3) the indicators and alarms associated with the monitoring equipment are installed on the drilling rig to alert onsite personnel; and
- (4) adequate procedures, facilities and equipment are in place and utilized to minimize the risk of loss of stratigraphic survey control in the event of lost circulation, fluid kicks or blowout.

68. The authorization holder must ensure that the measurements of the stratigraphic survey path deviation are taken at intervals that allow the position of the drill hole to be determined accurately and that do not exceed 150 m, unless there is a soil stability problem.

69. The authorization holder must protect the usable groundwater and use non-toxic substances in drilling fluids until the surface casing is cemented.

70. Where the authorization holder drills a stratigraphic survey in a region where the geology is unknown or in a region where shallow gas kicks have been documented, the holder must use a deflector.

71. If it is foreseeable that a petroleum zone will be intersected before reaching the depth for the installation of the surface casing, the authorization holder must install a blowout prevention system.

72. While performing the work under the surface casing, the authorization holder must use a wellhead or a blowout prevention system comprising at least 2 different sealing mechanisms for as long as there is a risk of fluid kicks.

73. The wellhead or the blowout prevention system must have been designed to withstand a rated pressure equal to or greater than the maximum formation pressure provided for in the technical program. Where it has not been provided for, it is deemed to be equal to or greater than 11 kPa/m of the actual vertical depth of the stratigraphic survey.

74. The authorization holder must verify daily the blowout prevention system to make sure it works well. If a system component is defective, work must be suspended until the component is repaired.

75. The authorization holder must regularly inspect joints and structural elements of every equipment used to control the pressure to ensure the safe operation of the equipment.

The holder keeps and maintains, until the end of the sealing work, a register of those inspections.

76. The authorization holder must eliminate or reduce to a minimum the volume of gas released into the atmosphere. The holder must install an ignition pilot at the flare for burning combustible gas.

77. The authorization holder must ensure that the marine riser used

- (1) furnishes access to the stratigraphic survey;
- (2) isolates the stratigraphic survey from the body of water;
- (3) withstands the differential pressure of the drilling fluid relative to the body of water;
- (4) withstands the physical forces anticipated in the drilling program;
- (5) permits the drilling fluid to be returned to the installation; and
- (6) is supported in a manner that effectively compensates for the forces caused by the motion of the drilling installation.

78. During the operations for preparing and applying the cement for cementing casings and for sealing plugs, the authorization holder must comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

79. Before proceeding with the cementing of annular spaces, the authorization holder must make sure to completely remove the drilling fluids and the mud cakes from the walls of the stratigraphic survey.

80. During the cementing, the authorization holder must ensure that the fluid returns are observed at the surface.

81. The cement used for cementing casings and for sealing plugs must reach the minimum compressive strength of 3,500 kPa after 36 hours of hardening at the temperature of the shallowest formation to be covered. It must also be designed and installed to protect the integrity of the layers of gas hydrates.

The authorization holder must restrict the cement shrinkage process and limit to the minimum the risk of formation of a micro-annular space.

82. As of the moment at which the cement has developed a gel strength and until the minimum compressive strength has been reached, the authorization holder must not carry out work that could compromise the integrity of the cement and the holder must comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

83. The authorization holder must carry out a cement assessment sonic or ultrasonic logging to show the uniform coverage of the cement behind each casing.

84. After installing and cementing a casing and before drilling out the casing shoe, the authorization holder must submit the casing to a pressure and leak test to the value required to confirm its integrity for the maximum operating pressure provided for in the technical program.

The integrity is confirmed if the stabilized pressure is at least 90% of the pressure applied over a minimum interval of 10 minutes.

85. Before drilling at a measured depth of more than 10 m under the shoe of any casing subsequent to the conductor casing, the authorization holder must test the integrity of the geological formation.

The test must be conducted at a pressure that ensures the safety of the drilling work until the next casing string planned.

The integrity is confirmed if the stabilized pressure is at least 90% of the pressure applied over a minimum interval of 10 minutes.

86. The authorization holder who conducts a drill-stem test must ensure, in particular, that

(1) the equipment used is designed to safely control the stratigraphic survey pressure, properly characterize the geological formation and protect the environment;

(2) the rated pressure of the equipment upstream of and including the testing manifold exceeds the maximum anticipated shut-in pressure; and

(3) the equipment downstream of the testing manifold is sufficiently protected against overpressure.

87. In the case of fluid kicks or during drill-stem tests, the authorization holder must collect samples and analyze the petroleum and groundwater encountered.

In the case of gas, the analyses must, in particular, identify its composition and characterize the carbon isotope ratios. For a vertical or directional drilling, the holder must take a minimum of 15 samples per interval of 1,000 m drilled under the surface casing.

In the case of oil, the analyses must, in particular, identify its composition and characterize its viscosity and density.

In the case of groundwater, the analyses must, in particular, identify its composition in dissolved solids and petroleum and its physical characteristics, including the pH, the conductivity and the cloudiness.

The Minister may exempt the authorization holder from the requirement to collect certain samples where the Minister considers that he or she already has sufficient data to characterize the reservoir or the sealing rocks.

If the holder collects another sample of gas, including gas dissolved in the drilling fluids or gas from the surface casing blowhole, the holder must analyze it to identify its composition and characterize the carbon isotopic ratios.

A holder who collects a sample must use a method preventing contamination of the sample.

88. The authorization holder must collect a sample of the drilling core, at least at each interval of 100 m, to determine, in particular, the porosity, permeability, lithology and content in total organic carbon of the geological formation.

For the stratigraphic survey sections that are not cored, a cutting sample must be collected at each 5-m interval in such manner as to fill

(1) a 10-ml flask of cuttings washed and dried beforehand; samples from the layer of unconsolidated deposits must not be washed; and

(2) a 500-g bag of cuttings dried beforehand.

89. Where samples necessary for analysis have been taken from a core, the authorization holder makes sure that a longitudinal slab that is not less than one half of the cross-sectional area of that core or the remaining core is submitted to the Minister.

The holder who carried out destructive tests on a core removed laterally is exempt from submitting the samples.

90. The samples collected must be packaged in durable containers designed for that purpose and properly labelled by indicating, in particular, the name of the stratigraphic survey and the measured interval or depth of the sampling.

They must be transported and stored in a manner that prevents any loss or deterioration.

91. The authorization holder submits to the Minister the samples whose analysis is completed not later than 90 days after the rig release date.

The Minister may agree to an additional period if the holder wishes to perform additional analyses. In that case, the holder submits to the Minister the samples and analysis results at the end of the agreed period.

The Minister may exempt the holder from the submission of the samples

(1) where the Minister considers that he or she has sufficient samples to adequately document the geological formations intersected by the stratigraphic survey; and

(2) where the Minister already has samples from the same horizons.

92. Before disposing of any cutting samples, drilling cores or collected fluids, the authorization holder must offer them to the Minister.

93. The authorization holder must submit to the Minister, for approval, the corrective actions to be taken where any of the following situations occurs:

- (1) a cementing operation provided for in the technical program cannot be carried out;
- (2) no cement return has been observed on the surface where such return was expected;
- (3) a return of displaced drilling fluids indicates that the cement height required for cementing has not been reached;
- (4) there is uncertainty as to reaching the cementing goals.

94. The authorization holder keeps and maintains, for the duration of the work, registers concerning

- (1) the persons arriving, leaving or present on the vessel or platform;
- (2) the location and movement of support craft;
- (3) emergency drills and exercises carried out;
- (4) operating tests of surface and subsurface safety valves;
- (5) the inspections of the installation and related equipment for corrosion and erosion;
- (6) daily maintenance activities; and
- (7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

DIVISION IV

STRATIGRAPHIC SURVEY SEALING AND SITE RESTORATION

95. The authorization holder must seal the stratigraphic survey within 30 days after completion of the drilling.

The Minister may require that the work start before that period for safety reasons or give an additional period for its completion if the holder shows that it is necessary.

96. Before beginning the stratigraphic survey sealing, the authorization holder must conduct a pressure and leak test to ensure the tightness of all the stratigraphic survey components.

The holder may begin the sealing only if the pressure and leak test is successful. Tightness is confirmed if the stabilized pressure is at least 90% of the pressure applied over a minimum interval of 10 minutes. Otherwise, an incident notice must be sent to the Minister within 24 hours.

97. The authorization holder who proceeds with the sealing must ensure to seal the stratigraphic survey over its entire length.

The holder must also ensure the following:

(1) the absence of communication of fluids between the geological formations;

(2) the absence of liquid flow and gas emanation or migration;

(3) the absence of excessive pressure in the stratigraphic survey;

(4) the long-term integrity of the stratigraphic survey, while considering the petroleum development potential of the adjacent sector and the impact of future activities.

98. The authorization holder must not install a cement plug in a section of the hole that does not have a casing, except if the drilling is vertical.

99. The authorization holder must cut the casings and the guide tube at a minimum of 2 m below the surface of the ground. The holder determines the depth according to local conditions such as the type of soil, washout and erosion of the environment.

The authorization holder may use explosives to cut casings and the guide tube if adequate protective measures are implemented.

100. The authorization holder must weld a ventilated steel cover at the top of the casings.

101. At the end of the sealing, the bottom of the water must have been cleared of any material or equipment that is not necessary and that might interfere with subsequent uses of the environment.

102. If applicable, before the demobilization of the installations, the authorization holder must ensure that the structure is free from plants and animals.

103. The authorization holder must restore the activity site as soon as the sealing work ends or the meteorological conditions allow.

The Minister may grant an additional time period for the restoration if the holder shows it is necessary. In that case, the holder must, at least 7 days before, notify the Minister, in writing, of the start of the work for restoring the site.

104. As soon as the sealing work ends, the authorization holder must mark the stratigraphic survey with a device that enables to locate it easily and on which the number of the stratigraphic survey and its geographical coordinates are indicated.

DIVISION V

DAILY REPORT AND COMPLETION REPORT

105. The holder of a stratigraphic survey authorization must draw up a daily report of the work and keep it on the activity site.

The daily report must contain all the elements applicable to the declared day including, in particular,

- (1) the number of the stratigraphic survey authorization;
- (2) the name of the drilling installation;
- (3) the number of persons on board the drilling installation;
- (4) a description, in chronological order, of the work carried out and the time required to complete each step of the work;
- (5) the name and contact information of the enterprises that carried out the work;
- (6) the measured depth reached during the day;
- (7) the composition of the drilling fluid and flushing fluid, and the volumes used;
- (8) the operating condition of the blowout prevention system;
- (9) a loss of circulation;
- (10) the components used to assemble the drill strings;
- (11) the specifications of the casing and its setting depth;
- (12) the weight applied to the bit and its penetration rate;
- (13) the measurements of the deviation of the stratigraphic survey path in dip, azimuth and depth;

- (14) traces of petroleum or water detected;
- (15) the type of pump used for the cementing and its capacity;
- (16) the type of cement used, its density, its additives and their proportions, its setting time and the volume used;
- (17) the well loggings carried out;
- (18) the observations and data related to the evaluation or characterization of the geological formation;
- (19) the fluid samples collected;
- (20) the results of the pressure and leak tests;
- (21) the volume and composition of the gas used, released, incinerated or burned at the flare and the reasons justifying it;
- (22) the composition, concentration and detailed assessment of all the products stored and used on the activity site, in particular, drilling fluids;
- (23) the operational problems encountered and the corrective measures taken or planned;
- (24) the indication of any temporary work interruption and the procedure followed to secure the stratigraphic survey;
- (25) the indication of any event that disrupted the progress of the work;
- (26) the abnormal meteorological conditions that caused a work delay, in particular, due to
 - (a) visibility;
 - (b) temperature variation;
 - (c) wind speed or direction;
 - (d) the height, period and direction of the waves and swells;
 - (e) the size, distance and direction of ice;
 - (f) icing; and
 - (g) rolling, pitch and vertical motion of the vessel or the drilling installation; and

(27) any other information or document deemed necessary by the Minister.

106. The authorization holder must send to the Minister, every Monday, the daily reports of the preceding week until the end of the sealing work. If the Monday is a holiday, the report is sent on the first working day that follows.

107. The authorization holder must send to the Minister, within the period provided for in section 100 of the Act, a completion report signed by an engineer including, in particular,

- (1) the number of the stratigraphic survey authorization;
- (2) the name and contact information of the licence holder;
- (3) the type and name of the drilling installation, its registration number and the name of its owner;
- (4) the type of navigation equipment used;
- (5) the coordinates of the stratigraphic survey collar on a plan provided by a land surveyor according to the NAD83 map reference system;
- (6) the measurements of the deviation of the stratigraphic survey path in dip, azimuth and depth, and the final coordinates of the bottom of the hole;
- (7) the start and end dates of the work;
- (8) a summary of the work carried out in chronological order;
- (9) a summary of the abnormal meteorological conditions that caused the work delay and the corrective measures taken;
- (10) a report on the cementing operations for each of the casing strings, containing, in particular,
 - (a) the name and contact information of the enterprise that carried out the cementing work;
 - (b) the type of cementing unit used and the method for applying the cement;
 - (c) the type of cement used, its density, its additives and their proportions, its setting time and the volume used;
 - (d) the cemented interval;
 - (e) the composition and volume of the flushing fluid and the spacing fluid used;

- (f) the circulation pressures;
 - (g) the propping pressure applied and the duration; and
 - (h) a description of the cement return, the quantity and the retreat; if no return is observed, a description of the corrective actions taken;
- (11) the analysis results and the analysis certificates of the samples and fluid samples collected;
 - (12) the interpreted well loggings, re-set in actual vertical depth, and the corrections made;
 - (13) the demonstration that the centralization of the casings complies with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee;
 - (14) the measured temperature and pressure to the final depth of the stratigraphic survey;
 - (15) the data, recordings, results of the drill-stem tests, pressure and leak tests, formation integrity tests and their interpretation;
 - (16) the burning activities, the reasons justifying them and an estimate of the volume of gas burned;
 - (17) a geological description of the cuttings and drill cores, and a geotechnical description of the drill cores;
 - (18) a comparative analysis of the work carried out compared with that provided for in the technical program and the results obtained compared with those anticipated;
 - (19) the list of drill bits used, their type and the number of metres drilled by each;
 - (20) the type of play encountered and a comparison with a similar oil zone;
 - (21) a longitudinal section of the stratigraphic survey after the sealing, according to the measured depth and the actual vertical depth, signed and sealed by an engineer, indicating, in particular,
 - (a) intersected groups, geological formations, lithological contacts and faults;
 - (b) zones of abnormal pressure;
 - (c) the diameter of the drill hole and the diameters of each of the casings and the guide tube;
 - (d) the location of each of the casings and the guide tube;

- (e) if applicable, the depth interval of the open-hole stratigraphic survey;
 - (f) the type of plugs used and the depth intervals of each plug; and
 - (g) the other equipment installed or dropped in the stratigraphic survey and not recovered;
- (22) the daily tour reports;
- (23) if laboratory testing has been done on the cement after the granting of the authorization, the properties of the cement determined in the laboratory;
- (24) the technical reports prepared by the enterprises that carried out the work;
- (25) a technical description of the condition of the stratigraphic survey before the sealing;
- (26) in the case of the cement plugs used,
- (a) the name and contact information of the enterprise that carried out the cementing work;
 - (b) the type of cementing unit used and the method for applying the cement;
 - (c) the type of cement used, its density, its additives and their proportions, its setting time and the volume used;
 - (d) the verified position of each of the plugs; and
 - (e) if applicable, the analysis results and the analysis certificates of the samples collected;
- (27) the cutting depth of the casings and the guide tube under the surface; and
- (28) if applicable, a photograph of the ventilated steel plated welded at the top of the casings before the backfilling;

CHAPTER VII

DRILLING AUTHORIZATION

DIVISION I

CONDITIONS FOR OBTAINING AN AUTHORIZATION

108. A licence holder who wishes to obtain a drilling authorization must apply to the Minister, in writing, at least 60 days before starting the work.

109. The application must contain

- (1) the name and contact information of the holder and the licence number;
- (2) the name of the proposed well, in the case of a new well, or the name of the existing well, in the case of a re-entry; and
- (3) the work schedule and an estimate of the realization costs.

110. The application must be accompanied by

- (1) a bathymetric map at a scale of 1:20,000 showing, in particular,
 - (a) the surface projection of the hole profile to the location of the bottom of the hole;
 - (b) the location of the existing drill holes within a radius of 5 km; and
 - (c) the demonstration that the distances provided for in sections 120 and 122 are met;
- (2) the drilling technical program provided for in section 111 signed and sealed by an engineer;
- (3) the permanent well or reservoir closure and site restoration plan or, if applicable, its update, and the guarantee provided for in sections 318 and 320;
- (4) payment of the fee of \$4,426; and
- (5) any other information or document requested by the Minister.

111. The drilling technical program must contain

- (1) the name and contact information of the engineer responsible for the program;
- (2) the name, profession and functions of the persons who prepared or revised the program;
- (3) the demonstration that, during the positioning of the well, the regional and local geology and the presence of adjacent drill holes have been taken into consideration;
- (4) the demonstration that the presence of gas in the soil in its natural state has been taken into consideration;
- (5) if applicable, the list of the data that could be consulted with respect to the adjacent drill holes;
- (6) the proposed classification of the well, determined according to Schedule 1;

- (7) a chronological and detailed description of the work to be carried out;
- (8) the name and contact information of the enterprise charged with carrying out the work;
- (9) the type and name of the drilling installation, its registration number, the name of its owner and the estimated number of persons on board;
- (10) the type of navigation equipment used and its specifications;
- (11) the demonstration that the drilling installation is designed and constructed according to the generally recognized best practices;
- (12) the design standards and a description of the immobilization system;
- (13) the refuelling method;
- (14) if applicable, the home port and the location of the land base for storing material and products necessary for the work;
- (15) a longitudinal section of the well indicating the technical elements
- (16) a geological projection of the well including, in particular,
 - (a) a stratigraphic column indicating the thickness of the unconsolidated deposits, the geological formations, porous and permeable zones, faults and other major structures;
 - (b) the identification of the potential zones of fluid kicks or lost circulation;
 - (c) the anticipated base of the usable groundwater, if it is different from the base provided for in section 3;
 - (d) the anticipated primary and secondary petroleum objectives; and
 - (e) if the seismic profile has been done, the interpreted seismic profile indicating the top of geological formations, the shotpoint nearest the location of the drilling and the location of the anticipated petroleum objectives;
- (17) the list of the planned coring intervals;
- (18) the list of pressure and leak tests, drill-stem tests, formation integrity tests and all other tests planned;

- (19) the list of the well loggings planned;
- (20) the meteorological and hydrographic conditions anticipated during the work;
- (21) if applicable, a description of the ice management activities;
- (22) the depth of the water at the location of the drilling;
- (23) the bathymetric map of the area in which the drilling is located and, if applicable, a mapping of the bottom of the water;
- (24) a description of the nature of the surface deposits and their geotechnical characteristics;
- (25) a description of the aquatic wildlife;
- (26) for each of the drilling, diving and accommodation installations, a compliance certificate issued by any of the following certification authorities:
 - (a) the American Bureau of Shipping;
 - (b) the Bureau Veritas;
 - (c) DNV GL (Det norske Veritas and Germanischer Lloyd);
 - (d) Lloyd's Register North America Inc.;
- (27) a drilling program including, in particular,
 - (a) the type of drilling rig and equipment to be used and their specifications;
 - (b) the drilling fluids and flushing fluids used and their properties, and a demonstration that those fluids comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee;
 - (c) the measures planned for the management of petroleum, formation fluids, drilling fluids, chemical substances and other discharges;
 - (d) the diameters of the drill hole according to the measured depth and the actual vertical depth on a longitudinal section, to the bottom of the planned hole
 - (e) a graphic projection of the formation pressure and temperature to the expected final depth;
 - (f) a projection of the planned fracturing gradient;

- (g) a graphic projection of the deviation of the drill path to the expected final depth;
 - (h) the frequency of the measurements of the deviation of the path in dip and azimuth;
 - (i) the demonstration that the planned casing strings and tubes comply with CSA Standard Z625, Well design for petroleum and natural gas industry systems, except those installed in a storage well, which must comply with CSA Standard Z341, Storage of hydrocarbons in underground formations, published by the Canadian Standards Association;
 - (j) a program for centralizing casings that allows to reach a minimum centralization of 75% compliant with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee, indicating, in particular, the type of centralizers, their dimension, frequency of installation and installation; and
 - (k) in the case of a re-entry, the evaluation of the thickness of the casing string and the calculation of the stresses to which the well may be submitted in accordance with CSA Standard Z625, Well design for petroleum and natural gas industry systems, published by the Canadian Standards Association; for a storage well, the evaluation and calculation must comply with CSA Standard Z341, Storage of hydrocarbons in underground formations, published by the Canadian Standards Association;
- (28) a program for the cementing of the annular spaces of each of the casing strings compliant with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee and including, in particular,
- (a) the diameters of the casing strings compared with the measured depth and the actual vertical depth;
 - (b) the planned height of the cement column in the annular space;
 - (c) the cement preparation and application methods;
 - (d) the planned minimum and maximum pumping flows and the pumping equipment capacity;
 - (e) the type of cement used, its density, its additives and their proportions, its setting time, the calculated volume and surplus percentage;
 - (f) any changes to the cement required due to specific physical and chemical conditions of the environment, including, in particular, the depth of the well, an abnormal pressure or temperature, a circulation loss area, salt areas, unconsolidated deposits or a corrosive environment;

- (g) the methods used to prepare the well for cementing and to improve movement of the fluids, in particular, casing movement; and
- (h) the method for monitoring cement circulation in the annular space;
- (29) the burning activities, the reasons justifying them and an estimate of the volume of gas burned;
- (30) if a simulation or modelling has been carried out, a description of the simulation or modelling and the results obtained; and
- (31) the list of references consulted during the preparation of the technical program, in particular, the standards from recognized organizations and guidelines from other Canadian jurisdictions.

Where work is planned in a temporarily closed well and the depth of the wellhead under water makes it accessible, the holder must, before it is carried out, inspect the site and the wellhead, maintain the wellhead and carry out a pressure and leak test. In that case, the technical program must also contain the annual inspection worksheet provided for in Schedule 2.

112. Before ruling on a drilling application, Minister may, if the Minister considers it necessary to ensure the long-term integrity of the well, require that the licence holder carry out a cement test in a laboratory. The test must comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

The holder sends the results of the test to the Minister.

DIVISION II

TIME PERIODS AND NOTICE OF THE START OF THE WORK

113. The authorization holder must, within 12 months after the granting of the authorization, start the drilling work.

114. The authorization holder must, at least 7 days before, notify the Minister of the date for the start of the following work:

- (1) the mobilization of the site in which the drilling rig will be located;
- (2) the beginning of the drilling or the re-entry.

Where the holder cannot comply with the date, the holder must as soon as possible notify the Minister, in writing, indicating the reasons justifying the delay. The holder must also notify the Minister, in writing, of the new expected date for the start of the work if the date is expected within 7 days of the first notice of delay or of the holder's intent not to proceed.

115. The authorization holder must, at least 24 hours before, notify the Minister of the rig release and, in case of a temporary interruption, the holder must also notify the Minister within the same period of the resumption of the work.

116. The authorization holder must also, at least 24 hours before, notify the Minister of the straightening or towing of an installation.

SECTION III

CONDITIONS OF EXERCISE

117. The authorization holder must comply with the technical program.

The holder may modify the program by sending to the Minister a supplementary agreement signed and sealed by an engineer stating the nature of the modification and the reasons justifying it. The supplementary agreement must be sent to the Minister before carrying out the work covered by the agreement. If it is urgent to modify the technical program for safety or work quality purposes, the holder must immediately send the agreement to the Minister and justify the urgency.

A supplementary agreement to the technical program is not required in the following cases:

- (1) an adjustment of less than 10 m in the final depth of the well resulting from a slightly different geological projection;
- (2) a change in the position of the well where the well remains on the activity site;
- (3) the addition or cancellation of a coring section, a drill-stem test, a sample collection or a fluid sample;
- (4) the addition or cancellation of a well logging if, in the latter case, it is not required under section 125 or 126.

In the situations provided for in the third paragraph, the holder immediately informs the Minister of the change to the technical program.

118. The authorization holder must design and construct the well so as to

- (1) comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee;
- (2) ensure work safety;

- (3) prevent incidents in the maximum load conditions normally foreseeable during the life cycle of the well;
- (4) withstand potential conditions, forces and stresses;
- (5) ensure a resistance sufficient for fluid kicks;
- (6) protect the integrity of the groundwater and the body of water;
- (7) ensure that the petroleum zones and the aquifer layers are isolated from one another;
- (8) allow the characterization of the geological formations targeted; and
- (9) allow activities for controlling the pressure of the bottom of the drill hole in a constant and safe manner.

119. If the water level allows, the authorization holder must, as soon as the work starts and until the holder begins the work for the restoration of the site, install a sign near the activity site, indicating, in particular,

- (1) the location of the well;
- (2) the holder's name and the licence number;
- (3) the name and number of the well appearing on the authorization;
- (4) a telephone number in case of emergency; and
- (5) the pictograms associated with the hazardous products present on the site.

120. The authorization holder may not position the collar of a well or, in the case of a re-entry, drill in a well whose collar is situated

- (1) less than 40 m from the St. Lawrence River waterway;
- (2) less than 100 m from a transmission line having a voltage equal to or greater than 69,000 V, a telecommunication infrastructure, a windmill, a pipeline or any other installation or infrastructure of the same type;
- (3) less than 180 m from a high-capacity dam within the meaning of the Dam Safety Act;
- (4) less than 150 m from any building having fewer than 3 floors or a floor area less than or equal to 10,000 m²; or
- (5) less than 175 m from a concentration of residential, commercial, industrial or service activities.

The distances must be measured horizontally, in a straight line, from the collar to the nearest point of the elements referred to in the first paragraph.

The Minister may allow the reduction of the distances if the authorization holder demonstrates to the Minister that an effective protective measure reduces risks.

121. The authorization holder may not drill a well less than 100 m from the boundaries of the territory covered by the holder's licence.

122. The authorization holder may not position the activity site less than 60 m from a national park or a protected area entered in the protected area register provided for in section 5 of the Natural Heritage Conservation Act (chapter C-61.01).

123. During the drilling of a well, the authorization holder must make sure that

(1) the well is drilled so as to never intersect an existing drill hole, except if the well covered by the authorization is a relief well;

(2) the drilling fluids, drilling fluid system and associated monitoring equipment are designed, installed, used or maintained to provide an effective barrier against formation pressure and to allow for an adequate characterization of the geological formations investigated;

(3) the indicators and alarms associated with the monitoring equipment are installed on the drilling rig to alert onsite personnel; and

(4) adequate procedures, facilities and equipment are in place and utilized to minimize the risk of loss of well control in the event of lost circulation, fluid kicks or blowout.

124. The authorization holder must ensure that the measurements of the well path deviation are taken at intervals that allow the position of the drill hole to be determined accurately and that do not exceed 150 m, unless there is a soil stability problem.

125. The authorization holder must carry out the well loggings necessary to be able to define the lithology, porosity, type of the fluids present in each of the geological formations intersected by the surface casing to the well collar and in depth, under the surface casing.

The holder must, in particular, carry out

(1) a gamma ray logging from the well collar to the final depth of the drill hole;

(2) a neutron logging from 25 m under the well collar to the base of the surface casing; and

(3) an electrical resistivity logging and a porosity logging from the base of the surface casing to the final depth of the drill hole.

The Minister may exempt the holder from the requirement to carry out certain well loggings in the case of a production well or if the Minister considers that he or she already has sufficient data to characterize the reservoir or the sealing rocks.

126. The authorization holder must also carry out a cement assessment sonic or ultrasonic logging to show the uniform coverage of the cement behind each casing. In the case of a horizontal well, the logging must be carried out at least until an 80° angle has been reached in relation to the vertical.

127. The authorization holder must protect the usable groundwater and use non-toxic substances in the drilling fluids until the surface casing is cemented.

128. Where the authorization holder drills a well in a region where the geology is unknown or in a region where shallow gas kicks have been documented, the holder must use a deflector.

129. If it is foreseeable that a petroleum zone will be intersected before reaching the depth for the installation of the surface casing, the authorization holder must install a blowout prevention system.

130. While performing the work under the surface casing, the authorization holder must use a wellhead or a blowout prevention system comprising at least 2 different sealing mechanisms for as long as there is a risk of fluid kicks.

131. The wellhead or the blowout prevention system must have been designed to withstand a rated pressure equal to or greater than the maximum formation pressure provided for in the technical program. Where the latter cannot be provided for, it is presumed to be equal to or greater than 11 kPa/m of the actual vertical depth of the well.

132. The authorization holder must verify daily the blowout prevention system to make sure it works well. If a system component is defective, work must be suspended until the component is repaired.

133. The authorization holder must regularly inspect joints and structural elements of every equipment used to control the pressure to ensure the safe operation of the equipment.

The holder keeps and maintains, until the end of the work for the permanent closure of the well, a register of those inspections.

134. The authorization holder must eliminate or reduce to a minimum the volume of gas released into the atmosphere. The holder must install an ignition pilot at the flare for burning combustible gas.

135. If a surface casing is installed, the authorization holder must ensure that it is inserted in a competent formation at a depth allowing for a sufficient anchoring of the well blowout preventer, ensures the control of anticipated pressures in the well and is equipped with an opening valve.

136. The authorization holder must install a conductor casing if

- (1) the surface casing is laid at an actual vertical depth exceeding 650 m;
- (2) it is foreseeable that a petroleum zone will be intersected before reaching the laying depth of the surface casing; and
- (3) an adjacent drill hole encountered groundwater flow on the surface.

The conductor casing must be set in a competent formation.

If a shallow aquifer presents artesian pressure conditions, the conductor casing must be set directly above the aquifer.

137. The authorization holder must ensure that the marine riser used

- (1) furnishes access to the well;
- (2) isolates the well from the body of water;
- (3) withstands the differential pressure of the drilling fluid relative to the body of water;
- (4) withstands the physical forces anticipated in the drilling program;
- (5) permits the drilling fluid to be returned to the installation; and
- (6) is supported in a manner that effectively compensates for the forces caused by the motion of the drilling installation.

138. In the case of the cementing of the surface casing, the authorization holder may not add to the cement charges or additives reducing its compressive strength.

139. In the case of the cementing of a casing, the authorization holder must determine the volume of cement required according to the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

140. Surface casings and, if applicable, intermediate casings subject to wear caused by the movement and rotation of the drill-stems must be inspected, at a maximum interval of 30 days, to determine their integrity, in accordance with the casing integrity inspection procedure provided for in Schedule 3.

141. Before proceeding with the cementing of annular spaces, the authorization holder must make sure to completely remove the drilling fluids and the mud cakes from the walls of the well.

142. During cementing, the authorization holder must ensure that surface fluid returns are observed.

143. The cement used must reach a minimum compressive strength of 3,500 kPa after 36 hours of hardening at the temperature of the shallowest formation to be covered.

It must also be designed and installed to protect the integrity of the layers of gas hydrates.

The authorization holder must restrict the cement shrinkage process and limit to the minimum the risk of formation of a micro-annular space.

144. As of the moment at which the cement has developed a gel strength and until the minimum compressive strength has been reached, the authorization holder must not carry out work that could compromise the integrity of the cement and the holder must comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

145. After installing and cementing the casing and before drilling out the casing shoe, the authorization holder must submit the casing to a pressure and leak test to the value required to confirm its integrity for maximum operating pressure provided for in the technical program.

The integrity is confirmed if the stabilized pressure is at least 90% of the pressure applied over a minimum interval of 10 minutes.

146. Before drilling at a measured depth of more than 10 m under the shoe of any casing subsequent to the conductor casing, the authorization holder must test the integrity of the geological formation.

The test must be conducted at a pressure that allows the safety of the drilling work to the next casing string planned.

The integrity is confirmed if the stabilized pressure is at least 90% of the pressure applied over a minimum interval of 10 minutes.

147. The authorization holder may not carry out a drill-stem test except in a well where the full section under test is cased.

The authorization holder who carries out a drill-stem test must ensure, in particular, that

(1) the equipment used is designed to safely control the well pressure, properly characterize the geological formation and protect the environment;

(2) the rated pressure of the equipment upstream of and including the testing manifold exceeds the maximum anticipated shut-in pressure; and

(3) the equipment downstream of the testing manifold is sufficiently protected against overpressure.

148. In the case of fluid kicks or during drill-stem tests, the authorization holder must collect samples and analyze the petroleum and groundwater encountered.

In the case of gas, the analyses must, in particular, identify its composition and characterize the carbon isotope ratios. For a vertical or directional drilling, the holder must take a minimum of 15 samples per interval of 1,000 m drilled under the surface casing. In the case of a horizontal drilling, the holder must take a minimum of 15 samples per interval of 1,000 m drilled between the surface casing and the reaching of an 80° angle in relation to the vertical.

In the case of oil, the analyses must, in particular, identify its composition and characterize its viscosity and density.

In the case of groundwater, the analyses must, in particular, identify its composition in dissolved solids and petroleum and its physical characteristics, including the pH, the conductivity and the cloudiness.

The Minister may exempt the authorization holder from the requirement to collect certain samples where the Minister considers that he or she already has sufficient data to characterize the reservoir or the sealing rocks.

If the holder collects another sample of gas, including gas dissolved in the drilling fluids or gas from the surface casing blowhole, the holder must analyze it to identify its composition and characterize the carbon isotopic ratios.

A holder who collects a sample must use a method preventing contamination of the sample.

149. The authorization holder must collect a sample of the drilling core, at least at each interval of 100 m, to determine, in particular, the porosity, permeability, lithology and content in total organic carbon of the geological formation.

For the well sections that are not cored, a cutting sample must be collected at the following intervals:

(1) every 25 m, from the top of the rock to an actual vertical depth of 50 m above the shallowest anticipated petroleum objective, unless the holder demonstrates that an adjacent drill hole has already been sampled and the spatial variability makes sampling unnecessary;

(2) in the case of vertical and directional wells, every 5 m from an actual vertical depth of 50 m above the shallowest anticipated petroleum objective to the final depth;

(3) in the case of horizontal wells, every 5 m from an actual vertical depth of 50 m above the shallowest anticipated petroleum objective to the reaching of an 80° angle in relation to the vertical, then the interval is 10 m to the final depth.

Cutting samples must be collected in such a manner as to fill

(1) a 10-ml flask of cuttings washed and dried beforehand; samples from the layer of unconsolidated deposits must not be washed; and

(2) a 500-g bag of cuttings dried beforehand.

150. Where samples necessary for analysis have been taken from a core, the authorization holder makes sure that a longitudinal slab that is not less than one half of the cross-sectional area of that core or the remaining core is submitted to the Minister.

The holder who carried out destructive tests on a core removed laterally is exempt from submitting the samples.

151. The samples collected must be packaged in durable containers designed for that purpose and properly labelled by indicating, in particular, the name of the well and the measured interval or depth of the sampling.

They must be transported and stored in a manner that prevents any loss or deterioration.

152. The authorization holder submits to the Minister the samples whose analysis is completed not later than 90 days after the rig release date.

The Minister may agree to an additional period if the holder wishes to perform additional analyses. In that case, the holder submits to the Minister the samples and analysis results at the end of the agreed period.

The Minister may exempt the holder from the submission of the samples

(1) where the Minister considers that he or she has sufficient samples to adequately document the geological formations intersected by the well; and

(2) where the Minister already has samples from the same horizons.

153. Before disposing of any cutting samples, drilling cores or collected fluids, the authorization holder must offer them to the Minister.

154. The authorization holder must submit to the Minister, for approval, the corrective actions to be taken where any of the following situations occurs:

- (1) a cementing operation provided for in the technical program cannot be carried out;
- (2) no cement return is observed on the surface where such return was planned;
- (3) a return of displaced drilling fluid indicates that the cement height required for cementing is not reached;
- (4) there is uncertainty as to reaching the cementing goals.

155. The authorization holder keeps and maintains, for the duration of the work, registers concerning

- (1) the persons arriving, leaving or present on the vessel or platform;
- (2) the location and movement of support craft;
- (3) emergency drills and exercises carried out;
- (4) operating tests of surface and subsurface safety valves;
- (5) the inspections of the installation and related equipment for corrosion and erosion;
- (6) daily maintenance activities; and
- (7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

156. An authorization holder must, in the case of an observation well, use a wellhead.

157. An authorization holder must, in the case of an observation well, send to the Minister, not later than 31 December of each year, a report signed and sealed by an engineer containing the data collected and the frequency of the collection and the annual inspection worksheet provided for in Schedule 2.

DIVISION IV

DAILY REPORT AND COMPLETION REPORT

158. The authorization holder must draw up a daily report of the work and keep it on the activity site.

The daily report must contain all the elements applicable to the declared day including, in particular,

- (1) the drilling authorization number;

- (2) the name of the drilling installation;
- (3) the number of persons on board the drilling installation;
- (4) a description, in chronological order, of the work carried out and the time required for carrying out each step of the work;
- (5) the name and contact information of the enterprises that carried out the work;
- (6) the operating condition of the blowout prevention system;
- (7) the measured depth reached during the day;
- (8) the composition of the drilling fluid and the flushing fluid and the volumes used;
- (9) a loss of circulation;
- (10) the components used to assemble the drill strings;
- (11) the specifications of the casing and its setting depth;
- (12) the weight applied to the bit and its penetration rate;
- (13) the measurements of the deviation of the well path in dip, azimuth and depth;
- (14) traces of petroleum or water detected;
- (15) the type of pump used for the cementing and its capacity;
- (16) the type of cement used, its density, its additives and their proportions, its setting time and the volume used;
- (17) the well loggings carried out;
- (18) the observations and data related to the evaluation or characterization of the geological formation;
- (19) the fluid samples collected;
- (20) the results of the pressure and leak tests;
- (21) the volume and composition of the gas used, released, incinerated or burned at the flare and the reasons justifying it;

- (22) the composition, concentration and detailed assessment of all the products stored and used on the site;
- (23) the operational problems encountered and the corrective measures taken or planned;
- (24) the indication of any temporary drilling work interruption and the procedure followed to secure the well;
- (25) the indication of any event that disrupted the progress of the work;
- (26) the abnormal meteorological conditions that caused an operation delay, in particular, due to
 - (a) visibility;
 - (b) temperature variation;
 - (c) wind speed or direction;
 - (d) the height, period and direction of the waves and swells;
 - (e) the size, distance and direction of ice;
 - (f) icing; and
 - (g) rolling, pitch and vertical motion of the vessel or platform; and
- (27) any other information or document deemed necessary by the Minister.

159. The authorization holder must send to the Minister, every Monday, the daily reports of the preceding week until the end of the work. If the Monday is a holiday, the report is sent on the first working day that follows.

160. The authorization holder must send to the Minister, within the period provided for in section 100 of the Act starting from the rig release, a completion report signed by an engineer including, in particular,

- (1) the drilling authorization number;
- (2) the name and contact information of the licence holder;
- (3) the type and name of the drilling installation, its registration number and the name of its owner;
- (4) the type of navigation equipment used;
- (5) the name and contact information of the enterprises that carried out the work;

- (6) the coordinates of the well collar on a plan provided by a land surveyor according to the NAD83 map reference system;
- (7) the measurements of the deviation of the well path in dip, azimuth and depth, and the final coordinates of the bottom of the hole;
- (8) the start and end dates of the work;
- (9) a summary of the work carried out in chronological order;
- (10) a summary of the abnormal meteorological conditions that caused the delay and the corrective measures taken;
- (11) a report on the cementing operations for each of the casing strings, containing, in particular,
 - (a) the name and contact information of the enterprise that carried out the cementing work;
 - (b) the type of cementing unit used and the method for applying the cement;
 - (c) the type of cement used, its density, its additives and their proportions, its setting time and the volume used;
 - (d) the cemented interval;
 - (e) the composition and volume of the flushing fluid and the spacing fluid used;
 - (f) the circulation pressures;
 - (g) the propping pressure applied and the duration; and
 - (h) a description of the cement return, the quantity and the retreat; if no return is observed, a description of the corrective actions taken;
- (12) the analysis results and the analysis certificates of the samples and fluid samples collected;
- (13) the interpreted well loggings, re-set in actual vertical depth, and the corrections made;
- (14) the demonstration that the centralization of the casings complies with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee;
- (15) the measured temperature and pressure to the final depth of the well;

(16) the data, recordings, results of the drill-stem tests, pressure and leak tests and other tests and their interpretation;

(17) the burning activities, the reasons justifying them and an estimate of the volume of gas burned;

(18) a geological description of the cuttings and drill cores, and a geotechnical description of the drill cores;

(19) a comparative analysis of the work carried out compared with that provided for in the technical program and the results obtained compared with those anticipated;

(20) the elements and practices that the holder intends to adopt and the parameters the holder intends to adjust from a standpoint of continued improvement for the holder's future drilling work, determined in compliance with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee;

(21) the list of the drill bits used, their type and the number of metres drilled by each;

(22) a technical description of the condition of the well after the drilling;

(23) the classification of the well determined according to Schedule 1;

(24) a longitudinal section of the well, according to the measured depth and the actual vertical depth, signed and sealed by an engineer, indicating, in particular,

(a) intersected groups, geological formations, lithological contacts and faults;

(b) zones of abnormal pressure;

(c) the diameter of the drill hole and the diameters of each of the casings and the guide tube;

(d) the location of each of the casings and the guide tube;

(e) if applicable, the depth interval of the open-hole well; and

(f) the other equipment installed or dropped in the well and not recovered;

(25) the daily tour reports;

(26) if laboratory testing has been done on the cement after the granting of the authorization, the properties of the cement determined in the laboratory;

(27) the technical reports prepared by the enterprises that carried out the work; and

(28) the type of play encountered and a comparison with a similar oil zone.

CHAPTER VIII

COMPLETION

DIVISION I

CONDITIONS FOR OBTAINING AN AUTHORIZATION

161. A licence holder who wishes to obtain a completion authorization must apply to the Minister, in writing, at least 45 days before the start of the completion work planned.

162. The application must contain

- (1) the name and contact information of the holder and the licence number;
- (2) the name and number of the well; and
- (3) the work schedule and an estimate of the realization costs.

163. The application must be accompanied by

- (1) the completion technical program provided for in section 164 signed and sealed by an engineer;
- (2) a demonstration that the distances provided for in sections 169 and 170 are met;
- (3) payment of the fee of \$2,555; and
- (4) any other information and document requested by the Minister.

164. The completion technical program must contain

- (1) the name and contact information of the engineer responsible for the technical program;
- (2) the name, profession and functions of the persons who prepared and revised the program;
- (3) the classification of the well determined according to Schedule 1;
- (4) a chronological and detailed description of the work to be carried out;
- (5) the name and contact information of the enterprises charged with carrying out the work;
- (6) a longitudinal section of the well indicating the technical elements;
- (7) the type of service device, equipment, components and casings to be used and their specifications;

- (8) the type and name of the drilling installation, its registration number, the name of its owner and the estimated number of persons on board;
- (9) the type of navigation equipment used and its specifications;
- (10) the type and name of the vessel or platform used, its registration number, the name of its owner and the estimated number of persons on board;
- (11) the type of navigation equipment used and its specifications;
- (12) for every drilling, diving and accommodation installation, a compliance certificate issued by any of the following certification authorities:
 - (a) the American Bureau of Shipping;
 - (b) the Bureau Veritas;
 - (c) DNV GL (Det norske Veritas and Germanischer Lloyd);
 - (d) Lloyd's Register North America Inc.;
- (13) the demonstration that the drilling installations are designed, fabricated and constructed according to the generally recognized best practices;
- (14) the design standards and a description of the immobilization system;
- (15) if applicable, the home port and the location of the land base for storing material and products necessary for the work;
- (16) the demonstration that the equipment, components and casings may withstand the different stresses to which they will be submitted, in particular, bursting, collapse and tension stresses;
- (17) the demonstration that the local and regional geology and the presence of adjacent drill holes have been taken into consideration in the preparation of the program;
- (18) the measures taken to ensure the integrity of the well;
- (19) the type of completion;
- (20) the degree of primary, secondary or tertiary petroleum recovery;

- (21) the geological formations intersected and the depth of the intervals of each of the completion operations, in actual vertical depth and in measured depth;
- (22) the nature, composition and concentration of the fluids used and the total volume expected during the completion work;
- (23) the demonstration that the fluid injection pressure will not reach the pressure for fracturing geological formations;
- (24) the anticipated volume and flow of flow-back water;
- (25) the type of seals installed and the installation depths;
- (26) a casing perforation program indicating, in particular, the number and the type of perforations;
- (27) the list of the planned well loggings;
- (28) the list of expected pressure and leak tests;
- (29) the list of expected injectivity tests;
- (30) the measures planned for the management of petroleum, formation fluids, drilling fluids, chemical substances and other discharges;
- (31) the meteorological and hydrographic conditions anticipated during the work;
- (32) if applicable, a description of the ice management activities;
- (33) the bathymetric map of the zone;
- (34) the nature of the surface deposits and a description of the aquatic wildlife;
- (35) the anticipated burning activities, the reasons justifying them and an estimate of the volume of gas burned;
- (36) if a simulation or modelling has been carried out, a description of the simulation or modelling and the results obtained; and
- (37) the list of references consulted during the preparation of the technical program, in particular, the standards from recognized organizations and guidelines from other Canadian jurisdictions.

Where work is planned in a temporarily closed well and the depth of the wellhead under water makes it accessible, the holder must, before it is carried out, inspect the site and the wellhead, maintain the wellhead and carry out a pressure and leak test. In that case, the technical program must also contain the annual inspection worksheet provided for in Schedule 2.

DIVISION II

TIME PERIODS AND NOTICE OF THE START OF THE WORK

165. The authorization holder must, within 12 months after the granting of the authorization, start the completion work.

The work is deemed to have started as soon as the first step provided in the work schedule is initiated.

166. The authorization holder must notify the Minister, in writing, at least 7 days before the expected date for the start of the work.

Where the holder cannot comply with the date, the holder must as soon as possible notify the Minister, in writing, indicating the reasons justifying the delay. The holder must also notify the Minister, in writing, of the new expected date for the start of the work if the date is expected within 7 days of the first notice of delay or of the holder's intent not to proceed.

167. The authorization holder must also, at least 24 hours before, notify the Minister of the straightening or towing of an installation.

SECTION III

CONDITIONS OF EXERCISE

168. The authorization holder must comply with the technical program.

The holder may modify the program by sending to the Minister a supplementary agreement signed and sealed by an engineer stating the nature of the modification and the reasons justifying it. The supplementary agreement must be sent to the Minister before carrying out the work covered by the agreement. If it is urgent to modify the technical program for safety or work quality purposes, the holder must immediately send the agreement to the Minister and justify the urgency.

169. The authorization holder may not carry out completion work in a well whose collar is at a distance less than those provided for in section 120.

The distances must be measured horizontally, in a straight line, from the collar to the nearest point of the elements referred to in the first paragraph of section 120.

The Minister may allow the reduction of the distances if the authorization holder demonstrates to the Minister that an effective protective measure reduces risks.

170. The authorization holder may not position the activity site less than 60 m from a national park or a protected area entered in the protected area register provided for in section 5 of the Natural Heritage Conservation Act (chapter C-61.01).

171. Before the start of the completion operations, the authorization holder must carry out pressure and leak tests on the casings, the strings that will be acted upon, the valve, injection and wellhead pipes or the fracturing shaft, and any other component that was not submitted to a pressure and leak test. The tests must be carried out at a pressure that allows confirmation of the integrity of the components where they are submitted to the maximum pressure provided for in the technical program.

The integrity is confirmed and the authorization holder may start the completion operations if the stabilized pressure is at least 90% of the pressure applied over an interval of 10 minutes.

172. The authorization holder must ensure that the pressure applied during the completion work does not exceed the test pressure.

173. The authorization holder must ensure that

- (1) each completion interval is isolated from any other permeable or porous interval intersected by the well, except in the case of a commingled production;
- (2) any seal is installed as close as possible to the upper level of the completion interval;
- (3) no fracturing is induced to the formation during the work; and
- (4) the indicators and alarms associated with the monitoring equipment are installed on the service device to alert onsite personnel.

174. The authorization holder must install production tubing if the fluid withdrawn or injected is corrosive for the casings.

The authorization holder must design and install the casing and production tubing so as to comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

175. The cement used must reach the minimum compressive strength of 3,500 kPa after 48 hours of hardening at the temperature of the shallowest formation to be covered.

The authorization holder must restrict the cement shrinkage process and limit to the minimum the risk of formation of a micro-annular space.

176. The authorization holder must ensure that the marine riser used

- (1) furnishes access to the well;
- (2) isolates the well from the body of water;
- (3) withstands the differential pressure of the drilling fluid relative to the body of water;
- (4) withstands the physical forces to which it will be submitted;
- (5) permits the completion fluid to be returned to the installation; and
- (6) is supported in a manner that effectively compensates for the forces caused by the motion of the drilling installation.

177. The authorization holder must use, until the end of the work, a blowout prevention system comprising at least 2 different sealing mechanisms or a wellhead designed to withstand the pressures provided for in the technical program.

178. The authorization holder must verify daily the blowout prevention system to make sure it works well. If a system component is defective, work must be suspended until the component is repaired.

179. The authorization holder must regularly inspect joints and structural elements of every equipment used to control the pressure to ensure the safe operation of the equipment.

The holder keeps a register of those inspections and maintains it until the end of the work for the permanent closure of the well.

180. The authorization holder keeps and maintains, for the duration of the completion work, registers concerning

- (1) the persons arriving, leaving or present on the vessel or platform;
- (2) the location and movement of support craft;
- (3) emergency drills and exercises carried out;
- (4) operating tests of surface and subsurface safety valves;
- (5) the inspections of the installation and related equipment for corrosion and erosion;
- (6) daily maintenance activities; and

(7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

181. Before drilling the well casing, the authorization holder must wait until the cement reaches a resistance sufficient to not compromise the integrity of the well.

DIVISION IV

DAILY REPORT AND COMPLETION REPORT

182. The authorization holder must draw up a daily report on the work and keep it on the activity site.

The daily report must contain all the elements applicable to the declared day including, in particular,

- (1) the completion authorization number;
- (2) the name of the drilling installation;
- (3) the number of persons on board;
- (4) a description, in chronological order, of the work carried out and the time required for carrying out each step of the work;
- (5) the name and contact information of the enterprises that carry out the completion work;
- (6) a summary of the meteorological conditions;
- (7) the result of all the pressure and leak tests, including their duration and the initial and final test pressures;
- (8) the operating condition of the blowout prevention system;
- (9) the well loggings carried out;
- (10) the type of seals installed and the installation depths;
- (11) the technical details of the perforations, in particular, the number, type and intervals;
- (12) the technical details of the completion by chemical stimulation, if applicable, in particular, the intervals, concentrations and volumes of acids and additives injected, the volume of flow-back water and the flows, and the injection pressures;
- (13) the volume, composition and concentration of all the products stored and used on the site;

(14) the number, interval, volume of fluid, injection rate and pressure and a summary of the results of each injectivity test;

(15) the volume and composition of the gas used, released, incinerated or burned at the flare and the reasons justifying it;

(16) the operational problems encountered and the corrective measures taken or planned;

(17) the indication of any event that disrupted the progress of the work;

(18) the abnormal meteorological conditions that caused an operation delay, in particular, due to

(a) visibility;

(b) temperature variation;

(c) wind speed or direction;

(d) the height, period and direction of the waves and swells;

(e) the size, distance and direction of ice;

(f) icing; and

(g) rolling, pitch and vertical motion of the vessel or drilling installation;

(19) if applicable, the size, distance and direction of ice;

(20) the indication of any temporary completion work interruption and the procedure followed to secure the well; and

(21) any other information deemed necessary by the Minister.

183. The authorization holder must send to the Minister, every Monday, the daily reports of the preceding week until the end of the completion work. If the Monday is a holiday, the report is sent on the first working day that follows.

184. The authorization holder must send to the Minister, within the period provided for in section 100 of the Act, a completion report signed by an engineer including, in particular,

- (1) the completion authorization number;
- (2) the type and name of the installation, its registration number and the name of its owner;
- (3) the type of navigation equipment used;
- (4) the start and end dates of the work;
- (5) a summary of the work carried out according to their chronological order;
- (6) the start and end dates of the completion work;
- (7) a summary of the abnormal meteorological conditions that caused the operation delay and the corrective measures taken;
- (8) a description of the condition of the well including a longitudinal section indicating the mechanical conditions of the well after the completion;
- (9) the classification of the well determined according to Schedule 1;
- (10) a description of the type of completion carried out and its degree of recovery, if applicable;
- (11) the results of the pressure and leak tests;
- (12) the intervals, the type of chemical completion, concentrations and volumes of acids and additives injected, the volume of flow-back water, injection rates and pressures;
- (13) the results of the injectivity tests;
- (14) the results of the other tests carried out;
- (15) the interpreted well loggings and the results of the related analyses and studies;
- (16) the analyses of recovered petroleum or water, if applicable;
- (17) the number, interval, type and pressure of each series of perforations;
- (18) the volume of flow-back water;
- (19) the burning activities, the reasons justifying them and an estimate of the volume of gas burned

- (20) a comparative analysis of the work carried out compared with that provided for in the technical program and the results obtained compared with those anticipated;
- (21) the technical reports prepared by the enterprises that carried out the work; and
- (22) if applicable, the other data collected during the completion work and their analysis.

CHAPTER IX

FRACTURING

DIVISION I

CONDITIONS FOR OBTAINING AN AUTHORIZATION

185. A licence holder who wishes to obtain a fracturing authorization must apply to the Minister, in writing, at least 60 days before the planned start of the work.

186. The application must contain

- (1) the name and contact information of the holder and the licence number;
- (2) the name and number of the well; and
- (3) the work schedule and an estimate of the realization costs.

187. The application must be accompanied by

- (1) the fracturing technical program provided for in section 188 signed and sealed by an engineer;
- (2) a demonstration that the distances provided for in sections 194 and 195 are met;
- (3) payment of the fee of \$2,555; and
- (4) any other information and document requested by the Minister.

188. The fracturing technical program must contain

- (1) the name and contact information of the engineer responsible for the technical program;
- (2) the name, profession and functions of the persons who prepared and revised the program;
- (3) the name and contact information of the enterprises charged with carrying out the work;
- (4) a chronological and detailed description of the work to be carried out;

- (5) the classification of the well determined according to Schedule 1;
- (6) a longitudinal section of the well indicating all the technical elements;
- (7) an interpreted logging of the quality of the cement bond or any other equivalent analysis of the evaluation of the production tubing or the intermediate casing, from the shallowest zone targeted containing petroleum to the top of the cement, that shows that the hydraulic isolation has been obtained;
- (8) the list of well loggings planned;
- (9) the list of pressure and leak tests and any other tests planned;
- (10) the list of fracturing tests planned, or the reasons why they are not required;
- (11) the type and name of the installation, its registration number, the name of its owner and the estimated number of persons on board;
- (12) the type of navigation equipment used and its specifications;
- (13) for every drilling, diving and accommodation installation, a compliance certificate issued by any of the following certification authorities:
 - (a) the American Bureau of Shipping;
 - (b) the Bureau Veritas;
 - (c) DNV GL (Det norske Veritas and Germanischer Lloyd);
 - (d) Lloyd's Register North America Inc.;
- (14) the demonstration that the installations are designed, fabricated and constructed according to the generally recognized best practices;
- (15) the design standards and a description of the immobilization system;
- (16) if applicable, the home port and the location of the land base for storing material and products necessary for the work;
- (17) the type of service device, equipment, components and casings to be used and their specifications;

(18) an evaluation of well integrity compliant with the Industry Recommended Practice, IRP: # 24, Fracture stimulation, published by the Drilling and Completion Committee indicating, in particular,

(a) the identification of the primary protective barrier and, if applicable, the secondary protective barrier;

(b) the maximum pressure to be used to avoid compromising the integrity of the well; and

(c) that the equipment, components and casings may withstand the conditions, forces and stresses to which they will be submitted;

(19) a description of the fracturing intervals expected, in particular, the location of the perforations, in actual vertical depth and measured depth;

(20) the number of steps planned;

(21) the nature and total volume of the fracturing fluids anticipated at each step;

(22) the pressures and fluid flows anticipated for pumping at each step;

(23) the type of fractures;

(24) the quantity of energy used for pumping at each fracturing step;

(25) a fracturing parameter monitoring program including, in particular,

(a) the surface injection pressure;

(b) the fluid flow;

(c) the concentration of proppant; and

(d) if applicable, the pressure in the annular space between the primary and secondary protective barriers;

(26) a well integrity monitoring program including, in particular,

(a) the changes in the well characteristics likely to indicate a weakness of the casings or any other aspect of the well integrity necessary for the isolation of the usable groundwater;

(b) a well casing corrosion monitoring program; and

(c) the analyses to be carried out concerning the flows of the surface casing blowholes and the migration of the gas;

(27) the following information concerning the fracturing fluids used:

(a) the commercial name of all the additives and their function;

(b) the maximum concentration of each additive and of each additive in the fracturing fluid;

(28) an evaluation of the risks related to the presence of additives in the fracturing fluids and the practices and operational audits provided for the management of the risks and including, in particular,

(a) the physical, chemical and toxicological properties of the additives in the fracturing fluid;

(b) the classification of the additives based on their chemical ingredients and their potential impact on the safety and health of persons;

(c) the identification of the additives for which specific verifications or practices are required to reduce the risks on the health of persons; and

(d) the nature of the specific verifications and practices planned;

(29) an evaluation of the propagation of the fractures including, in particular, an analysis of the communication potential between the stimulated well and the adjacent drilling holes carried out in compliance with the Industry Recommended Practice, IRP: # 24, Fracture stimulation, published by the Drilling and Completion Committee, by using the relevant data to which the holder has access;

(30) an evaluation of the capacity of the geological formations located between the petroleum zone and the base of the usable groundwater aquifer to act as a confining layer and contain the effects of the fracturing, or the reasons why it is not required; if applicable, the evaluation must contain, in particular,

(a) an analysis of the mobility of the fracturing fluid in the zone located between the petroleum zone and the base of the usable groundwater;

(b) an analysis of the location and extent of the geological faults and the zones comprising natural fractures; and

(c) an analysis distance covering double the half length of the fracture planned over the entire depth of the drill hole;

(31) a seismicity analysis based, in particular, on

(a) the normal local and regional seismic activity determined from the historical data available;

- (b) the pre-existing geological constraints near the fracturing work contemplated;
 - (c) the evaluation of the risk of seismicity induced by the fracturing work; and
 - (d) the evaluation of the probability that an induced earthquake of a magnitude greater than normal occurs;
- (32) the measures planned for the management of petroleum, formation fluids, drilling fluids, chemical substances and other discharges;
- (33) the meteorological and hydrographic conditions anticipated during the work;
- (34) if applicable, a description of the ice management activities;
- (35) the bathymetric map of the zone;
- (36) the nature of the surface deposits and a description of the aquatic wildlife;
- (37) the anticipated burning activities, the reasons justifying them and an estimate of the volume of gas burned;
- (38) if a simulation or modelling has been carried out, a description of the simulation or modelling and the results obtained; and
- (39) the list of references consulted during the preparation of the technical program, in particular, the standards from recognized organizations and guidelines from other Canadian jurisdictions.

Where the holder observes a probability of an induced seismicity of a magnitude greater than the normal seismic activity, the technical program must also contain a plan for the monitoring, mitigation and response to the induced seismicity including, in particular,

- (1) a quality and quantity monitoring plan that covers a radius of 10 km from the fracturing zone, including, in particular,
- (a) a map of the temporary or permanent seismic monitoring equipment stations;
 - (b) the specifications of the seismic monitoring equipment, the data transmission method and their accuracy in measuring the location, depth and magnitude of a seismic activity;
 - (c) the monitoring procedure, identification of the persons responsible and the speed of the detection and location of an earthquake and the communication of the information; and

(d) a monitoring period comprised between the start of the work and the shortest of the following periods:

- i. 60 days after the end of the fracturing work;
- ii. the end of the return of the flow-back water to the surface; and

(2) the measures applicable if the recorded magnitude of the induced seismic activity exceeds those provided for in section 206.

Where work is planned in a temporarily closed well and the depth of the wellhead under water makes it accessible, the holder must, before it is carried out, inspect the site and the wellhead, maintain the wellhead and carry out a pressure and leak test. In that case, the technical program must also contain the annual inspection worksheet provided for in Schedule 2.

189. If a licence holder applies for a fracturing authorization 5 years or more after the initial cementing of the well casing, the holder must also provide in the technical program a demonstration that the cementing of the well and casings used are in good order, in particular, to preserve the integrity of the well during the fracturing work.

DIVISION II

TIME PERIODS AND NOTICE OF THE START OF THE WORK

190. The authorization holder must, within 12 months after the granting of the authorization by the Minister, start the fracturing work.

The work is deemed to have started as soon as the first step provided in the work schedule is initiated.

191. The authorization holder must, at least 7 days before, notify the Minister of the start of the fracturing work.

Where the holder cannot comply with the date, the holder must as soon as possible notify the Minister, in writing, indicating the reasons justifying the delay. The holder must also notify the Minister, in writing, of the new expected date for the start of the work if the date is expected within 7 days of the first notice of delay or of the holder's intent not to proceed.

192. The authorization holder must also, at least 24 hours before, notify the Minister of the straightening or towing of an installation.

DIVISION III**CONDITIONS OF EXERCISE**

193. The authorization holder must comply with the technical program.

The holder may modify the program by sending to the Minister a supplementary agreement signed and sealed by an engineer stating the nature of the modification and the reasons justifying it. The supplementary agreement must be sent to the Minister before carrying out the work covered by the agreement. If it is urgent to modify the technical program for safety or work quality purposes, the holder must immediately send the agreement to the Minister and justify the urgency.

194. The authorization holder may not carry out fracturing work in a well whose collar is at a distance less than those provided for in section 120.

The distances must be measured horizontally, in a straight line, from the collar to the nearest point of the elements referred to in the first paragraph of section 193.

The Minister may allow the reduction of the distances if the authorization holder demonstrates to the Minister that an effective protective measure reduces risks.

195. The authorization holder may not position the activity site less than 60 m from a national park or a protected area entered in the protected area register provided for in section 5 of the Natural Heritage Conservation Act (chapter C-61.01).

196. The casings, components and equipment used by the authorization holder must be designed, built, tested, maintained and used so as to ensure the integrity of the well during the fracturing work.

The surface casing and the cement forming it are not protective barriers and must not be exposed to pressures created by the fracturing work.

197. Where the authorization holder holds an exploration licence, the casings, components and equipment the holder uses must be designed so as to serve as primary and secondary protective barriers during the fracturing work.

The Minister may exempt the holder from that requirement if the holder demonstrates to the Minister that the protections in place are sufficient.

198. Before the start of the fracturing operations, the authorization holder must carry out pressure and leak tests on the casings, the strings that will be acted upon, the valve, injection and wellhead pipes and any other component that will be acted upon that was not submitted to a pressure and leak test. The tests must be carried out at a pressure that allows confirmation of the integrity of the components where they are submitted to the maximum pressure provided for in the technical program.

The integrity is confirmed and the holder may start the fracturing operations if the stabilized pressure is at least 90% of the pressure applied over a minimum interval of 10 minutes.

199. Before the start of the fracturing operations, the authorization holder must carry out at least 1 fracturing test.

The Minister may exempt the holder from that requirement if the holder demonstrates to the Minister that a test in the same geological formation has already been carried out in the same conditions.

200. The authorization holder must ensure that the marine riser used

- (1) furnishes access to the well;
- (2) isolates the well from the body of water;
- (3) withstands the differential pressure of the fracturing fluid relative to the body of water;
- (4) withstands the physical forces to which it will be submitted;
- (5) permits the fracturing fluid to be returned to the installation; and
- (6) is supported in a manner that effectively compensates for the forces caused by the motion of the drilling installation.

201. The authorization holder must use, until the temporary or permanent stop of the fracturing work, a blowout prevention system comprising at least 2 different sealing mechanisms or a wellhead designed to withstand the anticipated pressures.

202. The authorization holder must verify daily the blowout prevention system to make sure it works well. If a system component is defective, work must be suspended until the component is repaired.

203. The authorization holder must regularly inspect joints and structural elements of every equipment used to control the pressure to ensure the safe operation of the equipment.

The holder keeps a register of those inspections and maintains it until the end of the work for the permanent closure of the well.

204. The authorization holder must ensure that the indicators and alarms associated with the monitoring equipment are installed on the service device to alert onsite personnel.

205. The authorization holder must, if applicable, keep the plan for the monitoring, mitigation and response to an induced seismicity at all times on the activity site.

206. If an earthquake of a 2.0 magnitude or more is detected and the epicentre is located within a radius of 10 km from the fracturing zone, the authorization holder must implement a monitoring, mitigation and response plan so as to eliminate or reduce the possibility of other seismic events resulting from the fracturing operations.

If an earthquake of a 4.0 magnitude or more is detected and the epicentre is located within a radius of 10 km from the fracturing zone, the holder must immediately interrupt the fracturing work and secure the well.

The holder immediately sends an incident notice to the Minister.

207. Following an interruption provided for in the second paragraph of section 206, the authorization holder who wishes to resume fracturing work must submit to the Minister, for approval, a supplementary agreement to the holder's technical program to reduce future induced seismicity at a local magnitude of less than 4.0.

The holder resumes the work when the holder implements the corrective measures to the Minister's satisfaction.

208. The authorization holder keeps and maintains, for the duration of the work, registers concerning

- (1) the persons arriving, leaving or present on the vessel or platform;
- (2) the location and movement of support craft;
- (3) emergency drills and exercises carried out;
- (4) operating tests of surface and subsurface safety valves;
- (5) the inspections of the installation and related equipment for corrosion and erosion;
- (6) daily maintenance activities; and

(7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

DIVISION IV

DAILY REPORT AND COMPLETION REPORT

209. The authorization holder must draw up a daily report of the work and keep it on the activity site.

The daily report must contain all the elements applicable to the declared day including, in particular,

- (1) the fracturing authorization number;
- (2) the name of the drilling installation;
- (3) the number of persons on board:

- (4) the square-drive bushing;
- (5) a description, in chronological order, of the work carried out and the time required for carrying out each step;
- (6) the name and contact information of the enterprises carrying out the fracturing work;
- (7) a summary of the meteorological conditions;
- (8) the result of the pressure and leak tests, including the duration and the initial and final test pressures;
- (9) the operating condition of the blowout prevention system;
- (10) the well loggings carried out;
- (11) the type of seals installed and the installation depths;
- (12) the volume, composition and concentration of all the products stored and used on the site;
- (13) the volume, duration, flow and composition of the flow-back water;
- (14) the number, interval, volume of fluid, injection flow and pressure and a summary of the results of the fracturing tests;
- (15) the measurements of the extension and orientation of induced fractures;
- (16) the volume and composition of the gas used, released, incinerated or burned at the flare and the reasons justifying it;
- (17) the operational problems encountered and the corrective measures taken or planned;
- (18) the indication of any event that disrupted the progress of the work;
- (19) the abnormal meteorological conditions that caused a work delay, in particular, due to
 - (a) visibility;
 - (b) temperature variation;
 - (c) wind speed or direction;
 - (d) the height, period and direction of the waves and swells;

- (e) the size, distance and direction of ice;
- (f) icing; and
- (g) rolling, pitch and vertical motion of the vessel or drilling installation;

(20) the indication of any temporary interruption of the fracturing work and the procedure followed to secure the well; and

(21) any other information or document deemed necessary by the Minister.

210. The authorization holder must send to the Minister, every Monday, the daily reports of the preceding week until the end of the fracturing work. If the Monday is a holiday, the report is sent on the first working day that follows.

211. The authorization holder must send to the Minister, within the period provided for in section 100 of the Act, a completion report signed by an engineer including, in particular,

- (1) the fracturing authorization number;
- (2) the type and name of the installation, its registration number and the name of its holder;
- (3) the type of navigation equipment used;
- (4) the start and end dates of the work;
- (5) a summary of the work carried out according to the chronological order;
- (6) a summary of the abnormal meteorological conditions that caused a work delay and the corrective measures taken;
- (7) a description of the condition of the well including a longitudinal section indicating the mechanical conditions of the well after the fracturing;
- (8) the classification of the well determined according to Schedule 1;
- (9) the result of the pressure and leak tests, including their duration, and the initial and final test pressures;

- (10) the results of the fracturing tests including, in particular,
- (a) the number and duration of the tests;
 - (b) the volumes and flows of the injected fluid per test;
 - (c) the measured pressure on the surface and at the bottom of the well;
 - (d) the test interval, in metre of measured depth;
 - (e) the formation temperature;
 - (f) the indication of the presence of flow-back water or a fracture that closed up by natural leakage;
 - (g) the indication of any problem encountered and its potential impact on the test results;
 - (h) the interpretation and analysis of the test results, including, in particular,
 - i. the measured constraints;
 - ii. a description and justification of the analysis and interpretation techniques; and
 - iii. the identification and analysis of any unexpected result; and
 - (i) the raw test data, in particular,
 - i. the date of the test;
 - ii. the test depth, in metre of measured depth;
 - iii. the test data, including the time elapsed, the wellhead pressure, the pressure at the bottom of the well, the injection flow, the blow-back pressure and the temperature;
- (11) the number, interval, type and pressure of each series of perforations;
- (12) the start and end dates of each fracturing step;
- (13) the maximum and average processing flow of each fracturing step;
- (14) the maximum and average processing pressure of each fracturing step;
- (15) the duration of the return of the flow-back water to the surface, the total volume recovered, the average flow and the composition;

- (16) a comparative analysis of the work carried out compared with that provided for in the technical program and the results obtained compared with those anticipated;
- (17) the flow-back volume estimating the volume of injected fluid that returned to the surface and the volume that remained in the formation;
- (18) the interpreted well loggings and the results of the related analyses and studies;
- (19) the analyses of the petroleum or water recovered, if applicable;
- (20) the data collected during the fracturing work, in particular, the fracturing parameter monitoring data;
- (21) the burning activities, the reasons justifying them and an estimate of the volume of gas burned;
- (22) if applicable, the raw and interpreted seismic monitoring data;
- (23) the comparative analysis of the reaction of the geological formations compared to the reaction anticipated;
- (24) the technical reports prepared by the enterprises that carried out the work;
- (25) the follow-up after an incident referred to in sections 212 and 213; and
- (26) if applicable, the other data collected during the fracturing activities.

DIVISION V

NOTICE TO THE MINISTER

212. The authorization holder must immediately notify the Minister where any of the following incidents occurs:

- (1) the maximum pressure provided for in the technical program is exceeded;
- (2) the volume of fluid rising to the surface exceeds the volume anticipated;
- (3) the holder has reasons to suspect a flaw in the casing or the casing cement, or the absence of isolation of a source of usable groundwater.

213. When the authorization holder observes an involuntary entry of any formation fluid inside an adjacent drill hole, the authorization holder must immediately notify the person responsible for the drill hole and the Minister.

CHAPTER X

RECONDITIONING

DIVISION I

CONDITIONS FOR OBTAINING AN AUTHORIZATION

214. A licence holder who wishes to obtain a reconditioning authorization must apply to the Minister, in writing, at least 45 days before the planned start of the work.

215. The application must contain

- (1) the name and contact information of the holder and the licence number;
- (2) the well name, number and type; and
- (2) the work schedule and an estimate of the realization costs.

216. The application must be accompanied by

- (1) the reconditioning technical program provided for in section 217 signed and sealed by an engineer;
- (2) payment of the fee of \$4,426; and
- (3) any other information and document requested by the Minister.

217. The reconditioning technical program must contain

- (1) the name and contact information of the engineer responsible for the technical program;
- (2) the name, profession and functions of the persons who prepared and revised the program;
- (3) a chronological and detailed description of the work to be carried out;
- (4) the classification of the well determined according to Schedule 1;
- (5) the name and contact information of the enterprises charged with carrying out the work;
- (6) the type and name of the installation, its registration number, the name of its owner and the estimated number of persons on board;
- (7) the type of navigation equipment used and its specifications;

(8) for every drilling, diving and accommodation installation, a compliance certificate issued by any of the following certification authorities:

- (a) the American Bureau of Shipping;
- (b) the Bureau Veritas;
- (c) DNV GL (Det norske Veritas and Germanischer Lloyd);
- (d) Lloyd's Register North America Inc.;

(9) the design standards and a description of the immobilization system;

(10) if applicable, the home port and the location of the land base for storing material and products necessary for the work;

(11) the demonstration that the regional and local geology and the presence of adjacent drill holes have been taken into consideration;

(12) the reasons justifying the reconditioning;

(13) the purpose of the reconditioning;

(14) a longitudinal section of the well indicating the technical elements;

(15) the list of pressure and leak tests, and the list of other tests planned;

(16) the list of well loggings planned;

(17) the type of service device and equipment to be used and their specifications;

(18) the intervals to be the subject of reconditioning;

(19) a description of the fluids used;

(20) the pressure at the closed wellhead and the shut-in pressure of the well;

(21) the demonstration that the equipment, components and casings may withstand the different stresses to which they will be submitted, in particular, bursting, collapse and tension stresses;

- (22) if applicable, a cementing program including, in particular,
 - (a) the type of cementing;
 - (b) the cementing intervals;
 - (c) the method for applying the cement;
 - (d) the type of cement, its density, its additives and their proportions, its setting time, the flow and pressure used and the volume that remained in the well and the volume that rose to the surface;
 - (e) if applicable, the maximum pressure for injecting the cement; and
 - (f) the changes to the cement required, if applicable, due to specific physical and chemical conditions of the environment, or to give the cement specific properties;
- (23) a well integrity verification and follow-up program;
- (24) any specific condition that could affect the safety of the work on the well;
- (25) an evaluation of the impact of the proposed work on the optimal recovery of the resource;
- (26) the meteorological and hydrographic conditions anticipated for the work period;
- (27) if applicable, a description of the ice management activities;
- (28) the bathymetric map of the area;
- (29) the nature of the surface deposits and a description of the aquatic wildlife;
- (30) the anticipated burning activities, the reasons justifying them and an estimate of the volume of gas burned; and
- (31) the list of references consulted during the preparation of the technical program, in particular, the standards from recognized organizations and guidelines from other Canadian jurisdictions.

Where work is planned in a temporarily closed well and the depth of the wellhead under the water makes it accessible, the holder must, before it is carried out, inspect the site and the wellhead, maintain the wellhead and carry out a pressure and leak test. In that case, the technical program must also contain the annual inspection worksheet provided for in Schedule 2.

DIVISION II

TIME PERIODS AND NOTICE OF THE START OF THE WORK

218. The authorization holder must, within 12 months after the granting of the authorization, start the reconditioning.

The work is deemed to have started as soon as the first step provided in the work schedule is initiated.

219. The authorization holder must, at least 7 days before, notify the Minister of the start date of the reconditioning.

Where the holder cannot comply with the date, the holder must as soon as possible notify the Minister, in writing, indicating the reasons justifying the delay. The holder must also notify the Minister, in writing, of the new expected date for the start of the work if the date is expected within 7 days of the first notice of delay or of the holder's intent not to proceed.

220. The authorization holder must also, at least 24 hours before, notify the Minister of the straightening or towing of an installation.

DIVISION III

CONDITIONS OF EXERCISE

221. The authorization holder must comply with the technical program.

The holder may modify the program by sending to the Minister a supplementary agreement signed and sealed by an engineer stating the nature of the modification and the reasons justifying it. The supplementary agreement must be sent to the Minister before carrying out the work covered by the agreement. If it is urgent to modify the technical program for safety or work quality purposes, the holder must immediately send the agreement to the Minister and justify the urgency.

222. The authorization holder must carry out the reconditioning so as to

- (1) ensure the safety of the work;
- (2) not compromise the capacity of the well to withstand potential conditions, forces and stresses;
- (3) ensure a sufficient resistance to fluid kicks;
- (4) protect the integrity of the usable groundwater and the body of water; and
- (5) ensure that the petroleum zones and aquifer layers are isolated from one another.

223. The authorization holder must use, until the temporary or permanent stop of the work, a blowout prevention system comprising at least 2 different sealing mechanisms or a wellhead designed to withstand the pressures provided for in the technical program.

224. The authorization holder must verify daily the blowout prevention system to make sure it works well. If a system component is defective, work must be suspended until the component is repaired.

225. The authorization holder must regularly inspect joints and structural elements of every equipment used to control the pressure to ensure the safe operation of the equipment.

The holder keeps a register of those inspections and maintains it until the end of the work for the permanent closure of the well.

226. The authorization holder must ensure that the indicators and alarms associated with the monitoring equipment are installed on the service device to alert onsite personnel.

227. The authorization holder must ensure that the marine riser used

- (1) furnishes access to the well;
- (2) isolates the well from the body of water;
- (3) withstands the differential pressure of the reconditioning fluid relative to the body of water;
- (4) withstands the different forces to which it will be submitted;
- (5) permits the completion fluid to be returned to the installation; and
- (6) is supported in a manner that effectively compensates for the forces caused by the motion of the drilling installation.

228. The authorization holder keeps and maintains, for the duration of the work, registers concerning

- (1) the persons arriving, leaving or present on the vessel or platform;
- (2) the location and movement of support craft;
- (3) emergency drills and exercises carried out;
- (4) operating tests of surface and subsurface safety valves;
- (5) the inspections of the installation and related equipment for corrosion and erosion;
- (6) daily maintenance activities; and
- (7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

DIVISION IV**DAILY REPORT AND COMPLETION REPORT**

229. The authorization holder must draw up a daily report of the work and keep it on the activity site.

The daily report must contain all the elements applicable to the declared day including, in particular,

- (1) the reconditioning authorization number;
- (2) the name of the drilling installation;
- (3) the number of persons on board;
- (4) the square-drive bushing;
- (5) a description, in chronological order, of the work carried out and the time required for carrying out each step;
- (6) the name and contact information of the enterprises carrying out the reconditioning;
- (7) a summary of the meteorological conditions;
- (8) the result of the pressure and leak tests, including the duration and the initial and final test pressures;
- (9) the result of any other test carried out;
- (10) the operating condition of the blowout prevention system;
- (11) the well loggings carried out;
- (12) the type of seals installed and the installation depths;
- (13) the volume, composition and concentration of the reconditioning fluids;
- (14) the volume and composition of the gas used, released, incinerated or burned at the flare and the reasons justifying it;
- (15) the operational problems encountered and the corrective measures taken or planned;
- (16) the indication of any event that disrupted the progress of the work;

(17) the abnormal meteorological conditions that caused a work delay, in particular, due to

- (a) visibility;
- (b) temperature variation;
- (c) wind speed or direction;
- (d) the height, period and direction of the waves and swells;
- (e) the size, distance and direction of ice;
- (f) icing; and
- (g) rolling, pitch and vertical motion of the vessel or platform;

(18) the indication of any temporary interruption of the reconditioning and the procedure followed to secure the well; and

(19) any other information or document deemed necessary by the Minister.

230. The authorization holder must send to the Minister, every Monday, the daily reports of the preceding week until the end of the reconditioning. If the Monday is a holiday, the report is sent on the first working day that follows.

231. The authorization holder must send to the Minister, within the period provided for in section 100 of the Act, a completion report signed by an engineer including, in particular,

- (1) the reconditioning authorization number;
- (2) the type and name of the installation, its registration number and the name of its owner;
- (3) the type of navigation equipment used;
- (4) the start and end dates of the work;
- (5) a summary of the work carried out according to the chronological order;
- (6) a summary of the abnormal meteorological conditions that caused a work delay and the corrective measures taken;
- (7) a description of the condition of the well including a longitudinal section indicating the mechanical conditions of the well after the reconditioning;

- (8) the classification of the well determined according to Schedule 1;
- (9) the result of the pressure and leak tests, including their duration, and the initial and final test pressures;
- (10) the results of any other test carried out,
- (11) a comparative analysis of the work carried out compared with that provided for in the technical program and the results obtained compared with those anticipated;
- (12) the interpreted well loggings and the results of the related analyses and studies;
- (13) the burning activities, the reasons justifying them and an estimate of the volume of gas burned;
- (14) the technical reports prepared by the enterprises that carried out the work; and
- (15) if applicable, the other data collected during the reconditioning activities.

CHAPTER XI

PETROLEUM EXTRACTION TESTS AND USE OF AN UNDERGROUND RESERVOIR

DIVISION I

PETROLEUM EXTRACTION TEST PROGRAM

232. An exploration licence holder who wishes to carry out petroleum extraction tests must submit a petroleum extraction test technical program, for approval, to the Minister at least 30 days before the expected date for the start of the installation of the equipment needed.

233. The test technical program must be signed and sealed by a geologist or an engineer and contain

- (1) the name and contact information of the holder and the licence number;
- (2) the name and number of the well;
- (3) the planned duration of the tests and an estimate of the realization costs;
- (4) the name and contact information of the geologist or engineer responsible for the tests;
- (5) a chronological and detailed description of the tests to be carried out;
- (6) the classification of the well determined according to Schedule 1;

- (7) the name and contact information of the enterprise charged with carrying the tests;
- (8) the name of the vessel or platform used, its registration number, the name of its owner and the estimated number of persons on board;
- (9) the type of navigation equipment used and its specifications;
- (10) the depth interval and a description of the geological formations and the zones subject to the tests;
- (11) the geological, geophysical, petrophysical and hydrostatic information and the drilling results justifying the tests;
- (12) a description of the current condition of the well;
- (13) if a seismic profile has been carried out, the interpreted profile indicating the location of the zones subject to the tests;
- (14) the methods planned to dispose of the substances extracted; and
- (15) any other information or document deemed necessary by the Minister.

DIVISION II

UNDERGROUND RESERVOIR TRIAL TEST PROGRAM

234. An exploration licence holder who wishes to carry out trial tests must submit an underground reservoir trial test technical program for the approval of the Minister at least 30 days before the expected start date of the installation of the necessary equipment.

235. The test technical program must be signed and sealed by a geologist or an engineer and contain

- (1) the name and contact information of the holder and the licence number;
- (2) the name and number of the well;
- (3) the planned duration of the tests and an estimate of the realization costs;
- (4) the name and contact information of the geologist or engineer responsible for the tests;
- (5) a chronological and detailed description of the tests to be carried out;
- (6) the classification of the well determined according to Schedule 1;
- (7) the name and contact information of the enterprise charged with carrying out the tests;

- (8) the type and name of the vessel or platform used, its registration number, the name of its owner and the estimated number of persons on board;
- (9) the type of navigation equipment used and its specifications;
- (10) a description of the underground reservoir subject to the tests;
- (11) the geological, geophysical, petrophysical and hydrostatic information and the drilling results justifying the tests;
- (12) a description of the current condition of the wells;
- (13) at least 3 interpreted seismic profiles indicating the location in the subsurface of the underground reservoir subject to the tests and the well seismic cushioning;
- (14) the estimated capacity of the underground reservoir on the basis of a modelling;
- (15) the shut-in pressure of the underground reservoir recorded at the well subject to the tests;
- (16) the nature and properties of the substances stored or disposed of in the underground reservoir during the test period;
- (17) the injection method and the volume and pressure of the substances injected in the underground reservoir during the tests;
- (18) the methods planned for disposing of the substances withdrawn; and
- (19) any other information or document deemed necessary by the Minister.

DIVISION III

TIME PERIODS AND NOTICE OF THE START OF THE WORK

236. An exploration licence holder who carries out petroleum extraction tests or underground reservoir trial tests must, at least 7 days before the expected start date of the installation work of the equipment necessary for that purpose, notify the Minister in writing.

Where the holder cannot comply with the date, the holder must as soon as possible notify the Minister, in writing, indicating the reasons justifying the delay. The holder must also notify the Minister, in writing, of the new expected date for the start of the work if the date is expected within 7 days of the first notice of delay or of the holder's intent not to proceed.

DIVISION IV**CARRYING OUT OF PETROLEUM EXTRACTION TESTS AND UNDERGROUND RESERVOIR TRIAL TESTS**

237. The maximum duration of a test period is 240 consecutive days for the petroleum extraction tests and 365 consecutive days for the underground reservoir trial tests.

The test period begins on the first day on which an exploration licence holder carries out petroleum extraction tests or underground reservoir trial tests and ends on the day on which the holder completely ceases to carry out the tests.

238. An exploration licence holder who carries out tests must comply with the test technical program approved by the Minister.

The holder may modify the program by sending to the Minister a supplementary agreement signed and sealed by a geologist or an engineer stating the nature of the modification and the reasons justifying it. The supplementary agreement must be sent to the Minister before carrying out the work covered by the agreement. If it is urgent to modify the technical program for safety or work quality purposes, the holder must immediately send the agreement to the Minister and justify the urgency.

239. An exploration licence holder who carries out tests must use

- (1) a bottom safety valve that closes the well above the seal; and
- (2) a wellhead equipped with a valve that may be handled remotely and can close automatically, in the case of tests in a well drilled using a floating drilling installation.

240. An exploration licence holder who carries out tests must ensure that

- (1) the equipment used is designed so as to properly evaluate the formation;
- (2) the equipment rated pressure upstream of and including the well testing manifold exceeds the maximum anticipated shut-in pressure; and
- (3) the equipment downstream of the well testing manifold is sufficiently protected against overpressure.

241. An exploration licence holder who carries out tests must ensure that every person present at the installations has successfully completed awareness training respecting hydrogen sulfide (H₂S).

242. An exploration licence holder who carries out tests keeps and maintains, for the duration of the tests, registers concerning

- (1) the persons arriving, leaving or present on the vessel or platform;

- (2) the location and movement of support craft;
- (3) emergency drills and exercises carried out;
- (4) operating tests of surface and subsurface safety valves;
- (5) the inspections of the installation and related equipment for corrosion and erosion;
- (6) daily maintenance activities; and

(7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

DIVISION V

DAILY REPORT AND TEST COMPLETION REPORT

243. An exploration licence holder who carries out petroleum extraction test or underground reservoir trial tests must draw up a daily report of the tests and keep it on the activity site.

The daily report must contain all the elements applicable to the declared day including, in particular,

- (1) the name and contact information of the holder and the licence number;
- (2) the volumes and flows of petroleum and other fluids extracted, injected, withdrawn and disposed of in the well;
- (3) the volume and composition of the gas used, released, incinerated or burned at the flare;
- (4) the operational problems encountered and the corrective measures taken or planned;
- (5) the indication of any event that disrupted the progress of the work; and
- (6) any other information or document deemed necessary by the Minister.

244. An exploration licence holder who carries out tests must send to the Minister, every Monday, the daily reports of the preceding week until the end of the test period. If the Monday is a holiday, the report is sent on the first working day that follows.

245. An exploration licence holder who carries out tests must, within 30 days after the end of the test period, send to the Minister a test completion report signed by a geologist or an engineer including, in particular,

- (1) the name and contact information of the holder and the licence number;
- (2) a summary of the activities related to the tests;
- (3) a technical description of all the tests carried out;
- (4) the results obtained during the tests, in particular,
 - (a) the average daily pressures registered at the wellhead;
 - (b) the average daily flows measured;
 - (c) the volumes of fluids extracted, injected, withdrawn and disposed of;
 - (d) in the case of petroleum extraction tests, the decline curve, the deliverability curve of the well flow and the pressure rise curve;
 - (e) in the case of underground reservoir trial tests, the deliverability decline curve and the pressure rise curve; and
 - (f) for a gas well, the absolute open-flow potential;
- (5) the realization cost of the tests carried out;
- (6) the methods used to dispose of the substances extracted;
- (7) the results of the analyses carried out including, in particular, the composition of the fluids extracted, injected, withdrawn and disposed of;
- (8) the classification of the well determined according to Schedule 1; and
- (9) the technical reports prepared by the enterprises that carried out the work.

CHAPTER XII

SPECIFIC REQUIREMENTS RELATING TO THE PRODUCTION

DIVISION I

PETROLEUM PRODUCTION TESTS

246. A production licence holder must carry out production tests for all the wells that were not subject to extraction tests so as to determine

- (1) the nature of the fluids therein;

(2) the petroleum production capacity per day, in m³, and the volume of water associated with that production; and

(3) the new geological, hydrostatic, petrophysical and geophysical characteristics of the pool.

247. A production licence holder must measure the shut-in pressure of the pool before and after the production test.

248. A production licence holder must carry out, every 3 months, a test in normal production conditions of a maximum duration of 24 hours for each well connected to a bank to determine the petroleum and water production rate.

The holder uses the results of those tests to allocate the monthly production of the bank between the various wells connected to it, if applicable.

On the application of the holder, the Minister may reduce the frequency of the tests. The holder's application must contain

- (1) the anticipated frequency of the tests and the method to be used;
- (2) a summary of the accuracy of the tests;
- (3) the reasons justifying the reduction of the frequency of the tests; and
- (4) any other information or document requested by the Minister.

The term "bank" means the storage facilities that receive the production from one or more wells and include the equipment for separating the petroleum from the other fluids and to measure them.

249. During the tests, a production licence holder must measure the pressure interference from one well to the other.

250. A production licence holder must notify the Minister, at least 7 days before, of the date and time planned for the carrying out of the tests.

251. An exploration licence holder who carries out tests must use

- (1) a bottom safety valve that closes the well above the seal; and
- (2) a wellhead equipped with a valve that may be handled remotely and can close automatically, in the case of tests in a well drilled using a floating drilling installation.

252. A production licence holder who carries out tests must ensure that every person present at the installations has successfully completed awareness training respecting hydrogen sulfide (H₂S).

253. A production licence holder keeps and maintains, for the duration of the tests, registers concerning

(1) the persons arriving, leaving or present on the vessel or platform;

(2) the location and movement of support craft;

(3) emergency drills and exercises carried out;

(4) operating tests of surface and subsurface safety valves;

(5) the inspections of the installation and related equipment for corrosion and erosion;

(6) daily maintenance activities; and

(7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

254. A production licence holder must send to the Minister the results of the tests carried out and any other information deemed necessary by the Minister, within 30 days after the end of the tests.

DIVISION II

PRODUCING WELL

255. A production licence holder must carry out production loggings before ceasing operations of a producing well.

256. A production licence holder must, for each well in production during the year, measure its shut-in pressure during the first and last months of the year.

DIVISION III

PETROLEUM ENHANCED RECOVERY

257. A production licence holder who wishes to carry out a petroleum enhanced recovery project must submit an enhanced recovery technical program signed and sealed by an engineer for the approval of the Minister at least 30 days before the start of the work necessary for the project.

258. The enhanced recovery technical program must contain

(1) the name and contact information of the holder and the licence number;

- (2) the name of the wells concerned by the project;
- (3) the classification of the wells determined according to Schedule 1;
- (4) a map at a scale sufficient to show the area in which the project must be carried out and the boundaries of the pool;
- (5) a diagram showing the wells and the well injection completion methods, if applicable;
- (6) a diagram showing the water injection, treatment and measuring installations and the configuration and rated working pressure of the pipes and equipment;
- (7) the anticipated method for controlling corrosion in the wells, collecting pipes and surface installations;
- (8) a geological and technical analysis including, in particular,
 - (a) a longitudinal section of the pool indicating the top and base of the reservoir and the distribution of the fluids;
 - (b) a map at a scale sufficient to show the characteristics of the reservoir, in particular, the structure of the top, the size of the pores and permeability capacity;
 - (c) production and total recovery forecasts;
 - (d) the source of the injection fluid and a demonstration of its compatibility with the rocks and fluids of the reservoir;
 - (e) the estimated injection rate of each of the injection wells and their injection pressure at the wellhead;
 - (f) the recovery forecasts and simulation models, if applicable; and
 - (g) the measured or estimated pressure of the reservoir in the area of the project and the pressure of the reservoir as part of the enhanced recovery;
- (9) the activities schedule, in particular, the drilling, completion and installation construction activities related to the project; and
- (10) any other information or document deemed necessary by the Minister.

259. A production licence holder who carries out a petroleum enhanced recovery project must, at least 7 days before the expected date for the start of the petroleum enhanced recovery, notify the Minister in writing.

The holder also notifies the Minister 15 days before temporarily or permanently ceasing the activities by indicating the reasons justifying the cessation.

260. Before starting the injection in a directional or horizontal drilling, a production licence holder must carry out a diametrical well logging in the injection wells and send the interpreted diametrical well logging to the Minister.

The holder may start petroleum enhanced recovery if no deformity has been identified on the casing and if the well is clean.

CHAPTER XIII

AUTHORIZATION TO PRODUCE BRINE

DIVISION I

CONDITIONS FOR OBTAINING AN AUTHORIZATION

261. No person may produce brine in a body of water.

CHAPTER XIV

WELL CLOSURE

DIVISION I

TEMPORARY OR PERMANENT CLOSURE AUTHORIZATION

§1. *Temporary closure authorization*

§§1. *Conditions for obtaining an authorization*

262. A licence holder must temporarily close the well on the expiry of a period of 12 consecutive months without activity in the well. The Minister may, however, grant an additional period if the holder demonstrates that exceptional circumstances warrant it.

263. On request and after analysis of the annual report provided for in section 157, the Minister may, in the case of an observation well, exempt a licence holder from the requirement to temporarily close the well for the current year where the holder demonstrates the integrity of the well and justifies its use for monitoring the pool or the underground reservoir.

264. A licence holder who must obtain a temporary well closure authorization must apply to the Minister, in writing, at least 30 days before the start of the work.

265. The application must contain

- (1) the name and contact information of the holder and the licence number;
- (2) the name of the well; and
- (3) the work schedule and an estimate of the realization costs.

266. The application must be accompanied by

- (1) the temporary closure technical program provided for in section 267 signed and sealed by an engineer;
- (2) payment of the fee of \$2,058; and
- (3) any other information or document requested by the Minister.

267. The temporary closure technical program must contain

- (1) the name and contact information of the engineer responsible for the program;
- (2) the name, profession and functions of the persons who prepared or revised the program;
- (3) the type and name of the drilling installation, its registration number, the name of its owner and the estimated number of persons on board;
- (4) the classification of the risk potential of the well determined according to Schedule 4;
- (5) the condition of the well before the work for the temporary closure;
- (6) the classification of the well determined according to Schedule 1 ;
- (7) a chronological and detailed description of the work to be carried out;
- (8) a description of the activity site restoration work to maintain the quality of the natural landscape, minimize impact on wildlife and harmonize the activity site with the use of the territory, and a plan presenting the work including, in particular,
 - (a) the procedure for dismantling installations and, if applicable, the procedure for dismantling the supply cable;
 - (b) the rehabilitation of contaminated land;

- (c) the purge of pipes; and
 - (d) the withdrawal of equipment and facilities;
- (9) a description of the immobilization system;
- (10) if applicable, the home port and the location of the land base for storing material and products necessary for the work
- (11) a bathymetric map of the area in which the well is located;
- (12) the name and contact information of the enterprise charged with carrying out the work;
- (13) a longitudinal section indicating, in particular, the anticipated mechanical conditions of the well after the closure and the various geological formations intersected and their respective pressures;
- (14) the type of service device and equipment to be used and their specifications, in particular, the configuration of the wellhead and the surface casing blowhole;
- (15) the demonstration that, before carrying out the work for the temporary closure, the well did not present any risks within the meaning of the second paragraph of section 20 for the safety of persons and property, and environmental protection;
- (16) the type of plugs used and the anticipated depth intervals;
- (17) for each cement plug, the type of cement used, its density, its additives and their proportions, its setting time, the calculated volume and surplus percentage;
- (18) the method for verifying the position of the plugs;
- (19) a program for the regular preventive maintenance of the well and the wellhead;
- (20) the list of the planned well loggings;
- (21) the meteorological and hydrographic conditions anticipated during the work;
- (22) if applicable, a description of the ice management activities; and
- (23) the list of references consulted during the preparation of the technical program, in particular, the standards from recognized organizations and guidelines from other Canadian jurisdictions.

The classification provided for in subparagraph 4 of the first paragraph must be performed on the basis of the highest risk obtained according to the criteria. For a well with a number of areas, the classification must be performed on the basis of the highest risk obtained, aside from the areas that are permanently closed. If all the deep areas are permanently closed, the shallowest section of the well subject to completion must be used to determine the classification of the well that will be subject to a temporary closure.

§§2. *Notice of the start of the work*

268. The holder of a temporary closure authorization must, at least 7 days before, notify the Minister of the start of the work.

The work is deemed to have started as soon as the first step provided in the work schedule is initiated.

269. The authorization holder must also, at least 24 hours before, notify the Minister of the straightening or towing of an installation.

§§3. *Conditions of exercise*

270. The authorization holder must comply with the technical program.

The holder may modify the program by sending to the Minister a supplementary agreement signed and sealed by an engineer stating the nature of the modification and the reasons justifying it. The supplementary agreement must be sent to the Minister before carrying out the work covered by the agreement. If it is urgent to modify the technical program for safety or work quality purposes, the holder must immediately send the agreement to the Minister and justify the urgency.

271. The authorization holder must, within 3 months after the granting of the authorization, complete the temporary closure work.

272. Before starting the temporary closure work, the authorization holder must carry out a pressure and leak test of the casing at a pressure of 7 MPa.

The holder must also, if production tubing is installed, carry out a pressure and leak test of the tubing and annular spaces at a pressure of 7 MPa.

The tightness is confirmed if the stabilized pressure is at least 90% of the pressure applied over a minimum interval of 10 minutes.

If the wellhead configuration does not allow pressure and leak tests, a visual observation carried out with a one-time measurement of leakage may be carried out.

273. The authorization holder must, if the measurements may be carried out without risk to the integrity of the well, measure the shut-in pressures in all annular spaces and in the production tubing.

274. The authorization holder who temporarily closes a well must ensure

- (1) that the facilities and equipment installed in the well are compatible with what is planned in the permanent well or reservoir closure and site restoration plan;
- (2) that the facilities and equipment installed in the well are durable and corrosion-resistant;
- (3) the absence of communication of fluids between the geological formations;
- (4) the absence of leaks in joints and welds of the surface casing blowhole;
- (5) that the valve on the surface casing blowhole pipe is open and the blowhole is not blocked;
- (6) to install a hemispherical head plug or a blind flange with a needle valve to read the flow at each outlet of the wellhead, except the surface casing blowhole;
- (7) to disconnect, if applicable, the wellhead flow pipe; and
- (8) to chain and lock the valves or remove the handles.

275. While performing the work, the authorization holder must use a wellhead or a blowout prevention system comprising at least 2 different sealing mechanisms as long as there is a risk of fluid kicks.

Despite the first paragraph, the use of a wellhead is not required if no perforation has been carried out and if the well is not an open-hole well. In that case, the holder may weld a steel plate directly on the production tubing. The plate must however permit the taking of pressure measurements in the well.

276. The blowout prevention system and the wellhead must be designed to withstand the maximum pressures provided for in the technical program.

277. The wellhead must be equipped with a device allowing easy location.

It must be protected against impact, unless the holder can demonstrate that there is no activity in the territory that may cause breakage at the wellhead.

278. The authorization holder must verify daily the blowout prevention system to make sure it works well. If a system component is defective, work must be suspended until the component is repaired.

279. The authorization holder must regularly inspect joints and structural elements of any equipment used to control the pressure to ensure the safe operation of the equipment.

The holder keeps a register of those inspections and maintains it until the end of the work for the permanent closure of the well.

280. The authorization holder who observes the presence of an emanation at the surface casing blowhole using a bubble point test must also measure the emanation flow over a 24-hour period.

281. The authorization holder must, except for a well whose risk potential has been classified as low under Schedule 4, draw out the polished drill-stem from the well if it is connected to a pumpjack.

282. In the case of a well whose risk potential has been classified as moderate under Schedule 4, the authorization holder must

(1) install, at the bottom of the hole, a blow-out preventer valve and a casing plug or a support plug; and

(2) fill the well with non-saline water or with a corrosion inhibiting fluid; an anti-freeze fluid must also protect at least the first 2 m below the surface.

283. In the case of a well whose risk potential has been classified high under Schedule 4, the authorization holder must close the well in accordance with the generally recognized best practices.

284. At the end of the temporary closure work, the bottom of the water must have been cleared of any material or equipment that is not necessary and that might interfere with subsequent uses of the environment.

285. If applicable, before the demobilization of the installations, the authorization holder must ensure that the installations are free from plants and animals.

286. The authorization holder keeps and maintains, until the end of the work, registers concerning

- (1) the persons arriving, leaving or present on the vessel or platform;
- (2) the location and movement of support craft;
- (3) emergency drills and exercises carried out;
- (4) operating tests of surface and subsurface safety valves;
- (5) the inspections of the installation and related equipment for corrosion and erosion;
- (6) daily maintenance activities; and

(7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

§§4. *Daily report and completion report*

287. The authorization holder must draw up a daily report of the work and keep it on the activity site.

The daily report must contain all the elements applicable to the declared day including, in particular,

- (1) the number of the temporary closure authorization;
- (2) the name of the drilling installation;
- (3) the number of persons on board the drilling installation;
- (4) a description, in chronological order, of the work carried out and the time required for carrying out each step;
- (5) the petroleum or water traces detected;
- (6) the type of pump used for the cementing and its capacity;
- (7) in the case of any cement plugs, the type of cement used, its density, its additives and their proportions, its setting time and the volume used;
- (8) the well loggings carried out;
- (9) if applicable, the results of pressure and leak tests;
- (10) the operating condition of the blowout prevention system;
- (11) the composition, concentration and a detailed assessment of all the products stored and used on the site;
- (12) the volume and composition of the gas used, released, incinerated or burned at the flare and the reasons justifying it;
- (13) the operational problems encountered and the corrective measures taken or planned;
- (14) the indication of any event that disrupted the progress of the work;
- (15) the abnormal meteorological conditions that caused a work delay, in particular, due to
 - (a) visibility;
 - (b) temperature variation;

- (c) wind speed or direction;
 - (d) the height, period and direction of the waves and swells;
 - (e) the size, distance and direction of ice;
 - (f) icing; and
 - (g) rolling, pitch and vertical motion of the vessel or platform; and
- (16) any other information or document deemed necessary by the Minister.

288. The authorization holder must send to the Minister, within the period provided for in section 100 of the Act, a completion report signed by an engineer including, in particular,

- (1) the number of the temporary closure authorization;
- (2) the name and contact information of the licence holder;
- (3) the type and name of the drilling installation, its registration number and the name of its owner;
- (4) the type of navigation equipment used;
- (5) the start and end dates of the work;
- (6) a summary of the work carried out according to the chronological order;
- (7) a summary of the abnormal meteorological conditions that caused an operation delay and the corrective measures taken;
- (8) a comparative analysis of the work carried out compared to the work provided for in the technical program;
- (9) an analysis of the efficiency of the temporary closure;
- (10) the interpreted well loggings, re-set in actual vertical depth and the corrections made;
- (11) a longitudinal section of the well after the temporary closure indicating, in particular,
 - (a) the mechanical conditions of the well after the closure; and
 - (b) the other equipment installed or dropped in the well and not recovered;

- (12) the classification of the well determined according to Schedule 1 ;
- (13) the type of plugs used and the depth intervals of each plug;
- (14) in the case of the cement plugs, the type of cement used, its density, its additives and their proportions, its setting time and the volume used;
- (15) the verified position of each of the plugs; and
- (16) the completed annual inspection worksheet provided for in Schedule 2.

§§5. *Annual inspection*

289. After the temporary closure of the well, the drilling authorization holder must

- (1) inspect the well annually and complete the annual inspection worksheet provided for in Schedule 2 if the depth of the wellhead under the water makes it accessible; the holder sends the inspection worksheet to the Minister not later than 31 December of each year;
- (2) ensure that the well does not present risks within the meaning of the second paragraph of section 20; and
- (3) carry out the program for the regular preventive maintenance of the well and the wellhead.

§2. *Permanent closure authorization*

§§1. *Conditions for obtaining an authorization*

290. A well whose risk potential has been classified as low under Schedule 4 and that has been temporarily closed for 20 years must be closed permanently.

A well whose risk potential has been classified as moderate or high under Schedule 4 and that has been temporarily closed for 10 years must be closed permanently.

The Minister may however grant an additional time period if the drilling authorization holder demonstrates to the Minister that the well is safe and that it is necessary to leave it temporarily closed.

291. A licence holder who wishes to obtain a permanent well closure authorization must apply to the Minister, in writing, at least 30 days before the start of the work.

292. The application must contain

- (1) the name and contact information of the holder and the licence number;
- (2) the name of the well;
- (3) the meteorological and hydrographic conditions anticipated during the work;
- (4) if applicable, a description of the ice management activities;
- (5) if the permanent closure is carried out for a well temporarily closed, the annual inspection worksheet provided for in Schedule 2; and
- (6) any other information or document requested by the Minister.

The application must be accompanied by payment of the fee of \$2,677.

293. Before ruling on the application for permanent closure, the Minister may, if the Minister deems it necessary, require that the licence holder carry out a cement test in a laboratory. The test must comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

The holder sends the results of the test to the Minister.

§§2. *Time periods and notice of the start of the work*

294. The authorization holder must, at least 7 days before, notify the Minister of the start of the work.

Where the holder cannot comply with the date, the holder must as soon as possible notify the Minister, in writing, indicating the reasons justifying the delay. The holder must also notify the Minister, in writing, of the new expected date for the start of the work if the date is expected within 7 days of the first notice of delay or of the holder's intent not to proceed.

The work is deemed to have started as soon as the first step provided in the work schedule included in the permanent well or reservoir closure and site restoration plan is initiated.

295. The authorization holder must also, at least 24 hours before, notify the Minister of the straightening or towing of an installation.

§§3. *Conditions of exercise*

296. The authorization holder must comply with the permanent well or reservoir closure and site restoration plan.

297. The authorization holder who closes permanently a well must ensure

- (1) the absence of communication of fluids between the geological formations;
- (2) the absence of leaks;
- (3) the absence of excessive pressure in the entire well;
- (4) the long-term integrity of the well, while considering the petroleum development potential of the adjacent sector and the impact of the activities that may be carried out in the future; and
- (5) the use of durable and corrosion-resistant facilities and equipment.

298. The authorization holder may close on the surface after closure underground.

299. While performing the work for permanent closure, the authorization holder must use a wellhead or a blowout prevention system comprising at least 2 different sealing mechanisms as long as there is a risk of fluid kicks.

300. The wellhead and the blowout prevention system must be designed to withstand the maximum pressure planned in the permanent well or reservoir closure and site restoration plan.

301. The authorization holder must verify daily the blowout prevention system to make sure it works well. If a system component is defective, work must be suspended until the component is repaired.

302. The authorization holder must place a mechanical packer in the internal casing at 150 m under the bottom of the water and a cement plug must fill those 150 m.

303. The authorization holder must regularly inspect joints and structural elements of any equipment used to control the pressure to ensure the safe operation of the equipment.

The holder keeps and maintains a register of those inspections until the end of the work.

304. The authorization holder must not install a cement plug in a section of the drill hole that does not have a casing, except if the drilling is vertical and the well risk is classified as low under Schedule 4.

305. During the operations for the preparation and installation of cement plugs, the authorization holder must comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

306. The cement used must reach a minimum compressive strength of 3,500 kPa after 36 hours of hardening at the temperature of the shallowest formation to be covered.

The authorization holder must restrict the cement shrinkage process and limit to the minimum the risk of formation of a micro-annular space.

307. As of the moment at which the cement has developed a gel strength and until the minimum compressive strength has been reached, the authorization holder must not carry out work that could compromise the integrity of the cement and the holder must comply with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee.

308. The authorization holder must verify the position of the top of each of the cement plugs.

309. The authorization holder must cut the casings and guide tube at 2 m below the surface. The holder determines the depth according to the local conditions such as the type of soil, washout and erosion of the environment.

The authorization holder may use explosives to cut the casings and guide tube if adequate protective measures are implemented.

310. The authorization holder must weld a ventilated steel cover at the top of the casings.

311. As soon as the permanent closure work ends, the authorization holder must mark the well with a device allowing easy location of the well on which the well number and geographical coordinates are indicated.

312. At the end of the permanent closure work, the bottom of the water must have been cleared of any material or equipment that is not necessary and that might interfere with subsequent uses of the environment.

313. If applicable, before the demobilization of the installations, the holder must ensure that the installations are free from plants and animals.

314. The authorization holder keeps and maintains, until the end of the work, registers concerning

- (1) the persons arriving, leaving or present on the vessel or platform;
- (2) the location and movement of support craft;

- (3) emergency drills and exercises carried out;
- (4) operating tests of surface and subsurface safety valves;
- (5) the inspections of the installation and related equipment for corrosion and erosion;
- (6) daily maintenance activities; and
- (7) in the case of a floating installation, all installation movements, data, observations, measurements and calculations related to the stability and station-keeping capability of the installation.

§§4. *Daily report and completion report*

315. The authorization holder must draw up a daily report of the work and keep it on the activity site.

The daily report must contain all the elements that are applicable to the declared day including, in particular,

- (1) the number of the permanent closure authorization;
- (2) the name of the drilling installation;
- (3) the number of persons on board the drilling installation;
- (4) a description, in chronological order, of the work carried out and the time required for carrying out each step;
- (5) the petroleum or water traces detected;
- (6) the type of pump used for the cementing and its capacity;
- (7) the type of cement used, its density, its additives and their proportions, its setting time and the volume used;
- (8) the well loggings carried out;
- (9) the results of the pressure and leak tests;
- (10) the operating condition of the blowout prevention system;
- (11) the operational problems encountered and the corrective measures taken or planned;

- (12) the composition, concentration and a detailed assessment of all the products stored and used on the site;
- (13) the volume and composition of the gas used, released, incinerated or burned at the flare;
- (14) the indication of any event that disrupted the progress of the work;
- (15) the abnormal meteorological conditions that caused a work delay, in particular, due to
- (a) visibility;
 - (b) temperature variation;
 - (c) wind speed or direction;
 - (d) the height, period and direction of the waves and swells;
 - (e) the size, distance and direction of ice;
 - (f) icing; and
 - (g) rolling, pitch and vertical motion of the vessel or platform; and
- (16) any other information or document deemed necessary by the Minister.

316. The authorization holder must send to the Minister, every Monday, the daily reports of the preceding week until the end of the work. If the Monday is a holiday, the report is sent on the first working day that follows.

317. The authorization holder must send to the Minister, within the period provided for in section 100 of the Act, a completion report signed by an engineer including, in particular,

- (1) the number of the permanent closure authorization;
- (2) the name and contact information of the licence holder;
- (3) the type and name of the drilling installation, its registration number and the name of its owner;
- (4) the classification of the well determined according to Schedule 1;
- (5) a summary of the work carried out according to the chronological order;
- (6) the classification of the well determined according to Schedule 1;

- (7) a summary of the abnormal meteorological conditions that caused an operation delay and the corrective measures taken;
- (8) the type of device used and its specifications;
- (9) the demonstration of the absence of petroleum emanation at the surface casing blowhole before the underground closure work and, if applicable, the demonstration of the absence of petroleum emanation in the casings before the closure on the surface;
- (10) the data, recordings and results of the pressure and leak tests and their interpretation;
- (11) a demonstration of the quality of the cement bond behind the casing before the work;
- (12) the method for cleaning the well used before the installation of the plugs;
- (13) in the case of the cement plugs used,
 - (a) the type of cement used, its density, its additives and their proportions and the volume used;
 - (b) the method for installing the plugs;
 - (c) the verified position of each of the plugs; and
 - (d) if laboratory testing has been done on the cement after the granting of the authorization, the properties of the cement determined in the laboratory;
- (14) the nature of the fluid used to fill the space between each plug;
- (15) the cutting depth of the casings and guide tube below the surface;
- (16) a photograph of the ventilated steel plate welded at the top of the casings before the backfilling;
- (17) a longitudinal section of the well after the permanent closure, according to the measured depth and the actual vertical depths signed and sealed by an engineer, indicating, in particular,
 - (a) groups, geological formations, lithological contacts and faults including, in particular,
 - i. the usable groundwater;
 - ii. thermal anomalies;
 - iii. the coal beds exceeding 300 mm in thickness;

- iv. the permeable and porous areas having an effective porosity greater than 1% in a terrigenous bedrock and greater than 3% in a carbonate bedrock;
 - v. the formations that can potentially produce petroleum and those that produce petroleum;
 - vi. the layers of abnormal pressure; and
 - vii. the areas of circulation loss;
- (b) the location of each of the casings and of the guide tube;
 - (c) the depth interval of the open-hole well;
 - (d) the type of plugs used and the depth intervals of each plug; and
 - (e) the other equipment installed or dropped in the well and not recovered;
- (18) a comparative analysis of the work carried out compared to the work provided for in the permanent well or reservoir closure and site restoration plan;
- (19) a plan of the layout of the site after the restoration work; and
- (20) the demonstration that all the equipment and facilities have been removed from the work site.

DIVISION II

PERMANENT WELL OR RESERVOIR CLOSURE AND SITE RESTORATION PLAN

§1. *Content of the plan*

318. The permanent well or reservoir closure and site restoration plan must be signed and sealed by an engineer and must contain, in particular,

- (1) the name and contact information of the licence holder and the licence number;
- (2) the proposed name of the well;
- (3) the classification of the well determined according to Schedule 1 ;
- (4) the type of drilling installation;
- (5) the name of the drilling installation, its registration number, the name of its owner and the estimated number of persons on board;

- (6) the name and contact information of the engineer responsible for the permanent well or reservoir closure and site restoration plan;
- (7) the name, profession and functions of the persons who prepared or revised the plan;
- (8) a description of the immobilization system;
- (9) if applicable, the home port and the location of the land base for storing material and products necessary for the work
- (10) a bathymetric map of the area in which the well is located;
- (11) the method used to demonstrate that, prior to the permanent closure of the well or reservoir, no emanation at the surface vent has been observed over a period of 24 hours and no gas migration;
- (12) a chronological and detailed description of the work carried out;
- (13) the work schedule;
- (14) a broken down estimate of the cost of the work;
- (15) a description of the condition of the well including, in particular, the cemented, perforated and open-hole depths;
- (16) the cement evaluation method to show the uniform coverage of the cement behind the casing before the work;
- (17) the type of service device and equipment to be used and their specifications;
- (18) a longitudinal section of the well indicating, in particular,
 - (a) the technical elements;
 - (b) the depth intervals that will be protected or isolated; and
 - (c) the geological formations including, in particular,
 - i. the usable groundwater;
 - ii. the thermal anomalies;
 - iii. the coal beds exceeding 300 mm in thickness;

iv. the formations that can potentially produce petroleum and those that produce petroleum;

v. the layers of abnormal pressure;

vi. the areas of circulation loss; and

vii. the permeable and porous areas having an effective porosity greater than 1% in a terrigenous bedrock and greater than 3% in a carbonate bedrock;

(19) the method for cleaning the well used before the installation of the plugs;

(20) the type of plugs used and the depth intervals of each plug;

(21) a cementing program complying with the Industry Recommended Practice, IRP: # 25, Primary Cementing, published by the Drilling and Completion Committee indicating, in particular,

(a) for each cement plug, the type of cement used, its density, its additives and their proportions, its setting time, the calculated volume and surplus percentage;

(b) the method for installing the plugs;

(c) any required changes to the cement used for the plugs due to specific physical and chemical conditions of the environment, including, in particular, the depth of the well, a horizontal well, an abnormal pressure or temperature, a salt area or a corrosive environment; and

(d) the nature of the fluid used to fill the space between each plug;

(22) the method used to demonstrate that following the installation of the plugs and before the cutting of the casings and the guide tube at the surface, there was no gas emanation;

(23) the method used to cut the casings and tube;

(24) a plan showing the extent of the activity site;

(25) the list of equipment and facilities to be removed from the work site;

(26) a chronological and detailed description of the restoration work to maintain the quality of the body of water and minimize impact on wildlife including, in particular,

(a) the procedure for dismantling installations and, if applicable, the procedure for dismantling the supply cable;

(b) the rehabilitation of contaminated land;

(c) the purge of pipes; and

(d) the withdrawal of equipment and facilities; and

(27) a follow-up program for the integrity of the well during the closure and site restoration work.

If certain elements required in the first paragraph are unknown when the holder submits the plan to the Minister in accordance with section 101 of the Act, those elements will have to be provided when the plan is revised.

319. During the revision of the plan, the authorization holder must use the number and name of the well as they appear on the drilling authorization.

§2. Guarantee

320. The guarantee provided for in section 103 of the Act must be furnished to the Minister in any of the following forms:

(1) a cheque made to the order of the Minister of Finance;

(2) bonds issued or guaranteed by Québec or another province of Canada, by Canada or by a municipality in Canada, and having a market value at least equal to the amount of the guarantee exigible; registered bonds must be submitted with a power of attorney on behalf of the Minister of Finance and, where applicable, with a resolution authorizing the person who signs the power of attorney;

(3) guaranteed investment certificates or term deposit certificates, in Canadian dollars, issued on behalf of the Minister of Finance by a bank, a savings and credit union or a trust company; deposit certificates must have a term of at least 12 months, be automatically renewable until the declaration of satisfaction of the Minister or the certificate of release under sections 112 and 114 of the Act and not include any restriction in respect of redemption during its term;

(4) an irrevocable and unconditional letter of credit issued on behalf of the Gouvernement du Québec by a bank, a savings and credit union or a trust company;

(5) a security or a guarantee policy issued on behalf of the Gouvernement du Québec by a legal person legally empowered to act in that capacity;

(6) a trust constituted in accordance with the Civil Code and meeting the following requirements:

(a) the purpose of the trust is to ensure the performance of the work provided for in the permanent well or reservoir closure and restoration site plan pursuant to sections 101 to 115 of the Act;

(b) the Minister of Finance and the licence holder referred to in section 101 of the Act are joint beneficiaries of the trust;

(c) the trustee is a bank, a savings and credit union or a trust company;

(d) the trust patrimony is comprised only of sums in cash, or of bonds or certificates of the same type as those listed in subparagraphs 2 and 3.

The financial institutions referred to in subparagraphs 3, 4 and 6 of the first paragraph must be empowered by law to carry on the activities provided for in those subparagraphs.

The guarantees referred to in subparagraphs 1 to 3 of the first paragraph are received on deposit by the Minister of Finance pursuant to the Act respecting deposits with the Bureau général de dépôts pour le Québec (chapter D-5.1).

321. In the case of a guarantee furnished according to subparagraph 3 or 6 of the first paragraph of section 320, the contract constituting the guarantee must provide the following conditions:

(1) the purpose of the guarantee is to ensure the performance of the work provided for in the permanent well or underground reservoir closure and site restoration plan pursuant to sections 101 to 115 of the Act;

(2) no person may make withdrawals or be reimbursed without having obtained the Minister's satisfaction provided for in sections 112 and 114 of the Act or a reduction of the guarantee according to section 108 of the Act; the prohibition also applies to any form of compensation that could be made by the bank, the savings and credit union, the trust company or the trustee;

(3) where the second paragraph of section 111 of the Act applies, the payment of the guarantee is payable at the Minister's request;

(4) the bank, the savings and credit union, the trust company or the trustee provides the Minister with the information it possesses concerning the contract;

(5) in case of dispute, the courts of Québec are the sole competent courts;

- (6) in the case of a trust:
- (a) the trustee must be domiciled in Québec;
 - (b) the trustee sees to the management of the trust at the expense of the settlor or of the licence holder referred to in section 101 of the Act;
 - (c) the trust terminates
 - i. when the Minister issues the certificate of release under sections 112 and 114 of the Act or when it is replaced by another guarantee complying with the requirements of this Regulation;
 - ii. when the Minister acts on the condition provided for in subparagraph 3° of the first paragraph of this section.

The licence holder referred to in section 101 of the Act must submit to the Minister a certified copy of the original contract.

322. In the case of a trust, interest yielded by the trust patrimony belongs to the trust. Interest kept as part of the trust patrimony must not be used as payment of the guarantee.

323. The purpose of the irrevocable and unconditional letter of credit provided for in subparagraph 4 of the first paragraph of section 320, of the security and guarantee policy provided for in subparagraph 5 of the first paragraph of that section is to guarantee payment of the cost of the work where the obligations of sections 101 to 115 of the Act are not met. The contract must have a term of at least 12 months and must include clauses providing the following conditions:

(1) in the case of non-renewal, termination, revocation or cancellation, the guarantor must notify the Minister at least 60 days before the date fixed for the expiry, termination, revocation or cancellation of the guarantee;

(2) in the case of non-renewal, termination, revocation or cancellation, the guarantor remains responsible, where the obligations of sections 101 to 115 of the Act are not met, for the payment of the cost of the work involved for the permanent well or underground reservoir closure and site restoration carried out before the date of expiry, termination, non-renewal or revocation up to the amount covered by the letter of credit, the security or guarantee policy. That responsibility must hold until the issue of the certificate of release provided for in sections 112 and 114 of the Act, unless the person in question has deposited an alternative guarantee or the guarantor has deposited the amount covered by the letter of credit, the security or guarantee policy in a trust that complies with this Regulation where the Minister of Finance and the guarantor are joint beneficiaries;

(3) where applicable, the obligation is solidary, with a waiver of the benefits of discussion and division;

(4) the guarantor consents to the Minister's being able at any time after the sending of a notice of 60 days to make changes to the permanent well or underground reservoir closure and site restoration plan and waives pleading against the Minister any ground of defence pertaining to the content of the plan;

(5) where the second paragraph of section 111 of the Act applies, payment of the guarantee is exigible at the Minister's request;

(6) in the case of dispute, the courts of Québec are the sole competent courts.

The licence holder referred to in section 101 of the Act must submit to the Minister a certified copy of the original contract.

324. The guarantee furnished may be replaced at any time by another guarantee that complies with the requirements of this Regulation.

§3. Fees payable

325. The fee payable for the assessment of a permanent well or reservoir closure and site restoration plan is \$1,309.

The fee payable for the assessment of a revision of a permanent well or reservoir closure and site restoration plan is \$654.

326. The fee payable for the assessment conducted for the purpose of issuing a certificate of release under section 112 of the Act is \$587.

The fee payable for the inspections conducted for the purpose of issuing a certificate of release under the first paragraph is \$1,992 per inspection.

CHAPTER XV

FEE PAYABLE FOR A NOTICE OF NON-COMPLIANCE, MONETARY ADMINISTRATIVE PENALTIES AND OFFENCE

DIVISION I

FEE PAYABLE FOR A NOTICE OF NON-COMPLIANCE

327. The fee payable by a person to whom an inspector submitted a notice of non-compliance with the provisions of the Act or this Regulation is \$500.

DIVISION II**MONETARY ADMINISTRATIVE PENALTIES**

328. A monetary administrative penalty of an amount provided for in section 187 of the Act may be imposed on any person who contravenes any of sections 4, 5, 26, 30, 31, the first paragraph of section 37, sections 38, 39, 49, 50, the first paragraph of section 57, sections 58 to 60, 63, 87, 88, the first paragraph of section 89, section 90, the first and second paragraphs of section 91, sections 92, 105, 106, 113 to 116, 119, 148, 149, the first paragraph of section 150, section 151, the first and second paragraphs of section 152, sections 153, 157 to 159, the first paragraph of section 165, sections 166, 167, 182, 183, the first paragraph of section 190, sections 191, 192, 209, 210, the first paragraph of section 218, sections 219, 220, 229, 230, 236, 243 to 245, 250, 254, 259, the first paragraph of section 268, sections 269 and 287, the first and second paragraphs of section 294, sections 295, 315, 316 and 319.

329. A monetary administrative penalty of an amount provided for in section 188 of the Act may be imposed on any person who contravenes any of the second paragraph of section 13, sections 21, 24, 28, the first paragraph of section 29, sections 32 and 40, the first paragraph of section 41, paragraphs 1 and 3 of section 42, sections 43 to 48 and 61, the first paragraph of section 64, sections 65 and 66, paragraphs 1 and 3 of section 67, sections 68 to 83, the first paragraph of section 84, the first and second paragraphs of section 85, paragraph 2 of section 86, sections 93 and 94, the first paragraph of section 95, section 96, the first paragraph of section 97, sections 98 to 100, 103, 104, 117, the first paragraph of section 120, sections 121 and 122, paragraphs 1 and 3 of section 123, section 124, the second paragraph of section 125, sections 126 to 134, subparagraphs 1 and 3 of the first paragraph of section 136, sections 137 to 140, the first paragraph of section 141, section 142, the first paragraph of section 143, sections 144 and 145, the first and second paragraphs of section 146, the first paragraph and subparagraph 2 of the second paragraph of section 147, sections 154 to 156 and 168, the first paragraph of section 169, section 170, the first paragraph of section 171, section 172, paragraphs 3 and 4 of section 173, sections 174 to 180 and 193, the first paragraph of section 194, the first paragraph of section 195, the first paragraph of section 198, the first paragraph of section 199, section 200, sections 201 to 205, 221, 223 to 228, 232, 234, the first paragraph of section 237, section 238, paragraph 2 of section 239, section 240, sections 241, 242, 246, 247, the first and second paragraphs of section 248, sections 249, 251 to 253, 255 to 257, 260 to 262, 270 and 271, the first, second and fourth paragraphs of section 169, paragraphs 4 to 8 of section 274, sections 275 and 286 to 289.

330. A monetary administrative penalty of an amount provided for in section 189 of the Act may be imposed on any person who contravenes any of sections 7, 8, 10 to 12, the first paragraph of section 15, section 17, the first and second paragraphs of section 19, the first paragraph of section 20, sections 22, 23, 206, 207, 212 and 213.

DIVISION III**OFFENCE**

331. Every person who contravenes any provision of this Regulation commits an offence and is liable to the fine provided for in paragraph 2 of section 199 of the Act.

CHAPTER XVI**TRANSITIONAL AND FINAL****DIVISION I****TRANSITIONAL**

332. A permanent well closure authorization issued under the Mining Act in force on (*insert the date of coming into force of this section*) is deemed to be a permanent closure authorization issued under the Act.

If on (*insert the date of coming into force of this section*) the work for the permanent closure has not started, the authorization holder must provide to the Minister, in accordance with section 275 of the Act, the permanent well or reservoir closure and site restoration plan and the guarantee before starting the work.

If on (*insert the date of coming into force of this section*) the work for the permanent closure is started but not completed, the authorization holder is not required to provide to the Minister the permanent well or reservoir closure and site restoration plan and the guarantee provided for in section 275 of the Act. The holder must complete the work in accordance with the closure program submitted to the Minister under section 59 of the Regulation respecting petroleum, natural gas and underground reservoirs (chapter M-13.1, r. 1). The work must be completed not later than 1 year after (*insert the date of coming into force of this section*).

333. For the purposes of section 275 of the Act, the Minister keeps the performance guarantee submitted to the Minister under section 16 of the Regulation respecting petroleum, natural gas and underground reservoirs until the Minister has received the restoration plan and the guarantee provided for in Chapter IV of the Act.

DIVISION II**FINAL**

334. This Regulation comes into force on the fifteenth day following the date of its publication in the *Gazette officielle du Québec*.

SCHEDULE 1**CLASSIFICATION OF WELLS**

The classification of wells must include

1. the fluids in the well;
2. its type;
3. its role;
4. its status;
5. its direction;
6. the abundance of fluids.

Fluids in the well	Oil, gas, condensate, bitumen, CO ₂ , H ₂ S, water, brine, water vapour, sulphur, non-combustible gas or gas hydrates
Type of well	Exploration or production, based on the licence held by the drilling authorization holder
Role of the well	Well use
Producing	Well used to extract petroleum or brine from a pool
Injecting	Well used to inject fluids in an underground formation to enhance petroleum recovery
Cyclical	Well used for the production and injection, alternately, on a regular basis
Service - supply	Well used to collect the fluids necessary for the production or injection operations
Service - storage	Well used for the injection and withdrawal of substances determined in the Regulation respecting petroleum exploration, production and storage licences, made by Order in Council XXXX-XXXX dated (<i>insert the date of the Order in Council</i>)
Service – disposal	Well used as permanent location to store discharges in the reservoir
Service - relief	Well used to intercept another well that is blowing out
Observation	Well used to monitor the conditions of one or more geological formations, to determine the decline characteristics of a reservoir or to monitor the other wells of a reservoir
No role currently	Well not fulfilling any role
Other	Well having another unidentified role
Status of the well	State of the well at a given point in time
On hold	Well for which a drilling authorization application has been filed, but the drilling authorization has not yet been granted
Planned drilling	Well for which a drilling authorization has been granted, but whose drilling work has not yet been deemed to have started
Activity underway	Well whose authorized work is underway
Production	Well whose fluids are extracted from the drill hole
Injection	Well whose fluids are pumped into the drill hole

Production and injection	Well that produces and in which fluids are injected, alternately, in the drill hole
Temporary interruption (<i>shut-in</i>)	Well in which work is interrupted for a short period, between 2 activities or 2 operations
Temporarily closed	Well that has been temporarily closed
Permanently closed	Well that has been permanently closed
Restored	Well that has been permanently closed and whose work site has been restored
Cancelled	Well whose drilling authorization is revoked or expired
Other	Well that has another unidentified status
Direction of the well	Vertical, directional or horizontal
Abundance of fluids	Primary, secondary, indication or trace

SCHEDULE 2

ANNUAL INSPECTION WORKSHEET

<p>Énergie et Ressources naturelles Québec</p> <p>Direction du bureau des hydrocarbures 5700, 4e avenue ouest bureau A-422 Québec (Québec) G1H 6R1 Télécopieur : 418-644-1445</p>

ANNUAL INSPECTION WORKSHEET TEMPORARILY CLOSED WELL OBSERVATION WELL

Date received by the
 Department

* If applicable

IDENTIFICATION			
Well number	Licence holder	Expiry of the licence	Lot number*
Well name	Licence number	Date of inspection	Cadastre number*
Location of the well (NAD83 DD MIN SEC)		Time start of inspection	Date of temporary closure *
Latitude N	Longitude W	Time end of inspection	YYYY/MM/DD
INTERVENING PARTIES			
Name	Position	Company	Tel. or email
SITE SAFETY – The perimeter of the well is protected.			
A sign at the entrance of the site indicates the location of the well, the name of the holder, the licence number, the name of the well, the well number, the telephone number in case of emergency and pictograms associated to dangerous products.*			
The protection measures implemented around the well are efficient.			
STATE OF THE PREMISES – Safety and environment			
The geographical coordinates are accurate and allow easy location of the well.		The site is free of residual materials.	
The access leading to the well is tidy and safe.*		The site is free of dangerous goods.	
The layout of the equipment around the well is limited.		An indication of migration of gas in the soil is observed.*	
The state of the premises is safe for persons and property, and environmental protection.			
WELLHEAD - If applicable, verify the integrity.			
A wellhead is present.		A surface casing blowhole is present.	
All valves are chained and locked or the handles have been removed.		The surface casing blowhole valve is open.	
The wellhead is free of corrosion or erosion.		The surface casing blowhole is blocked.	
The wellhead is designed to withstand the measured pressure.		Insert the flow measured at the surface casing blowhole (with the unit).	
The flow pipe is disconnected from the wellhead.		Insert the concentration of gas at the blowhole of the casing (with the unit)	
Each outlet is equipped with a plug or a blind flange with a needle valve to read the flow, except on the surface casing blowhole.		The emanation is only composed of gas.	
A leak is observed in the guide tube.		Indicate the composition of the fluid at the blowhole.	
		There is a leak on the blowhole joints and welds.	
The wellhead is intact and safe for persons and property, and environmental protection.			
ANNUAL MONITORING OF THE PRESSURE - If applicable, enter the pressures in kPa in all the annular spaces and in the production tubing.			
Pressure of the production casing:		Pressure of the intermediate casing:	of the surface casing:
Pressure of the production tubing:		Are the pressures constant with respect to the last measurements?	
REGULAR PREVENTIVE MAINTENANCE – Minimum frequency of 3 or 5 years (refer to the Regulation to determine the frequency associated with each well)			
Insert the date of the last regular preventive maintenance.	YYYY/MM	The joints are leakproof.	
Maintenance has been carried out during the inspection.		The valves are in good condition.	
Insert the date planned for the next maintenance.	YYYY/MM	If repairs are required, indicate the nature of the repairs and the date planned for the work.	
SPECIFIC VERIFICATIONS AT THE WELL (critical elements, validation of compliance for engineering, etc.)			
ADDITIONAL INFORMATION			
INSTRUMENTATION – Specify the tools used for the inspection (flow meter, gas detector, etc.).			
APPENDICES - If applicable, attach at least a photograph of the protected perimeter of the well and an overall photograph of the wellhead.			
Type of document	Name of document	Description of content	Number of pages
DECLARATION - Confirmation of the validity of the information contained in the report			
Name	Signature	Tel. and email	Date
Inspector:			
Inspector:			
Approver:			

SCHEDULE 3**CASING INTEGRITY INSPECTION PROCEDURE**

The holder must select 1 of the following 2 procedures to determine the integrity of the casings:

1. pressure test;
2. inspection logging.

If the holder chooses to carry out a pressure test and an inspection logging, the results of the pressure test prevail.

1. Pressure test

A holder who chooses to carry out a surface or intermediate casing pressure test must proceed as follows:

1.1. Surface casing pressure test

If only 1 surface casing is installed, the minimum pressure to apply to the surface, in kPa, is a factor of 2.5 multiplied by the expected final depth of the drill hole in actual vertical depth.

If an intermediate casing is expected to be installed, the minimum pressure to apply to the surface, in kPa, is a factor of 2.5 multiplied by the expected depth for the installation of the intermediate casing in actual vertical depth.

The pressure to be applied to the surface is calculated by assuming that the density of the fluids in the drill hole is 1,000 kg/m³. At the time the pressure test is carried out, the holder must adjust the pressure to be applied according to the density of the fluids present in the drill hole.

1.2. Intermediate casing pressure test

If an intermediate casing is installed, the minimum pressure to be applied to the surface is a factor of 0.67 multiplied by the pressure measured at the depth of the installation of the intermediate casing. If that pressure has not been measured, the holder must estimate it from the real or theoretical pressure gradient that is 11 kPa/m of actual vertical depth.

The pressure to be applied to the surface is calculated by assuming that the fluids in the drill hole have a density of 1,000 kg/m³. At the time the pressure test is carried out, the holder must adjust the pressure to be applied according to the density of the fluids present in the drill hole.

2. Inspection logging

The holder who chooses to carry out a logging or a combination of inspection loggings of the surface casing or the intermediate casing must interpret the data from one joint to the other in order to

- detector holes, perforations, cracks, metal losses and metal thickness;
- determine the percentage of penetration of the anomalies.

2.1. Surface casing inspection logging

The maximum bursting strength, based on the specified minimum yield strength of the casing and the lowest value obtained from the metal thickness, must be equal to or greater than a factor of 2.5 multiplied by the expected final depth of the drill hole in actual vertical depth. The following equation must be resolved:

$$P_v - \frac{(2Y_p t)}{D} \geq 2.5 \times \text{expected final depth of the drill hole in actual vertical depth}$$

where:

P_v = minimum internal yield pressure (kPa)

Y_p = specified minimum yield strength (kPa)

t = reduced thickness of the metal (mm)

D = nominal outside diameter (mm)

2.2. Intermediate casing inspection logging

The maximum bursting strength, based on the specified minimum yield strength of the casing and the lowest value obtained from the metal thickness, must be equal to or greater than a factor of 0.67 multiplied by the formation pressure at the depth of installation of the intermediate casing. The following equation must be resolved:

$$P_v - \frac{(2Y_p t)}{D} \geq 0.67 \times \text{expected final depth of the drill hole in actual vertical depth}$$

where:

P_v = minimum internal yield pressure (kPa)

Y_p = specified minimum yield strength (kPa)

t = reduced thickness of the metal (mm)

D = nominal outside diameter (mm)

SCHEDULE 4**CLASSIFICATION OF A WELL'S RISK POTENTIAL**

Classification of the wells	Type of well	Geology	Status before the temporary closure
Low risk	Gas well < 28,000 m ³ /day Oil well without flow and without H ₂ S Tube well with a content in H ₂ S < 5%, non-perforated	Non-problematic geological formations	Non-problematic well Well whose pressures are controlled
Moderate risk	Gas well ≥ 28,000 m ³ /day Oil well without flow and with a content in H ₂ S ≥ 5% Oil well with flow Injection well	Problematic geological formations (example: karsts)	Problems documented and not controlled (example: communication between adjacent wells)
High risk	Gas well with a content in H ₂ S ≥ 5% Sour gas well	Not applicable	Not applicable

103138

Draft Regulation

Petroleum Resources Act
(2016, chapter M-13.1)

Petroleum exploration, production and storage licences, and pipeline construction or use authorization
— Making

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), that the Regulation respecting petroleum exploration, production and storage licences, and the pipeline construction or use authorization, appearing below, may be made by the Government on the expiry of 45 days following this publication.

The draft Regulation sets the terms and conditions for auctioning and the conditions for awarding an exploration, production and storage licence, and determines the conditions of exercise. It also sets out the conditions for the granting and exercise of a pipeline construction or use

authorization. It determines the documents and information to be sent to the Régie de l'énergie for examination as part of a petroleum production or storage project or a pipeline construction or use project. In addition, the draft Regulation sets the amount up to which a licence or a pipeline construction or use authorization holder is required, irrespective of fault, make reparation for any injury arising out of or in the course of the holder's activities, according to the environment in which the project is situated. The draft Regulation contains the terms and conditions of the Mining Act (chapter M-13.1) and the Regulation respecting petroleum, natural gas and underground reservoirs (chapter M-13.1, r. 1) concerning the petroleum and gas royalties that will apply until the adoption of a new petroleum taxation regime. Lastly, the Regulation provides that the fees and rents collected since 1 April 2017 for an exploration licence for petroleum, natural gas and an underground reservoir, a lease to produce petroleum and natural gas and a lease to operate underground reservoirs under the Mining Act will be transferred from the Natural Resources Fund to the Energy Transition Fund established under section 17.12.21 of the Act respecting the Ministère des Ressources naturelles et de la Faune (chapter M-25.2).