GLOSSARY OF LAND TERMS 2016

ABANDONED WELL: A well that is permanently closed off (or shut-in) when no viable hydrocarbons are discovered or it is depleted and no longer capable of producing profitably.

ABANDONMENT: Converting a drilled well to a condition that can be left indefinitely without further attention and will not damage freshwater supplies, potential petroleum reservoirs or the environment. Annual rental reviews and payments are still required.

ADDRESS FOR SERVICE: The address(es) of the parties to an agreement where all parties are to look to with respect to notices and other communications.

ADJOINING LAND: Parcels of land that would otherwise connect or corner but are separated by a road allowance or highway; parcels of land on either side of a correction line.

ADMINISTRATOR: As it relates to an estate, an administrator is a person appointed by the court to act on behalf of another person who is deemed incapable of acting for him/herself. It is the role of the administrator to oversee the redistribution of estate property.

ADVERSE EFFECT: Compensation for the nuisance, loss of use or inconvenience caused by a wellsite or access road on the land. This forms part of the initial consideration payment paid under a surface lease.

AFFIDAVIT: A statement reduced to writing and sworn or affirmed before someone who is authorized to administer an oath, such as a Commissioner for Oaths.

ALBERTA ENERGY REGULATOR (AER): A single regulator for upstream oil, gas, oil sands and coal projects in the province of Alberta responsible for regulating energy resource developments from initial application to reclamation.

ANNUAL RENTAL: The monetary amount agreed upon for the right to use real estate, which is usually paid on an annual basis.

AREA OF MUTUAL INTEREST (AMI): An area of land in which multiple natural gas or oil companies hold exploration rights. Companies with rights over an AMI generally draw up contracts to establish what percentage of the area or the resources will be allotted to each company. These contracts typically have a term of one year.

ASSET MANAGEMENT: Any system that monitors and maintains things of value to an entity or group. It may apply to both tangible assets such as buildings and to intangible assets such as human capital, intellectual property, and goodwill and financial assets. Asset management is a systematic process of deploying, operating, maintaining, upgrading and disposing of assets cost-effectively.

ASSIGNEE: The party that is receiving the assigned interest.

ASSIGNMENT: A document outlining the transfer of interest between various parties.

ASSIGNMENT & NOVATION AGREEMENT (A&N): An agreement between two or more parties where a party (assignor) assigns all or a portion of its interest, rights and obligations under an agreement to another party (assignee). The remaining parties (commonly referred to as ‘third parties’) agree to recognize the assignee in place of the assignor and are required to execute the A&N Agreement.

ASSIGNOR: The party that is transferring or assigning their interest.

AUTHORITY FOR EXPENDITURE (AFE): Proposed expenses for a particular project. An organization may use an AFE to allot funds to a project. Approval by all working interest owners is required before work is undertaken. Usually sent out by the Operator.

BEST PRACTICES: Management practices or techniques recognized to be the most effective and practical means to develop the resource, while minimizing adverse environmental and other effects.

BENEFICIAL OWNERSHIP: As it relates to land titles, the right to own property by virtue of having signed a binding real estate contract. Even though the buyer doesn’t yet own the property, the buyer does have a “beneficial interest” — that is, the right to own the property once the formalities are completed. For example, property buyers have a beneficial ownership interest in property while the escrow is pending.

BENEFICIARY: Person or other legal entity designated as the recipient of funds or other property under a will, trust, insurance policy, etc.

BONUS OR CONSIDERATION: Refers to a portion of the amount of money paid by a lessee to acquire an interest in land.

BOREHOLE: The wellbore; the hole made by drilling or boring a well.

BORROW PIT: An area where gravel or sand has been removed for use somewhere else.

BRITISH COLUMBIA OIL AND GAS COMMISSION (BC OGC): A single regulator for upstream oil, gas, oil sands and coal projects in the province of British Columbia responsible for regulating energy resource developments from initial application to reclamation.

CAPTURED CARBON DIOXIDE/CARBON CAPTURE: The process of capturing waste carbon dioxide from large point sources, such as fossil fuel power plants, transporting it to a storage site, and depositing it where it will not enter the atmosphere, normally an underground geological formation.
The aim is to prevent the release of large quantities of CO2 into the atmosphere. It is a potential means of mitigating the contribution of fossil fuel emissions to global warming and ocean acidification.

CAVEAT: A document filed against a Certificate of Title claiming an interest in property covered under the title, such as a mortgage, easement, lien, lease, etc. A warning of caution that there are persons other than the registered land owner with an interest in the lands.

CAVEAT EMPTOR: Latin phrase meaning ‘let the buyer beware’.

CERTIFICATE OF TITLE: A title document evidencing a holder’s interest in the land or real property registered at a Land Titles Office.

CERTIFIED COPY: A copy made from records in a Land Titles Office certified by the Registrar as being an exact copy of the paper on file or of record. This copy has a certification stamp on it that has been initialled.

CHAIN OF TITLE: Recorded transfers in title from patent to present ownership also referred to as a historical search.

CLOSING: The time at which a transaction is finally consummated, as when the seller conveys title and the buyer pays the purchase price.

COMMISSIONER FOR TAKING AFFIDAVITS: May take affidavits and administer other legal oaths, affirmations or declarations in accordance with the Act. Commissioners for taking affidavits are appointed through the Order in Council Administration Office. Generally, they are restricted in their services and the circumstances in which services are provided. Appointed commissioners usually cannot provide services not related to their place of employment or volunteer organization.

COMMISSIONER FOR OATHS: An individual empowered by statute to administer oaths and take and receive affidavits for use within the jurisdiction of their appointment.

COMMON TARGET AREA (see illustration): Where oil and gas targets overlap. Many companies prefer to drill in the common target area if there is a chance to encounter both oil and gas. See Spacing Unit/Drilling Unit.

COMPLETED WELL: A well on which drilling and completion operations have been completed. A well capable of producing.

COMPRESSION STATION: A facility which monitors and compresses gas to help it flow through a pipeline from one location to the next.

CONTINUATION APPLICATION: Where the lessee of a Crown lease requests that those lands be continued beyond the expiry date of the lease by virtue of a producing well or based on technical information supplied (i.e. offsetting well information, seismic data, geological interpretation, etc.) A continuation application form can be submitted to the AER (Alberta) for continuation under Sections 15, 16, 17 of the PNG Tenure Regulation.

CONTACT: Written agreements that can be enforced by law, listing the terms under which the acts required are to be performed.

CONTROLLED AREA: The land parallel to a pipeline for 30m along each side, without limitation, from the centerline of the pipeline; a prescribed distance within the pipeline regulation as it relates to ground disturbance.

CONVEYANCE: As it relates to titled lands, the act of transferring property or land from one person to another.

CROWN LANDS: Lands that are held (owned) by the Crown or government, either a provincial or federal governing body.

CRUDE BITUMEN: A naturally-occurring viscous mixture, mainly of hydrocarbons heavier than pentane, that may contain sulphur compounds and that, in its naturally-occurring viscous state, will not flow to a well.

DAMAGES: Compensation paid to the surface land owner for actual or potential damage to the surface and crops in the drilling, construction and/or operation of a well or pipeline.

DEEP RIGHTS REVERSION: A provision in some Crown leases and some freehold leases requiring surrender of interest in the P&NG rights below the base of the deepest zone or formations deemed capable of production.

DEFAULT: Failure to fulfill a duty, promise or obligation as required under a lease or contract. An omission or failure to perform a required act.

DELAY RENTAL: A sum of money payable to the lessor of a mineral lease by the lessee for the privilege of deferring the commencement of drilling operations and keeping the lease valid.

DEPTH OF COVER: Helps the pipeline operate safely and minimizes risk to public safety by providing a barrier between the pipeline and the surface. Regulations have minimum standards set but vary from province to province.

DEVELOPMENT WELL: A well drilled for the production of oil or gas from a field already proven by appraisal drilling to be suitable for exploration.

DIRECTIONAL DRILLING: A well drilled at an angle from the vertical. This method can be used when local topography (e.g. river banks or other water bodies) prevents vertical drilling. Under normal conditions, vertical drilling is used (e.g. the bottom of the hole is located beneath the drill rig).

DIRECTIVE 056 (AER): Presents the requirements and procedures for filing a licence application to construct or operate any petroleum industry energy development that includes facilities, pipelines or wells.
DISPOSITION: Any instrument granted by the Crown; any estate or interest in land of the Crown, or any other right or privilege in respect of Crown land that is not an estate or interest in land, grant, a transfer referred to in an agreement; is or has been granted or conveyed by the Crown to any person, but does not include a grant. Dispositions include but are not limited to Mineral Surface Lease (MSL), Licence of Occupation (LOC-access(AB)/LOO (BC)), Pipeline Agreement (PLA) and Pipeline installation (PIL).


DOWER: With respect to real property, the right of one spouse to a life estate in the homestead and the right to withhold disposition of the homestead. These rights only occur if the spouse is not registered on the Certificate of Title.

DRILLING SPACING UNIT: The minimum or maximum land area required by regulation in order to drill/produce a well. In Alberta, standard spacing for oil is 160 acres (64 ha) and for gas is 640 acres (256 ha). These units can be reduced upon application to the AER.

EASEMENT: A right of use over the property of another. While these agreements grant rights, they may also restrict an owner's use of the affected lands.

EMERGENCY RESPONSE PLAN (ERP): A regularly-updated document that records critical information and emergency response procedures necessary in the event of an emergency.

ENHANCED APPROVAL PROCESS (EAP): Process used by certain clients of Alberta Environment and Parks (AEP) to make surface land use applications; allows Mineral Surface Lease (MSL), Licence of Occupation (LOC-access), Pipeline Agreement (PLA) and Pipeline installation (PIL) disposition applications for oil and gas developments on public land.

ENTRY FEE: Payment required by the Surface Rights Act in Alberta whereby a $500/acre payment (minimum $250 and maximum $5,000) is made to the surface owner prior to entering his/her property to begin construction. This payment is not part of the initial consideration payment.

ENVIRONMENTAL PROTECTION AND ENHANCEMENT ACT (EPEA): Under the Environmental Protection and Enhancement Act (EPEA), the Department protects Alberta's land resource base by ensuring that land used for specified industrial activities (specified land) is developed and reclaimed in an environmentally-sound manner. The Act requires operators to employ effective conservation and reclamation measures. These measures ensure that the disturbed land is reclaimed to meet the goal of equivalent land capability.

ESTATE: A piece of landed property that a person leaves at death.

EXECUTOR/EXECUTRIX: A party named in a probated will to carry out the provisions of that will, including the disposition of real property.

EXPIRY: That point in time when lands held under a title document or agreement reach the end of their term.

EXPLORATORY WELL: A well drilled either in search of new (undiscovered) reserves or to extend the limits of a known pool. May also be known as a 'wild cat' well. These types of wells usually involve a high degree of risk.

FARMEE: A party who performs the drilling or exploration on the lands or 'takes' a Farmout.

FARM-IN AGREEMENT (FI): An arrangement whereby an Operator buys in or acquires an interest in a lease owned by another Operator on which oil and gas has been discovered or is being produced. Often farm-ins are negotiated to help the original owner with development costs and to secure for the buyer a source of crude or natural gas.

FARMOR: A party who grants a Farmout.

FARMOUT AGREEMENT (FO): A contract between two or more parties where one party agrees to perform work, usually on the other party's land holdings, in exchange for an interest in those land holdings.

FEE SIMPLE: The highest estate or right of ownership of real property. A permanent and absolute tenure of an estate in land with freedom to dispose of it at will, especially (in full fee simple absolute) a freehold tenure, which is the main type of land ownership; the highest estate or right of ownership of real property.

FLARING: The burning of natural gas that cannot be conserved. It is restricted primarily to short term testing, well workovers, or exceedingly rare emergency situations.

FORMATION: A designated geological subsurface layer that is composed of substantially the same kind of rock or rock types.

FRACKING/HYDRAULIC FRACTURING: The process of using high pressure to pump sand-laden gelled fluid into subsurface rock formations in order to improve flow in to a well bore.

FREEHOLD LANDS: Lands that are held (owned) privately, by an individual or company, as opposed to being held by the government.

FREEHOLD OIL AND GAS RIGHTS: Mineral rights not owned by the Province. The federal government, First Nations, corporations or individuals may own these mineral rights.

GRANTEE: A person to whom the property is conveyed. Also, a party receiving a royalty.

GRANTOR: A person who conveys the use of property. Also, a party granting a royalty.

GROSS ROYALTY: A share of production that is free of all costs and is calculated at the wellhead. Also known as a Gross Overriding Royalty.
GROUND DISTURBANCE: Any work, operation or activity that results in a disturbance of the earth including, without limitation, excavating, digging, trenching, plowing, drilling, tunneling, augering, backfilling, blasting, topsoil stripping, land levelling, peat removing, quarrying, clearing and grading, but does not include either exceeding 30cm in depth or permanently reducing the amount of pipeline cover; or deep tillage cultivation practices exceeding 45cm depth.

HOMESTEAD/HOME QUARTER: As per the Dower Act, a parcel of land on which the dwelling house occupied by the landowner as his/her primary residence is situated. Consists of not more than four adjoining lots in one city block or a quarter section of land.

HORIZONTAL WELL: High angle wells (generally greater than 85°) drilled to enhance reservoir performance by placing a long wellbore section within the reservoir.

INTESTATE: Reference to the estate of a person who has died without leaving a will.

INTEREST: Same as a ‘Caveat’ but refers to Land Titles in Saskatchewan.

JOINT OPERATING AGREEMENT (JOA): A contract agreed to between two or more parties which identifies each party’s interest percentage, appoints an Operator and states how maintenance and future operations will be conducted on the jointly-held lands pursuant to the contract.

JOINT TENANTS: Ownership of land by two or more parties whereby upon the death of one, the survivor(s) take the whole estate. Right of survivorship.

LANDOWNER: Usually synonymous with surface owner.

LAND TITLES OFFICE (LTO): A government office where legal documents relating to land ownership and its encumbrances are registered and maintained. The majority of these relate to freehold as opposed to Crown land.

LANDMAN/LAND AGENT: The individual who negotiates mineral or surface leases with mineral or surface landowner(s), cures title defects and negotiates with other companies on agreements concerning the lease. In Alberta, under the Court of Queen’s Bench, a person must be licensed in order to engage in the activities of a Land Agent including, but not limited to, negotiations with a landowner.

LEASE: An agreement between two or more parties, where the owner of the land grants another party the right to drill and produce petroleum substances and provide for payment of compensation for that right.

LEGAL DESCRIPTION: The geographical description of a real estate property for the purpose of identifying the property for legal transactions.

LESSEE: A party who holds the lease of the property; a tenant.

LESSOR: A party who owns the land and/or minerals rights and grants a lease.

LESSOR ROYALTY: A share of production reserved by the lessor of a mineral lease. The lessee usually sells the production and the proceeds paid to the lessor in cash.

LICENSE: A license to construct and operate a pipeline under the Pipeline Act (Alberta) or any Act or a gas utility pipeline.

LICENSEE: The holder of a license for a pipeline according to the records of the Regulator or the holder of a license for purposes of a gas utility pipeline.

LIEN: As it relates to Land Titles, a right to keep possession of property belonging to another person until a debt owed by that person is discharged.

LIFE ESTATE: An estate whereby an individual holds the exclusive right to possess and use property during their lifetime but cannot devise or leave the property.

LOCAL AUTHORITY: A member of the Executive Council or a municipal corporation or a Métis settlement having the administration or the direction, management and control by or under any Act of the Legislature.

LOSS OF USE: As it relates to landowner payment, the compensation payable to the landowner for the loss of their ability to utilize the land occupied by the oil and gas surface activity; generally payable as a per acre value.

MANITOBA PUBLIC UTILITIES BOARD (PUB): Regulates the construction and operation of natural gas and propane pipelines in Manitoba.

METER STATION: A facility which monitors and measures aspects of gas such as quantity, quality and pressure going on or off a pipeline.

MINERAL INTEREST: The ownership of the minerals on or under the surface, with the owner having the right to capture or recover, and the right to delegate owner rights to another party to recover minerals by negotiating a lease agreement.

MINERAL LEASE: An instrument which sets out the terms by which one party leases the right to explore and produce (if found) certain minerals within a specific tract or tracts of land.

MINERAL OWNER: Owner of the rights and interests in a mineral estate who is entitled to lease the same. Owns what is below the surface clays and marls.

NATIONAL ENERGY BOARD (NEB): An independent federal agency created in 1959 by the Government of Canada; regulates pipelines that cross inter-provincial or international boundaries.

NET ROYALTY: A share of production that is not free of costs (i.e. has deductions).

NON-STANDARD DECISION: As it relates to the AEP and
EAP, where the applicant does not agree to meet the approval standards associated with the proposed activity and location. Non-standard submission requires the applicant to identify alternative mitigation strategies on the Non-standard Mitigation Supplement.

**NOTICE OF ASSIGNMENT (NOA):** A notice issued by two or more parties where a party (assignor) assigns all or a portion of its interest, rights and obligations under an agreement to another party (assignee). The remaining parties, commonly referred to as third parties, are required to accept such assignment and do not execute the agreement. All parties to the operating agreement must have signed the Industry Agreement prior to the operating agreement date, or the Industry Agreement, in order for a NOA to be used, must previously have amended the original contract.

**OCCUPANT:** A person, other than the registered owner, who is in actual possession of the land.

**OFFSET OBLIGATION:** An obligation in some leases that requires the holder of the mineral rights, by virtue of the terms of lease, to drill or take some other action on lands that offset acreage found to be productive. The lessor usually issues this obligation.

**OIL BATTERY:** A system or arrangement of tanks or other surface equipment or devices receiving the effluent of one or more wells for the purpose of separation and measurement prior to the delivery to market or other disposition.

**OIL SANDS:** (i) Sands and other rock materials containing crude bitumen; (ii) the crude bitumen contained in those sands and other rock materials, and (iii) any other mineral substances, other than natural gas, in association with that crude bitumen or the sands and other rock materials referred to in (i) and (ii); and includes a hydrocarbon substance declared to be oil sands under section 7(2) of the Oil Sands Conservation Act.

**ONTARIO ENERGY BOARD (OEB):** Approves new construction of or changes to existing natural gas pipelines and storage facilities, and electricity transmission lines that are more than two kilometers long in Ontario.

**OPERATIONS NOTICE:** An operation proposed by a party in writing (usually the Operator) pursuant to an operating agreement to participate or not in the joint operation. The notice has a date in which responses must be received.

**OPERATOR:** The party that is appointed or designated ‘in charge’ under the terms of a contract. The other parties look to the Operator for performance of certain obligations. Usually operates the wells drilled under the agreement and issues and develops plays related to the lands under the contract.

**OPTION AGREEMENT:** A legal contract between two parties whereby, in exchange for a fee, one of the parties has the right but not the obligation to buy or sell a specified item at a specified price, at a specified date.

**OPTIONEE:** As it refers to the execution of a surface lease, a party who is given or takes an option.

**OPTIONOR:** A party who grants an option (the landowner).

**PAYOUT:** The point in time when all the costs associated with an operation are recovered out of production from that operation. Usually associated with the drilling and completion of a well.

**PIGGING/PIG:** The practice of using devices known as “pigs” to perform various maintenance or monitoring operations. This is done without stopping the flow of the product in the pipeline. These operations include but are not limited to cleaning and inspecting the pipeline. This is accomplished by inserting the pig into a ‘pig launcher’ (or ‘launching station’), an oversized section in the pipeline, reducing to the normal diameter. The launcher/launching station is then closed and the pressure-driven flow of the product in the pipeline is used to push it along down the pipe until it reaches the receiving trap – the ‘pig catcher’ (or ‘receiving station’).

**POOL:** A natural underground reservoir containing an accumulation of oil or gas or both, separated or appearing to be separated from any other accumulations.

**POOLING:** A combining of small or irregular tracks of land into a larger tract in order to meet governmental regulations for drilling and producing a well (drilling spacing units).

**POOLING AGREEMENT:** A pooling agreement brings together two or more oil and gas leases covering separately-owned land. Leases usually contain a pooling clause, allowing a producer to pool leases without the mineral owners’ permission and stating that the pooled unit will be governed by the same rules outlined in the lease. Pooling can increase production of oil and gas, because it prevents the depressurization that occurs when too many wells are drilled on a unit. Pooling may also be necessary to comply with regulations regarding well spacing.

**POWER OF ATTORNEY (POA):** A legal document granting one person or more (called an agent or attorney-in-fact), the power to act for another person (the principal). The agent can have broad or limited legal authority to make legal decisions about the principal’s property and finance. POA is frequently used in the event of a principal’s illness or disability, or when the principal can’t be present to sign necessary legal documents for financial transactions.

**PRIMARY TERM:** The initial period of a lease granted to develop the property, prior to continuation.

**PRODUCTION PENALTY:** Occurs when one or more of the working interest owners under an agreement decline to participate in a joint operation. The party in penalty does not receive any production/revenue from the well until the participating parties recover the non-participating party’s share of the operating costs plus an additional percentage as outlined in the governing agreement for the well.
PUMP STATION: A facility that monitors and adjusts the through-put (pressure) to pump oil along a pipeline from one location to the next.

QUIT CLAIM: Document or notice under an agreement that relinquishes to other parties any rights or interests that a party may have in a property. No monetary compensation is involved.

REAL PROPERTY: Refers to the ownership of real estate.

RECLAMATION: Restoration of land disturbed by man or nature to a state consistent with its original use.

RECLAMATION CERTIFICATE: A certificate issued by the Environmental Protection and Enhancement Act certifying that land has been satisfactorily reclaimed. Once a reclamation certificate is issued, all terms in respect to the lease are null and void, including rental payments.

RECLAMATION ORDER: An order issued under the Environmental Protection and Enhancement Act directing work to be done (i.e. destroying weeds).

REGISTRAR: Oversees the deputy registrars, examiners of title and other staff employed at a land title office. Registrars and Deputy Registrars must either be lawyers or individuals with significant experience working in a land title office. The Registrars are responsible for maintaining the integrity of the land title register and all registration decisions within their respective land title offices.

RENTAL: Includes royalties, dues, fees, rates or charges other than money payable by any person, but does not include money payable as the whole or part of a purchase price.

RENTAL REVIEW NOTICE: The lessee is required, under the Surface Rights Act, to send notice to the lessor one year prior to each rental review date advising the lessor that he/she has the right to have his/her rental reviewed the following year. This notice portion of the rental review is not required in Saskatchewan.

RIGHT OF ENTRY ORDER: An order of the Surface Rights Board, under the Surface Rights Act, granting an operator access to and use of certain portions of the surface of the land for operations involving drilling/production of oil and gas and construction of pipelines.

RIGHT OF FIRST REFUSAL (ROFR): When applicable, a party who wishes to dispose of its interest in lands under an agreement, must first offer the interest to its partners before offering the interest to an outside party or accepting offers from outside parties. The governing/operating agreement will indicate whether or a ROFR applies (clause 2601, 2401, or 24.01 in CAPL Operating Procedure).

ROYALTY: The portion of the value of the oil and gas produced by a company paid to the Crown.

ROYALTY COMPENSATION: Money payable to the Crown as compensation pursuant to regulations.

ROYALTY INTERESTS: Royalty interests come in three varieties: ownership royalty interest, nonparticipating royalty interest, and gross overriding royalty (GORR) interest. The first interest, an ownership royalty interest, is the simplest; it is the owners’ royalty interest, given by producers in return for leasing the estate. The second, a nonparticipating royalty interest, is a third-party interest, created when mineral owners convey away a portion of their royalty interest. The interest is so named because its third-party owner has no authority to participate in governance of the mineral estate; for example, a nonparticipating royalty interest owner cannot lease the mineral estate. Finally, overriding royalty interests are owned by producers. They are created when working-interest-owner producers assign their working interest to another producer, reserving for themselves a royalty interest in the new producer’s production.

SASKATCHEWAN ENERGY AND RESOURCES / MINISTRY OF THE ECONOMY: A single regulator for upstream oil, gas, oil sands and coal projects in the province of Saskatchewan responsible for regulating energy resource developments from initial application to reclamation.

SHALLOW RIGHTS REVERSION: A provision in some Crown leases and some freehold leases requiring surrender of interest in the P&NG rights above the top of the shallowest productive zone. This may be in addition to the existing deeper rights reversion. Rights between the top of the shallowest productive zone and the base of the deepest productive zone remain in the agreement at continuation.

SHUT-IN ROYALTY: Payment to royalty owners under the terms of a lease which allows the lessee to defer production from a well capable of producing but shut in for lack of a market.

SHUT-IN WELL: To close the valves on a well so that it stops producing. Usually shut in for lack of market or pending connection to a pipeline.

SOUR GAS: Natural gas containing hydrogen sulphide (H2S). Depending on H2S concentrations, sour gas may pose a public safety hazard if released or may result in unacceptable off-lease odours if vented in to the atmosphere.

SPACING UNIT/DRILLING UNIT: A boundary designated by a governmental agency as a “common source of supply” of oil and gas for purposes of dividing fairly, among the various owners, production from a particular well or wells. The royalties from a well drilled within a spacing unit must be shared between all mineral owners within the unit based on the amount of the mineral owners’ acreage in the unit compared to the total acreage in the unit.
**STANDARD DECISION:** As it relates to the AEP and EAP, where the applicant agrees to meet the approval standards associated with the proposed activity and location.

**STATUTORY RIGHT OF WAY (SRW):** In the nature of an easement, a right held by such persons necessary for the operation and maintenance of the grantee's undertaking, e.g. power lines, oil or gas transmission lines, utility corridors, etc.

**SUMP:** Shallow pond lined with plastic adjacent to the drilling rig, used to store drilling fluid.

**SURFACE OWNER:** Owner of the rights and interests in a surface estate and is entitled to lease the same. Owns the 'surface' of the land.

**SURFACE RIGHTS BOARD (SRB):** A quasi-judicial tribunal that grants right of entry and assists landowners/occupants and Operators to resolve disputes about compensation when Operators require access to private land or occupied crown land to develop subsurface resources such as oil, gas and coal or to build and operate pipelines and power transmission lines.

**SUSPENDED WELL:** A well that was previously completed but is no longer being produced.

**SWEET GAS:** Natural gas with no measurable quantities of hydrogen sulphide (H2S).

**TARGET AREA:** See Common Target Area.

**TELECOMMUNICATION LINE:** A system or arrangement of lines of wire or other conductors by which telephone or other kinds of communications are transmitted and received by electronic means.

**TEMPORARY FIELD AUTHORIZATION (TFA):** Authorizations limited to borrow pits, log decks, temporary work spaces, push outs and bank stabilization within identified sizing and proximity limits shown in the TFA guidelines.

**TEMPORARY WORKSPACE (TWS) AGREEMENT:** Land that is being used for or held in connection with the construction, operation and reclamation of an oil and gas well, battery, oil production site and/or pipeline. Land acquired under a TWS agreement is designated ‘specified land’ and is subject to the same requirements to conserve, reclaim and obtain a reclamation certificate as those for a permanent facility.

**TENANTS IN COMMON:** Each party owns a portion of the land in the same way that partners own a partnership. Each tenant can individually sell or assign its interest. Upon the death of a tenant, their share goes to their estate and can be sold, etc.

**TIE-IN AGREEMENT:** Addresses the activities associated with the connection of a production source, such as a well, to a third party facility. With respect to costs, liability and indemnification, the intent is to keep the Operator whole. The Operator maintains control of its facilities during tie-in activities. The tie-in is conducted at the Producer’s sole cost, risk and expense.

**TITLE PRESERVING:** An independent operation may be proposed in order to maintain the title document or lease by drilling a well. Failure to participate results in forfeiture of the non-participant’s interest in any lands maintained as a result of the operation.

**TRANSMISSION LINE:** A system or arrangement of lines of wire or other conductors and transformation equipment, whereby electric energy, however produced, is transmitted in bulk, and includes: transmission circuits, insulating and supporting structures, substations, operational and control devices, all property used for the purpose of, or in connection with, the operation of the transmission line. This does not include power plants or electric distribution systems as defined in the *Hydro and Electric Energy Act.*

**TRUST AGREEMENT:** A right to hold interest by one party for the benefit of another party. Usually involves an unrecognized party on lease documents.

**UNDIVIDED INTEREST:** An ownership right to use and possession of a property that is shared among co-owners, with no one co-owner having exclusive rights to any portion of the property.

**UNITIZATION/UNIT AGREEMENTS:** Joint operations to maximize recovery among separate operators within a common reservoir (or pool).

**WATERCOURSE:** The bed and shore of a river, stream, lake, creek, lagoon, swamp, marsh or other natural body of water, or a canal, ditch, reservoir or artificial surface feature made by humans; both whether it contains or conveys water continuously or intermittently.

**WITHHOLDING TAX:** Percentage of monies withheld from a non-resident of Canada, which is then sent to Revenue Canada. Different agreements exist between jurisdictions that dictate the details of the amount of tax to be withheld.

**WORKING INTEREST:** The working interest is the right granted to the lessee of a property to explore for, produce and own oil, gas or other minerals. The owner of the working interest is permitted to make decisions affecting their percentage of interest, obligated to pay all drilling and operating costs and entitled to revenue based on their percentage. Working-interest owners control production at the well. The working-interest owner generally bears the royalty obligation, unless otherwise assigned.

*CAPLA’s Glossary of Land Terms is a work-in-progress. If you would like to add a term or definition, e-mail your suggestion to office@caplacanada.org.*

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