

INFORMATION LETTER

UPSTREAM DEVELOPMENT DIVISION

UDD-17-02

SUBJECT: Updated Guide to BC *Petroleum and Natural Gas Act* Lease Continuations Guide

The [Guide to BC *Petroleum and Natural Gas Act* Lease Continuations](#) (Guide) has been updated to clarify the technical information required to support a lease continuation application for disposal purposes under section 61.1 of the *Petroleum and Natural Gas Act* (PNG Act). The Ministry recognizes that water disposal is an important factor for successful resource play development, including the Montney, Horn River and Liard Basin development, and wants to emphasize that section 61.1 allows for planning of future disposal. Section 61.1 gives the Director a discretionary power to continue rights for the purpose of disposal, existing or planned, over areas where an Oil and Gas Commission *Oil and Gas Activities Act* (OGAA) section 75 special project for water disposal has not yet been approved.

The Guide has also been updated to reflect recent changes to the PNG Act and regulations. These changes include:

- the introduction of a penalty lease continuation year for five-year leases, and
- a change to the lease continuation eligibility of spacing areas included in an OGAA special project that will come into effect on August 1, 2017.

Additional information on recent amendments to the PNG Act and the regulations can be found in [Information Letter UDD-16-05](#).

Other additions to the guide include an update to Appendix A to explain the use of seismic to demonstrate “eligible spacing areas” for an application to continue a lease under section 58 (3) (a). Appendix B has been added to the guide to outline the criteria for a report submitted as part of a program of work lease continuation application under section 58 (3) (c).

All of these documents are available on the Petroleum and Natural Gas Tenure [Publications](#) webpage.

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