

Annex B

Amendments to National Instrument 51-101 *Standards of Disclosure for Oil & Gas Activities*

Summary of Comments and CSA Responses

Item	Subject	Summarized Comment	CSA Response
Comments in response to questions in CSA Notice dated October 17, 2013			
1. Disclosure of estimates prepared under an alternative resource evaluation system (Question 1)			
<p>The proposed amendments would permit an issuer to disclose reserves prepared in accordance with, for example, the SEC regime supplementary to reserves disclosed under NI 51-101. Do you support the proposal to permit the supplementary disclosure of reserves prepared under a regime comparable to the COGE Handbook, as is set out in proposed section 5.18 of NI 51-101? Please explain your views.</p>			
Proposed section 5.18 of NI 51-101	General Comments For	<p>Five commenters support the proposal to allow supplementary disclosure of an evaluation under an alternative resources evaluation standard. Their reasons include the following:</p> <ul style="list-style-type: none"> • The number of issuers subject to reporting in multiple jurisdictions and the close economic ties between Canada and, for example, the United States make it important for disclosure under other similar standards to be permitted. 	We thank the commenters for their input.

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		<ul style="list-style-type: none"> • Providing a mechanism to disclose reserves in accordance with other standards provides greater comparability between Canadian and foreign issuers' oil and gas disclosure. • This will allow reporting issuers the ability to meet the needs of multiple stakeholders more effectively. 	
	General Comments Against	One commenter does not support the requirement to disclose additional information for an estimate prepared under an alternative resources evaluation standard. Their reason is that it is excessive to have companies duplicate effort when they have already prepared a reserve estimate in a format that is comparable to COGE Handbook.	We thank the commenter for their input, however, NI 51-101 adopts the COGE Handbook as the standard for the classification and evaluation of resources. The COGE Handbook enables greater comparability and predictability between resource estimates. To the extent an estimate of resources has not been classified and evaluated in accordance with the COGE Handbook, investors must be made aware of the differences.
	Questions Regarding Application	One commenter asked what obligation does a 40-F filer have relative to the proposed disclosure requirements for the public disclosure of a reserves estimate under an alternative	Under section 5.18 of NI 51-101 a reporting issuer may disclose a resource estimate using a standard other than that set out by COGE Handbook. If a reporting issuer is required by the local regulator to provide disclosure under another standard, for example, in order to access the capital markets of that

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		resources evaluation standard.	<p>standard, then disclosure of the estimate would be “required” for the purpose of the amendments. If a reporting issuer is not required by the local regulator to provide, for example, disclosure of reserves prepared under an alternate standard in its disclosure documents, the disclosure of the estimate would “not be required” for the purpose of the amendments.</p> <p>A reporting issuer should obtain legal advice to whether in its circumstances it is required to provide the required disclosure.</p>
	Questions Regarding Reconciliations	One commenter asked if an arithmetic reconciliation of an estimate prepared under the alternative resources evaluation standard to the estimate prepared under the COGE Handbook would be required.	An arithmetic reconciliation of the alternate disclosure and NI 51-101 disclosure is not required.
<p>2. Do you support the removal of the requirement to disclose information by production group (Question 2)</p> <p>The proposed amendments eliminate the requirement to disclose a reporting issuer’s reserves data by production group. Do you support the removal of the requirement to disclose reserves data by production group? Please explain your views.</p>			
Repealed paragraph 1.1(u) of NI 51-101, removal of requirement from paragraph 3(c) of item 2.1 of Form 51-101F1	Support production group removal	6 commenters support the proposal to remove the requirement to disclose the net present value of future net revenue by production group. Their reasons include the following: <ul style="list-style-type: none"> • Removing the concept 	We thank the commenters for their input.

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		<p>of production group and using qualifying definitions will better define the actual resource potential.</p> <ul style="list-style-type: none"> • The proposal brings consistency with other elements of reporting which are based on product type. 	
	<p>Reduction of number of product types</p>	<p>Three commenters suggested that we reduce the total number of product types and specifically allow reporting issuers to combine similar product types if reasonable. For example, when a reporting issuer produces gaseous hydrocarbons, since costs do not vary materially due to differing origins of natural gas, or multiple liquid product types from the same field.</p>	<p>We thank the commenter for the input, however, product types are included to describe both the physical product and the source in an attempt to capture the following comparability factors:</p> <ul style="list-style-type: none"> • The same physical product attracts the same price (adjusted for quality and transport costs) whatever the source, but • Different sources have significantly different cost and risk profiles, and production characteristics. <p>Having multiple “product types” provides an investor with a more comprehensive picture rather than having the general product types “oil” or “gas”. Reducing the number of product types is outside of the scope of these proposed amendments.</p> <p>The separation of conventional natural gas, coal bed methane, synthetic gas and shale gas, into different product types provides an investor with information</p>

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			on some of the differences in cost and risk profiles and production characteristics.
	Question about condensate	One commenter asked if the definition of light crude oil includes condensates.	We thank the commenter for the question. In paragraph 1.1(q.2) the definition of natural gas liquids includes condensates. Light crude oil, for the purpose of product types in NI 51-101, does not include condensates.
	Removal of unit values	One commenter suggested that unit values should be removed.	We thank the commenter for the input, however, the removal of unit values is outside of the scope of the changes contemplated by the proposed amendments.
	Comment on NGLs	One commenter suggested that NGLs are a by-product and should be combined with oil or gas.	We thank the commenter for the input. In addition to the required product type disclosure, paragraph 1.1(3)(c) of the Form 51-101F1 requires the disclosure of product types with their associated by-products, which for oil or gas, may include NGLs.
	Clarification of bitumen definition	Several commenters identified a potential overlap between the definitions of heavy crude oil and bitumen.	We thank the commenters for their input. We have amended the definition of “bitumen” to include the concept of bitumen being “solid or semi-solid” and that “it is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods.”
	Re-inclusion of shale oil as a product type	One commenter stated that shale oil should be included as a product type.	We thank the commenter for the input. We have revised the proposed amendments to include tight oil as a product type, which includes shale oil.
<p>3. The requirement to provide low, best and high estimates of volume and net present value of future net revenue in respect of any contingent resources or prospective resources included in the annual statement of reserves data (Question 4)</p> <p>A reporting issuer that includes contingent resources and/or prospective resources is not currently required to have those estimates prepared by an independent qualified reserves evaluator. Do you support the requirement in proposed item 2 of section 2.1 of NI 51-101 for an independent qualified reserves evaluator to evaluate or audit any contingent resources or prospective resources included in the annual statement of reserves data? Please explain your views.</p>			

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<p>Do you support the requirement in proposed paragraph 4 of item 2.1 of Form 51-101F1 to provide low, best and high estimates of volume and net present value of future net revenue in respect of any contingent resources or prospective resources included in the annual statement of reserves data? Please explain your views.</p>			
<p>Part 7 of Form 51-101F1</p>	<p>General comments for requirement to provide low, best, high estimates</p>	<p>3 commenters support the proposed requirement to provide low, best, high estimates.</p>	<p>We thank the commenters for their input, however, we have removed the proposed requirement to disclose low and high estimates in addition to the best estimate. Nevertheless, if a reporting issuer discloses a high estimate, the low estimate must also be disclosed as required by section 5.17 of NI 51-101.</p>
	<p>General comments against requirement to provide low, best, high estimate</p>	<p>6 commenters do not support the requirement to disclose the low and high estimates in addition to the best estimate. Their reasons include the following:</p> <ul style="list-style-type: none"> • Disclosure of the medium or ‘best’ estimate of volume is sufficient. • Certain reporting issuers may consider this requirement as onerous. • Estimates may vary widely due to limited information. 	<p>We thank the commenters for their input.</p> <p>We have amended the requirement relative to the optional contingent and prospective resources disclosure in the statement prepared in accordance with Form 51-101F1 to only require disclosure of the 2C estimate for contingent resources or the best estimate for prospective resources. However, if a 3C or high estimate is disclosed, section 5.17 of NI 51-101 requires that the 1C or low estimate also be disclosed.</p>
	<p>IQRE requirement</p>	<p>Two commenters inquired whether an exemption will be available from the requirement to have an independent</p>	<p>We thank the commenters for the question. The CSA has granted relief from the requirement for the annual preparation of an evaluation or audit by an independent qualified reserves evaluator to reporting</p>

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		<p>evaluation or audit of any contingent resources or prospective resources included in the annual statement of reserves data.</p>	<p>issuers that have been able to establish that they have:</p> <ul style="list-style-type: none"> (a) qualified reserves evaluators and auditors within the meaning of NI 51-101; (b) a well-established reserves evaluation process that is at least as rigorous as would be the case were it to rely upon independent reserves evaluators or auditors; and (c) implemented a technical quality assurance program in connection with the preparation of its internally generated reserves data. <p>CSA staff are willing to consider relief for reporting issuers that are able to make the same representations in respect of their resources other than reserves data.</p>
		<p>Two commenters suggested that the independent qualified reserves evaluator (IQRE) requirement should only be required for “development pending” contingent resources and that making this a requirement for contingent resources and prospective resources disclosed in Form 51-101F1 seems onerous and may not be necessary if competent staff are completing the assessments.</p>	<p>We thank the commenter for their input. The IQRE requirement ensures that if a reporting issuer elects to disclose contingent resources and prospective resources in an appendix to its statement prepared in accordance with Form 51-101F1, those estimates are subject to the same rigour and technical quality assurance as the reserves estimates included in the Form 51-101F1 disclosure. A reporting issuer is not required to engage an IQRE for disclosure made outside of the required annual statement.</p> <p>In addition, the internal qualified evaluator of the reporting issuer can evaluate the resources and volumes and values audited by an IQRE.</p>

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		<p>One commenter stated that an IQRE may not have enough information at early stages if license terms are not fully defined.</p>	<p>We thank the commenter for the input. If a reporting issuer discloses contingent or prospective resources in an appendix to its statement prepared in accordance with Form 51-101F1, section 3.2 and 3.3 of NI 51-101 impose an obligation on the reporting issuer to provide “all information reasonably necessary to enable the qualified reserves evaluators or auditors to provide a report that will satisfy the applicable requirements of this Instrument”, which includes the requirement to be prepared in accordance with the COGE Handbook.</p>
		<p>One commenter suggested that an IQRE should only be required to evaluate or audit 75% of resources other than reserves and no need for review on the remaining 25%.</p>	<p>We thank the commenter for the input, however, disclosure of contingent and prospective resources in the statement prepared in accordance with Form 51-101F1 is voluntary. If a reporting issuer includes disclosure of contingent resources or prospective resources at its own discretion, it may provide those estimates in respect of one or several of its properties. This flexibility requires that all contingent resources and prospective resources optionally included in an appendix to the Form 51-101F1 be prepared by an IQRE or IQRA.</p>
	<p>Estimates of prospective and contingent resources</p>	<p>Several commenters suggested that prospective resource estimates need to be risked, and that specific guidance should be included as to how risk should be incorporated into estimates.</p>	<p>We thank the commenters for their input. Where an estimate of volume or value of prospective resources is disclosed, paragraph 5.9(1)(d) of NI 51-101 requires a reporting issuer to disclose, in writing, the “risks and the level of uncertainty associated with recovery of the resources.”</p> <p>We have included specific directions in the Form 51-101F1 to clarify that for the purpose of optional annual disclosure, when contingent resources or</p>

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			<p>prospective resources are disclosed, a numeric quantification of the risks is required and the risked estimates must be provided.</p> <p>We have updated the requirement in Form 51-101F1 to clarify that if contingent resources and prospective resources are optionally disclosed in an appendix to the statement prepared in accordance with Form 51-101F1, a quantification of, and explanation of the method for arriving at, the chance of discovery and chance of development are required. NI 51-101 is primarily focused on disclosure of reserves data. The techniques and evaluation and audit practices required to carry out a reserves or resources other than reserves evaluation are collectively governed by the COGE Handbook, the obligations imposed by professional organizations, as defined by NI 51-101, and best industry practices on the subject.</p>
	<p>Disclosure of NPV for contingent and prospective resources</p>	<p>Several commenters recommended that for contingent resources, they may disclose NPV for development pending and on-hold in some cases. For development not viable, sub-economic or unrecoverable, commenters suggested disclosing volumes only. For prospective resources, commenters suggested disclosing NPV or analog minimum economic field size.</p>	<p>We thank the commenters for their input. We have revised the presentation and clarified the requirements related to the optional disclosure of contingent resources and prospective resources in response to the valid concerns raised in respect of the disclosure of the net present value of future net revenue of contingent resources and prospective resources in the statement prepared in accordance with Form 51-101F1.</p> <p>Optional presentation of contingent resources and prospective resources as a part of the required annual filing may now only be made as an appendix to the Form 51-101F1. The disclosure must be classified</p>

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		<p>Additionally commenters suggested that economic and sub-economic resources should be disclosed separately and prospective resources should be risked for chance of discovery or perhaps show both unrisked and risked in Form 51-101F2.</p>	<p>according to the most specific sub-classes set out in the COGE Handbook, which have been refined in chapter 2 of volume 2. To highlight the difference between reserves and resources other than reserves, additional cautionary language for the estimates of value is now required. In addition, rather than net present value, the disclosure of risked net present value of future net revenue will instead be required for contingent resources in the development pending project maturity sub-class (see section 10.2 of volume 1 and section 5.8.1 of volume 2 of the COGE Handbook).</p> <p>The ability to disclose contingent resources and prospective resources is increasingly important for reporting issuers at early stages with a need to express the potential of the interests they hold in their oil and gas assets. We have seen an increase in the disclosure of contingent resource volumes and values in the required annual disclosure of reporting issuers. We continue to be of the view that the disclosure of contingent resources and prospective resources without providing information as to its economic viability can be misleading. We are of the view that providing the risked net present value of future net revenue for contingent resources in the development pending project maturity sub-class and prospective resources volumes optionally disclosed in the annual statement will assist an investor “in reaching an opinion on the merit and likelihood of the company proceeding with the required investment.” (see section 5.8.1 of the COGE Handbook volume 2).</p>

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			<p>Balancing the benefit to certain reporting issuers in having the ability to provide disclosure of volumes of contingent and prospective resources and values of contingent resources in the development pending project maturity sub-class against an investor's need to appreciate the value of a particular property or group of properties to the reporting issuer, requires something more than the prohibition of the disclosure of contingent resources and prospective resources and something less than the ability to allocate value to those properties without a framework to properly account for how the reporting issuer arrived at that value. By replacing the requirement for net present value of future net revenue with a risked net present value of future net revenue in the development pending project maturity sub-class of contingent resources, investors should have enough information to determine whether the volumes allocated to a particular project are realizable while allowing the reporting issuer to speak to potential.</p> <p>Other than for contingent resources in the development pending project maturity sub-class, we are no longer requiring the disclosure of the value of contingent and prospective resource values when a volume is optionally disclosed as a part of the Form 51-101F1 disclosure. This is in response to a concern over the uncertainty associated with these estimates and the potential for misunderstanding by a reader of the document.</p>

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			<p>A reporting issuer may disclose estimates of volume and value of contingent resources other than those in the development pending project maturity sub-class and of prospective resources as a part of its annual disclosure, however, the reporting issuer should consider whether the level of uncertainty associated with the particular estimate is of such a degree to make that estimate misleading if used in the context of the Form 51-101F1.</p>
		<p>Several commenters suggested that poorly defined development and marketing plans may lead to misleading disclosures. The commenters noted that values for contingent and prospective resources are dependent on significant factors such as recovery technology, market access and development plans, costs and schedule, which have the potential for significant variations in the assumptions around those factors among various parties assigning a value to a resource. Additionally, commenters noted that the requirement to provide detailed descriptions of development projects associated with disclosed contingent and prospective</p>	<p>We thank the commenters for their input. We have revised item 5.9(2)(d)(iii.1)(A) of NI 51-101 to clarify that the estimated total capital requirements to achieve production and a general timeline of the project, including the estimated date of first production must be disclosed along with the contingent or prospective resources estimate. An investor will be able to assess the particular estimate against the information disclosed by the reporting issuer about the project.</p> <p>In addition to the disclosures required by section 5.9 of NI 51-101, refinement to the classification framework in the COGE Handbook will allow for more specific contingent resource and prospective resource sub-classes which reflect the stage of development. Information regarding recovery technology, market access, development plans, costs and schedule would be required to be disclosed if a reporting issuer optionally discloses contingent or prospective resources.</p> <p>An estimate of contingent resources or prospective</p>

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		<p>resources will be unduly onerous for reporting issuers with contingent resources and prospective resources located in multiple accumulations, each requiring its own development plan, even though the descriptions may provide limited useful information.</p> <p>Several commenters stated that significant uncertainties are involved with long term contingent resource and prospective resource estimates and the requirement for NPV of prospective and contingent resources should be removed.</p>	<p>resources is made as of an effective date. Disclosure about the project at the effective date, allows an investor to assess the validity of the estimates and the likelihood that the reporting issuer would actually develop the contingent or prospective resources. The omission of this information could mislead an investor about the potential represented in contingent or prospective resources estimates.</p> <p>Other than for contingent resources in the development pending project maturity sub-class, we are no longer requiring the disclosure of the value of contingent and prospective resource values when a volume is optionally disclosed as a part of the Form 51-101F1 disclosure. This is in response to a concern over the uncertainty associated with these estimates and the potential for misunderstanding by a reader of the document.</p> <p>A reporting issuer may disclose estimates of volume and value of contingent resources other than those in the development pending project maturity sub-class and of prospective resources as a part of its annual disclosure, however, the reporting issuer should consider whether the level of uncertainty associated with the particular estimate is of a sufficient degree to make that estimate misleading if used in the context of the Form 51-101F1.</p> <p>If a reporting issuer is unable to comply with section 5.9 of NI 51-101 or the disclosure requirements of the Form 51-101F1 because there is not enough detail</p>

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			<p>or certainty around the project, then the reporting issuer should consider whether it would be misleading to include the contingent or prospective resource estimates in annual disclosure.</p>
		<p>One commenter suggested that contingent resources should be disclosed separately in Appendix 1.</p>	<p>We thank the commenter for the input. We have revised the presentation of the Form 51-101F1 to require the presentation of the optional disclosure of contingent resources and prospective resources in an appendix to the Form 51-101F1 or the annual information form.</p>
		<p>Some commenters stated that the new provisions require issuers to ascribe economic value to resources (that are not themselves required to be economic), which could result in misleading or confusing disclosures caused by issuers ascribing vastly different economic values to contingencies depending on their circumstances.</p>	<p>We thank the commenters for their input. We have changed the requirement for net present value of future net revenue to a requirement to disclose the risked net present value of future net revenue of contingent resources in the development pending project maturity sub-class. If a reporting issuer optionally discloses a volume of contingent resources in the development pending project maturity sub-class that has a negative risked net present value of future net revenue in its statement prepared in accordance with Form 51-101F1, it would be important for an investor to understand the extent to which the contingent resources are negative as it suggests the likelihood of the development of contingent resources.</p> <p>A reporting issuer may disclose estimates of volume and value of contingent resources other than those in the development pending project maturity sub-class and of prospective resources as a part of its annual disclosure, however, that disclosure will be subject to the prohibition against misleading statements. An</p>

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			estimate may be misleading for the purpose of the required annual disclosure if the estimate is highly uncertain.
		One commenter suggested that the requirement to disclose NPV of FNR may cause certain reporting issuers to consider it enough reason to re-consider the merits of listing as a public company in Canada.	We thank the commenter for the input. The disclosure of contingent and prospective resources is optional. If a reporting issuer seeks to establish its potential to its investors on the basis of its contingent resources and prospective resources and elects to disclose that potential in the statement prepared in accordance with the Form 51-101F1, those estimates should be subject to the same rigour as reserves data and provide sufficient information to an investor to allow an investor to fully assess the potential being represented in the reporting issuer’s contingent and prospective resources.
	Guidelines for disclosing contingent and prospective resources	One commenter suggested that COGE Handbook volume 2, chapter 2 may not provide sufficient guidelines to ensure consistent disclosure of all resources.	We thank the commenter for the input. Chapter 2 of volume 2 of the COGE Handbook requires that “evaluators must rely on their professional expertise and experience, be accountable for their interpretations and professional judgments and provide clear and complete documentation for their work.” Under the current version of NI 51-101 reporting issuers can disclose both or either of contingent and prospective resources volumes and values with minimal guidance. The new guidelines enhance the classification framework and provide additional guidance to evaluators in classifying and categorizing contingent and prospective resources.
		One commenter stated that the reporting issuer should disclose the relative quality of the development plan and	We thank the commenter for the input. The refinements to the classification framework in the COGE Handbook provide an indication as to the stage of development of the particular estimate. In

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		associated cost estimates.	addition, under item 5.9(2)(d)(iii.1)(D) of NI 51-101, reporting issuers will be required to disclose whether the project is based on a conceptual or pre-development study. Prior to including an estimate of contingent or prospective resources in the statement prepared in accordance with Form 51-101F1, a reporting issuer is required to provide all information reasonably necessary to enable the qualified reserves evaluator or auditor to provide a report that will satisfy the applicable requirements of NI 51-101.
<p>4. The requirements to disclose the standard, methodology and meaning of the disclosed metric (Question 5)</p> <p>When a reporting issuer discloses an oil and gas metric, the proposed amendments would require the reporting issuer to disclose the standard, methodology and meaning of the disclosed metric, and if there was no identifiable standard, the parameters used in calculating the oil and gas metric and a cautionary statement. Do you support the proposed amendment to section 5.14 of NI 51-101 to impose the above described disclosure-based approach to oil and gas metrics such as BOEs, finding and development costs, netbacks, etc.? Please explain your views.</p>			
Section 5.14 of NI 51-101	General comments for disclosure-based approach to oil and gas metrics	6 commenters support the proposed requirements to disclose the standard, methodology and meaning of the disclosed metric.	We thank the commenters for their input.
	Equivalency	One commenter agreed with the proposal, however recommended retaining 6 Mcf = 1 BOE for reporting equivalency.	<p>We thank the commenter for the input. We have provided guidance in the Companion Policy to 51-101 which describes a method of providing disclosure on BOEs. The COGE Handbook states:</p> <p style="padding-left: 40px;">Reserves quoted in BOE calculated using a conversion of 6:1 <i>Mcf/BOE</i> generally overstate the reserves of a company, but it is currently the most commonly used method in</p>

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			<p>the industry.</p> <p>The best approach to considering investment alternatives is not to use BOE conversions at all.</p>
5. Marketability of Production & Reserves			
<p>Section 5.4 and 5.5 of NI 51-101</p>	<p>Point of sale</p>	<p>One commenter stated that the new provisions should not be interpreted to prevent the booking of NGLs subject to Aux Sable agreements as reserves.</p> <p>Another commenter stated that there are challenges with determining the proper future net revenue that would be attributed to the wet gas stream at the delivery point into a system, and that the future net revenue determined at the delivery point into the system may be misleading and not be aligned with the issuer's financial disclosure.</p>	<p>We thank the commenter for the input. The proposed amendment to section 5.4 of NI 51-101 maintains the concept that the value assigned to reserves should be determined at the point at which the particular product type is to be or was sold. The alternate reference point allows reporting issuers to have a point, prior to the first point of sale, at which it would be appropriate to allocate value. This does not, however, permit the allocation of value after the first point of sale.</p> <p>To clarify that product types must be recovered before the first point of sale or alternate reference point, we have re-inserted section 5.5 of NI 51-101.</p> <p>The responsibility for ensuring public disclosure of future net revenue is not misleading falls on the reporting issuer and its independent qualified reserves evaluator (for more detail, see section 2 of CSA Notice 51-327).</p>
6. Abandonment and Reclamation Costs			
<p>Sections 1.1(n.3) and (z.01) of NI 51-101, and item 5.2 of Form 51-101F1</p>	<p>Distinction between abandonment and reclamation costs</p>	<p>One commenter suggested we not separate abandonment and reclamation costs, but allow issuers to continue to disclose</p>	<p>We thank the commenter for the input. We have revised the definition of abandonment and reclamation costs and have revised the sample table included in the Companion Policy to clarify that the</p>

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		<p>on a combined basis and footnote as such, particularly where a reporting issuer's estimate of either abandonment costs or reclamation costs is less than a certain percentage (eg. 20%) of the whole.</p>	<p>abandonment and reclamation costs may be disclosed together.</p>
	<p>Abandonment and reclamation costs - offshore and scope</p>	<p>One commenter stated that the reclamation costs definition does not contemplate offshore costs.</p> <p>Additionally, a commenter suggested that a definition for "in the vicinity of the well" and "land" is required.</p> <p>A commenter suggested that the definition of reclamation costs should be amended to better define its scope, and in particular, whether it is meant to extend to costs beyond well-related reclamation costs.</p>	<p>We thank the commenters for the input. We have revised the definition of abandonment and reclamation costs to clarify that the reporting obligation applies to a "property that has been disturbed by oil and gas activities", which by definition are activities prior to the first point of sale.</p>
	<p>Evaluation by IQRE</p>	<p>One commenter suggested we not repeal item 6.4 of Form 51-101F1 because reserves evaluations only include well abandonment costs. Other abandonment and reclamation costs should be disclosed</p>	<p>We thank the commenter for the input. We will repeal item 6.4 of Form 51-101F1. Since its implementation in 2003, reporting issuers have been required for the purpose of annual disclosure under NI 51-101 to calculate the net present value of future net revenue using both abandonment and reclamation costs. Disclosure of a reporting issuer's obligations</p>

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		<p>separately. The commenter suggested that the repeal of 6.4 means that abandonment and reclamation costs associated with properties and wells with no assigned resources, all pipelines, and facilities not located on the well site will not be included in the reporting issuer's disclosure. The commenter noted that IQREs are not qualified to address total field abandonment and reclamation costs. The commenter asked if IQREs would be allowed to rely on estimates provided by the reporting issuer.</p>	<p>relative to the abandonment of pipelines and facilities not included at the field level would be available in the financial statements of the reporting issuer.</p> <p>Section 4.5 of the COGE Handbook volume 1 requires an evaluator to take certain measures to reduce the likelihood that data not prepared by the independent qualified reserves evaluator is erroneous or unrepresentative. The COGE Handbook states that "one or more cross checks or other tests can confirm the reasonableness and completeness of client provided information". A cross check that may be of assistance in respect of reclamation costs could be to request the "cooperation and assistance from the company's independent financial auditor." The reporting issuer is obliged on a regular basis to revise its estimates regarding asset retirement obligations, making the financial auditor a potential resource to the evaluator. Another cross check may be for the evaluator to compare information provided by the reporting issuer with guides provided by regulators in the jurisdiction in which the reclamation costs will accrue. For example, in Alberta and Saskatchewan, regulators have estimated abandonment and reclamation costs for different regions in the province.</p>
	<p>Disclosure in audited financial statements</p>	<p>One commenter suggested that the current disclosure of abandonment and reclamation costs in audited financial statements is adequate and that further evaluation of these</p>	<p>We thank the commenter for the input. The asset retirement obligations included in financial statements only include existing wells and facilities; they do not include retirement obligations for "planned wells", see 7.6.4 of the COGE Handbook volume 1. Abandonment costs are also used to test</p>

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		costs would be redundant.	the economics of the undeveloped properties.
	Abandonment and reclamation costs at the asset level	Two commenters wanted clarification on whether abandonment and reclamation costs need to be applied at the asset level (including contingent and prospective resource projects).	Our view is that abandonment and reclamation costs are only included at the company level, which is compatible with accounting requirements.
	Location of abandonment and reclamation costs disclosure	One commenter requested clarification on where abandonment and reclamation costs with depleted and / or non-productive assets would be included.	If reserves are not assigned to the depleted or non-productive assets, generally speaking, the abandonment and reclamation costs would no longer be included in the required annual oil and gas disclosure, but would presumably continue as an asset retirement obligation in the reporting issuer's financial statements.
	Clarification of abandonment and reclamation costs	One commenter requested clarification on whether abandonment and reclamation costs should include future leases, wells and facilities or should they be restricted to existing abandonment and reclamation liabilities.	Abandonment and reclamation costs should include both existing and future leases, wells and facilities. Abandonment and reclamation costs for the purpose of NI 51-101 are based on the regulations of the jurisdictions within which a reporting issuer carries out oil and gas activities.
7. Other Amendments			
Other Amendments	Removal of consent	One commenter agreed with removal of section 5.7 consent.	We thank the commenter for the input.
	Effective date of evaluation by evaluator	One commenter agreed with the change to Form 51-101F2 for evaluators to take responsibility only in respect of events up to the effective date of the evaluation.	We thank the commenter for the input.

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	Canadian Professional Organization	One commenter noted that the Association of Professional Geoscientists of Nova Scotia is not listed as a Canadian Professional Organization.	We thank the commenter for the input. The Association of Professional Geoscientists of Nova Scotia has now been included in the Companion Policy.
	Definition of conventional natural gas in section 1.1(f.2) of NI 51-101	One commenter suggested revising the definition of conventional natural gas since it does not fit tight gas such as Montney.	<p>We thank the commenter for the input, we have revised the definition of conventional natural gas to align with the definition of conventional resources in chapter 2 of COGE Handbook volume 2 as follows:</p> <p style="padding-left: 40px;">Conventional natural gas means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features.</p>
	Relative density in section 1.1(n.5) of NI 51-101	One commenter suggested the addition of the word “relative” before “density” since API gravity is not a measure of density.	We thank the commenter for the input. We have revised the definitions to refer to “relative density”.
	Clarification of conceptual study in section 5.9(2)(d)(iii.1)(C) of NI 51-101	One commenter suggested the wording of 5.9(a)(iii.1)(C) is awkward. The commenter suggested adding “based on” before “a conceptual”. The commenter stated that the difference between a conceptual and pre-development study is not clear.	We thank the commenter for the input. Describing the project level of detail provides an indication of the reliability of an evaluation at various stages of maturity. A conceptual study is the initial stage in the development of a project scenario, with limited detail and typically based on limited information. A pre-development study is an intermediate step in the development of a project evaluation scenario, where the level of economic analysis is sufficient to assess development options and overall project viability, but

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			is insufficient for making a final investment decision. These concepts are described in greater detail in chapter 2 of the COGE Handbook volume 2.
	Preparation date in item 1.1.3 of Form 51-101F1	One commenter questioned whether references to preparation date are still necessary.	We thank the commenter for the input. The preparation date is necessary because, as is described in Instruction (3) to item 1.1 of Form 51-101F1, it takes time after the end of the financial year to assemble the information for that completed year that is needed to prepare the required disclosure as at the end of that financial year.
	Reserves volume disclosure in section 5.1 of Form 51-101F1	One commenter noted the disclosure of first attributed reserves volume is not meaningful to investors.	We thank the commenter for the input. The removal of first attributed is outside of the scope of the changes currently being contemplated by the proposed amendments.
	Proved undeveloped reserves in section 5.1.1 of Form 51-101F1	One commenter suggested replacing “not planning to develop” with “deferring the development” creates a sentence that does not make sense.	We thank the commenter for the input. We have revised item 5.1.1 of Form 51-101F1 as follows: discuss generally the basis on which the <i>reporting issuer</i> attributes <i>proved undeveloped reserves</i> , its plans (including timing) for developing the <i>proved undeveloped reserves</i> and, if applicable, its reasons for deferring the development of particular <i>proved undeveloped reserves</i> beyond two years.
	Commerciality under Part 7 of Form 51-101F1	One commenter suggested that the summation of an economic project with a sub-economic project would be misleading.	We thank the commenter for the input. We agree that sub-classes should not be summed but should be reported separately due to variations in chance of commerciality. We have revised the proposed disclosure with Part 7 of Form 51-101F1 and the appendix to the Companion Policy.

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	Definition of field	One commenter noted the term “field” is not defined.	We thank the commenter for the input. Clarification on our interpretation of the term “field” is provided in section 5.8 of the companion policy to NI 51-101.
	First attributed PUD and PbUD in the aggregate	One commenter supported the requirement to remove the aggregate first attributed PUD and PbUD.	We thank the commenter for the input and this revision is incorporated into the amendments to <i>NI 51-101</i>
	Risky net present value of future net revenue	One commenter stated it is not clear whether other elements of future net revenue for contingent and prospective resources must be reported.	We thank the commenter for the input. Disclosure of the risky net present value of future net revenue of contingent resources and prospective resources does not require a similar breakdown as required for reserves under item 3(b) of 2.1 of Form 51-101F1.