Party	Article	Comment and Response
3	**Introduction**	Please add page numbers. ***Response** : Modified.*
5	**Annotations**	Consider layout and numbering convention for the annotations. When annotations are numbered, I expect to be able to cross-reference the comment to the specific clause. This isn't the case and I found myself searching over several pages to determine whether there was an associated annotation for a given clause. ***Response:** The annotations offer insights that are longer than the document. As we needed to honour the facing page presentation for the benefit of users, this meant that there were no annotations on some provisions and that the provisions do not line up perfectly, sometimes moving to another page. The bolded references within the annotations mitigate (but do not eliminate) that problem. The alternative of sacrificing annotations or shifting to a much smaller font to enhance the alignment beside the corresponding provision would have been more problematic for us. That is particularly case during the critical transition to initial use.*
5	**Customization of the PSSA**	I respect the need to provide alternatives/customization suggestions to illustrate how the base document can be modified to fit specific situations. As I read through the document I identified the instances where the annotations provide guidance on customizing the document and I have concerns that the alternatives discussed within the annotations may be inappropriately applied thereby creating a complex arrangement that is not warranted. If the Task Force feels that strongly that the base document should not be customized, I suggest a separate document ("Addendum") be published that focuses solely on customization options. It can then be enhanced as issues emerge without fear of the base document being inappropriately customized by an inexperienced draftsperson or negotiator who fails to consider the connectivity between clauses/Appendices thereby introducing the risk of misalignment as discussed in the opening annotations to the Operating Procedure – a situation that we see quite often with the CO&O Agreement. An example is the arrangements contemplated within Clause 602(b)(iv). ***Response:** For context, the PSSA is breaking a lot of new ground, as industry still has relatively little experience with shared pad sites. We realized when preparing the document that there are going to be circumstances in which the particular business arrangement may not align fully with the range of circumstances for which the document was designed.* ***Response cont'd below***

Party	Article	Comment and Response
5	**Customization of the PSSA**	***Response cont'd*** *Similarly, we realized that there will be circumstances in which particular users have corporate preference changes or disagree with the approach taken in the document. We also know from our collective experience with these types of projects that we will inevitably discover that some aspects of the PSSA do not work in the way that we expected when we created the document.* *We already know, for example, that, notwithstanding the "prime contractor" requirements of the OH&S Regulations, there are a number of parties that do not agree with the single Site Operator principle on which the document was constructed, such that this is the biggest potential issue in practice.* *It was not feasible for us to attempt to offer additional functionality in a special Addendum that offered a step-by-step guide to how to address a particular issue. This would have made the project even more labour intensive than it was. It would also have seen us create outcomes that were designed around assumptions about fact situations that might not be accurate and that might actually lull users into a false sense of security about the manner in which their particular problem should be addressed.* ***Response cont'd below***
5	**Customization of the PSSA**	***Response cont'd*** *While we have alerted users to factors they should possibly consider, that extra commentary was included to level the playing field across different experience levels and functions and to remind users of factors they should consider when using the provided tool in the preparation of their own PSSA. The onus is always on users to assess their objectives and the associated risks and to take ownership for addressing the issue in the manner that is most appropriate for their project.* *For context, the annotations provided with the CAPL Operating Procedure and the CAPL Farmout & Royalty Procedure also provide these additional insights for the benefit of users, and we are not aware of any significant issues arising from the provision of those insights. Experiences to date from those documents are such that we believe that they actually assist users in better validating the degree to which the CAPL form offers a suitable foundation for their individual transaction.*

Party	Article	Comment and Response
3	**Head Document Annotations- Introduction**	Parties to Agreement – This is not a full sentence. As a result, we would suggest a change to "The Parties must include all Owners….." ***Response** : Modified to address the concern.* 2nd page Land Activities – Replace "outside the Pad Site Sharing Agreement" with "under the applicable Land Agreement rather than under the PSSA." This provides more clarity as to what is being referred to. ***Response:** Edited a different way to address the concern.* Drawing – Suggest that we show specifically what is in the "Facility" and what is outside the "Facility." This is important for both the Access Road and Tie-In to Pipeline. ***Response:** We have modified the comments on the illustration to make this clearer.*
3	**Head Document Table of Contents**	Consider listing the appendices to Exhibit "A" in the table of contents to make it easier to navigate the contents of the document. ***Response:** Modified.*

Party	Article	Comment and Response
3	**Head Document Annotations**	There is no little Roman"ii)". (Nit) Please add. ***Response:*** *Modified.* Current item iv) – We found the first sentence a bit confusing and suggest "The provisions of the Head Document are provided as an example only, whereas the PSSA Operating Procedure is not provided as an example." We believe this would further clarify. ***Response:*** *Edited in a different way to address the concern.* In the second paragraph of current annotation (v) – The word requirement(s) is included 3 times. Suggest removing "the requirements of the prime contractor requirements". ***Response:*** *Modified the last portion of the sentence to "including those addressing the regulatory "prime contractor" requirements."* Page 2: "The introduction should identify the location of the Pad Site" should be revised to "The title of the document should identify the location of the Pad Site". In order to clarify this annotation, consider adding an example of an appropriate title for the document. ***Response:*** *Modified.*
3	**Head Document "WHEREAS"**	Page 1 - Remove WHEREAS and add a Heading, either "Background" or "Recitals". This is a more modern structure. ***Response:*** *Deleted "Whereas" so the sentence just stands on its own without any heading.*
3	**Head Document General**	Please consider adding a consideration clause to ensure that the requirement of "consideration" is clearly provided for given the importance of consideration to the validity of a contract. ***Response:*** *Although the PSSA is actually a bilateral contract, the typical "in consideration…. acknowledged" type language has been added before the reference "the Owners agree as follows."*
3	**Head Document Definitions Operating Procedure**	Definitions - We would prefer the Operating Procedure be defined as "PSSA Operating Procedure" in order to avoid confusion with the underlying Land Operating Procedure. This would provide better differentiation from underlying land activity related operating procedures. This is particularly helpful for mineral land personnel. ***Response:*** *Modified.*

Party	Article	Comment and Response
2	**Head Agreement Definitions Operating Procedure**	In the Head Agreement, Page 1 under 101. Definitions: The Operating Procedure should be defined as: "All capitalized terms used herein will have the meaning assigned in the 2017 Pad Site Sharing Operating Procedure (the "Operating Procedure"). ***Response:*** *The modifications to the definition of Operating Procedure and the consequential changes in the remainder of the document address the concern.*
3	**Head Document Article I Interpretation**	Suggest that we expand on the definition of Facility – At what point is a pipeline part of a "Facility" and when is it a gathering system used by the Site Operator? The end point should be clearly identified on Exhibit "A". ***Response:*** *We have modified the annotations on the def'n of Facility and Appendix I to remind users of the importance of being transparent about where a pipeline held as joint property under the PSSA ends and a different ownership model begins if the ownership model and vision for management of the pipeline changes at all. In many cases, the Owners might choose to continue to manage a longer pipeline held for the joint account under the PSSA, even if serving wells, if the incremental revenue stream from the third party usage is modest. (See also the comment and response on the definition of Access Road.).*
5	**Head Document Clause 101-Definitions "Pad Site"**	I trip over this definition each time I read it. From my understanding, the Pad Site is the surface location for the Wells (and associated well equipment), may or may not be the surface for the Facility, and may or may not include Access Roads or pipelines leaving the Pad Site and the related pipeline right of way that serves the wells. If retained, suggest the annotations include a reminder to revise the definition in the Head Agreement to initially include only the specific assets to be governed by the PSSA and the clause be qualified with "to the extent described in Appendix I". My preference is to use the separate definitions throughout the agreement based on the context. This improves the readability and interpretation/application within other sections of the Agreement such as the Appendices (and more specifically, the Appendix VI Abandonment). ***Response:*** *The Pad Site is the collective asset governed by the PSSA. It includes the surface area of the pad, the applicable Access Road and the Facility. The Facility, in turn, includes, in addition to the more obvious on site above ground facilities, the pipeline and associated right of way and any Service Wells. The definitions have been edited to make these outcomes clearer.*

Party	Article	Comment and Response
3	**Head Document Clause 201- Exhibit "A" and Description of Appendices**	(a) Where do we describe the existing facility? The definition of Facility in Article 101 contemplates the description of the Facility in Article 2, however it is not included on the list of items included in Appendix 1 in Article 201. Consider adding a (x) Facility Description. ***Response:*** *Added a new item at a point higher in the list and expanded the annotations on Appendix I.*
5	**Head Document Clause 202- Amendment of the PSSA Operating Procedure and the Appendices**	(c) Suggest the phrase be changed to read "reflect routine consequential changes provided for in the Operating Procedure". "Permitted changes" begs the question "what are they" – can some examples be provided in the Annotations? ***Response:*** *Made some edits to address the concern.*
5	**Head Document Clause 202- Amendment of the PSSA Operating Procedure and the Appendices (Annotations)**	The annotations reference the PJVA CO&O (e.g. Clause 202 HD). Suggest the specific document be named to avoid having to update the PSSA annotations should the new CO&O not specifically address the matter. ***Response:*** *We have reviewed the references to the PJVA CO&O Agreement and made a number of modifications to be clearer that we were linking to the 1999 version.*
3	**Head Document Clause 301 Agreement Purpose**	In order to provide a more fulsome description of the purpose of the agreement in 301, we would suggest adding the following: To define the mechanism of determining ongoing Pad Site ownership and the resulting equalization required of Capital Costs - (ii) replace "Pad Site costs" with "Pad Site Capital Costs and Operating Costs" to be more clear. ***Response:*** *Modified to address the concern.* Replace the existing text in (iii) with (iii)"the benefits, obligations and liabilities of the Parties, including allocations" ***Response:*** *Modified the existing (iii) to "the benefits, obligations and liabilities of the Owners under this Agreement, including allocations".*

Party	Article	Comment and Response
3	**Head Document** **Clause 401** **Initial Participation** **Annotations**	Clause 401 (iii): common ownership but not common liability. May be very difficult to determine where the spill came from so how do you deal with the liability in that scenario. To be able to do this, you would need to do a Phase 2 Environmental Site Assessment to know what the condition of the pad is at of the Effective Date – otherwise it is a pre post type of arrangement which will never be able to be proven. ***Response:*** *The essence of the PSSA is that all activities relating to an individual Well are conducted outside the PSSA under the related Land Agreement at the cost, risk and expense of the applicable Well Owners. While the likely situation is one in which Site Operator is involved in all of the Wells located on the Pad Site, the interests of the Well Owners in the individual Wells (including Site Operator) will vary.* *The potential permutations associated with the use of a shared Pad Site are such that it is quite possible that there will be Enlargements that will not be conducted as a Joint Pad Operation, whether that be with respect to an expansion of the Surface to accommodate an additional Well or a modification to a Facility in any particular PSSA to accommodate an Owner's own production needs from wells located on or off the Pad Site. There may also be circumstances in which regional* ***Response cont'd below***

Party	Article	Comment and Response
3	**Head Document Clause 401 Initial Participation Annotations**	***Response cont'd*** *players choose to build separate well pads with a common workspace in between that has removable fencing.* *While there is no doubt that industry's experiences to date with old spills are such that it can be difficult to attribute liability, this is much less of an issue with modern drilling and production practices, a tighter regulatory regime and a much greater sensitivity to the management of HSE issues by our industry generally and operators more specifically. In addition, the Owners would logically be very motivated to assess the extent of potential contamination associated with any particular spill on the Pad Site at the time, so as to ensure that responsibility is allocated appropriately for the incident.* *As noted in Appendix VI, a Phase 2 Environmental Assessment is contemplated at the Pad Site Abandonment stage. In addition, the annotations on Clause 407 and the existing introductory annotation on Appendix VI recommend that the Owners conduct a baseline assessment of any older well site that is being converted into a shared Pad Site and made subject to the PSSA. The annotations on Clause 601 of the Head Agreement and on the definition of Existing Well have been modified to reinforce this linkage.* ***Response cont'd below***
3	**Head Document Clause 401- Initial Participation Annotations**	***Response cont'd*** *In practice, many Pad Site Sharing Agreements seem likely to be put into place after at least some of the initial Wells have been drilled on what Site Operator believes will be a shared pad site. This will be particularly the case during industry's transition to use of the PSSA, given that there are many shared pad sites that have no documentation whatsoever associated with them.* *However, the concerns you note are much less likely with respect to modern drilling practices and a time lag that we would hope would be several months if the PSSA obtains industry support.* *Despite whatever deficiencies may exist with the initial PSSA form that is ultimately endorsed by PJVA and CAPL, the reality is that the PSSA is preferable to the current approach of ignoring the very real issues associated with pad sharing arrangements. As was the case with industry's experiences with the CAPL Operating Procedure and other standard form documents, the learnings from industry's use of the PSSA will identify improvement opportunities that can be addressed in future updates.*

Party	Article	Comment and Response
5	**Head Document Clause 402-Investment Values (Annotations)**	Investment Value – Initial Surface Construction Cost. The notion of shared surface suggests that the Parties may want to re-equalize the Initial Surface Constructions costs as part of the investment value for the Facility in situations where not all Parties participate, such that the participating Owners bear a higher share of the Site Costs. ***Response:*** *The recommended tracking between surface and facility charges is to provide more useful information if there were an Enlargement at some point. Not having tracked the surface costs separately could potentially see a distortion in the updated Facility interests, given that the surface costs were primarily incurred for the wells. Modified the annotation somewhat to make this clearer.* *Clause 606 of the PSSA Operating Procedure is structured so that costs associated with a particular Well are allocated to that Well. This sees the applicable participants in that Well assuming the share of costs otherwise applicable to the non-participant's working interest for purposes of the allocation of the reward associated with the consequence of non-participation under the applicable Land Agreement.* *Appendix I builds on the philosophy of the pending PASC Pad Site Cost Sharing Guidelines by providing users the option to stop re-equalizations at some point in time.*
5	**Head Document Clause 601-Effective Date (Annotations)**	One consequence of a retroactive effective date is that accounting may need to be redone to conform to the provisions of the agreement. While the annotations mention the direct charge aspect, it is silent on structure and sharing of the Joint Account. Suggest this be added so that the parties consider it. ***Response:*** *Inherent in selection of an earlier Effective Date is that the Accounting Procedure of the PSSA would apply to the earlier period. Modified the annotations to make that more transparent.* When referring to "audit" are we meaning financial audits or environmental audits? ***Response:*** *In that context, it was linked to the financial side. Modified the annotation.*

Party	Article	Comment and Response
3	**Head Document Article VIII- Operating and Accounting Procedures**	Operating Procedure is mentioned twice (in 801 as well as being defined in Exhibit "A"). Does it need to be defined twice? We have the same comment regarding 802 and the Accounting Procedure. ***Response:*** *Edited Clause 801 to: "Except as specifically noted in the Head Document or in Exhibit "A", the PSSA Operating Procedure has not been modified relative to the form of Operating Procedure included in the 2017 PJVA-CAPL Model Pad Site Sharing Agreement." In conjunction with this change, the definition of Operating Procedure in Exhibit "A" has been modified to link it to the PSSA form.* *Modified the introduction of Clause 802 to "The Accounting Procedure has not….".*
1	**Head Document Article VIII- Operating and Accounting Procedures (Annotations)**	(iii) Should the 3rd line "rather than happen automatically" be reworded to something similar to " rather than being automatically implemented"? ***Response*** *: Modified to "rather than being implemented automatically."* In the 3rd line, should "For" be capitalized or is this a typo and should read "PASC Accounting for Shared Pad Costs"? ***Response*** *: Modified.*
3	**Head Document Clause 802- Accounting Procedure**	"the most current version" - We feel it should be the one that corresponds to the Procedure that's in effect at the time. This introduces uncertainty. If the parties want to change to the newest version, they should come to an agreement and enter into an Amending Agreement. ***Response:*** *For context, the construction of the Clause does not relate to automatic updates to the PASC Accounting Procedure, but the much narrower reference to the Guidelines for the Distribution of Shared Pad Costs. The Guidelines offer the most recent snapshot of industry thinking on issues and offer a level of fluidity that is very different than an Accounting Procedure. This handling is analogous to the difference between an Act (Accounting Procedure) and updates to Regulations (the Guidelines).* *Parties that disagree with this handling remain free to modify the Clause in their particular Agreement.* *Expanded the annotation on this point.*

Party	Article	Comment and Response
3	**Head Document Clause 901- Authority to Enter into Agreement**	Clause 901: Delete "or is entitled to have" ***Response:*** *Our preference is to leave the reference as is because of the possibility that paperwork may be in progress at the applicable time.*
2	**Exhibit "A" General Comment**	Consider adding a header to the subsequent pages of the operating procedure to easily identify it as: PJVA-2017 PSSOP (like headers used in CAPL Operating Procedures). ***Response:*** *The footer has been modified.*
5	**General**	Operating Procedure Elections & Modifications Form: (c) This is covered in the Head Agreement, clause 803 so there's no need to include it in the Elections and Modifications Form. ***Response:*** *That is true. For context, there was also duplication in item (c) of the 1999 PJVA CO&O Ag't. We included that language to be transparent to users who may not be familiar with the totality of the PSSA (e.g., someone looking only at the elections).*
3	**Exhibit "A" General Comment**	Footer should be 2017, not 2016 (2015). The footer is not consistent throughout. ***Response:*** *Corrected on the election sheet, the Table of Contents and page 1. It was correct in the remainder of the Exhibit.*
2	**Exhibit "A" Definitions General Comment**	Lastly – I know we're trying to avoid EQ's but I still think we have a problem with **OPEX at startup**. I feel that we need to declare an **In-Service date for the PAD**, and then subsequent **ON-Stream dates for each of the wells**. Charging OPEX by well count is all fine and dandy when everything is flowing, but isn't fair at startup which could be staged at weeks / months between wells especially if there are contingent operations going on and a given well should not be part of the OPEX well count DOI until it is actually OnStream. We can discuss. Need to create an ONSTREAM or IN-SERVICE DATE I still think we're missing some mechanics behind chargeable OPEX and timing The PAD should have a declared IN-SERVICE DATE – capable of handling production and setting the capacity The WELLS should have a declared ON-STREAM DATE – which allows the well to be part of the OPEX allocation of the PAD. I agree with the well count initially paying for the construction of the PAD, but I don't agree with PAYING OPEX if my well isn't even Onstream yet. Just like a facility, if I have zero throughput I pay zero OPEX and I know we're ***Comment cont'd below***

Party	Article	Comment and Response
2	**Exhibit "A" Definitions General Comment**	***Comment cont'd*** trying to avoid EQ's but at the start if there are staged ONSTREAMs by a month let's say and my well hasn't flowed yet, I not feel like I should be paying operational costs of the PAD. As each well is declared ONSTREAM, the well is added to the well count for OPEX. ***Response*** *: The starting point in the Response is to remember that operating costs relating directly to individual Wells are chargeable under the applicable Land Agreement because Well specific costs always fall within Land Activities. One method for allocating true Pad Site Operating Costs would be to set up a real time allocation cost centre that pushes all Pad Site Operating Costs out to Owners on a real time basis for current Wells on production. This method eliminates the need to create different dates or perform Operating Cost equalizations. If Companies are not using this method, they will need to take into account when Wells come on production and how Pad Site Operating Costs are being allocated to producing Wells on the Pad to ensure they allocate them properly.*
3	**Exhibit "A" Definitions General Comment**	Prefer no imbedded definitions without reference in the definition section in the Head Agreement or Exhibit as this can make it difficult to navigate the document. ***Response:*** *The "embedded definitions" we noted were a single reference to the definition of "Material" as used in the Accounting Procedure (Clause 304), a single reference to the definition of "Controllable Material" as used in the Accounting Procedure (Clause 306), a definition of "disposition" in Clause 1201 that is self-contained to Article XII and a couple of self-contained definitions for the purpose of the US Tax Clause (Clause 1512). In these particular cases, it is more convenient to the user to address the term in the manner provided in the document than it would be to have the user flip back and forth between the applicable Clause and the definitions section of the Agreement.* *Insofar as there were terms used in a number of different provisions of the document, we agree that the handling would not be appropriate.*
3	**Exhibit "A" Definitions-Abandonment**	We were unable to locate the definition of Abandonment. Would suggest that it be defined in Article 101. ***Response:*** *Added definitions of "Pad Site Abandonment" and "Well Abandonment" that recognize that the well aspect is actually a Land Activity, with associated annotations and consequential changes throughout.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions- Access Roads**	As an overarching statement, it is important to be clear whether the access road is included and what portion of that road is included. This is important as there is an income stream that can be derived from road use. Such road use ought to be paid by Pad Site Owners if they are using the road for their operations outside of the Pad Site. In addition, any funds received from third party road use are to be shared in proportion to the Pad Site participation. For the padsite tie-in, it would be helpful to describe an "acceptance point" to be transparent about where third party fees will start; especially important if the pad site is tied into the Site Operator's 100% owned gathering system. ***Response:*** *We have modified the annotations on the def'n of Access Road and Appendix I to remind users of the importance of being transparent about where an Access Road held as joint property under the PSSA ends and a different ownership model begins. (See also the comment and response on the definition of Facility.)* Definition of "Access Roads" – We thought the definition was a bit vague. We would suggest that the annotation be enhanced to provide for the importance of being very specific in Appendix I as to whether the access road forms part of the pad site. Suggest adding after "road" or a "portion of the road" to address the possibility that it could be a portion of the road which is part of the Pad Site. ***Response:*** *Modified to reflect the possibility that only a portion of the road might be held as Joint Property under the PSSA. (Made a corresponding modification to the definition of Facility in the Head Document as well.)*
3	**Exhibit "A" Definitions- Access Roads continuation of comments and comment concerning definition of Enlargement**	Related to the above, we believe that the PSSA should address how enhancement and upgrades to roads would be handled. Is that treated as an Enlargement or is it handled on a different basis? ***Response:*** *Handling as an Enlargement would allow someone not to participate. The document has been modified to be clear that an upgrade or other type of enhancement to the road would be a vote of the Operating Committee, unless the Owners agreed to a different outcome.*
5	**Exhibit "A" Definitions- Accounting Procedure (Annotations)**	As adoption of a particular PASC Accounting Procedure is a corporate choice, suggest the sentence be modified to read "because of the periodic updates to that document and the uncertain timing of adoption by the individual parties to the agreement". ***Response:*** *Modified.*

Party	Article	Comment and Response
5	**Exhibit "A" Definitions- Capacity Ownership**	I believe Capacity Ownership may also be equal to an Owner's Functional Unit Participation, particularly in light of the annotation comment – Capital Costs (ii). ***Response:*** *Modified to introduce additional flexibility.*
5	**Exhibit "A" Definitions- Capital Costs**	The definition should be modified to specify that commissioning costs and initial testing costs are capital costs and not operating costs. ***Response:*** *Modified the definition to add a reference to commissioning and initial testing.*
5	**Exhibit "A" Definitions- Capital Costs & Operating Costs**	Where does overhead fit into these definitions? ***Response:*** *Updated to be clear that overhead is in the equation.*
5	**Exhibit "A" Definitions- Enlargement**	The CO&O has changed the term to "Alteration" as the all encompassing term with additional definitions for Expansion (enlargement, addition or enhancement that requires a nomination type process), Operational Change (routine changes where all Owners participate), Reduction (decreases in capacity or taking a functional unit out of service, where a nomination type process might be followed) and Facility Consolidation (where once again a nomination type process might be followed). While necessary for a Facility, not all would be used in the PSSA, however it may be helpful to ensure the concepts to the extent they are applicable to the PSSA operations are addressed. Alternatively, it may be premature to make corresponding changes to the PSSA until the CO&O is released for industry review (which would be in time for the final version of the PSSA). ***Response:*** *The PSSA is scheduled to be complete before comments will be received by the CO&O Task Force on the initial draft of the CO&O Agreement. Although this is a significant change in the context of the CO&O Agreement, it is not as likely to have the same impact on a PSSA.* *We concluded that this suggestion might attract significant comment for a much more modest uplift, in the case of the PSSA, than might be the case for the CO&O Agreement.* ***Response cont'd below***
5	**Exhibit "A" Definitions- Enlargement**	***Response cont'd*** *The logistics of our schedule are such that we have chosen not to make this change in the PSSA.* *Assuming that industry accepts this approach in due course, this is a concept that can be included when the PSSA is updated in several years to address adjustments required after industry's experiences with the PSSA.*

Party	Article	Comment and Response
5	**Exhibit "A" Definitions- Enlargement**	Suggest adding or an "addition of a component", e.g. Access Road. ***Response:*** *We have made a number modifications to the text and annotations with respect to the possibility of components of a road or pipeline being in scope of the PSSA and components being outside the scope of the PSSA and the importance of being clear about that.* We believe that the addition of a component falls within the "addition" reference, but have modified the annotation to make that clearer. Delete "in excess of an Owner's Capacity Ownership" as it implies an Enlargement can be conducted for a single Owner who is in an excess capacity usage position. ***Response:*** *Modified.*
3	**Exhibit "A" Definitions- Environmental Responsibilities**	"Environmental Responsibilities" – why add the words "at the relevant time"? The Parties are responsible for the evolving environmental regulations. We are concerned that this adds potential confusion regarding the ongoing obligations regardless of changing Regulation. ***Response:*** *Modified to "….applicable environmental obligations…Pad Site, including….".*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions-Environmental Responsibilities**	Surface Lease': Or MSL (need to look at how Surface Lease is defined). Don't like this definition. Remediation obligations flow from carrying on activities on "specified land"– in this case, oil and gas production and/or processing. It is the nature of the activity that binds parties – all of whom would be considered "operators" under the definition in EPEA. There are obligations under EPEA but also under The Oil and Gas Conservation Act to reclaim and remediate specified land. The obligations relate to the well and the activity of exploring for and producing oil and gas. ***Response:*** *Surface Lease has been defined generically to include whatever document grants the interest. As we are dealing with Crown, freehold and multiple jurisdictions, we can't use AB only references.* *The definition has been broadened to refer to activities conducted with respect to the Pad Site and to recognize that a problem may extend beyond the Pad Site to other surrounding lands as contemplated in Appendix VI.* *The construction of the PSSA is ultimately that there is full responsibility allocated to the applicable players for whatever happens with respect to activities relating to the Pad Site. In* ***Response cont'd below***
3	**Exhibit "A" Definitions-Environmental Responsibilities**	***Response cont'd*** *other words (and subject to any application of the Gross Negligence or Wilful Misconduct qualification), a problem that relates to a particular Well is the responsibility of the applicable Well Owners, and a problem that relates to the Pad Site as a whole is shared by all Owners in proportion to their Participation in the Pad Site.*
3	**Exhibit "A" Definitions-Excluded Equipment**	"Excluded Equipment" – It was unclear to us what the responsibility and liability is where equipment is left on site? This could be worthy of an annotation. ***Response:*** *Ultimately, this should be the problem of the applicable Owner, and the provision has been modified accordingly.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions- Excluded Equipment**	What happens if the "Excluded Equipment" contaminates the Pad Site? ***Response:*** *The definition has been expanded to refer to the equipment being held at the cost, risk and expense of the applicable owners thereof. The annotation has been expanded to remind users that an agreement should be put into place addressing this equipment and such matters as removal and liability and indemnification. This perspective that the onus must be on the users to address special conditions associated with their own Pad Site ultimately reflects the belief that the PSSA cannot be structured to be a one size fits all solution to address a multitude of potential permutations.*
5	**Exhibit "A" Definitions- Existing Well (Annotations)**	I respect the value in including this definition, however I could not find any reference to it within the body of the Operating Procedure or the Appendices. Suggest as a minimum, it be added to Appendix I as a memory jogger for negotiators and that the Annotations be expanded with examples of associated provisions within the Head Agreement or Operating Procedure that may need to be addressed. I also suggest that reference to Existing Wells be included in the Annotations to the Head Agreement. ***Response:*** *It is referenced in Clause 201 of the Head Document. Modified the Head Document to add an annotation. Modified Appendix I and the related annotations to address.* *Given that it is a fairly unique situation, we have not made other references to the scenario.*
3	**Exhibit "A" Definitions- Existing Well**	"Existing Well": Delete "of the" prior to "portion of the Pad Site" ***Response:*** *Modified.*
3	**Exhibit "A" Definitions- Extraordinary Damages**	"Extraordinary Damages": Delete "except for any Losses and Liabilities respecting a Party's breach of the confidentiality obligations prescribed by Article XIV" and move language to beginning of Clause 804. ***Response:*** *The current construction is consistent with the CAPL construction. Making this change could create confusion for personnel more familiar with the CAPL Operating Procedure.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions- Extraordinary Damages**	'and inadvertent release': Almost all environmental contamination that must be cleaned up at the end of the life of a facility would be due to "inadvertent releases" of petroleum substances – very few if any are intentional – so all environmental damage would be considered to be "extraordinary damages" – How is this term used in the rest of the agreement? Sure hope extraordinary damages are not excluded from being covered by the mutual indemnity as this is one of the main reasons for the need for this type of agreement – is to ensure all parties share in cleanup costs. ***Response:*** *The Well Owners remain responsible for Well Abandonments under the applicable Land Agreements and as required by Clause 605 and Appendix VI. Similarly, Appendix VI requires Owners to assume their respective shares of responsibility for Pad Abandonment.* *We don't think that the construction of Clause 804 operated to release a party from its share of costs for remedying environmental liabilities applicable to its interest. However, we added a sentence to that Clause making this clearer.*
5	**Exhibit "A" Definitions- Functional Unit**	This looks like a circular definition insofar as it defaults to meaning the Pad Site if there are no Functional Units. If that's the case then the term used throughout the Operating Procedure should be Functional Unit and not Pad Site. ***Response:*** *While we have included language to accommodate a Functional Unit over time, the expectation is that this would occur much less frequently than would be the case under a CO&O Agreement. Modified the text and annotation somewhat.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions- Functional Unit**	See my general comments throughout – I do not think this form of agreement should be used when there is a facility on the site. I think that more of the traditional CO&O's should be used then. If the facility concept or possibility is removed, then the functional unit concept should be able to be removed as well. ***Response*** *: The root of the concern appears to be a belief that the contemplated facility on a Pad Site is one that would normally see a CO&O created for its operation. As noted in the introduction to the document, any facility located at the site is likely to be quite minor, such as a tank serving multiple wells, a compressor, a dehy, a line that collects production from the wells, etc. In other words, the scope of what we're talking about is in the vicinity of $750K-$1MM for surface acquisition and construction for the more typical 2-4 well pad and perhaps $1-2MM for minor surface facilities. There is no suggestion anywhere in the materials that this would ever be used to build a gas plant to process the gas, for example.* *JV reps are very comfortable with this type of approach, as they are of the belief that it is not feasible to put a CO&O Ag't in place for that type of asset. As a consequence, we believe that the current structure of not moving to a separate CO&O Agreement for all Pad Site facilities reflects* ***Response cont'd below***
3	**Exhibit "A" Definitions- Functional Unit**	***Response cont'd*** *industry practice. In addition, we also note that the CAPL Operating Procedure has addressed a narrow range of self-contained minor facilities since the 1990 CAPL document without any significant apparent issues.* *The very simplistic manner in which surplus capacity is handled is also such that any material distortion in the handling of costs and fees beyond a simple ownership model would see the parties motivated to shift to a CO&O for the applicable Facility, as contemplated in the "off ramp" mechanism included in Article VII.*

Party	Article	Comment and Response
5	**Exhibit "A" Definitions- Gross Negligence or Wilful Misconduct**	Suggest “reasonable operator” be changed to “reasonable Person” unless we are qualifying the test to consider only actions of “operators”. ***Response:*** *The use of a reasonable Person test could modify the lens to consider the perspective of a player that has no significant context with respect to operatorship.* *The reasonable operator test does not limit the lens to Site Operator or other operators just like Site Operator (i.e., all big companies if a major were Site Operator, for example), but includes a broad spectrum of operators. That offers a much better context for the test than a spectrum that includes companies that seldom operate at all or that have no experience operating a multi-well pad site.* *An annotation has been added.*
3	**Exhibit "A" Definitions- Gross Negligence or Wilful Misconduct**	(a) Recommend deleting this from the definition of gross negligence and just leaving in the concepts in (b). ***Response:*** *The CAPL definition was modified in the 2015 document to include Paragraph (a) as a consequence of the article “Gross Negligence in Canadian Energy Contracts” by Miles Pittman et al that was published in the Alberta Law Review. We ran the logic beyond the article past about 35 large companies in the late stages of the 2015 CAPL project and all but one agreed that the change was appropriate. Please review that article and advise if you still wish to present the comment.* *The rationale for that change we presented in the overview document presenting the changes between the 2007 and 2015 CAPL Operating Procedures was as follows:* *"The distinction between the concepts of gross negligence, wilful misconduct, wanton misconduct and recklessness/ reckless disregard was inadvertently overlooked when creating the 2007 definition. In essence, the 2007 definition was written in a way that focused on the wilful or wanton misconduct, reckless disregard components without sufficient reference to the gross negligence component.* *"The inclusion of the “marked and flagrant departure” test aligns more closely to the original intention, the state of the law in Canada and the approach in the PJVA CO&O Agreement definition."*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions- Initial Construction**	Whether or not this activity took place prior to entering this agreement? ***Response:*** *It is quite possible that the Initial Construction of the Surface will be conducted prior to the completion of the PSSA. In fact, it is likely during the initial transition to use of the PSSA by industry because of the large number of shared pad sites without any documentation about the sharing relationship.* *The onus is on the parties to address the matter in the manner contemplated in Article VII of the Head Document if there will be a long lag before completion of the PSSA or if the PSSA is being created for an older existing Pad Site.* *Modified the annotation somewhat to remind users of the need to consider that issue.*
5	**Exhibit "A" Definitions- Joint Operations**	We typically see "costs" tied to activities conducted. This agreement proposes operations as defined by the types of costs. This may cause problems with the Accounting Procedure. Suggest consideration be given to retaining the "Operations & Maintenance" definition with a new definition "capital undertakings" to reflect investment type activities. ***Response:*** *See the annotations. The changes arise from a court case that regarded land admin as a joint operation, even though there were no associated joint account charges.* Suggest modifying "all other activities undertaken" to read "all other authorized activities" (i.e. those pertaining to a specific provision within the agreement, and those that are authorized through traditional approval mechanisms). ***Response:*** *Edited somewhat.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions- Joint Operations**	"Joint Operations" – Would suggest using "Joint Pad Operations" as the use of the term "Joint Operations" is confusing to Land personnel who would equate the term with the definition under the Land Agreement. ***Response:*** *Modified.* "Joint Operations": Delete "respecting any Well(s)" after "Land Activity" ***Response:*** *Modified.*
5	**Exhibit "A" Definitions- Joint Operations (Annotations)**	The annotations include items that are not specifically referenced within the definition. Suggest approved "in-house technical and environmental type studies" be added. ***Response:*** *The annotations offer context on the types of activities falling within the scope of Capital Costs, Operating Costs and the generic catchall of "each other activity… conducted for the Joint Account under the terms of this Agreement." The annotations just illustrate the types of activities that are Joint Pad Operations and those that aren't.*
5	**Exhibit "A" Definitions- Joint Operations (Annotations)**	Within the Accounting community, mineral land and JV administration, accounting and management are not directly charged to the Joint Account, but are considered "indirect costs" not easily chargeable to a specific joint venture and are therefore recovered via the Operator's overhead. Please consider modifying the annotations accordingly for consistency. ***Response:*** *Modified the annotation somewhat. However, the original point is that those activities are actually not Joint Pad Operations as the inclusion in overhead is not the same as a charge for the Joint Account. Ultimately, this is all about the scope of liability and indemnification responsibility and whether one must prove Gross Negligence or Wilful Misconduct or normal breach of contract. If, for example, Site Operator violates the Accounting Procedure and has retained funds that do not belong to it, it should be sufficient to prove that there was a breach of the Accounting Procedure without having to prove that the breach of the Accounting Procedure was due to Site Operator's Gross Negligence or Wilful Misconduct.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions- Land Election Right**	"Land Election Right" – replace "to obtain a working interest" with "to obtain or increase a working interest". This provides for the possibility that a land interest could be increased rather than merely obtained. ***Response:*** *The Land Election Right structure currently applies to the circumstance in which a Party is increasing its WI, as it is "obtaining a working interest". Modified to make this more transparent to users here, though.*
1	**Exhibit "A" Definition- Land Election Right Holder**	Should the word "interest" be added as follows "……under which it may acquire a Participation interest in the Pad Site…."? ***Response:*** *While we would think so when looking at this through our normal "Land lens", the "interest" aspect is embedded in the definition of Participation by the way it is constructed in a JV context.*
5	**Exhibit "A" Definitions- Off Pad Site Substances**	The definition should be modified to reference "Outside Well" as opposed to "any applicable wells located off the Pad Site". ***Response:*** *Modified.*
3	**Exhibit "A" Definitions- Off Pad Site Substances**	"Off Pad Site Substances": Replace "applicable wells located off the Pad Site" with "Outside Wells" ***Response:*** *Modified-a carryover from before we had the definition.*
3	**Exhibit "A" Definitions- Off Pad Site Substances**	Again, I believe that this concept of having gas come to the site to be processed and then sold should not form part of this agreement. The only way off pad substances should be at the site is because they travel along a common pipeline to the processing facility. ***Response:*** *The typical shared Pad Site will see common facilities serving Wells with different interest sets. Any such "Facility" on the Pad Site will typically be relatively minor and self-contained to the site activities. It is quite possible, though, that Off Pad Site Substances will be delivered to the Pad Site for initial storage or handling (i.e., a compressor, common pipeline from the site). There is no expectation that a facility of regional significance would be located on the Pad Site and operated under this Agreement in practice, and Article VII of the PSSA Operating Procedure has been designed to reinforce this. JV reps seem comfortable that the PSSA would address the typical minor facility, where the inclusion of Article VII offers an "off ramp" for more complex scenarios that exist or that evolve.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions-Operating Procedure**	"Operating Procedure": Insert "this" before "Exhibit A". ***Response:*** *Modified the definition in a way that addresses the concern.*
5	**Exhibit "A" Definitions-Owner**	The inclusion of Land Election Right Owner in this definition could pose a problem when the term "Owner" is combined with other terms. A Land Election Right Owner does not have the right to access capacity, but could have "Owner Substances" if it elects to take its production in kind. ***Response:*** *As regards its contingent Participation, a Land Election Right Holder has a very limited status with respect to the PSSA. Basically, it is a party, its contingent Participation is identified on Appendix I and Article VI of the Operating Procedure limits certain rights otherwise available to it.* *The net effect is that if A has no Participation other than for its contingent Participation, it has no active rights.* *If, on the other hand, B had both a Participation and a contingent Participation, it would have rights on a real time basis with respect to its Participation interest.*
3	**Exhibit "A" Definitions-Owner**	"Owner" – add an annotation under "Execution" in the Head Agreement to emphasize the Land Election Right Holder executes the PSSA. ***Response:*** *Modified-a useful reminder.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions-Owner**	contingent Participation': So are contingent owners also executing this agreement? Does the contingent owner have any liability under this agreement or does liability begin once they become an owner? If it is the latter, then why are we mentioning them in this agreement? ***Response:*** *These references have been edited somewhat throughout the materials in the most recent draft.* *There is nothing in the definition that sees them being treated as an Owner respecting the contingent interest with respect to a voting status, cost exposure or liabilities. See the "only for purposes of" reference in the definition of Owner and the related annotations. They are included because of the restrictions that the PSSA creates with respect to a Land Agreement. See also the definitions of Land Election Right, Land Election Right Holder and Operating Committee, together with the related annotations, and Clause 606 and the related annotations.*
3	**Exhibit "A" Definitions-Pad Site Substances**	"Pad Site Substances": Delete "located on the Pad Site". ***Response:*** *Modified.*
5	**Exhibit "A" Definitions-Participation**	I believe there are instances where "Participation" is combined with "Facility" yet Facility is not referenced in the definition. ***Response:*** *We found several instances of this and modified them.* Note, the PJVA CO&O Task Force has identified the value in using separate terms for ownership interests vs. voting interests. The proposed change to terms in the the CO&O is "Functional Unit Ownership" (for ownership matters) and "Facility Interests" (to deal with voting for the facility as a whole and general matters such as liability/indemnification). ***Response*** *: We have not made this change. Given the much greater likelihood of Functional Units in a CO&O context than a PSSA, our conclusion was that this could cause confusion at a critical time in the PSSA process. This is something that might be considered when the PSSA form is updated in due course as part of the normal update process.*

Party	Article	Comment and Response
5	**Exhibit "A" Definitions-Participation (Annotations)**	I'm concerned about the expectation of a "real time snapshot of Owner interests" referred to in the annotations (ii). To manage the frequency of changes and resulting administrative and accounting work, "periodic" snapshots may be more appropriate. ***Response:*** *Modified.*
5	**Exhibit "A" Definitions - Permitted Use (Annotations)**	Suggest adding reference to inlet substance specifications to assist agreement drafters. ***Response:*** *Modified.*
3	**Exhibit "A" Definitions - Permitted Use (Annotations)**	Permitted Use: Add "egress, regulatory issues and facility requirements including sour vs. sweet". These were some further considerations that we suggest should be provided for in the annotations. ***Response:*** *Expanded the annotation to address the substantive concern.*
1	**Exhibit "A" Definitions-PSSA Operating Procedure**	Should the word "Model" be capitalized in the 2nd line or should it be "model Pad Site Sharing Agreement"? ***Response*** *: For context, the reference is included in this definition and Clauses 801 and 803 of the Head Document. As the PJVA refers to the CO&O Agreement as a Model in their description, we have retained that reference here.*
3	**Exhibit "A" Definitions-Regulations**	"Regulations": Include "orders or judgments of a court". ***Response:*** *Modified.* "Regulations" should include "directives, information bulletins, and information letters". This would make the definition more complete. ***Response:*** *Modified to align to the draft CAPL Property Transfer Procedure, which addresses directives and guidelines.*

Party	Article	Comment and Response
2	**Exhibit "A" Definitions- Site Operator**	Site Operator definition – does not expressly speak to operatorship of the wells. Site Operator needs to be physical operator or contract operator of all associated land well(s). Do we need separate definitions – physical operator, agreement operator ***Response:*** *The most typical circumstance will be one in which the operator of the applicable wells under the Land Agreement and the Site Operator will be the same party. Clause 301 of the PSSA Operating Procedure creates the obligation on Site Operator to assume the obligations of Site Operator under the PSSA.* ***Response cont'd below***
2	**Exhibit "A" Definitions- Site Operator**	***Response cont'd*** *As noted in the annotations on Article VI, if X is Site Operator and a WI owner in a well, but had not been the Land Agreement operator, the WI owners should appoint X as operator under the Land Agreement for the applicable Wells being drilled from the pad without impacting the existing operator's residual status under the Land Agreement re land maintenance and other lands/wells.* *If, on the other hand, the applicable Owners of the Pad Site have an outcome in which Site Operator is not a WI owner and the wells are producing, the applicable Well Owners should enter into a contract operating agreement with X re continuing to produce the wells.* ***Response cont'd below***
2	**Exhibit "A" Definitions- Site Operator**	***Response cont'd*** *If Site Operator is not a WI owner in the applicable Well and there's a desire to do a new downhole operation from a location on the Pad Site, the onus is on the land parties to sort that out with the other Pad Site Owners.* *See the annotations throughout the materials about the problems with having a Site Operator that does not have a WI in a particular well. See also the annotations on Clause 602, for example, about mitigating measures in circumstances in which Site Operator might not be the Land Operator.* *In this context, we do not believe that the requested change is required.*

Party	Article	Comment and Response
3	**Exhibit "A" Definitions-Substances**	'delivered to the applicable Facility': Do you mean a processing facility off the pad site? Facility is not defined ***Response:*** *Facility, Pad Site and Surface are three building block definitions that are defined in the Head Document. The "applicable Facility" reference was designed to address many different potential production permutations.*
2	**Exhibit "A" Definitions-Surplus Capacity**	Surplus Capacity – I feel like this should not be defined because it opens the agreement up to EQ's ***Response:*** *The primary purpose of this definition is to address priorities among the Owners, as noted in the existing annotation on the definition.* *As noted in the annotations on Clause 108 of Appendix III, the overall recommendation is to allocate any fee income in proportion to Participation, rather than the contributions of Surplus Capacity. The inclusion of this definition also positions Owners that choose to allocate fees based on Surplus Capacity to do so. The annotation has been expanded on this point.*
3	**Exhibit "A" Definitions-Surplus Capacity**	Do you mean capacity in the pipeline or in the facility – if you mean facility, then see my comments above – this agreement should not be used to cover a site with facilities on it. ***Response:*** *The typical shared Pad Site will see common facilities serving Wells with different interest sets. Any such "Facility" on the Pad Site will typically be relatively minor and self-contained to the site activities. It is quite possible, though, that Outside Substances will be delivered to the Pad Site for initial storage or handling (i.e., a compressor, common pipeline from the site). There is no expectation that a facility of regional significance would be located on the Pad Site and operated under this Agreement in practice, and Article VII of the PSSA Operating Procedure has been designed to reinforce this. JV reps seem comfortable that the PSSA would address the typical minor facility, where the inclusion of Article VII offers an "off ramp" for more complex scenarios that exist or that evolve.*

Party	Article	Comment and Response
5	**Exhibit "A" Definitions and Appendix I-Third Person**	Is there an expectation that Third Persons (prior Owners) be tracked somehow in the Agreement to administer certain obligations accruing to them particularly in these days of corporate acquisitions/mergers and defunct companies? If so, perhaps Appendix I or its annotations should address this to preserve the title chain. This would help solve the issue that arises when assets are sold during periods of high A&D activity. ***Response:*** *Assuming that the Owners retain prior versions of the Appendices, they would have access to this information if it were required. Our conclusion was that maintaining this information on a live basis would add significant additional administration for agreements that would typically not be strategically significant.*
3	**Exhibit "A" Definitions-Third Person**	"Third Person": Delete "corporation, partnership, trust, body politic or other legal". They fall within the scope of the definition of Person, such that the reference is superfluous. ***Response:*** *Modified.*
3	**Exhibit "A" Definitions-Well**	"Well" – We are requesting clarity around the definition of "production source". What about water source, injection, disposal wells. Are they intended to be included in the definition of Facility? ***Response:*** *This comment highlighted an issue that we had not previously considered. The definitions of Well and Facility have been modified so that Service Wells (new Definition) are part of the Facility.*
5	**Exhibit "A" Clause 102-References**	The Operating Procedure appears to use the phrase "approval of the Owners" instead of "approval of the Operating Committee". Historically, the former typically implies to the JV community that unanimous approval is required, whether as the latter implies that the voting mechanism is used. Unless there is a situation where unanimous approval is required, suggest that language be added to this clause that "approval of Owners means approval of the Operating Committee as outlined in the Head Agreement and/or Operating Procedure" or modify the phrase were necessary within the document (e.g. clause 207). ***Response:*** *There was a problem with Clause 207 and the annotations on Clause 501 that have been addressed, and there were a number of other edits in the Operating Procedure and the Appendices.*

Party	Article	Comment and Response
5	**Exhibit "A" Clause 102 (c)- References (Annotations)**	Can the annotations include an explanation about why time is tied to the physical location of the Pad and not to the physical location of the Site Operator's office? ***Response:*** *We had used the approach in the 1999 PJVA CO&O. The CAPL Operating Procedure, on the other hand, refers to MST or MDT during the respective periods in which it is in force. We have modified the Paragraph accordingly. The onus will be on Owners working in a different jurisdiction to determine if they wish to modify the provision.*
5	**Exhibit "A" Clause 102 (h)- References**	The JV community is accustomed to specific defined terms. I struggle with the combined definition approach used within the PSSA (e.g. "Owner's Pad Site Participation" that requires the reader to link and understand 3 separate definitions to apply the term). I also struggle when plain language is used to modify or qualify a defined term as is the case in the definition of "Participation" when referring to "contingent Participation". I suggest this document be consistent with recently published agreements such as the 2015 CAPL Operating Procedure and avoid combining defined terms. I find 102(h) to introduce a level of complexity for the reader/drafter because of the need to determine if the context within which a combined term is used otherwise requires it not to be used. There is also inconsistent combining of terms that have the same meaning that requires cleanup (e.g. Owner's "Pad Site Participation or Functional Unit Participation" is used in clause 701 and "Pad Site or Functional Unit Participation" is used in Appendix I. I prefer specific definitions be used, especially when considered with Appendix I (Description, Ownership, Cost Sharing) and Appendix VI (Abandonment) ***Response:*** *Users would be familiar with a combination of two defined terms, such as Operator's Working Interest or Non-Operator's Working Interest, from Land Agreements. The use of compound definitions with respect to Participation by linking to* ***Response cont'd below***

Party	Article	Comment and Response
5	**Exhibit "A" Clause 102 (h)- References**	***Response cont'd*** *Pad Site Participation or Functional Unit Participation is admittedly different.* *It does not otherwise appear to have been objectionable to reviewers to date. Ultimately, this relates to the use of Participation in conjunction with other terms. Annotations have been added at the beginning of the definitions of the Operating Procedure and for the definitions of Functional Unit and Participation to make this more transparent to users. Our expectation is that this is likely to be a short-term transition type concern insofar as it exists.* *The text and annotations have been modified to be more transparent about the contingent Participation references.* *The noted reference in Appendix I has been modified.*
3	**Exhibit "A" Clause 102 (l)- References**	(l): Delete "other". ***Response:*** *Modified.*
5	**Exhibit "A" Clause 103 (a) (i)- Conflicts**	I have difficulty with (i) where the Appendix determines whether it overrides the Operating Procedure. An Appendix is usually amendable by agreement of less than all parties, while the Operating Procedure requires unanimous agreement to amend. I would be concerned of the risk that this approach introduces, i.e. that a majority interest Operator could unilaterally amend or override the Operating Procedure by virtue of successfully proposing revisions to an Appendix and parties being deemed. We typically see Appendices subordinate to the Operating Procedure (except for the Accounting Procedure because of its content) and suggest that approach be re-instated. ***Response:*** *The construction was taken from the CAPL Operating Procedure, where the Farmout & Royalty Procedure might be alive in parallel with the Operating Procedure for some purposes. Item (i) has been deleted to address the concern.*
3	**Exhibit "A" Annotations Clause 103 (c)- Conflicts with any Land Agreement**	Suggest that we delete the last two sentences "The applicable mineral land….". It may be applicable for large companies, but not for small shops. ***Response:*** *The insights offered by the current annotation offer a useful context for most users. Tweaked the annotation to reflect that this may not apply to all users.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 105 (b)- Revision of Exhibit "A"**	'routine consequential changes': I have no idea what "routine consequential changes" are – recommend just using "routine changes" here. ***Response:*** *Deleted "consequential".*
5	**Exhibit "A" Clause 106 (a)- Effective Time of Revisions and Corrections to Appendices**	I see no need for an additional month for an Appendix revision to be effective. Issuing the revision is separate from when it becomes effective. I can appreciate the value in delaying the effective date of a revision when it relates to a change in Owners pursuant to Article XII (Dispositions), however that's the only circumstance I can see. ***Response:*** *Given the qualification at the beginning of the Subclause for the Article XII recognition process timing, modified the timing as suggested to the first of the first Month.*
3	**Exhibit "A" Clause 106 (a)- Effective Time of Revisions and Corrections to Appendices**	'Mail Ballot': Do contingent owners vote on mail ballots issued under or pursuant to this agreement? ***Response:*** *There is nothing in the definition of Owner that sees them being treated as an Owner respecting the contingent interest with respect to a voting status, cost exposure or liabilities. See the "only for purposes of" reference in the definition of Owner and the related annotations. See also the definitions of Land Election Right, Land Election Right Holder and Operating Committee, together with the related annotations, and Clause 606 and the related annotations.*
5	**Exhibit "A" Clause 106 (b)- Effective Time of Revisions and Corrections to Appendices**	Suggest this clause be moved to clause 104 as a correction is not a revision. ***Response:*** *Changed the Clause header to address both Revisions and Corrections.*
5	**Exhibit "A" Clause 203- Powers (Annotations)**	The annotations include a qualifier not reflected in the clause (i.e. unless specifically excluded). ***Response:*** *Modified the annotations somewhat. The specific exclusion would be in the context of the "provisions of this Agreement", such that the qualification is covered within the current provision using different language.*

Party	Article	Comment and Response
5	**Exhibit "A" Clause 204- Voting Procedure**	This clause should also be subject to clause 202 of the Head Agreement with respect to subsequent amendment of the Operating Procedure hence why we would have the voting provisions in the OP Proc subject to the Head Agreement to ensure that the revision of the Op Procedure is not considered in the bucket of "all matters of importance". ***Response:*** *Modified the introduction of the Clause to be clear that the Clause is always subject to Subclause 202(a) of the Head Document.*
3	**Exhibit "A" Clause 204- Voting Procedure**	Voting Interest (a)(ii): don't like the Functional Unit Participation concept. ***Response:*** *As noted in the annotations on the definition of Functional Unit, the typical scenario will see one consistent ownership interest in the assets held under the PSSA (versus the variance in interests in the Wells on the Pad Site that are managed under the applicable Land Agreements). Having the additional functionality on hand for a situation that evolves in a more complex way allows Owners in that situation to address their issue more easily than would be the case if we did not have some language waiting for them to help them with that situation. For context, this approach is one that was largely taken from the PJVA CO&O Agreement. See also the annotations on Subclause 204(a).*
5	**Exhibit "A" Clause 204- Voting Procedure**	Effect of Vote (d): I'm trying to think of a scenario where an Owner would be permitted to opt out of a decision, how that would actually come about and how it would be administered. Can you provide an example in the annotations? I often have difficulty looking for the situations covered by the phrase "except as otherwise provided in this Agreement". ***Response:*** *For context, the language mirrored the construction of the 1999 PJVA CO&O Agreement provision. As noted in the annotations, the most likely circumstance in which this would apply would be with respect to the presentation of an Enlargement that was not approved by all Owners. The more generic language ultimately recognizes that Owners might choose to include an unusual outcome as a custom modification to their PSSA.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 204- Voting Procedure**	General Vote (e): Replace semi-colon at end of subclause with a period. ***Response:*** *Modified.* Unanimous Approval if Only Two Owners (m): Delete "at all times". ***Response:*** *Modified.*
5	**Exhibit "A" Clause 204- Voting Procedure**	Vote for Replacement of Site Operator (g): *Scenario* : Operator sells its interest to a third party. The third party is proposed as Successor Operator, the motion is defeated by the existing Owners. There are conflicting interpretations of the clause – those who believe that the "purchaser" can stand for appointment in the 2nd round due to the reference to "parties" instead of "Parties", and those that believe that once the "purchaser" has not been accepted by the Owners, the Owners select a Successor Operator from the remaining Owners. The unanticipated outcome is that the Operator, typically having the majority interest, is successful in having its purchaser appointed unilaterally. ***Response:*** *Edited Subclauses 204(g) and 303(b) to make the outcomes more transparent, mostly by shifting some of the Subclause 303(b) content to Subclause 204(g). Under this Clause, Site Operator's assignee is basically in the same position as if it were already an Owner for the purpose of determining the successor Site Operator because of Site Operator's continued right to vote. Any other outcome sees the former Site Operator interest being disenfranchised for voting purposes. Consequential changes to the annotations.*
5	**Exhibit "A" Clause 204- Voting Procedure**	Vote by Notice (k): Change "seven Days after sending" to "seven Business Days after deemed receipt" or shorten it to five Business Days from deemed receipt. Unfortunately, Operators have been known to intentionally issue Mail Ballots just before the Christmas break when due to the number of days off and weekends, there's insufficient time to review and request a meeting. ***Response:*** *Changed to 5 Business Days following deemed receipt.*

Party	Article	Comment and Response
1	**Exhibit "A" Clause 204- Voting Procedure**	Vote by Notice (k) (ii): In line 5, should it read “5 Business Days” instead of “five Business Days” in order to maintain consistency with the rest of the numeric references in the document? ***Response** : A logical question. I checked some style guides when starting work on the 2015 CAPL documents and discovered that the normal convention is to use words for any number not exceeding ten and to use the numeral for higher numbers. The net effect is that the document is "consistently inconsistent" in the way recommended in the reviewed style guides.*
3	**Exhibit "A" Clause 205- Meetings**	(a) Is there any specific guidance on what matters must be brought to the Operating Committee? How is this determined – by a $$ value or otherwise? ***Response:** For context, the construction of the Operating Committee provisions were heavily influenced by the existing PJVA CO&O Agreement provisions, which seem to have served industry well.* *Mail ballots would be the typical approval process, as is the case under a CO&O Agreement and as noted in the annotations on Subclause 204(k). In practice, it is unlikely that a matter will escalate in a way in which an OpCom meeting would be required under a PSSA, and the ability to convene a meeting relatively easily reinforces that Site Operator conduct itself in a way in which this request will be unlikely.* *The inclusion of barriers to the ability to convene a meeting could have the unintended consequence of allowing problems to fester because the matter of concern does not fall within a prescribed list of items.* *We believe that the flexibility inherent in the current construction is preferable, particularly when this is a new form of document.*
5	**Exhibit "A" Clause 207- Specifications of Inlet Substances**	An Owner can only ensure that Inlet Substances delivered by it meet the specs. An Owner has no ability to provide that assurance on Inlet Substances delivered by others. ***Response:** Added “by it” in the first line to address the concern. Corresponding modification to the annotations.*

Party	Article	Comment and Response
5	**Exhibit "A" Clause 207- Specifications of Inlet Substances**	Given all the qualifiers, it may be just as easy to have the Operating Committee approve the terms and conditions for the handling of Off Pad Site Substances. Note the use of "approval of the Owners" as opposed to approval the Operating Committee, which implies unanimity to the average JV person. ***Response:*** *Modified the approval language to link to the Operating Committee in the text and annotations.*
3	**Exhibit "A" Clause 207- Specifications of Inlet Substances**	Consider replacing "significantly" with "materially". ***Response:*** *Modified.*
3	**Exhibit "A" Clause 207- Specifications of Inlet Substances**	Same comment as above. This agreement should never be used for sites with a facility on them. ***Response:*** *The typical shared Pad Site will see common facilities serving Wells with different interest sets. Any such "Facility" on the Pad Site will typically be relatively minor and self-contained to the site activities. It is quite possible, though, that Outside Substances will be delivered to the Pad Site for initial storage or handling (i.e., a compressor, common pipeline from the site). There is no expectation that a facility of regional significance would be located on the Pad Site and operated under this Agreement in practice, and Article VII of the PSSA Operating Procedure has been designed to reinforce this. JV reps seem comfortable that the PSSA would address the typical minor facility, where the inclusion of Article VII offers an "off ramp" for more complex scenarios that exist or that evolve.*

Party	Article	Comment and Response
4	**Exhibit "A" Clause 209- Abandonment and Reclamation Obligations**	Well abandonment is the responsibility of well owners "as a Land Activity". See also Cl. 605 and p. 21 of Exhibit "A" annotations, which states that well abandonment notification is to be managed under the Land agreement and will typically be conducted by site operator. Should these clauses include language stating that site operator will conduct abandonment activities as requested by well owner? With the exception of the annotation on p. 21, the way these clauses are worded seems to conflict with the concept of having a single site operator, who also conducts all well activities. ***Response*** : *In practice, "Site Operator" will also be the Land operator. Site Operator will typically be a WI owner in all mineral rights expected to be exploited from the Pad Site, and, as noted throughout the annotations (e.g., the Addendum to the annotations on the PSSA Operating Procedure), we recommend against entering into a PSSA if that is not the case.* *Notwithstanding that the PSSA has been structured on the basis of a single Site Operator, the reality is that some users will still choose to modify the PSSA to deviate from that principle on the basis that they choose to negotiate for their particular circumstance.* *The broader language in the annotation just recognizes the possibility that this will occur.* *The text and annotations have been modified on the single Site Operator concept somewhat throughout the document.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 209- Abandonment and Reclamation Obligations**	This concept will not work – the nature of environmental contamination – particularly after operating up to 6 wells for 50 years is that it will be intermingled and it will be impossible to determine what contamination came from which well. This needs to be completely reworked so that all site owners share in the costs of the reclamation and remediation obligations in accordance with the Pad Site Participation – downhole abandonment costs could be separated out as the responsibility of the individual Well owners. ***Response:*** *While there is no doubt that industry's experiences to date with old spills are such that it can be difficult to attribute liability, this is much less of an issue with modern drilling and production practices, a tighter regulatory regime and a much greater sensitivity to the management of HSE issues by our industry generally and operators more specifically. In addition, the Owners would logically be very motivated to assess the extent of potential contamination associated with any particular spill on the Pad Site at the time, so as to ensure that responsibility is allocated appropriately for the incident. Modified the annotation on this Clause accordingly.* ***Response cont'd below***
3	**Exhibit "A" Clause 209- Abandonment and Reclamation Obligations**	***Response cont'd*** *Clause 605 has been modified to be clear that any Environmental Responsibilities that are unable to be apportioned to a particular Well accrue to the Pad Site. Modified Clause 805 as well. Modified the associated annotations.* *As noted in Appendix VI, a Phase 2 Environmental Assessment is contemplated at the Pad Site Abandonment stage.*

Party	Article	Comment and Response
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	**General:** My primary concern being physical operatorship of wells and the lease and the process of taking over all pieces when transactions happen as surface is king and part of my current legal battles internally. The **one theme** I have is that there are numerous places (might have missed some) that speak to operatorship and you almost have to go and find / read all of them to see the context of the paragraph and which one over writes which one only to get to almost the end of the agreement in 602 (b) which basically states the land agreement surrenders operatorship to the Site Operator. I don't know why we don't **expressly state this UP FRONT** as this is the major purpose of the agreement. For instance – I think Site Operator should expressly state that it operates the wells (go see 602). Nowhere in the definition does it speak to the wells. Every land definition says it and the JOA are the operator of the wells which then further in the agreement is revoked. I think we should remove the "GREY." Whether this means we have to create 2 definitions for **physical operator vs agreement operator** we can discuss but physical operatorship is very important for safety, OHS and regulatory reasons and needs to be VERY clear. **Comment cont'd below**

Party	Article	Comment and Response
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	**Comment cont'd** Article III of the PSSOP contemplates the “Single Site Operator”. Clause 103 (c) states that Insofar as there is a conflict between the PPSOP and the Land Agreement with respect to operatorship of the Well, the PPSOP will prevail. While it is important that the Single Site Operator model addresses HSE concerns, it will impact those Operators or Working Interest Owners identified under the Land Agreements who may not want the “Site Operator” to drill their wells and force them to acquire adjacent surface leases to do so, thereby increasing environmental footprint which is contradictory to the intent of pad site operations. ***Response:*** *As noted throughout the annotations to the Agreement, the premise of the PSSA is that the Site Operator and Land Operator will typically be the same. This is also emphasized in the Introduction to the document, the annotations to the definition of Site Operator and in all training materials associated with the document, such that users will be alerted to those assumptions early and often in the materials.* *Building on that theme, we strongly recommend against creating a shared well pad in circumstances in which there is no compelling business reason to do so re a synergy in operations, for example, as noted in some detail in the* ***Response cont'd below***
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	***Response cont'd*** *Addendum of annotations at the end of the Operating Procedure.* *There will be situations in which we realize that is not the case (e.g., Site Operator as a WI Owner not originally the Land Operator at the location and Site Operator used to be a WI owner, but has sold its interest in a particular producing well). However, there are some relatively easy ways to mitigate those outcomes, as noted in the annotations.* *The biggest level of complexity is the situation in which Site Operator has nothing to do with the mineral interests, but has agreed to allow the drilling from the pad, which is an outcome that is totally inconsistent with the foundation of the PSSA. In that case, it’s up to the Owners to modify their PSSA to address their particular circumstances.* *The potential permutations associated with those circumstances are such that our belief is that any industry PSSA precedent attempting to address that content in an abstract sense would be so complex that the document would never obtain any significant degree of industry acceptance.*

Party	Article	Comment and Response
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	**Change of Operatorship:** I have issue with how Land typically conducts transfer of operatorship after a deal is done post-closing date with change of op notices. JI is supposed to / tries to issue a change of OP mail ballot in advance of closing so that the transition is clean on closing dates to avoid legal battles as possession is 9/10ths of the law and for safety reasons so that it is 100% clear on that date who is responsible for the asset for both regulatory and emergency reasons. The PSSA speaks to taking over operatorship immediately in some cases but how the land process is handled could cause friction and physical operatorship issues. I'd like to see everything be done on the same timeline, pre-close but that means writing over more of the JOA's potentially for land transactions. Just like if you sell out of a pad you have to sell out of the wells, the operatorship question should be answered at the same time in all agreements ahead of the close date. Vote for Removal and Vote for Replace – want to walk through a transaction to see if there are any holes in the process **Comment cont'd below**
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	**Comment cont'd** EX: if XWY is the Site Operator and is in all 4 wells, sells out of the area, the remaining parties have the option to take over the wells in the JOAs (land assignments / change of op letters) but then also must assign into the PSSA (JI assignments). XYZ sells out of PAD & 4 wells XYZ JI issues a change of Site Operator mail ballot to the existing owners in before the closing date Other owners could defeat mail ballot if they intend to act on Land change of op notices. Then need to go through Replacement of Op procedure If change of Site Operator mail ballot passed XYZ JI issues assignment of agreement after the closing date XYZ Land issues assignment and change of op letters after the closing date Land parties could elect to become operator of the wells Forces new Site Operator to become contract operator, conflict between PSSA and JOA goes to PSSA. This is not normal contract operatorship because it cannot be cancelled with 30 days' notice or immediately. Well gets shut in? Can't have 2 operators on one site. ***Response below***

Party	Article	Comment and Response
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	***Response:*** *The typical industry practice noted in the comment reflects the common industry practice, but it actually isn't consistent with the recognition cycle for a change of ownership under Land Agreements. An Operator that "turns over the keys" to its purchaser at closing of a transaction on the assumption that its purchaser will be confirmed as Operator in due course remains responsible for performance until the applicable recognition date at which the change of ownership and operatorship occurs. See the annotations on Paragraph 3.03(a)(vii).* *In practice, a Site Operator of a shared pad site should coordinate the transition under the PSSA and the applicable Land Agreements at the same time. Similarly, an Owner that is not a Well Owner for most of the Wells on the pad site is unlikely to want to become involved in the management of Wells in which it is not an Owner.* *If, however, Owners choose to modify the precedent PSSA to accommodate different operators, they will also need to consider how they will deal with these types of issues.*
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	Site Operator in default: don't agree with part (a), first and fastest to notify with cause gets operatorship? This could be used as a tactic for someone to try and get operatorship of a PAD, small WI% or otherwise. I think by default the next largest owner should get operatorship and then follow the replacement of operatorship to see if they really want it or someone else. Site Operator goes into default – clause 303 (don't agree with part (a)) -First fastest non-op owner gets operatorship? With bona fide evidence? -Next largest non-op owner should get immediate interim operatorship as a minimum ***Response:*** *Subclause 303(a) allows for the replacement of Site Operator immediately in a narrow range of circumstances that typically relate to economic distress. While the triggering notice may be served by any Non-Operating Owner, there is nothing in that Subclause that says that the Non-Operating Owner serving that notice will necessarily become Site Operator.* *Clause 304 will apply to the appointment of the successor Site Operator, where the Owner with the largest Pad Site* ***Response cont'd below***

Party	Article	Comment and Response
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	***Response cont'd*** *Participation will become interim Site Operator under Subclause 304(a) pending the appointment of a replacement Site Operator.* *The bona fide evidence reference at the end of Subclause 303(a) is included to mitigate the potential for abuse by one or more of the Non-Operating Owners. If, for example, a Non-Operating Owner were to allege that Site Operator were insolvent, there is a requirement to provide evidence supporting that assertion, as noted in the existing annotation (v) on Paragraph 303(a)(i).*
2	**Exhibit "A" Article III- Appointment and Replacement of Site Operator**	Two Owner Agreement: don't agree with 50% being hard coded. If the new party is new to the area and the play, the existing owner in the wells should have a right. I think 50% should either be a negotiated election with a recommendation in the annotations to avoid super small WI% taking operatorship. Not all 2 party agreements are 50/50 and if you've been in play long enough you should have a right even at a smaller WI% to potentially take over the well. (Make 50% an election. If I'm the 2nd party and have sub 50% in all the wells but have been active in the area, I don't necessarily want the new person coming in and taking everything over. This number should be an election or default to the other party.) ***Response:*** *For context, one of our objectives when creating the Operating Procedure was to minimize the number of elections in the document in order to simplify preparation and use of the PSSA. Part of our logic with use of the 50% threshold was to mitigate the potential for a small interest owner with an interest in only some of the Wells from becoming Site Operator, and we've expanded the annotations to make this rationale more transparent to users.* *As is the case with respect to all provisions of the PSSA, Owner groups that feel particularly strongly about a default outcome in the PSSA are always free to negotiate a different handling for their particular Agreement.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 303- Replacement of Site Operator**	(a)(v)(B) We were unclear as to what happens (particularly under the Regulations) where there is no time period specified for remedy? ***Response:*** *Deleted this item. It was carried across with the CAPL based provision, but is much more of a mineral rights concept and should not be included in the PSSA.* (a)(vii)(B) We are concerned about the Pad Site Operator entering into a contract operating agreement as per Clause 401(h) and Clause 303(a)(vii)(B) of the Operating Procedure. Where the Pad Site Operator wants to enter into a contract operating agreement with a Third Party, we propose that this be subject to a vote of the operating committee. Given the confidential information the Pad Site Operator has access to regarding Land Activities as well as the close relationship required between the Pad Site Operator and the Land Operator due to some potentially short timing requirements under the Land Agreements, we are concerned about there being an ability for the Pad Site Operator to enter into a contract operating agreement of their own volition. ***Response:*** *Modified.*
5	**Exhibit "A" Clause 303- Replacement of Site Operator and Clause 902- Site Operator's Lien and Remedies**	Suggest clause 303(a) be modified to provide for the replacement of operator as contemplated in clause 902(g). ***Response:*** *Modified 902(g) to reinforce the temporary nature of that appointment.*
5	**Exhibit "A" Clause 304- Appointment of Successor Site Operator**	Two Owner Agreement (c): “Previously” is used too many times. Suggest revising the 2nd sentence to read: "An Owner who is not the Site Operator that resigns or otherwise ceases to be Site Operator and that has a minimum 50% Pad Site Participation will automatically become Site Operator effective concurrent with the effective time that the previous Site Operator ceases to be Site Operator…." ***Response:*** *Made some edits.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 305- Transfer of Property on Change of Site Operator (Annotations)**	Suggest that this includes a reminder to ensure that the Access Road is transferred. Given the current high level of confusion regarding access roads and their ability to be a significant cost centre, we believe it is prudent to ensure they are handled. ***Response:*** *We do not believe that this is required to be singled out specifically if the other changes are made about the handling of Access Roads.*
5	**Exhibit "A" Clause 306- Inventory and Audit of Accounts on Change of Site Operator**	1. Agreeing on the audit scope beforehand is a great add. 2. Note the Annotations conflict with the agreement – is it the Operating Committee that decides the audit scope or the Non-Operators? 3. There are other PASC Audit Guidelines relevant to the conduct of an audit of the Joint Account, e.g. PASC Expenditure Audit Guideline, PASC Revenue Audit Guideline. ***Response:*** *1. NA 2 . For the account of the Non-Operating Owners* *3. Have added the additional two specific references.*
2	**Exhibit "A" Article IV Functions and Duties of Site Operator**	Is operatorship or taking over operatorship of a well under the JOA a land activity? Land Activity definition – says operation of the well Land Agreement – says well(s) operated under this agreement ***Response:*** *The most typical outcome will be one in which the Land Agreement operator of the Well and Site Operator will be the same party. All of its activities with respect to a particular Well will be wearing its "land operator hat". All of its activities that do not relate to a particular Well will see it wearing its "Site Operator hat".* *The def'n of Land Agreement refers to "…governing the ownership of the applicable mineral rights and Well(s) operated thereunder by the applicable holders thereof….". It does not state that the Wells are operated under "this Agreement" (i.e., the PSSA).*
3	**Exhibit "A" (Annotations) Clause 401 Control and Management of Joint Operations**	We would suggest a reminder to the reader that Joint Operations does not include Land Activity respecting any Well. There was some confusion in this regard. ***Response:*** *Modified the second paragraph of existing annotation (i) somewhat.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 401-Control and Management of Joint Operations**	Check the use of "Non-Operating Owner" and "Owner" throughout the document, but particularly in this Clause. At times, we were unsure whether the use of the terms was purposeful or whether they were being used interchangeably. Perhaps change the references in (b), (i), (j) and (k) and to delete the introductory phrase from (d)? ***Response:*** *Modified.* (d) Is it necessary to say "on behalf of the Non-Operating Owners"? We suggest this be added as a general statement at the end of the first paragraph in 401 since it applies to several of the provisions listed. ***Response:*** *Modified to delete the reference from (d). We do not believe that there is any need to make any reference to "on behalf of" because that's inherent in a Joint Operation.*
3	**Exhibit "A" Clause 401-Control and Management of Joint Operations**	(g) Do we need to specifically indicate that the Pad Site Operator has the right to compel the contractors and sub-contractors to comply with its corporate standards? It should be clear that the Site Operator and its contractors have the right to act within the company policy if that is their standard, and charge accordingly? We were concerned that where the Pad Site Operator had corporate policies that increased costs, there may be disputes regarding such costs and standards. ***Response:*** *The Operator has certain duties in the manner in which it conducts operations and it has certain rights in the manner in which it chooses to hire and supervise under Clause 404. Modified Clause 404 and added an annotation.*
3	**Exhibit "A" Clause 401-Control and Management of Joint Operations**	(i) Delete "and" and insert "and" after (k). ***Response:*** *Deleted "and" from the end of (i) and added at the end of former (j).*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 401-Control and Management of Joint Operations**	'Operating Committee from time to time with respect to decisions to be made for the conduct of Joint Operations': When- what is the trigger for requiring Operating Committee approval of a Joint Operation? ***Response:*** *Site Operator's financial authorities are as prescribed in the PASC Accounting Procedure. Insofar as approvals are required, a mail ballot would be the typical approval vehicle. The Accounting Procedure provides certain authorities to make expenditures without need for Owner authorization.* *It is also important to recall that all expenditures relating to Land Activities are being conducted outside the scope of the PSSA.* *Modified the existing annotation (ii) somewhat to provide additional context.*
3	**Exhibit "A" Clause 401-Control and Management of Joint Operations**	(j) 'consequential shut-in of any Well': Which shut in is at no cost to the Site Operator or the other Owners? Is there a specific provision which states this? If not, there should be. ***Response:*** *This had been referenced in the Enlargement Appendix. We have modified Paragraph 401(j), added a new Clause 806 and modified the Enlargement Appendix to make the handling much clearer. Associated changes to the annotations.*
3	**Exhibit "A" Clause 401-Control and Management of Joint Operations**	between (k) and (l): 'during Initial Construction, any Enlargement': For me these two concepts do not belong in the same sentence – I thought that Initial Construction was when the Pad Site is being constructed initially and that an Enlargement would always happen at some later time – if the site is made larger at the beginning, then it would just be a larger pad site and part of the Initial Construction. Not clear what you are trying to accomplish here? To me, it would seem that all of the below bullets are the responsibility of the Site Operator whether it be during the Initial Construction or a subsequent Enlargement. ***Response:*** *The segmented presentation reflects the fact that there are additional obligations during any period of construction, whether that relates to the Initial Construction or is in conjunction with an Enlargement or other modification. Modified the annotation to make the thinking transparent.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 401-Control and Management of Joint Operations**	last paragraph: 'Article VIII': Nor should any ongoing Joint operations. But 401 (b)(c)(d)(e)(f)(i)(j)(k)(q) are subject to a separate liability regime? The only time the Site Operator should ever be liable to the other Owners should be in the case of Gross Negligence or Willful Misconduct. ***Response:*** *While the Gross Negligence or Wilful Misconduct test is appropriate for operational matters and damages that can accrue (i.e., the physical damage scenario), it does not follow that it is necessarily the only test for legal responsibility for all potential circumstances.* *A Non-Operating Owner, for example, should not be required to prove Gross Negligence or Wilful Misconduct with respect to a breach of the Accounting Procedure or commingled funds that are now missing. The normal breach of contract remedies should apply to more administrative matters for which the "loss" is that Site Operator has retained or misplaced funds that rightfully belong to another Owner. In other words, the Owner for those types of matters should only be required to prove: (i) that there was a contractual duty; (ii) that it was breached; and (iii) its damages (e.g., the amount that rightfully belongs to it that is being withheld).* ***Response cont'd below***
3	**Exhibit "A" Clause 401-Control and Management of Joint Operations**	***Response cont'd*** *That is very different than the circumstance in which an error at the field level has resulted in an explosion or physical damage to the Pad Site.* *See the annotations on the liability and indemnification provision and in the CAPL Operating Procedure on this point.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 402-Subcontracting**	Suggest that there be an annotation. There was confusion as to whether this provision relates to Affiliate service companies or other Affiliates where it is unlikely a subcontracting relationship would exist, but rather an inter-company Agreement. ***Response:*** *Modified the text and annotations to address the concern.* Clause 402 requires that the Site Operator have full control and supervision of an affiliate and it is subject to approval of the operating committee. It is concerning that a non-arm's length relationship such as this would be expressly provided for given that it might lead to increased costs where the affiliate is paid in addition to the Pad Site Operator. As well, an affiliate may be in a far different financial position than the Pad Site Operator. Therefore, our proposal above restricting the ability of the pad site operator to enter into a contract operating agreement without the approval of the operating committee would obviate the necessity of clause 402 as a special circumstance. ***Response:*** *Modified the text and annotations to address the concern.*
5	**Exhibit "A" Clause 402-Subcontracting (Annotations)**	Suggest an additional annotation that indicates depending on the version of Accounting Procedure, costs charged by the Affiliate may be subject to the same chargeability criteria / limitations as the Site Operator. ***Response:*** *Modified.*
3	**Exhibit "A" Clause 404-Independent Status of Site Operator**	'Site Operator is an independent contractor in conducting Joint Operations': I don't think this concept works in this context….usually we put this in to make it clear that a contractor is independent and that their employees are not our employees. This is not appropriate here. ***Response:*** *This type of provision has historically been included in the CAPL Operating Procedure and the PJVA CO&O Agreement without issues. Site Operator wears an Owner hat and it wears a Site Operator hat in which it provides services for the collective benefit of the Owners.* *The historic purpose of the Clause is to ensure that the other Owners are not involved in the Site Operator's normal day to day management of personnel and contractors. The last sentence is included in more modern documents to ensure that the normal negligence regime that would typically apply between a service provider and service recipient is replaced by the Article VIII outcome (i.e., the Gross Negligence or Wilful Misconduct test with respect to the choices made in conducting field operations).*

Party	Article	Comment and Response
2	**Exhibit "A" Clause 405- Non-Operating Owner's Rights of Access**	Clause 405: Operating Committee: confidentiality. What if one owner does not own in the other wells. Are they allowed to see information on the other wells? Leads into clause 405 and non-operating non-owners' rights. ***Response:*** *See the existing annotations on Clause 405 and the construction of Clause 1401. Information related to Wells is actually not obtained under the PSSA, since all information associated with Wells is a Land Activity that is governed by the applicable Land Agreement.* *For context, the Joint Operations being referenced in Clause 405 are Joint Operations as the term is used in this Agreement (i.e., operations for the Joint Account under the PSSA). As well, item (iii) allows Site Operator to introduce significant restrictions in the manner in which a visitor can walk around the site. See, for example, annotation (ii). Expanded the annotation.*
3	**Exhibit "A" Clause 405- Non-Operating Owner's Rights of Access**	The first sentence indicates when a Non-Operating Owner can have access, but the Land Agreement is more restrictive. How does this address restrictions on non-participating Parties in the Land Agreements under this Agreement? We realize this is for Pad Site Operations; however this could be abused in order to gain knowledge of Land Activities that are occurring at the same time. Close proximity to the Land Activities may provide information that ought not be available for nonparticipants under a land agreement. Suggest removing the words "full and free" as an initial suggestion. ***Response:*** *Removed the "full and free", as the reference ultimately just qualifies access. For context, the Joint Operations being referenced are Joint Operations as the term is used in this Agreement (i.e., operations for the Joint Account under the PSSA). As well, item (iii) allows Site Operator to introduce significant restrictions in the manner in which a visitor can walk around the site. See, for example, annotation (ii). Expanded the annotation.*

Party	Article	Comment and Response
2	**Exhibit "A" Clause 406-Title**	Clause 406 states that the Site Operator will hold the licenses for the wells drilled on the Pad. A Site Operator may adversely affect its License Liability Rating should it be the Licensee of abandoned pad wells that it does not have a working interest in. ***Response:*** *One of the foundation design principles of the document is that Site Operator and Land Operator will typically be the same party. Parties that choose to deviate from that principle by entering into a PSSA in which Site Operator is not involved in certain of the Wells will need to consider this and a range of other issues in the context of their particular circumstance and create a customized solution for their situation. It is not feasible to try to address a wide range of "what if" situations in the document because it would result in layers of complexity that would be a barrier to use.*
2	**Exhibit "A" Clause 406-Title**	SURFACE ACCESS Surface-General: A review the comments put forward for Draft #1 and compared to the new draft appears that not all made it into the new document. However, it's our view that draft #2 sufficiently covers the main surface land concerns raised. ***Response:*** *We had reviewed each individual comment and responded to them in conjunction with issuance of the second draft. It appears that the responses were satisfactory.*
3	**Exhibit "A" Clause 406-Title**	As to the surface land problems we may encounter we think as long as landowners are in agreement with the concept and are fairly compensated there shouldn't be a problem managing the site. It will be intrusive, large and carry on a considerable amount of activity with all the related concerns of noise, lights, traffic, dust, etc. ***Response:*** *We have modified the existing annotation on Clause 406 to remind Site Operators to ensure that they are transparent about their intentions in their communications to stakeholders. This would mitigate the potential for access issues over the life of the Surface Lease.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 406- Title**	There is a matter that has not been specifically addressed although the abandonment and reclamation activity is covered. That is the situation vis a vis the AER and the LLR. Since the concept is to have the Site Operator (prime contractor) licensing the wells they expose themselves to liability for which they do not have the complementing assets. This is something that needs to be addressed to the AER and an arrangement needs to made whereby a licensee in these cases can be waived of the LLR. Complicated but not impossible if explained correctly. We understand the Well Owners are required to provide surety to cover the eventual costs of abandonment and reclamation but this does not necessarily relieve the Site Operator under a strict interpretation of the LLR by the Board. In some cases the Site Operator may not meet the necessary test under the LLR to qualify for a well license. Does everyone contribute to the surety? ***Response:*** *In an Alberta context, the AER website notes that "A licensee may establish a multiwell pad for those sites on which it has more than one well on a single surface lease. Both the well licences and the surface lease must be held by the same licensee. The establishment of a multiwell pad provides for a reduction in the reclamation liability of the wells located on the pad."* *In an Alberta context, the party holding the surface lease would be the party the AER would presumably contact if there were any issues. Notwithstanding the passage quoted above, if the surface rights holder and well licencee were different, the AER would presumably need proof of some sort that there was a right to use the location.* ***Response cont'd below***

Party	Article	Comment and Response
3	**Exhibit "A" Clause 406-Title**	***Response cont'd*** *As noted at various points in the materials, the normal situation would be one in which Site Operator has facilitated the pad site sharing in the context of wells in which it has an interest and would already typically be the well operator. If it is a WI owner, but not the current well operator under the Land Agreement, our recommendation is that it take over operatorship for the Wells on the Pad Site under the Land Agreement, even though it otherwise would not be operator of the other lands or assets subject to the Land Agreement.* *As currently structured, if, for example, there are two wells on a lease, the first well has 100% of the reclamation liability. However, additional wells at the location only have 10% of the liability.* *Insofar as a Site Operator is required to make a LLR deposit, the deposit requirement relates to its own personal status in the context of its overall portfolio as things currently stand under the Regulations. In the absence of an agreement to the contrary, it should bear the responsibility for any additional operator based security deposit under the Regulations as they currently exist.* *We have expanded Clause 406 and the related annotations as a consequence of the comments.*
3	**Exhibit "A" Clause 406-Title (Annotations)**	Suggest adding "road access" after "Surface Lease" to ensure that the access to the site is handled by the Pad Site Operator ***Response:*** *Modified in a way that addresses the concern.*
5	**Exhibit "A" Clause 407-Health, Safety and the Environment**	Current industry guidelines may be modified as a result of changes under the current regime. Suggest the Annotations refer to the PASC AG-15, Joint Venture Greenhouse Gas Cost/Credit Allocation Guidelines for Facility Operators and Owners published on behalf of the CAPP Working Group on Industry JV GHG Cost Accounting Practices. It is expected that this document will be updated as the Regs and industry processes are rolled out. ***Response:*** *Modified annotation (iv) on Subclause 407(a).*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	(a) (i) add “industry” before the word “standards”. ***Response:*** *Modified.* (a) (ii) add letter “e) process and system to meet the applicable regulatory compliance requirements” ***Response:*** *Modified.* (c) Suggest removing the word “greater” ***Response:*** *Modified to address the concern.* *(d) We would prefer that both the provision of the report and the remedial plan be obligatory. This is information that a non-operator would typically want to see.* *Response: This question had also arisen with respect to the 2007 CAPL Operating Procedure. The conclusion for that document (on which there has not been be any apparent objection) was that operators should not be required to distribute information to parties that have not indicated an interest in receiving it. In practice, the provision is self-policing, in that any incident to which Subclause 407(b) applies and any unusual costs would typically generate questions and requests for applicable information. As well, an Owner with a particular interest in this area could always provide a standing request for this type of information.* ***Response cont'd below***
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	***Response cont'd*** *There may also be circumstances in which, due to the philosophy of one or more of the Non-Operating Owners or the identify of Site Operator, the Parties choose to override the precedent Clause to structure this as an obligation.* *Expanded the annotation somewhat.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	(a) (i) this seems like a standard that will be impossible to determine. Recommend changing it to good oilfield practices and leave it as that. ***Response:*** *As a general frame, this Clause is basically an uplift of the CAPL Operating Procedure provision, as modified in the 2015 CAPL clause to reflect intervening feedback. For context, there had been three cycles of industry comments on the 2007 for the initial provision and another three cycles for the 2015 document, where there were minimal industry comments on the provision and no apparent significant industry concerns.* *The CAPL provision frame was heavily influenced by the AIPN JOA form, which is the world wide standard used for multi-billion dollar development projects.* *Have modified (i) by adding "in the oil and gas industry" after "standards" to narrow the frame somewhat based on earlier comments.*
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	(a)(ii) 'structured and documented HSE management systems': Could you just delete these words and state "implement procedures consistent with…." ***Response:*** *Deleted "structured and". These processes should be documented. A new item (E) has also been added based on other comments to address the need to have procedures in place to address compliance requirements.*
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	(b) 'as is appropriate': Change to "upon their request" ***Response:*** *Modified to "as is reasonably appropriate". Site Operator should be reaching out with respect to any incident of significance.* 'course': Whether one is required by regulation or not? Or only when one is required by regulation? Please clarify. ***Response:*** *The premise of the Subclause is that a significant incident has occurred. There is a reasonable expectation that the standard should be the higher of the Regulations or a logical Site Operator response.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	(c) 'HSE matters': – HSE risks/hazards? ***Response:*** *Modified to "performance and risks".* 'material': Stick with consistent language – material is different from significant – I prefer "significant". ***Response:*** *Modified to be consistent with the frame in Subclause (b).* 'HSE audit or review': Not sure we want this requirement – we do not conduct routine or regular HSE audits of our sites. The word "audit" has a lot of inherent meaning with regards to the degree of rigour and formality – HSE review is better. ***Response:*** *Modified.*
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	(d) Site Operator will, as soon as is practicable, address and, where appropriate, rectify all material deficiencies identified therein.: Don't like this language – too absolute – will rectify ALL MATERIAL deficiencies….what is material to A or B will not be the same as what is material to X or Y. Would prefer this to read that the Site Operator will implement the corrective actions noted in the report. ***Response:*** *Modified to "….rectify all deficiencies identified therein that* ***Site Operator*** *reasonably regards as material" and modified the last phrase to "all such material deficiencies."* 'It will, upon request, provide the Non-Operating Owners with a plan for addressing all material deficiencies identified therein that remain outstanding at the time Site Operator receives the applicable report or review.': Delete this last sentence – it goes too far. We don't even do this for partners in a well. This is not industry practice. ***Response:*** *For context, the current reference is basically the CAPL test.* *Tightened up the reference by linking it to a reasonableness test. It is also linked to a request test, which is probably self-policing to significant events in practice.*
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	(e) 'material deficiencies': Not clear what this concept means. Could just say – "concerns" or "HSE risks" ***Response:*** *Modified to link to the reasonableness standard by updating the last sentence to the following: "Site Operator will respond to the Non-Operating Owners in a timely manner about any deficiencies identified therein that Site Operator reasonably regards as material, and Subclause 407(d) will apply, mutatis mutandis, thereto."*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 407-Health, Safety and the Environment**	(f) Interesting provision – why was it included? Each partner in a well is considered to be an "Operator" under the Environmental Protection and Enhancement Act. Is this an attempt to alter that? ***Response:*** *See the annotation. There had been a concern during the original CAPL review process on the 2007 document that the inclusion of an audit right in Subclause (e) created a risk that there could be criminal prosecution if Non-Operators were not proactive in conducting audits.*
3	**Exhibit "A" Clause 408-Wells to be Produced Equitably**	Suggest changing the title to "No Preferential Production from Wells". This is more consistent with the contents of the clause. ***Response:*** *Modified to "Wells to be Produced without Preference".* Prefer to not get into equitable production as there are legitimate reasons where wells might be produced inequitably and would suggest the deletion of this comment. However, We liked (i) and (ii) and would suggest that this addresses the issue. ***Response:*** *Deleted the phrase "equitably with production from all Wells"?* Replace "operations" with "Joint Operations". ***Response:*** *We understand why the comment was made. Joint Operations only relate to activities conducted under this Agreement, though. Site Operator is also in a position in which it can do things under the Land Agreement to constrain production, where any such activity is not actually a Joint Operation within the meaning of the PSSA. Modified the annotation to make this more transparent, as it is a subtle point.*
3	**Exhibit "A" Clause 501-Requirements Respecting Personnel**	The meaning of the last sentence is unclear to us. Should add "were it" before "to become in arrears" to make it complete. ***Response:*** *Replace "suffer" with "allow" and replace "become" with "be".*
3	**Exhibit "A" Clause 502-Required Financial Responsibility**	We are seeking clarification as we are unclear how the last sentence of 502 interplays with 503(d). ***Response:*** *Clause 502 relates to policies that are required to be obtained jointly. Clause 503 relates to requirements of individual Owners, where the first sentence qualifies Clause 503 for any coverage required to be obtained under the Regulations as per Clause 502. Modified the annotation.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 502- Required Financial Responsibility**	'Insofar as those requirements pertain to evidence of "seepage and pollution" insurance, the Owners will determine how those requirements will be satisfied or the request to be made to regulatory authorities to modify them': What regulatory authorities have the authority to modify responsibilities as they pertain to "seepage and pollution" insurance? What are you trying to get at here? Unclear. What regulator are you referring to here? ***Response:*** *For context, this type of provision was written in the context of frontier type operations in which the regulator requires evidence of insurance for the applicable operations. It was included to offer flexibility within the PSSA if any regulator were to create an insurance obligation with respect to certain classes of operations in Western Canada. Modified the annotation accordingly to offer a context.*
4	**Exhibit "A" Clause 503- Required Insurance Coverage**	In the PSSA, Exhibit "A", Cl. 503 is based on Alternate A of CO&O Appendix VI, with specific insurance types and limits. We suggest to PJVA that the model allow for two alternates as included in the CO&O model. ***Response*** *: There is a major difference between the two documents. The PSSA is setting a minimum standard of coverage with respect to both activities conducted under the PSSA and Land Activities conducted under applicable Land Agreements given that Land Agreements may not include appropriate insurance coverage for the circumstance in which there is a shared Pad Site.* *This structure is chosen to ensure that there is appropriate insurance coverage for the benefit of all Owners involved in the Pad Site in the context of the cross-indemnification obligations that apply between individual Land Agreements and the PSSA and vice versa, as well as between the respective Land Agreements.* *That being said, individual Owner groups are always free to negotiate a different outcome in the context of their own circumstances. As noted in the annotations, the primary purpose of including the insurance provisions in the body of the PSSA Operating Procedure (rather than buried in an Appendix) was to remind users of the importance of this issue in the context of the value of the Wells located on the Pad Site.* *Although this content is presented in the PSSA Operating Procedure, the process for modifying limits is ultimately the same as if Clause 503 were included in an Appendix.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 503- Required Insurance Coverage**	We were confused by the terms “therein” and “them” in the 3rd line. Please clarify. ***Response:*** *“them” has been replaced by “the Owners”, and “therein” has been replaced by "in that Joint Pad Operation". The end of the Clause requires corresponding umbrella coverage with respect to Land Activities.* (e) Automobile Liability – as liability coverage for non-owned vehicles is already provided by the CGL policy. It would be OK to remove reference to ‘or non-owned’ in the clause. Automobile Liability Insurance covers any autos that are owned, leased, licensed and or operated by the Insured and is a stand-alone type of insurance. Non-owned Liability Insurance in Canada is provided by a Commercial General Liability policy under Paragraph (a), and provides coverage for automobiles which are not owned in whole or in part by or licensed in the name of the Insured. This will include the following vehicles: • Rentals for a period not exceeding 30 days, used in the business of the Insured. • Personal vehicles that our employees are using for company business purposes. This coverage protects the business and not the employee driving the vehicle. They would still be required to carry their own automobile insurance coverage. ***Response:*** *Modified with an expanded annotation.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 503- Required Insurance Coverage**	'Participation therein': According to their participation in the Joint Operation or according to their participation as a Pad Site Owner? Are these always the same or can they be different? Please clarify what you mean here. Liability for environmental matters on a site or that result from a spill are joint and several (EPEA). ***Response:*** *The starting point is that the participation in Land Activities with respect to a particular Well is not managed under this Agreement, and this is where the biggest variances will occur relative to Pad Site ownership. The participation in Joint Pad Operations (e.g., not Land Activities) will be linked to Participation in the ownership of the Pad Site. Things get more complicated in a Functional Unit scenario.* *Notwithstanding that the regulator may apply a joint and several test to the applicable Owners, the liability and indemnification regime that ultimately applies among the Owners is the one prescribed by the PSSA. See, for example, the Conflicts provision in Subclause 103(b). In other words, notwithstanding that the regulator may impose joint and several liability, that does not preclude the Owners from seeking to apply the Gross Negligence or Wilful Misconduct provisions of the PSSA against Site Operator to recover the amounts initially advanced by them.*
3	**Exhibit "A" Clause 503 (d)- Control of Well and Seepage and Pollution**	'resulting from the operations and activities of contractors acting on behalf of Site Operator': Are these activities different from Joint Operations? I like this language better. ***Response:*** *These activities may pertain to Joint Pad Operations, but not necessarily.*
3	**Exhibit "A" Clause 504- Obligations for Required Insurance**	(a) Consider whether all items should be subject to reasonable efforts. For example, we believe that "Waiver of Subrogation" should be mandatory. ***Response:*** *Modified to address the concern. Also modified Paragraph 504(b)(iv).*
3	**Exhibit "A" Clause 504 (a)- Requirements**	How will this work for those companies that are "self-insured"? ***Response:*** *For context, true "self-insurance" is rarely acceptable, and should not be included in a document of general application. See annotation (iii) on Clause 5.03, which was created with feedback from an insurance person who has been involved in the evolution of the provision from the initial industry draft. One of the things considered in the construction was the possibility that interests could change over time because of divestiture activity.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 505- Each Owner Responsible**	Please remove “self-insuring”. It is not appropriate to permit self-insurance which is no insurance except with respect to some very specific super majors. Where this occurs, there should be a custom amendment. ***Response:*** *Deleted “or self-insuring” in the second line. The remainder of Article V addresses insurance expectations, and Article VIII addresses the liability and indemnification regime. This Clause ultimately provides that the onus is on each Owner to do whatever it thinks is appropriate to protect its interest over and above the requirements specified in the Agreement. The Clause goes on to address the circumstance in which an Owner does acquire additional insurance. Modified the annotations accordingly.*
4	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	The single site operator requirement (well owners who are not site operator can propose but not conduct operations) limits rights of well owners (or well operators) who are not site operator. What would happen if site operator does not agree to an independent operations notice? Under CAPL, that well owner would have the right to go ahead with the operation with or without the other parties. Please specify somewhere in the PSSA that site operator cannot unreasonably deny an operations request. If site operator does go ahead with the operation requested by the noticing partner, what assurance is there that they would conduct the operations as economically as the other party would (particularly a concern if site operator is not also a well owner)? ***Response:*** *1. For context, it is important to remember that the single Site Operator structure is included in the PSSA because of a combination of the prime contractor requirements of the Occupational Health and Safety regulatory requirements and the HSE and operational logistics of field operations. Although the document has been structured to include a single Site Operator requirement, Owners remain free to modify their Agreement at the time it is created or to negotiate a different outcome at the time an issue arises to accommodate any particular needs.* *It is also important to remember that the ability to conduct operations under a Land Agreement is always subject to the requirements of the* ***Response cont'd below***

Party	Article	Comment and Response
4	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	***Response cont'd*** *Regulations, such that the ability of a non-operator to conduct an operation on a pad site operated by another operator is more complicated than presented in the comment.* *The decision about whether the non-operator will conduct the contemplated operation is one that affects parties in addition to Site Operator and the working interest holders under the applicable Land Agreement. There will typically be other third party owners with ownership interests in the Pad Site that can be impacted by the conduct of the contemplated operation by the non-operator. The net effect is that this is not a decision that can be made unilaterally by any subset of owners in the Pad Site unless that outcome had originally been negotiated in the PSSA.* *That there are some restrictions on Owners other than Site Operator is inherent in any documented pad site sharing arrangement, and any particular party that is uncomfortable with that outcome should either not enter into a pad site sharing agreement for its contemplated wells or attempt to negotiate a PSSA that addresses its particular concerns.* *In a situation in which a non-operator proposes an independent operation for a location within the scope of a PSSA, Site Operator might choose to participate or not to participate, assuming it is an interest holder in the affected mineral rights.* ***Response cont'd below***

Party	Article	Comment and Response
4	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	***Response cont'd*** *If it chooses not to participate in the operation, there are several options. They include:* *(i) the Pad Site owners would attempt to arrive at a negotiated resolution that would allow the operation to proceed in a way that honours the regulatory OH&S prime contractor requirements;* *(ii) the parties would negotiate a resolution in which Site Operator would conduct the operation on behalf of the participants in the operation-something that is admittedly unlikely if the operation is technically complex (i.e., the drilling of a new well, a completion or a recompletion, vs a simple workover); or* *(iii) in the case of a new well, the participating parties might choose to drill at a different surface location in close proximity to the existing pad site to optimize their control over the operation.* *The broad range of potential permutations, the layers of inherent complexity they would add and the negative impact the additional "what if" content would have on industry's willingness to consider and use the PSSA were such that we have chosen not to attempt to address that possibility in the PSSA. As a consequence, the PSSA will not be modified to include a provision that requires it to allow a non-operator to conduct an operation on the pad site. Parties that wish to include incremental content can attempt to negotiate that content. The experiences of those who have attempted to do so to date (including some members of our Committee) have indicated that this is a far more complex task than may first appear.* ***Response cont'd below***

Party	Article	Comment and Response
4	**Exhibit "A"** **Article VI-** **Relationship of this Agreement to Land Activities**	***Response cont'd*** *The text and annotations have been modified on the single Site Operator concept somewhat throughout the document.* *2. As noted throughout the annotations, we recommend against creating a PSSA in circumstances in which Site Operator is not a potential Well Owner (i.e., a WI owner in the applicable mineral rights) with respect to all contemplated Wells that might be drilled on the Pad Site.* *A non-operator with concerns about Site Operator's cost structure relative to its own is ultimately in a position analogous to a non-operator under a unit agreement. This is something that would need to be taken into account when making the decision to enter into a PSSA and choosing the Site Operator.* *In a situation in which a particular non-operator (or another non-operator) has an interest in all of the Wells drilled from the Pad Site, there are greater protections offered in terms of the potential replacement of Site Operator than would be the case if the concerned non-operator were not a Well Owner in all Wells or substantially all Wells.* *Again, it is inherent in the choice to enter into a PSSA that some rights of an individual party are being modified to facilitate the collective management of the Pad Site in order to optimize cost efficiencies and to mitigate the environmental footprint.*

Party	Article	Comment and Response
2	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	Contract Operating Wells (plays into 506 and 507) If the well is contract operated and a Land Activity is proposed / workover Site Operator has to assign the well over to the actual Well Operator but not the lease to conduct the land activity – need a bridging / assignment? What if their procedures aren't XYZ's procedures? Does XYZ have to take over the land activity? – 602 If the Site Operator doesn't own in all the wells same problem, needs to assign over to the Well Operator. Can XYZ take over the land activity? – 602 (601 – says JOA's govern well operations. 602 (b) says Site operator will be appointed "operator" of the wells, solves above) ***Response:*** *One of the foundation design principles of the document is that Site Operator and Land Operator will typically be the same party. Parties that choose to deviate from that principle by entering into a PSSA in which Site Operator is not involved in certain of the Wells will need to consider this and a range of other issues in the context of their particular circumstance and create a customized solution for their situation. It is not feasible to try to address a wide range of "what if" situations in the document because it would result in layers of complexity that would be a barrier to use.* ***Response cont'd below***
2	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	***Response cont'd*** *As noted in the annotations on Clause 602, the applicable Well Owners and Site Operator would need to determine how best to address the circumstance in which Site Operator is not a participant in a new downhole operation on an existing Well.* *The comment about the consistency with Site Operator's established procedures reinforces why the Owner leading the construction of a shared pad site should be very cautious about inviting ownership groups in which it is not involved to become owners in the shared pad site.*

Party	Article	Comment and Response
3	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	For Land Activities, where the Site Operator is not the Operator under the Land Agreement or the operator of the Operation, and there are time-sensitive decisions, elections or notices required, should there be a mechanism to ensure proper, timely communication occurs? What is the Pad Site Operator's liability where they fail to communicate and this causes issues under the Land Agreement? We would suggest that it be very clear the Site Operator obtains the well licenses. There was some confusion in this regard. Where Land Activities are delayed as a result of other competing activities on the Pad Site, should there be a mechanism to extend the validity period of an ION accordingly? There is tension between the equitable position of all joint operators under the Land Agreement and the rights/obligations of the Site Operator when it comes to Independent Operations where they are not the proposing party. Where the Site Operator is on notice under the Land Agreement for a new operation and the operation commences prior to the due date of the notice period, the Site Operator will have an unfair advantage because they will be receiving real-time information; i.e. they will get all the well information, notwithstanding the provisions of the Land Agreement. **Response below**

Party	Article	Comment and Response
3	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	***Response:*** *The starting point of the Response is to note again that we strongly recommend against creating a situation in which the Owner facilitating the initial construction of the Pad Site is not then involved in all of the land blocks being served by the Pad Site. Parties that do this or find themselves in this situation need to supplement their own Agreement to reflect their particular needs in the context of their own circumstances. It is not feasible for the PSSA to contemplate an infinite range of "what if" scenarios that would add exponentially to the complexity of the PSSA to address a scenario that we do not believe should be chosen.* *As noted in the annotations, if X is Site Operator and a WI owner in a well, but had not been the Land Agreement operator, the WI owners should appoint X as operator under the Land Agreement for the applicable Wells being drilled from the pad without impacting the existing operator's residual status under the Land Agreement re land maintenance and other lands/wells.* *If, on the other hand, the applicable Owners of the Pad Site have an outcome in which Site Operator is not a WI owner and the wells are producing, the applicable Well Owners should enter into a contract operating agreement with X re continuing to produce the wells.* ***Response cont'd below***

Party	Article	Comment and Response
3	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	***Response cont'd*** *If Site Operator is not a WI owner in the applicable Well and there's a desire to do a new downhole operation from a location on the Pad Site, the onus is on the land parties to sort that out with the other Pad Site Owners.* *See the annotations throughout the materials about the problems with having a Site Operator that does not have a WI in a particular well. See also the annotations on Clause 602, for example, about mitigating measures in circumstances in which Site Operator might not be the Land Operator.* *Site Operator will typically be the licencee of the wells and other onsite equipment in practice, as noted in the annotations on Clause 406.* *There should be transparency about what is transpiring on the pad in the context of the communication expectations in 401(j). As well, the Site Operator will typically be the Party driving ongoing work, such that the likelihood that this will become an issue is mitigated significantly in practice.* *That being said, there are admittedly complexities if a Non-Operator is trying to drive an Independent Operation in circumstances in which Site* ***Response cont'd below***

Party	Article	Comment and Response
3	**Exhibit "A"** **Article VI-** **Relationship of this Agreement to Land Activities**	***Response cont'd*** *Operator does not wish to participate. However, it is not feasible (or desirable) to try to address the potential permutations associated with that situation in the document, given that regulatory restrictions already impact the ability to move forward. In practice, the Owners would discuss this in the context of their particular fact situation, given that Paragraph 602(b)(ii) provides that only Site Operator may conduct a Land Activity unless otherwise agreed.* *Overall, we do not believe that there are any simple answers for the situation in which there is a vision that a Non-Operator under the Land Agreement can drive forward with an ION for an operation being conducted from the Pad Site. It is unlikely that the participants would want a non-participant Site Operator operating a new well on their behalf for example. This is why the annotations alert users that a Non-Operator in that circumstance should get its own surface lease near the pad if it wants to proceed with a new well and the Land Operator/Site Operator doesn't wish to participate.* *Notwithstanding the above comments, the Parties are always free to negotiate and document any result they want as long as they customize their agreement accordingly. Users just need to realize that the document is not structured to accommodate that particular circumstance.*

Party	Article	Comment and Response
3	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activities**	Once a well is drilled, is the Well Owner then responsible for Land Activities? Would this imply the well license is then transferred to them by the Site Operator? ***Response:*** *As noted throughout the annotations to the Agreement, the premise of the PSSA is that the Site Operator and Land Operator will typically be the same.* *We strongly recommend against creating a shared well pad in circumstances in which there is no compelling business reason to do so re a synergy in operations, for example, as noted in some detail in the Addendum of annotations at the end of the Operating Procedure.* *There will be situations in which we realize that is not the case (e.g., Site Operator as a WI Owner not originally the Land Operator at the location and Site Operator used to be a WI owner, but has sold its interest in a particular producing well). However, there are some relatively easy ways to mitigate those outcomes, as noted in the annotations.* *The biggest level of complexity is the situation in which Site Operator has nothing to do with the mineral interests, but has agreed to allow the drilling from the pad, which is an outcome that is totally inconsistent with the foundation of the PSSA. In that case, it's up to the Owners to modify their PSSA to address their particular circumstances.* ***Response cont'd below***
3	**Exhibit "A" Article VI- Relationship of this Agreement to Land Activitie**	***Response cont'd*** *The potential permutations associated with those circumstances are such that our belief is that any industry PSSA precedent attempting to address that content would be so complex that the document would never obtain any significant degree of industry acceptance.*

Party	Article	Comment and Response
4	**Exhibit "A" Clause 601-Land Activities and This Agreement**	The following comments apply only in a situation where site operator is not also an owner in all of the wells: - Cl. 601 states that "This Agreement does not govern any Land Activities", however, there could be a Surface Land component of those land activities that would have to be handled differently under the PSSA. Typically the site operator will hold the surface land agreement and the rights held under that agreement are between the site operator and the landowner. If another party wishes to increase the size of the site and they have no interest in the surface agreement, it would be the responsibility of the site operator to negotiate that interest. We have concerns with the potential situation of site operator negotiating another company's access, and then depending on who did the drilling and the earthworks, you are committing to how things will be done with the landowner and then have no control over that operation. - If facilities are added to the site (for example, a compressor), Surface Land is responsible for notifying landowners and residents of this new activity, and again, this would be difficult if it is done by site operator on behalf of other operators. ***Response:*** *Insofar as parties choose to deviate from the single Site Operator approach in their PSSA, these are examples of issues that they will need to address.* *Those types of situations are beyond the design capacity of the PSSA. Those parties would need to structure their PSSA to provide the breadth and depth of coverage resulting from a deviation from the single Site Operator approach.* The text and annotations have been modified on the single Site Operator concept somewhat throughout the document.

Party	Article	Comment and Response
5	**Exhibit "A" Clause 601- Land Activities and This Agreement**	This clause is unclear as it relates to accounting. Is the Accounting Procedure under the Land Agreements modified by virtue of this clause? If not, I see this as a problematic area given the manner by which costs are flowed through to the underlying Land Agreements via the PSSA. See additional comments re suggested additional content for Appendix I. Here's a real specific (very granular) example and it goes to the chargeability of costs that fall within routine opex. Second level supervision is chargeable under the 1996 PASC, but is not chargeable under the 1988 (unless the election is selected) or the 2011 (no election provided for). The operator has the 1996 PASC attached to the PSSA and does an equitable allocation of the supervisor's time amongst all operations served. Audit claim is submitted under the Land Agreement as the charge is not permitted under the Land Agreement's Accounting Procedure or may require approval to be chargeable. Costs won't be material, however it illustrates what could happen within the Audit community. The principles in the PSSA are sound, however there's a very real and high probability they won't be followed but I guess that's the risk the Site Operator takes? **Response below**
5	**Exhibit "A" Clause 601- Land Activities and This Agreement**	***Response:*** *Site Operator would typically be wearing two hats-land operator and Site Operator, where this is much clearer in the updated draft. The land charges are land charges, where the most that this agreement has done is to identify certain allocated charges for the surface construction and maintenance, including Access Roads. All other charges relating to Land Activities, such as drilling costs, completion costs, equipping costs, Well OPEX, for example, are always chargeable under the Land Agreement/back to the Land Activities for a 100% WI Well not subject to a Land Agreement.* *To illustrate the type of situation that could easily occur, suppose that the Land Agreement included a 1996 PASC Accounting Procedure and the PSSA included a 2011 PASC Accounting Procedure and there were a dispute about a charge that was not permitted under the Land Agreement, but was chargeable under the PSSA. The correct answer would be that the charge would not be permitted under the Land Agreement insofar as the applicable charge related to costs for Land Activities and the charge would be permitted under the PSSA insofar as the applicable charge related to costs for Joint Pad Operations.* ***Response cont'd below***

Party	Article	Comment and Response
5	**Exhibit "A" Clause 601- Land Activities and This Agreement**	***Response cont'd*** *This simple example reinforces why it will be important for the affected functions to work together to understand how careful they must be when booking charges with respect to Land Activities and other activities conducted on a shared pad.* *Modified the annotations on this Clause and Clause 603.*
3	**Exhibit "A" Clause 601- Land Activities and This Agreement**	2nd line – nit – change "their" to "the". ***Response:*** *Modified.*
5	**Clause 602- Restrictions on the Conduct of Land Activities**	Equalization Calculation Method The clause indicates that each well will share in the initial pad construction costs as part of the "drilling costs". I'm assuming this clarifies the obligation of each well to share in the Pad Site capital, i.e. ensures that each well will bear a share of the costs and that it will be considered a part of the initial drilling costs. It is not expected to reflect how it will be done. This can be a bit confusing in that the ownership of the Pad Site already takes into account the well count/ownership. As each well is drilled the ownership of the Pad Site is adjusted and that ownership change is reflected in Appendix I. The revision to Appendix I should be the trigger to adjust the investment account for the Site installation/construction costs using the revised blended ownership interests of the Pad Site. Suggest the clause be modified/simplified to reflect the key principles: - Each well shall bear a portion of the costs of the Initial Construction of the Pad Site - Such costs shall be considered "drilling costs" under the respective land agreements and for the purposes of any associated payout or cost recovery under the Land Agreement - Changes to the Pad Site Participation from the drilling of new wells will trigger associated changes to the Pad Site Investment **Comment Cont'd below**

Party	Article	Comment and Response
5	**Clause 602- Restrictions on the Conduct of Land Activities**	**Comment Cont'd** Value contained in Appendix IV as it relates to each well and Party - Such adjustments will be considered charges or credits to the payout or cost recovery accounts under the Land Agreement In addition, a change in the Pad Site Investment Value arising from an Enlargement pursuant to clause 208 and Appendix V shall be treated in a similar manner. Is there an expectation that the mechanics of equalization be outlined in the Accounting Guideline to guide the Accountants? Fyi… I modelled the capital equalization scenario for a Pad Site with Initial Construction Costs for one well, and the subsequent addition of 2 successful wells and one unsuccessful well to test drive the language in PSSA Draft 2 and what was proposed in the Accounting Guideline (well count) thinking it would be useful for training/education. **Comment Cont'd below**
5	**Clause 602- Restrictions on the Conduct of Land Activities**	**Comment Cont'd** Suffice to say it's not pretty and it requires very tight coordination between Appendix I (Ownership), Appendix IV (Investment Values) and the associated re-equalization calculation and exchange of funds amongst the parties. If not done in the proper order, detail to flow through a payout account or other cost recovery mechanism under the Land Agreement is lost. My conclusion was that when adding wells, the re-equalization calculation should drive the capital investment and the capital investment drive the resulting Site Participation rather than well count/ownership and resulting Participation driving capital investment. This approach helps with a maintaining sufficient detail to capture the well's share of capital for payout well calculations and other cost recovery arrangements under the Land Agreements. I haven't created the scenario of adding wells and an enlargement. **Response below**

Party	Article	Comment and Response
5	**Clause 602-Restrictions on the Conduct of Land Activities**	***Response:*** *1. The Clause and the annotations did not connect the dots to the Appendices and, in the case of an equalization relating to a Land Election Right, Clause 606. Modified the Clause and the annotations to do this. We have also added an Addendum to the annotations on Appendix I to provide a context for the adjustment process using a sample case study.* *2. It would be helpful to show an example in the pending Accounting Guidelines. There are some sample materials on the website that could be reviewed.*
5	**Clause 602-Restrictions on the Conduct of Land Activities**	(a) This clause is very difficult to read. Is there a way it can be broke up to improve readability and assist users in understanding its intent? Is there the expectation that the mechanics of performing equalizations will set out in the PASC Accounting Guideline? ***Response:*** *Subdivided the former Paragraph (a) into an (a) and (b) to differentiate between the drilling costs associated with site construction and the impact of any equalization on a payout or cost recovery associated with a Land Election. Made some other edits.*
3	**Exhibit "A"** **Clause 602-Restrictions on the Conduct of Land Activities**	((b)(iii) now (c) (iii)): I thought that the Site Operator must be the Operator named by each of the governing Land Agreements – this makes it sound like this is not a solid strict requirement. Please revise this section to make it clear that the Site Operator must also be the named Operator in each of the applicable Land Agreements prior to the commencement of operations/construction. ***Response:*** *As noted throughout the document (and particularly in the first Addendum at the end of the annotations), we strongly recommend against the creation of a PSSA for the circumstance in which Site Operator is not a Well Owner in all Wells located on the Pad Site, recognizing that there may be some situations in which it is a Well Owner, but not then the land operator of those Wells. In that particular circumstance, our recommendation is that it become the land operator of the Wells on the Pad Site through an amending agreement, notwithstanding that it might not otherwise have any other duties of the land operator (e.g., maintaining the mineral leases in good standing).* *That being said, it is possible that divestitures could occur in circumstances in which Site Operator is not a Well Owner of all Wells. This can typically be managed by a contract operating agreement with respect to the production phase, where the* ***Response cont'd below***

Party	Article	Comment and Response
3	**Exhibit "A" Clause 602- Restrictions on the Conduct of Land Activities**	***Response cont'd*** *onus will be on the applicable Well Owners and Site Operator to customize that contract operating agreement to reflect any particular needs associated with their particular circumstances.* *Notwithstanding that we highly recommend against it, it is also possible that certain owner groups will choose to create a PSSA in circumstances in which they contemplate that there be multiple Site Operators. While we recognize that this might occur, we caution against it and have consistently been unwilling to attempt to include layers of content to address the permutations associated with any such circumstance in the PSSA model.* *These themes are addressed in the Introduction to the PSSA and throughout the annotations.*
5	**Clause 602- Restrictions on the Conduct of Land Activities**	((b) (iv) now (c) (iv)): Paragraphs (i) through (ii) provide reasonable direction to the Parties to amend the associated Land Agreements where the Site Operator is a working interest owner under a particular Land Agreement. However, where the Site Operator is not a working interest owner (as contemplated in paragraph (iv), the situation becomes more complex. As the annotations suggest, the PJVA Model CWOA is workable for ongoing producing operations, however is ineffective for any required downhole work for a Pad Site Well or Off-Pad Site Well. While the annotations suggest this to have a low to modest risk of occurring, any arrangement other than those contemplated by paragraphs (i) through (iii) complicates and increases the cost of administering and accounting. I'm not sure industry is adequately prepared to negotiate such unique arrangements without additional guidance and suggest this form of modification be elaborated upon as suggested above – through an addendum to the PSSA. Limiting the scope of the base PSSA to only those wells in which the Site Operator holds an interest will simplify the document significantly. ***Response:*** *Although the annotations contemplate that it is possible that parties might choose to structure a PSSA to allow multiple operators on a Pad Site, this is not recommended. The rationale for that conclusion is included in the Addendum to the Operating Produre. One* ***Response cont'd below***

Party	Article	Comment and Response
5	**Clause 602-Restrictions on the Conduct of Land Activities**	***Response cont'd*** *of the most significant reasons for not doing this is the prime contractor requirement of the Occupational Health and Safety legislative and regulatory regime.* *Given the wide range of potential fact situations and the complexities inherent in any such situation, we have chosen not to attempt to address that situation in the document at all beyond alerting users considering that approach to some of the issues they would need to consider.* *Modified the annotations somewhat.*
5	**Clause 602-Restrictions on the Conduct of Land Activities (Annotations)**	Regarding the conduct of Land Activities by the Site Operator under a contract operating agreement, can the annotations be expanded to consider the relationship between Prime Contractor, Land Agreement and the PSSA with respect to the conduct of downhole operations? This would be a particularly helpful caution when considered relative to the annotations under Article VIII (General)(iii) (Page 24). The current PJVA Model Contract Operating Agreement does not contemplate the conduct of downhole operations and significant modifications will be needed if it is to be used. ***Response:*** *The annotations on Clause 602 have been modified somewhat. This is not a circumstance that we encourage, so we are cautious in making suggestions about how to achieve it.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 602-Restrictions on the Conduct of Land Activities and Article VIII (iii) Annotations**	((b) (iv) now (c)(iv)): How do the provisions, particularly with respect to the liability/indemnity in the Contract Operating Agreement interplay with the provisions of the PSSA because now the Site Operator has contractual obligations as the contract operator under the Contract Operating Agreement in addition and potentially in conflict with the obligations under the PSSA and potentially the land agreement as well? Where the Operator under the Land Agreement is not the Pad Site Operator and there is no contract operating agreement, we struggled to understand how this would work in practice? ***Response:*** *The starting point in the comment is that Site Operator is not the Land Operator.* *The foundation of the document, on the other hand, is that the Site Operator and Land Operator will be the same in the vast majority of circumstances in which new pad site sharing arrangements are being created. (This includes the situation in which Site Operator is an existing WI Owner under a Land Agreement in a particular well, but had not been the Land Operator (i.e., make it the Land Operator for the applicable wells on the Pad Site).)* *We do not believe that the PSSA should attempt to address the details* ***Response cont'd below***
3	**Exhibit "A" Clause 602-Restrictions on the Conduct of Land Activities and Article VIII (iii) Annotations**	***Response cont'd*** *of a contract operating agreement in circumstances in which the Parties choose to enter into one. We believe that the onus should remain on the Parties creating a contract operating agreement to determine the structure of their contract operating agreement. An important aspect of this is to address how the layers of responsibility come together coherently.* *Similarly, we do not believe that the PSSA should be expected to address a circumstance in which users do not supplement the PSSA to address the circumstance in which they have deviated from the Site Operator = Land Operator situation without supplementing the PSSA to address their needs.* *Modified the annotations somewhat.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 602- Restrictions on the Conduct of Land Activities**	(c) (iv) I disagree – When you contract operator for another, you are their agent – which means you have a quasi-fiduciary duty to act in their best interest – this could result in a Site Operator being protected from liability under this agreement but remaining liable under the Contract Operating agreement. Recommend making this simpler and simply requiring that if this agreement is to be utilized, the Site Operator must also be the named operator under the underlying Land Agreements. ***Response:*** *For context, a Land Agreement will often include lands that are not being exploited from the Pad Site and wells located on other locations. The lands being exploited from any given Pad Site might also represent only a modest portion of the mineral rights governed by the applicable Land Agreement. Further complicating the suggestion is that mineral rights under any given Land Agreement could be exploited from several different shared pads, each of which could have its own Site Operator.* *While possible, it would be extremely unusual for a party without any WI to be the operator under a Land Agreement, as noted in the Response to the comment on the preceding Paragraph (c)(iii). Contract operating agreements are commonly used in industry, and there is an established PJVA document that the applicable parties typically use as a platform for their specific arrangement.* ***Response cont'd below***
3	**Exhibit "A" Clause 602- Restrictions on the Conduct of Land Activities**	***Response cont'd*** *As noted in the updated annotations, it is not feasible to address the details of the contract operating agreement that the parties will use in the PSSA. That is for the applicable parties to determine in the context of their own particular situation, where Site Operator, in particular, will need to understand the implications of the contract operating agreement for it.*

Party	Article	Comment and Response
5	**Exhibit "A" Clause 603-Site Operator's Duties Respecting Cost Allocations to Land Activities**	Well Costs - Annotations contemplate the use of averaging methodologies in situations where that approach is reasonable, however cost differentials for operating individual wells may also be required. Overhead – Annotations provided that it is recoverable as operator under the Land Agreements and as Operator under the PSSA. Both are good guidance, however I'm not clear on how these aspects will work in practical terms. Is there an expectation that the mechanics will be outlined in the Accounting Guideline? ***Response:*** *The annotations have been modified to reinforce the need for the typical Site Operator to be cognizant at all times about which of its land operator and PSSA Site Operator "hats" it is wearing when accounting for all activities on the site and to suggest that internal personnel involved with PSSAs enhance their awareness of PSSAs and the related issues. .* *The consequence of doing a poor job in allocating costs properly would most likely show up in audit queries.* ***Response cont'd below***
5	**Exhibit "A" Clause 603-Site Operator's Duties Respecting Cost Allocations to Land Activities**	***Response cont'd*** *Perhaps the interrelationship between the Land Agreement and the PSSA should be an area of focus in a chart in an addendum to the PASC Accounting Guidelines. While the logistics of preparing this draft were that it was not feasible to include this type of chart in this draft, it is something that we will consider for presentation with the final version of the PSSA.* *Other than for reinforcing to Site Operators the importance of understanding the difference between charges associated with Land Activities and charges associated with Joint Pad Operations, the mechanics of how this would be done seems beyond the scope of the Accounting Guideline.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 603-Site Operator's Duties Respecting Cost Allocations to Land Activities**	Is the Site Operator dealing directly with the Operator under the Land Agreement or all parties under the Land Agreement with respect to costs? We suggest they should be dealing only with the Operator and then the Operator would deal with the joint operators. It wasn't apparent to us how the billings would be handled. ***Response:*** *As noted in other responses to comments on this Article, the Site Operator and Land Operator will typically be the same. Any other situation is an exception that requires intervention by the Owners to supplement the PSSA provisions to address their particular circumstances.* *In the situation in which the Site Operator and Land Operator are the same, the other applicable Parties/Owners would see certain costs billed by Site Operator under the PSSA wearing its Site Operator hat and certain other costs billed by Site Operator wearing its Land Operator hat under the Land Agreement.* *Our understanding following discussions is that some of the comments on this Article reflect a distinction between the hats being worn by the Owner acting as Site Operator in any given situation (i.e., the same Owner is sometimes acting as Site Operator and sometimes acting as operator of Land Activities). Modified Clause 601 and the annotations throughout Article VI to make the "two hat" concept more transparent to users.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 603-Site Operator's Duties Respecting Cost Allocations to Land Activities**	Should the Agreement be more prescriptive to create an obligation of the Site Operator to provide transparent reporting regarding the segmentation of costs between Pad Activity and Land Activities? ***Response:*** *There's a problem with the level of transparency contemplated in the comment. Site Operator as Land Operator will not be providing Land Agreement #1 Parties information about the land charges under Land Agreement #2. The protection for the applicable Land Agreement Parties and PSSA Parties is that the applicable audit processes under the Land Agreements and the PSSA would enable concerned Parties to confirm the degree to which land charges were being charged as land charges and PSSA charges were being charged as PSSA charges.* Delete "given the differences in responsibility for the respective costs and expenses". ***Response:*** *Modified, with a slight modification to the annotations.* Replace "responsibility" with "obligation". ***Response:*** *Modified.*
3	**Exhibit "A" Clause 604-Liability and Indemnification Obligations Respecting Land Activities**	There appears to be no gross negligence standard, or fraud carve-outs in this provision. Has the committee considered adding this? ***Response:*** *There shouldn't be any Gross Negligence type exception for the situation in which the cross-indemnity between the applicable agreements applies, as noted in the existing annotation.* *If, for example, the Well owned by A and B (Site Operator) under Land Agreement 1 has an incident that destroys the entire Pad Site, why should the Owners (including B) of a Well operated under Land Agreement 2 have to prove Gross Negligence or Wilful Misconduct?* *The indemnity and liability provisions of the applicable Land Agreement apply among the Land WI owners for their own losses under the Land Agreement.* *One of the consequences of this is that the Gross Negligence or Wilful Misconduct aspect is relevant between the WI owners under Land Agreement 1 if they are looking to make the Land Operator (Site Operator) solely responsible.* *Modified the annotations to add context.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 604-Liability and Indemnification Obligations Respecting Land Activities**	In reviewing this further, we were concerned about liability attracting to the Land Activity operators where they are acting on the instructions of the Site Operator. For example, if they are told to mobilize their equipment in a certain way and it causes damage to the pad, who would be responsible? We read this clause to say that the Land Activity operators would be liable for the losses. ***Response:*** *The typical scenario will see X as both Site Operator and Land Activity Operator wearing two hats. The well owners are always on the hook for Land Activities, where there may be a re-allocation in the Land Agreement to require their operator (typically Site Operator) to assume full responsibility. If the Land Operator and Site Operator are not the same, the onus is on Well Owners to have a contract in place with the Site Operator that addresses some of those issues.* *We understand from offline discussions that some of the concerns relate to the different hats being worn by a Site Operator that is also the Land Operator.* *We have modified Article VI to be clear that activities being performed by a Site Operator that is also the Land Operator are performed by it wearing the applicable "hat". Corresponding modifications to the annotations.*
3	**Exhibit "A" Clause 604-Liability and Indemnification Obligations Respecting Land Activities**	Delete "the handling of Extraordinary Damages prescribed by" so that the reference reads, "subject to Claue 804 Extraordinary Damages". ***Response:*** *For context, the additional reference was to include an insight for users about the subject matter of Clause 804. Modified to "subject to any application of Clause 804 to Extraordinary Damages."* Replace "they" with "such Losses and Liabilities" in first line after subclause (b). ***Response:*** *Modified.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 604-Liability and Indemnification Obligations Respecting Land Activities**	'804': Which means all environmental liabilities. And clause 804 states that there is not indemnity for damages arising from inadvertent environmental releases – this is of great concern. The entire purpose of this agreement is to ensure that all participating owners are liable for environmental conditions resulting from the operations on the site in accordance with their Pad Site Participating Interest. Please remove this exception. ***Response:*** *This provision has been edited to "..subject to any application of Clause 804 to Extraordinary Damages".* *The Well Owners remain responsible for Well Abandonments under the applicable Land Agreements and as required by Clause 605 and Appendix VI. Similarly, Appendix VI requires Owners to assume their respective shares of responsibility for Pad Abandonment.* *We don't believe that the construction of Clause 804 operated to release a party from its share of costs for remedying environmental liabilities applicable to its interest. However, we added a sentence to that Clause making this clearer.*
3	**Exhibit "A" Clause 605-Abandonment of Wells**	Although it is not immediately transparent, we understand that the Wells are licensed by the Site Operator. At the time of Abandonment, should they be transferred back to the Well Owners under the Land Agreement or should they remain with the Site Operator. ***Response:*** *Again, there's an assumption in the comment that Site Operator and Land Operator will not be the same party when they typically will be. The onus is on the PSSA Parties to manage their own exceptions. Modified the annotation to alert users to the potential issue in that scenario.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 605- Abandonment of Wells**	'remediation and other Environmental Responsibilities pertaining specifically thereto and the costs associated with each such activity on the basis set forth in any applicable Land Agreement': As stated previously, this will be almost impossible to determine at the end of the life of these Wells. The contamination will be intermingled, the records will not be clear as to where the spill came from. If it was from a joint pipeline on the site that connects all of the wells this would not be appropriate. Need to rethink this entire concept. It should be limited to downhole abandonment only. Leave environmental remediation, reclamation and restoration to pad site participants in accordance with their participating interest – when the well is transferred, this liability must be transferred with it. ***Response:*** *While there is no doubt that industry's experiences to date with old spills are such that it can be difficult to attribute liability, this is much less of an issue with modern drilling and production practices, a tighter regulatory regime and a much greater sensitivity to the management of HSE issues by our industry generally and operators more specifically. In addition, the Owners would logically be very motivated to assess the extent of potential contamination associated with any particular spill on the Pad Site at the time, so as to ensure that responsibility is allocated appropriately for the incident.* ***Response cont'd below***
3	**Exhibit "A" Clause 605- Abandonment of Wells**	***Response cont'd*** *Clause 605 has been modified to be clear that any Environmental Responsibilities that are unable to be apportioned to a particular Well accrue to the Pad Site. Modified Clause 805 as well. Modified the associated annotations.* *A spill associated with the joint pipeline leaving the Pad Site would be linked to the Pad Site, rather than individual Wells.* *As noted in Appendix VI, a Phase 2 Environmental Assessment is contemplated at the Pad Site Abandonment stage.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 606- Handling of Land Election Rights**	(b) 2nd line of first sentence should say “acquire or increase a working interest”. This accommodates the circumstance where an existing interest is increased. ***Response:*** *Changed “its” to “a”. The acquisition of an increased WI is still the acquisition of a WI.* If a Royalty Owner (other than a convertible GORR) elects to take over a well on abandonment, however unlikely, how do you force them to become a Party to the Agreement? Royalty Owners should perhaps be original signatories to the PSSA in the circumstance where their royalty agreement permits them to take over on abandonment. We were uncertain whether the definition of Land Election Holder would accommodate this. ***Response:*** *The perfect answer to the question would be to have all ORR holders with a contingent right of this type to sign the PSSA as a Land Election Right Holder if they are not already a Party to the PSSA.* *In this regard, it is important to remember that the WI owners have a lot of control over whether they grant this right to take over an abandoned well in the agreement under which the ORR is created. The CAPL Farmout & Royalty Procedure, for example, differentiates between the takeover right granted with respect to an earning well and that granted with respect to an additional royalty well that is not an earning well.* ***Response cont'd below***

Party	Article	Comment and Response
3	**Exhibit "A" Clause 606- Handling of Land Election Rights**	***Response cont'd*** *Even if such a take over right exists, the likelihood of the Royalty Owner being willing to do so and assuming responsibility for a potential trailing liability for a Pad Site is extremely low. Put simply, they are unlikely to want to take on the administrative burden to create and manage the PSSA when there is ultimately only a remote possibility that they would ever convert from an ORR to a WI in the applicable well.* *If this situation ever were going to apply, the onus would be on the Parties to address the matter at the time through the assignment process.* *Modified the annotation to remind users of the need to consider this matter if they are proposing the abandonment of a well in circumstances in which there is an ORR holder.* (c)It is unclear how Appendix I accommodates Land Election Holders (i.e. convertible GORR). Are they clearly provided for and how does the Pad Site Operator stay apprised of their status. Where there are no further rights, including a right to take over on Abandonment for a Land Election Holder, would that party cease to be a Party to the Agreement and how would this be accommodated? ***Response:*** *See the adjustment of Appendix I contemplated in Subclause 606(c). See also the "insofar as" reference in the def'n of Owner. In essence, the Parties agree in the PSSA that a terminated contingent* ***Response cont'd below***
3	**Exhibit "A" Clause 606- Handling of Land Election Rights**	***Response cont'd*** *interest is no longer relevant once the termination occurs. In practice, Site Operator is well positioned to have insights on this because of the dual status it will typically have under the PSSA and the Land Agreement.* *Modified the annotations on the definitions of Land Election Right Holder and Owner and on Clauses 209 and 606 to make this more transparent.*
3	**Exhibit "A" Clause 606- Handling of Land Election Rights**	'of Land Election Rights': So the companies with "land election rights" are also "Contingent Owners" or are these separate concepts? ***Response:*** *Yes.*

Party	Article	Comment and Response
5	**Exhibit "A" Clause 606-Handling of Land Election Rights**	Modified Participation Due to Land Election Right (b) and Elimination of Land Election Right (c): Notice to the Site Operator of a change in ownership or elimination of a Land Election Right and the associated effective date is required within 10 days of the event to allow the Site Operator to update the PSSA/Appendices. Depending on the timing of the Notice the accounting could conceivably become very complex, particularly if the accounting under the Land Agreement is not maintained on a current basis. Is there the expectation that guidance on this be included in the Accounting Guideline? Suggest there be some mention of the critical need to maintain the penalty, payout or other cost recovery mechanisms in the annotations. Also suggest that "and any associated adjustments to the accounts of the Parties within a reasonable time period" be added to the last sentence. ***Response:*** *It would be helpful if the more specific accounting aspects were identified in the Accounting Guideline.* *Modified the text and annotations.*
3	**Exhibit "A" Clause 607-Continued Application of Land Agreements**	Replace "owners of the mineral rights being exploited from a Well located on the Pad Site" with "Well Owners". ***Response:*** *The comment assumes that the Well Owners and the mineral rights owners are the same when the Well Owners could be different because of participation elections.* *Modified the annotation to provide greater context on this for users.*
4	**Exhibit "A" Article VII-Facility No Longer Subject to this Agreement**	Article VII states that the PSSA may be replaced by a CO&O in the future if the operating committee "so designates". Is unanimous approval by mail ballot required to make this determination? Should wording be more specific, or should a vote type and election be included? ***Response:*** *In the absence of any custom modification to the PSSA, this would be through a General Vote. In practice, it is unlikely that the Owners would choose to take this path in the absence of the PSSA outcomes offering a material distortion relative to the outcomes for the sharing of fees and OPEX that would be offered by a more traditional CO&O. Pad Owners would decide to take the CO&O path only at such time as the facilities became complex, expensive, and processed a substantial Third Party volume. Modified the annotations accordingly.*

Party	Article	Comment and Response
5	**Exhibit "A" Article VII-Facility No Longer Subject to this Agreement**	As facilities can outlive reserve life, suggest that a provision or notes in the annotations be added such that if the PSSA terminates after the wells cease to produce, the requirement on dispositions no longer apply and that the requirement does not apply to a disposition of a portion of the Facility associated with the disposition of Outside Wells. ***Response:*** *In this circumstance, the PSSA would still be alive, but the connect to the Land Agreements would be gone. Owners in this circumstance might choose to create a replacement CO&O Agreement under Article VII.*
3	**Exhibit "A" Clause 701-Facility May Become Subject to CO&O Facility Agreement**	Do we need further clarity on the interplay on the CO&O Facility that sits on top of the Pad? The PSSA is quite simplistic in this regard. One would expect that an agreement between the PPSA owners and the CO&O owners including cross indemnities would be required. Potentially, the annotations could alert the users to some of the considerations should this circumstance occur. ***Response:*** *See Clause 702 and the related annotations.* *Basically, the insurance and cross liability structures in the PSSA apply on the same basis as if the new CO&O were a Land Agreement.* *In other words, the dots get connected back to whatever asset caused the loss, and the indemnification obligation extends outward to the other assets on the Pad Site, including those governed by the PSSA.* *Modified the annotations somewhat.*
3	**Exhibit "A" Clause 701-Facility May Become Subject to CO&O Facility Agreement**	Facilities should not be covered by this Pad Site Sharing Agreement – as soon as a Facility is needed, it should have to be converted to a CO&O agreement – This conversion should be mandatory and this agreement should be separated from the Facility Agreement. ***Response:*** *The typical shared Pad Site will see common facilities serving Wells with different interest sets. Any such "Facility" on the Pad Site will typically be relatively minor and self-contained to the site activities. It is quite possible, though, that Outside Substances will be delivered to the Pad Site for initial storage or handling (i.e., a compressor, common pipeline from the site). There is no expectation that a facility of regional significance would be located on the Pad Site and operated under this Agreement in practice, and Article VII of the PSSA Operating Procedure has been designed to reinforce this. JV reps seem comfortable that the PSSA would address the typical minor facility, where the inclusion of Article VII offers an "off ramp" for more complex scenarios that exist or that evolve.*

Party	Article	Comment and Response
1	**Exhibit "A" Clause 701-Facility May Become Subject to CO&O Facility Agreement (Annotations)**	2nd paragraph, 2nd line: Should "basis on which" be reworded as "basis for which"? ***Response** : Modified.*
3	**Exhibit "A" Clause 801-Indemnification of Site Operator (see comments for Clause 602 as well)**	The intent of paragraph (ii) is confusing as it is drafted as an exception to an exception. What is the intent for the items enumerated in (ii) and can it be phrased in the affirmative instead of the carveout to a carveout? ***Response:** The general rule is as noted after the first sentence. The Owners (including Site Operator wearing its Owner hat) indemnify Site Operator wearing its Site Operator hat. There are certain exceptions to that as outlined in Clause 802. The first sentence has been simplified to reflect that outcome in a more user friendly way by deleting (ii).*
3	**Exhibit "A" Clause 801-Indemnification of Site Operator**	'(p)': See my comments above – why are you limiting the indemnity to these subclauses? ***Response:** As noted in the annotations on Clause 401 and Article VIII, the normal breach of contract rules will apply to some matters and the Gross Negligence or Wilful Misconduct test will apply to certain other breaches of Site Operator's obligations. The items that were listed in in item (ii) are those for which the GNWM test must be satisfied in order to impose sole liability on Site Operator.* The Site Operator also requires indemnification from regulatory action that results from them being or occupying the position of Site Operator. ***Response:** The indemnification responsibility applies to all activities conducted by Site Operator that do not fall within the exceptions identified in the first sentence and Clause 802. The net effect is that the provision already offers that protection, assuming the GNWM test does not apply.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 802-Limit of Site Operator's Legal Responsibility**	(b): Same comment as Clause 801. ***Response:*** *There are certain breaches of contract for which the GNWM standard should apply and certain others for which the normal rules for breach of contract should apply (i.e., I just have to show a duty, a breach and prove damages without any requirement to prove why the breach occurred).* *The listed provisions are those that require GNWM be proven, rather than the normal test for breach of contract, as noted in the applicable provision and the annotations.* *We believe that the simplification of Clause 801 as a consequence of your other comment will mitigate the concern significantly.* *If you have an alternative way of addressing it, please present it so that we can review it.* *For context, the current approach has been in the 2007 and 2015 CAPL Operating Procedures (albeit with different clause references and a more cumbersome Clause 401 treatment required here) without any apparent objection.*
3	**Exhibit "A" Clause 802-Limit of Site Operator's Legal Responsibility**	(c) Changed the liability structure due to insurance or non-insurance. We are concerned that liability is tied to whether there is insurance in place. ***Response:*** *Responsibility is not linked to whether there is insurance in place, but whether there was a contractual duty on Site Operator to have insurance in place.* *The normal breach of contract rules apply insofar as Site Operator had a contractual duty to have policies of insurance in place and failed to do so. Ultimately, the other Owners are placed in the same position as if there had been contractual compliance and they received the benefit of the policy.* *If Site Operator had obtained a required policy and there were problems collecting under the policy, the exceptions noted in the Paragraph offer Site Operator some protection against contractual responsibility for the unrecovered amount.* *Modified the annotations.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 803-Provisions Apply to Non-Operating Owners**	(a): If a non-Operating Owner is authorized to conduct a Joint Operation, is it the intent that the introductory paragraph of Clause 401 applies in its totality in this circumstance? Are there any changes that would need to be made to the language? To avoid ambiguity or uncertainty, suggest replacing 803(a) with the following: Non-Operating Owner Conducts Authorized Activity – Clauses 801 and 802 will apply to the Owners for any Joint Operation or other activity a Non-Operating Owner has been authorized to conduct hereunder for the Joint Account, with the following modifications: (a) “Site Operator” will be replaced with “Authorized Non-Operating Owner”; (b) [Enumerate other changes as required: ex. to Clause 802(b) and (c).] (b): Replace with following: Joint Account Judgment Enforced against Non-Operating Owner – The Owners will indemnify and save harmless a Non-Operating Owner, its Affiliates and their respective directors, officers and employees from **Comment cont'd below**
3	**Exhibit "A" Clause 803-Provisions Apply to Non-Operating Owners**	**Comment cont'd** and against all Losses and Liabilities suffered as a result of enforcement against that Non-Operating Owner of an award of damages that is borne for the Joint Account. All such Losses and Liabilities will be shared by the Owners (including such Non-Operating Owner) proportionate to their respective Participation. ***Response:*** *Addressed the concern about (a) in a different way. Modified (b).*
3	**Exhibit "A" Clause 804-No Responsibility for Extraordinary Damages**	Insert “and such damages are” before “suffered by Third Persons”, so it reads "…or another Owner for any such damages and such damages are suffered by Third Persons." ***Response:*** *Modified.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 804-No Responsibility for Extraordinary Damages**	So Owners have no responsibility to each other for the "inadvertent release" of substances or for Environmental Responsibilities other than by way of indemnification. This is the entire reason for the pad site sharing agreement – to make all owners, in accordance with their pad site participation liable for all contamination at the pad site – jointly and severally. This has to be the premise – or this entire premise does not work. ***Response:*** *One of the major reasons for the creation of the PSSA was to create a coherent liability and indemnification regime for losses resulting from activities conducted on the Pad Site. This sees relationships created between the Pad Site Owners, across the various Land Agreements and between the Land Agreements and the Pad Site Owners that would not otherwise exist, for example.* *The Well Owners remain responsible for Well Abandonments under the applicable Land Agreements and as required by Clause 605 and Appendix VI. Similarly, Appendix VI requires Owners to assume their respective shares of responsibility for Pad Abandonment.* *Clause 605 has been modified to be clear that any Environmental* ***Response cont'd below***
3	**Exhibit "A" Clause 804-No Responsibility for Extraordinary Damages**	***Response cont'd*** *Responsibilities that are unable to be apportioned to a particular Well accrue to the Pad Site. Modified Clause 805 as well. Modified the associated annotations.* *We don't think that the construction of Clause 804 operated to release a party from its share of costs for remedying environmental liabilities applicable to its interest. However, we added a sentence to that Clause making this clearer.*
3	**Exhibit "A" Clause 805-Allocation of Responsibility if Required Apportionment Unclear**	Delete "is always". ***Response:*** *Modified by deleting "always".*
3	**Exhibit "A" Clause 805-Allocation of Responsibility if Required Apportionment Unclear**	(a) Recommend deleting this concept from the agreement entirely. ***Response:*** *We need to address the possibility that things might unfold in circumstances in which there could potentially be Functional Units.*

Party	Article	Comment and Response
1	**Exhibit "A" Clause 805- Allocation of Responsibility if Required Apportionment Unclear (Annotations)**	2nd line: remove 2nd "or" from "Clause 604 or 605 or"? ***Response** : It admittedly looks odd when presented like this. Changed to "and".*
1	**Exhibit "A" Clause 806- No Compensation for Temporary Shute-in of Well for Enlargement or Other Land Activities**	Should "There will not any liability of any Owner to any other Owner" be reworded to something similar to "No Owner will be liable to any other Owner"? ***Response:** Modified.*
1	**Exhibit "A" Clause 806- No Compensation for Temporary Shute-in of Well for Enlargement or Other Land Activities (Annotations)**	1st line: Remove comma from (e.g., a fracing program)? ***Response** : Upon review, we discovered that both are actually correct. The document is consistent in using the comma.*

Party	Article	Comment and Response
3	**Exhibit "A" Article IX- Accounting Measures**	Should Cash Calls be suspended in the Land Agreements? We feel they are not appropriate in a circumstance where the Pad Site Operator is the one paying the costs. Potentially cash calls should be provided for under the provisions of the PSSA. Given that the Site Operator is performing the Land Activities, it is our understanding that the Site Operator will be contracting the service providers to conduct operations and will be responsible for payment of the same. The Site Operator would then bill those under the Land Agreement. (Supplementary clarification from the commenting party) These comments relate to an understanding by the commenting team that the Land Activities are to be conducted by the Site Operator in all instances rather than the Operator under the applicable Land Agreement. Notwithstanding the first line of 601, the provisions of 603 seem to support our understanding that the Site Operator is conducting all operations on the Pad Site including Land Activities. The committee should consider being very clear in this regard and should indicate that notwithstanding that the Site Operator and the Land Activity Operator may be the same corporate entity, they must always be clear about which hat they are wearing given the liability/indemnity structure and the allocation of costs amongst other matters. Also, it is not apparent that the PSSA requires amendment where such a circumstance exists. ***Response below***
3	**Exhibit "A" Article IX- Accounting Measures**	***Response:*** *All charges relating to specific wells are always handled under the Land Agreement (i.e., not billed under the PSSA at all) byt he Owner acting as Site Operator wearing its Land Operator hat. This is where the significant expenditures will be made (including the allocation of surface construction charges as drilling costs). Only charges related to the subject matter of the PSSA are handled under the PSSA and charged by the Owner acting as Site Operator wearing its Site Operator hat.* *Although the Site Operator and Land Operator are probably the same party in practice, the charges are not being billed only under the PSSA.* *We have made adjustments in Article VI and the associated annotations to make the "multiple hat" handling more transparent to users.*

Party	Article	Comment and Response
4	**Exhibit "A" Clause 902-Site Operator's Lien and Remedies**	Default remedies basically correspond with the PJVA CO&O. One possible difference is noted in the annotations on p. 25; if pad operator is not also operator under the Land agreement(s), coordination with Land agreement operator may be required in order to apply the remedies. How would this be coordinated? What if one of these parties is the defaulting owner? ***Response** : As noted throughout the PSSA, the document is designed for the circumstance in which Site Operator and the "Land operator" are the same. The annotation is ultimately just another reminder for users that choose to deviate from that principle that this is something of which they would need to be aware.* *This is something that those Owners would need to sort out if and when that circumstance ever arose, as it is beyond the scope of the provisions of the PSSA.*
5	**Exhibit "A" Article 902-Site Operator's Lien and Remedies Article 903-Reimbursement of Site Operator**	Requirement for the Notice of Default to be issued to the other Non-Operators is a good improvement, however the timing does not work well with the timeframes within clause 903 - Operator's do not typically issue Notice of Default for non-payment of accounts when accounts are 30 days past due. In practice, the account is outstanding 60 days and notice of default is issued. Non-Operator has 30 days to remedy taking it to 90 days; if not remedied then Site Operator can exercise other available remedies including distributing the charge amongst the remaining Non-Operators. Practice doesn't align with the 60-day time period so suggest clause 903 be revised to read within 120 days from when payment is due. ***Response:** Site Operator may issue the notice of default when it sees fit after the default exists. This starts another 30 day clock with respect to the ability to access certain of the remedies, including the right to take the defaulting Owner's share of production.* *While Site Operator may choose to accelerate the process and move into the Clause 903 reimbursement, it is unlikely to do so in the typical case, as noted in the comment.* *The timing has been retained to align to the practice in the more modern CAPL Operating Procedures. An annotation has been added to recognize that Site Operators tend to manage on a more flexible schedule in practice.*

Party	Article	Comment and Response
5	**Exhibit "A" Clause 902- Site Operator's Lien and Remedies**	Default Remedies (b) (v): Suggest modifying to read "and the right to take possession and dispose of them" to align with the annotations. ***Response:*** *Modified.*
5	**Exhibit "A" Clause 902- Site Operator's Lien and Remedies**	Site Operator to Issue Statement of Account (c): There are varying forms of "statements". Suggest statement be replaced with a "statement of account in the form of an aged accounts receivable report showing monthly debits, credits, revenue withheld and payments. Alternatively perhaps this can be explained more fully in the annotations for guidance as to form and content and include a frequency for updating. ***Response:*** *Given industry's opportunities to provide feedback on the 2007 and 2015 CAPL Operating Procedure provisions and PASC's participation in that process, we have included the supporting commentary in the annotations, rather than the text.*
5	**Exhibit "A" Clause 902- Site Operator's Lien and Remedies (Annotations)**	Default Remedies (b) (iv): The 2011 Accounting Procedure is more definitive on permitted disputes/short payments that do not require the "operator's consent". Suggest the annotations be expanded accordingly. ***Response:*** *Modified to address the concern.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 903- Reimbursement of Site Operator**	We questioned whether 60 days was sufficient time? We thought that it might be insufficient. (Supplementary clarification from commenting party.) We were of the view that it might be too short given the complexities of a Pad Site. We believe that it may be more complex to review and pay where there multiple activities governed by different agreements on the same pad. ***Response:*** *For context, the ability for Site Operator to request a sharing of the burden associated with a Non-Operating Owner after a default has continued for 60 days reflects a request that had been made when the 1990 CAPL Operating Procedure was updated in 2007. It seemed logical to make that change here as well to be consistent, particularly when Site Operators will typically also be the Land Operator and are very concerned about the financial burden to them of carrying a defaulting Owner's share of costs for an extended period.* *The "real money" is under the JOA respecting the Wells, so we believe that a Site Operator that is also the Land Operator would find the consistency in approach beneficial if it was owed money for more than 60 days and wished to receive a contribution from the other applicable Owners. It would seek contribution from the applicable Non-Operators under the Land Agreement for costs associated with Land Activities, and it would seek contribution from the applicable Non-Operating Owners under the PSSA for costs associated with Joint Operations relating to the Pad Site within the scope of the PSSA.*
3	**Exhibit "A" Clause 903- Reimbursement of Site Operator**	(a) Preamble talks about Site Operator, then "Owner". Please clarify the use of the different terms in this case. In addition, we suggest replacing "such Owner" with "defaulting Owner" which adds clarity. ***Response:*** *The defaulting qualification was added to the first line and "other" was added before "Owner" in (a).*
3	**Exhibit "A" Clause 904- Commingling of Funds**	(b) Remove "deeming" language – suggest "these funds will not be owned by the Site Operator. We were unclear why "deeming" language was included. The reference in the third line should be "…will be held by it", and the last phrase should be "will not belong to Site Operator." ***Response:*** *Modified.*
5	**Exhibit "A" Clause 1001- Site Operator's Measurement Duties**	Only the 2011 PASC Accounting Procedure specifically addresses production measurement and allocation adjustments. Suggest this be added to the annotations for awareness. ***Response:*** *Modified the annotation.*

Party	Article	Comment and Response
5	**Exhibit "A" Clause 1101-Owner's Share of Pad Site Substances**	Insofar as the Model incorporates substances produced from Pad Wells and Outside Wells (that may or may not be owned by an Owner), suggest this clause be modified to reference Pad and Off-Site Pad Substances or the generic term Inlet Substances. ***Response:*** *Modified to address the concern.*
3	**Exhibit "A" Clause 1101-Owner's Share of Pad Site Substances**	Can be deleted if the concept of a Facility is deleted. ***Response:*** *The essence of a shared Pad Site is that there will be common surface facilities serving the Wells located on the Pad Site. In practice, these facilities will be quite modest.*
3	**Exhibit "A" Clause 1102-Losses in Fuel Gas Usage, Handling, Flaring and Operation of the Pad Site**	This provision is about losses, yet in the 4th line midway, Site Operator will allocate any such loss or gain. We suggest removing "or gain". Also, in the 3rd line, we suggest replacing "applicable" with "lost". These changes clarify that this provision should relate solely to the handling of losses. ***Response:*** *Removed the "gain" reference and changed to "applicable" to "lost". Added a sentence to address the situation in which there was a subsequent adjustment relative to an initial estimate that had been used.*
5	**Exhibit "A" Clause 1103-Disposition of Outlet Substances**	Suggest the Annotations and Appendix I address the scenario whereby the Site Operator is obligated to enter into production handling or other service arrangements with a third party for and on behalf of the Owners. While the probability of this occurring is low, guidance on disclosing the arrangements would be helpful. ***Response:*** *Made some modifications to 1103(a) and 1103(e).*
5	**Exhibit "A" Clause 1103-Disposition of Outlet Substances**	It may be worthwhile surveying the PSSA Task Force on NGL marketing arrangements. My understanding is that the majority are negotiated annually for a one year term with 30 days notice to terminate. This will be considered by the CO&O Task Force soon and it's likely I'll be suggesting the PJVA review the FTIK provisions in its suite of agreements to determine if there's a need to qualify "the customary contract terms" along with the suggestion to extend the notice period to 60 days prior to the expiration of the current (NGL) contract. ***Response:*** *Added an annotation based on the corresponding annotation in the 2015 CAPL Operating Procedure.*
1	**Exhibit "A" Clause 1103-Disposition of Outlet Substances (Annotations)**	Should quotation marks be added to "not greater than one Month"? ***Response*** *: Modified.*

Party	Article	Comment and Response
5	**Exhibit "A" Clause 1104-Distribution of Proceeds**	Do the provisions of Clause 902 come into play in this clause or are they separate matters? Suggest the phrase "provided the Non-Operator is not in default pursuant to clause 902" be added. ***Response:*** *A disposition under Clause 902 is not being made under Clause 1103. As a consequence, Clause 1104 would not be relevant to the Clause 902 scenario. An annotation has been added.*
5	**Exhibit "A" Clause 1104-Distribution of Proceeds**	Payment to Non-Taking Party (a): Industry typically uses the term "marketing fee" plus associated direct costs. Why the change to "administration fee"? Also, does the "administration fee" apply in situations where the Site Operator, in exercising the default remedies under clause 902? Is there a need to confirm the rates in the underlying Land Agreements align to avoid disputes? Perhaps these should also be set out in Appendix I. If the rates happen differ, the question becomes in which capacity is the Site Operator marketing the products, i.e. Operator under the Land Agreements or Site Operator. As a minimum some Annotations might be helpful. ***Response:*** *The provision was based on the corresponding provision in the 1999 PJVA CO&O Agreement. Modified the handling of costs to use some of the 2015 CAPL type language.* *As the disposition under Clause 902 is not being made under Clause 1103, no marketing fee applies. The annotations have been modified to address this.* *As noted in the general annotations on the Article, the PSSA provision is only applicable if there is no CAPL style Operating Procedure that is applicable under a Land Agreement. If there were, the failure to take in kind provision in the Land Agreement would be the governing provision.*
3	**Exhibit "A" Clause 1104-Distribution of Proceeds**	(a) Should this read 2.5% of the Non-Taking Party's share (or of that Owner) of the gross proceeds. Currently the provision seems to read that it is 2.5% of the gross proceeds of the sale of Pad Site Substances rather than 2.5% of the non-taking party's share. ***Response:*** *Modified the last line to "those Outlet Substances".*
3	**Exhibit "A" Clause 1105-Audit by Non-Taking Owner**	3rd last line starts with "disposing Party". Should this be "Site Operator"? ***Response:*** *Modified.*
3	**Exhibit "A" Clause 1107-Indemnification for Royalties and Other Payments**	Replace "liability" with "Losses and Liabilities". ***Response:*** *Modified.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 1107- Indemnification for Royalties and Other Payments**	I don't really like the indemnity provisions being scattered throughout the agreement. Can/should they all be consolidated? ***Response:*** *While the provisions are generally addressed in Article VIII, there will be occasions in which provisions are embedded in other very specialized provisions for the benefit of casual users of the document who are looking for a self-contained answer and who would not necessarily remember to look at indemnification and liability provisions with respect to the particular matter.*
5	**Exhibit "A" Article 12- Dispositions**	PJVA members are not familiar with the 1993 CAPL Assignment Procedure (or the most current replacement therefor) other than the timing differences relative to the PJVA model agreements. Can a copy be posted with the PSSA document as background or alternatively included as an Appendix per the recommendation in the Annotations? ***Response:*** *It will be included with the PSSA package of materials and in training materials. The annotations noted that some users may choose to add it as an Appendix without going so far as to make it a recommendation.*
3	**Exhibit "A" Clause 1201- Disposal of an Interest in a Pad Site**	Disposition by Disposing Owner (a): This provision describes about a disposition of an interest in a Well. This may be too narrow. For example, what if you sell your interest in a Land Agreement and there are no wells yet? Should the 8th line be expanded? It is our view that it should be clear that this provision applies to Pad Site Interests, land interests or Well interests insofar as they relate to the Well Pad. ***Response:*** *Modified to address the concern.*
5	**Exhibit "A" Clause 1201- Disposal of an Interest in a Pad Site**	Revision of Appendix I (c): Revisions to Appendix I are to be undertaken upon receipt of the NOA, and effective pursuant to the CAPL Assignment Procedure. In the absence of corresponding documentation for the JV community, suggest an example be provided that contrasts the CAPL NOA approach with that currently used by the PJVA in its models. This becomes a more complex issue with the disposing party is the Site Operator and may warrant additional guidance. One of the challenges faced is that the "Effective Date" of the transaction between Owner A and Owner B is not consistently captured and hence the confusion around the binding dates or what might be called the "recognition date" under other related agreements. Unfortunately there is no industry guidance document that outlines the appropriate dates to be used for recognizing dispositions across all agreements associated with an asset. ***Response:*** *The annotations have been modified on a very high level basis. However, it is not feasible to use the PSSA to attempt to address what appears to be a much broader concern that warrants much closer scrutiny than a passing annotation in the PSSA.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 1202- Admission of New Owners Through Enlargement**	'upon such terms and conditions as may be imposed by the Operating Committee': Could these be different from the terms and conditions of this agreement? ***Response:*** *Subclause 202(a) of the Head Document provides that unanimous agreement of the Owners is required to amend the Operating Procedure, other than for the designation of required insurance. (The Appendices may be modified by a vote, though.)*
3	**Exhibit "A" Clasue 1203- Incorporation of CAPL Assignment Procedure**	Should there be a cross-reference back to 606(b) to deal with the last sentence of 1203 by adding at the end something such as ", including any such disposition occurring as a consequence of Clause 606". ***Response:*** *Modified.*
3	**Exhibit "A" Clasue 1203- Incorporation of CAPL Assignment Procedure (Annotations)**	Mutatis Mutandis should not be used int he annotation, but be fully explained in the Annotation. The annotations should clarify and this term is not understood by all personnel. ***Response:*** *Modified to address the concern throughout the annotations.*
5	**Exhibit "A" Clause 1303- Salvage or Disposition**	The annotations to Appendix VI (annotation (iv) on Clause 103) suggests the option for a sale of equipment (e.g. pipeline) to the owners, yet there is no mention of this in this clause. Can it be added as an option, i.e. "dispose of the same in the manner determined by the Operating Committee including the disposition or sale of all or a portion of the Pad Site to one or more of the Owners"? ***Response:*** *Modified Paragraph 1303 (a) and the associated annotations somewhat.*
3	**Exhibit "A" Clause 1401- Confidentiality Requirement (Annotations)**	It is important to acknowledge that different companies are on different exchanges in differing jurisdictions with differing obligations for reporting. A company should seek securities counsel advice in this regard. It is worrisome to say anything more specific. ***Response:*** *Modified the annotations somewhat to qualify for other jurisdictions. As regards Canada, we believe the content to be substantively correct. Is there any suggestion otherwise?* Ensure the Definition of Regulations is broad enough to cover general corporate/ regulatory reporting obligations in order to ensure (a) is broad enough. ***Response:*** *We assume the comment pertains to (b), rather than (a). Modified the def'n of Regulations somewhat to address the concern.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 1401- Confidentiality Requirement (Annotations)**	The list of advisors in exception (e) is not the same as the securities definition of "necessary course of business" meaning that this definition is more restrictive than securities law would allow for selective disclosure purposes. This results in a philosophical decision as to whether to be exhaustive and prescriptive or principled. ***Response:*** *The comment relates to the annotation. We have retained the annotation and modified it to a generic: "…reference to certain disclosures in Paragraph (e) recognizes that certain advisors, lenders, etc. receive information in practice." While this may not be as precise as a securities law definition, the Paragraph in the Clause and the annotation are both sufficiently generic to address a very broad range of outcomes.*
3	**Exhibit "A" Clause 1401- Confidentiality Requirement**	The ability of each Owner to use the information for its own benefit and account could be a barrier to the use of this Agreement. Given the confidential operational information that may be obtained by the Pad Site Operator in conducting the Land Activities, we were unsure whether this statement was meant to allow the Pad Site Operator to use information obtained in its "non-pad site activities" by relying on this provision. ***Response:*** *As noted in annotation (iii), the first sentence applies only to information obtained under the PSSA.* Information relating to existing wells isn't actually obtained under the PSSA at all in a circumstance in which Site Operator=Land Operator. In a situation in which Site Operator is not also the Land Operator, the applicable Well Owners need to sort out the confidentiality obligation that would be applicable, presumably as part of the applicable contract operating agreement. (a) Suggest striking out first "as required". It is repeated in the clause. ***Response:*** *Modified.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 1401- Confidentiality Requirement**	(a) Replace with "to the extent required to be disclosed to regulatory authorities pursuant to the Regulations, provided that it will promptly notify the other Owners of any such anticipated disclosure and that it will request any confidentiality protection permitted thereunder". ***Response:*** *There are potentially many fairly innocent normal day to day business disclosures required under the Regulationss, but we do not have a definitive list of what they would be.* *We believe, though, that the suggested change would create an administrative burden that is unlikely to result in compliance for those types of items. Whatever they are, they are probably less substantive than the requirement to submit drilling information to the AER under the Land Agreements, for example, where this type of provision has not historically been of concern with respect to disclosures required under the Regulations.* (b) Replace with "to the extent required to be disclosed by securities laws, provided that it will promptly notify the other Owners of any such anticipated disclosure and that it will request any confidentiality protection permitted thereunder". ***Response:*** *The suggested change does not seem appropriate for the nature of the data being obtained under a PSSA (vs a Land Agreement). We believe that this is something that the Parties need to manage under their Land Agreement with respect to the data obtained thereunder. For context, the post 1990 CAPL Operating Procedures manage the concern through a Public Announcements Article.*
3	**Exhibit "A" Clause 1402- Proprietary Information Disclosed by an Owner**	Confidentiality or Licensing Agreement, suggest Confidentiality, Licensing, or other similar Agreement. This makes the clause more permissive which we would suggest is more consistent with the intent. ***Response:*** *Modified to address the concern.*
3	**Exhibit "A" Clause 1402- Proprietary Information Disclosed by an Owner**	Why are Owners not permitted to disclose pursuant to Paragraph 1401(a)? ***Response:*** *This was a lift from the CAPL Operating Procedure in the context of a broader Paragraph (a) relating to voluntary disclosures for land retention purposes. There would not be any required Paragraph 1401(a) disclosures applicable to data disclosed under this Clause, so that reference has been deleted from Clause 1402.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 1504-Notices**	(a) (ii) Suggest the word “impending” be deleted. Although this is common language, we were unclear why an “impending” disruption would be relevant and how that period would be determined. ***Response:*** *The postal union has been fairly transparent about any intention to strike for several decades. The provision reminds Parties that they should consider very carefully whether they wish to deliver a notice by mail in that circumstance. Modified the annotations.* (a) (iii) “when delivered” in 4th line. What does delivered mean in the context of an electronic transmission? Our preference is that delivery of transmission is confirmed by the recipient. This ensures that the notice was received and there were no electronic “mishaps”. We would suggest that there are other delivery methods in the event that the recipient does not acknowledge. ***Response:*** *A qualification of the suggested type with the requirement for confirmation would arguably create an outcome in which there is no notice until the recipient confirms there is.* *Given the respective risks (a problem within the recipient’s systems or not acknowledging receipt), the current structure seems preferable.* *It is also consistent with the presumption set forth in Section 30 of the Electronic Transactions Act (Alberta). In practice, the ongoing business relationship between the Parties and reputational issues are such that* ***Response cont'd below***
3	**Exhibit "A" Clause 1504-Notices**	***Response cont'd*** *the Parties would typically discuss the matter to attempt to find a resolution to the issue if there were a transmission issue. Modified the annotations.* *The comment also illustrates why users should be cautious about including an electronic address for service.* *Modified the annotations.*
5	**Exhibit "A" Clause 1504-Notices (Annotations)**	The Annotations for paragraph (a)(i) is inconsistent with the clause. An Owner who is closed by choice should not be deemed to have received the notice on that day. ***Response:*** *An Owner that chooses to be closed on a particular day is still regarded as having received the applicable notice if there is a representative there who accepts service.*

Party	Article	Comment and Response
3	**Exhibit "A" Clause 1505-Suits**	Insert “or relating to the subject matter of” after “under”. ***Response:*** *Modified to address the concern.*
3	**Exhibit "A" Clause 1506-Compliance with Laws and Regulations**	We disagree with “material respects with all Regulations”. We should comply with “all” Regulations. ***Response:*** *We concluded that this Clause should not be included at all in the context of the overarching obligation in Clause 401 and the protections afforded to Site Operator thereunder for performance that is less than perfect, but not GNWM. The inclusion of this additional Clause arguably opened up Site Operator to liability for breach of contract.*
3	**Exhibit "A" Clause 1508-Waiver**	Should the word “expressed” be “expressly made”? We are suggesting this as it improves the flow of the sentence. ***Response:*** *We didn’t see any difference, and preferred the current construction.*
3	**Exhibit "A" Clause 1513-Conflict of Interest**	We suggest this Clause be removed. Many companies do not have a compliance program that would permit them to make statement. We would suggest that this is a “major company” request and would suggest that it be a customized amendment for those companies requiring it. ***Response:*** *For context, there were no objections to the corresponding provisions in the 2007 and 2015 CAPL Operating Procedures. Parties for which this is a concern always remain free to delete the provision.*
3	**Exhibit "A" Clause 1515-No Implied Covenants**	Suggest ending the 2nd sentence after “Agreement”. We are making this suggestion because the deleted portion is repeated in Clause 1518. ***Response:*** *Combined the two Clauses.*
5	**Appendix I-Pad Site Description, Permitted Use, Participation and Costs**	Re Comment on Clause 1201(c) above - Please see previous comment above about recognition of the effective date of a transaction. Suggest there be a means of tracking the “effective dates” within Appendix I for clarity. ***Response:*** *This could be introducing significant incremental administration into the process. For context, this is done in the applicable land information system with respect to the land NOAs and in the typical JV information data base. If there were a need to obtain this information, the concerned Owner could also review the prior versions of the Appendix.*

Party	Article	Comment and Response
5	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs**	Where a Site Operator (or Owners) defer or avoid doing a capital adjustment, suggest that this information be captured (possibly footnoted) somewhere within the Appendix. Disclosure of outstanding adjustments has been problematic during periods of high A&D activity. ***Response:*** *Subclause 104(f) can be modified to capture the agreed information if the Owners so choose.*
5	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs**	Pad Site Description (101): The sample format does not contain all the information that is explained in the Annotations so it's likely people will default to filling in the blanks that are in the template. Suggest providing a complete sample that fits with the annotations or a series of samples be provided as a drafting guide. ***Response:*** *We saw the same thing when speaking with someone using the draft in a real world application re contingent Participation, etc. An expansion was warranted. We have added an example showing how Participation evolves as additional Wells are drilled.*
4	**Appendix I Clause 103-Pad Site Participation**	Participation will change each time a well is added or W.I. in a well changes, and needs to be done asap. See Appendix I annotations. This is more of an internal process for each company to establish, but we are wondering how companies will ensure that JV is made aware of any well W.I. changes? What would be the trigger for adding a new well to Appendix I? Once is it spudded, drilled, completed, producing? ***Response:*** *Different Site Operators will have different administrative practices. It is also difficult to predict or prescribe the preferred work process when the management of a shared Pad Site is something that is still new to all of us.* *Our objective when preparing the PSSA was to try to encourage timely updates without being so prescriptive as to create the unintended consequence of significant extra administration. We chose to provide Site Operators with a lot of discretion to manage the Pad Site in a way that they believed was reasonably appropriate.* *We would suggest that spud would be an appropriate time to add a well to the Appendix I, as this new well is benefiting from the shared pad site at that point.*

Party	Article	Comment and Response
5	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs**	Pad Site Participation (103): Suggest adding a column that discloses the Land Election Rights. Also the Annotations suggest that the Pad Site Participation only changes each time an Owner changes or is added to the Pad Site. I assume it will also change if a well is added? ***Response:*** *Modified to address the concern.*
5	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs**	Pad Site Participation (103 (b)): Suggest adding a section that identifies the "Existing Wells so that there's a linkage between the Appendix, the definition in the Head Agreement and the Annotations. ***Response:*** *Modified to address the concern.*
5	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs**	Related Agreements (for information only) (105): Suggest "Marketing Fee" be added to deal with failure to take in kind situations. The rates may vary between agreements. The fee charged will depend on the point at which the party is "deemed to have failed to take". Very few parties fail to identify they point at which they fail to take and as such open themselves up to the Operator choosing the fee it wishes to impose. ***Response:*** *If there is a CAPL, Site Operator will be under the Land Ag't and not in the PSSA at all. It can't shop for the preferred marketing fee. As a consequence, we would prefer not to add this additional data field in the materials.*

Party	Article	Comment and Response
5	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs**	Related Agreements (for information only) (105): Re Comment on Clause 1103 - Suggest adding a section for Related Service and/or Miscellaneous Agreements such as production handling arrangements for the use of downstream facilities or other arrangements (if applicable) Companies are not maintaining complete records. Service Agreements that are entered into by the Site Operator on behalf of the Parties should be disclosed somewhere. More and more facility operators are moving towards a "receipt point" type of arrangement where they are only dealing with the primary operator that delivers production on behalf of upstream producers. I believe there is a recent move by one large midstreamer to terminate its arrangements with multiple producers delivering via a common facility so that they only have one party to deal with and that party is responsible for the distribution of charges to the producers and collection. ***Response:*** *For context, this is not done for CO&O Agreements, where this would be a more beneficial identification of this type of information. In a PSSA context, we concluded that the potential number of PSSAs being managed by a Site Operator were such that the costs of the required ongoing administration would significantly exceed the potential benefit of this information.*
5	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs**	Land Agreements that govern the working interest ownership in the Wells (such as JOA, Pooling, Farmin, Farmout (a) & Construction, Ownership and Operating Agreement (in accordance with Article VII of the Operating Procedure, if any (c): Suggest a column be added to identify the year or version of Accounting Procedure associated with the specified contracts. It may prove helpful to the Operator to understand possible touchpoints or potential issues where chargeability criteria may differ. For reasons mentioned previously on the high risk of audit claims, I strongly recommend it be added to raise the awareness in those situations where there are different versions operating concurrently. ***Response:*** *We have added this as an additional column. It is important to recall, though, that the Land Agreement is the Land Agreement and the PSSA is the PSSA. Site Operator wears two hats and the charges go directly to the applicable agreement.*

Party	Article	Comment and Response
5	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs**	Outside Wells (for Information Only) (106): Is this table intended to detail "Owners" or "Non-Owners" as defined in the agreement or both? ***Response:*** *Modified the table. The reference has been updated to Outside Wells, rather than Off Pad Site Wells. It should be any Outside Well, regardless of identity of the applicable "owners". We have modified to identify the applicable Owners and Third Persons with ownership interests in each such well.*
3	**Appendix I- Pad Site Description, Permitted Use, Participation and Costs (Annotations)**	2nd Paragraph 'that the number of Wells drilled on the typical Pad Site will be a modest number of Wells, typically being drilled over the first two to three Years following construction of the Pad Site': How will this concept work for unconventional pad development? In unconventional development, well pads as large as 3ha are built in anticipation of drilling up to 8 wells – which may be drilled over a 25 year period. How does this model work for those – the later wells will be bearing a disproportionate share of the environmental costs associated with the pad….It is almost has to be a "take or pay" kind of arrangement where owners commit to a pad site participation % even if a well has not yet been drilled…. ***Response:*** *In practice, the running room required for a major resource project of the scale you anticipate would be such that there would typically be consistent ownership across the pad, such that there would be no need for a PSSA.* *If parties are creating a PSSA for a circumstance of the scale you contemplate, the onus is on those parties to add whatever additional customization is required in the context of their particular circumstances. We cannot purport to write a document that will cover all potential permutations, especially as the fact situations move beyond the more typical fact situation.* ***Response cont'd below***
3	**Appendix I (Annotations) Pad Site Description, Permitted Use, Participation and Costs**	***Response cont'd*** *The most likely application of a PSSA in practice will be to a two to four well pad for plays like the Wilrich or many areas of the Montney.* *The starting point that users have at this point of time is that they are starting from nothing. This document offers a platform that will work well in some cases, will require modest modifications in some cases and will require greater intervention in other cases. That being the case, users are still much better off with the PSSA platform than they are by starting from scratch.*

Party	Article	Comment and Response
3	**Appendix I (Annotations) Clause 101- Pad Site Description**	If on Crown Land, this should also reference the LOC or MSL or relevant crown disposition number. ***Response:*** *This is covered in the table in Clause 105.* 'facilities': These will change over time – not all pipelines or facilities will be installed initially – is this handled by amendments? ***Response:*** *See Clause 202 of the Head Document. If the Owners have approved additional Facilities, we would take the view that this would be a normal update to an Appendix (vs amendment in the more traditional sense) that would not require an approval of the OpCom in accordance with the normal CO&O practices.*
3	**Appendix I (Annotations) Clause 101- Pad Site Description**	(b) I need to understand the Functional Unit distinction and how it interacts with Pad Site Interest – can you have both? It is unlikely that you can separate contamination from a facility to that from a particular pipeline or well – so how will Functional Units work for the purpose of assigning costs? ***Response:*** *See Clauses 605 and 805 of the Operating Procedure. Insofar as it is clear that the loss is due to a particular Functional Unit, you connect the dots to it. If this can't be done, it belongs to the Pad Site Owners.*
3	**Appendix I Pad Site Participation**	(b) 'will be': Future tense language in a contract? Should this read "has been calculated" ***Response:*** *The problem may be with the inclusion of the word "initial". In fact, the Pad Site Participation is a moving target as activities are conducted on the Pad Site.*
3	**Appendix I (Annotations) Facility Participation After Enlargement**	So does the Enlargement become a separate Functional Unit? If not how do you track it for end of life remediation and reclamation costs – this is going to get very complex. ***Response:*** *We would assume it would depend on whether it can be self-contained or not, in which case Clause 805 of the Operating Procedure would apply to allocate the responsibility directly to the applicable Functional Unit or across the entire Pad Site if that can't be done.*

Party	Article	Comment and Response
3	**Appendix I (Annotations) Clause 104-Allocation of Costs**	Recommend describing what it could include. Does this model fit if the facilities are substantial or get to a certain size? If not, does it need to be replaced? ***Response:*** *Although the Operating Procedure is a model form, the onus is on the individual partner group to customize their Appendix to meet their particular needs.* *There will be circumstances in which the Facility evolves in a way in which the Operating Committee chooses to use the "off ramp" mechanism in Article VII to a CO&O governance model, notwithstanding that the physical location is such that an ongoing interrelationship must be retained with respect to the CO&O, the PSSA and the applicable Land Agreements.*
3	**Appendix I (Annotations) Clause 104-Allocation of Costs (Default Alternate Costs Shared Based on Pad Site or Functional Unit Participation-2nd bullet)**	As I think more about this model – I am comfortable with Pad site sharing but do not think it is a good idea to share pipelines or associated facilities – I think those should be licensed to the Operator of the Pad – with other owners needing to enter into agreements for service from those pipelines. The issue of where their participation ends is the obvious one – is there a separate pipeline segment on the pad that is licensed separately? ***Response:*** *The parties to a particular agreement are always free to negotiate that as an outcome if they wish. In practice, non-operators are not keen to be captive to another party's facilities and an Operator may not be keen on bearing 100% of the initial cost burden for the construction and installation of facilities of this nature. It is also our understanding that small site facilities serving single wells might not be licenced separately.*
3	**Appendix I (Annotations) Clause 104-Allocation of Costs (Default Alternate Costs Shared Based on Pad Site or Functional Unit Participation-last paragraph)**	The separation of accounting for pad maintenance costs is not something we do not – have you discussed this model with the JV Accounting Department or operations staff to determine how easy it would be to allocate these costs? ***Response:*** *See Clause 802 of the Head Document. There is a major PASC initiative to create cost sharing guidelines with respect to pad sites. Our understanding is that the Accounting players from your company may be involved in the PASC initiative, and, in any case, our understanding is that they have been provided the opportunity to comment on the PSSA.*

Party	Article	Comment and Response
3	**Appendix I (Annotations) Clause 104-Allocation of Costs (Things to consider before designing an alternative to the default set out above-4th bullet)**	This is why I don't like the idea of including shared facilities here – we should keep pipeline operations separate and manage them under the existing processing arrangements that are already in place. ***Response:*** *The comment relates to this bullet: "Will Owners bill fees to non-Owners? or to Owners for excess use?"* *The comment assumes a significant regional pipeline that will potentially see material use by third parties active in the region. While there may be circumstances in which that may be the case and the pipeline (or at least certain segments of it) should be governed by a separate CO&O Ag't, there will be many cases in which the pipeline from the Pad Site is a modest line that connects to a regional line that is not held under the PSSA.* *The PSSA is designed around the second example. The parties should customize their PSSA accordingly (and probably add a CO&O Ag't) if they are working with a pipeline of a more regional nature.*
3	**Appendix I (Annotations) Clause 104-Allocation of Costs (Things to consider before designing an alternative to the default set out above-2nd last paragraph)**	I don't like the idea of changing Pad Site Participation on a yearly basis due to the lack of a 13th month adjustment – just does not seem like the right thing to do. ***Response:*** *The comment relates to the paragraph of the annotations in this section that begins, "It is also worth noting…".* *The concept here can be illustrated in this example. The interests in Wells on the west side of the pad are A 50% and B 50%, and the interests in Wells on the east side of the pad are A50% and C 50%. As of the summer, the pad participation is A50%, B25% and C25% because there is one Well on each portion of the pad. A and B are proceeding to drill a well in late fall in circumstances in which everyone knows that A and C are going to drill a well early the following year. In that circumstance, does Site Operator do adjustments of ownership that it knows it will be reversing to the original interest in under six months?* *The presentation of the concept should be expressed much more clearly, so we've modified the annotation.*
3	**Appendix I Clause 105-Related Agreements (for information only)**	(b) Does this agreement allocate costs to construct the road to the pad site? ***Response:*** *Yes, and it is important to track the Surface and Facility costs separately because of the impact of the applicable Investment Values expressed in Appendix V because of the possibility of an adjustment in equity interests following an Enlargement.*

Party	Article	Comment and Response
5	**Appendix II- Accounting Procedure**	Accounting Procedure Selection (101): Suggest the clause merely state: Alternate A: The Accounting Procedure is the _____ Petroleum Accountants Society of Canada's Accounting Procedure, and has been modified as shown in clause 103 hereof. The elections chosen and values inserted are described in Clause 103. Alternate B: (specify) ***Response:*** *The current structure was included to help facilitate acceptance of the 2011 PASC without being prescriptive about its use. That is why it was presented as Alternate A, with the inclusion of an election sheet for each of the two documents.*
5	**Appendix II- Accounting Procedure**	Warranty as to Modifications (102): This is covered in the Head Agreement, clause 803 so there's no need to restate it within the Appendix or the associated "modifications form". ***Response:*** *That is true. For context, there was also duplication in Alternate A of the 1999 PJVA CO&O Ag't. We included that language to be transparent to users who may not be familiar with the totality of the PSSA (e.g., someone looking only at the Accounting Procedure).*
5	**Appendix III- Capacity Usage**	The number of terms describing the wells and substances one needs to be familiar with for this Appendix is somewhat overwhelming, however I'm not sure how it can be simplified. e.g. Wells, includes Existing Wells, Outside Wells Substances includes Pad Site Substances, Off Pad Site Substances, Owner Substances, Owner Off Pad Site Substances, Non-Pad Owner Off Pad Site Substances, Inlet Substances and Outlet Substances ***Response:*** *N/A.*
5	**Appendix III- Capacity Usage**	Current Capacity (101) Annotations: Suggest providing an example for oil operations. Should the term "Capacity of Facility components" be Functional Units, or Facility Capacity or Functional Unit Capacity? Also, may wish to consider adding a comment that Pipeline Capacity may fluctuate with changes in operating conditions. In addition to E3M3/Day as a unit of measure for Capacity within the table, consider adding "M3/d and other" to remind users. ***Response:*** *Revised to include detail regarding correct use of measurement units* e^3 m^3 */D and* m^3 */D.*

Party	Article	Comment and Response
5	**Appendix III-Capacity Usage**	Revision of Capacity (102): Suggest the last sentence be revised to introduce the concept of Capacity changes over a sustained period, e.g. "Capacity revisions to reflect changes in Capacity over a sustained period will be subject to approval of the Operating Committee……" unless there's some other suitable place to note it. ***Response:*** *Modified the annotations somewhat. The clause provides the required flexability.*
5	**Appendix III-Capacity Usage**	Priority of Capacity Usage (103): Intermittent cutbacks during a Day is not addressed and the "date" concept could be cumbersome. Suggest the last paragraph be modified to reflect how intermittent cutbacks during a Day are to be managed by the Site Operator, i.e. at Site Operator's discretion and that the application of the "date of first production for the wells" only be used in situations where there is a sustained reduction in Capacity. While I respect that stating the order of priority within the clause is necessary, it could be difficult for the Site Operator to strictly adhere to the order due to operational factors when cutbacks are necessary. Suggest a sentence be added that allows the Site Operator some flexibility, e.g. Site Operator shall use best efforts or reasonable efforts to apply the "order of priority" when cutbacks are necessary. ***Response:*** *Annotations revised to expand upon Site Operator's right to use its discretion in short-term curtailments.*
4	**Appendix III Capacity Usage**	Will it not often be the case that no capacity is set because substances are transferred to a compressor with a different ownership than the pad? i.e. The pad is acting essentially as a satellite. If so, does Appendix III apply at all? ***Response:*** *The Capacity table would only be completed if and when required. As noted in the new general annotation at the end of the Addendum at the end of the Operating Procedure, the Appendices are ultimately only examples that are presented for possible consideration. The Owners are free to negotiate whatever outcome they believe is appropriate for their particular circumstances.*
4	**Appendix III Clause 104-Allocation of Costs**	Typo correction: Cl. 104(c) should reference Clause 101 of Appendix III, not "Table I", which does not exist. ***Response:*** *We don't understand the reference to Clause 104(c), as there is no Clause 104(c) in Appendix III.*

Party	Article	Comment and Response
5	**Appendix III-Capacity Usage**	Capacity Usage-Pad Site Substances (104): In addition to "Permitted Use", Capacity usage by an Owner should also be subject to clause 207 of the Operating Procedure (Specifications of Inlet Substances). ***Response:*** *Modified.*
5	**Appendix III-Capacity Usage**	Capacity Usage-Pad Site Substances (104 (a)): This statement is correct unless an enlargement has been done. Other provisions in the agreement link capital investment to the % which in turn derives an Owner's share of Capacity. After Enlargement, investment and & can be delinked from Capacity. To manage this, suggest a table setting out each Owner's Capacity be included in the Appendix or mentioned as an option the Annotations. ***Response:*** *Table added to the Annotation to provide additional detail and a sample calculation of how an Enlargement preserves the original Capacity ownership of an Owner who does not participate in such Enlargement.*
4	**Appendix IV Investment Values**	What will be the PSSA drafter's method for obtaining Surface investment values? This again is more of an internal process for each company to determine, but we are curious about how other companies plan to handle this. ***Response:*** *While it is an interesting discussion point, this is ultimately more of a question about an industry administrative work process that is beyond the scope of the PSSA.The pad site surface costs would most likely appear on the drilling AFE for the initial well, and then be adjusted to allocate a share of these costs to each of the subsequent wells in the Pad.*
5	**Appendix III-Capacity Usage**	Surplus Capacity Usage Fee-Non-Owner Off Pad Site Substances (107): The capital basis for the fees is not mentioned. Can it be limited to "Facility Capital" or capital invested in the equipment used and not Site Capital? ***Response:*** *Annotations expanded.*
5	**Appendix IV-Investment Values**	Suggest adding some comments clarifying whether maintenance capital will be added to the investment values. ***Response:*** *Repair and Maintenance is an Operating Cost (as defined in the 1999 CO&O and in the 2017 Draft PSSA), unless it is designated as an capital cost by the Operating Committee. Accordingly, it would only be an addition to Investment Values if the Operating Committee determined the repair and maintenance cost to be part of the Pad Side Capital Costs. The default would be to treat it as an Operating Cost. Annotations will be modified in the final version.*

Party	Article	Comment and Response
5	**Appendix IV- Investment Values**	Investment Values (101): Suggest adding a line "Sum of Common Facility Costs" in the table. ***Response:*** *We believe that this is covered by the Sum of Facility Actual Costs reference.*
3	**Appendix IV- Investment Values**	Investment Values (101): Pad Site only or Road to access it also – or cost to construct and permit the associated facilities also? Are Permitting costs included here – including first nations consultation, survey, any wildlife or environmental assessments required such as for endangered species or for wetland assessments or bird surveys? Are all of these costs associated with constructing a pad included here? Does it make sense to be more specific in the annotations to mention these types of costs? ***Response:*** *What appear to be missing are a linkage of the costs to Capital Costs and a connection of the dots of the references to the costs permitted to be charges under the PSSA. The generic definition of Capital Costs would capture the costs, since the Accounting Procedure would address items that may be included as a direct charge.*
3	**Appendix IV- Investment Values**	Enlargement Investment Values (102); Presumably costs will be allocated based upon a cumulative pad site participation once all of these different participation percentages have been incorporated. ***Response:*** *The Participation outlined in Appendix I is ultimately based on the assumption of Capital Costs. Appendix IV is designed so that those costs are readily available, with the required segmentation between Surface and Facility costs.*
5	**Appendix IV- Investment Values**	Annotations: Third paragraph, 2nd line – "excuse usage fee" should be "Surplus Capacity Usage Fee" for consistency within the document. ***Response:*** *Modified.*
5	**Appendix V- Enlargement**	Notice and Elections (101): Pad Site is currently defined as including the surface, the facility and the access roads (if applicable) collectively. While the principles are straightforward, suggest the Enlargement provisions be segregated between an Enlargement of the surface area/roads and enlargement of the Facility (equipment) - capacity nomination in (b) is not relevant to the surface area. This can easily be accomplished by outlining the principles for the enlargement of a Facility and adding a clause that the enlargement of the surface or an access road, addition of land or any other form of enlargement would follow the same principles with modifications. ***Response:*** *Modified.*

Party	Article	Comment and Response
3	**Appendix V-Enlargement**	1st Paragraph: 'Well': Which I would have thought would be the simplest reason and circumstance for an enlargement – not for a facility. Whatever methodology is in this Appendix should also work for an enlargement for an additional well(s). ***Response:*** *The Facility Enlargement aspect is actually easier to manage because of the analogues to a CO&O Agreement.*
3	**Appendix V-Enlargement**	Notice and Elections (101): (a) 'Enlargement': So can a minor Owner force an enlargement that the Site Operator or the majority of Owners do not agree to? If so, I am not sure that I agree with that. ***Response:*** *The outcome is basically the same as under a CO&O Agreement.* 'significantly utilizes': What does "significantly utilize" mean? Unclear. Please define. ***Response:*** *This terminology tracks the PJVA CO&O Agreement language. It is not feasible to address the reference in a quantitative manner. What would your suggestion be that would address your concern?* 'Surface or Access Roads': All the others listed are physically located on the Pad Site – Roads are not – probably need a separate provision for them as a result. ***Response:*** *The context for the reference is to distinguish common ownership Pad Site assets from the wells. The roads properly belong to the Pad Site.*

Party	Article	Comment and Response
3	**Appendix V-Enlargement**	Notice and Elections (101): (b) 'of its capacity nomination in the Enlargement': Assumes it is a Facility that the Pad is being enlarged for. Need to be clearer on when this agreement ends and a CO&O starts or should start. This agreement is clearly not intended to cover a facility and including this concept is confusing and unclear. ***Response:*** *For context, the typical shared Pad Site will see common facilities serving Wells with different interest sets. Any such "Facility" on the Pad Site will typically be relatively minor and self-contained to the site activities. It is quite possible, though, that Outside Substances will be delivered to the Pad Site for initial storage or handling (i.e., a compressor, common pipeline from the site). There is no expectation that a facility of regional significance would be located on the Pad Site and operated under this Agreement in practice, and Article VII of the PSSA Operating Procedure has been designed to reinforce this. JV reps seem comfortable that the PSSA would address the typical minor facility, where the inclusion of Article VII offers an "off ramp" for more complex scenarios that exist or that evolve.* *The comment correctly notes that the structure assumes that the Enlargement relates to a Facility, which requires further reflection and modification if the Enlargement were with respect to the Surface.*
3	**Appendix V-Enlargement**	Notice and Elections (101): (c) 'consult to determine the design': Would think that the Site Operator will want complete control over the design of the Facilities – this is why a CO&O is the more appropriate vehicle. ***Response:*** *The provision reflects the PJVA CO&O Agreement design principle of consultation, even though the Facility governed under this Agreement will most likely be of a different scale than a facility managed under a CO&O Agreement.*
5	**Appendix V-Enlargement**	General Annotations: A second Mail Ballot will be sent to Participating Owners to approve ***Response:*** *Modified.*

Party	Article	Comment and Response
3	**Appendix V-Enlargement**	Notice and Elections (101-Annotations 3rd paragraph): Seems odd to change methods for determining participation midstream – please consider how this would actually be done. ***Response:*** *It is a well-established principle of JV agreements that an Owner is not required to participate in an Enlargement and that it has the right to retain its current share of Capacity.* *If things unfold that way, the applicable Participation would be modified based on invested capital, notwithstanding that the Owner that chose not to participate in the Enlargement would retain its same entitlement to actual Capacity.* *The net effect is that the outcome is no different than has been the case in CO&O Agreements.*
3	**Appendix V-Enlargement**	Notice and Elections (101-Annotations 4th paragraph): If the enlargement is for a facility as opposed to additional wells then it should definitely be governed by a different form of agreement. Seems like you are trying to complicate this to cover all situations. This agreement is not structured to run a facility? ***Response:*** *The PSSA in many ways is a simplified CO&O Agreement. One of the biggest differences between the documents is with respect to the sharing of revenues with respect to Surplus Capacity. The unmodified PSSA would typically see any incremental revenue received from any third party use shared in proportions of the Owners' Participation, rather than in the proportions in which they contributed the Surplus Capacity that the third party used.* *There will be circumstances in which the economic distortion relative to established JV principles is of no concern, in which case the PSSA would be an acceptable way to manage the issue. There will be others in which the more appropriate outcome would be to use the "off ramp" approach in Article VII to create a new CO&O Agreement to avoid that distortion.*
5	**Appendix V-Enlargement**	Information in the Enlargement Proposal (102): It's difficult to estimate post enlargement operating costs. If provided, suggest the enlargement proposal contain a "reasonable estimate of operating costs" or alternative, "an indication or assessment of the impact of the enlargement on operating costs". ***Response:*** *This is identified in Clause 102 of the Appendix.*

Party	Article	Comment and Response
3	**Appendix V-Enlargement**	Information in the Enlargement Proposal (102): 'significantly utilizes': Really do not like the term "significantly utilizes" ***Response:*** *This terminology tracks the PJVA CO&O Agreement language. It is not feasible to address the reference in a quantitative manner. What would your suggestion be that would address your concern?*
5	**Appendix V-Enlargement**	Adjustment of Pad Site and Functional Unit Participation, Capacity and Capacity Ownership (103): In (a), would a Non-Participating Owner pay fees for the use of the new Functional Unit? ***Response:*** *(a) You would expect that in practice if there was a new Functional Unit added to the Pad Site that an Owner needed to utilize, that it would participate in the new Functional Unit up front. This is particularly the case if it were made apparent to them when the potential Enlargement was originally being identified as a possibility that they would be looking at a significant fee if they chose not to participate in the Enlargement. If it chose not to but needed to utilize the Functional Unit, then a significant punitive fee would typically be put in place to recover the cost of capital (likely including a rate of return) divided by a relatively short period of time, such as 6-18 months. After the capital was recovered it would still not have an ownership in the Functional Unit and would likely still pay a material, (but more reasonable) fee after that point in time.*
5	**Appendix V-Enlargement**	Adjustment of Pad Site and Functional Unit Participation, Capacity and Capacity Ownership (103): In (c) and (d), the concepts conflict with provisions in the agreement that tie invested capital to participation (Appendix I) which derives the capacity entitlement (Appendix IV) and has been problematic. For the purposes of the PSSA, perhaps adding a sentence that stipulates the Owners shall make such changes to the Appendices to reflect the Enlargement that follow the principles set out in subclauses (a) through (d). ***Response:*** *As regards Subclauses (c) and (d), the Appendix I Annotations, under the "Facility Participation after an Enlargement" section, addresses the manner in which Participation would most likely be modified after an Enlargement.*
5	**Appendix V-Enlargement**	Capacity of Enlarged Functional Unit (104 (b)): Insert "revised" before retroactive in the 2nd line. ***Response:*** *Modified.*

Party	Article	Comment and Response
3	**Appendix V-Enlargement**	Capacity of Enlarge Functional Unit (104 (d)): Should a Capacity Test really be optional? ***Response:*** *A Capacity Test may or may not be approved for the Joint Account under Subclause 104(a). There will be some cases in which it would not offer any meaningful information with respect to the go forward management of the particular Facility, so this flexibility has been included. For context, this approach mirrors that in the PJVA CO&O Agreement for facilities that would typically be of a larger scale.*
5	**Appendix V-Enlargement**	Non-Participating Owners' Rights (106): Add "for approval" to the end of the last sentence. ***Response:*** *Modified.*
3	**Appendix V-Enlargement**	Non-Participating Owners' Rights (106): 'Enlargement': Or, presumably the Abandonment and reclamation/remediation costs either?...Need to cover and think about end of life costs associated with the Enlargement here specifically - don't we? ***Response:*** *An Enlargement modifies the relative Participation in the applicable Facility among the Owners. This has the effect of also modifying the ultimate end of day responsibility for AR&R matters.*
5	**Appendix VI-Abandonment**	Is this Appendix intended to address: a) abandonment of the Pad Site (i.e. Surface, Facility and Access Road (if applicable)) in its entirety at the end of life of the assets or b) abandonment and reclamation of a specific Functional Unit during the life of the assets? c) both? ***Response:*** *Appendix VI addresses supplementary content respecting Well Abandonments and the ultimate Pad Site Abandonment, recognizing that there is also the possibility that the Pad Site Abandonment might be with respect to a subset of the Pad Site. We've added definitions for those terms in the Operating Procedure in the updated PSSA draft. We did not address Functional Units because of the degree to which that could potentially be distracting in the context of a PSSA.*
4	**Appendix VI Abandonment Clause 101-Definitions**	"Phase II Assessment" (c) – Please change "use of intrusive sampling (including soil and ground water sampling)…" to "use of intrusive sampling (including soil and, as appropriate, ground water sampling)…". ***Response:*** *Modified.*

Party	Article	Comment and Response
5	**Appendix VI-Abandonment**	Abandonment of Wells (102 (f)): The annotations include comments not set out in the clause, i.e. the situation by which the Phase I and II Assessments would be distributed to all Pad Site Owners and involvement of the Op Com if there are concerns about the Site Operator's performance in abandonment operations. Further while the Op Comm has the authority to modify a well abandonment operation to the extent it impacts the Pad Site and Joint Operations, I don't see where the Pad Site ownership group is informed of proposed abandonment operations, nor of the outcome of various environmental assessments, etc. Non-Operating Pad Site Owners should be kept informed of major undertakings/activities affecting the Site. Suggest as a minimum that either Appendix VI or clause 205 or 605 of the Operating Procedure be modified such that notice of a proposed abandonment operation is provided to the Pad Site Owners and that consideration be given to the Site Operator providing an abandonment/reclamation close-out report at the end of the undertaking. ***Response below***
5	**Appendix VI-Abandonment**	***Response:*** *Subclauses 102(c) and (d) require provision of the applicable Assessment information to the relevant Well Owners, and Subclause 102(e) requires periodic updates to the relevant Well Owners with respect to a Well Abandonment.* *There are similar obligations to the Owners for the Pad Site under Subclauses 103(c), (d) and (f).* *Added a new 401(l) in the PSSA Operating Procedure with respect to periodic reporting by Site Operator.*
5	**Appendix VI-Abandonment**	Abandonment of Remainder of Pad Site (103): Suggest this be modified to read "Abandonment of All or a Portion of the Pad Site" and that reference to common facilities/equipment be included. ***Response:*** *Changed the title to address the concern. The handling of the equipment is addressed in the applicable definition.*

Party	Article	Comment and Response
4	**Appendix VI Abandonment Clause 104- Withdrawal by Owner**	Cl. 104 (a)(ii) limits the ability of an owner with wells that are all abandoned to remove itself from the PSSA, or to dispose of its interest. Operating committee approval is required and a prepayment of estimated reclamation costs may be required. Per the annotations, this is so that remaining owners are not responsible for an undue share of remediation costs. My concern is re limitations on disposal of interest to any non-affiliate - Cl.104(ii). This would complicate and place unreasonable limitations on A&D activity. Whitemapping an area is accommodated in CO&O's, JOA's, etc., but would be impossible with PSSA's on account of Cl. 104(a)(ii). ***Response** : As a general comment, this Appendix is no different than the Appendices to the PJVA CO&O Agreement. It is a sample document that the Owners may choose to use, modify or ignore when they negotiate their own PSSA.* *It was recognized that there were significant concerns associated with the possibility of seeing one or two Owners being the "last men standing".* *For context, Clause 104 does not actually preclude a disposition of interest through which another party will step into the position of the disposing party as an Owner with respect to accrued liabilities. The disposition of the interest in the Pad Site remains governed by Article XII of the Operating Procedure.* ***Response cont'd below***

Party	Article	Comment and Response
4	**Appendix VI Abandonment Clause 104- Withdrawal by Owner**	***Response cont'd*** *Clause 104 addresses two scenarios in a fact situation in which all of the Wells in which that Owner held an interest as a Well Owner have been abandoned.* *The first is one in which the Owner is attempting to walk away from the Pad Site without any ongoing liabilities by withdrawing from the PSSA and surrendering its interest. That is very different than selling its interest to a new party whereby that new party is stepping into the position of the disposing party as an Owner.* *The second is one in which the Owner whose Wells have all been abandoned is attempting to assign any of its Participation to an Affiliate. The construction of Paragraph 104(a)(ii) is designed to mitigate the potential for an Owner to dispose of an interest in that circumstance to an Affiliate without assets to finance the residual obligations for Pad Site Abandonment. In practice, the ongoing relationship between the Owners is that this is unlikely to be an issue if the Affiliate is financially viable.* *Revised the annotations to make this clearer.*
5	**Appendix VI- Abandonment**	Indemnification of Withdrawing Owner (104 (c) now (d)): Suggest a table be included within the Appendix to identify the amounts held in trust by the Site Operator. It's easy to lose track of this during periods of high A&D activity. ***Response:*** *The application of the withdrawal mechanism seems unlikely in practice because of the Operating Committee control feature. Modified the annotation to note that this is something that might be considered in any particular real world application of the Clause.*

Party	Article	Comment and Response
4	**Appendix VI Abandonment (Annotations)**	Annotations state that if pad operator is not also an owner in a well that is to be abandoned "Well Owners and Site Operator might agree to modified handling in those cases…on such basis as the Well Owners and Site Operator may agree…" How would this work in practice? Would a separate agreement be required? How would one handle the accounting if one well is abandoned years before the rest of the wells on the pad site? How would costs be allocated? ***Response** : Ultimately, the annotations sometimes just alert users about issues they would need to address insofar as their ownership evolves in a way in which Site Operator is not a Well Owner in all Wells.* *The onus is on the applicable Owners to address their own situation on a custom basis when they originally negotiate their PSSA or when a particular issue arises. It was not feasible to try to write the PSSA to address a wide range of potential permutations that deviate from the single Site Operator foundation of the PSSA. The text and annotations have been modified on the single Site Operator concept somewhat throughout the document.* *If certain Well Abandonments were conducted before the remaining Wells were abandoned, those activities would be conducted for the account of the applicable Well Owners. The associated assessment and any vision to reduce the size of the Pad Site would dictate the timing of when the reclamation and remediation work associated with the Wells would be conducted.*

Party	Article	Comment and Response
4	**Appendix VI Abandonment (Annotations)**	Annotations for Appendix VI state that "this Appendix does not include any prescriptive requirements for environmental audits…given the nature of a typical Pad Site governed by this Agreement". Is it commonly accepted that environmental liabilities would be minimal compared with liabilities associated with a more complex facility? This is assuming that well-level liabilities are excluded. This relates again to how big these pads can get. It seems that compressors are often part of pads, so environmental liabilities may be an issue; also a potential issue if there are pipelines. Annotations also note that when an existing well site is converted to a pad site, owners might choose to do an "initial baseline assessment" to determine any pre-existing environmental liabilities. However, this is not possible for all the thousands of pads that are already in place and not governed by PSSA's. ***Response** : For context, the mineral ownership would typically be common in practice in a 16+ well type Pad Site, such that there would not be a PSSA for a Pad Site serving common interest wells.* *Assuming that a PSSA is warranted for a particular Pad Site, the principle that well level liabilities attach to the applicable Well to the extent feasible is articulated clearly. The creation of cross-indemnifications with respect to the PSSA and the affected Land Agreements and vice versa was designed to offer much greater protection in this regard than what would exist without the PSSA.* ***Response cont'd below***

Party	Article	Comment and Response
4	**Appendix VI Abandonment (Annotations)**	***Response cont'd*** *The primary focus of the PSSA is on new Pad Site sharing arrangements. The onus is on the applicable parties to consider how best to apply the PSSA form to an existing shared pad site that currently has no agreement in place to document the relationship. The difficulty in negotiating such a PSSA will depend on such factors as the complexity of operations, any prior environmental incidents and the age of the Pad Site.* *The focus of the initial baseline assessment comment was largely on old single well sites that are now being converted into a shared Pad Site.* *The Owners will probably have a very different assessment of risk with respect to a shared site they jointly constructed in recent years for the drilling of newer Wells without any supporting agreement in place governing the construction, ownership and operation of the Pad Site and the associated shared facilities.* *The annotations were modified somewhat on this point.*