

Amendments to the Drilling and Production Regulation enacted August 2012 streamline practices that in some cases formerly required applications, while continuing to hold permit holders to a high level of performance. Several changes recognize the unique characteristics and challenges of developing unconventional resources, the principle focus of activity in the province. These changes strike an appropriate balance of reduced individual well data collection with adequate knowledge growth to ensure continued safe and efficient development.

This summary is not intended to take the place of the applicable legislation. The user is encouraged to read the full text of legislation and each applicable regulation and seek direction from the BC Oil and Gas Commission (Commission), if and when necessary for clarification.

Observation Wells

Section 2 (7) - "Observation" is now a defined well type.

- Requires a reservoir pressure measurement each year, unless exemption granted.
- Principally intended to obtain periodic reservoir pressure data but may also be used to obtain fluid samples, run logs to monitor reservoir fluid changes, micro-seismic observation, etc.
- An observation well may not be used for production or injection.
- Well suspension requirements do not apply to an "active" observation well.

Core Analysis

Section 30(2) - Include photographs as well as digital core analysis data in submitted reports.

Unconventional Resources

Sections 7, 29, 34, 73 - The Commission deems specific fields and formations as "unconventional zones" for regulatory purposes in the new Schedule 2*.

- Normal gas well spacing does not apply.
- Gas target areas are enlarged.
- A well completed outside of the target area may not be produced, unless the well owner has the rights, or the consent of the rights holder, of the off-setting effected gas target area.

Therefore, Good Engineering Practice (GEP), a special project under Section 75 of OGAA, and an associated order of Other Than Normal (OTN) Spacing, is no longer required for producing wells with a density of more than 1 well per spacing area, or horizontal wells crossing multiple spacing areas, in these designated zones. Areas of ownership may be developed to the boundary of the outer gas target areas with well density and orientation to recover resources while minimizing surface disturbance.

Existing GEP and OTN orders within unconventional zones remain in effect but changes in areas do not require amendment applications to be submitted to the Commission.

Additional changes for unconventional zones include;

- Reduced drill cutting samples requirements from wells drilled from a common pad.
- Reduced well logging requirements on wells drilled from a common pad.
- Exempt from well deliverability (AOF) testing. Gas flaring due to well clean-up flow or underbalanced drilling must continue to be reported using this form.

Summary Information Drilling and Production Regulation

- An initial reservoir pressure is required each 4 km distance, measured from wellhead to wellhead. Additional wells within this radius are exempt from pressure measurement however any tests performed must still be submitted. With reduced density a high degree of test quality is expected on sample points.
- Unconventional zones as specified in Schedule 2 are exempt from the annual pool pressure survey requirement. Again, any tests performed must be reported.

*Note: Geographic area of these fields are published as shape files [here](#). Schedule 2 includes both, 1) conventional geographic fields, that may encompass several pools, and, 2) regional fields that are specific only to a single unconventional formation. Areas are subject to periodic review and adjustment as further prospective lands are developed, or zones in a conventional field are merged into a regional identifier.

Facilities

Section 41(6) - Sour gas up to 20 PPM H₂S may be used as instrument air for new facilities.

Drilling & Production

Section 41(4) – Within 30 days of identification of a surface casing vent flow the permit holder must conduct flow rate and buildup tests and submit results to the Commission.

Further sections contain additional amendments.

If you have any questions regarding this document, contact:

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