

## Industry Tip

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### Well Licence Disclosure Questions

#### Preset Well Applications

Date	Module/Application/Functionality	Notes
April 19, 2018	Well and Facility Infrastructure: Pre-set Well Applications	This was effective March 28 <sup>th</sup> , 2018

#### Preset Well Application Disclosure Questions

- The following Well Licence Applications previously classified as non-routine will now go routine:

Disclosure question D2 (Pre-set Surface Casing) may go routine depending how Industry answers two new additional questions. 1. Is preset rig to complete surface casing cementing operations? 2. Are you able to comply with all the requirements in subsection 4 of the Preset Surface Casing Requirements as set out in Directive PNG005: Casing and Cementing Requirements?

Two new obligations will be added to every 20<sup>th</sup> licence issued in this manner to a company.

- Well Licence Obligation: Surface Casing Cement Integrity Assessment Required
- Wellbore Obligation: Surface Casing Cement Bond Log and Interpretation Required

A work item will be generated to the field office to review the log and interpretation when obligation is fulfilled.

Disclosure question D2 (Pre-set Surface Casing) may go routine depending how Industry answers two new additional questions. 1. Is preset rig to complete surface casing cementing operations? 2. Are you able to comply with all the requirements in subsection 4 of the Preset Surface Casing Requirements as set out in Directive PNG005: Casing and Cementing Requirements?

Disclosure questions EXAMPLE only:

#	Disclosure Question	Answer
D48	In accordance with the Lease Construction Guideline, will you be constructing a permanent dike to prevent the migration of fluids?	Yes
D2	Are you pre-setting surface casing?	Yes
D69	Are you able to comply with all requirements in subsection 4 of the Preset Surface Casing Requirements as set out in Directive PNG005: Casing and Cementing Requirements?	Yes
D68	Is preset rig to complete surface casing cementing operations?	Yes
D49	Are you meeting required setbacks to private water bodies? Refer to Lease Construction Guideline?	Yes
D50	Are you meeting required setbacks to Major water bodies? Refer to Lease Construction Guideline?	Yes
D51	Are you meeting all additional setback requirements as outlined Lease Construction Guideline?	No, the consents have been acquired
D58	Is this well in Potash restricted drilling area?	No
D57	Is this well identified to be in a coal area as per the coal mine area instructional directive?	No
D3	Is the proposed Casing set in accordance with Casing and Cementing Directive/Guideline?	No
D61	Is the licensee the only working interest participant on this well?	No
D62	Do you have the rights to the minerals for the entire drainage unit/area of the well?	Yes
D63	Is the well site/access road(s) on Provincial Crown Agriculture Land?	No
D64	Is the well site/access road(s) on Provincial Crown Resource Land as defined in The Crown Resource Land Regulations?	No
D65	Is the well site/access road(s) on land with special designation?	No
D66	Based on self-assessment using the Environmental Evaluation Checklist for Private Lands, is Ministry review required prior to approval being granted?	Yes
D34	Does this well qualify for a waiver of Cased hole logging requirements as per Well Logging Guideline?	Yes
D67	Does the proposed location require consent from the local Petroleum and Natural Gas field office in accordance with the lease construction guideline?	No
D30	The minimum inter well setback distance from off-setting wells will be met?	No
D31	Is the average productivity of those vertical or HZ well(s) less than 1 cubic meter of oil per day over the previous 12 month period?	Yes
D25	Do the productive portions of all HZ sections meet minimum setback requirement from a diversely owned/operated lease boundary?	Yes

The following procedure is to be used if licensing a preset well when it is the intention of the licensee to use a preset rig to drill the surface hole and have the preset rig perform its own cementing procedures instead of a third party cementing company.

The purpose of this change is to be able to allow licenses to go routine in this situation when certain conditions are declared they will be met regarding cementing procedures.

As shown above – D2 asks, Are you are pre-setting surface casing?

If YES, then D68 is shown – D68 asks, Is preset rig to complete surface casing cementing operations?

If YES, then D69 is shown – D69 asks, Are you able to comply with all requirements in subsection 4 of the Preset Surface Casing Requirements as set out in Directive PNG005: Casing and Cementing Requirements?

If YES, Licence goes Routine.

If any of the above disclosure questions are answered NO then the licence will go non-routine.

**\*\*Note:** In previous versions of IRIS, when licencing a well in this manner, D3 was answered “NO” due to the fact that a preset rig completing its own cementing procedures did not follow *Directive PNG005 Casing and Cementing Procedures*. The *Directive PNG005* has recently been changed and conditions have been added regarding cementing procedures with a preset rig instead of a third party. (See insert of PNG005 below)

If there are no deviations from Directive PNG005, D3 is to be answered “NO”. If D3 is answered “yes” for any reason the well licence application will go non-routine and require a review.

Attachments to well licence application:

When D2, D68 and D69 are all answered “YES”, the cementing program must be attached that indicate adherence to all the requirements in subsection 4 of the Preset Surface Casing Requirements as set out in Directive PNG005: Casing and Cementing Requirements.

← Previous      **Attachments - Application # 94289**      ↻

**Attachments**

- **The following documents are required**
  - Survey Plan
  - **Cementing Program**
  - Checklist for Private Lands
  - Field Office Lease Construction Approval

Based on disclosure question D69 - Answered as/Selection was made **Yes**  
Based on disclosure question D66 - Answered as/Selection was made **No**  
Based on disclosure question D67 - Answered as/Selection was made **Yes**

No surface casing shall be removed from any well.

The operator of a well that is completed to produce oil or gas or to inject fluid shall leave the annulus between the second casing string and the surface casing open to the atmosphere.

The annulus vent line must:

- (a) have a minimum diameter of five centimetres;
- (b) extend at least 50 centimetres above ground level;
- (c) terminate so that any flow is directed either in a downward direction or parallel to the ground;
- (d) contain an open valve; and
- (e) have a working pressure rating for all parts of at least 23 kilopascals for every metre of depth of the surface casing.

An operator may apply to the minister through IRIS for approval of any variation to the requirements above.

#### 5. Presetting Surface Casing Requirements

ER allows for presetting surface casing without prior approval. In these cases, the main hole may be drilled with a subsequent rig. Presetting surface casing must be done in accordance with the following requirements.

1. The well licence application must indicate the use of preset surface casing.
2. Casing centralizers must be run 3 metres off bottom, on top of second joint, and every third joint thereafter.
3. The surface hole must be drilled to a minimum depth as determined in section 2 above and casing cemented in place at one location prior to moving the rig to another location.
4. A third-party (rather than surface-casing rig) must conduct cementing operations unless the following conditions can be met:
  - a) Equipment with the capability to batch mix and agitate a minimum volume of 50% excess cement (and additives if necessary) required to cement the depth and diameter of surface casing to surface. Returns of the surface casing cement must be recorded for documentation of casing details in IRIS;
  - b) Obtain and retain a laboratory analysis that indicates the thickening time and compressive strength of the cement to be utilized in the surface casing. Cement used must be of oil well blend, designed specifically for oil well operations ie: Class G. This laboratory analysis must be available upon ER request;
  - c) Obtain and document samples of wet and dry cement mix prior to and during the cementing procedures. This documentation must be available upon ER request;

- d) A plug-loading head must be utilized to minimize the introduction of air into the casing while cementing; and
  - e) Monitor wellbore obligations to determine if a surface casing cement bond log is required to ensure surface casing cement integrity.
  - f) The well is not intended to be used in project wells, (e.g. Enhanced oil recovery operations, Thermal, ASP, THAI, CO<sub>2</sub>, etc.)
5. Loss of circulation during drilling or primary cementing of surface hole must immediately be reported to appropriate field office, and may be subject to additional logging requirements, remedial cementing or required to be abandoned, at the discretion of the Ministry.
6. A designated company representative must be present during pre-set operations including drilling, landing of surface casing and cementing operations, and that representative must attach the preset casing details in IRIS or as required by ER.
7. Drilling to the licensed total depth of the well must be completed within one year of the issued date of the license, otherwise the well must be abandoned at the discretion of ER.
8. If the one year from licence issue date has expired, application to abandon must be completed and submitted through IRIS for approval to abandon the preset surface casing within 90 days.

**6. Production Casing and Adequate Equipment Requirements**

No equipment shall be used in drilling or completing a well unless it is in good condition, and production casing must meet American Petroleum Institute specifications and must comply in all respects with the specifications set out in the licence issued for the well and with any further specifications of the minister.

Production casing is required to be cemented by the pump and plug method, the displacement method or any other approved method, and the cement must be set for at least 24 hours and properly tested by the pressure method before the plug is drilled out or the well perforated.

If production casing is run through a porous stratigraphic unit or a stratigraphic unit containing fresh potable water not protected from invasion by other fluids, the stratigraphic unit must be cemented off by an approved method.

In completing a well, the operator shall adopt methods and install equipment that the minister may specify.

If it appears to the minister that any equipment or casing used in drilling or producing a well is inadequate, defective or hazardous, the minister may require the replacement or reconditioning of that equipment or casing and may order the suspension of operations until the required action is taken.

## Surface Casing Cement Bond Log Obligations

Two new obligations will be added to every 20<sup>th</sup> licence issued in this manner to a company.

- Well Licence Obligation: Surface Casing Cement Integrity Assessment Required
- Wellbore Obligation: Surface Casing Cement Bond Log and Interpretation Required

A work item will be generated to the field office to review the log and interpretation when obligation is fulfilled.

To ensure that cement integrity is maintained in the surface casing while using the preset rig to perform the cementing operations the Ministry is requiring surface casing cement bond logs.

Once a licensee has disclosed the preset rig will complete the cementing operations and all the conditions regarding this procedure will be met, IRIS will keep track of how many licenses were issued in this manner and every 20<sup>th</sup> well will automatically receive obligations (at the time of licence approval) requiring a cement bond log to be completed on the surface casing prior to main hole.

The first obligation will show up under “Well Licence Obligations”. This gives the licensee the first indication that a surface casing CBL will be required for this well. This obligation will **ONLY** be added if a surface casing CBL **IS** required and is visible immediately at the time of licencing.

For EXAMPLE only:

Main   Drilling Activity   Wellbores   Casings   Completions   Tests   Logs   Attachments   <b>Obligations</b>   Notes   Well Sets   Work Items									
Detail	Component Type	Identifier	Proposed	Unfulfilled	Fulfilled	Waived	N/A	Over Due	
▼	Well Licence	[REDACTED] RAGING RIVER EXPLORATION INC.	-	-	-	-	-	13	-
<b>To Honour</b>									
Obligation #	Waived Date	Obligation Type	Actions		Attachments				
228072		Surface Casing cement integrity assessment							

The detailed view of the well licence obligation will request the licensee to review the Wellbore Obligation for more details:

**Not Applicable Obligation # 228072** Notes (0)

Obligation was submitted for Well Licence [REDACTED] RAGING RIVER EXPLORATION INC. Licence [REDACTED] RAGING RIVER EXPLORATION INC.

Well CWI: CWI BA: [REDACTED] RAGING RIVER EXPLORATION INC.

Identified for Billing Run: No Derived: No

**Obligation Type**

Obligation Type: Surface Casing cement integrity assessment  
 Preset surface casing cement integrity assessment required. See Wellbore obligations

Description:

Due Date Type: No Due Date Obligation Fulfillment Type: Honour Condition

**Obligation Dates**

Start Date: 2018-04-17  
 Due Date: N/A  
 Status: Not Applicable

A “Wellbore Obligation” will be added requiring a surface casing cement bond log to be run with a due date of Pre-set Surface Casing Drilling End Date plus 10 days. The surface casing CBL and interpretation must be attached to fulfill the obligation.

Once the surface casing CBL and interpretation are attached that will trigger a work item for the appropriate “field office” to review the information.

For EXAMPLE only:

Detail	Component Type	Identifier	Proposed	Unfulfilled	Fulfilled	Waived	N/A	Over Due
▶	Well Licence	[REDACTED] RAGING RIVER EXPLORATION INC.	-	-	-	-	13	-
▶	Well	[REDACTED]	1	-	-	-	2	-
▼	<b>Wellbore</b>	[REDACTED]	6	-	-	-	-	-

  

Obligation #	Status	Due Date	Due Date Type	Fulfilled Date	Obligation Type	Actions	Attachments
228073	Proposed	-	Preset Surface Casing Drilling End Date plus 10 days	-	Surface Casing cement bond log and interpretation		-

The detailed view of the obligation will provide additional information:

**Proposed Obligation # 228073** Notes (0) ↻

Obligation was submitted for Wellbore [REDACTED] ↗ Licence [REDACTED] - RAGING RIVER EXPLORATION INC. ↗

Well CWI  BA ↗

Identified for Billing Run  Derived

Obligation | Attachments | Notifications | Fulfillment

**Obligation Type**

Obligation Type

Description

Due Date Type  Obligation Fulfillment Type

**Obligation Dates**

Start Date

Due Date

Status

## Questions?

If you have any questions or concerns about:

- The non-compliance penalty assessment program, contact PNG Support at 1-855-219-9373 or [PNG.support@gov.sk.ca](mailto:PNG.support@gov.sk.ca).
- Invoice summaries or details, contact ER Support at 1-844-213-1030 or [er.support@gov.sk.ca](mailto:er.support@gov.sk.ca)