

High Water-Cut Oil Well Program Initial Application

Energy Policy Branch
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Part I - HWC Well General Information (attach a well list for a group submission)

Licence Number _____ or UWI _____

LX	LSD	SEC	TWP	RGE		M
			0		W	

Remaining Incentive Volume _____
(m³)

Finished Drilling Date _____
(MM-DD-YYYY)

Incremental High Water-Cut Oil Factor* _____

Current Well Completion Status _____

*If the well is active and has a finished drilling date prior to October 1, 2002, please provide an estimate of the incremental high water-cut oil factor as a result of the high water-cut investment.

Part II - HWC Investment Details

Investment Type _____
(Normal repair and maintenance activities are ineligible)

Estimated Cost _____

Estimated Start Date _____
(MM-DD-YYYY)

Additional Investment Details:

Part III - Disclosure Questions

- Has the well produced at an average water-cut of 90 per cent or greater during the most recent 3 or more months reported, for which the well had hours on production?
- Has the well been shut in or suspended for the most recent 6 or more consecutive months, with its last 3 or more months with hours on production having an average water cut of 90 per cent or greater?
- The proposed investment is a minimum of \$20,000 per well directly related to water handling capabilities and extending the life of the well.

Yes No N/A

Yes No N/A

Yes No

Part IV - Attachments

- Incremental High Water-Cut Oil Factor Calculation Details (if applicable)
- Well List (for a group submission)
- Volumetric Data for Average Water-Cut Calculation (oil and water production)

Part V - Contact Information

By signing below, I hereby certify that the application form and the attached supporting documentation is complete and accurate. If the application is found to be incomplete or inaccurate, I acknowledge that the Ministry of the Energy and Resources will discard the application after notifying me of the deficiencies and that I will be required to submit a new application.

Contact Name

Email Address

Phone Number

Signature of Applicant

High Water-Cut Oil Well Program Initial Application Form Instructions

The following instructions are provided as an aid to those intending to apply for the High Water-Cut Oil Well Program. Please be advised that these are solely intended as a general reference guide to complete the application form and are to be used in conjunction with the existing legislation.

Part I - HWC Well General Information	
Licence Number	The licence number of the oil well being applied for under the High Water-Cut Oil Well Program.
UWI	The UWI location of the well (example 191/01-01-001-01 W2M)
Remaining Incentive Volume (m ³)	<p>The volume of the well's original volumetric incentive that is left to be produced. This may not be applicable to some wells. Upon completion of the eligible high water-cut investment in the field, the applicant can choose to either:</p> <ul style="list-style-type: none"> • Keep the existing royalty status on the well until the ministry is notified by the applicant to apply the high water-cut royalty status; or, <p>Note: this option should be used if the applicant would like to continue to produce out all or part of its remaining volumetric incentive.</p> <ul style="list-style-type: none"> • Have the high water-cut royalty rate assigned immediately after the Investment Summary is approved. In this case the remaining volumetric incentive would be overridden to zero and the high water-cut royalty rate would be assigned for 100 per cent of the well's future oil production. <p>Note: In some instances, the high water-cut royalty rate may be lower than if the well is producing under its volumetric incentive. For example, if the fourth tier royalty rate is expected to be less than 4.5 per cent, then it would be beneficial to switch to the high water-cut royalty rate before the volumetric incentive is produced out. If the fourth tier royalty rate is expected to be greater than 4.5 per cent, then, it would be beneficial to produce out the volumetric incentive before switching to the high water-cut royalty rate. The royalty rate calculator is a good tool to use to determine the best approach for each well completion.</p> <p>The choice pertaining to the remaining volumetric incentive will not have to occur until submitting the Investment Summary Application.</p>
Finished Drilling Date	The date for which the drilling was originally completed.
Incremental High Water-Cut Oil Factor	<p>The estimated incremental high water-cut oil factor means the factor, expressed as a percentage, determined in accordance with the following formula: Incremental High Water-Cut Oil Factor = AR/TR x 100 Where AR is the additional recovered reserves for the qualifying high water-cut oil well that are attributable to the qualifying investments. TR is the total remaining reserves for the qualifying high water-cut oil well that include the additional recoverable reserves that are attributable to the qualifying investments. Note: An incremental high water-cut oil factor of 100 per cent will be assigned to: -Eligible oil wells that have been shut-in or suspended for six or more consecutive reported months prior to the qualifying investment being made; and, -Eligible oil wells that have a finished drilling date on or after October 1, 2002. For more information on the Incremental High Water-Cut Oil Factor calculation, please refer to Information Circular PR-IC12: Royalty/Tax Program for High Water-Cut Oil Wells</p>
Current Well Completion Status	The current status of the well completion associated with the application.
Part II - HWC Investment Details	
Investment Type	<p>The type of qualifying investment that will be dedicated to the qualifying high water-cut oil well. Some types of investments include, but are not limited to:</p> <ul style="list-style-type: none"> -Increased pump size -Increased tubing size -Re-completion costs (i.e., fracturing, acidizing, perforating, cementing) -Water handling facility upgrades (i.e., flowlines, disposal equipment)

Estimated Cost	The estimated total cost of the qualifying investment dedicated to the well.
Estimated Start Date	The expected start date of implementing the qualifying investment.
Additional Investment Details	Additional information should be provided to justify how each investment will directly help with water handling capabilities and extend the producing life of the well. Note: Normal repair and maintenance costs are <u>ineligible</u> .
Part III - Disclosure Questions	
Has the well produced at an average water-cut of 90 per cent or greater during the most recent 3 or more months reported, for which the well had hours on production?	The qualifying well(s) must have produced at an average water-cut of 90 per cent or greater during the most recent 3 or more reported months, with hours on production, prior to submitting an application to the program.
Has the well been shut in or suspended for the most recent 6 or more consecutive months, with its last 3 or more months with hours on production having an average water cut of 90 per cent or greater?	If the qualifying well(s) are shut in or suspended for the most recent 6 or more consecutive reported months and their last 3 or more months with hours on production have an average water-cut of 90 per cent or greater, an incremental high water-cut oil factor of 100 per cent will be assigned.
The proposed investment is a minimum of \$20,000 per well directly related to water handling capabilities and extending the life of the well.	A minimum investment of \$20,000 must be incurred for each well associated with the application which directly improves water handling capabilities <u>and</u> extends the producing life of the well(s).
Part IV - Attachments	
Incremental High Water-Cut Oil Factor Calculation Details	The incremental high water-cut oil factor calculation details must be included for an active well with a finished drilling date before October 1, 2002.
Well List	If the application is for a group of wells that are benefiting from a qualifying investment, please attach a well list with the same information as found in Part I and II for each well completion. All wells within the group must be located in the same geological area (i.e., same unit, share a facility, etc.).
Volumetric Data for Average Water-Cut Calculation	The volumetric data for oil and water production must be included for each well completion associated with the application. This will help determine what values were used when confirming that the well completion meets the 90 per cent water-cut requirement.
Part V - Contact Information	
Contact Name	The contact person must be able to answer technical questions regarding the application should the Ministry require clarification.
Email Address	The email address the contact can be reached at should the Ministry require clarification when reviewing the application.
Phone Number	The number the contact can be reached at should the Ministry require clarification when reviewing the application.
Once the application is complete, please submit it through the High Water-Cut Initial Application in IRIS.	