

High Water-Cut Oil Well Program Investment Summary

Energy Policy Branch
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Last Updated: August 25, 2021

Part I - Approved HWC Well(s) (attach a well list for a group submission)

Initial Application Authorization # _____

Licence Number _____ or UWI

LX	LSD	SEC	TWP	RGE		M
			0		W	

If the well has volumetric incentive remaining, upon approval of this application:

Keep the existing royalty status on the well until the ministry is notified by the applicant to apply the high water-cut royalty status (i.e., continue to produce out all or part of its remaining incentive volume).

Have the high water-cut royalty rate assigned immediately after the Investment Summary is approved.

N/A

Part II - Attachments

1) Investment Details

Please include the investment details as an attachment, in a table format, with the following information:

- Investment Type
- Investment Description
- Date the Cost was Incurred
- Eligible Cost of Each Component
- Total Cost of all Components

Note: If this is a group submission, please attach a well list that contains the information found in Part I and Part II for each well completion.

Additional Investment Details (Optional)

Part III - 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 Investment Summary Instructions

The following instructions are provided as an aid to those intending to submit an Investment Summary for an approved High Water-Cut Oil Well Initial Application. Please be advised that the instructions below 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 - Approved High Water-Cut Well(s)	
Licence Number	The licence number of the oil well approved in a High Water-Cut Oil Well Program Initial Application.
UWI	The UWI location of the well (example 191/01-01-001-01 W2M)
Initial Application Authorization #	The IRIS authorization number associated with an approved High Water-Cut Oil Well Program Initial Application. This number can be found in the Initial Application Approval Letter.
If the well has incentive volume remaining, upon approval of this application:	<p>If the well has original volumetric incentive that is left to be produced, please check one of the options below:</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. It is the responsibility of the applicant to submit a notification to petroleumroyalties@gov.sk.ca when they want their well to be assigned the incremental high water-cut oil factor and high water-cut royalty rate.</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>
Part II - Attachments	
Investment Details	<p>A table outlining the costs associated with the qualifying investment, including:</p> <ul style="list-style-type: none"> -Investment Type -Investment Description -Date -Eligible Cost <p>If this application is for multiple wells approved within the Initial Application Authorization, please include all the investment information within one submission.</p>
Investment Type	<p>The type of qualifying investment 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)
Investment Description	A detailed description of how the line item is related to the qualifying investment.
Date	The date for which the cost was incurred.
Eligible Cost	The total cost of each element related to the qualifying investment.
Additional Investment Details	<p>Additional information may be provided to justify how each qualifying investment will directly help with water handling capabilities and extend the producing life of the well.</p> <p>Note: Standard repair and maintenance costs are <u>ineligible</u>.</p>
Part III - 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 -Qualifying Investment Application in IRIS.	