

## **Notice of Proposed Directive Amendments**

### ***Directive PNG007: Off-Target Well Requirements***

#### **Background**

The Ministry of Energy and Resources (ER) is consulting the oil and gas industry on proposed amendments to *Directive PNG007: Off-Target Well Requirements* (the amended Directive). The proposed changes are generally of a clarification nature with the key change intended to clarify rules for recompleted or reclassified well completions.

#### **The Process**

ER is launching industry consultations on the amended Directive from September 21, 2022 to October 12, 2022. Once this consultation period is concluded, ER will review all consultation feedback in preparation for a final draft of the amended Directive. The amended Directive is expected to come into effect in the second half of 2022.

#### **Summary of Proposed Changes**

Directive PNG007 will undergo the first revision since it came into force in November 2015. The majority of proposed changes are intended to enhance the document, support existing well licensing processes, and ensure clarity of ER's rules around off-target well completions. A key change is the update of the Directive title from "Off-Target Well Requirements" to "Off-Target Well Completion Requirements", to clarify that the directive applies to a well completion, not the well itself.

Other notable changes include:

- Numerous updates in the terminologies used, particularly the use of 'well completions', to promote consistency and better understanding.
- A new section to provide more clarity on the rules around recompleted or reclassified well completions.
- Update to the flow chart in Appendix 2 to present a better graphic image of the detailed process to license an off-target well completion.

#### **Review of Draft Directive**

ER is seeking written comments on the proposed amendments outlined in a side-by-side document attached to this notice as **Appendix A**. Please direct any comments or questions about the proposed amendments to:

ER Service Desk at [er.servicedesk@gov.sk.ca](mailto:er.servicedesk@gov.sk.ca)  
Attn: Dennis Pinkrah

The deadline for submitting written comments is **October 12, 2022**.

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**APPENDIX A: Changes to Directive PNG007: Off-Target Well Requirements (Directive PNG007)**

Existing Section/Wording	New Section and Wording (highlighted)	Explanation of Proposed Changes
<p><b>Off-Target Well Requirements</b></p>	<p><b>Off-Target Well Completion Requirements</b></p>	<p>Slight change in the directive title (inclusion of ‘completion’) to clarify that the directive applies to a well completion, not the well itself.</p>
<p><b>1. Introduction</b></p> <p>This Directive sets out the requirements of the Saskatchewan Ministry of the Energy and Resources (ER) for off-target oil and gas well completions in Saskatchewan. It covers topics such as how to determine if a proposed well completion is considered off-target, when an off-target well completion may be considered to have an encroachment, when off-target penalties may apply, and the processes that may need to be followed before making an application.</p> <p>Other requirements and guidelines that are pertinent to the topics in this Directive are:</p> <ul style="list-style-type: none"> <li>• Directive PNG009: Public Notice Requirements;</li> <li>• Directive PNG011: Allowable Rates of Production: Gas Wells;</li> <li>• Directive PNG012: Allowable Rates of Production: Oil Wells; and</li> <li>• Guideline PNG021: Determining Drainage Units and Target Areas and Guideline PNG024: Reclassification and Recompletion.</li> </ul>	<p><b>1. Introduction</b></p> <p>This Directive sets out the requirements of the Saskatchewan Ministry of Energy and Resources (ER) for off-target oil and gas well completions in Saskatchewan. It covers topics such as the determination of off-target status and encroachment, application of off-target penalties and the processes that are required prior to an application for a licence or completion changes.</p> <p>Other requirements and guidelines that are pertinent to the topics in this Directive are:</p> <ul style="list-style-type: none"> <li>• <i>Directive PNG009: Public Notice Requirements</i> (Directive PNG009);</li> <li>• <i>Directive PNG011: Allowable Rates of Production: Gas Wells</i> (Directive PNG011);</li> <li>• <i>Directive PNG012: Allowable Rates of Production: Oil Wells</i> (Directive PNG012);</li> <li>• <i>Guideline PNG021: Determining Drainage Units and Target Areas</i> (Guideline PNG021); and</li> <li>• <i>Guideline PNG024: Reclassification and Recompletion</i> (Guideline PNG024).</li> </ul>	<p>Updated wording to provide clarity on the scope of topics covered.</p> <p>Added summarized titles to relevant directives and guidelines.</p>
<p><b>1.1 Governing Legislation</b></p> <p>The requirements outlined in this Directive are based on <i>The Oil and Gas Conservation Act</i> (OGCA) and <i>The Oil and Gas Conservation Regulations, 2012</i> (OGCR). In particular, sections 17 and 27 of the OGCA and sections 31 to 35 of the OGCR provide the authority to regulate off-target wells. Licensees should consult these documents in conjunction with this Directive. It is the responsibility of all operators, as specified in the</p>	<p><b>1.1 Governing Legislation</b></p> <p>The requirements outlined in this Directive are based on <i>The Oil and Gas Conservation Act</i> (OGCA) and <i>The Oil and Gas Conservation Regulations, 2012</i> (OGCR). Licensees should consult these documents in conjunction with this Directive. It is the responsibility of all operators, as specified in the legislation, to be aware of ER</p>	<p>Removed reference to repealed Section 35 of the OGCR.</p> <p>Removed other references to the OGCR to prevent more work should the section(s) in the OGCR be repealed.</p>

<p>legislation, to be aware of ER requirements and to ensure compliance with the requirements for off-target wells.</p>	<p>requirements and to ensure compliance with the requirements for off-target well completions prior to submitting any application.</p>	
<p><b>1.2 Definitions</b></p> <p><b>Commonly-owned land:</b> The mineral ownership, lessee(s) and partners, well ownership and operator, farm-in agreements etc. of the mineral land, are identical to those for the drainage unit of the proposed off-target well completion.</p> <p><b>Development well:</b> A well completion that will be off-target as a result of geological or reservoir reasons, where the proposed completion is within 2.4 km (oil) or 4.8 km (gas) of any existing well completion (active/non-active/suspended) that is within the same stratigraphic unit.</p> <p><b>Diversely-owned land:</b> The mineral ownership, lessee(s) and partners, well ownership and operator, farm-in agreements etc. of the mineral land, are NOT identical to those of the drainage unit of the proposed off-target well completion.</p> <p><b>Exploratory well:</b> A well completion that will be off-target as a result of geological or reservoir reasons, where the proposed completion is at least 2.4 km (oil) or 4.8 km (gas) away from any existing oil or gas well completion (active/non-active/suspended) that is within the same stratigraphic unit.</p> <p><b>Offset land:</b> Is any mineral land that is immediately adjacent to the drainage unit land containing the well completion.</p> <p><b>Offset mineral owner:</b> Is any owner of a mineral land that is immediately adjacent to the drainage unit land containing the well completion</p> <p><b>Off-target penalty:</b> Is a reduced allowable rate of production on a well. (See Directive PNG011 and Directive PNG012 for further details).</p>	<p><b>1.2 Definitions</b></p> <p><b>Capable of producing:</b> A well that has planned or open contact intervals within a producing stratigraphy.</p> <p><b>Commonly-owned land:</b> Is mineral land where the mineral ownership, lessee(s) and partners, well ownership and operator, farm-in agreements etc. of the mineral land, are identical to those of the drainage unit of the proposed off-target well completion.</p> <p><b>Development well completion:</b> A well completion that will be off-target as a result of geological or reservoir reasons, where the proposed completion is within 2.4 kilometers (km) (oil) or 4.8 km (gas) of any existing well completion that is producing or capable of producing within the same stratigraphic unit.</p> <p><b>Diversely-owned land:</b> Is mineral land where the mineral ownership, lessee(s) and partners, well ownership and operator, farm-in agreements etc. are <u>NOT</u> identical to those of the drainage unit of the proposed off-target well completion.</p> <p><b>Exploratory well completion:</b> A well completion that will be off-target as a result of geological or reservoir reasons, where the proposed completion is at least 2.4 km (oil) or 4.8 km (gas) away from any existing oil or gas well completion that is producing or capable of producing within the same stratigraphic unit.</p> <p><b>Offset land:</b> Is land that is immediately adjacent to the drainage unit land containing the well completion.</p> <p><b>Offset mineral owner:</b> Is any owner of a Petroleum and Natural Gas (PNG) land that is immediately adjacent to the drainage unit land containing the well completion.</p>	<p>Added a new definition for “Capable of producing” to provide clarity.</p> <p>Added the term ‘completion’ and updated the verbiage in other definitions to provide clarity.</p>

<p><b>Surface obstruction/topographic well:</b> Wells that have issues which prevent the lease of a well from being constructed on-target, due to topographical features (e.g., extreme terrain making it hard to access drill site), environmental constraints (e.g., protected surface location), or surface obstruction reasons (e.g., proximity to an occupied dwelling).</p> <p><b>Uneconomic well in drainage unit:</b> Wells drilled off-target due to geological or reservoir reasons, where there is an existing well(s) within the drainage unit that penetrates through the pool of interest and has been determined to be uneconomic to produce based on reservoir evaluation.</p>	<p><b>Off-target penalty:</b> Is a penalty that reduces the allowable rate of production on an off-target well completion (see Directive PNG011 and Directive PNG012 for further details).</p> <p><b>Surface obstruction/topographic well completion:</b> Is a well completion where topographical features (e.g., extreme terrain making it hard to access drill site), environmental constraints (e.g., protected surface location), or surface obstruction reasons (e.g., proximity to an occupied dwelling) prevent locating the well completion on-target.</p> <p><b>Uneconomic well completion in drainage unit:</b> Is a well completion where there is an existing well completion within the drainage unit that penetrates through the stratigraphic unit of interest and has been determined to be uneconomic to produce based on reservoir evaluation.</p>	
<p><b>2.1 Wells that are not Governed by Off-Target Regulations</b></p> <p>Horizontal oil wells are regulated by set-back and are therefore not eligible to be off-target.</p> <p>Some <i>Pool Orders</i> provide set-back requirements for vertical and directional wells; these well completions are also not eligible to be off-target.</p> <p>To request reduction of a set-back requirement, an application is required, in accordance with the <i>Spacing Modification Application Guideline</i>.</p>	<p><b>2.1 Well Completions that are not Governed by Off-Target Regulations</b></p> <p>Horizontal oil wells are regulated by set-back requirements and are therefore not eligible to be off-target.</p> <p>Some pool orders provide set-back requirements for vertical and directional well completions; these well completions are also not eligible to be off-target.</p> <p>To request the reduction of a set-back requirement, an application is required (see the <a href="#">Well Spacing Modification Application page</a> for further details).</p>	<p>Slight change in subtitle (addition of ‘completions’) to provide clarity.</p> <p>Updated other wording to provide clarity and precision to statement, including a link to access the required information.</p>
<p><b>2.2 Types of Off-Target Wells</b></p> <p>There are four different types of off-target wells:</p> <ul style="list-style-type: none"> <li>• Development</li> <li>• Exploratory</li> <li>• Surface Obstruction/Topographic</li> <li>• Uneconomic well(s) in the drainage unit</li> </ul>	<p><b>2.2 Types of Off-Target Well Completions</b></p> <p>There are four types of off-target well completions:</p> <ul style="list-style-type: none"> <li>• Development well completions</li> <li>• Exploratory well completions</li> <li>• Surface obstruction/topographic well completions</li> <li>• Uneconomic well completion(s) in the drainage unit</li> </ul>	<p>Updated subtitle and section verbiage to provide clarity.</p>

<p>These four types of off-target wells are explained in ‘Definitions’, and the different processes that must be followed during a well licence application for each of these off-target well types are outlined in section 3 of this Directive.</p>	<p>These four types of off-target well completions are defined in Section 1.2 and have different requirements to apply for a well licence, as outlined in Section 3 of this Directive.</p>	
<p><b>2.3 Off-Target Well Penalties</b></p> <p>An off-target well may be subject to an off-target well penalty. Whether an off-target well is subject to an off-target penalty is discussed in section 3 of this Directive.</p>	<p><b>2.3 Off-Target Well Penalty</b></p> <p>An off-target well completion may be subject to an off-target well penalty. Section 3 of this Directive has further details on the off-target well penalty determination.</p>	<p>Updated subtitle and section verbiage to provide clarity.</p>
<p><b>2.4 Encroaching Off-Target Wells</b></p> <p>In addition to the designation ‘off-target’, a proposed well completion will also be considered to be ‘encroaching’ on offset drainage units.</p> <p>An encroachment occurs when a proposed well completion is off-target and the completion is located closer to an adjacent drainage unit’s target area than an on-target location would allow.</p> <p>For assistance in determining the drainage unit and target area for a proposed well completion, see Guideline PNG021.</p> <p>Appendix 1 contains examples of how to determine the encroachment of a proposed off-target well completion.</p>	<p><b>2.4 Encroaching Off-Target Well Completions</b></p> <p>In addition to the designation ‘off-target’, a proposed well completion may also be considered to be ‘encroaching’ on offset drainage units.</p> <p>An encroachment occurs when a proposed well completion is off-target and the completion is located closer to an offset drainage unit’s target area than an on-target location would allow.</p> <p>Appendix 1 contains examples of how to determine the encroachment made by a proposed off-target well completion to the target area of the adjacent drainage unit.</p>	<p>Updated subtitle to include the reference to well completions.</p> <p>Updated wording to provide clarity; change does not change the meaning or intent.</p> <p>Removed the reference to Guideline PNG021 as it is already referenced under section 1 and 2.</p>
<p><b>2.5 Off-Target Wells that Are Not in Compliance with Drainage Unit Edge Regulations</b></p> <p>According to subsection 35(3) of the OGCA, a well completion must be at least 50 m from a drainage unit edge unless the well is within a designated target area.</p> <p>If the well completion is less than 50 m from the drainage unit edge and is not within a target area – that is, it is off-target – written consent from the encroached upon offset mineral owners and operators must be</p>	<p><b>2.5 Off-Target Well Completions: 50 m Drainage Unit Edge Setback Requirement</b></p> <p>A well completion must be located at least 50 m from a drainage unit edge unless the well is within a designated target area.</p> <p>If the well completion is less than 50 m from the drainage unit edge and is not within a target area (that is, it is off-target), a written consent from the encroached upon offset mineral owners and operators must be obtained in order to proceed with licensing or applying to complete</p>	<p>Updated subtitle to provide more clarity.</p> <p>Regulation reference was removed as section 35(3) is repealed.</p> <p>Updated wording to provide clarity.</p>

<p>obtained in order to proceed with licensing or applying to complete the proposed off-target well.</p> <p>If the encroached upon offset lease is commonly-owned, a company may provide their own consent for an off-target well completion to be located within 50 m of the drainage unit edge.</p> <p>If the encroached upon offset lease is diversely-owned, written consent from mineral owners/operators and other impacted parties must be obtained. Public notice will not be accepted in place of written consent.</p>	<p>the proposed off-target well.</p> <p>If the encroached-upon drainage unit involves commonly-owned lands, a licensee must provide consent for an off-target well completion to be located within 50 m of the drainage unit edge.</p> <p>If the encroached-upon drainage unit involves diversely-owned lands, written consent from the offsetting mineral owners/operators and other impacted parties must be obtained. Public notice will not be accepted in place of written consent.</p>	
<p><b>3. Process for Licensing Off-Target Wells</b></p> <p>The processes that must be followed before licensing an off-target well may vary based on the type of off-target well being proposed. The following subsections provide examples of the processes that must be followed for off-target wells, and for the four identified types of off-target wells: development; exploratory; surface obstruction/topographic; and uneconomic well in the drainage unit.</p> <p>Appendix 2 contains a flow chart illustrating the decisions required when applying to license an off-target well.</p>	<p><b>3. Process for Licensing an Off-Target Well Completion</b></p> <p>The processes that must be followed before licensing an off-target well may vary based on the type of off-target well completion being proposed. The following subsections provide examples of the processes that must be followed for the four types of off-target well completions identified in section 2.2.</p> <p>Appendix 2 contains a flowchart illustrating the decisions required when applying to license an off-target well.</p>	<p>Updated subtitle for clarity.</p> <p>Updated verbiage and included reference to <i>section 2.2</i> to provide clarity.</p>
<p><b>3.1 Diversely-Owned Drainage Unit Encroaching Off-Target Wells</b></p> <p>Where the proposed well is found to encroach upon a diversely owned drainage unit, consents or public notice is required. See Directive PNG009 for more details about the requirements for consent letters and the public notice process.</p>	<p><b>3.1 Encroachment Upon Target Area of Diversely-Owned Land</b></p> <p>Where the proposed well completion is found to encroach upon a target area of a drainage unit on diversely-owned land, a consent or public notice is required to obtain a waiver of an off-target penalty. See Directive PNG009 for more details about the requirements for consent letters and the public notice process.</p> <p>If an encroached-upon party objects to the waiver of the off-target well penalty, the proposed well completion will be subject to an off-target penalty. No technical support is needed to object to the waiver of the off-target penalty.</p>	<p>Updated subtitle to be more specific.</p> <p>Updated wording to provide clarity including additional information on requirement for an off-target waiver objection.</p>

<p><b>3.2 Development Off-Target Wells</b></p> <p>The first step before submitting a well licence application for an off-target development well is to assess if the well is off-target to diversely-owned parties. If an off-target well is determined to be encroaching on diversely-owned land, follow the steps below.</p> <p>If applying for waiver of off-target penalty when offsetting diversely owned drainage units:</p> <ul style="list-style-type: none"> <li>• The company must send the location of the proposed well and waiver of off-target penalty to public notice</li> <li>• If there is no objection to the application the company may proceed with the licence application and disclose accordingly</li> <li>• If an objection to the location of the well is received, the objecting party must submit technical reasoning (e.g., geological or reservoir implications of the location of the proposed well) to the applicant for the objection to be considered valid. A company may receive an objection in relation to the location or waiver of penalty and work to resolve it prior to making any submissions to ER.</li> <li>• If there are unresolved objections to the location of the well, the company may still apply for an off-target well licence. Part of the application must include copies of the public notification, the objection information and all details of attempts to resolve the conflict.</li> </ul> <p><i>Note:</i>  <i>If there are unresolved objections to the location of the well and a company has plans to proceed to apply for a well licence, the company should have supporting documentation on record (e.g., survey plan, contour maps, isopach maps, geological discussion) that should be included as part of the public notice attachment.</i></p> <p>If an encroached-upon party lodges an objection to the waiver of the off-target well penalty, the proposed well will be subject to an off-target penalty. No technical support is needed to object to the waiver of off-target penalty.</p>	<p><b>3.2 Development Off-Target Well Completions</b></p> <p>If an off-target development well completion is determined to be encroaching on an adjacent target area of a diversely-owned land, the licensee must proceed with public notice for the location of the off-target well completion. Should an off-target penalty apply, the licensee can choose to include the waiver of the off-target penalty in the same Public Notice for the well location or obtain consent as identified in section 3.1.</p> <p>Upon completion of the public notice process, the licensee may submit an off-target well licence application and must disclose that a public notice has been completed.</p> <p>A licensee may receive an objection to the proposed off-target development well completion location and work to resolve it prior to making any submissions to ER.</p> <p>If there are unresolved objections to the location of the well, the licensee may still apply for an off-target well licence. That licence application must include copies of the public notification, the objection information, and all details of attempts to resolve the conflict. The licensee must have supporting documentation of the licence application (e.g., survey plan, contour maps, isopach maps, geological discussion).</p> <p>If the proposed off-target development well is encroaching on an adjacent target area of a commonly-owned land public notice is not required.</p>	<p>Updated the subtitle to reflect PNG007 reference to well completions.</p> <p>Amended to provide a clear process for regulatory actions to take when:</p> <ul style="list-style-type: none"> <li>○ offsetting diversely or commonly owned lands;</li> <li>○ an objection is received for the location and waiver of the off-target penalty for offsetting diversely owned lands;</li> <li>○ no objection is made to the application; and</li> <li>○ an unresolved objection to the application exists.</li> </ul>
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<p>If the proposed off-target development well is offsetting commonly-owned land, no additional work is required and an off-target penalty would not apply.</p>		
<p><b>3.3 Exploratory, Surface Obstruction/Topographic, or Uneconomic Wells in the Drainage Unit Off-Target Wells</b></p> <p>For these types of off-target wells, first assess if the well is off-target to diversely-owned parties. Options to proceed if offsetting diversely owned drainage units include:</p> <ul style="list-style-type: none"> <li>• the company may choose to accept that an off-target penalty be applied to the well completion</li> <li>• the company may send the waiver of the off-target penalty to public notice</li> <li>• the company may obtain consents from all encroached upon parties to waiver of the off-target penalty</li> </ul> <p>If an encroached-upon party lodges an objection to the waiver of the off-target well penalty, the proposed well will be subject to an off-target penalty. No technical support is needed to object to the waiver of off-target penalty.</p> <p>If the proposed off-target well is offsetting commonly-owned land, no additional work is required and an off-target penalty would not apply.</p> <p>Surface obstruction and topographic off-target wells should be clearly justified by including details on the proposed well survey. A company should have on record supporting documentation that provides justification as to why directional drilling was not an option.</p>	<p><b>3.3 Exploratory, Surface Obstruction/Topographic, or Uneconomic Well Completions</b></p> <p>Public notice or consent is required for the waiver of an off-target penalty for the above types of well completions as per Section 3.1 only. For example, a new well being licensed that is off-target due to the reasons of this section, public notice or consent would be required for the waiver of an off-target penalty but would not be required for the proposed drilling location if the well was off-setting diversely-owned lands.</p> <p>Surface obstruction/topographic off-target well completions should be clearly justified by including details on the proposed well survey. A licensee should have on record supporting documentation that provides justification as to why directional drilling was not an option.</p> <p>Options to proceed if these types of off-target well completions are encroaching on the target area of a diversely-owned land are detailed in Appendix 2.</p>	<p>Updated subtitle for more clarity.</p> <p>Reworded to provide clarity and to set out the Public Notice requirements between development well completion and the other off-target well completion types.</p>
<p><b>4.</b></p>	<p><b>4. Reclassification/Recompletion Off-Target Well Completions</b></p> <p>Proposed well completions that are submitted through a reclassification or recompletion application must still be within the target area to be deemed on target. A well may have multiple completions that are both on and off-target due to differences in the pool orders. In such a case, the proposed well completion must follow the target area for the</p>	<p>Introduced Section 4 to provide clarity on how a recompleted or reclassified well completion is:</p> <ul style="list-style-type: none"> <li>• subject to target area requirements as per the pool order or spacing area order; and</li> <li>• subject to off-target penalty and the necessary steps to take should a penalty apply;</li> </ul>

	<p>proposed pool. If a proposed well completion is off-target, it is still subject to off-target penalties if it is encroaching on diversely-owned land.</p> <p>Public notice requirements are applicable in relation to obtaining a waiver of the off-target penalty as per Section 3.1. If the proposed well completion will be off-target, it should be indicated on the reclassification or recompletion form and the off-target penalty should be identified by the applicant. Public notice documentation or consents must be attached with the application for the waiver of off-target penalty.</p>	<p>The new section also provides clarity on steps to take if the drainage edge regulation is breached as detailed under subsection 2.5.</p>
<p><b>Appendix 1: How to Calculate Encroachment of Adjacent Target Areas</b></p> <p>Example 1: DU = 1 LSD, TA = a rectangle situated in the southeast corner of the DU, having the north and west sides located 200 m from the south and east sides of the DU.</p> <p>Proposed off-target well is located 515 m S of N and 503 m W of E.</p> <p>[Diagram]</p> <p>Example 2: DU = 2 LSDs, TA = the sides of the target area are located 100 m from and parallel to the corresponding sides of the odd-numbered LSD.</p> <p>For 2 LSD Spacing, when the proposed well completion is on the short side of the target area in the drainage unit, adjacent drainage units in all directions of the proposed drainage unit can be encroached upon.</p> <p>Proposed off-target well is located 661 m S of N and 856 m W of E.</p> <p>[Diagram]</p> <p>Example 3: DU = 2 LSDs, TA = the sides of the target area are located 100 m from and parallel to the corresponding sides of the odd numbered LSD.</p>	<p><b>Appendix 1: How to Calculate Encroachment of Adjacent Target Areas</b></p> <p>Example 1: DU = 1 LSD, TA = a rectangle situated in the southeast corner of the DU, having the north and west sides located 200 m from the south and east sides of the DU.</p> <p>Proposed off-target well completion is located 515 m S of N and 503 m W of E.</p> <p>[Diagram]</p> <p>Example 2: DU = 2 LSDs, TA = the sides of the target area are located 100 m from and parallel to the corresponding sides of the odd-numbered LSD.</p> <p>For 2 LSD Spacing, when the proposed well completion is on the short side of the target area in the drainage unit, adjacent drainage units in all directions of the proposed drainage unit can be encroached upon.</p> <p>Proposed off-target well completion is located 661 m S of N and 856 m W of E.</p> <p>[Diagram]</p>	<p>Added the term ‘completion’ for clarity, and hyphen to ‘odd-numbered’ as per ER standards style sheet.</p> <p>Diagrams accompanying each examples remain unchanged hence not shown here.</p>

<p>For 2 LSD Spacing, when the proposed well completion is on the long side of the target area in the drainage unit, the adjacent drainage units excepting the diagonal off-set drainage units, may be encroached upon.</p> <p>Proposed off-target well is located 726 m S of N and 577 m W of E.</p> <p>[Diagram]</p>	<p>Example 3: DU = 2 LSDs, TA = the sides of the target area are located 100 m from and parallel to the corresponding sides of the odd-numbered LSD.</p> <p>For 2 LSD Spacing, when the proposed well completion is on the long side of the target area in the drainage unit, the adjacent drainage units excepting the diagonal off-set drainage units may be encroached upon.</p> <p>Proposed off-target well completion is located 726 m S of N and 577 m W of E.</p> <p>[Diagram]</p>	
<p><b>Appendix 2: Flow Chart Showing the Process to License an Off-Target Well</b></p>	<p><b>Appendix 2: Flow Chart Showing the Process to License an Off-Target Well Completion</b></p>	<p>Amended the flow chart (shown below) to provide an improved visual, better clarification of the detailed process to license an off-target well, and correction of grammatical errors.</p>

## Appendix 2: Flow Chart Showing the Process to License an Off-Target Well Completion

