

Interim Directive ID 2002-03

December 20, 2002

TO: All In Situ Oil Sands Operators

PERFORMANCE PRESENTATIONS FOR IN SITU OIL SANDS SCHEMES

With the issuance of EUB *Informational Letter (IL) 94-10: Progress Reports for In Situ Oil Sands Projects* in April 1994, the Alberta Energy and Utilities Board (EUB) reduced the progress report requirements for most in situ oil sands schemes.

Recent developments, including the approval of several new in situ commercial schemes, suggest that the practical application of oil sands technology is evolving quickly. In addition, there has been a rise in equity-related issues resulting from split ownership of the gas and bitumen resources in the oil sands areas and conservation/regulatory issues related to production of gas over bitumen. Accordingly, the EUB must

- keep up to date on developments and depletion strategies within all approved in situ oil sands schemes—to do so, the EUB needs to be aware of the success or failure of each scheme, the reason(s) for success or failure, and the potential to extrapolate the success or failure of each scheme to other situations in the province;
- ensure that sufficient and reliable data are being gathered on in situ oil sands schemes and submitted to the EUB (e.g., pressures, fluid analysis, production rates); and
- monitor ongoing compliance with approval and regulatory requirements.

Accomplishing the above will ensure that informed decisions are being made by the EUB while it carries out its mandates of conservation and the orderly and efficient development of Alberta's in situ oil sands resources.

Therefore, the EUB will implement a new process for reporting the performance of in situ schemes set out in this interim directive (ID), which replaces *IL 94-10*. Clause 47 of the Oil Sands Conservations Regulations will also reflect this new requirement.

NEW REQUIREMENTS

The EUB now requires annual performance presentations for all commercial and experimental recovery schemes; this replaces the existing annual progress report requirement. For primary recovery schemes, the EUB requires triennial performance presentations (i.e., every three years),

unless, in the EUB's judgement, a more frequent performance review is necessary for a particular scheme or schemes. The features of these presentations are as follows:

- The required content of each performance presentation is summarized in the attached table and includes fundamental issues of scheme performance (in most cases this makes up the majority of the presentation), approval and regulatory compliance, and future plans.
- Copies of the slides/overheads used in the presentation (two copies in paper form and one copy in electronic format) are to be submitted to the EUB. No separate supplemental reporting is required.
- The information presented and submitted to the EUB should be current (i.e., based on the scheme performance up to the time of the presentation). The information for commercial and primary schemes will be made available publicly, while that for experimental schemes will be retained as confidential, pending future release.
- The EUB is responsible for deciding the timing and location of the annual presentations. Noncompliance on the part of the operator would be dealt with as a Level-1 minor noncompliance event, in accordance with EUB *IL 99-4: EUB Enforcement Process, Generic Enforcement Ladder, and Field Surveillance Ladder*. For the primary schemes, the EUB will endeavour to schedule roughly one-third of the schemes for presentation every year.
- Operators with multiple schemes will be given the opportunity for a combined presentation, if appropriate.
- Attendance will be restricted to only the individual operator, working interest owners, and EUB staff, unless additional parties are agreed to by mutual consent.

Over the past year, EUB staff conducted a trial evaluation of the performance presentation concept. These new requirements reflect the experience gained from this trial period and some feedback received from individual operators and the Canadian Association of Petroleum Producers (CAPP).

EXEMPTION

To qualify for reduced frequency or exemption, the EUB will consider requests, in writing, from individual operators for schemes where

- there are no remaining performance or compliance issues,
- there are no plans for operational changes or future expansion, and
- the schemes have progressed to terminal phases.

Direct any questions on this process to Barry Christensen, EUB Resources Applications Group, at (403) 297-4102.

<Original signed by>

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Board Member

ATTACHMENT TO ID 2002-03

Content Requirements for In Situ Oil Sands Scheme Presentations

Subject	Required content ¹	Excluded content ²
Overall performance (an ongoing interpretive assessment of the technical success or failure of the scheme/process)	<ol style="list-style-type: none"> 1) Brief background of the scheme and description of the bitumen recovery process (e.g., SAGD), including a map of the scheme with the existing development highlighted 2) Actual versus predicted performance, including, where appropriate: <ul style="list-style-type: none"> • original forecast (details or source) • actual production/injection rates (bitumen, gas, water, and steam) • recovery levels (percentage of bitumen in-place) • steam-oil ratio or other critical parameters used to evaluate the recovery process <p>This comparison should be in the form of descriptive text and supporting graphs and tables.</p> 3) Reasons for major differences between actual and predicted performance 4) Learnings about key reservoir and operational factors that have an impact on the success of the scheme 5) Follow-up on any issues identified during application processing or in previous presentations 6) The results of the updates to the predictive model results based on additional history matching of actual performance data, and any further refinements to calculated sweep efficiencies that have resulted 	To avoid duplication of effort, any raw data already forwarded to the EUB (e.g., individual well production data and/or graphs, pressure data)
Compliance issues (Is the operation of the scheme consistent with all conditions of the approval and existing regulations?)	<ol style="list-style-type: none"> 1) A statement confirming compliance with all conditions of the approval (provide specific list) and regulatory requirements (e.g., measurement, venting, flaring, data collection/reporting, water use/recycling, well/pad placement, and gas/bitumen (<i>ID 99-1: Gas/Bitumen Production in Oil Sands Areas – Application, Notification and Drilling Requirement</i>)) 2) If full compliance does not exist, specific issues of noncompliance and specific remedial plans for restoring compliance 3) Confirmation that commitments described in the original application have been upheld 	
Future plans	<ol style="list-style-type: none"> 1) Major activities and target dates 2) New initiatives of interest 3) Major plans that will require future applications to the EUB 4) Any changes in the overall strategy for the scheme from those described in the original application, and their relation to the key learnings above (e.g., plans to change well/pad placement, operating pressure, composition of injected fluid, water recycle) 	Minor activities, such as planned well work-overs

¹ Sufficient information must be provided to support and justify conclusions in the text. Composite summaries, tables, and graphs should be used as necessary to support or justify appropriate conclusions.

² This information is available to the EUB elsewhere or is outside the intended scope of the presentation.