

Interim Directive ID 99-1 AMENDMENT

July 22, 2003

To: All Oil, Gas, and Oil Sands Operators

FOURTH AMENDMENT TO INTERIM DIRECTIVE 99-1

On February 3, 1999, the Alberta Energy and Utilities Board (EUB) issued *Interim Directive (ID) 99-1: Gas/Bitumen Production in Oil Sands Areas—Application, Notification, and Drilling Requirements*. This amendment incorporates revisions to the EUB's requirements respecting gas production from the Wabiskaw-McMurray in the Athabasca Oil Sands Area, as announced in *General Bulletin (GB) 2003-16* and *GB 2003-28*.

1 Application Area

The gas production application areas for the Wabiskaw and McMurray are rescinded (Maps 4 and 5 of *ID 99-1*) and replaced by a single Wabiskaw-McMurray application area, as shown on Attachment 1. The description of the application criteria for the Wabiskaw and McMurray contained within the appendix of *ID 99-1* is replaced with the following:

Wabiskaw-McMurray Deposit

Applications for approval to produce gas are required for wells drilled within the Wabiskaw-McMurray application area and for wells drilled outside this area that are within or extend a Wabiskaw or McMurray Pool Order that overlaps the application area.

Previously, when a Wabiskaw-McMurray gas well drilled outside the application area discovered bitumen meeting the criteria outlined in *ID 99-1*, an application was required. With these changes, applications are no longer required outside of the new application area unless drilled into a Pool Order that overlaps the application area. Notwithstanding, oil sands leaseholders that have a local concern may request a gas shut-in review or the Board may conduct such a review on its own initiative. Drilling requirements specified in *ID 99-1* continue to apply outside the new application area.

2 Application Information Requirements

The application information requirements specified in *ID 99-1* are applicable to the Wabiskaw-McMurray application area. However, this information needs to be addressed within the context of a regional geological setting. Applicants must provide a regional geological study encompassing a minimum 15 kilometre (km) radius centered around the application well.

3 Interim Shut-in Order and Exemptions

Effective September 1, 2003, all Wabiskaw-McMurray gas production from wells within the new application area and within overlapping Pool Orders must be shut in on an interim basis unless exempted. Schedule A of Interim Shut-in Order 03-001 lists the wells subject to the interim shut-in order. In the event that Wabiskaw-McMurray gas production is occurring within the application area or within overlapping Pool Orders from wells not listed in Schedule A of the interim shut-in order, the licensee must immediately advise the EUB Resources Applications Group in writing.

Wabiskaw-McMurray gas production is exempt on an interim basis provided that

- 1) a licensee states it has evidence to show that grandfathered gas (i.e., zones completed prior to July 1, 1998) is not associated with potentially recoverable bitumen¹; or
- 2) gas production was approved after July 1, 1998, pursuant to an application under *ID 99-1*.

A licensee must notify the EUB of the wells and perforated intervals that it states are exempt. Notification of exemption must include a covering letter signed by an authorized company representative along with a list of the unique well ID, perforated interval(s), and the basis for exemption in the format shown in Attachment 2. Licensees intending to file an exemption should send a paper copy, along with an electronic version of the list (Excel format), to

Attention: Resources Applications Group
Alberta Energy and Utilities Board
640 - 5 Avenue SW
Calgary, Alberta T2P 3G4
E-mail: EUB.ExemptNotifications@gov.ab.ca

Temporary exemptions from the interim shut-in order are effective on the date of filing. Gas production for which temporary exemption notification has not been filed by September 1, 2003, must be shut in until such time as an exemption is filed. The EUB will publish a list of the exempt wells and perforated intervals on its Web site for access by all interested parties.

A licensee must have in its possession the supporting evidence it used to exempt gas production. The licensee must produce this supporting evidence within two working days, or as directed by the Board, if an exemption is contested or when audited by the EUB. If a licensee fails to produce the evidence as directed by the Board, the producing zone will be subject to immediate interim shut-in and the EUB may audit that licensee's remaining exempted gas production. Evidence of further noncompliance will result in the immediate shut in of those wells and will invoke the EUB's general enforcement process.

Decisions made respecting Wabiskaw-McMurray gas production from wells that were considered at the Surmont hearing (*Decision 2000-022*) and the Chard-Leismer hearing (*Decision 2003-023*) are unaffected by this interim shut-in order.

¹ This is bitumen in oil sands that has a minimum thickness of 10 metres with a minimum bitumen saturation of 50 per cent. Consideration must be given to the volume of the bitumen encountered, the geological depositional environment, the presence of associated water zones, and the available well control.

The interim shut-in order will supersede any existing commingling orders.

4 Pressure Data Requirements

Effective immediately, waivers previously granted regarding the collection of pressure data from EUB designated Wabiskaw-McMurray gas pools within or overlapping the application area are rescinded. For these pools the EUB requires that pressure surveys be conducted and submitted by November 1, 2003, from the greater of one well or 25 per cent of the wells in each pool. These must be bottomhole pressure surveys using the methodology described in *Guide 40: Pressure and Deliverability Testing—Oil and Gas Wells* for obtaining stabilized pressures. Variations from these requirements must be approved by the EUB.

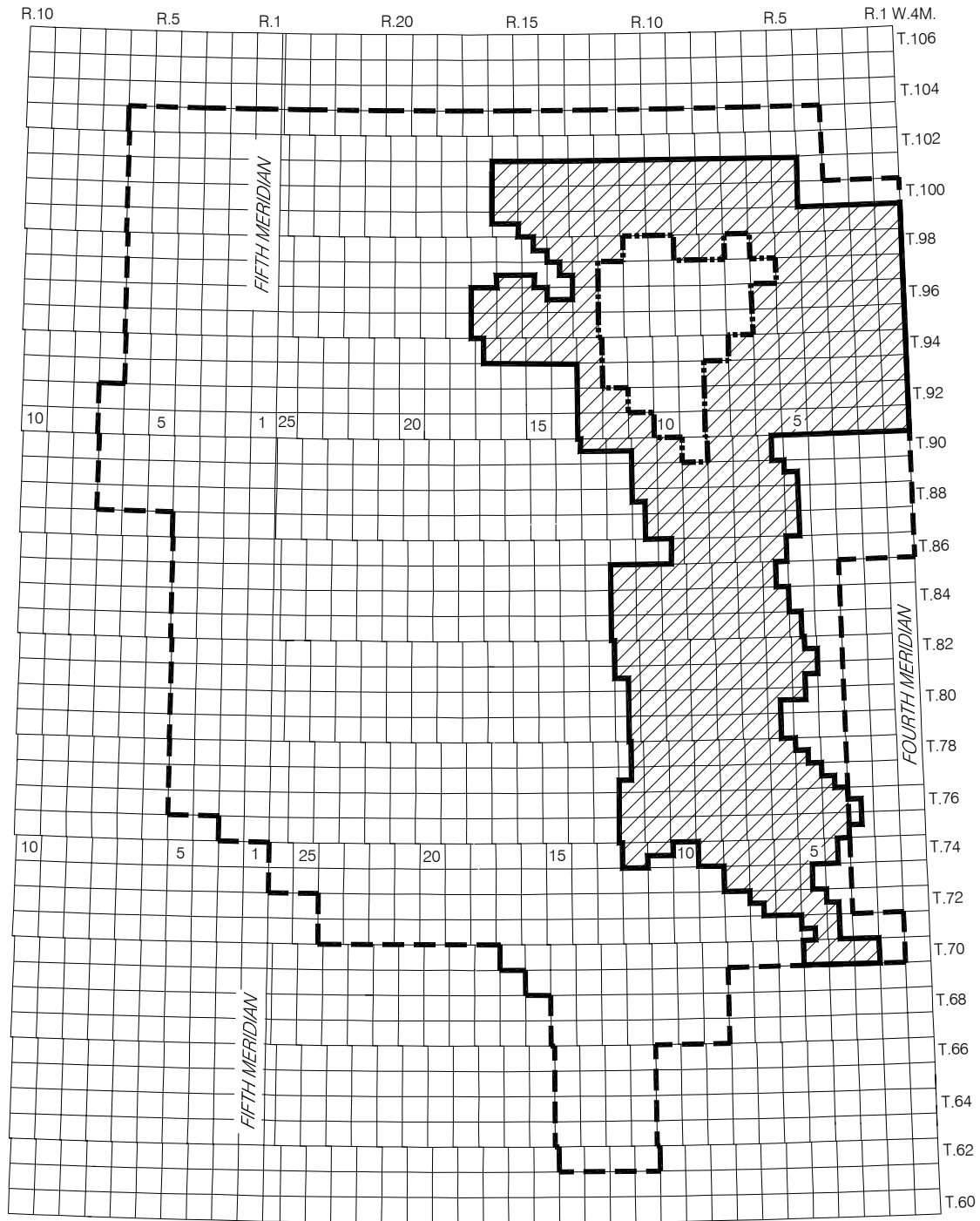
After November 1, 2003, requirements revert back to *Guide 40* or such other requirements as may be determined through consultation with industry.

Questions regarding this amendment should be directed to the EUB's Resources Applications Group at (403) 297-3561.




[Original signed by]

Neil McCrank, Q.C.
Chairman

Attachments



LEGEND

-  Athabasca Oil Sands Area
-  Wabiskaw - McMurray Gas Production Application Area
-  Excluded mineable oil sands area

Attachment 1. Wabiskaw - McMurray Gas Production Application Area



