

Directive 065 Revision Stakeholder Feedback and ERCB Responses

Proposal to Revise Commingling Processes as set out in Bulletin 2011-20

Stakeholder Feedback - Issue	Stakeholder	ERCB Response
1. Support for Proposals		
Two companies supported the proposed changes and did not bring forward any issues.	Industry	n/a
2. Elimination of notification requirements that apply to the Development Entity (DE) and self-declared (SD) commingling processes, and related publication of list of wells using the DE SD commingling processes.		
The company asked if Freehold mineral lessors still need to be notified when the lessee ownership is common or pooled as stated in excerpt from Section 3.1 of <i>Directive 065: Resources Applications for Oil and Gas Reservoirs (Directive 065)</i> .	Industry	<p>Section 3.1.3.5 A) and B) of <i>Directive 065</i> regarding notification requirements for the DE and SD commingling processes are deleted from <i>Directive 065</i> completely.</p> <p>Section 3.1.3.5 C) of <i>Directive 065</i> regarding notification requirements for applications for approval of commingling remains unchanged. Lessor notification requirements under this section remain in place regardless of whether lessee ownership is common or pooled in the area of notification.</p>
The company noticed that the list of commingled wells on the ERCB web site has wells from year 2000 included even through DE and SD commingling processes started in 2006, and requested clarification as to what processes were used for wells prior to 2006.	Industry	There is an error in the software that produces the list of wells using the DE and SD processes. The error will be fixed. There was no provision for wells to use the DE and SD commingling processes before 2006.

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3. Base of groundwater

The company requested consideration of its recommendation that the ERCB increase the limit of 5 cubic metres/month of water production to 30 cubic metres /month for coalbed methane wells producing from the Horseshoe Canyon zone within Development Entity No. 1. An increase of the water limit would be consistent with recent changes to *Directive 044: Requirements for Surveillance, Sampling, and Analysis of Water Production in Hydrocarbon Wells Completed above the Base of Groundwater Protection (Directive 044)*. The company recommends corresponding changes be made to *Directive 065* and to *Directive 017: Measurement Requirements for Oil and Gas Operations (Directive 017)*.

Industry

The relevant portions of the *Oil and Gas Conservation Regulations* for DE and SD commingling criteria that relate to the 5 cubic metres/month limitation have been amended to 30 cubic metres/month for all wells completed above the base of groundwater protection, consistent with *Directive 044*.

In addition, the ERCB has implemented corresponding changes to *Directive 065*.

The ERCB is not aware of any specific reference to the 5 cubic metres/month of water production limitation in *Directive 017*, and is not planning to revise this directive regarding this matter.

The company submitted that *Directive 044* already addresses BGWP (base of groundwater protection) issues, and therefore the ERCB should consider removing all references to a well exceeding water production of equal to or greater than 5 cubic metres/month (from *Directive 065*).

Industry

The ERCB will be replacing references to the 5 cubic metres/month limitation in *Directive 065* with 30 cubic metres/month, consistent with *Directive 044*. The ERCB will continue to monitor the water issue and may in the future consider whether it would be acceptable to remove the water limitation criterion from the Development Entity and Self-Declared commingling decision trees.

4. Amendment of the explanatory notes in *Directive 065* for the DE and SD commingling processes.

The company submitted that the ERCB should consider removing explanatory note 3 respecting the 5 cubic metre/month water production limitation in *Directive 065* for the DE and SD commingling processes, as *Directive 44* already addresses water production in wells completed above the base of groundwater protection.

Industry

The ERCB considers it prudent to monitor water production issues under *Directive 044* to determine the impacts of the revisions made to that directive. Depending on the results of that monitoring, the ERCB may in the future consider whether it would be acceptable to remove the water limitation criterion from the Development Entity and Self-Declared commingling decision trees.

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4. Amendment of the explanatory notes in Directive 065 for the DE and SD commingling processes, continued

<p>The company requested a clarification of explanatory note 11, which references the SD decision tree question: <i>Does the proposed commingling mix oil and non-associated gas?</i> Specifically, the company noted that in some cases, a well will produce non-associated gas and the liquids may be condensate or oil. It requested that the ERCB provide more information as to how the determination is made as to whether the liquid is oil or condensate, and how the well is classified as an oil well or a gas well.</p>	<p>Industry</p>	<p>The ERCB bases its classification of whether a liquid is condensate or oil on the definitions of “condensate” and “oil” as set out in section 1(1) subsections (k) and (o) of the <i>Oil and Gas Conservation Act</i>. The classifications of a gas well or an oil well are based on the definitions of “gas well” and “oil well” in section 1.020(2) subsections 8 and 12 of the <i>Oil and Gas Conservation Regulations</i>. The classifications are site specific and involve consideration of several factors including log evaluation, where the well is perforated in relation to gas/oil contacts, well performance, fluid composition, history of the pool and consistency with offsetting wells. For questions on fluid and well classifications, contact Andy Burrowes at 403-297-6566 or Harvey Nahal at 403-297-8395 of the ERCB's Reserves and Pore-Space Management Group.</p>
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5. Amendment of requirements for commingling applications to be consistent with the DE and SD commingling criteria.

<p>The company asked if the ERCB is considering removing additional testing requirements associated with SD commingling to be similar to DE commingling testing requirements.</p>	<p>Industry</p>	<p>The proposal to amend requirements for commingling applications to be consistent with DE and SD commingling criteria refers to the deletion of the DE/SD decision tree criterion: <i>Are there any water wells within a 600 m radius with a total depth less than 25 m from the top of the perforations of the well proposed for commingling?</i> The requirement to file an application results from a failure to meet one of the DE or SD decision tree criteria. As this criterion has been deleted, there is no longer any need to reference it in the application requirements.</p> <p>Well test requirements are set out in <i>Directive 040: Pressure and Deliverability Testing Oil and Gas Wells (Directive 040)</i>. The proposals regarding the commingling processes are unrelated to testing requirements and such requirements were not reviewed. When <i>Directive 040</i> is reviewed, consideration will be given to well test requirements.</p>
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6. Other Matters: non-compliance to regulations respecting commingling processes.

The company noted that currently there are a number of ways for operators to be involved in ERCB enforcement actions for administrative errors using the DE and SD decision trees. It submitted that commingling should have no high-risk enforcement action, except in relation to more serious issues such as those that may arise with respect to hydrogen sulphide for example.

Industry

The ERCB uses a risk assessment process to predetermine the level of inherent risk associated with a noncompliance for each ERCB requirement. Each noncompliant event has an associated *Low* or *High* risk rating based on the results of the risk assessment process for each ERCB requirement. The development of the ERCB's Risk Assessment Matrix is based on a standard risk assessment methodology used throughout North America. Industry stakeholders assisted the ERCB during its development and testing phase. A High or Low risk noncompliance for each ERCB requirement is based on four criteria; health and safety, environmental impact, conservation and stakeholder confidence. Each requirement is based on a typical scenario and what would typically happen if the requirement was not followed and an event occurred.

The ERCB believes that the risk assessment model was applied appropriately to the commingling program.