

Guidelines: Well Operation Approval Application

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PURPOSE OF THESE GUIDELINES

These guidelines are provided to assist with the application for a Well Operation Approval.

Disclaimer: If there is any conflict or inconsistency between these guidelines or the application form and any provision of the Yukon *Oil and Gas Act* (ACT) or its regulations, the Yukon *Oil and Gas Act* and its regulations prevail.

AUTHORITY

The Chief Operations Officer (COO) of the Oil and Gas Resources (OGR) Branch has the authority to issue a Well Operation Approval pursuant to the ACT, the *Oil and Gas Drilling and Production Regulations* (OGDPR), and the *Oil and Gas Licence Administration Regulations* (OGLAR). A copy of the Well Operation Approval must be posted on the drilling or service rig or at the licensee's field office.

WHAT IS A WELL OPERATION APPROVAL?

A "Well Operation Approval" means an authorization, issued under the ACT and Regulations, respecting the performance of an operation as specified in the OGDPR subsection 5(2) in respect of the well.

Subject to the OGDPR section 5(2), the licensee of a well shall not perform any of the following operations in respect of the well unless the licensee has obtained a Well Operation Approval from the COO in respect of that operation:

- (a) completion;
- (b) re-completion;
- (c) change of service;
- (d) workover;
- (e) suspension;
- (f) abandonment;
- (g) re-abandonment.

Contact Information



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According to the OGDPR, “well operation”, with regards to a well operation approval, means any operation as numerated in subsection 5(2) and performed in respect of the well and includes any activity related to that operation.

Pursuant to subsection 9(3) of the OGDPR, the operation must begin within 120 days from the date authorization is granted. The contractor and equipment used must be those that are identified in the application. Activities must be implemented in accordance with the Well Operation Approval and any directions of the COO.

SUBMISSION REQUIREMENTS

Before preparing an application, it is recommended that applicants discuss the proposed operation with the COO. Submit an application in a format acceptable to the COO, using the *Well Operation Approval Application* form. Mail two copies of the application to Oil and Gas Resources and e-mail a copy of the application to the COO at the addresses provided in the contact information box at the top of these guidelines. For more information, please contact Oil and Gas Resources.

TIMING OF APPLICATION

The application for a well operation approval must be submitted at least 30 days prior to the commencement date of the operation. The proposed operation may require an assessment pursuant to YESAA prior to licensing. Before submitting an application, proponents are encouraged to contact the Chief Operations Officer.

AMENDMENTS

OGDPR s 10

An application for an amendment to a Well Operation Approval must be made at least 15 days prior to the effective date of the proposed amendment.

SUSPENSION OR TERMINATION OF OPERATION

OGDPR s 11

The COO may by a notice, suspend or terminate the operation in accordance with section 11 of the OGDPR.

NOTICES RESPECTING OPERATIONS

OGDPR s 13

When there is an urgent need to carry out an operation to avoid losing control, or to regain control of a well, the licensee is exempt from the requirement to obtain a well operation approval, and must notify the Minister before the operation begins, or immediately after its beginning. A report regarding the operation must be submitted.

When an operation cannot be carried out according to the conditions of a well operation approval:

- a) the Minister must be notified immediately,
- b) the well must be left in as secure a condition as possible,
- c) the operation must not be resumed until approved by the COO.

FEES

OGDPR s 8, 9(3)(e)

The well deposit referred to in section 8 of the OGDPR must be in place before a well operation approval can be granted.

OGLAR Schedule B

There is an application fee for a well operation approval. The fee schedule can be found at: <http://www.emr.gov.yk.ca/oilandgas/formsandfees.html>.

PRIOR TO APPLYING

It is important that project planning be largely in place before applying for a well operation approval. Due to requirements regarding the *Yukon Environmental and Socio-Economic Assessment Act* (YESAA), applicants are encouraged to contact the COO early. The COO can provide guidance throughout the planning and application process with respect to the following:

The YESAA Process

Most projects and activities will be subject to an assessment process before a licence or well operation approval is issued. Assessments are done pursuant to YESAA. This Act applies throughout Yukon and to projects under the authority of federal, territorial, and First Nations governments. The Yukon Environmental and Socio-Economic Assessment Board (YESAB), and regional designated offices have been established to conduct environmental and socio-economic assessments. More information on the assessment process can be found at <http://www.yesab.ca>.

Proponents are asked to provide information on the project and the surrounding environment, the potential environmental effects, socio-economic effects directly related to the project, and mitigation proposed to eliminate or reduce these effects. The Board seeks input from federal, territorial, and First Nation governments; experts in the field; and the public. The Board then issues a recommendation report which indicates the YESAB recommendations including whether the project should proceed, what mitigation measures are required, and whether further assessment is required. Once the recommendation report is issued, Oil and Gas Resources will respond with a decision document which may accept, vary, or reject any or all of the recommendations.

An assessment under YESAA takes place separately from, and prior to, the evaluation that Oil and Gas Resources conducts when any application is received by the Branch.

Consultation and Notification Requirements

Consultation and notification with affected Yukon First Nation(s), and others affected by the proposed activity is required prior to application for a licence.

Identification Code

OGLAR section 5

Unless the COO directs otherwise, a corporation may not apply for a licence or any other authorization unless that corporation has been issued an identification code (ID code). To be issued an ID code, a corporation may apply to the COO. An applicant must be eligible to hold a licence before applying for an ID code.

The corporate profile must be updated in the month prior to the anniversary date of the ID code. The COO may direct a corporation to furnish an updated corporate profile at any time.

For more information on the ID code, please download a copy of the guidelines entitled, *Guidelines: Identification Codes, Financial Responsibility and Financial Viability* from www.yukonoilandgas.com.

Proof of Financial Assurance

The issuance of an ID code, indicates the COO has completed an assessment of a corporation's financial viability and its ability to perform its obligations as a licensee under the *Oil and Gas Act* and regulations. Therefore an application for an ID code must include a corporate profile consisting of information as directed by the COO for the purpose of assessing the corporation's financial viability in accordance with section 5 of the OGLAR.

Operations Review of the Project by OGR

Within Oil and Gas Resources, an application undergoes an operations review to ensure that the project can be conducted safely, in accordance with Yukon legislation and industry standards. The project is examined to ensure that the proposed operations comply with Yukon's *Oil and Gas Act* and its regulations.

The operations review is complete when all the required information has been received and examined, and the program operations have been assessed. Approvals may be issued with or without conditions regarding operations; or the approval may be denied.

Best Management Practices

Yukon has developed, and is continuing to develop, best management practices for oil and gas exploration and development activities. To download a copy of the Yukon *Oil and Gas Best Management Practices* brochure, visit the Oil and Gas Resources website at www.emr.gov.yk.ca/oilandgas/best_management_practices.html. While the oil and gas best management practices are not legislation, they are taken into consideration by officials at Oil and Gas Resources and influence decisions made in the course of administering the *Oil and Gas Act* and its regulations.

Land Use Permits

Land use permits are required for most activities on Yukon lands. The *Territorial Land Use Regulations* specify project requirements for permits and may apply to such oil and gas projects as clearing seismic lines, constructing an access route, or clearing a well site. Land use permits are typically issued for a period of two years with an option for a one-year extension.

A land use permit does not provide the holder exclusive rights, interest, or tenure to the land. Land use permits typically include terms and conditions to ensure that work is conducted in an environmentally safe and responsible manner.

For more information please refer to <http://www.emr.gov.yk.ca/lands/index.html>.

Water Licences

A water licence under the *Waters Act* and *Waters Regulation* may be required for certain oil and gas activities depending on the water usage and the need to discharge into a water body:

- During exploration and ice road construction, the proponent may require a water licence if water use is more than 100 m³/day.
- Stream crossings greater than five metres in width may require a water licence for culvert installation.
- Camps with a capacity of greater than 50 people per day will require a water licence for waste disposal.

During well drilling, produced water may be extracted from the formation and re-injected back to the formation or another formation that is not connected to surface or groundwater, without a licence.

For more information about the *Waters Act* and its regulations consult:
www.environmentyukon.gov.yk.ca/monitoringenvironment/aboutwaterresources.php.

Benefits Agreements

A benefits agreement is required in Yukon for all projects with estimated expenditures of more than \$1 million over a 12-month period. A benefits agreement identifies employment and training opportunities for Yukon residents including Yukon First Nations and residents of communities affected by oil and gas activity. It also identifies opportunities for Yukon businesses to supply goods and services to the licensee and the licensee's contractors. The benefits are to be commensurate with the nature, scale, duration, and cost of the project, and shall not place an excessive burden on the licensee. The agreement is negotiated by the licensee, the Yukon government, and the affected Yukon First Nation(s).

Information about Benefits Agreements can be found online at
http://www.emr.gov.yk.ca/oilandgas/authorizing_activities.html.


INSTRUCTIONS FOR COMPLETING THE WELL OPERATION APPROVAL APPLICATION

The application form is available online. After saving the document to your computer, complete the application by tabbing through the fields or placing the insertion point with a mouse click, and completing the information.

1. Date of Application.

OGDPR s 12

It is recommended that the applicant allow as much time as possible for the processing of this application, and the OGDPR requires that an application be submitted not less than 30 days before the planned start date of a well operation. Enter the format of the date as YYYY/MM/DD or use the calendar widget to choose the date of application.



The screenshot shows the top section of the application form. On the left is the Yukon Energy, Mines and Resources logo and address: Box 2703, Suite 300-211 Main Street, 3rd Floor Shopper's Plaza, Whitehorse, Yukon, Y1A 6C4. On the right is the title 'Well Operation Approval Application' followed by 'Oil and Gas Act (OGA)', 'Oil and Gas Drilling and Production Regulations (OGDPR)', and 'Oil and Gas Licence Administration Regulations (OGLAR)'. Below the title, it says 'page 1 of 6'. The first field is '1. Date of Application.' with a text input showing 'YYYY/MM/DD' and a calendar widget. A red arrow points to the date '13' in the calendar, which is highlighted. The calendar is for April 2017.

2. Well Name.

Enter the legal well name as per the original well licence.



The screenshot shows three input fields. The first is '2. Well Name.' with a long text input box. The second is '3. Well Licence #' with a text input box. The third is '4. Unique Well Identifier (UWI)' with a text input box.

3. Well Licence Number.

Enter the well licence number from the original well licence.

4. Unique Well Identifier (UWI).

OGDPR s 15

Enter the UWI from the original well licence.

5. Surface Location

OGDPR s 17

OGDR s 2, 3, 4

Enter the surface location unit, section, grid area, latitude and longitude as it appears on the original well licence. The land division system is described in sections 2, 3, and 4 of the *Oil and Gas Disposition Regulations*.

5. Surface Location.				
Unit:	Section:	Grid Area:	Latitude:	Longitude:
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

6. Surface Coordinates

Enter the surface coordinates, pool, and field as they appear on the original well licence.

6. Surface Coordinates			
N/S distance:	N/S Designation:	E/W Distance:	E/W Designation:
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Pool:	Field:		
<input type="text"/>	<input type="text"/>		

7. Identification Code of Licensee

OGLAR s 5

Enter the identification code of the Licensee. For more information about applying for an ID code, contact OGR.

7. Identification Code of Licensee (ID Code).
<input type="text"/>

8. Full Legal Name of Licensee

OGDPR s 1, Interpretation

The OGDPR defines a licensee as the holder of the Well Licence for the well according to the records of the Department. Enter the full legal name of the licensee as it appears on the well licence.

8. Full Legal Name of Licensee.
<input type="text"/>

9. Official Service Address

ACT Sections 8, 21, 57

OGDR Sections 1 (Interpretation), 13, 14, 56, Schedule 1

OGLAR Sections 7(10), 9, 10,

According to the *Oil and Gas Disposition Regulations* (OGDR), the designated representative or sole holder of a disposition must convey to the Minister, a *Notice of Official Service Address of Designated Representative or Sole Holder*. The notice may be delivered to Oil and Gas Resources by hand, courier, mail, fax, or e-mail. Notices are registered in the order they are received at the branch.

9. Official Service Address of Applicant.	
Address Line 1: <input type="text"/>	Address Line 2: <input type="text"/>
City: <input type="text"/>	Territory, Province, or State: <input type="text"/>
Country: <input type="text"/>	Postal Code / Zip Code: <input type="text"/>
Indicate the legal name of the authorized authority at the Official Service Address if different from the applicant: <input type="text"/>	
Indicate the name of the contact person at the Official Service Address.	
Name of Contact Person: <input type="text"/>	Capacity of Contact Person: <input type="text"/>
E-mail Address: <input type="text"/>	Fax Number: <input type="text"/>
Mobile: <input type="text"/>	Main Office Phone Number: <input type="text"/>

What is An Official Service Address?

In relation to an oil and gas disposition, an official service address is the address used to communicate with the designated representative or sole holder of a disposition.

Why is Notification necessary?

Every designated representative or sole holder of oil and gas rights must have one official service address. From time to time staff at Oil and Gas Resources may have contact with disposition holder(s) via the designated representative, or Licensees via their authorized agent, to provide notices and documents that are required or authorized according to the Act or any regulations under it. These documents must be delivered to the designated representative at the official service address registered to the disposition. An official service address remains in effect until it is replaced by another notice. It is the responsibility of disposition holders to keep these records up to date with the branch.

In relation to a license, in accordance with the Oil and Gas Licence Administration Regulations sections 9 and 10, when a licensee is ineligible to hold a licence by reason of the dissolution of the licensee as a corporation, notice shall be given at the Official Service Address or at the last known address of that licensee in spite of its dissolution.

There are no fees to register an official service address. For more information, please see the guidelines for the official service address available at www.yukonoilandgas.com.

10. Licensee contact information.

Please provide contact information for a person authorized to speak on behalf of the licensee.

10. Licensee Contact Information.	
Name of Contact Person:	Title or Capacity of Contact Person:
<input type="text"/>	<input type="text"/>
Mobile:	Fax Number:
<input type="text"/>	<input type="text"/>
E-mail address:	
<input type="text"/>	
Address Line 1:	Address Line 2:
<input type="text"/>	<input type="text"/>
City:	Territory, Province, or State:
<input type="text"/>	<input type="text"/>
Country:	Postal Code / Zip Code:
<input type="text"/>	<input type="text"/>

11. Well Operations Contractor.

OGDPR s 9

Please provide information on the contractor who will perform the proposed well operation. In accordance with section 9(3)(b) of the OGDPR, “the contractor and the equipment identified in the application for the well operation approval must be used in the operation”.

11. Well Operations Contractor.	
FULL LEGAL NAME:	
<input type="text"/>	
Name of Contact Person:	Title or Capacity of Contact Person:
<input type="text"/>	<input type="text"/>
Mobile:	Fax Number:
<input type="text"/>	<input type="text"/>
E-mail address:	
<input type="text"/>	
Address Line 1:	Address Line 2:
<input type="text"/>	<input type="text"/>
City:	Territory, Province, or State:
<input type="text"/>	<input type="text"/>
Country:	Postal Code / Zip Code:
<input type="text"/>	<input type="text"/>

12. Purpose of Application.

OGDPR section 1 Interpretation

The purpose of the application can include one or any number of the following. Please indicate all that apply.

12. Purpose of Application. Select all that apply.

<input type="checkbox"/> Abandonment	<input type="checkbox"/> Suspension	<input type="checkbox"/> Workover	<input type="checkbox"/> Change of Service
<input type="checkbox"/> Re-Abandonment	<input type="checkbox"/> Completion	<input type="checkbox"/> Re-Completion	

Abandonment and re-abandonment: “abandoned”, in relation to a well, means a well that has been permanently plugged and whose well site has been cleaned up, in accordance with the Act and Part 7 of the OGDPR.

Suspension: “suspended”, in relation to a well, means a well in respect of which drilling or production operations have temporarily ceased and which is plugged in accordance with Part 7.

Completion and re-completion: “completed”, in relation to a well, means a well that has been prepared to permit the

- (a) production of fluids from the well,
- (b) observation of the performance of a formation,
- (c) injection of fluids into the well, or
- (d) disposal of fluids into the well.

Completion is the first completion in a newly drilled well.

Re-completion: is abandonment or suspension of one zone while completing a different zone. It is the process of completing an existing wellbore for production from a different formation from that in which the well was previously completed.

Workover: “workover” means any operation in respect of a well that requires the removal of the christmas tree of the well except when the christmas tree is removed in the course of the completion, re-completion, suspension, abandonment or re-abandonment of the well.

Change of Service: the change of the purpose for which a well was initially licensed.

13. Well Type.

Please indicate the type of well.

13. Well Type.

<input type="checkbox"/> Disposal	<input type="checkbox"/> Injection	<input type="checkbox"/> Production	<input type="checkbox"/> Experimental
<input type="checkbox"/> Observation	<input type="checkbox"/> Storage		
<input type="checkbox"/> Other:	<div style="border: 1px solid #ccc; height: 20px; width: 580px;"></div>		

14. Well Classification.

OGDPR s 16

Please indicate the well class:

14. Well Classification.

☐ Development

☐ Exploratory Outpost

☐ Exploratory Wildcat

Development

A well or portion of a well may be classified as a development well when it is located in a spacing area that is in or contiguous to a designated pool in the same geological formation.

Exploratory Outpost

A well or portion of a well may be classified as an exploratory outpost well when it is located at a distance greater than one spacing area and less than 7 km from a designated pool.

Exploratory Wildcat

A well may be classified as an exploratory wildcat well when it is located not nearer than 7 km to a designated pool.

15. Objective zones.

List the objective zones for the operation.

15. Objective Zone(s).

Objective Formation	Fluid (Oil/Gas/Water)	Depth (m TVD)

16 and 17. Sour Well?

OGDPR section 1 Interpretation

A “sour well” means a well that produces or is capable of producing sour gas or is expected to encounter sour gas bearing formations during drilling operations.

H₂S INFORMATION FOR THE PROPOSED WELL

16. Sour Well? ☐ YES ☐ NO

If “Yes” Complete #17.

17. H₂S Release Rate Well Prognosis by Potential H₂S Horizon

Attach justification for the scenarios and associated gas rates and compositions.

Formation Name	H ₂ S%	Completion/Servicing Case (m ³ /s)	Suspended/Producing Case (m ³ /s)

18. Maximum H₂S Release Rate (RR).

Provide the H₂S release rates determined and the maximum H₂S concentration expected.

18. Maximum H₂S Release Rate (RR)

	Completion/Servicing Case (m ³ /s)	Suspended/Producing Case (m ³ /s)
Maximum H ₂ S RR		

Maximum H₂S concentration encountered in well:

ppm mol/kmol %.

19. Calculated Emergency Planning Zone

OGDPR Schedule A

19. Calculated Emergency Planning Zone (EPZ)		
	Completion/Servicing Case (km)	Suspended/Producing Case (km)
Maximum calculated EPZ		
Number of occupied dwellings, public facilities, and/or places of business inside the calculated EPZ		

Distance to nearest populated area/dwelling km

Distance to nearest occupied dwelling: km

Distance to nearest surface development: km

Distance to nearest public facility: km

Distance to nearest urban centre: km

20. Blowout Prevention.

OGDPR parts 4, 6, Schedule E

Indicate if blowout prevention is planned to be used for the proposed well operation and the class of blowout prevention equipment that will be used.

20. Blowout Prevention. (OGDPR Parts 4, 6, Schedule E)

☐ Yes ☐ No Class

21. Timing of Operations.

OGDPR section 9(3)(a)

Please indicate the proposed dates for start of operations and rig release for the well operation.

21. Timing of Operations.

Proposed Commencement Date: YYYY/MM/DD

Proposed Rig Release Date: YYYY/MM/DD

22. Estimated Total Cost.

Indicate the estimated total cost of the operation.

22. Estimated Total Cost.

23. First Nations

Indicate all First Nations that will be affected by the operation.

FIRST NATIONS

23. Yukon First Nation Traditional Territory.
Select all that apply.

<input type="checkbox"/> Carcross/Tagish First Nation	<input type="checkbox"/> Champagne And Aishihik First Nation
<input type="checkbox"/> Kluane First Nation	<input type="checkbox"/> Kwanlin Dün First Nation
<input type="checkbox"/> Liard First Nation	<input type="checkbox"/> Little Salmon/Carmacks First Nation
<input type="checkbox"/> First Nation Of Na-Cho Nyäk Dun	<input type="checkbox"/> Ross River Dena Council
<input type="checkbox"/> Selkirk First Nation	<input type="checkbox"/> Ta'an Kwäch'än Council
<input type="checkbox"/> Teslin Tlingit Council	<input type="checkbox"/> Tr'ondëk Hwëch'in
<input type="checkbox"/> Vuntut Gwitchin First Nation	<input type="checkbox"/> White River First Nation

24. Trans-Boundary First Nation Traditional Territory.

Indicate all trans-boundary First Nations that will be affected by the operation.

24. Trans-Boundary First Nation Traditional Territory.
Select all that apply.

<input type="checkbox"/> Inuvialuit Regional Corporation	<input type="checkbox"/> Tetlit Gwich'in Council
<input type="checkbox"/> Other:	<input type="text"/>

25. Disclosure and Consultation

The process of disclosure and consultation must be fully documented. Also indicate if the applicant or licensee is a member of a Spill Response Coop and specify the Coop. You may provide additional information on the licensee's membership of the Spill Coop.

25. DISCLOSURE AND CONSULTATION

Indicate whether notification requirements, consultation, and confirmation of non-objection have been completed. If the answer is "No" for any group, attach a report detailing the reasons.

First Nations: ☐ Yes ☐ No
Public: ☐ Yes ☐ No
Industry: ☐ Yes ☐ No

Indicate if there are outstanding objections or concerns related to this application.
☐ Yes ☐ No

If the answer is "Yes", attach a report detailing the outstanding objections and concerns:

The applicant is a good standing member of a Spill Response Coop: ☐ Yes ☐ No ☐ N/A

Specify the Coop:

26. Benefits Agreement

ACT section 68

Benefits agreements are regulated through section 68 of the ACT, and more information can be found online at www.yukonoilandgas.com.

- | |
|--|
| 26. Benefits Agreement <input type="checkbox"/> Completed or Obtained
<input type="checkbox"/> Required
<input type="checkbox"/> Not required |
|--|

27. Signature

An authorized agent of the licensee must sign the application.

27. Signature. Indicate the name and capacity of the person signing for the applicant.	
Name of Signatory: <input type="text"/>	Capacity: <input type="text"/>
_____ Signature	Date: YYYY/MM/DD

CHECKLIST OF ATTACHMENTS

- ☐ Application fee. (OGLAR Schedule B).
- ☐ Proof of Financial Assurance. (OGLAR section 13).
- ☐ Well Operation Program.
- ☐ Safety Plan. (OGDPR Part 12 s 153(2)).
- ☐ Environmental Protection Plan. (OGDPR Part 12 s 153(3)).
- ☐ Consultation and Notification Report. (OGA s 14).
- ☐ Well deposit is in good standing. (OGDPR s 8).
- ☐ H₂S release calculations, EPZ determination, and associated maps.
- ☐ Deviations from the *Oil and Gas Drilling and Production Regulations*.
Provide detailed justification for each proposed deviation.