

November 23, 2018

## **OIL SANDS INFORMATION BULLETIN 2018-11**

### **Subject: Infill Wells – Criteria for inclusion in a SAGD Oil Sands Royalty Project without Amendment Application**

Royalty Project approvals that include lands and leases in the project description typically also include clauses in the project description which allow for the addition of subsequent wells. In the case of SAGD projects, these clauses allowed for additional well pairs to be added to the project without the requirement for a royalty project amendment application, but did not apply to additional infill production wells (individual wells not part of a well pair). Infill wells are additional production wells drilled between established producing wells, which help to increase production. The Department required an amendment application for those wells to be considered for approval in the royalty project.

Over time, the use of additional infill production wells to enhance production of SAGD projects has become increasingly common and standard. As a result, effective immediately, the Department will no longer require a company to submit an amendment application when infill wells are drilled in order for them to be included in the royalty project. These infill wells must produce entirely from Project leases in order for them to be included in the royalty project.

This will only apply to projects that already have an approved royalty project description which includes lands and leases, as well as clauses that allow for the subsequent addition of new wells. In all other cases, an application may still be necessary. We encourage all operators to contact the Department for further clarification or guidance any time you have questions or are uncertain if any activities or operations form part of the royalty project.

Questions regarding this Information Bulletin may be directed to:

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