

INFORMATIONAL NOTICE 11- 03

April 29, 2011

Mandatory Digital Submission of Multi-Spacing Unit Production Allocation

Manitoba Petroleum Branch requires that commencing May 23, 2011 the licensee of a horizontal well must submit a digital file stating the production allocation for said well.

The Crown Royalty and Incentives Regulation states:

1(1) "drainage unit" means an area determined by the director in accordance with this regulation, that

- is allocated to a horizontal well for the purpose of producing oil and gas, and
- consists of all spacing units located within 100 m of the completed interval of the horizontal well:

The Oil and Gas Act defines a spacing unit as "the area allocated to a well for the purpose of producing oil and gas from a formation"

The Petroleum Branch requires the licensee to utilize a Manitoba Land Surveyor or duly authorized assistant of a Manitoba Land Surveyor to ensure that the horizontal well allocations are accurate. The licensee will need to submit final directional surveys to the surveyor in order to ensure that production allocations can be calculated. The final directional surveys, which are still required by the Petroleum Branch as per Informational Notice 08-06 and 08-03, will need to include the intermediate casing point or the point of entry into the producing zone. The Branch will not release this information to the surveyor. Most surveyors will require a pdf and text format file. Please check with your survey company of choice to confirm their preferred requirements.

For horizontal wells, the drainage unit is to be calculated from the completed interval which is the point of entry into the producing zone where the production casing is run from surface to total driller's depth (monobore), or from the intermediate casing point to the total driller's depth of the well.

File specifications are as follows:

- The file will contain the surveyed LSD location information conforming to NAD 83 standards (appropriate UTM grid zone)
- Legal description of each of the spacing units
- Percentage of well production allocated to each spacing unit to seven decimal places
- Total production allocation must total exactly 100%
- Identify the well licence, well name
- Must be submitted both in pdf and dxf. (Other formats may be considered, but must be approved by the branch)
- File naming convention: licence_number and surface location (ltd, section, township, range, meridian) of the well. File names to be submitted in the following format: 9999_04_07_13_27W1
- Files can be submitted by CD, DVD or any other media acceptable to the branch
- Calculations to be appended to original survey plat

Multi-spacing unit production allocation files must be submitted to the Manitoba Petroleum Branch within 30 days of finished drilling to (or if you have any questions regarding the production allocation submission, please contact):

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Alternative delivery methods, rather than mail or courier, may be arranged with the Branch by request.

Should you have any technical questions regarding digital survey submission requirements to the Branch please contact:

Paul Legare, Manager, Digital Information Services at (204) 748-4263 or e-mail: paul.legare@gov.mb.ca.

Keith Lowdon
Director of Petroleum