



INTERIM DIRECTIVE 94-5

8 August 1994

TO: All Oil and Gas Operators

CONSOLIDATION OF REGULATIONS FOR OFF-TARGET PENALTY FACTOR DETERMINATION

The Energy Resources Conservation Board (the Board) will be consolidating the regulations for off-target penalty factor determination to be consistent with Interim Directive ID 94-2 (ID 94-2). This is in accordance with the proposal to the Canadian Association of Petroleum Producers, the Small Explorers and Producers Association of Canada and the Alberta Department of Energy to simplify regulations and ensure a consistent method of administration. Off-target penalty factor determination for wells spudded prior to 1 April 1994 will be reassessed in accordance with ID 94-2. The transition to the new method of off-target penalty factor determination is effective immediately and will be as follows:

- A well with an off-target penalty more severe than that determined by ID 94-2 would have its factor redetermined using the new method.
- A well with an off-target penalty less severe than that determined by ID 94-2 would retain its current factor.
- An off-target well spudded prior to 1 April 1994 that did not have an off-target penalty applied would have one determined in accordance with ID 94-2.

To facilitate the transition, the Board will review and revise the off-target penalty factors for oil wells listed in clause 8 of its MRL Order. Gas wells which are subject to an off-target penalty factor will also be reviewed and changed where appropriate. Operators will be notified of any changes to an off-target penalty factor.

The Oil and Gas Conservation Regulations will be amended in due course to include this consolidation.

Questions regarding this Interim Directive should be directed to the Board's Oil Department at 297-8547, or its Gas Department at 297-8347.

<signed by>

N.G. Berndtsson, P.Eng.
Board Member