

Reporting Procedures for Multilateral and Multi-Zone Wells

Petroleum and Natural Gas Act

This information letter is intended to clarify the reporting of oil, gas, condensate and water production from multilateral and multi-zone wells.

A **multilateral well** is a well drilled from a common vertical wellbore with multiple deviated or horizontal legs completed in a common geological zone. Information relating to bottomhole location, log parameters, pressure and production testing, completions and workovers for each leg of a multilateral well is useful for the purpose of effective reservoir management. Therefore, each leg of a multilateral well is considered to be a significant drilling and completion operation and is assigned a unique well identifier (UWI). Producers are required to submit a *Notice of Commencement or Suspension of Operations (BC11)* for each leg of a multilateral well.

For royalty purposes, multiple laterals in the same pool from the same vertical wellbore are not considered to be separate well events. They are treated the same as other measures to improve production from the pool, such as re-perforations or fracturing of the formation. Production for a multilateral well is the total production from all laterals in the same zone.

Producers are required to file a *Monthly Production Statement (BCS1)* for each UWI producing oil, gas, condensate and water in a month. For the purpose of reporting production volumes from a multilateral well on the BCS1, all oil, gas, condensate and water production from each productive leg completed in a common zone must be reported as being produced from the UWI with the lowest active event sequence.

A **multi-zone well** is a well completed in two or more zones. The reporting of production for multi-zone wells depends on whether production from each zone in the well is measured, or whether production from each zone is commingled under

a single well or area-based commingling approval. The required procedures for reporting production on the BCS1 in each situation follow.

- **Multi-zone well with measurement of each zone in the well:** Where production from each zone in a multi-zone well is measured, producers are required to report oil, gas, condensate and water production from each zone separately to the UWI for the zone.
- **Multi-zone well under a single well commingling approval:** A single well commingling approval allows a producer to commingle production from two or more zones in a well and measure the production at the surface. Under this approval, the producer must provide production test results for each completed zone in the well to the Oil and Gas Commission. Based on the production test results, the Oil and Gas Commission determines fixed allocation factors that are used by the producer to allocate total oil, gas, condensate and water production to each completed zone. Producers are required to report the production volumes allocated to each zone to a UWI for the zone.
- **Multi-zone well under an area-based commingling approval:** An area-based commingling approval allows a producer to commingle production in all multi-zone wells in a defined area. Under this approval, producers can commingle production from each completed zone in a well without being required to test production volumes from each zone. Producers are required to report total production from all commingled zones as being produced from the deepest commingled UWI.

Further Information

If you have any questions, please call us at 250 952-0192 in Victoria, or toll-free at 1 800 667-1182, or e-mail your questions to Oil&GasRoyaltyQuestions@gov.bc.ca

You can also find information on our website at www.sbr.gov.bc.ca/business/Natural_Resources/Oil_and_gas_royalties/oil_and_gas_royalties.htm

The information in this letter is for your convenience and guidance and is not a replacement for the legislation. The *Petroleum and Natural Gas Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Natural_Resources/Oil_and_gas_royalties/legislation.htm