

Integrated Resource Information System (IRIS)

Ministry of the Economy

Industry Tip

IRIS Non-Compliance Penalty Assessment Program

Date	Module/Application/Functionality	Notes
September 26, 2016	Well and Facility Infrastructure:	Initial Release
	Obligations and Reporting of Well,	
	Wellbore, Well Completion Data	

The Government of Saskatchewan is automating the non-compliance penalty assessment program for unfulfilled well data submission obligations through the Integrated Resource Information System (IRIS). The program will be phased in between October 5 and December 31, 2016.

1.0 Important Dates

When	What
October 5, 2016	Non-compliance functionality implemented through IRIS
	Release 5.4. Non-compliance sweep report becomes
	available.
October 5, 2016-December 31, 2016	Shadow-billing period. Penalties for past-due well data
	submission obligations will be assessed and billed, but
	industry will not have to pay the invoice.
October 5, 2016	First shadow-bill available in IRIS.
November 1, 2016	Second shadow-bill available in IRIS.
December 1, 2016	Third and last shadow-bill available in IRIS.
December 31, 2016	End of shadow-billing period.
First week of January	First payable non-compliance invoice available in IRIS. (Any
	past-due obligations that remain unfulfilled in IRIS at the end
	of December 2016 will be assessed penalties from the
	obligation due date.)

2.0 Introduction and Background

The Ministry of the Economy (ECON) is automating its non-compliance penalty program for past-due unfulfilled well data submission obligations through IRIS.

ECON is not introducing new non-compliance penalties. Penalizing industry for missing, late or incomplete well data is regulated through *The Oil and Gas Conservation Act*. What is changing is how the penalties are administered.

Before IRIS, non-compliance penalties were assessed manually at a well level because ECON's legacy Well Information System (WIS) had no automation capabilities to assess penalties at an individual obligation level. Non-compliance penalties of \$100 per day, per well, were assessed if one or more pieces of well data were submitted late. For example, if three well information submissions (associated reports or documents) for a well were past-due, a non-compliance penalty of \$100 per day was assessed (\$100 per day regardless of the number of data elements that were late). This non-compliance model limited ECON's ability to penalize organizations that withheld important, and in some cases, time sensitive data.

With the implementation of IRIS, ECON can now electronically monitor non-compliance for each individual obligation. Accordingly, ECON is implementing a base penalty of \$100 per day, per past-due obligation. For example, if three well submission obligations for a well are past-due, a non-compliance penalty of \$300 per day will be assessed (three late obligations at \$100 each per day). For more information see Section 3.

The timely availability of data benefits both industry and government. Industry uses well data for exploration and development purposes, while ECON uses the information for resource management and to ensure regulatory compliance. Well data is also used as an educational resource for academics. Adopting a base penalty approach is intended to encourage industry compliance in meeting data submission requirements.

The functionality to assess non-compliance penalties will be implemented in IRIS Release 5.4 on October 5, 2016. At that time, industry will have a three-month shadow-billing period where non-compliance penalties will be assessed but industry will not be required to pay the invoice. During this period, industry is encouraged to fulfill and manage outstanding well submission obligations in an effort to come into compliance before the first payable invoice in January 2017. More information is provided in Section 4.

There are tools available to help industry manage obligations and to avoid non-compliance penalties, including:

- obligation reports;
- non-compliance sweep reports;
- the ability to apply for an extension to an obligation's due date; and
- the ability to apply to waive assessed non-compliance penalties.

For more details, see Section 5.

3.0 Non-Compliance Penalties for IRIS Well Data Submission Obligations

The following chart outlines the IRIS well data submission obligations that have non-compliance penalties.

Note:

- WD=Well Drilling
- WB=Wellbore
- WC=Well Completion
- W=Well
- WL=Well Licence
- WIA=Well Infrastructure Abandonment
- FDD=Finished Drilling Date
- DAED=Drilling Activity End Date
- DED=Drilling End Date
- SDD=Start Drilling Date

Obligation Code	Short Description	Long Description	Due Date	Non- compliance fee	Assessment
WD100	Submit Drill Waste Disposal form	Attach A-1 Notification of Drilling Waste Disposal.	Finish Drilling Date plus 90 days	\$100.00	Daily
WD101	Submit Tour Report	Attach Tour Report.	Drilling End Date plus 30 days	\$100.00	Daily
WD102	Report core data	Notify Ministry the number of core taken and number of boxes within 30 days of FDD.	Finish Drilling Date plus 30 days	\$100.00	Daily
WB103	Submit core analysis	Core analysis must be submitted to Ministry within 30 days of the analysis.	Test Date plus 30 days	\$100.00	Daily

Obligation Code	Short Description	Long Description	Due Date	Non- compliance fee	Assessment
WD104	Submit core to Lab	Core must be submitted to the Ministry within 30 days of DED.	Drilling End Date plus 30 days	\$100.00	Daily
WD105	Submit DST	Drill Stem test results must be submitted within 30 days of test.	Test Date plus 30 days	\$100.00	Daily
WD106	Submit drill cuttings	Drill cuttings must be submitted within 30 days of DED.	Drilling End Date plus 30 days	\$100.00	Daily
WC107	Submit pressure test	Bottom hole pressure test must be submitted to Ministry.	Initial Completion Date plus 30 days	\$100.00	Daily
W108	Report surface casing	Surface casing required on all but shallow water wells.	Finish Drilling Date plus 30 days	\$100.00	Daily
*WIA109	Submit Cut and Cap Report	Submit Cut and Cap Report.	Abandonment Date plus 30 days	\$100.00	Daily
WIA109-1	Submit Downhole Abandon Report	Submit Downhole Abandon Report.	Abandonment Date plus 30 days	\$100.00	Daily
*WIA109-2	Submit Gas Migration/Surface Casing Report	Submit Gas Migration/Surface Casing Report.	Abandonment Date plus 30 days	\$100.00	Daily
WIA109-3	Submit Wellbore Abandonment Report	Submit Wellbore Abandonment Report.	Abandonment Date plus 30 days	\$100.00	Daily
WIA109-4	Submit Completion Abandonment Report	Submit Completion Abandonment Report.	Abandonment Date plus 30 days	\$100.00	Daily
WC111	Report contact intervals	Every completion requires contact intervals to be entered on every wellbore that is part of that completion.	Initial Completion Date plus 30 days	\$100.00	Daily
WB112	Report casing	Every boss wellbore requires casing to be reported.	Finish Drilling Date plus 30 days	\$100.00	Daily

Obligation Code	Short Description	Long Description	Due Date	Non- compliance fee	Assessment
WD113	Report rig release within 7 days of actual release	Once a drilling activity start date is reported, the remaining drilling information must be submitted within 7 days of the drilling actual activity of rig release date.	Rig Release Date plus 7 days	\$100.00	Daily
WB130	Manual Wellbore Obligation	Manual Wellbore Obligation.	Assigned when the obligation is created	\$100.00	Daily
WC131	Manual Wellbore Completion Obligation	Manual Wellbore Completion Obligation.	Assigned when the obligation is created	\$100.00	Daily
W132	Manual Well Obligation	Manual Well Obligation.	Assigned when the obligation is created	\$100.00	Daily
WL133	Manual Well Licence Obligation	Manual Well Licence Obligation.	Assigned when the obligation is created	\$100.00	Daily
WD134	Manual Well Drilling Activity Obligation	Manual Well Drilling Activity Obligation.	Assigned when the obligation is created	\$100.00	Daily
WC019	Submit Maximum Wellhead Injection Pressure Report	This well is subject to a maximum wellhead pressure to be determined in accordance with the Disposal and Injection Well Requirements Directive. Submit MWHIP Report.	Initial Completion Date plus 30 days	\$100.00	Daily
WD020-1	Submit Geological Report	Attach a Geological Report for every horizontal drilling activity.	Drilling End Date plus 30 days	\$100.00	Daily
W021	Submit as-drilled survey	As-drilled survey plan for each horizontal, slant or directionally drilled well must be submitted to the Ministry within 30 days of the finished drilling date.	Finish Drilling Date plus 30 days	\$100.00	Daily

Obligation Code	Short Description	Long Description	Due Date	Non- compliance fee	Assessment
W021-1 (Will become obsolete in a future release of IRIS)	Submit revised as- drilled survey	A revised as drilled survey plan is required when additional drilling occurs (adding or extending a leg); the as drilled survey must show all drilled legs and sidetracks.	Drilling End Date plus 30 days	\$100.00	Daily
WD021-2	Submit revised as- drilled survey	A revised as drilled survey plan is required when additional drilling occurs (adding or extending a leg); the as drilled survey must show all drilled legs and sidetracks.	Drilling Activity End Date plus 30 days	\$100.00	Daily
WB022	Submit directional survey	A directional survey for each directionally drilled, slant and horizontal leg and sidetrack drilled must be submitted to the Ministry within 30 days of the finished drilling date.	Finish Drilling Date plus 30 days	\$100.00	Daily
WB022-1	Submit revised directional survey	Original directional survey is rejected a revised directional survey will be required. (Each horizontal leg and sidetrack and each directionally drilled or slant well must submit a directional survey).	Drilling Activity End Date plus 30 days	\$100.00	Daily
W023	Abandon within 30 days of FDD	Well must be abandoned after repair is complete.	Finish Drilling Date plus 30 days	\$100.00	Daily

Obligation Code	Short Description	Long Description	Due Date	Non- compliance fee	Assessment
WB023-3	Submit build lithological log	Submit lithological logs build (must be entered separately and intervals must be entered separately).	Drilling Activity End Date plus 30 days	\$100.00	Daily
WB023-4	Submit lateral lithological log	Submit lithological logs lateral (must be entered separately and intervals must be entered separately).	Drilling Activity End Date plus 30 days	\$100.00	Daily
**WB024-2	Submit cased neutron porosity log MD	Submit Neutron Log - Measured Depth in .tif format.	Currently 'Drilling Activity End Date plus 30 days' but changing to 'Initial Completion plus 30 days' with a future release of IRIS	\$100.00	Daily
**WB024-3	Submit cased neutron porosity log TVD	Submit Neutron Log - True Vertical Depth in .tif format.	Currently 'Drilling Activity End Date plus 30 days' but changing to 'Initial Completion plus 30 days' with a future release of IRIS	\$100.00	Daily
**WB024-4	Submit cased neutron log MD & TVD LAS file	Submit Neutron Log - in .las format.	Currently 'Drilling Activity End Date plus 30 days' but changing to 'Initial Completion plus 30 days' with a future release of IRIS	\$100.00	Daily
***WB025-2	Submit open hole induction log MD	Submit open hole Induction Log - Measured Depth in .tif format.	Drilling Activity End Date plus 30 days	\$100.00	Daily
***WB025-3	Submit open hole induction log TVD	Submit open hole Induction Log - True Vertical Depth in .tif format.	Drilling Activity End Date plus 30 days	\$100.00	Daily

Obligation Code	Short Description	Long Description	Due Date	Non- compliance fee	Assessment
***WB025-4	Submit open hole sonic or neutron log MD	Submit Neutron Log - Measured Depth in .tif format.	Drilling Activity End Date plus 30 days	\$100.00	Daily
***WB025-6	Submit open hole sonic or neutron log TVD	Submit Neutron Log - True Vertical Depth in .tif format.	Drilling Activity End Date plus 30 days	\$100.00	Daily
***WB025-7	Submit induction, sonic and/or neutron LAS file	Submit Induction, Sonic and/or Neutron Log - in .las format.	Drilling Activity End Date plus 30 days	\$100.00	Daily
WB025-8 (Will become obsolete in a future release of IRIS)	Submit cased hole induction log MD	Currently 'Submit Induction Log - Measured Depth in .tif format'.	Currently 'Drilling Activity End Date plus 30 days' but will become obsolete with a future release of IRIS	\$100.00	Daily
WB025-9 (Will become obsolete in a future release of IRIS)	Submit cased hole induction log TVD	Currently 'Submit Induction Log - True Vertical Depth in .tif format'.	Currently 'Drilling Activity End Date plus 30 days' but will become obsolete with a future release of IRIS	\$100.00	Daily
WB027	Submit cement bond log	A cement bond log is to be run and submitted.	Currently 'Finish Drilling Date plus 30 days' but changing to 'Completion plus 30 days' with a future release of IRIS	\$100.00	Daily
WB027-1	Submit cement bond log interpretation	A cement bond log is to be run. The log and interpretation is to be submitted.	Currently 'Finish Drilling Date plus 30 days' but changing to 'Completion plus 30 days' with a future release of IRIS	\$100.00	Daily
WC028	Submit gas test	A 4 point isochronal or modified isochronal test is required for a new gas completions.	Initial Completion Date plus 30 days	\$100.00	Daily

Obligation Code	Short Description	Long Description	Due Date	Non- compliance fee	Assessment
WC029	Submit fluid analysis	An oil fluid analysis is required for oil or condensate completions within an undefined pool.	Currently 'Initial Completion Date plus 30 days' but changing to 'On Production Date plus 30 days' with a future release of IRIS	\$100.00	Daily
WB030	Report depth and coordinate data	Update depths and coordinates.	Drilling End Date plus 30 days	\$100.00	Daily
WB031	Report geological markers	Submit geological markers.	Finish Drilling Date plus 30 days	\$100.00	Daily
WC032	Submit Completion Report	Attach Completion Report.	Initial Completion Date plus 30 days	\$100.00	Daily
W033	Submit Fracture Report	If the completion has been fractured a frac report must be submitted.	Fracture Treatment Date plus 30 days	\$100.00	Daily
WD008	Report start of drilling within 1 day	Licensee must notify the Ministry within 1 day after commencing any drilling activity on the well.	Start Drilling Date plus 1 day	\$100.00	Daily

^{*} Obligations WIA109 and WIA109-2 will become obsolete in a future release of IRIS and replaced with a new obligation that will require industry to submit the cut and cap report and the gas migration/surface casing report within seven (7) days of the abandonment date.

^{**} These obligations were formerly grouped under Obligation WB024: 'Submit Cased Hole Induction Log: Cased hole logs are required as per Ministry's Guidelines' and Obligation WB024-1: 'Submit cased neutron porosity log: A cased neutron porosity log is required.' The requirements have not changed, however for added clarity, ECON has separated them into three specific obligations.

^{***} These obligations were formerly grouped under Obligation WB025: 'Submit Open Hole Sonic or Neutron Log: Open hole logs are required as per Ministry's Guidelines' and Obligation WB025-1: 'Submit open hole induction log: Open hole logs are required as per Ministry's Guidelines'. The requirements have not changed, however for added clarity, ECON has separated them into five specific obligations.

Example:

An industry operator is issued obligations to submit drill cuttings and a tour report for a well, both of which are due 30 days after the drilling end date. The due date for submission of this data is August 16, 2016. The operator submits the drill cuttings report on August 23 and the tour report on August 31. As result, the operator is assessed non-compliance penalties as follows:

Obligation	Number of days late	Penalties assessed
WD106: Submit drill cuttings	7 days late	\$700
WD101: Submit tour report	15 days late	\$1,500
	Total for well	\$2,200

4.0 Implementation of Non-Compliance Penalty Program

The non-compliance penalty program will be phased in between October 5, 2016, when the functionality is implemented with IRIS Release 5.4, and December 31, 2016.

Between October 5 and December 31, there will be a shadow-billing period where penalties for past-due unfulfilled well data obligations will be assessed and invoiced, but industry will **not** have to pay the invoice. During this period, industry can see how the non-compliance program is applied and its associated financial impact. It also provides industry time to fulfill past-due obligations to avoid penalties when the shadow-billing period ends on December 31, 2016.

Shadow-billing invoices will be run and be available in IRIS:

- October: Following implementation of IRIS Release 5.4.
- November 1, 2016
- December 1, 2016

January 2017's invoice is actual and payable, and will be issued during the first week of January. Penalties for any past-due obligations that exist in IRIS as of the end of December 2016 will be invoiced in January 2017. It's important to note that penalties are applied to any past-due unfulfilled obligation for the period from the obligation's due date to the end of December 2016. For example, if the due date for obligations to submit a tour report and drill cuttings was November 30, 2015, and the obligations remain unfulfilled at the end of December 2016, the operator will be assessed non-compliance penalties as follows:

Obligation	Number of days late	Penalties assessed
WD106: Submit drill cuttings	397 days late	\$39,700
WD101: Submit tour report	397 days late	\$39,700
To	\$79,400	

The February 2017 invoice will include penalties assessed for unfulfilled obligations with due dates prior to January 2017, as well as penalties assessed for unfulfilled obligations with January 2017 due dates. For example, if an operator has obligations to submit a tour report and drill cuttings for a well by January 12, 2017, but the obligations remain unfulfilled as of end of day on January 31, 2017, the

February invoice will reflect the number of days the obligations are past-due. In this case, the operator will be assessed non-compliance penalties as follows:

Obligation	Number of days late	Penalties assessed
WD106: Submit drill cuttings	19 days late	\$1,900
WD101: Submit tour report	19 days late	\$1,900
Т	\$3,800	

If the operator fulfills the two obligations on February 10, 2017, the March 2017 invoice will include the assessment of additional non-compliance penalties:

Obligation	Number of days late	Penalties assessed
WD106: Submit drill cuttings	10 days	\$1,000
WD101: Submit tour report	10 days	\$1,000
To	\$2,000	

Sample shadow-bill summary invoice:

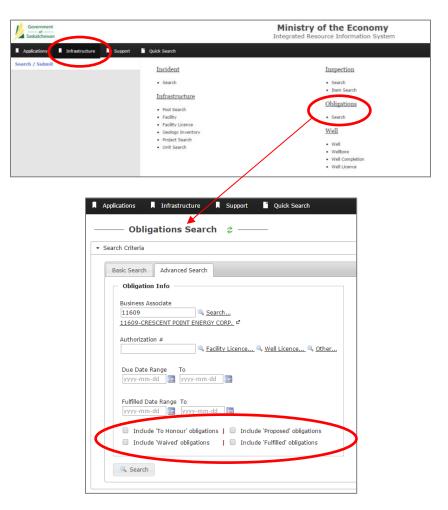
This invoice shows an obligation that was due on December 18, 2015. The obligation was met on April 6, 2016, for a total of 110 days past due (110 days x \$100 = 11,100). The detail invoice shows how many days per month the obligation was past due.



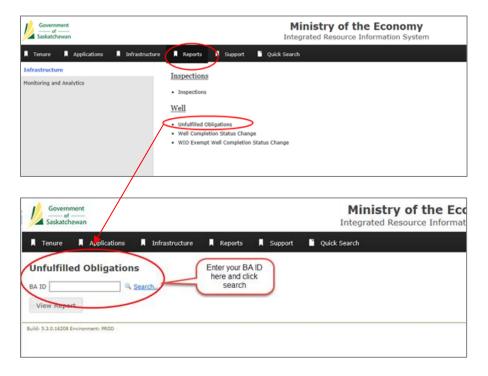
5.0 Tools Available to Manage Obligations and Avoid Non-Compliance Penalties

The following tools are available in IRIS to assist industry in managing their obligations in an effort to avoid non-compliance penalties:

• Obligations search functionality in IRIS: Industry users with the appropriate permissions can search their organization's 'To Honour', 'Waived', 'Proposed', 'Fulfilled' and 'Overdue' obligations using the advanced search capability under the 'Infrastructure' tab in IRIS:



• **Obligations report**: Industry users with the appropriate permissions can generate a report through IRIS that identifies all of the organization's obligations as well as their status.





• Non-compliance sweep report: This report will be available starting on October 5, 2016. The data within the report will be refreshed three times a day (5 AM, 12 NOON and 5 PM) and will enable industry to view and fulfill any outstanding obligations to mitigate the financial impact of penalties (reduce the number of days penalties are assessed by fulfilling the obligation). It's important to note that the sweep only reflects changes and updates as of the previous data refresh. If a user fulfills outstanding obligations at 10 AM they won't be reflected in the sweep until 12 Noon, the next scheduled data refresh.

Sample Sweep Report

Non-Compliance Detail For the most recent Actual run which took place on 2016-08-31 Run Date (YYYYY-MM-DD): 2016-09-26 Run Time: 08:58:44 AM												
BA ID	BA ID Name	Non-Compliance Type	Non-Compliance Identifier	Attached To	Identifier Type	Identifier	Obligation Code	Obligation Message	Due Date	Fulfilled Date	Days Non- Compliant	
		Infrastructure Obligation	2087	Well Drilling Activity	Well Licence	14J138	WD100	Attach A-1 Notification of Drilling Waste Disposal.	2015-12-31	2016-01-07		
		Infrastructure Obligation	3180	Well Drilling Activity	Well Licence	14J132	WD020-1	Attach a Geological Report for every horizontal drilling activity.	2015-12-18	2016-04-06	11	
		Infrastructure Obligation	3183	Wellbore	Well Licence	14J132	WB031	Submit geological markers.	2015-12-18	2015-12-21		
		Infrastructure Obligation	3196	Well Drilling Activity	Well Licence	14J131	WD008	Licensee must notify the Ministry within 1 day after commencing any drilling activity on the	2015-11-19	2015-11-25		
		Infrastructure Obligation	3197	Wellbore	Well Licence	14J131	WB030	Update depths and coordinates.	2015-11-28	2015-12-02		
		Infrastructure Obligation	3198	Wellbore	Well Licence	14J131	WB031	Submit geological markers.	2015-11-28	2015-12-21	2	
		Infrastructure Obligation	3200	Well Drilling Activity	Well Licence	14J131	WD020-1	Attach a Geological Report for every horizontal drilling activity.	2015-11-28	2016-04-06	13	
		Infrastructure Obligation	3201	Well Drilling Activity	Well Licence	14J131	WD101	Attach Tour Report.	2015-11-28	2015-12-07		
		Infrastructure Obligation	3203	Well Drilling Activity	Well Licence	14J131	WD113	Once a drilling activity start date is reported, the remaining drilling information must be	2015-11-19	2015-11-25		
		Infrastructure Obligation	3206	Well Drilling Activity	Well Licence	14J129	WD008	Licensee must notify the Ministry within 1 day after commencing any drilling activity on the	2015-11-19	2015-11-25		
		Infrastructure Obligation	3207	Wellbore	Well Licence	14J129	WB030	Update depths and coordinates.	2015-12-04	2015-12-07		
		Infrastructure Obligation	3208	Wellbore	Well Licence	14J129	WB031	Submit geological markers.	2015-12-04	2015-12-21		
		Infrastructure Obligation	3210	Well Drilling Activity	Well Licence	14J129	WD020-1	Attach a Geological Report for every horizontal drilling activity.	2015-12-04	2016-04-06	12	
		Infrastructure Obligation	3211	Well Drilling Activity	Well Licence	14J129	WD101	Attach Tour Report.	2015-12-04	2015-12-07		
		Infrastructure Obligation	3213	Well Drilling Activity	Well Licence	14J129	WD113	Once a drilling activity start date is reported, the remaining drilling information must be	2015-11-19	2015-11-25		
		Infrastructure Obligation	4035	Well Completion	Well Licence	65C110	WC032	Attach Completion Report.	2015-11-19	2016-03-18	1:	
		Infrastructure Obligation	5184	Wellbore	Well Licence	15K057	WB030	Update depths and coordinates.	2016-01-18	2016-01-21		
		Infrastructure Obligation	5185	Wellbore	Well Licence	15K057	WB031	Submit geological markers.	2016-01-18	2016-01-21		
		Infrastructure Obligation	5186	Wellbore	Well Licence	15K057	WB112	Every boss wellbore requires casing to be reported.	2016-01-18	2016-01-21		
		Infrastructure Obligation	5187	Well Drilling Activity	Well Licence	15K057	WD020-1	Attach a Geological Report for every horizontal drilling activity.	2016-01-18	2016-03-17		
		Infrastructure Obligation	5389	Wellbore	Well Licence	15H218	WB031	Submit geological markers.	2016-01-10	2016-02-02	2	
		Infrastructure Obligation	5398	Well Drilling Activity	Well Licence	15K059	WD008	Licensee must notify the Ministry within 1 day after commencing any drilling activity on the	2015-12-05	2015-12-07		
		Infrastructure Obligation	5432	Well Drilling Activity	Well Licence	15K061	WD008	Licensee must notify the Ministry within 1 day after commencing any drilling activity on the	2015-12-06	2015-12-07		
		Infrastructure Obligation	5484	Well Drilling Activity	Well Licence	15K063	WD020-1	Attach a Geological Report for every horizontal drilling activity.	2016-02-10	2016-04-06		
		Infrastructure Obligation	6059	Well Drilling Activity	Well Licence	15K059	WD020-1	Attach a Geological Report for every horizontal drilling activity.	2016-03-09	2016-04-08	3	
		Infrastructure Obligation	6062	Well Drilling Activity	Well Licence	15K059	WD113	Once a drilling activity start date is reported, the remaining drilling information must be	2016-02-16	2016-03-01		
		Infrastructure Obligation	6066	Well Drilling Activity	Well Licence	15K061	WD020-1	Attach a Geological Report for every horizontal drilling activity.	2016-02-12	2016-04-06		
		Infrastructure Obligation	6067	Well Drilling Activity	Well Licence	15K061	WD101	Attach Tour Report.	2016-02-12	2016-05-12	9	

Industry can also:

- Apply for an extension to the obligation's deadline by contacting Petroleum and Natural Gas (PNG) Support at 1-855-219-9373 or PNG.support@gov.sk.ca.
- Apply to waive an assessed non-compliance penalty through IRIS (applicable after December 31, 2016, when the shadow-billing period is done).
 - Industry users with the appropriate permissions can request a waiver for noncompliance penalties using the waiver functionality in IRIS.
 - The invoice must be paid in full before a waiver application can be made.
 - Industry has 45 days from the date of invoice to apply for a waiver of non-compliance penalties.
 - Documentation to support the waiver request must also be included with the application.

Questions?

If you have any questions or concerns, contact PNG Support at 1-855-219-9373 or PNG.support@gov.sk.ca.