

Application for Discovery Well Designation

VERSION 1.1: November 2023

About the Regulator

The BC Energy Regulator (Regulator or BCER) is the single-window regulatory agency with responsibilities for regulating oil and gas activities in British Columbia, including exploration, development, pipeline transportation and reclamation.



The Regulator's core roles include reviewing and assessing applications for industry activity, consulting with First Nations, ensuring industry complies with provincial legislation and cooperating with partner agencies. The public interest is protected by ensuring public safety, protecting the environment, conserving petroleum resources and ensuring equitable participation in production.

Vision, Mission and Values

Vision

A resilient energy future where B.C.'s energy resource activities are safe, environmentally leading and socially responsible.

Mission

We regulate the life cycle of energy resource activities in B.C., from site planning to restoration, ensuring activities are undertaken in a manner that:



Protects
public safety and the
environment



Supports reconciliation
with Indigenous peoples
and the transition to
low-carbon energy



Conserves
energy
resources



Fosters a sound
economy and social
well-being



Values

Respect is our commitment to listen, accept and value diverse perspectives.

Integrity is our commitment to the principles of fairness, trust and accountability.

Transparency is our commitment to be open and provide clear information on decisions, operations and actions.

Innovation is our commitment to learn, adapt, act and grow.

Responsiveness is our commitment to listening and timely and meaningful action.

Additional Guidance

As with all Regulator documents, this document does not take the place of applicable legislation. Readers are encouraged to become familiar with the acts and regulations and seek direction from Regulator staff for clarification.

The Regulator publishes both application and operations manuals and guides. The application manual provides guidance to applicants in preparing and applying for permits and the regulatory requirements in the planning and application stages. The operation manual details the reporting, compliance and regulatory obligations of the permit holder. Regulator manuals focus on requirements and processes associated with the Regulator's legislative authorities. Some activities may require additional requirements and approvals from other regulators or create obligations under other statutes. It is the applicant and permit holder's responsibility to know and uphold all legal obligations and responsibilities. For example, Federal Fisheries Act, Transportation Act, Highway Act, Workers Compensation Act and Wildlife Act.

Throughout the document there are references to guides, forms, tables and definitions to assist in creating and submitting all required information. Additional resources include:

- [Glossary and acronym listing](#) on the Regulator website.
- [Documentation and guidelines](#) on the Regulator website.
- [Frequently asked questions](#) on the Regulator website.
- [Advisories, bulletins, reports and directives](#) on the Regulator website.
- [Regulations and Acts](#) listed on the Regulator website.

In addition, this document may reference some application types and forms to be submitted outside of the Application Management System but made available on the Regulator's website. Application types and forms include:

- Heritage Conservation Act, Section 12
- Road use permits
- Water licences
- Master licence to cut
- Certificate of restoration
- Waste discharge permit
- Experimental scheme application
- Permit extension application

Manual Revisions

The Regulator is committed to the continuous improvement of its documentation. Revisions to the documentation are highlighted in this section and are posted to the [Documentation Section](#) of the Regulator's website.

Stakeholders are invited to provide input or feedback on Regulator documentation to ServiceDesk@bc-er.ca or submit feedback using the [feedback form](#).

Version Number	Posted Date	Effective Date	Chapter Section	Summary of Revision(s)
1.0			Various	No content change is made to this document. Only the format is changed to meet the corporate documentation standard.
1.1	Nov.24, 2023	Nov.24, 2023	Various	Replace BCOGC with BCER; OGAA with ERAA; new logos, references and associations

Application for Discovery Well Designation

Background

A discovery well is a well from which, in the opinion of a designated BC Energy Regulator (Regulator) official, sufficient information has been obtained to determine that the well has encountered a previously undiscovered pool. The Drilling and Production Regulation Section 2(5), states:

An official may designate a well or portion of a well as a discovery well if a new oil or gas pool has been designated as a result of data obtained from the well.

In respect of an exploratory wildcat well (EW) Section 2(3) of the Drilling and Production Regulation states:

A well is classified as an exploratory wildcat well if the well has been designated as a discovery well.

Section 17 of the Energy Resource Activities General Regulation (General Regulation) states:

Subject to subsections (2) to (9) of this section and sections 18 to 20, 22 and 23, the Regulator must release well reports and well data, recorded with or submitted to the Regulator, from confidential status:

- c) One year after the date of release of the drilling rig for a well or portion of a well classified as an exploratory wildcat well under the Drilling and Production Regulation.
- d) One year after the date of release of the drilling or service rig for a well that has been re-entered and the well or a portion of the well has been designated as a discovery well under the Drilling and Production Regulation.

When to Make This Application

- 1) To obtain relief from off-target production penalties: An off-target production penalty does not apply to the discovery well of a gas or oil pool, for production from that specific pool, pursuant to Sections 6(5) and 7(4) of the Drilling and Production Regulation. If a well is already classified as EW, a “discovery well” application and approval is still required in order for an off-target penalty to be waived.
- 2) To extend data confidentiality: Data from a well classified as EW is held confidential for a period of one year from rig release date. Note: An operator may apply to the Regulator to hold confidential

all subsequent wells in a new pool until the release date of the pool discovery well or the release date of the subsequent well, whichever is later (General Regulation Section 22).

- 3) To extend recompletion information confidentiality: Re-completion information can be held confidential if an application for a discovery well has been received by the Regulator pursuant to General Regulation Section 17(1) (d). An application may be made based on existing well information, prior to submission of re-completion results. If approved, the re-completion information will be held confidential for a period of one year from the release of the drilling or service rig.
- 4) To obtain a royalty exemption for a new oil pool discovery: Production from the discovery well of an oil pool is royalty exempt for the first 36 producing months, subject to production allowable restrictions and a maximum oil volume limit of 11,450 cubic metres (m³) (Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation, Section 5).
- 5) To obtain consideration for federal tax credits: A well designated as a discovery well and, therefore, classified as EW may be eligible for a federal tax credit.

An application may be made at any time following drilling to designate a well as a “discovery well”. However, in order to hold well information and reports confidential, the application must be received before information has been released from confidential status. There is no specified application form.

Application can be submitted in hard copy to the attention of:

Supervisor, Energy Geoscience
2950 Jutland Rd
Victoria, B.C. V8T 5K2

Or as an e-mail attachment to:
ResourceConservation@bc-er.ca

Application Requirements

An application should include information and interpretation to support the notion that a previously unknown pool of hydrocarbons is discovered (for example, relevant pressure data, log data, cross-sections, mapping interpretation). Data submitted with an application that is not a normal well information submission requirement under the Drilling and Production Regulation (such as geological interpretation and seismic data) will not be released from confidential status.

Considerations

If a well currently classified as development or exploratory outpost is approaching its confidential release date, and an application for discovery designation is pending based on new data in the process of being obtained, the applicant should notify the Regulator and the well data may be held confidential beyond the normal release date until a decision on the designation is rendered.

The discovery well is not necessarily the first well to produce from a pool. It is the well that has obtained “sufficient information” to substantiate the existence of a new pool. An older well with a DST or characteristic log signature indicative of hydrocarbons, even though that well may not have been completed in the zone, may be declared the discovery well of the pool. An operator planning to “twin” an existing wellbore, with the intent of applying to have the well designated as a discovery well, should first consult with Regulator staff to ensure that the older well would not qualify as the discovery well.

Normally, a test (completion or DST) is required to substantiate the presence of hydrocarbons and confirm a new pool. In rare instances where a zone exhibits excellent reservoir characteristics in an area with clear analogues, discovery designation can occur with log data only. A well may be designated as a discovery well (and therefore classified as EW) even though the confidentiality period has expired; however, well data that has already been released will remain in the public domain (that is, the well data will not revert to confidential status).