

Waterflood Development Program



The most aggressive program of its kind, the WDP encourages the waterflooding of Saskatchewan's oil reservoirs, resulting in greater oil recovery and longer reservoir life.

The Government of Saskatchewan's Waterflood Development Program (WDP) applies to converted or newly drilled injection wells for the purpose of waterflooding an oil reservoir.

Waterflooding is a secondary oil recovery technique utilizing non-potable water brought to the surface during primary production for re-injection into the oil reservoir. A waterflood project restores the reservoir's pressure and pushes greater volumes of oil to nearby production wells.

Waterflooding is a capital intensive undertaking and the time period before a response in the reservoir can be lengthy. As such, WDP is designed to help offset initial capital costs by providing a three-year royalty deferment for the conversion of producing wells into waterflood injection wells or the drilling of new dedicated waterflood injection wells.

Program Highlights:

- WDP grants a deferred royalty amount to eligible wells for three years. The royalty deferral is applied at the corporate level.
- Beginning in the fourth year, the total deferred royalty amount is returned to the Government of Saskatchewan in 10 monthly installments.

- WDP royalty deferral amount for eligible activities.
 - Drilling a new dedicated horizontal injection well – \$1,000,000 deferred;
 - Drilling a new dedicated vertical injection well – \$500,000 deferred; and,
 - Converting a vertical or horizontal production well to an injection well – \$500,000 deferred.
- WDP applications are available April 1, 2019 to March 31, 2024.

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