



Apache Canada Ltd.

Applications for Special Well Spacing (Application No. 1296536), for Licences to Drill Five Natural Gas Wells (Applications No. 1339224, 1339228, 1344954, 1350029, and 1350044) and to Construct and Operate Five Natural Gas Pipelines (Application No. 1339313)

February 15, 2005

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2005-012: Apache Canada Ltd. Applications for Special Well Spacing (Application No. 1296536) for Licences to Drill Five Natural Gas Wells (Applications No. 1339224, 1339228, 1344954, 1350029, and 1350044) and to Construct and Operate Five Natural Gas Pipelines (Application No. 1339313)

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**APACHE CANADA LTD.
SPECIAL WELL SPACING AND
FIVE NATURAL GAS WELLS
AND ASSOCIATED PIPELINES
CONSORT AREA**

**Decision 2005-012
Applications No. 1296536, 1339224, 1339228,
1344954, 1350029, 1350044, and 1339313**

DECISION

The Alberta Energy and Utilities Board (EUB/Board) has considered the recommendation set out in the following examiner report, adopts the recommendation, and directs that Application No. 1296536 be approved.

Dated in Calgary, Alberta, on February 15, 2005.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

T. M. McGee
Acting Chairman

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**EXAMINER REPORT RESPECTING
APACHE CANADA LTD.
SPECIAL WELL SPACING AND
FIVE NATURAL GAS WELLS
AND ASSOCIATED PIPELINES
CONSORT AREA**

**Decision 2005-012
Applications No. 1296536, 1339224, 1339228,
1344954, 1350029, 1350044, and 1339313**

1 RECOMMENDATION

Having considered the application, the examiner panel recommends that the Board approve Application No. 1296536. The panel notes Apache Canada Ltd.'s (Apache's) withdrawal of Applications No. 1339224, 1339228, 1344954, 1350029, 1350044, and 1339313.

2 INTRODUCTIONS

2.1 Applications

Application No. 1296536

Apache Canada Ltd. (Apache) has applied to the EUB in accordance with Section 79(4) of the *Oil and Gas Conservation Act* and Section 5.190 of the *Oil and Gas Conservation Regulations* for the suspension of the drilling spacing unit and target area provisions and to establish holdings in Sections 8 and 15, Township 35, Range 3, West of the 4th Meridian. Apache proposes that the holding be subject to the following provisions:

- The minimum interwell distance shall be 500 metres (m).
- Wells drilled for the production of gas from the Viking Formation shall be a minimum of 300 m from the boundary area of application.
- A maximum of two wells per pool per section may be produced within the holding.

Applications No. 1339224, 1339228, 1344954, 1350029, and 1350044

Apache has applied to the EUB in accordance with Section 2.020 of the *Oil and Gas Conservation Regulations* for licences to drill five sweet natural gas wells from the following surface locations:

- Legal Subdivision (LSD) 6-11-36-3W4M
- LSD 15-10-36-3W4M
- LSD 15-15-35-3W4M
- LSD 16-8-35-3W4M
- LSD 3-8-35-3W4M

The maximum hydrogen sulphide (H₂S) concentration in the gas would be 0.0 moles per kilomole (0.0 per cent).

Application No. 1339313

Apache has applied pursuant to Part 4 of the *Pipeline Act* to construct and operate pipelines to tie the proposed wells into an existing gas gathering system. The proposed pipelines would be approximately 7 kilometres (km) in total length, with a maximum outside diameter of 141.3 millimetres, and would transport natural gas with a maximum H₂S concentration of 0.0 moles per kilomole (0.0 per cent).

2.2 Intervention

Mr. B. Mouly and Ms. E. Spencer (the interveners) are the landowners of Section 8-35-3W4M and grazing leaseholders of the east half of Section 15-35-3W4M, the east half of Section 10-36-3W4M, and the west half of Section 11-36-3W4M. The interveners filed an objection to the applications.

2.3 Hearing

The Board was scheduled to hold a public hearing in Provost, Alberta, on February 9, 2005, before examiners T. J. Pesta (Presiding Member), G. A. Habib, and W. Elsner. The hearing was cancelled by the EUB for the reasons set out in the discussion below.

3 DISCUSSION

Apache engaged in ongoing negotiations with the interveners until February 7, 2005. The interveners filed a signed withdrawal of objection to the special well spacing application. Apache withdrew applications for the licences to drill the five wells and construct and operate the associated pipelines.

Dated in Calgary, Alberta, on February 15, 2005.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

T. J. Pesta, P.Eng.
Presiding Member

[Original signed by]

G. A. Habib, M.A.

[Original signed by]

W. Elsner, P.Geol.