



APF Energy Inc.

Applications for Review of Zone Designation and Pool
Delineation

and

Acclaim Energy Inc.

Applications for Common Carrier Declaration and
Off-Target Well Penalty

Innisfail Field

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2005-050: APF Energy Inc., Applications for Zone Designation and Pool
Delineation and Acclaim Energy Inc., Applications for Common Carrier Declaration and
Off-Target Well Penalty, Innisfail Field

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**APF ENERGY INC.
ZONE DESIGNATION REVIEW AND POOL DELINEATION
AND
ACCLAIM ENERGY INC.
COMMON CARRIER AND OFF-TARGET WELL PENALTY
INNISFAIL FIELD**

**Decision 2005-050
Applications No.
1397073 and 1393256**

**Applications No.
1388326 and 1388480**

DECISION

The Alberta Energy and Utilities Board has considered the findings and recommendations set out in the following examiner report and adopts the recommendations.

DATED at Calgary, Alberta, on June 14, 2005.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

Neil McCrank, Q.C.
Chairman

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**EXAMINER REPORT RESPECTING
APF ENERGY INC.
ZONE DESIGNATION REVIEW AND POOL DELINEATION
AND
ACCLAIM ENERGY INC.
COMMON CARRIER AND OFF-TARGET WELL PENALTY
INNISFAIL FIELD**

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1 RECOMMENDATION

For the reasons noted below, the examiners appointed by the Alberta Energy and Utilities Board (EUB/Board) recommend that

- the APF Energy Inc. (APF) Application No. 1397073 to designate the productive zone in the well with the unique identifier of 00/04-22-035-01W5/0 (the 4-22 well) as the Banff Formation be approved,
- the APF Application No. 1393256 for a revised delineation of the Innisfail Pekisko-Banff A Pool (the A Pool) be referred to EUB staff for further processing in the same manner that any other unopposed pool delineation application would be processed by the EUB, and
- the Board accept the withdrawal of the Acclaim Energy Inc. (Acclaim) Applications No. 1388326 and 1388480.

1.1 Applications

APF filed the following applications:

- Application No. 1397073 under Section 33 of the *Oil and Gas Conservation Act* (the Act) for a revision of the zone designation for the productive interval in the 4-22 well to the Banff Formation rather than the Pekisko Formation.
- Application No. 1393256 under Section 33 of the Act for a revised delineation of the Innisfail Pekisko A Pool (now the A Pool).

Acclaim filed the following applications:

- Application No. 1388326 under Section 48 of the Act for the EUB to declare APF as the common carrier of gas produced from the A Pool. To give effect to the common carrier order, Acclaim also requested the designation of the delivery point at which the common carrier would take Acclaim's gas, an allocation between Acclaim and APF of the production taken from the subject pool, the setting of the transportation fee to be paid to the common carrier, and that the orders be made effective as of February 24, 2005, being the date of the application.

- Application No. 1388480 under Section 4.070 of the *Oil and Gas Conservation Regulations* for an off-target penalty to be applied to the APF well with the unique identifier of 00/13-15-035-01W5/2.

The Board appointed examiners C. D. Hill (Presiding Member), F. Rahnama, Ph.D., and R. J. Willard, P.Eng. to consider the applications.

The examiners consider that the record for the proceedings closed on May 19, 2005.

1.2 Interventions

APF submitted responses to the Acclaim common carrier and off-target penalty applications, while Acclaim filed a response to the APF zone designation application.

2 DISCUSSION

The subject applications all related to the A Pool. When it filed its applications, Acclaim was the licensee of the 4-22 well, one of the four wells the EUB designated as being within the A Pool, while APF was the licensee of the other three wells.

The Board assigned an examiner panel to consider the subject applications; however, prior to a hearing being scheduled, Acclaim requested to withdraw its common carrier and off-target penalty applications by letter dated May 6, 2005. The parties advised the Board that when an agreement between APF and Acclaim respecting Acclaim's interests in the A Pool is finalized, Acclaim will no longer have an interest in the A Pool. The examiners recommend that the Board accept the withdrawal of the Acclaim applications.

As Acclaim has sought to withdraw its applications, the examiners consider the matters it raised to be closed. Further, as Acclaim will no longer have an interest in the A Pool, the examiners consider that the APF applications are now unopposed.

With respect to the zone designation matter raised by APF, the examiners note that there is no dispute that the productive zone in the 4-22 well is the Banff and not the Pekisko Formation. The examiners recommend that the zone designation application be approved and that the producing zone be redefined accordingly on the EUB's record.

With respect to the pool delineation matter, the examiners originally expected that additional submissions from APF and Acclaim received as part of the hearing process would supplement the information contained in the application so as to allow the examiners to fully consider the issues raised by the application. The examiners believe that there are technical questions that should be explored prior to the Board making a decision on the application. With Acclaim withdrawing its applications and no longer participating in the proceeding, the application is now unopposed. In these circumstances, the examiners are of the view that it is not necessary to hold a hearing of the application at this time. The examiners recommend that the application be

referred back to EUB staff for processing in the same manner that any other unopposed pool delineation application would be processed by the EUB.

Dated in Calgary, Alberta, on June 7, 2005.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

C. D. Hill
Presiding Member

<original signed by>

F. Rahnama, Ph.D.
Examiner

<original signed by>

R. J. Willard, P.Eng.
Examiner