



Baytex Energy Ltd.

Applications for Licences for a Well and a Pipeline
Redwater Field

February 23, 2006

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2006-017: Baytex Energy Ltd., Application for Licences for a Well and a Pipeline,
Redwater Field

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**BAYTEX ENERGY LTD.
APPLICATIONS FOR LICENCES FOR
A WELL AND A PIPELINE
REDWATER FIELD**

**Decision 2006-017
Applications No. 1412090 and 1413263**

DECISION

The Alberta Energy and Utilities Board (EUB/Board) has considered the findings and recommendations set out in the following examiner report, adopts the recommendations, and directs that Applications No. 1412090 and 1413263 be approved.

Dated in Calgary, Alberta, on February 23, 2006.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by)

M. N. McCrank, Q.C., P.Eng
Chairman

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**BAYTEX ENERGY LTD.
APPLICATIONS FOR LICENCES FOR
A WELL AND A PIPELINE
REDWATER FIELD**

**Decision 2006-017
Applications No. 1412090 and 1413263**

1 DECISION

Having considered the applications, the examiners recommend that the hearing by the examiners that was scheduled to consider Applications No. 1412090 and 1413263 be cancelled and that the applications be approved.

2 INTRODUCTION

2.1 Application No. 1412090

On August 3, 2005, Baytex Energy Ltd. (Baytex) applied to the Alberta Energy and Utilities Board (EUB/Board) for a well licence pursuant to Section 2.020 of the *Oil and Gas Conservation Regulations*. The well is to be drilled from a surface location in Legal Subdivision (LSD) 2, Section 10, Township 59, Range 23, West of the 4th Meridian. The maximum hydrogen sulphide (H₂S) concentration of the well is anticipated to be 0.0 moles per kilomole (mol/kmol) (0.0 per cent). The purpose of the well is to obtain natural gas production from the Mannville Group. The proposed well would be located about 15.5 kilometres (km) northwest of the Hamlet of Egremont.

2.2 Application No 1413263

On August 11, 2005, Baytex applied to the EUB in accordance with Part 4 of the *Pipeline Act* for approval to construct and operate a pipeline. The pipeline is to be constructed for the purpose of transporting natural gas from the well at LSD 2-10-59-23W4M to a tie-in location at LSD 10-10-59-23W4M. The proposed pipeline would be about 0.60 km in length, with a maximum outside diameter of 114.3 millimetres, and would transport natural gas with a maximum H₂S concentration of 0.0 mol/kmol (0.0 per cent). The proposed pipeline would be located about 15.5 km northwest of the Hamlet of Egremont.

2.3 Intervention

Henry Funk and Helen Funk (the Funks) are the landowners of the southeast quarter of Section 10-59-23W4M and currently reside in Edmonton, Alberta. The Funks filed an objection to Applications No. 1412090 and 1413263 on August 21, 2005, citing issues regarding petroleum development on their land.

2.4 Hearing

The examiner panel was scheduled to hold a public hearing in Edmonton, Alberta, on March 21, 2006, before T. J. Pesta, P.Eng. (Presiding Member), B. K. Eastlick, P.Eng., and B. D. Fairgrieve, P.Geol. The examiners recommend that the Board cancel the hearing for the reasons set out in the discussion below.

3 DISCUSSION

The examiners note that the Funks submitted a letter to the EUB dated February 22, 2006, stating their nonobjection to the applied-for well and pipeline. The examiners note that the Funks were the only intervening party to the subject applications, as no additional objections were received. The examiners are satisfied that a hearing is not required for the Board to make a disposition on the well and pipeline applications and therefore recommend that the hearing be cancelled.

The Funks and Baytex have indicated their desire for the well licence to be issued immediately, so as to allow for the immediate commencement of drilling operations. Furthermore, the examiners are satisfied that the applications are technically complete and compliant with all applicable EUB requirements, and they recommend that the applications be approved.

Dated in Calgary, Alberta, on February 23, 2006.

ALBERTA ENERGY AND UTILITIES BOARD

(original signed by)

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

(original signed by)

B. K. Eastlick, P.Eng.
Examiner

(original signed by)

B. D. Fairgrieve, P.Geol.*
Examiner

* Mr. Fairgrieve was not available for signing but agrees with the contents of the report.