



Highpine Oil and Gas Limited

Applications for Well Licences
Pembina Field

September 6, 2006

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2006-092: Highpine Oil and Gas Limited, Applications for Well Licences, Pembina Field

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**HIGHPINE OIL AND GAS LIMITED
APPLICATIONS FOR WELL LICENCES
PEMBINA FIELD**

**Decision 2006-092
Applications No. 1453492, 1453495,
1457580, 1456222, and 1458158**

1 DECISION

Having completed a review of the applications, the Alberta Energy and Utilities Board (EUB/Board) hereby approves Applications No. 1453492, 1453495, 1457580, 1456222, and 1458158.

2 INTRODUCTION

2.1 Applications

Highpine Oil and Gas Limited (Highpine) applied pursuant to Section 2.020 of the *Oil and Gas Conservation Regulations* for licences to directionally drill five level-2 critical sour wells. Highpine proposed to drill wells applied for in Applications No. 1453492, 1453495, and 1457580 from a surface location in Legal Subdivision (LSD) 9 of Section 25, Township 48, Range 9, West of the 5th Meridian, to bottomhole locations in LSD 5-30-48-8 W5M (Application No. 1453492), LSD 16-25-48-9 W5M (Application No. 1453495), and LSD 11-25-48-9 W5M (Application No. 1457580).

Application No. 1458158 proposes to drill a well from a surface location in LSD 13-2-49-9W5M with a bottomhole location in LSD 14-2-49-9W5M.

For these four proposed wells, the maximum hydrogen sulphide (H₂S) concentration would be 300.00 moles per kilomole (mol/kmol) (30.00 per cent) and the cumulative H₂S release rate for the drilling and completion phases of the wells would be 5.00 cubic metres per second (m³/s), with a corresponding emergency planning zone (EPZ) of 6.87 kilometres (km). The cumulative H₂S release rate for the producing phase of the wells would be 1.8 m³/s, with a corresponding EPZ of 3.43 km. The purpose of all four wells is to obtain oil production from the Nisku Formation. The four proposed wells would be about 10 km west and southwest of Drayton Valley, Alberta.

Application No. 1456222 proposes to drill a well from a surface location in LSD 13-36-47-10W5M with a bottomhole location in LSD 13-36-47-10W5M. For this well, the maximum H₂S concentration would be 360 mol/kmol (36.00 per cent), and the cumulative H₂S release rate for the drilling and completion phases would be 5.00 m³/s, with a corresponding EPZ of 6.87 km. The cumulative H₂S release rate for the producing phase of the well would be 1.8 m³/s, with a corresponding EPZ of 3.43 km. The purpose of the well is to obtain oil production from the Nisku Formation. This well would be about 1 km West of Lodgepole, Alberta.

2.2 Interventions

Some area residents, both inside and outside the calculated EPZs, objected to one or more of the applications. These parties are

- Barney Olynyk and Darlene Olynyk
- Carolina Olynyk and Keith Maygard

- Garry Johnson and Connie Johnson
- Todd McClean
- Rob Macintosh and Lori Macintosh
- Art Frey and Betty Frey
- Mahlon Kitching
- Cliff Whitelock and Audrey Whitelock
- Karen Overli and Jim Lovdokken
- Doug Bolianatz (on behalf of Boxing Alberta)

3 DISCUSSION

The Board did not issue a Notice of Hearing for the applied-for wells, but anticipated holding a public hearing, as several parties demonstrated that they may be directly and adversely affected by the Board's decisions on the applications. The Board notes that all objections to these applications have now been withdrawn, with the exception of Mahlon Kitching's objection to Application No. 1453495. By letter dated September 6, 2006, the Board has dismissed Mr. Kitching's objection.

In light of all parties within the EPZ withdrawing their objections, the Board is satisfied that a hearing is not required for the consideration of these well applications. Furthermore, the Board is satisfied that the applications are technically complete and compliant with all applicable EUB requirements. The Board hereby approves the applications and directs that the well licences be issued in due course.

Dated in Calgary, Alberta, on September 6, 2006.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

J. R. Nichol, P.Eng.
Presiding Member

<original signed by>

D. K. Boyler, P.Eng.
Acting Board Member

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F. Rahnama, Ph.D.
Acting Board Member