



Highpine Oil and Gas Limited

Applications for Two Well Licences
Pembina Field

December 5, 2006

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2006-126: Highpine Oil and Gas Limited, Applications for Two Well Licences, Pembina Field

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

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

Decision 2006-126
Applications No. 1456804 and 1461189

1 DECISION

Having completed a review of the applications, the Alberta Energy and Utilities Board (EUB/Board) hereby approves Applications No. 1456804 and 1461189.

2 INTRODUCTION

2.1 Applications

Highpine Oil and Gas Limited (Highpine) applied to the EUB, pursuant to Section 2.020 of the *Oil and Gas Conservation Regulations*, for licences to directionally drill two level-2 critical sour wells. Application No. 1456804 is for a licence to drill from a surface location in Legal Subdivision (LSD) 12, Section 11, Township 49, Range 9, West of the 5th Meridian, to a projected bottomhole location in LSD 9-10-49-9W5M (the 9-10 well). The 9-10 well was expected to have a maximum hydrogen sulphide (H₂S) concentration of about 300 moles per kilomole (mol/kmol) (30.0 per cent). The maximum cumulative drilling H₂S release rate calculated was 5.0 cubic metres per second (m³/s), with a corresponding emergency planning zone (EPZ) of 6.87 kilometres (km). The purpose of this well would be to obtain gas production from the Nisku Formation. The surface location of the 9-11 well would be about 14 km northeast of the Hamlet of Lodgepole.

Application No. 1461189 is for a licence to drill directionally from a surface location in LSD 6-31-48-8W5M to a projected bottomhole location in LSD 6-31-48-8W5M (the 6-31 well). The 6-31 well was expected to have a maximum H₂S concentration of about 220 mol/kmol (22.0 per cent), and the calculated cumulative drilling H₂S release rate was 2.1 m³/s, with a corresponding EPZ of 3.77 km. The purpose of this well would be to obtain crude oil from the Nisku Formation. The surface location of the 6-31 well would be about 9 km northwest of the community of Violet Grove.

2.2 Interventions

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

- Todd McClean
- Gary Bannard and Glenda Bannard
- Garry Johnson and Connie Johnson
- Keith Maygard and Carolina Olynyk
- Rob Macintosh and Lori Macintosh

- Mahlon Kitching
- Darlene Olynyk and Barney Olynyk
- Cliff Whitelock and Audrey Whitelock
- Dale Guze, Sherryle Guze, Jordy Guze, and Joe Guze
- Pembina Agricultural Protection Association (PAPA)

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 might potentially be directly and adversely affected by the Board's decisions on these two applications. The Board notes that all objections to these two applications have been withdrawn, with the exception of Mr. Kitching's objection to Application No. 1461189.

Mr. Kitching resides in Drayton Valley, about 14 km northeast of the proposed project. The Board found that Mr. Kitching had not demonstrated that he might potentially be directly and adversely affected by the proposed project. By letter dated December 4, 2006, the Board dismissed Mr. Kitching's objection.

In light of all parties within the EPZ withdrawing their objections and the EUB staff review indicating that the applications are complete, 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 December 5, 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

[Original signed by]

C. A. Langlo, P.Geol.
Acting Board Member