



Gladius Energy Inc.

Applications for a Well Licence and a Pipeline Licence
Strachan Field

January 23, 2007

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2007-004: Gladius Energy Inc., Applications for a Well Licence and a Pipeline Licence,
Strachan Field

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Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: (403) 297-8311
Fax: (403) 297-7040
E-mail: eub.infoservices@eub.ca
Web site: www.eub.ca

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**GLADIUS ENERGY INC.
APPLICATIONS FOR A WELL LICENCE
AND A PIPELINE LICENCE
STRACHAN FIELD**

**Decision 2007-004
Applications No. 1457276 and 1467817**

1 DECISION

Pursuant to Section 20 of the *Alberta Energy and Utilities Board Rules of Practice*, the Alberta Energy and Utilities Board (EUB/Board) hereby accepts Crew Energy Inc's. (Crew's) request to withdraw Applications No. 1457276 and 1467817 and has therefore cancelled the public hearing scheduled to consider them.

2 INTRODUCTION

2.1 Applications

Gladius Energy Inc. (Gladius) applied to the EUB, pursuant to Section 2.020 of the *Oil and Gas Conservation Regulations*, for a licence to drill a directional well from a surface location in Legal Subdivision (LSD) 15 of Section 28, Township 37, Range 8, West of the 5th Meridian, to a projected bottomhole location in LSD 15-28-37-8W5M. The purpose of the proposed well was to obtain gas production from the Leduc Formation. The maximum hydrogen sulphide (H₂S) concentration in the gas to be produced from the well was anticipated to be about 276 moles per kilomole (mol/kmol) (27.6 per cent). The drilling, completion/ servicing and suspended/producing H₂S release rates were calculated to be 1.0794 cubic metres per second, with a corresponding emergency planning zone (EPZ) of 2.42 kilometres (km).

Gladius also submitted an application, in accordance with Part 4 of the *Pipeline Act*, for approval to construct and operate a pipeline for the purpose of transporting natural gas with an H₂S content of 100.00 mol/kmol (10 per cent H₂S) from the proposed well at LSD 15-28-37-8W5M to a pipeline tie-in point at LSD 7-33-37-8W5M. The pipeline was proposed to be about 0.76 km in length, with a maximum outside diameter of 114.3 millimetres. The proposed pipeline and well were to be located about 20 km southwest of Rocky Mountain House.

2.2 Interventions

Area landowners Larry Moore, Robert Short, James T. Mah Ming, and Kenneth Short and Denise Short filed interventions in opposition to approval of the subject well and pipeline licence applications.

2.3 Hearing

The Board was scheduled to hold a public hearing in Rocky Mountain House, Alberta, on November 28, 2006, before Board Member J. R. Nichol, P.Eng. (Presiding Member) and Acting Board Members R. J. Willard, P.Eng., and W. A. Warren, P.Eng.

On November 16, 2006, the EUB postponed the hearing, pending the submission of required information by Gladius. The hearing was cancelled for the reasons set out below.

3 DISCUSSION

Subsequent to the Board's issuance of Notice of Postponement of Hearing, Gladius was acquired by Crew. On January 5, 2007, Crew requested permission to withdraw Applications No. 1457276 and 1467817. Crew indicated that it wanted to complete a further technical review of the applications and intend to reapply when that work was completed.

Dated in Calgary, Alberta, on January 23, 2007.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

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

[Original signed by]

R. J. Willard, P.Eng.
Acting Board Member

[Original signed by]

W. A. Warren, P.Eng.
Acting Board Member