



# Highpine Energy Ltd.

Section 39 Review of Well Licence No. 0389651  
Pembina Field (Tomahawk Area)

October 28, 2008

**ENERGY RESOURCES CONSERVATION BOARD**

Decision 2008-106: Highpine Energy Ltd., Section 39 Review of Well Licence No. 0389651,  
Pembina Field (Tomahawk Area)

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Published by

Energy Resources Conservation Board  
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# **ENERGY RESOURCES CONSERVATION BOARD**

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**Calgary Alberta**

## **HIGHPINE ENERGY LTD.**

**SECTION 39 REVIEW OF WELL LICENCE NO. 0389651**

**PEMBINA FIELD (TOMAHAWK AREA)**

**Decision 2008-106**

**Application No. 1577611**

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## **1 DECISION**

Having convened a hearing to deal with Proceeding No. 1577611, as well as three other well licence applications, the panel notes that 1) the only parties granted standing with respect to Proceeding No. 1577611 resolved their concerns with Highpine Energy Ltd. (Highpine) prior to the commencement of the hearing; 2) two other parties who indicated an interest in Proceeding No. 1577611 through counsel did not attend to speak to the details of their concerns or seek an adjournment; and 3) two additional parties who sought to intervene in Proceeding No. 1577611 at the hearing had previously been denied standing. Consequently, the Energy Resources Conservation Board (ERCB/Board) hereby reinstates Well Licence No. 0389651.

## **2 INTRODUCTION**

### **2.1 Background**

On December 21, 2007, finding that Highpine had met all ERCB requirements, the Board approved Application No. 1525497 and issued Well Licence No. 0389651 to Highpine. The licence permitted Highpine to drill a directional well from a well pad surface location at Legal Subdivision (LSD) 12 of Section 35, Township 50, Range 6, West of the 5th Meridian, to a bottomhole location of LSD 7-2-51-6W5M (the 7-2 well). The purpose of the well was to obtain crude oil from the Nisku Formation.

The maximum hydrogen sulphide concentration expected to be encountered in the drilling of the 7-2 well was 160 moles per kilomole (16 per cent). The well had an emergency planning zone (EPZ) of 3.04 kilometres (km) during drilling and completions and an EPZ of 0.98 km during production. Neither EPZ encompassed the hamlet of Tomahawk or the Tomahawk School. Following the Board's approval of Well Licence No. 0389651, Highpine initiated lease site preparation.

Upon the receipt of several requests to review the well licence, pursuant to Sections 39 and 40 of the *Energy Resources Conservation Act*, Highpine voluntarily suspended all drilling operations (communicated in a letter to the Board dated January 23, 2008), pending a decision by the Board. Highpine then undertook to further consult with parties in the community, including the Parkland School Division. However, after reaching an agreement with the Parkland School Division regarding the 7-2 well, Highpine notified the Board on June 22, 2008, that it was proceeding with site activities effective June 23, 2008.

Upon reviewing all submissions filed, the Board concluded that two individuals had demonstrated that they may be directly and adversely affected and in a letter dated June 24, 2008, directed Highpine to suspend all operations related to the 7-2 well.

## 2.2 Application No. 1575376

On June 6, 2008, the Board received a letter from Brittany Tremblay and Jason Tremblay (the Tremblays), area landowners residing within the EPZ of the proposed well, requesting that the Board conduct a hearing to review the above-mentioned well licence, pursuant to Section 39 of the *Energy Resources Conservation Act*. The request for the review was based on concerns related to improper consultation for the proposed well.

## 2.3 Proceeding No. 1577611

On June 24, 2008, the Board granted the request for a review hearing with respect to the 7-2 well and registered the review hearing as Proceeding No. 1577611. In the same correspondence, the Board also dismissed review requests by all other parties. The review hearing was granted on the basis that the Tremblays had outstanding concerns related to the proposed well that warranted further examination by the Board and that the Tremblays had demonstrated they might be directly and adversely affected by any decision to grant the well licence.

On July 21, 2008, the Board issued a revised Notice of Hearing that a panel of the Board would be considering Proceeding No. 1577611 at the same hearing as Highpine Oil & Gas Limited's three well licence Applications No. 1521704, 1521626, and 1520574, scheduled to commence on September 16, 2008. The combined proceedings were later rescheduled and commenced on September 23, 2008.

## 2.4 Hearing

A public hearing with respect to Applications No. 1521704, 1521626, and 1520574 was held in Tomahawk, Alberta, commencing on September 23, 2008, and concluding on October 3, 2008, before a panel consisting of Board Member B. T. McManus, Q.C. (Presiding Member) and Board Member G. E. Eynon, P.Geol., and Acting Board Member W. A. Warren, P.Eng.

At the opening of the hearing, Highpine's counsel advised that the Tremblays had signed an agreement with Highpine the prior evening with respect to Proceeding No. 1577611. A signed confirmation of nonobjection was entered into the public record.

Those who appeared at the review hearing are listed in [Appendix 1](#).

## 3 DISCUSSION

The Board notes that the Tremblays were the only parties that were granted standing by the Board for the review hearing. Two other parties who had indicated, through counsel, that they had an interest in the matter did not appear at the proceeding. Further, the parties did not request an adjournment to enable them to attend at a later date to speak regarding a review and variance request or their standing for such a review and variance request.

Two additional parties who had previously applied for a review and variance and who had their application denied by the Board on June 24, 2008, on the ground that they did not have standing sought to intervene in Proceeding No. 1577611. The panel determined that it could not hear an appeal of the earlier full Board decision on standing. While the panel did not grant these two

parties standing, it did allow them to make statements at the hearing as discretionary participants on general matters related to sour gas development in the Tomahawk area.

The panel reinstates Well Licence No. 0389651 for a period expiring December 21, 2009.

Dated in Calgary, Alberta, on October 28, 2008.

## **ENERGY RESOURCES CONSERVATION BOARD**

*<original signed by>*

B. T. McManus, Q.C.  
Presiding Member

*<original signed by>*

G. E. Eynon, P.Geol.  
Board Member

*<original signed by>*

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

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**APPENDIX 1 HEARING PARTICIPANTS**

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Principals and Representatives  
(Abbreviations used in report)

Witnesses

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Highpine Energy Ltd.

G. S Fitch

D. J. Farmer

J. Klimek (on behalf of the Tremblays and  
Mike Serghe and Gerri Serghe)

Energy Resources Conservation Board staff

L. Berg, Board Counsel

R. Reid

R. Connery

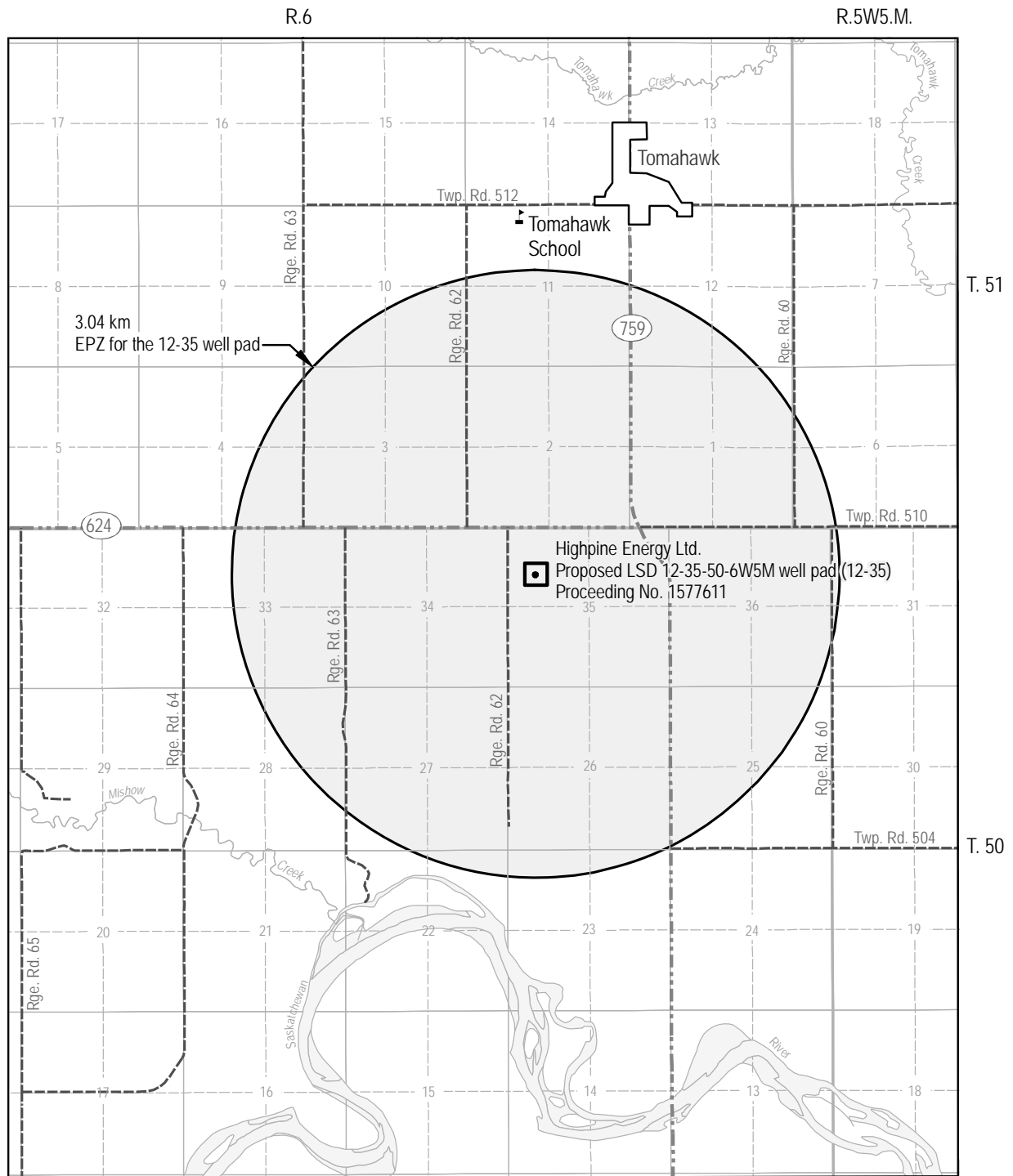
J. Schlager

K. Siriunas, P.Eng.

I. Mitchell,

of Meridian Environmental Inc.

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Legend

- School
- Major road
- Road
- River
- Lake/river
- Town
- Well pad
- Surface well
- EPZ, 12-35 well pad

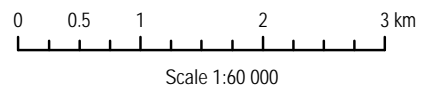


Figure 1. Area map