



Husky Oil Operations Limited

Applications for Five Well Licences and
Five Facility Licences
Marwayne and Lloyd Fields

March 19, 2009

ENERGY RESOURCES CONSERVATION BOARD

Decision 2009-028: Husky Oil Operations Limited, Applications for Five Well Licences and Five Facility Licences, Marwayne and Lloyd Fields

March 19, 2009

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Energy Resources Conservation Board
640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: 403-297-8311
Fax: 403-297-7040
E-mail: infoservices.ercb.ca
Web site: www.ercb.ca

ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

HUSKY OIL OPERATIONS LIMITED

APPLICATIONS FOR FIVE WELL LICENCES

AND FIVE FACILITY LICENCES

MARWAYNE AND LLOYD FIELDS

Decision 2009-028

Applications No. 1578849, 1578921,

1579343, 1580132, 1580133, 1603471,

1603396, 1603462, 1603447, and 1603382

DECISION

The Energy Resources Conservation Board has considered the recommendations set out in the following examiner report, adopts the recommendations, and directs that Applications No. 1578849, 1578921, 1579343, 1580132, 1580133, 1603471, 1603396, 1603462, 1603447, and 1603382 be approved.

Dated in Calgary, Alberta, on March 19, 2009.

ENERGY RESOURCES CONSERVATION BOARD

<original signed by>

Dan McFadyen
Chairman

ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

EXAMINER REPORT RESPECTING HUSKY OIL OPERATIONS LIMITED

APPLICATIONS FOR FIVE WELL LICENCES
AND FIVE FACILITY LICENCES
MARWAYNE AND LLOYD FIELDS

Decision 2009-028
Applications No. 1578849, 1578921,
1579343, 1580132, 1580133, 1603471,
1603396, 1603462, 1603447, and 1603382

1 RECOMMENDATIONS

Having considered the applications and the related correspondence and circumstances, the examiner panel recommends cancellation of the hearing scheduled to consider this matter and recommends that Applications No. 1578849, 1578921, 1579343, 1580132, 1580133, 1603471, 1603396, 1603462, 1603447, and 1603382 be approved.

2 INTRODUCTION

2.1 Applications

Husky Oil Operations Limited (Husky) applied to the Energy Resources Conservation Board (ERCB/Board), in accordance with Section 2.020 of the *Oil and Gas Conservation Regulations*, for licences to drill five directional wells as follows: from a surface location in Legal Subdivision (LSD) 4 of Section 4, Township 53, Range 1, West of the 4th Meridian, to a bottomhole location of LSD 4-4-53-1W4M; from a surface location in LSD 4-33-52-1W4M to a bottomhole location of LSD 4-33-52-1W4M; from a surface location in LSD 13-33-52-1W4M to a bottomhole location of LSD 12-33-52-1W4M; from a surface location in LSD 9-33-52-1W4M to a bottomhole location of LSD 9-33-52-1W4M; and from a surface location in LSD 8-4-52-1W4M to a bottomhole location of LSD 5-3-52-1W4M. The purpose of the wells would be to obtain crude oil production from the Sparky Formation containing no hydrogen sulphide concentration. The proposed wells would be located about 15 kilometres (km) southeast of Marwayne.

Husky applied to the ERCB in accordance with Section 7.001 of the *Oil and Gas Conservation Regulations* requesting approval to construct and operate five single-well oil batteries in LSD 4-4-53-1W4M, LSD 4-33-52-1W4M, LSD 13-33-52-1W4M, LSD 9-33-52-1W4M, and LSD 8-4-52-1W4M in the Marwayne and Lloyd Fields. While facilities of this nature are normally exempt from licensing, the ERCB requested the applications from Husky to complete the proposed project. The well site facilities would each consist of a wellhead and production tank. The proposed batteries would be located about 15 km southeast of Marwayne.

2.2 Intervention

Scriber Farms Ltd. (Scriber Farms), represented by Dan Scriber, is the landowner of the property on which four of the proposed wells and facilities would be located. The remaining well and facility would be located on lands that Scriber Farms currently occupies and farms. Scriber Farms filed objections to the well applications dated April 28, 2008, and April 30, 2008. Scriber

Farms raised concerns relating to the location of the proposed wells and the possibility of the project bringing clubroot disease onto its lands.

2.3 Background

The well applications were submitted by Husky on July 10, 2008, and the facility applications were requested by the Board and received on January 22, 2009. Mr. Scriber was contacted by the ERCB about the well applications on August 12, 2008. Further efforts to communicate with him were unsuccessful. An ERCB Appropriate Dispute Resolution (ADR) facilitator made attempts to arrange a meeting between Mr. Scriber and Husky in August 2008, but he refused to discuss a meeting. On November 17 and 25, 2008, phone messages were left for Mr. Scriber, to which he did not respond. A registered letter was sent on November 28, 2008, requesting input on dates for the hearing. The letter was not picked up and was returned to the Board by the post office on January 9, 2009. The Notice of Hearing that was issued to Mr. Scriber and other interested parties by mail on January 23, 2009, stated: "If you do not file submissions, the hearing of the Applications may be cancelled and the ERCB will continue to process and may approve the Applications without a hearing and without further notice." On March 4, 2009, a letter was e-mailed, faxed, and hand delivered to Mr. Scriber requesting that he advise the Board by March 5, 2009, at 4:00 p.m. whether he would be participating in the hearing on March 12, 2009. Mr. Scriber has not responded to date.

2.4 Hearing

Board-appointed examiners H. W. Knox, P.Eng. (Presiding Member), B. K. Eastlick, P.Eng., and A. Smandych, P.Eng., were scheduled to hold a public hearing in Lloydminster, Alberta, commencing on March 12, 2009. The panel, having considered Mr. Scriber's failure to respond to repeated efforts by the Board to confirm his participation in the hearing process, recommends that the scheduled hearing be cancelled and the applications dispositioned in due course.

Dated in Calgary, Alberta, on March 19, 2009.

ENERGY RESOURCES CONSERVATION BOARD

<original signed by>

H. W. Knox, P.Eng.
Presiding Member

<original signed by>

B. K. Eastlick, P.Eng.
Examiner

<original signed by>

A. Smandych, P.Eng.
Examiner