



## Ember Resources Inc.

Review of Decisions to Rescind Pool Order 0593  
106001 2009-09-01 (the Malmo Edmonton A Pool) and  
Issue Pool Order 0593 106001 2012-05-01  
Malmo Field

April 1, 2013

**ENERGY RESOURCES CONSERVATION BOARD**

Decision 2013 ABERCB 003: Ember Resources Inc.,  
Review of Decisions to Rescind Pool Order 0593 106001 2009-09-01 (the Malmo Edmonton A  
Pool) and Issue Pool Order 0593 106001 2012-05-01,  
Malmo Field

April 1, 2013

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# **ENERGY RESOURCES CONSERVATION BOARD**

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**Calgary Alberta**

**EMBER RESOURCES INC.**

**REVIEW OF DECISIONS TO RESCIND POOL ORDER  
0593 106001 2009-09-01 (THE MALMO EDMONTON A POOL)  
AND ISSUE POOL ORDER 0593 106001 2012-05-01  
MALMO FIELD**

**2013 ABERCB 003  
Proceeding No. 1742929**

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## **DECISION**

[1] Having carefully considered all of the evidence, the Energy Resources Conservation Board (ERCB/Board) hereby rescinds Pool Order 0593 106001 2012-05-01 and reinstates the original pooling for the Malmo Edmonton A Pool, with new Pool Order 0593 106014 2013-04-01 (now named the Malmo Edmonton N Pool (see appendix 1).

## **INTRODUCTION**

### **Review Application(s)**

[2] On May 29, 2012, the ERCB received a letter from Ember Resources Inc. (Ember) requesting that the Board conduct a review and reinstate rescinded Malmo Edmonton A Pool (ERCB Pool Order 0593 106001). On October 23, 2012, the Board granted a review hearing under section 40 of the *Energy Resources Conservation Act (ERCA)*. The purpose of the review hearing was to determine whether the Board should rescind, vary, or confirm its decision to rescind the pool order.

### **Background**

[3] On April 5, 2012, Trident Exploration Corp. (Trident) requested that the ERCB rescind Pool Order 0593 106001 2009-09-01 (Malmo Edmonton A Pool) and merge the pool with the Malmo MFP8509 Belly River Pool (Pool Order 0593 0850900). The Malmo Edmonton A Pool covered Section 6 in Township 44, Range 22, West of the 4th Meridian (44-22W4M), and Sections 31, and 32 in Township 43, Range 22, West of the 4th Meridian (43-22W4M). The ERCB granted the request and modified the pooling from Edmonton Group to Belly River Group, effective May 1, 2012. Ember is the sole operator and licensee of the wells in the former Malmo Edmonton A Pool and was not notified of Trident's request until after the request had been granted.

[4] Ember holds the mineral rights down to the base of the Edmonton Group, except for the northeast quarter of Section 6-44-22W4M where Trident owns the mineral rights from the surface to the base of the Belly River Group, excluding the Edmonton Group. As a result of the pooling change, Ember does not hold mineral rights for a complete drilling spacing unit for the production of gas in Section 6-44-22W4M as required by section 4.010(3)(b) of the *Oil and Gas Conservation Regulations*.

## **Intervention(s)**

[5] On December 3, 2012, Trident stated that it did not intend to make a submission in the hearing and that “Trident’s business is not impacted by the ERCB’s decision on this matter.” The Board requested that the ERCB Geology, Environmental Science, and Economics Branch (GESE), the ERCB branch that made the decision to modify the pooling, provide a submission and evidence regarding the proper designation for the pool.

## **Hearing**

[6] The Board conducted a written review hearing before Board Members G. Eynon, P.Geo., and T. L. Watson, P.Eng., and Acting Board Member R. J. Willard, P.Eng.

## **ISSUES**

[7] The Board considers the issue with the proceeding to be whether there is sufficient geologic evidence to justify the decision to modify the pooling from Edmonton Group to Belly River Group.

[8] In reaching the determinations contained in this decision, the Board has considered all relevant materials constituting the record of this proceeding, including the evidence and argument provided by each party. Accordingly, references in this decision to specific parts of the record are intended to help the reader understand the Board’s reasoning relating to a particular matter and should not be taken as an indication that the Board did not consider all relevant portions of the record with respect to that matter.

## **GEOLOGICAL EVIDENCE**

### **Evidence**

[9] Submissions were received on November 30, 2012, January 7, 2013, and January 25, 2013, from GESE and Ember regarding the proper designation for the pool. GESE conducted a detailed and thorough examination of the geology in the area. GESE noted in its report that the main problem in distinguishing the Edmonton Group from the Belly River Group was identifying key stratigraphic markers from well logs for the Bearpaw Formation and the Lethbridge coal seam. The submission noted that GESE was “unable to defend the decision to modify the pooling from Edmonton to Belly River Group” as a result of problems identifying the two markers.

[10] GESE explained that the stratigraphy of the subject area varies significantly because of the overall complexity of sediment deposition. GESE also noted significant conflicting results using different geological interpretation techniques. It illustrated the results in a table comparing stratigraphic “picks” of the key Belly River Group top taken from four separate sources.

[11] GESE noted that for the Alberta Department of Energy to issue mineral rights in the area, the Belly River Group is identified in the reference well 7-18-32-22W4M on an induction log. The Bearpaw Formation is well defined in this well log by a sharp contact with the overlying Edmonton Group.

[12] GESE noted that in the Malmo area the Bearpaw Formation is not present or cannot be definitively identified, and other secondary stratigraphic markers, including the Lethbridge coal, are either absent or cannot be identified reliably. GESE concluded that a prohibitively high level of uncertainty in identifying key stratigraphic markers is the main reason for not picking the Belly River Group definitively in the area.

[13] Given its analysis, GESE recommended restoring Ember's wells to their original status in the Malmo Edmonton A Pool.

[14] Ember submitted evidence—including that the Crown zone designation key well correlated to Ember's picks of the base of the Edmonton Group—in support of its position that the Malmo Edmonton A pool should be reinstated.

### **Analysis and Findings**

[15] The Board notes the lack of documented evidence for the decision taken to rescind the Malmo Edmonton A Pool (Pool Order 0593 106001 2009-09-01) in issuing the rescinding Pool Order 0593 106001 2012-05-01.

[16] The Board is troubled by the evidence that Trident requested a change (i.e., a change to the pooling) that does not impact its business, and that Trident did so without providing adequate information to support the request. The Board notes that Ember was not provided with notice of the request, and that GESE has changed its process to avoid this issue in the future.

[17] The Board notes the thorough examination of the geological evidence by GESE staff, as set out in its submission, and finds that there is insufficient evidence to justify the rescission of the Malmo Edmonton A Pool Order. The Board agrees with the recommendation to restore the Malmo Edmonton A Pool.

### **CONCLUSION**

[18] The Board hereby rescinds Pool Order 0593 106001 2012-05-01 and reinstates the original pooling with Pool Order 0593 106014 2013-04-01 (appendix 1). The pool has been renamed as the Malmo Edmonton N Pool.

Dated in Calgary, Alberta, on April 1, 2013.

**ENERGY RESOURCES CONSERVATION BOARD**

*<original signed by>*

G. Eynon, P.Ge.  
Presiding Member

*<original signed by>*

T. L. Watson, P.Eng.  
Board Member

*<original signed by>*

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



**APPENDIX 1 POOL ORDER**

**POOL ORDER: 0593 106014 2013-04-01**

	044-23W4				044-22W4		
		1	6				
		36	31				
	043-23W4				043-22W4		

Field/Pool Code: **0593 106014** Effective Date: **2013-04-01**

Field Name: **MALMO**

Pool Name: **EDMONTON N**

Reference Well: **03/10-32-043-22W4/0**

Depths: **367.80 - 371.00 metres**

Area of Change: 



Shirley McGuffin  
 Section Leader  
 Reserves Administration Section  
 Oil and Gas Reserves Group

## APPENDIX 2 HEARING PARTICIPANTS

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Principals and Representatives  
(Abbreviations used in report)

Witnesses

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Ember Resources

Tom Zuorro

ERCB Geology, Environmental Science, and  
Economics Branch

Keely Cameron

Energy Resources Conservation Board staff

David Burns, Board Counsel

Mike Schuster

Jessica Eslinger

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