

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**APPLICATION TO TRANSFER LICENCES
LEGAL OIL & GAS LTD. TO GEM RESOURCES LTD.
LEDUC-WOODBEND FIELD**

**Decision 2003-045
Application No. 1270099**

1 DECISION

The Alberta Energy and Utilities Board (EUB/Board) hereby denies Application No. 1270099 for a transfer of licences from Legal Oil & Gas Ltd. (Legal) to Gem Resources Ltd. (Gem).

2 INTRODUCTION

2.1 Application

KPMG Inc., the Trustee in bankruptcy to Legal, submitted an application on December 27, 2001, to transfer three well licences, a facility licence, and a pipeline licence from the bankrupt company, Legal, to Gem. Information in the application suggested that Gem had acquired several properties from Legal in 1996 but the companies had failed to execute and file the appropriate Board transfers and were now seeking to do so.

The licence numbers and property locations identified in the application are described as follows:

<u>Well Licence No.</u>	<u>Unique Identifier</u>
B0002464	00/15-07-051-25W4/0
B0002397	00/10-07-051-25W4/0
0001909	02/08-12-051-26W4/0

<u>Facility Licence No.</u>	<u>Unique Identifier</u>
23629	00/08-12-051-26W4/0

Pipeline Licence No.
22352 from 15-7-51-25W4 to 10-7-51-25W4

Legal is a company in high-level noncompliance with the EUB operating requirements and was petitioned into bankruptcy in 2001, whereupon its affairs were managed by a court-appointed Trustee, KPMG Inc. The EUB's records indicate the owner of Legal to be Charles Forster, and Gem is owned by Margaret Forster, wife of Charles Forster.

2.2 Interventions

The EUB received correspondence from a number of interested parties respecting specific and general objections to and concerns about the transfer of any oil and gas properties licensed to Legal. The Board accumulated submissions from several landowners and residents in the vicinity of Legal's properties, from Alberta Environment, and from an oil and gas company. They cited various concerns, some of which are past and ongoing operational/reclamation issues with Legal's properties, site contamination, and the nature of the transfer of assets between family members associated with the two companies. The Board determined that some of the parties may be potentially directly and adversely affected by its decision on the application. As such, the Board decided that it would convene a public hearing to consider the subject applications.

3 ADMINISTRATIVE MATTERS PRIOR TO NOTICE OF HEARING

Prior to the licence transfer application actually being scheduled for a hearing, the Board made inquiries of the Trustee, KPMG, to ensure that it was aware of its responsibilities as applicant. KPMG indicated that it had been discharged as Trustee and would not be in a position to proceed without certain assurances from Gem regarding costs and other matters. Gem ultimately indicated that it no longer desired to pursue the transfer of the licences, and, in turn, KPMG advised the Board that it would take no further steps to pursue the transfers.

4 VIEW OF THE BOARD

In light of the advice from both the Trustee and Gem that neither would take any further action to pursue the transfers and in the absence of a withdrawal of the application, the Board finds that it has no alternative but to deny the application.

DATED at Calgary, Alberta, on June 17, 2003.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

R. G. Lock, P.Eng.
Presiding Member

[Original signed by]

J. I. Douglas, FCA
Board Member

[Original signed by]

W. G. Remmer, P.Eng.
Acting Board Member