



Canadian Superior Energy Inc.

Application for Compulsory Pooling
Drumheller Field

July 10, 2007

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2007-051: Canadian Superior Energy Inc., Application for Compulsory Pooling,
Drumheller Field

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Published by

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**CANADIAN SUPERIOR ENERGY INC.
APPLICATION FOR COMPULSORY POOLING
DRUMHELLER FIELD**

**Decision 2007-051
Application No. 1481349**

DECISION

The Alberta Energy and Utilities Board has considered the findings and recommendation set out in the following examiner report and adopts the recommendation.

Dated in Calgary, Alberta, on July 10, 2007.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

B. T. McManus, Q.C.
Acting Chairman

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

EXAMINER REPORT RESPECTING CANADIAN SUPERIOR ENERGY INC. APPLICATION FOR COMPULSORY POOLING DRUMHELLER FIELD

Decision 2007-051
Application No. 1481349

1 RECOMMENDATION

The examiner panel recommends cancellation of the hearing scheduled to consider this matter and that Application No. 1481349 be granted with the approval of the Lieutenant Governor, as discussed below.

2 INTRODUCTION

2.1 Application

Canadian Superior Energy Inc. (Canadian Superior) applied to the Alberta Energy and Utilities Board (EUB) on behalf of itself and its partner Endev Resources Partnership, pursuant to the *Oil and Gas Conservation Act, (OGCA)* for an order prescribing that all tracts within the drilling spacing unit constituting Section 18 of Township 29, Range 19, West of the 4th Meridian (Section 18) be operated as a unit for the production of gas from the Upper Mannville Formation through the well with the unique identifier of 102/10-18-029-19W4/0 (the 10-18 well).

The applicant requested, among other things, that costs and revenues under the pooling order be allocated on a tract area basis and that Canadian Superior be named the operator of the well to be produced. In addition, the applicant requested that the maximum penalty allowed under the *OGCA* be applied to a tract's share of the costs of drilling and completing the subject well in the formation named in the pooling order if the tract owner does not pay its share of costs within 30 days of the later of the pooling order being issued, the tract owner being notified in writing of its share of actual costs, or the well commencing production.

2.2 Intervention

Bearspaw Petroleum Ltd. (Bearspaw), an owner of a tract within Section 18, opposed the application, submitting that it should not be required to pay its share of the actual costs as requested in the application, as it viewed these as excessive relative to estimated costs, and that no penalty should be allowed.

2.3 Hearing

A Notice of Hearing was issued on February 21, 2007, and a Notice of Rescheduling of Hearing was issued on May 1, 2007. The application was to be considered at a public hearing in Calgary, Alberta, on June 21, 2007, before Board-appointed examiners R. J. Willard, P.Eng. (Presiding Member), T. A. Dibus, P.Geol., and M. P. Vandenbeld, C.E.T.

3 DISCUSSION

The parties informed the EUB by letter dated June 20, 2007, that they had reached an agreement and concur with the issuance of an order.

As there are no outstanding objections to the application, the examiners recommend that the hearing be cancelled and that Application No. 1481349 be granted with the approval of the Lieutenant Governor.

Dated in Calgary, Alberta, on July 10, 2007.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

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

<original signed by>

T. A. Dibus, P.Geol.
Examiner

<original signed by>

M. P. Vandenbeld, C.E.T.
Examiner