

Galleon Energy Inc.

Applications for Two Well Licences Harmon Valley Field

June 13, 2005

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2005-056: Galleon Energy Inc., Applications for Two Well Licences, Harmon Valley Field

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Alberta Energy and Utilities Board 640 – 5 Avenue SW Calgary, Alberta T2P 3G4

Telephone: (403) 297-8311

E-mail: eub.info_services@eub.gov.ab.ca

Fax: (403) 297-7040

Web site: www.eub.gov.ab.ca

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

GALLEON ENERGY INC.
APPLICATIONS FOR TWO WELL LICENCES
HARMON VALLEY FIELD

Decision 2005-056 Applications No. 1362101 and 1362102

1 DECISION

Having completed a review of the applications, the Alberta Energy and Utilities Board (EUB/Board) hereby approves Application No. 1362101 and accepts Galleon Energy Inc.'s (Galleon) request for withdrawal of Application No. 1362102.

2 INTRODUCTION

2.1 Applications

Galleon applied to the EUB pursuant to Section 2.020 of the *Oil and Gas Conservation Regulations* for licences to drill vertical wells from surface locations in Legal Subdivision (LSD) 13, Section 28, Township 81, Range 18, West of the 5th Meridian, and LSD 13-33-81-18W5M. The purpose of the wells would be to obtain gas production from the Bluesky Formation. The maximum hydrogen sulphide (H₂S) concentration in the gas would be 0.00 moles per kilomole (0.0 per cent). The wells would be located about 22 kilometres (km) east of Nampa.

2.2 Intervention

James Crawford and Sherry Crawford (the Crawfords), are the grazing lease holders of Sections 28 and 33-81-18W5M and the landowners of portions of Sections 20 and 21-81-18W5M. The Crawfords filed letters of objection on September 14 and October 12, 2004. They raised concerns regarding the potential for groundwater contamination, noise, emissions, property devaluation, interference with farming operations, and trespass, as well as the access road for one of the wells that crosses their deeded land, emergency response capability, appropriate consultation, need for the wells, and environmental liability.

2.3 Hearing

The Board was scheduled to hold a public hearing in Peace River, Alberta, on May 4, 2005, before Board Member G. J. Miller (Presiding Member) and Acting Board Members J. G. Gilmour and W. G. Remmer. The hearing was then rescheduled at the request of both parties and set down for July 5, 2005. The hearing was cancelled by the EUB when the parties resolved the issues.

3 DISCUSSION

Galleon and the Crawfords, through the EUB Appropriate Dispute Resolution (ADR) process, were able to resolve the issues. A signed withdrawal of objection was submitted to the EUB by the parties on May 25, 2005. As there were no other objections submitted to the EUB, the hearing was cancelled. Galleon requested that Application No. 1362102 be withdrawn. Pursuant to section 20 of the Alberta Energy and Utilities Board Rules of Practice, the Board approved the withdrawal of the application.

Dated in Calgary, Alberta, on June 13, 2005.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

G. J. Miller Presiding Member

<original signed by>

J. G. Gilmour Acting Board Member

<original signed by>

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