

Bonavista Petroleum Ltd.

Application for Special Gas Well Spacing Willesden Green Field

July 14, 2009

ENERGY RESOURCES CONSERVATION BOARD

Decision 2009-039: Bonavista Petroleum Ltd., Special Gas Well Spacing, Willesden Green Field

July 14, 2009

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ENERGY RESOURCES CONSERVATION BOARD Calgary Alberta

BONAVISTA PETROLEUM LTD. APPLICATION FOR SPECIAL GAS WELL SPACING WILLESDEN GREEN FIELD

Decision 2009-039 Application No. 1605973

DECISION

The Energy Resources Conservation Board has considered the findings and recommendations set out in the following examiner report, adopts the recommendations, and directs that Application No. 1605973 be approved.

Dated in Calgary, Alberta, on July 13, 2009.

ENERGY RESOURCES CONSERVATION BOARD

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Dan McFadyen Chairman

ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

EXAMINER REPORT RESPECTING BONAVISTA PETROLEUM LTD. APPLICATION FOR SPECIAL GAS WELL SPACING WILLESDEN GREEN FIELD

Decision 2009-039 Application No. 1605973

1 RECOMMENDATIONS

The examiner panel recommends that the hearing scheduled to consider this matter be cancelled and that Application No. 1605973 be approved.

2 INTRODUCTION

2.1 Application

Bonavista Petroleum Ltd. (Bonavista) applied to the Energy Resources Conservation Board (ERCB/Board), pursuant to Section 79, Subsection 4, of the *Oil and Gas Conservation Act* and Section 5.190 of the *Oil and Gas Conservation Regulations*, to establish a holding for the production of gas from the Cardium Formation in Section 13 of Township 44, Range 8, West of the 5th Meridian (Section 13) for the purpose of suspending the standard drilling spacing unit and target area provisions. The applicant proposed that within the holding a maximum of two wells per pool per section may be produced and a producing well shall be a minimum of 300 metres from the south and west boundaries of the holding.

2.2 Intervention

Caltex Energy Inc. (Caltex) holds Cardium gas rights and has a productive well in Section 24 of Township 44, Range 8, West of the 5th Meridian, adjacent to Section 13. Caltex objected to the application on the basis that Bonavista's existing 00/09-13-044-08W5 (09-13) well is located in a Cardium trend where one well per section is sufficient to recover the reserves. Caltex contended that drilling a second Cardium well in Section 13 would only accelerate reserve recovery and not access any new reserves, thus contributing to unnecessary proliferation of infrastructure and inequitable reserve recovery for offsetting producers.

2.3 Hearing

A notice of hearing was issued on April 22, 2009. The application was to be considered at a public hearing in Calgary, Alberta, on June 22, 2009, before Board-appointed examiners B. C. Hubbard, P.Eng. (Presiding Member), T. R. Keelan, P.Eng., and D. B. Fairgrieve, P.Geol.

3 DISCUSSION

On June 5, 2009, Caltex advised the ERCB that an agreement between the parties had been reached and that it no longer objected to Bonavista's application. As there are no outstanding objections to the application, the examiners recommend that the hearing be cancelled. The

examiners are satisfied that the application is complete with respect to the requirements of *Directive 065: Resources Applications for Conventional Oil and Gas Reservoirs*. The examiners also note that the provisions of the requested holding are consistent with special spacing previously approved in the area and with the standard buffer zones for holdings. The examiners therefore recommend that Application No. 1605973 be approved.

Dated in Calgary, Alberta, on July 2, 2009.

ENERGY RESOURCES CONSERVATION BOARD

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B. C. Hubbard, P.Eng. Presiding Member

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T. R. Keelan, P.Eng. Examiner

<original signed by>

D. B. Fairgrieve, P.Geol. Examiner