ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

LORAD ENERGY INC.	
SECTION 40 REVIEW OF APPLICATION NO. 1645807	**2011ABERCB 025**
CLARESHOLM FIELD	**Proceeding No. 1687580**

1   DECISION

Having received a letter from Canadian Natural Resources Limited (CNRL) withdrawing its objection to the 00/01-21-013-27W4 (1-21) off-target well drilled by Lorad Energy Inc. (Lorad), the Energy Resources Conservation Board (ERCB/Board) hereby rescinds the off-target penalty applied to the 1-21 well and cancels the review hearing set down to consider the decision to deny Application No. 1645807.

2   APPLICATION

Lorad submitted a request for the ERCB to conduct a review hearing related to the denial, pursuant to Sections 39 and 40 of the *Energy Resources Conservation Act*. On May 6, 2011, the ERCB granted the request for a review hearing. The purpose of the review hearing was to determine whether the Board should vary or rescind its decision to deny Application No. 1645807, in which Lorad requested rescission of the off-target penalty applied to the 1-21 well.

3   DISCUSSION

The Board scheduled a public hearing in Calgary, Alberta, on September 13, 2011, before Board Member T. L. Watson, P.Eng. (Presiding Member) and Board Members R. C. McManus and T.C. Engen.

On July 25, 2011, the ERCB received a signed withdrawal of objection from CNRL to the rescission of the off-target penalty currently applied to the 1-21 well drilled by Lorad. Given that currently, there are no objections filed with the ERCB from any offsetting licensees regarding production from Lorad's off-target well and, therefore, no equity concerns with regards to this well, the Board hereby rescinds the off-target penalty applied to the 1-21 well and a review hearing will not be held.

Dated in Calgary, Alberta, on August 5, 2011.

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<original signed by>

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