

PrimeWest Energy Inc.

Application for an Oil Battery Taber North Field

August 16, 2005

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2005-091: PrimeWest Energy Inc., Application for an Oil Battery, Taber North Field

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

PRIMEWEST ENERGY INC. APPLICATION FOR AN OIL BATTERY TABER NORTH FIELD

Decision 2005-091 Application(s) No. 1381784

1 DECISION

Pursuant to Section 20 of the Alberta Energy and Utilities Board *Rules of Practice*, the Alberta Energy and Utilities Board (EUB/Board) hereby accepts PrimeWest Energy Inc.'s (PrimeWest's) request for withdrawal of Application No.1381784. The Board expects PrimeWest to proceed expeditiously with the removal of the production facilities that were placed on the well site. The Board also notes the Serious (level 3) noncompliance with respect to the initiation of construction without an approval and expects the EUB's Facilities Applications Group to proceed with its normal enforcement action.

2 INTRODUCTION

2.1 Application

PrimeWest applied, pursuant to Section 7.001 of the *Oil and Gas Conservation Regulations*, to the EUB for a licence to construct and operate a single-well oil battery at Legal Subdivision (LSD) 16, Section 34, Township 10, Range 17, West of the 4th Meridian, in the Taber North Field, 7.7 kilometres north and west of Taber, Alberta. This facility would handle gas with a maximum hydrogen sulphide (H₂S) content of 0.6 moles per kilomole.

2.2 Intervention

Ronald Gejdos, who holds a grazing lease on the Crown land on which the facility is located, filed an objection to the application. Mr. Gejdos also owns the adjacent lands: the west half and southeast quarter of Section 34, Township 10, Range 17, West of the 4th Meridian.

2.3 Hearing

The Board was scheduled to hold a public hearing in Taber, Alberta, on August 30, 2005, before Board Member J. R. Nichol, P.Eng. (Presiding Member) and Acting Board Members W. G. Remmer, P.Eng. and E. A. Shirley, P.Geol. The hearing was cancelled by the EUB for the reasons set out below.

3 DISCUSSION

PrimeWest filed the application with the EUB on January 21, 2005. Mr. Gejdos filed his objection on February 15, 2005, and advised the EUB on February 24, 2005, that PrimeWest had initiated construction of the subject facility. The EUB directed PrimeWest to suspend construction operations at this site on February 28, 2005, and the facility remains under suspension.

PrimeWest engaged in ongoing negotiations with Mr. Gejdos but was not able to come to a mutual resolution on some of the outstanding concerns. On July 11, 2005, PrimeWest requested that Application No. 1381784 be withdrawn.

The construction of a sour single-well oil battery without prior approval from the EUB is deemed a Serious noncompliance event. The EUB issued a Serious (level 3) enforcement notice to PrimeWest on March 14, 2005, and suspended operations at the site.

Dated in Calgary, Alberta, on August 9, 2005.

ALBERTA ENERGY AND UTILITIES BOARD

(Original signed by)

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

(Original signed by)

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

(Original signed by)

E. A. Shirley, P.Geol. Acting Board Member