



Montane Resources Ltd.

Application for Compulsory Pooling, Common Carrier, and
Common Processor Orders

and

Paramount Energy Operating Corporation

Application for Amendment to Drilling Spacing Unit
Beauvallon and Mannville Fields

September 26, 2007

Alberta Energy and Utilities Board

Decision 2007-072: Montane Resources Ltd., Application for Compulsory Pooling, Common Carrier, and Common Processor Orders and Paramount Energy Operating Corporation, Application for Amendment to Drilling Spacing Unit, Beauvallon and Mannville Fields

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**MONTANE RESOURCES LTD.
APPLICATION FOR COMPULSORY POOLING, COMMON
CARRIER, AND COMMON PROCESSOR ORDERS**

**PARAMOUNT ENERGY OPERATING CORPORATION
APPLICATION FOR AMENDMENT TO DRILLING
SPACING UNIT
BEAUVALLON AND MANNVILLE FIELDS**

**Decision 2007-072
Applications No. 1475827 and 1497233**

DECISION

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

Dated in Calgary, Alberta, on September 26, 2007.

ALBERTA ENERGY AND UTILITIES BOARD

<Original signed by>

W. A. Tilleman, Q.C., J.S.D.
Chairman

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

EXAMINER REPORT RESPECTING MONTANE RESOURCES LTD. APPLICATION FOR COMPULSORY POOLING, COMMON CARRIER, AND COMMON PROCESSOR ORDERS

**PARAMOUNT ENERGY OPERATING CORPORATION
APPLICATION FOR AMENDMENT TO DRILLING
SPACING UNIT
BEAUVALLON AND MANNVILLE FIELDS**

**Decision 2007-072
Applications No. 1475827 and 1497233**

1 RECOMMENDATIONS

In accordance with Section 20 of the *Alberta Energy and Utilities Board Rules of Practice*, the examiner panel recommends that the request by Montane Resources Ltd. (Montane) and Paramount Energy Operating Corporation (Paramount) to withdraw Applications No. 1475827 and 1497233 be approved and that the hearing scheduled to consider the applications be cancelled.

2 INTRODUCTION

2.1 Application No. 1475827

Montane applied to the Alberta Energy and Utilities Board (EUB/Board)

- under Section 80 of the *Oil and Gas Conservation Act (OGCA)* for an order prescribing that all tracts within the drilling spacing unit (DSU) constituting Sections 31 and 32 of Township 51, Range 9, West of the 4th Meridian (Sections 31 and 32) be operated as a unit for the production of gas from the Viking zone, through a well with the unique identifier of 9-31-51-9W4M (9-31 well);
- under Section 80(4)(d) of the *OGCA* for the pooling order to provide for the equalization of the actual costs of drilling and completing the 9-31 well, having regard for the date of such costs and the cumulative production from the pooled production zone before and after Montane's date of ownership;
- under Section 48(1) of the *OGCA* for an order declaring Dominion Exploration Canada Ltd. (Dominion) as a common carrier of gas from the Mannville Upper and Middle Viking B Pool (Viking B Pool), through a pipeline extending from LSD 9-31-51-9W4M to a gas plant located at LSD 8-24-51-10W4M (the 8-24 plant);
- under Section 48(4)(a) of the *OGCA* for the EUB to designate the 9-31-51-9W4 (9-31) and 7-30-51-9W4 (7-30) tie-in location as the point at which the common carrier shall take delivery of the gas to be transported under the common carrier order;
- under Section 53(1) of the *OGCA* for an order declaring Dominion as a common processor of gas produced from the Viking B Pool through the 8-24 plant;

- under Section 53(5)(b) of the *OGCA* for the common processor order to direct Dominion to process up to 20 thousand cubic metres per day of Montane's production; and
- under Section 56 of the *OGCA* for the common carrier and common processor orders to be retroactive to January 13, 2005, the date when Montane's production from the 9-31 well would first be affected.

Montane, which acquired the Crown gas rights for the Viking Formation of Section 32, indicated that it filed Application No. 1475827 because it had been unsuccessful in its attempts to negotiate a mutually satisfactory voluntary pooling or other arrangement with the lessee of Viking gas in Section 31 and a satisfactory arrangement for capacity in Dominion's pipeline and gas plant.

2.2 Application No. 1497233

In response to Montane's application, Dominion applied, pursuant to Section 4.020 of the *Oil and Gas Conservation Regulations*, to amend the DSU from two sections to one section for the production of gas from the Viking Formation for Sections 31 and 32.

By letter dated July 11, 2007, Paramount's counsel advised the EUB that the above noted lands are now controlled by Paramount. Paramount also adopted the submissions previously filed by Dominion with respect to Applications No. 1475827 and 1497233.

2.3 Interventions

Montane and Dominion (now Paramount) filed interventions in opposition to each other's application. In addition, CNRL, the working interest owner in Section 31, filed an intervention in opposition to Application No. 1475827.

2.4 Hearing

The applications were scheduled to be considered at a public hearing in Calgary, Alberta, commencing November 6, 2007, before Board-appointed examiners F. Rahnama, Ph.D., R. J. Willard, P.Eng., and K. G. Sharp, P.Eng.

3 DISCUSSION

The EUB issued a Notice of Hearing for the subject applications on April 3, 2007, and two Notices of Rescheduling of Hearing on May 8 and July 30, 2007, respectively. Subsequent to the issuance of the notices, the parties involved entered into further negotiations and resolved the matter that had resulted in the filing of these applications. By letter dated August 29, 2007, Montane and Paramount filed a notice of withdrawal of their applications.

As the matter that resulted in the filing of the subject applications has now been resolved and the applicants have requested a withdrawal of their applications, there is no longer any need for the public hearing or for any further process respecting the subject applications. The examiners therefore recommend that the hearing be cancelled and that the request to withdraw the applications be approved.

Dated in Calgary, Alberta, on September 26, 2007.

ALBERTA ENERGY AND UTILITIES BOARD

<Original signed by>

F. Rahnama, Ph.D.
Presiding Member

<Original signed by>

R. J. Willard, P.Eng.
Examiner

<Original signed by>

K. G. Sharp, P.Eng.
Examiner