



Detector Exploration Ltd.

Application for a Compulsory Pooling Order
Pembina Field

July 22, 2008

ENERGY RESOURCES CONSERVATION BOARD

Decision 2008-056: Detector Exploration Ltd., Application for a Compulsory Pooling Order,
Pembina Field

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ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

**DETECTOR EXPLORATION LTD.
APPLICATION FOR A COMPULSORY POOLING ORDER
PEMBINA FIELD**

**Decision 2008-056
Application No. 1556255**

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. 1556255 be approved, subject to the approval of the Lieutenant Governor in Council.

Dated in Calgary, Alberta, on July 21, 2008.

ENERGY RESOURCES CONSERVATION BOARD

[Original signed by]

Dan McFadyen
Chairman

ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

EXAMINER REPORT RESPECTING DETECTOR EXPLORATION LTD. APPLICATION FOR A COMPULSORY POOLING ORDER PEMBINA FIELD

Decision 2008-056
Application No. 1556255

1 RECOMMENDATIONS

The examiner panel recommends that the hearing scheduled to consider this matter be cancelled, as no further submissions were received following the issuance of the Notice of Hearing, that the outstanding objection be dismissed, and that Application No. 1556255 be approved, subject to the approval of the Lieutenant Governor in Council.

2 INTRODUCTION

2.1 Application

Detector Exploration Ltd. (Detector) applied, pursuant to Section 80 of the *Oil and Gas Conservation Act (OGCA)*, to the Energy Resources Conservation Board (ERCB/Board) for a compulsory pooling order prescribing that all tracts within the drilling spacing unit constituting Section 24 of Township 49, Range 7, West of the 5th Meridian (Section 24) be operated as a unit for the production of gas from all zones to the base of the Edmonton Group through a well with the unique well identifier of 02/03-24-049-07W5.

Detector requested, among other things, that costs and revenues under the pooling order be allocated on a tract area basis and that it be named operator of the well to be produced. In addition, Detector requested that the maximum penalty allowed under the *OGCA* be applied to a tract owner's share of the costs of drilling the well to and completing it in the formations named in the order if the tract owner does not pay the costs within 30 days of the later of the pooling order being issued, the tract owner being notified in writing of its share of actual costs, or the well commencing production.

2.2 Intervention

Skylight Energy Resources Ltd. (Skylight), an owner of a tract within Section 24, objected to the application, stating that it was only willing to farm out its tract to Detector for a gross overriding royalty (GORR) of 20 per cent with no deductions and that it was concerned with the way Detector had the well licensed.

2.3 Hearing

A Notice of Hearing was issued on April 23, 2008. The application was to be considered at a public hearing in Calgary, Alberta, on July 16, 2008, before Board-appointed examiners F. Rahnama, Ph.D. (Presiding Member), R. A. Marsh, P.Geol., and T. R. Keelan, P.Eng.

3 DISCUSSION

Following the issuance of the Notice of Hearing, Skylight informed the ERCB on June 26, 2008, that it would not be submitting any further information on this matter. Also on that date, Detector informed the ERCB that it would not be submitting any further information on this matter. The Notice of Hearing advised the parties that if no submissions were received, the hearing could be cancelled, in which case the ERCB would continue to process the application without further notice.

Skylight's objection was primarily based on disagreement with Detector on financial arrangements mainly related to GORR. The ERCB has no jurisdiction setting the specific overriding royalty rates between Detector and Skylight. Additionally, in failing to make a submission, Skylight supplied no additional information regarding its concerns about the ERCB's well licensing process or any further information on any other concerns.

Based on the above, the examiners recommend that the hearing be cancelled, the outstanding objection be dismissed, and that Application No. 1556255 be approved, subject to the approval of the Lieutenant Governor in Council.

Dated in Calgary, Alberta, on July 21, 2008.

ENERGY RESOURCES CONSERVATION BOARD

[Original signed by]

F. Rahnama, Ph.D.
Presiding Member

[Original signed by]

R. A. Marsh, P.Geol.
Examiner

[Original signed by]

T. R. Keelan, P.Eng.
Examiner