



NAL Resources Limited

Application for Special Oil Well Spacing
Bonanza Field

October 28, 2008

ENERGY RESOURCES CONSERVATION BOARD

Decision 2008-098: NAL Resources Limited, Application for Special Oil Well Spacing, Bonanza Field

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ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

**NAL RESOURCES LIMITED
APPLICATION FOR SPECIAL OIL WELL SPACING
BONANZA FIELD**

**Decision 2008-098
Application No. 1500916**

DECISION

The Energy Resources Conservation Board has accepted the applicant's request to withdraw the application and cancelled the public hearing scheduled to consider it.

Dated in Calgary, Alberta, on October 27, 2008.

ENERGY RESOURCES CONSERVATION BOARD

<original signed by>

B. T. McManus, Q.C.
Acting Chairman

ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

EXAMINER REPORT RESPECTING NAL RESOURCES LIMITED APPLICATION FOR SPECIAL OIL WELL SPACING BONANZA FIELD

Decision 2008-098
Application No. 1500916

1 RECOMMENDATIONS

The examiner panel recommends that the request by NAL Resources Limited to withdraw Application No. 1500916 be approved and that the hearing scheduled to consider the application be cancelled.

2 INTRODUCTION

2.1 Application

NAL Resources Limited (NAL) (previously Seneca Energy Canada Inc.) applied, pursuant to Section 79, Subsection 4, of the *Oil and Gas Conservation Act (OGCA)* and Section 5.190 of the *Oil and Gas Conservation Regulations (OGCR)*, to the Energy Resources Conservation Board (ERCB/Board) for the suspension of drilling spacing units and target area provisions and the establishment of holdings for the production of oil from the Boundary Lake Formation (Boundary Lake) in Sections 14 and 23 of Township 81, Range 11, West of the 6th Meridian. The applicant proposed that within the holdings a maximum of two wells per pool per quarter section would be produced and each producing well would be a minimum of 300 metres (m) from any other well producing from the same pool and a minimum of 200 m from the south and east boundaries of the holdings. The applicant submitted that its request to establish holdings for Boundary Lake oil was based on previously approved and established conditions in sections directly offsetting the application area and would be consistent with conservation efforts in the Bonanza field. It stated that Boundary Lake oil development had not occurred within the application area to date.

2.2 Interventions

Canadian Natural Resources Limited (CNRL), a party with a working interest in Sections 15 and 22 of Township 81, Range 11, West of the 6th Meridian, objected to the application based on the impact on resource conservation within the Bonanza Boundary Lake A pool (the A pool). CNRL indicated that the wells proposed by NAL on the applied-for sections, if proven to be connected to the A pool, would only serve to increase withdrawals from the pool, thus more quickly depleting the pressure in the approved waterflood scheme. It also contended that a drop in pressure with no corresponding voidage replacement would be detrimental to the total recovery for the pool.

Regent Resources Ltd. (Regent), a party with a working interest in Sections 15 and 22 of Township 81, Range 11, West of the 6th Meridian, objected to the application on the basis that a change in the buffer distance may provide NAL with the opportunity to drain reserves that

rightfully belong to the waterflood scheme owners and are economic to capture only because of significant investment in secondary recovery.

2.3 Hearing

A Notice of Hearing was issued on January 30, 2008. The application was to be considered at a public hearing in Calgary, Alberta, on April 1, 2008, before Board-appointed examiners K. G. Sharp, P.Eng. (Presiding Member), T. A. Dibus, P.Geol., and T. L. Byrnes, P.Eng.

On March 13, 2008, NAL, CNRL, and Regent jointly requested an adjournment of the hearing in order for the parties to continue discussions to resolve CNRL's and Regent's objections. On March 20, 2008, the adjournment request was granted and a Notice of Adjournment of Hearing was issued on March 27, 2008, adjourning the hearing until further notice.

3 DISCUSSION

On October 2, 2008, NAL advised the ERCB that it no longer wished to pursue its application and requested the withdrawal of the subject application, pursuant to Section 21 of the *Energy Resources Conservation Board Rules of Practice*. As NAL wishes to withdraw its application, there is no longer any need for a public hearing or for any further process regarding the application. The examiners therefore recommend that the hearing be cancelled and that the request to withdraw the application be approved.

Dated in Calgary, Alberta, on October 27, 2008.

ENERGY RESOURCES CONSERVATION BOARD

<original signed by>

K. G. Sharp, P.Eng.
Presiding Member

<original signed by>

T. A. Dibus, P.Geol.
Examiner

<original signed by>

T. L. Byrnes, P.Eng.
Examiner