ALBERTA ENERGY AND UTILITIES BOARD
Calgary Alberta

ENRON OIL CANADA LTD.
COMMON CARRIER, COMMON PROCESSOR,
ALLOCATION OF PRODUCTION **Examiner Report No. 97-6**
WAPITI AREA **Application No. 960883**

1 INTRODUCTION

1.1 Application, Interventions, and Hearing

Enron Oil Canada Ltd. applied

- under section 37 of the Oil and Gas Conservation Act (the Act) for an order declaring Imperial Oil Resources as a common carrier of gas produced from an undefined Notikewin pool, through a pipeline extending from a location in Legal Subdivision 8 of Section 24, Township 68, Range 7, West of the 6th Meridian (Lsd 8-24-68-7 W6M), to a gas plant located in Lsd 4-8-69-8 W6M (the Wapiti Gas Plant) (see attached figure),

- under section 42 of the Act for an order declaring Imperial Oil Resources as a common processor of gas produced from an undefined Notikewin pool, through the shallow cut and deep cut facilities comprising the Wapiti Gas Plant,

- under sections 37(4)(b) and 42(5)(a) of the Act for the allocation of gas production between the wells located in Lsd 13-2-68-7 W6M and Lsd 3-12-68-7 W6M (the 13-2 and 3-12 wells, respectively), and

- under section 45 of the Act for the proposed common carrier and processor orders to be effective as of the date of the application, 7 November 1996.

At the hearing, Enron Oil Canada Ltd. amended its application for common carrier and processor orders by requesting that the orders apply to Ulster Petroleums Ltd., as well as Imperial Oil Resources.

Canadian Hunter Exploration Ltd., Imperial Oil Resources, and Amoco Canada Petroleum Company Ltd. on behalf of itself and its partners in the 13-2 well, filed interventions opposing the application.

The application was considered at a public hearing on 9 and 10 July 1997, in Calgary, Alberta, by Board-appointed examiners F. Rahnama, Ph.D., B. C. Hubbard, P.Eng., and D. B. Fairgrieve, P.Geol.

Those who appeared at the hearing and the abbreviations used in the report are listed on the following table:

THOSE WHO APPEARED AT THE HEARING

Principals and Representatives (Abbreviations Used in Report)	Witnesses
Enron Oil Canada Ltd. (Enron) M. S. Forster	P. T. Arnott, P.Geol. R. D. Long, P.Eng. Z. R. Tymrick, P.Eng.
Amoco Canada Petroleum Company Ltd. (Amoco) D. A. Holgate	B. E. Avery, P.Eng. D. A. Davison, P.Geol. G. O. Smith A. J. Stark, P.Eng. P. J. Tarnowsky, P.Eng. J. H. Perry, of GA Perry Consulting Ltd.
Canadian Hunter Exploration Ltd. (Canadian Hunter) R. A. Neufeld	
Imperial Oil Resources (Imperial) D. G. Davies C. L. Clarke	A. W. Botsford D. W. Meads M. P. Wihak, P.Eng. of Ulster Petroleums Ltd. (Ulster)
Energy and Utilities Board Staff D. Brezina K. Fisher L. Grossin A.E.M. Wiechert, P.Geol.	

1.2 Background

Amoco drilled the 13-2 well in July 1996. The well encountered a productive Notikewin pool and began producing 21 August 1996. Gas from the well flows through the pipeline known as the east leg gas gathering system (see attached figure) for processing at the Wapiti Gas Plant.

In September 1996, Enron drilled the 3-12 well, encountering a productive gas pool in the Notikewin Member. The well was tied in and began producing on 4 December 1996. Gas from

the well flows through the east leg gas gathering system to the Wapiti Gas Plant for processing through both shallow and deep-cut facilities.

Pressure data from the 13-2 and 3-12 wells indicate that the wells are completed in the same gas reservoir.

At the time that the application was submitted in November 1996, Imperial was the operator of the east leg gas gathering system and the Wapiti Gas Plant, the proposed common carrier and common processor facilities. On about 12 June 1997, Ulster became operator of the facilities.

2 ISSUES

The examiners consider the issues respecting the application to be

- the need for the common carrier and common processor orders, and if the orders are issued, the details of the orders, and

- the need for an order allocating production, and if the order is issued, the details of the order.

3 NEED FOR COMMON CARRIER AND COMMON PROCESSOR ORDERS, AND IF ISSUED, THE DETAILS OF THE ORDERS

3.1 Basis For Consideration

The examiners consider that an applicant requesting common carrier and processor orders would be required to demonstrate that

- producible reserves are available for transportation and processing, and processing facilities are needed,

- there is a reasonable expectation of a market for the gas which is proposed to be transported and processed through the proposed common carrier and common processor facilities,

- reasonable arrangements for the use of the pipeline and processing facilities could not be agreed on by the parties, and

- common carrier and common processor orders represent the only economic way or clearly the most practical way to transport and process the gas in question, or are clearly superior environmentally.

3.2 Views of Enron

Enron submitted that its 3-12 well is in the same Notikewin pool as Amoco's 13-2 well. It indicated that the wells are typical for Notikewin pools in the area, having a high initial productive capability which then declines rapidly. It mapped the pool as containing only these two wells, as shown on the attached figure. The applicant requested that the Board designate Sections 2, 3, 10, 11, and 12-68-7 W6M as a new Notikewin pool. It estimated the original recoverable reserves for the pool by material balance analysis to be 250 million cubic metres.

The applicant's evidence indicates that the gas producible from its 3-12 well requires processing and that there is a market for the gas.

Enron submitted that common carrier and common processor orders are required to address past inequitable drainage of the reserves encountered by the 3-12 well, and to ensure that no inequitable drainage of its reserves occurs in future by allowing full access to pipeline and processing facilities. The applicant's data showed that the pressure of the Notikewin pool at the 3-12 well on 5 November 1996 was 15 398 kilopascals (kPa); by 3 December 1996, the pressure at the well had declined to 14 430 kPa, although no production had been taken from the well. Enron attributed the decline in pressure to drainage resulting from ongoing production from Amoco's 13-2 well. The applicant also argued that inequitable drainage of its reserves had continued after production from its well commenced on 4 December 1996. Production from the well was restricted during December 1996, and January and February 1997, due to capacity limitations in the pipeline and processing plant, and was shut in for 4 or 5 days in June 1997 due to a compressor outage, while Amoco's 13-2 well continued to produce during these periods without restriction. Enron indicated that its 3-12 well was flowing without restriction at the time of the hearing, and hence no inequitable drainage was occurring at the time. It argued that inequitable drainage could however occur in future if flow from the 3-12 well is restricted because of new gas from facility owners taking priority over Enron's gas, while Amoco's 13-2 well continues to produce without restriction.

The applicant stated that prior to drilling the 3-12 well, it had entered into a reasonable-efforts agreement with Imperial, effective 1 November 1995, for transportation, compression, and processing of gas at the Wapiti Gas Plant for two other wells in the area. Enron was advised by Imperial in late 1995 and early 1996 that only limited capacity would be available for its gas, and it began arrangements to build its own gas plant. It subsequently ceased these arrangements on the basis of assurances from Imperial that, if Enron required it, capacity to handle its gas at the Wapiti Gas Plant would be made available by facility modifications. Enron subsequently obtained an amendment, dated 27 March 1996, to add a third well in Lsd 6-4-68-7 W6M (the 6-4 well) to its existing transportation, compression, and processing agreement. The applicant asserted that the amendment to the agreement obliged Imperial to undertake facility modifications to increase capacity to accommodate Enron's 6-4 well and any additional wells Enron wished to produce through the facilities in future. The applicant contended that from 27 March 1996 onwards, Enron verbally requested Imperial to proceed with facility modifications to increase capacity, but these never occurred.

Enron stated that when it requested, in October 1996, to have its 3-12 well added to the existing agreement, Imperial advised that there was restricted capacity, if any, for the well, but the well could still be added to the existing agreement. Enron did not consider building a new plant for its gas to be a viable alternative because the pool would have been drained by the time the plant was built. The applicant considered the Wapiti Gas Plant as the only viable option for gas from the 3-12 well, and did not initiate discussions regarding the possibility of processing gas at another plant in the area, such as the Amoco South Wapiti Gas Plant located in Lsd 16-36-67-9 W6M. Subsequently, it obtained an amendment, effective 1 November 1996, to its existing agreement to include the 3-12 well. The applicant said that it recognized that production from its well would be restricted prior to facility modifications, however, it placed its well on production under these circumstances in order to mitigate its losses from drainage.

Enron maintained that, in order to address drainage issues associated with its 3-12 well, it continued to verbally request facility modifications. It disagreed with Imperial's argument that the 27 March 1996 agreement obliged Imperial to make facility modifications only if capacity was required for the wells in Lsd 16-24 and 10-26-68-7 W6M (the 16-24 and 10-26 wells, respectively) and the 6-4 well. In Enron's opinion, the agreement obliged Imperial to add capacity if Enron required it for any new wells, including the 3-12 well. It maintained that if Imperial had met its contractual obligation, there would not have been any restrictions in production from the 3-12 well.

The applicant also indicated that it had attempted to address the drainage issue at the 3-12 well by shutting in or restricting production from other Enron wells to ensure that maximum capacity was available for gas from the 3-12 well. The applicant also said that it had attempted unsuccessfully to make a pooling arrangement with Amoco that would address the drainage issues involved.

In response to questioning, Enron said that it had not requested a firm-service arrangement as a means of addressing the drainage issue. In 1995, it considered a reasonable-efforts arrangement as acceptable because it had been advised by Imperial that following facility modifications, there would be more capacity available than Enron would actually need. It did not ask for firm service for production from the 3-12 well because of a perception that none would be available due to existing capacity limitations; however, it did not confirm this perception with Imperial. Enron also indicated that it had rejected an offer dated 26 June 1997 from Ulster for firm service, because of the outstanding drainage issues, and because the 3-12 well was producing unrestricted at the time. The applicant said that if firm service would protect it from drainage, it would be prepared to discuss it. Enron also indicated that if the requested orders were issued, it would not require firm-service arrangements.

During final argument, the applicant contended that its current agreement for transportation, compression, and processing is reasonable if interpreted as obliging Imperial to make facility modifications to increase capacity to accommodate any wells Enron wishes to produce through the facilities, including the 3-12 well. The applicant submitted however, that the arrangement is unreasonable if interpreted as Imperial suggests, and that Imperial's obligation to increase

capacity relates to only the 16-24, 10-26, and 6-4 wells, and not the 3-12 well or other future Enron wells.

Enron concluded that it had made reasonable efforts to address the drainage issue respecting the 3-12 well, but that as these efforts had not been successful, the common carrier and common processor orders are needed.

The applicant requested that the common carrier and common processor orders be made effective as of the date of its application, 7 November 1996. It considered this date to be justified because in its view, the 3-12 well would have been tied in and capable of production at the beginning of November 1996, but production was delayed until December 1996 because of Alberta Environment Protection requirements. Other delays in the processing of the application were not of Enron's making, and were in large part caused by further negotiations between the parties.

Finally, Enron submitted that there is not enough gas remaining in the pool of interest for it to be allocated its fair share of this pool. Therefore, if the Board found in Enron's favour, it would be necessary for the Board to invoke other sections of the Act, such as section 7, to ensure that Enron is able to recover an equitable share. The applicant did not make any specific proposals in this regard, but in response to questioning suggested that the Board should require Amoco to give Enron gas from some other pool.

3.3 Views of Imperial

Imperial indicated that after 8 February 1997, it had not taken any deliberate actions to restrict production from Enron's 3-12 well. It speculated that the fluctuations in daily production rate and separator pressures respecting the 3-12 well between 8 February 1997 and the beginning of March 1997 when Enron submitted that unrestricted production from the well began, appear to have resulted from facility operating problems and the producing characteristics of the 3-12 well and the related compressor. Imperial argued that in any event, such drainage of Enron's reserves as occurred resulted because the reasonable-efforts or interruptible service for which Enron contracted was interrupted, and on that basis, the drainage was not inequitable. Imperial said that there is potential for restriction of production from the 3-12 well again in the future, if facility owners want to produce new gas into the system, because the owners' gas would have priority over gas flowing under reasonable-efforts arrangements such as Enron's.

Imperial noted that Enron had voluntarily entered into a reasonable-efforts arrangement for use of the facilities in question for gas produced from the 3-12 well. This contract does not oblige Imperial to accept Enron's gas unless there is spare capacity. Imperial acknowledged that the contract obliged Imperial to carry out facility modifications, if an assessment showed these to be necessary to accommodate gas from the 16-24, 10-26, and 6-4 wells. It disputed Enron's claim that it was obligated to carry out modifications for any future Enron well such as the 3-12 well. Imperial stated that it had studied the need to add capacity and subsequently concluded that facility modifications were not required, as the 6-4 well was able to produce without facility

restrictions. In its opinion, Enron was aware that Imperial had drawn this conclusion. Imperial contended that once the 6-4 well was producing in an unrestricted manner in about early July 1996, there were no further discussions with Enron about facility modifications. Imperial also noted that Enron did not request facility modifications to accommodate gas from the 3-12 well when advised by Imperial in October 1996 that there would be limited, if any, capacity for gas from the well. Imperial further submitted that if Enron wanted similar or equivalent access to facilities for gas from the 3-12 well as that held by Amoco's 13-2 well, Enron should have requested such service. However, Enron did not request firm service at any time. In response to questioning, Imperial said that it could not speculate as to whether there would have been firm service available to Enron at the time the 3-12 well commenced production. It said that if the fees were sufficient for the facility owners to curtail their own production, they may have opted to provide Enron firm service.

Imperial argued that the application was brought to allow Enron to gain greater access to the facilities than it contracted for in order to avoid a loss through drainage. In Imperial's opinion, this is an improper use of the common carrier and common processor provisions of the Act. Imperial argued that if Enron wanted to protect itself against drainage in the future, it did not need common carrier and common processor orders; it needed to negotiate a firm-service contract with Ulster. Imperial requested that the application therefore be denied.

Imperial did not have a position on an appropriate effective date for the common carrier and common processor orders, if issued.

3.3 Views of Amoco

Amoco mapped the 13-2 and 3-12 wells into the same Notikewin pool, as shown on the attached figure. It indicated, however, that the well control in the area renders the location of the pool edges to be interpretive.

Amoco argued that Enron is concerned about past drainage and not future drainage. However, in Amoco's opinion, any drainage of Enron's reserves that had occurred was not inequitable. It noted that the 3-12 well was not capable of production until it was tied in on 4 December 1996, and hence drainage that had occurred to that time was not inequitable. Amoco said that it was not the Board's role to protect companies from the delays that resulted because of environmental regulations such as occurred respecting the tie-in of the 3-12 well. After tie-in, production from the well was restricted for a few weeks; however, in Amoco's opinion, any drainage that occurred during this period was not inequitable, because the time period involved is well within a reasonable negotiating period, and the Board has consistently stated that drainage that occurs during a reasonable negotiating period is not inequitable. Amoco noted that production from the 3-12 well was not restricted at the time of the hearing, and in its view, would not likely be restricted in the future. It concluded that as there is currently no inequitable drainage of Enron's reserves, and as there is not likely to be inequitable drainage in future, there is no need for the remedy that Enron is seeking.

Amoco indicated that it and other facility owners had agreed to make facility modifications, if required, to accommodate production from the 6-4 well, but not from future Enron wells such as the 3-12 well. Amoco argued that in any event, Enron had reasonable opportunities to address drainage issues relating to the 3-12 well through means other than facility modifications, such as through one of a number of pooling proposals made by Amoco. In Amoco's opinion, if Enron had accepted a pooling arrangement, it would have been better off than it would be if the Board shut in Amoco's 13-2 well immediately. It contended that Enron could have built its own plant, or entered into negotiations for access to the South Wapiti Gas Plant. Amoco also argued that Enron had chosen to contract for interruptible service for the 3-12 well, and did not at any time apply for firm service. In Amoco's view, Enron should not be applying to the Board for relief from the consequences of its choices in this matter.

On the basis of the foregoing, Amoco concluded that there is no justification for common carrier and common processor orders, and it requested that the application be denied. It suggested further that if Enron was concerned about the production split in the pool, it should have sought a remedy through a rateable take order under section 23 of the Act, rather than through the common carrier and common processor provisions.

Amoco opposed the issuance of common carrier and common processor orders, but indicated that if these orders are granted, they should take effect on the date of issuance.

Amoco noted the Enron argument that the Board should order Amoco to provide gas to Enron from a pool other than the Notikewin pool containing the 13-2 and 3-12 well to compensate for past drainage, and was of the view that the Board did not have the legal jurisdiction to take such action.

3.4 Views of Canadian Hunter

Canadian Hunter supported the submissions of Amoco and Imperial that the application should be denied. In its view, the application materials did not appear to show that any drainage of Enron's reserves that occurred was inequitable. Canadian Hunter submitted that Enron has a contract for transportation and processing capacity in the Wapiti facilities for production from the 3-12 well, and the applicant has and continues to exercise its rights in accordance with the contract. In Canadian Hunter's opinion, that contract did not oblige the facility owners to make facility modifications for production from the 3-12 well.

Canadian Hunter submitted that the application is a request from Enron to have the Board restrict and distribute production between wells in the Notikewin pool containing the 13-2 and 3-12 wells, and that a request for such action would have been more properly made under section 23 of the Act. However, Enron has not applied under that section of the Act because, in Canadian Hunter's opinion, orders issued under that section of the Act cannot be made retroactive. In order to obtain retroactivity, Enron has applied for common carrier and common processor orders, which if issued, would affect Canadian Hunter as an owner in, and producer of gas through, the Wapiti facilities, even though Canadian Hunter has no interest in the Notikewin

pool of interest. Canadian Hunter concluded that there is no justification for the proposed orders, and that the application should therefore be denied.

3.5 Views of the Examiners

The examiners accept the evidence that there are reserves producible from the Enron 3-12 well which require processing and that the applicant has a market for gas production from the well.

The examiners note that there was no dispute among the parties that the Amoco 13-2 and the Enron 3-12 well are within the same Notikewin pool. They conclude that the pool should be defined accordingly.

The examiners note that the 3-12 well was tied in on 4 December 1996 under a reasonable-efforts contract between Enron and Imperial. Tie in was delayed for about one month due to weather-related environmental restrictions. The examiners do not consider any drainage of Enron's reserves that occurred during this delay to be inequitable. The examiners accept the evidence that production from the 3-12 well was restricted for up to three months following the commencement of production, and agree that some of Enron's reserves were drained during this period by production from the Amoco 13-2 well. However, they are of the opinion that the time period involved is well within a reasonable negotiating period, and that drainage that occurs during a reasonable negotiating period is not inequitable. The examiners also note the applicant's evidence that production from the 3-12 well was not restricted between March 1997 and the hearing. Further, it is not clear to the examiners that there would be inequitable drainage in future, since the rate of production from the 3-12 well (as well as the 13- 2 well) is declining, reducing demand for capacity in the facilities. In addition, Enron indicated that it has the option of shutting in other Enron wells to ensure maximum capacity is available for the 3-12 well. Such action would in the examiners' view be appropriate as a temporary measure to address potential drainage issues in the future. Further, the evidence indicates that there is opportunity for Enron to negotiate for a transportation and processing agreement with Ulster that would address future drainage matters in a more permanent manner.

The examiners are of the opinion that Enron did not vigorously pursue all opportunities to address drainage issues respecting the 3-12 well after being advised prior to tie-in of the well that production from the well would most likely be restricted due to capacity limitations. The applicant apparently did not pursue the possibility of amending its agreement with Imperial such that production from the 3-12 well would have equivalent access to facilities as Amoco's 13-2 well. It also appears to the examiners, as indicated above, that Enron continues to have the opportunity to negotiate a revised contract with the operator of the Wapiti facilities that would protect it from drainage in the future. The examiners are unable to draw any conclusions from the contradictory evidence respecting whether or not Enron continued to request facility modifications to address drainage of the 3-12 well. The examiners note Enron's argument, contradicted by Imperial, Amoco, and Canadian Hunter, that Imperial is obliged by the agreement between Enron and Imperial to modify facilities to accommodate the 3-12 well and other future Enron wells. The examiners are of the view however, that if Enron believes that

Imperial and the facility owners are in breach of a contractual agreement, Enron has the option to pursue the matter in a court of law. In the examiners' opinion, the Board does not have the jurisdiction to resolve such contractual disputes. With respect to the possibility of processing gas from the 3-12 well at a plant other than the Wapiti facilities, the examiners agree that building a new plant for production from the well would not likely have been a practical solution to the problem. However, there was opportunity for Enron to pursue the possibility of tieing its well into the South Wapiti plant, but this was apparently not done.

In summary, the examiners conclude that

- from about March 1997 and subsequently up to the time of the hearing, with the exception of a few days during June 1997 during a compressor outage, the 3-12 well was producing at capacity, and hence no inequitable drainage was occurring,

- it is not clear that the reserves associated with the 3-12 well would be inequitably drained in future, given that production from the well is declining,

- Enron appears to have recourse, such as temporarily shutting in other production, and pursuing a firm-service contract, in the event of future drainage of its 3-12 well, and

- it does not appear that Enron fully pursued negotiations for reasonable terms for non-interruptible service for its 3-12 well, or the possibility of processing its gas elsewhere.

The examiners acknowledge that Enron's reserves were drained for up to three months subsequent to the commencement of production of the 3-12 well. However, the examiners do not consider that such drainage was necessarily inequitable. Further, where inequitable drainage is an issue, the examiners believe that there would be justification for common carrier and common processor orders only where such drainage is currently occurring, or where there is a high degree of certainty such drainage would occur in future, and efforts to make reasonable voluntary arrangements fail to address the issue. In the examiners' view, the issuance of such orders solely to provide a retroactive remedy for past drainage, would be a misuse of these provisions of the legislation.

On the basis of the foregoing, the examiners conclude that there is no justification for the issuance of common carrier or common processor orders in this case.

4 NEED FOR AN ORDER ALLOCATING PRODUCTION, AND IF ISSUED, THE DETAILS OF THE ORDER

4.1 Views of Enron

Enron submitted that an order allocating production between Amoco's 13-2 well and Enron's 3-12 well is needed to guide the common carrier and common processor in the proper and non-discriminatory allocation of capacity.

The applicant submitted that if there had been no issue with capacity in the existing facilities, it would have been economic for it to drill an additional well on Enron land into the same Notikewin pool as encountered by the 13-2 and 3-12 wells. This would have enabled Enron to produce two wells, while Amoco produced one well. On this basis, the applicant proposed that production be allocated two thirds to Enron, and one third to Amoco.

If the Board allocated production on the basis of wellbore parameters and the validated area concept, Enron said that its preferred values for wellbore parameters for the 13-2 well would be a net pay of 3.7 metres (m), an average porosity of 11.9 per cent, and an average water saturation of 26 per cent, and for the 3-12 well, a net pay of 5.8 m, an average porosity of 7.1 per cent, and an average water saturation of 39 per cent. The applicant considered that any section within the pool as mapped by Enron, where an on-target well could be located, should be considered as validated. By Enron's interpretation, half of Section 1-68-7 W6M, and all of Sections 2, 3, 11, and 12-68-7 W6M would be validated. In response to questioning, the applicant agreed that only half of Section 1-68-7 W6M would be validated, due to the presence of a well with no productivity in the Notikewin Member in Lsd 7 of the section.

Enron indicated that it did not consider it necessary for the allocation order to include any minimum rate provisions. It also said that it would be acceptable for the allocation order to require the balancing of production between wells over a one-year period.

4.2 Views of Interveners

Imperial submitted that any allocation of production should be confined to the pool in question such that it does not affect facility owners' or the operator's ability to meet obligations to other third parties, including other firm-service customers.

Imperial did not express a position on the actual methodology to be used to allocate production or the time period over which production under the allocation should be balanced.

Amoco submitted that if a common processor order is not granted, there would be no need to allocate production in furtherance of the order. However, if the Board decided to allocate production, Amoco asked that it be based on net pay and porosity for the drilled wells only. In its opinion, no undrilled sections should be accounted for in the allocation, because of the uncertainties related to mapping the pool in question. Amoco interpreted, for its 13-2 well, net pay of 4.5 m, porosity of 7.6 per cent, and water saturation of 37.4 per cent, and for Enron's 3-12 well, net pay of 4.5 m, porosity of 6.2 per cent, and water saturation of 37.7 per cent.

In response to questioning, Amoco indicated that it would be acceptable to balance production under an allocation order over a one-year period. Amoco did not consider it useful in this case for an allocation order to provide for minimum production rates.

Canadian Hunter did not comment directly on the need for an order allocating production in the subject pool, on the methodology that should be used in any allocation formula, or on any of the possible details of an allocation order.

4.3 Views of Examiners

The examiners note that sections 37(4)(b) and 42(5)(a) of the Act allow for the allocation of production among wells in a pool in order to give effect to common carrier and common processor orders. As the examiners believe that such orders should not be issued in this case, the examiners are of the view that allocation of production cannot be considered.

5 RECOMMENDATION

For the reasons noted in this report, the examiners recommend that

- the Board define a new Notikewin pool containing the wells located in Legal Subdivision 13 of Section 2, Township 68, Range 7, West of the 6th Meridian, and in Legal Subdivision 3 of Section 12, Township 68, Range 7, West of the 6th Meridian, and

- the Board deny Application No. 960883 for the issuance of common carrier and common processor orders, and for the allocation of production between the wells contained in the pool to be subject to the requested common carrier and processor orders.

DATED at Calgary, Alberta on 23 September 1997.

ALBERTA ENERGY AND UTILITIES BOARD

F. Rahnama, Ph.D.

D. B. Fairgrieve, P.Geol.

B. C. Hubbard, P.Eng.