

ALBERTA ENERGY AND UTILITIES BOARD**Calgary Alberta****APPLICATION FOR A WELL LICENCE****TWINING FIELD****PENN WEST PETROLEUM LTD.****WELL LICENCE NO. 0213751****LSD 16-5-31-23 W4M****Examiner Report 98-6****Application No. 970251****1 APPLICATION AND BACKGROUND**

Penn West Petroleum Ltd. (Penn West), applied to the Alberta Energy and Utilities Board (EUB), pursuant to section 2.020 of the Oil and Gas Conservation Regulations, for a well licence to drill in Legal Subdivision 16 of Section 5, Township 31, Range 23, West of the 4th Meridian. The purpose of the well, PENN WEST TWINING 16-5-31-23 (16-5 well), is to obtain oil production from the Twining Mannville Ostracod Formation. The well is anticipated to encounter trace amounts of hydrogen sulphide and would be classified as a Level 1 facility with a corresponding 74 metre Emergency Planning Zone. Well Licence No. 0195726 was issued on 20 December 1996 for the 16-5 well on the understanding that there were no outstanding issues related to the well that fall within the EUB's jurisdiction.

On 13 January 1997, the EUB received a submission from Terry and Marlene Mullinger (the Mullingers), adjacent residents located in the NW quarter of Section 4-31-23 W4M, objecting to the proposed well. A public hearing was held on 14 May 1997 to consider the application.

Examiner Report 97-5, dated 5 August 1997, recommended that the well licence issued remain in good standing, subject to the condition that production test operations be continuously monitored for the duration of the test period, which was to be limited to a maximum of two weeks. The Board concurred with the examiners' recommendations.

Following the Board's decision, the Mullingers sought and obtained leave to appeal the decision to the Court of Appeal on the issue of whether they had been given an adequate opportunity to evaluate and rebut expert evidence filed by Penn West on the day of the hearing.

On 24 November 1997, Penn West requested that the Board re-open the hearing to afford the Mullingers the opportunity to present new evidence in rebuttal to the technical evidence it presented at the original hearing. The Mullingers agreed to the re-opening of the hearing for this purpose.

Subsequently, the Board directed, pursuant to Section 42 of the Energy Resources Conservation Act, that the hearing be re-opened to hear rebuttal evidence from the Mullingers.

In the intervening period, Well Licence No. 0195726 was cancelled in a routine administrative procedure and re-issued 23 February 1998 as Well Licence No. 0213751 for consideration at the re-opening of the hearing.

2 HEARING

The hearing re-opened on 12 March 1998 in Drumheller, Alberta, before Board-appointed examiners H. W. Knox, P.Eng., R. Elle, and K. M. Johnston.

Those who appeared at the hearing and abbreviations used in this report are listed in the following table.

THOSE WHO APPEARED AT THE HEARING

Principals and Representatives
(Abbreviations Used in Report)

Witnesses

Penn West Petroleum Ltd. (Penn West)
R. Swist

G. E. Wilson

Terry and Marlene Mullinger (the Mullingers)
T. Mullinger, P.Eng.

T. Mullinger, P.Eng.

Alberta Energy and Utilities Board staff
D. L. Schafer
D. Brezina, Board Counsel
E. Smith, P.Eng.
A. Wiechert, P.Geol.

3 PRELIMINARY MATTERS

During a discussion of the procedures to be followed at the hearing, Mr. Mullinger requested an adjournment to confer with representatives from Penn West. When the hearing resumed, Mr. Mullinger withdrew his objection to the well licence application. The examiners provided an opportunity for the applicant to comment and then closed the hearing.

4 RECOMMENDATION

As there are no other outstanding issues or interventions to be addressed, the examiners recommend that Well Licence No. 0213751 remain in good standing, subject to the conditions detailed in Examiner Report 97-5.

Dated at Calgary, Alberta, on 25 March 1998.

ALBERTA ENERGY AND UTILITIES BOARD

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<Original signed by>

<Original signed by>

H. W. Knox, P.Eng.

R. Elle

K. M. Johnston