

**ALBERTA ENERGY AND UTILITIES BOARD**

**Calgary Alberta**

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**CANADIAN NATURAL RESOURCES LIMITED  
REDUCED WELL SPACING  
WELL LICENCES  
COLD LAKE OIL SANDS AREA**

**Memorandum of Decision  
Applications No. 1028372, 1036942, 1036943,  
1036947, 1036951, 1036953, and 1036954**

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**Nature of Application No. 1028372**

Canadian Natural Resources Limited (CNRL) applied pursuant to Section 10 of the *Oil Sands Conservation Act* to construct and operate a primary scheme for the recovery of crude bitumen from the Mannville Group in the Cold Lake Oil Sands Area. The applicant proposes to:

- reduce the drilling spacing units from 64 hectares to 8 hectares for Section 29 and the northeast quarter of Section 30 of Township 62, Range 5, West of the 4th Meridian (Sections 29 and 30 respectively) and
- reduce the drilling spacing units from 64 hectares to 16 hectares for the northeast quarter of Section 32 of Township 62, Range 5, West of the 4th Meridian (Section 32).

This application has the effect of allowing the drilling of eight wells per quarter section in Section 29 and the northeast quarter of Section 30, and four wells in the northeast quarter of Section 32.

The applicant also proposes that wells drilled or to be drilled within the area of application have a minimum interwell distance of 100 metres (m) and that the project boundary buffer be 100 m.

**Nature of Applications No. 1036942, 1036943, 1036947, 1036951, 1036953, and 1036954**

CNRL applied pursuant to Section 2.020 of the *Oil and Gas Conservation Regulations* to drill a number of wells from several pads in the area to obtain crude bitumen production from the Mannville Group.

Specifically, the applicant applied for licences to drill:

- four wells from a pad located at a surface location of Legal Subdivision (Lsd) 2 of Section 29,
- three wells from a pad located at a surface location of Lsd 3 and 4 of Section 29,
- six wells from a pad located at a surface location of Lsd 10 of Section 29,
- six wells from a pad located at a surface location of Lsd 11 of Section 29,
- two wells from a pad located at a surface location of Lsd 13 of Section 29, and
- five wells from a pad located at a surface location in Lsd 16 of Section 30.

## **The Application Process**

The Board issued Notice for Objections for the subject applications and received several submissions, which resulted in the scheduling of a hearing to commence 6 July 1999 in Bonnyville, Alberta. The Board granted a request by an intervener for a postponement of the hearing until 20 July 1999. Subsequently, the hearing was cancelled when all directly affected parties reached agreements with CNRL and withdrew their objections to the applications prior to the hearing date.

## **Alternative Dispute Resolution**

The Board notes that CNRL and several of the landowners in the area entered into an alternate dispute resolution (ADR) process to resolve several issues between the parties. Agreements reached using ADR reduced the number of outstanding issues between the parties. Subsequent to the ADR process and during the period of the Notice of Hearing, CNRL continued to have individual discussions attempting to resolve any outstanding issues between the parties. This resulted in a number of further agreements.

## **Agreements**

In reaching its decision on the applications, the Board had regard for agreements that CNRL reached with various landowners in the area of the proposed development both through the ADR process and individual discussions. The agreements are seen by the Board as obligations made by CNRL to the landowners. The Board, at its discretion, may take action to require a remedy for any default on those obligations within its jurisdiction. The agreements are contained in the following documents:

- Agreement of 30 June 1999, among Alex Albrecht, Pat Doucet, Valerie Albrecht, and CNRL. The main issues cited are groundwater protection, truck traffic, and air quality.
- Agreement of 26 May 1999, between Roger and Naola Patrie and CNRL. The main issues are estimated activity commitment, commitment to minimize disturbance, commitment to groundwater protection, and commitment to air quality protection.
- Agreement of 8 July 1999, between Claude and Paulette Tessier and CNRL. The main issue cited is a water monitoring program.

The Board recognizes that there will be increased production activity in the development of a primary recovery scheme. Growth in such activity challenges producers and can raise concerns among local area residents. Communication is often the key to these relations. The Board urges CNRL to work with other companies on the resolution of technical as well as communication issues involving bitumen pipelining, gas conservation management, assessment and management of air quality, and ground water issues.

**Decision**

The Board is prepared, with the approval of the Lieutenant Governor in Council, to approve Application No. 1028372 for a primary recovery scheme.

The Board is also prepared to grant Applications No. 1036942, 1036943, 1036947, 1036951, 1036953, and 1036954 for licences to drill wells from various pads.

The approvals of the applications are subject to all of the undertakings given by CNRL in its applications and in subsequent submissions and agreements.

Dated at Calgary, Alberta, on 23 July 1999.

**ALBERTA ENERGY AND UTILITIES BOARD**

*(Original signed by)*

G. J. Miller  
Presiding Member

*(Original signed by)*

F. Rahnama, Ph.D.  
Acting Board Member

*(Original signed by)*

K. G. Sharp, P.Eng.  
Acting Board Member