

2014 ABAER 011 Erratum

Legacy Oil + Gas Inc.

Application for Expansion of Turner Valley Unit No. 5

Turner Valley Field

Application No. 1788009

Following the written hearing by the Alberta Energy Regulator on Application No. 1788009, the hearing panel issued *Decision 2014 ABAER 011 (Decision 2014-011)*. The panel has since discovered a clerical error in the decision report.

The ranges shown in the map (figure 1) were incorrectly labelled “R.20W.5M” and “R.21W.5M”. The ranges should have been “R.2W.5M” and “R.3W.5M”. The corrected map is provided on the next page.

The panel is of the view that these changes are minor and hereby approves the above-noted corrections to *Decision 2014-011*.

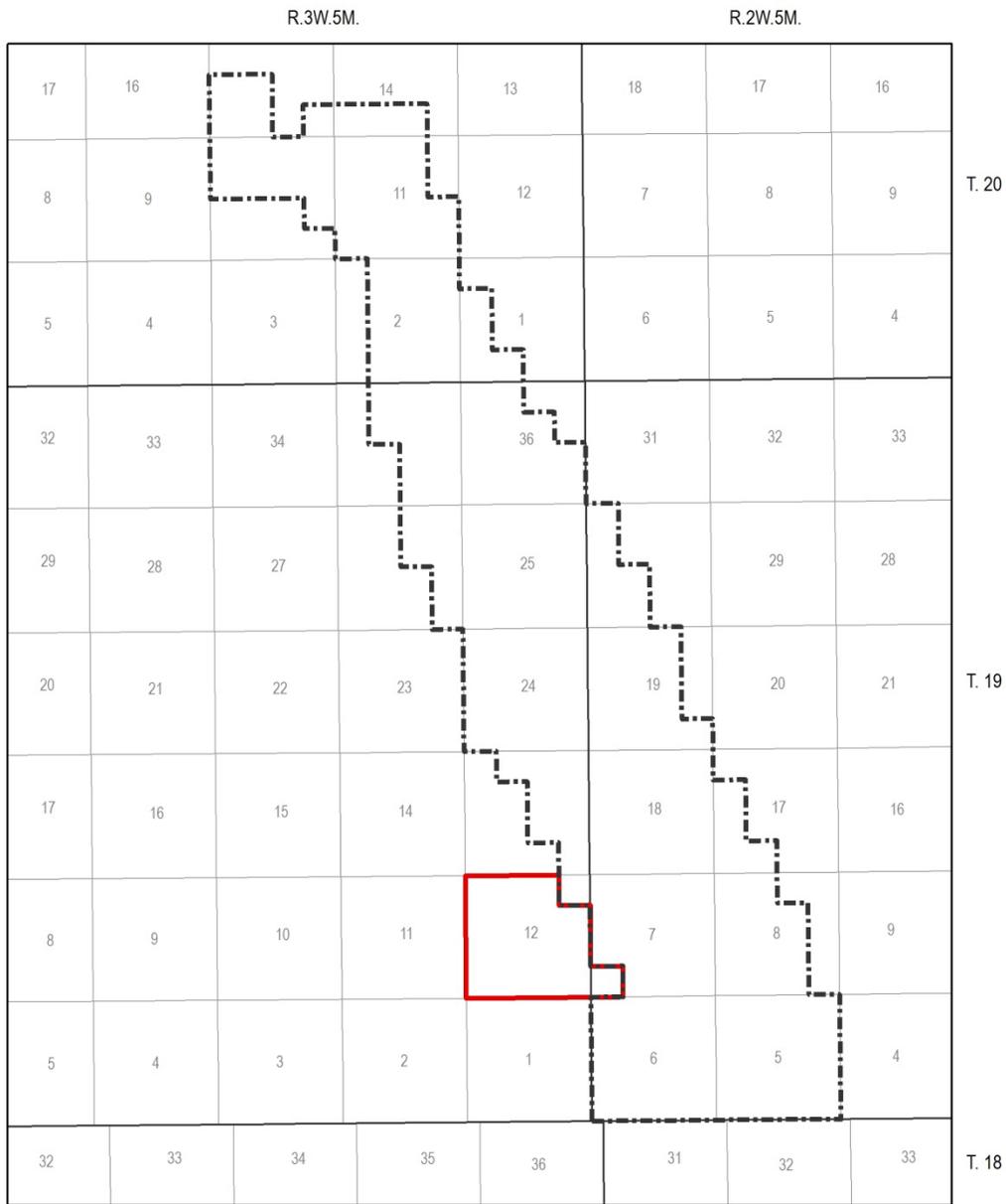
Dated in Calgary, Alberta, on October 23, 2014.

Alberta Energy Regulator

<original signed by>

A. H. Bolton, P.Geo.

Presiding Hearing Commissioner



-  Turner Valley Unit No. 5
-  Proposed addition to area of Turner Valley Unit No. 5

Turner Valley Unit No. 5

Legacy Oil + Gas Inc.
**Application for Expansion of Turner
Valley Unit No. 5**
Turner Valley Field

October 8, 2014

Alberta Energy Regulator

Decision 2014 ABAER 011: Legacy Oil + Gas Inc., Application for Expansion of Turner Valley Unit No. 5, Turner Valley Field

October 8, 2014

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2014 ABAER 011

Legacy Oil + Gas Inc.

Application for Expansion of Turner Valley Unit No. 5

Turner Valley Field

Application No. 1788009

Decision

[1] Having carefully considered the application and evidence filed by Legacy Oil + Gas Inc. (Legacy), the Alberta Energy Regulator (AER) approves Application No. 1788009.

Introduction

Application

[2] Legacy applied to the AER, pursuant to section 6 of the *Turner Valley Unit Operations Act* (the Act), to expand Turner Valley Unit No. 5 (the unit) by adding tracts 5Q and 5R, which consist of Legal Subdivision (LSD) 4 of Section 7, Township 19, Range 2, West of the 5th Meridian, and the remainder of Section 12-019-3W5M, respectively. LSD 16 of Section 12-019-3W5M is already part of the unit.

[3] Legacy also applied to amend Schedules I and II within Order No. TVU 5. Schedule I identifies the additional tracts to be included, while Schedule II identifies the post-expansion working interests in the unit.

[4] The existing unit and the proposed area to be added are shown in figure 1.

Background

[5] The Act came into force in 1958, providing the means to force unitization. After a series of public hearings, seven units were formed, including the subject unit, which was established by Order No. TVU 5. The purpose of the units is to facilitate collaborative operations among the numerous owners in a pool, support orderly and efficient development, and minimize impacts.

[6] Section 6 of the Act states the following:

- (1) On application by the unit operator or the owner to add a tract to an adjacent unit, the Regulator **after a hearing** [emphasis added] may add the tract to the unit and amend the unit operation order accordingly if the tract is not included in an existing unit.
- (2) An amending order made under subsection (1) must not vary the ratio of allocation of production between unit tracts established under the unit operation order.

[7] Legacy is a mineral rights holder and working interest owner in the area of the proposed expansion. It is also the operator of the unit. Legacy notified the other working interest holders in the area, who are also owners of the unit, that it intended to apply to the AER under section 6 of the Act to enlarge the unit.

Hearing

[8] The AER did not receive any statements of concern to the subject application. A single hearing commissioner was appointed to consider the application by means of a hearing, as required by section 6(1) of the Act.

[9] On July 29, 2014, the AER issued a notice of hearing that outlined submission dates for interested parties wishing to file a request to participate in the hearing. The AER did not receive any requests to participate in the hearing.

[10] The AER held a written hearing before chief hearing commissioner A. H. Bolton (the panel). Those who participated in the hearing are listed in [appendix 1](#).

[11] The panel closed the hearing on September 11, 2014.

Issues

[12] When considering any application under an energy resource enactment, such as the Act, the AER considers the application's adherence to AER requirements; the environmental, social, and economic effects of the proposed energy resource activity; and the impacts on landowners from use of their land for that activity.

[13] The AER considers the issues respecting the subject application to be whether the requested expansion to the unit

- is in accordance with the provisions of the Act,
- would have adverse environmental, social, and economic effects; and
- would adversely impact landowners.

[14] In reaching its decision, the AER has considered all relevant materials constituting the record of this proceeding, specifically the application and evidence provided by Legacy. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the AER's reasoning on a particular matter and do not mean that the AER did not consider all relevant portions of the record with respect to that matter.

Consideration of the Application

[15] Legacy plans to develop the proposed expansion area to ensure optimal development of the resource through the use of additional wells. The unit boundary extension will allow Legacy to drill future

injection wells to provide voidage replacement and pressure support on the southwestern downdip wet edge of the field, which is believed to be located geographically on the west half of Section 12-019-3W5M.

[16] The panel notes that generally in enhanced recovery schemes the approval area is not expanded until a step-out well has been drilled and supporting data have indicated that the well is in fact in the pool, after which the pool boundary and eventually the approval boundary is expanded to include the area of the step-out well. The panel notes that in this case there is no well in Section 12-019-3W5M but that Legacy has committed to drill such a well. The panel has reviewed the geological information provided in support of the application and sees little risk in approving the application based on Legacy's commitment to drill a well in the expansion area.

[17] Legacy confirmed that expansion of the unit would not affect each owner's share of the unit production, as required by section 6(2) of the Act. The panel notes that Legacy's application does not suggest otherwise. The panel concludes that the application meets the requirements of the Act.

[18] The panel notes that this application is solely for the expansion of the unit and its approval does not authorize the drilling of any wells or the construction of any related facilities. Legacy will have to apply to the AER for any wells or facilities to be located on the additional lands. Therefore, there will not be any surface disturbance that could impact landowners resulting from this approval.

[19] The panel therefore concludes that there will be no adverse social, economic, or environmental effects as a result of the application.

Conclusion

[20] The panel concludes that the application meets the requirements of the Act and that there will be no adverse effects as a result of including the two tracts, LSD 4-7-019-2W5M and the remainder of Section 12-019-3W5M, in the unit. Accordingly, the panel approves the application.

Dated in Calgary, Alberta, on October 8, 2014.

Alberta Energy Regulator

<original signed by>

A. H. Bolton, P.Geo.
Presiding Hearing Commissioner

Appendix 1 Hearing Participants

Principals and Representatives

(Abbreviations used in report)

Witness

Legacy Oil + Gas Inc.

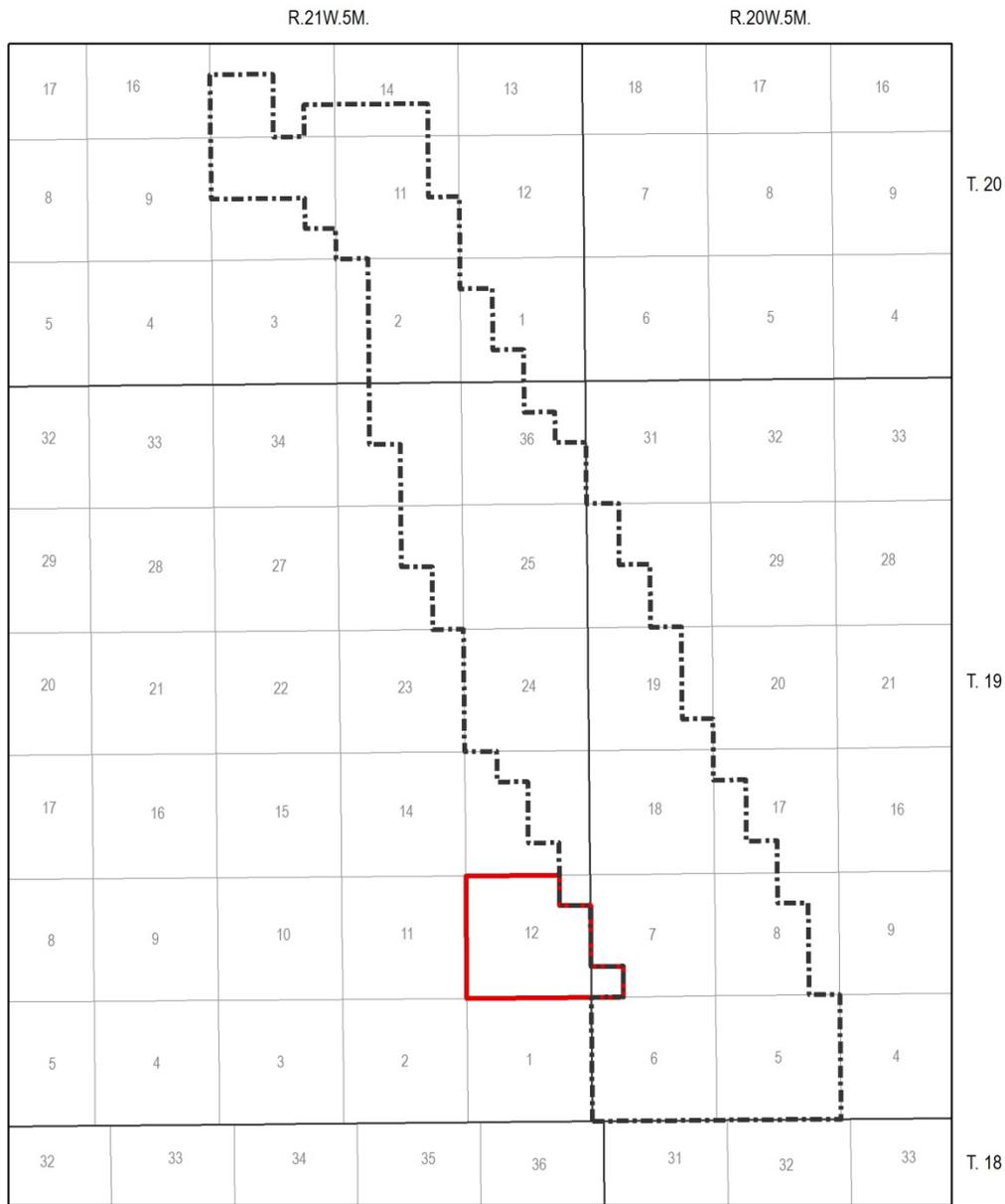
D. J. A. Marttila

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B. Kapel Holden, AER Counsel

O. Sadiq

A. Lung



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Figure 1. Turner Valley Unit No. 5