

IN THE MATTER OF THE UTILITIES
COMMISSION ACT, SBC 1980, c. 60,
as amended

and

IN THE MATTER OF AN APPLICATION BY
RUPERTSLAND RESOURCES CO. LTD.

DECISION
October 28, 1982

Before:

D.B. Kilpatrick, Division Chairman;
P.E. Jarvis, Commissioner; and
N. Martin, Commissioner

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APPENDIX I

Commission Order COM-5-82

APPEARANCES

K. GUSTAFSON	for the British Columbia Utilities Commission
R.L. SOLC	for the Applicant, Rupertsland Resources Co. Ltd.
D. MORLEY	for the British Columbia Petroleum Corporation
R. KLINE	for Union Oil Company of Canada Limited
R. HARPER	Hearing Officer
W.J. GRANT	Commission Staff
P.S. ATTARIWALA R. STEWART	Ministry Staff
AUDIOTRON ENTERPRISES LTD.	Court Reporters

LIST OF EXHIBITS

	<u>Exhibit No.</u>
Commission Order No. COM-3-82 dated September 10, 1982	1
Common Purchaser Application, Rupertsland Resources Co. Ltd. July 22, 1982	2
Production Test, Macdonald Engineering March, 1982	3
Wireline Survey, b-88-A well, March, 1981	4
Notice of Public Hearing reserved	5

RUPERTSLAND RESOURCES CO. LTD.

DECISION DATED OCTOBER 28, 1982

INTRODUCTION

On July 22, 1982, Rupertsland Resources Co. Ltd. ("Rupertsland") made application, pursuant to Section 83 of the Act, to the British Columbia Utilities Commission ("the Commission") for an Order of the Commission declaring the British Columbia Petroleum Corporation ("BCPC") to be a common purchaser of natural gas in the Willow Halfway "A" Pool. The Application was set down for public hearing on October 18, 1982, by Order COM-3-82. Notice of public hearing was published by the Applicant and the Commission mailed copies of the notice to designated interested parties.

The Application was heard in public at the Commission Hearing Room in Vancouver, B.C. on October 18, 1982 by a Division of the Commission comprised of Mr. D.B. Kilpatrick, Division Chairman, Mr. P.E. Jarvis, Commissioner, and Mr. N. Martin, Commissioner.

THE APPLICATION

Rupertsland is the owner of the gas well Rupertsland et al Willow b-88-A/94-H-2. The well was drilled in January, 1981 and Rupertsland determined the well pressure to be 611 PSIA. Rupertsland has been unable to obtain a gas purchase contract with BCPC because of a lack of market for natural gas.

Rupertsland alleged that the b-88-A well is within the Willow Halfway "A" pool and is being drained by production from the pool under existing gas purchase contracts between BCPC and other producers.

DECISION

The evidence presented by the Applicant and the Intervenor Union Oil Company of Canada Limited ("Union Oil") confirms that the Applicant's well is completed in the Willow Halfway "A" pool and is suffering drainage.

In testimony, Union Oil requested that the allocation of Pool production be based on the volumetric daily gas allowables (UDGA's) as used in previous common purchaser Applications.

Rupertsland accepted this method as being an equitable sharing arrangement.

Union Oil also requested that the effective date of sharing of production be the date on which the new producer has completed all the facilities required to effect the necessary connection and production of specification gas from its well. This effective date has been upheld by the Commission in previous Orders and Union Oil argued that such timing for production recognizes the industry notions of right of capture and competitive advantage.

In Argument, the Applicant noted that it was acting on behalf of several smaller oil and gas firms that are low on cash flow, and those companies believe the well could generate additional cash flow in the short run. The Applicant is seeking a contract that will ensure that it will be able to recover all existing reserve under its spacing unit.

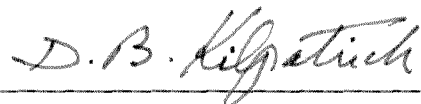
On the basis of evidence, the Commission finds that the Applicant's well is in the Willow Halfway "A" pool and being drained. The Commission will order BCPC to be a common purchaser of gas from the Pool. The sharing of production to the Applicant shall be based on the volumetric daily gas

allowables (UDGA's) method and the effective date shall be that date when the Applicant has completed all required of him to effect delivery of specification gas from the subject well.

The respective UDGA's for the Willow Halfway "A" pool are as follows:

Union HB Willow	b-10-H/94-H-2	-	108.7 $10^3 \text{m}^3/\text{d}$
Union HB Willow	b-11-G/94-H-2	-	21.2 $10^3 \text{m}^3/\text{d}$
Ruperts et al Willow	b-88-A/94-H-2	-	25.7 $10^3 \text{m}^3/\text{d}$

DATED at the City of Vancouver, in the Province of British Columbia, this *28th* day of October, 1982.



D.B. KILPATRICK, Division Chairman



P.E. JARVIS, Commissioner



N. MARTIN, Commissioner



**BRITISH COLUMBIA
UTILITIES COMMISSION**

ORDER
NUMBER COM-5-82

PROVINCE OF BRITISH COLUMBIA

BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF the Utilities Commission
Act, S.B.C. 1980, c. 60, as amended

and

IN THE MATTER OF an Application by
Rupertsland Resources Co. Ltd. for an
Order declaring the British Columbia
Petroleum Corporation a common purchaser
of natural gas in the Willow Halfway "A" Pool

BEFORE:	D.B. Kilpatrick,)	
	Division Chairman;)	
	P.E. Jarvis,)	October 28, 1982
	Commissioner; and)	
	N. Martin,)	
	Commissioner)	

O R D E R

WHEREAS Rupertsland Resources Co. Ltd.
("Rupertsland") applied July 22, 1982, to the British Columbia
Utilities Commission ("the Commission") pursuant to Section 83
of the Act, for an Order of the Commission declaring the
British Columbia Petroleum Corporation ("BCPC") a common
purchaser of natural gas from the Willow Halfway "A" Pool; and

WHEREAS pursuant to Order COM-3-82 the Commission
considered the Application at a public hearing in Vancouver on
October 18, 1982; and

WHEREAS from the evidence with respect to well
pressures and the geology of the area, the Commission concludes
that the Applicant's well, Rupertsland et al Willow
b-88-A/94-H-2, is capable of production of natural gas from the
Willow Halfway "A" Pool; and

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WHEREAS it appears that Rupertsland has made reasonable efforts to arrange a gas sales contract with BCPC for the subject well, without success; and

WHEREAS the evidence further establishes that Rupertsland is suffering drainage of natural gas because of an inability to bring the subject well into production.

NOW THEREFORE the Commission hereby orders as follows:

1. The British Columbia Petroleum Corporation is declared a common purchaser of natural gas from the Willow Halfway "A" Pool effective the date of this Order.
2. The Applicant's well, Rupertsland et al Willow b-88-A/94-H-2 is capable of production from the said pool.
3. The contract quantity applicable to the production of natural gas from the said well shall be the lesser of the volume determined on the basis of the ratio of the "daily gas allowable" of the said well for the Pool to the sum of the daily gas allowables determined for the Pool, or the actual production capability. The term daily gas allowable refers to the volumetric allowable for natural gas wells and designated areas approved and issued from time to time by the Ministry of Energy, Mines and Petroleum Resources, exclusive of the minimum of 60,000 m³ set for some wells. The gas pool boundary is that determined by the said Ministry.
4. The effective date on which the Applicant is entitled to share in the production and revenues from the Pool shall be the date on which the Applicant has completed all required of him to effect delivery of specification gas from the new well. If within thirty days of this effective date, the Applicant has failed to negotiate actual connection and makes a common carrier application, the said application, if successful, will establish his entitlement to share in the production and revenues from the Pool as of the effective date.

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5. That portion of total Pool production allocated to the Applicant will be taken from the existing contracts in the Pool in such proportions as will maintain the relative share of Pool production of each existing producer prior to the effective date applicable to the Applicant, by such method and timing as may be agreed upon by the interested parties to achieve that result.
6. If, by the effective date of the Applicant, existing producers in the Pool and the BCPC are unable to agree on a satisfactory method of reducing the gas volume purchase obligation of each existing contract in the Pool, the obligation of BCPC to purchase gas from each contract providing for delivery of gas from the Pool shall be reduced. The reduction shall apply to each contract in force at that time and shall be a percentage of the maximum volume of gas which BCPC is obliged at the time of reduction to purchase each day or each year (whichever is specified in the contract) applicable to lands within the Pool. The percentage shall be the same as that which the daily gas allowables of the wells or designated areas of the contract of the new producer is of the total of the daily gas allowables for the Pool. The effective date for all reductions to contracted volumes shall be the effective date of entitlements determined for the new producer.
7. Where the new well, Rupertsland et al Willow b-88-A/94-H-2, proves unable to produce the gas volume allocated, the volume which the well fails to deliver shall be reallocated back to the producers whose contracts were reduced to accommodate the new well. Such reallocations will be made so as to maintain the relative share of Pool production of each existing producer prior to the effective date applicable to the new well, by such method and timing as may be agreed upon by the interested parties to achieve that result.
8. Compliance with this Order shall not require the British Columbia Petroleum Corporation to purchase natural gas from the Pool in a greater total amount or at a greater rate than required under gas purchase contracts for such Pool.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of October, 1982.

BY ORDER

D. B. Kilpatrick

Division Chairman