

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

and

IN THE MATTER OF AN APPLICATION BY
DOME PETROLEUM LIMITED

DECISION
November 19, 1982

Before:

D.B. Kilpatrick, Division Chairman;
N. Martin, Commissioner; and
B.M. Sullivan, Commissioner

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APPENDIX I

Commission Order COM-6-82

APPEARANCES

K. GUSTAFSON	for the British Columbia Utilities Commission
R.J. BRADFORD	for the Applicant, Dome Petroleum Limited
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-4-82 dated September 17, 1982	1
Common Purchaser Application, Dome Petroleum Limited September 3, 1982	2
Pressure Test, August, 1982	3
Letter from B.C. Petroleum Corporation	4
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DOME PETROLEUM LIMITED
DECISION DATED NOVEMBER 19, 1982

INTRODUCTION

On September 3, 1982 Dome Petroleum Limited ("Dome") 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 Fireweed Area, Dunlevy Formation. The Application was set down for public hearing on October 18, 1982, by Order No. COM-4-82. 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. N. Martin, Commissioner, and Mr. B. M. Sullivan, Commissioner.

THE APPLICATION

Dome is the owner of the gas well Dome Fireweed c-18-H/94-A-13. The well was drilled in July, 1977 and Dome determined the well pressure in March, 1978 to be 5853.6 kPag. Dome has been unable to obtain a gas purchase contract with BCPC because of a lack of market for natural gas. Dome alleged that the c-18-H well is within the Fireweed Dunlevy/Buick Creek pool as mapped by Dome, and is being drained by production from the pool under existing gas purchase contracts between BCPC and other producers.

DECISION

The Commission accepts that static gradient pressure measurements taken in March 1978, August 1979 and February 1981 in the Dome Fireweed c-18-H/94-A-13 Dunlevy gas well show that the pressure in this well is declining and therefore confirms that drainage of gas has occurred and is still occurring. In testimony presented at the hearing the intervenor (Union Oil Company of Canada Limited) agreed that drainage of gas had occurred and is still continuing from the spacing area of the c-18-H gas well.

Dome alleged in its submission that the Dome Fireweed c-18-H/94-A-13 well is completed in the Dunlevy formation interval equivalent to the Dunlevy producing zone in the b-42-A, b-44-A, c-54-A, d-75-A, b-4-H, a-7-H, c-16-H, a-43-H, and d-55-H wells all in National Topographic Series Map No. 94-A-13 and that these wells are contained in one pool. Union Oil argued that the a-43-H and d-55-H Dunlevy gas wells are not contained within the pool mapped by Dome because of the difference of gas pool reserves implied by that map and the gas reserves attributable to the a-43-H and d-55-H wells from their pressure histories. Such histories suggest that a Dunlevy pool containing these two wells is separate from the Dunlevy pool outlined by Dome.

Union Oil did however admit that such pressure histories are inconclusive at this time. The Applicant also indicated that the geological and pressure data used for incorporating the a-43-H and d-55-H wells was also inconclusive.

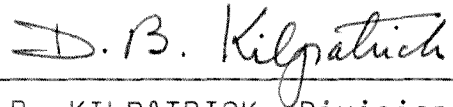
The Commission is concerned that the testimony presented provides inadequate evidence as to the probable Pool boundaries. It is clear, however, that the Dome well is being drained by neighbouring wells. Consequently, at this time and until more substantive evidence is provided to the Commission, the Commission concludes that the Fireweed area Dunlevy gas

pool which contains the Dome c-18-H/94-A-13 well comprises the b-42-A, b-44-A, c-54-A, d-75-A, b-4-H, a-7-H, c-16-H and c-18-H wells all in 94-A-13. The a-43-H and d-55-H wells also in 94-A-13 are not included in the Pool at this time. The Commission will order B.C.P.C. to be a common purchaser from the Pool as defined above. The sharing of production with 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 applicable allowables are:

Norcen et al Fireweed b-42-A/94-A-13	- 47.6 $10^3 \text{m}^3/\text{d}$
Norcen et al Fireweed b-44-A/94-A-13	- 60.2 $10^3 \text{m}^3/\text{d}$
Norcen et al Fireweed c-54-A/94-A-13	- 32.4 $10^3 \text{m}^3/\text{d}$
Norcen et al Fireweed d-75-A/94-A-13	- 17.5 $10^3 \text{m}^3/\text{d}$
Norcen et al Fireweed b-4-H/94-A-13	- 23.7 $10^3 \text{m}^3/\text{d}$
Norcen et al Fireweed a-7-H/94-A-13	- 22.0 $10^3 \text{m}^3/\text{d}$
Norcen et al Fireweed c-16-H/94-A-13	- 41.6 $10^3 \text{m}^3/\text{d}$
Dome Fireweed c-18-H/94-A-13	- 30.9 $10^3 \text{m}^3/\text{d}$

DATED at the City of Vancouver, in the Province of
British Columbia, this 19th day of November, 1982.



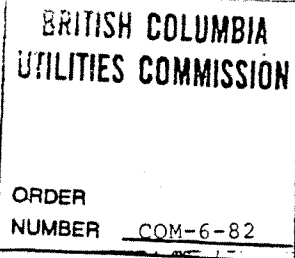
D.B. KILPATRICK, Division Chairman



N. MARTIN, Commissioner



B.M. SULLIVAN, Commissioner



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
Dome Petroleum Limited for an
Order declaring the British Columbia
Petroleum Corporation a common purchaser
of natural gas in the Fireweed Area,
Dunlevy Formation

BEFORE: D.B. Kilpatrick,)
Division Chairman;)
N. Martin,) November 19, 1982
Commissioner; and)
B.M. Sullivan,)
Commissioner)

O R D E R

WHEREAS Dome Petroleum Limited ("Dome") applied
September 3, 1982 for an Order of the Commission declaring the
British Columbia Petroleum Corporation ("B.C.P.C.") a common
purchaser of natural gas in the Fireweed Area, Dunlevy
Formation from a Pool which is stratigraphically equivalent to
the zone producing the wells located as follows:

b-42-A/94-A-13; b-44-A/94-A-13;
c-54-A/94-A-13; d-75-A/94-A-13;
b-4-H/94-A-13; a-7-H/94-A-13;
c-16-H/94-A-13; a-43-H/94-A-13;
d-55-H/94-A-13

.../2

WHEREAS pursuant to Order COM-4-82 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, Dome Fireweed c-18-H/94-A-13, is capable of production of natural gas from the Fireweed Area, Dunlevy Pool; and

WHEREAS it appears that Dome 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 Dome 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 Fireweed Area, Dunlevy gas Pool effective the date of this Order. The Fireweed Area Dunlevy gas Pool includes the b-42-A, b-44-A, c-54-A, d-75-A, b-4-H, a-7-H, c-16-H and c-18-H wells all in 94-A-13.
2. The Applicant's well, Dome Fireweed c-18-H/94-A-13, 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 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.

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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.
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, Dome Fireweed c-18-H/94-A-13, 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.

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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 existing gas purchase contracts for such Pool.

DATED at the City of Vancouver, in the Province of
British Columbia, this 19th day of November, 1982.

BY ORDER

D. B. Kilpatrick

Division Chairman