



BRITISH COLUMBIA
UTILITIES COMMISSION

ORDER
NUMBER COM-10-81

PROVINCE OF BRITISH COLUMBIA

BRITISH COLUMBIA UTILITIES COMMISSION

IN THE MATTER OF the Utilities Commission
Act, SBC 1980, c. 50

and

IN THE MATTER OF an Application by Silverton
Resources Ltd. for an Order declaring the
British Columbia Petroleum Corporation a
common purchaser of natural gas in the Buick
Creek Bluesky C Pool

BEFORE: D.B. Kilpatrick,)
Division Chairman;)
J.D.V. Newlands,)
Commissioner; and) July 6, 1981
B.M. Sullivan,)
Commissioner)

ORDER

WHEREAS Silverton Resources Ltd. ("Silverton")
applied March 23, 1981 for an Order of the Commission declaring
the British Columbia Petroleum Corporation ("B.C.P.C.") a
common purchaser of natural gas from the Buick Creek Bluesky C
Pool; and

WHEREAS pursuant to Order No. COM-5-81 the British
Columbia Utilities Commission ("the Commission") considered the
application at a public hearing in Vancouver on June 2, 1981;
and

WHEREAS from the evidence with respect to well
pressures and geology of the area, the Commission concludes
that the Applicant's well, Silverton et al Rigel
b-A22-L/94-A-10, is capable of production of natural gas from
the Buick Creek Bluesky C Pool; and

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WHEREAS it appears that Silverton has made reasonable efforts to arrange a gas sales contract for the subject well with B.C.P.C. without success; and

WHEREAS the evidence further establishes that Silverton 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 Buick Creek Bluesky C Pool ("Pool") effective the date of this Order.
2. The Applicant's well, Silverton et al Rigel b-A22-L/94-A-10 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.
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 30 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. The 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 B.C.P.C. are unable to all agree on a satisfactory method of reducing the gas volume purchase obligation of existing contracts in the Pool, the B.C.P.C. shall reduce each of the existing contracts providing for delivery of gas from the Pool by a percentage of the maximum volume of gas which B.C.P.C. is obliged to purchase each day or each year (whichever is specified in the contract) applicable to the lands within the pool. The percentage shall be the same as the percentage which the daily gas allowable of the well 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 same effective date as determined for the new producer.
7. Where the new well, Silverton b-A22, 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 Buick Creek Bluesky C 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 6th day of July, 1981.

BY ORDER

D.B. Kilpatrick

Division Chairman