

Alberta Energy and Utilities Board

IN THE MATTER OF the *Alberta Energy and Utilities Board Act*, R.S.A. 2000, c. A-17, the *Energy Resources Conservation Act*, R.S.A. 2000, c. E-10, the *Oil and Gas Conservation Act*, R.S.A. 2000, c. O-6 and regulations thereunder, the *Oil Sands Conservation Act*, R.S.A. 2000, c. O-7, and section 3 of the *Oil Sands Conservation Regulation*, AR/76/88, all as amended;

IN THE MATTER OF Application No. 1409180 by EnCana Corporation (“EnCana”) to the Alberta Energy and Utilities Board (the “Board” or “EUB”) for approval to produce gas at 100/14-31-68-4W4/0 in the Upper Clearwater B Formation in the Fisher field of the Cold Lake Oil Sands Area;

AND IN THE MATTER OF Application No. 1394112 by Canadian Natural Resources Limited (“CNRL”) requesting the Board shut in gas production in the Clearwater formation in the Cold Lake Oil Sands Area.

Application to Shut In Clearwater Gas Production

1. Introduction

Husky Oil Operations Limited (“Husky”) is requesting the shut in of certain gas wells in the Clearwater formation of the Cold Lake Oil Sands Areas, which are not a part of Applications 1394112 and 1409180 currently before the Board. Husky is filing this application pursuant to the Board’s Letter to Parties dated September 8, 2006.

2. Background

On March 29, 2005, EnCana applied to the Board for approval to produce gas from the oil sands strata from the Upper Clearwater B Formation of the Fisher field of the Cold Lake Oil Sands Area (Application 1394112). Husky and CNRL filed separate objections to EnCana’s application on April 18 and 5, 2005, respectively.

Subsequently, CNRL filed an application dated June 30, 2005 (amended August 5, 2005) with the Board requesting that certain Clearwater gas production in the Fisher field be shut in as it was negatively impacting future bitumen recovery and development (Application 1409180).

In its Bulletin 2006-14, issued April 4, 2006, the Board advised that it would conduct one hearing on Applications 1394112 and 1409180, and that it would invite all interested parties to participate in the hearing by contributing technical evidence related to the effect

of associated gas production on bitumen recovery by cyclic steam stimulation. A Notice of Hearing was issued on June 9, 2006 setting out the process and schedule for the hearing of the Applications.

Pursuant to the Board's June 9th Notice, Husky filed a Submission dated September 5, 2006. In its Submission Husky requested the following ten wells in the Clearwater formation (additional to those noted in CNRL's Application 1409180) be shut in:

Table 1

Clearwater Gas Pools	UWI	Licencee
Clearwater MU # 2	00/06-28-069-04W4M/3	EnCana Oil and Gas Co. Ltd.
Clearwater G	00/06-20-069-05W4M/0	EnCana Oil and Gas Co. Ltd.
Clearwater EE	00/05-13-069-06W4M/0	EnCana Oil and Gas Co. Ltd.
Clearwater MU # 2	00/12-04-070-04W4M/2	EnCana Oil and Gas Co. Ltd.
Clearwater CC	02/16-28-068-05 W4M/0	EnCana Oil and Gas Co. Ltd.
Clearwater MU # 2	00/05-16-070-05W4M/2	EnCana Oil and Gas Co. Ltd.
Clearwater DD	00/11-33-068-05 W4M/0	EnCana Oil and Gas Co. Ltd.
Clearwater Undefined	00/03-11-070-06W4M/2	EnCana Oil and Gas Co. Ltd.
Clearwater MU # 2	00/06-21-070-05W4M/0	EnCana Oil and Gas Co. Ltd.
Clearwater MU # 2	00/05-22-070-05W4M/2	EnCana Oil and Gas Co. Ltd.

Husky stated in paragraphs 2 and 8 of its September 5th Submission:

Husky holds the oil sands rights in 56 sections of land in the Clearwater bitumen deposit in the Fisher area (Lease Nos. 718811A344 and 7188110343). We plan to file an application for a demonstration project to produce bitumen using a new experimental technology which is a Hybrid of Steam Assisted Gravity Drainage (HSAGD) where the conventional Steam Assisted Gravity Drainage (SAGD) is supplemented by using Cyclic team Stimulation (CSS) wells. The acceleration of bitumen recovery expected from HSAGD is necessary for the project to be economic. The process also has the advantage of higher recoveries similar to SAGD operations.

...

Given the experimental nature of the new process, Husky is concerned that the loss of solution gas due to lower reservoir pressure caused by nearby gas production will be sufficient to adversely impact the bitumen recovery obtained by HSAGD. In order to have the least risk and

most flexibility in implementing this process, Husky believes that the reservoir pressure must not be depleted any more than it has currently. ...

3. Application to Shut In Additional Wells

In its September 8th letter, the Board advised it would consider the Husky's September 5th submission to be an intervention, and that Husky would need to file a separate request for the shut in of the additional ten wells. By this Application Husky hereby requests the Board to:

- i.* Shut in gas production from the wells noted above in Table 1 until bitumen recovery is complete; and
- ii.* Join this Application with Applications 1394112 and 1409180, and consider all three applications at the same oral hearing currently scheduled for October 31, 2006.

4. Grounds in Support of Application to Shut In Application to Shut In Clearwater Gas Production

In support of this Application, Husky hereby adopts and incorporates by reference all correspondence, submissions and supporting materials filed by Husky in Application Nos. 1394112 and 1409180, including any future filings.

5. Communications

Communications relating to this Submission should be directed to Husky and its Counsel as follows:

Husky Oil Operations Limited.

707 - 8th Avenue S.W.
Calgary, AB. T2P 3G7

Attn: Dr. Gokhan Coskuner

direct: (403) 298-7151
fax: (403) 750-1550
email: gokhan.coskuner@huskyenergy.ca

Husky Oil Operations Limited.

707 - 8th Avenue S.W.
Calgary, AB. T2P 3G7

Attn: Susan Anderson, Senior Counsel

direct: (403) 298-7303
fax: (403) 298-6798
email: Susan.Anderson@huskyenergy.ca

Borden Ladner Gervais LLP

Barristers and Solicitors
1000, 400 -3rd Avenue S.W.
Calgary, AB. T2P 4H2

Attn: Randall W. Block, Q.C.

direct: (403) 232-9572
fax: (403) 266-1395
email: rblock@blgcanada.com

ALL OF WHICH is respectfully submitted this 3rd day of October, 2006.

HUSKY OIL OPERATIONS LIMITED

Per: _____

Susan Anderson
Senior Counsel