

Via Email

February 24, 2010

TO PARTIES REGISTERED IN PROCEEDING 169

Dear Sirs and Madams:

**RE ERCB PROCEEDING 169
APPLICATION NO. 1613543 BY SUNSHINE OIL SANDS LTD.
APPLICATION NO. 1616123 BY TOTAL E & P CANADA LTD.
APPLICATION NO. 1506272 BY PARAMOUNT ENERGY OPERATING
CORPORATION
GAS PRODUCTION AND SHUT IN APPLICATIONS
ATHABASCA OIL SANDS AREA**

On December 11, 2009, Canadian Natural Resources Limited (CNRL) filed a motion in this proceeding asking the Board to order Sunshine Oil Sands Limited (SOL), Athabasca Oil Sands Corporation (AOSC), and Grizzly Oilsands ULC (Grizzly), collectively referred to herein as the "Bitumen Owners", to provide pressure measurements from 8 bitumen bearing zones occurring over four different regions identified on a CNRL map that is attached as Schedule A to the motion. CNRL stated it asked SOL and AOSC in information requests to provide the pressure information but that the requests were refused.

The Board received responses to CNRL's motion from Paramount Energy Operating Corporation, SOL and AOSC together, Cenovus Energy Inc., Total E&P Canada Ltd., and Grizzly. In addition, CNRL provided further information about its request by way of written responses to questions posed by the Board in a letter dated January 20, 2010.

The Board has considered the motion and the parties' respective submissions on CNRL's request. For the reasons provided in this letter the Board has decided to dismiss CNRL's motion for an order requiring other parties to provide additional information.

In the motion CNRL requested that the Board require the Bitumen Owners to provide pressure information the Bitumen Owners had or could obtain. Each of the Bitumen Owners responded that they did not have the requested information. The Board therefore considered the motion on the basis that it would be required to order the Bitumen Owners to take steps to obtain the pressure information requested by CNRL.

In its January 21, 2010 letter responding to the Board's questions, CNRL indicated it did not disagree with the Bitumen Owners' statement that it would be difficult to obtain bitumen pressures from cased standing wellbores, and that such pressures may be unreliable. In its letter

dated January 18, 2010, CNRL indicated it was not asking the Board to order Bitumen Owners to drill new wells for the sole purpose of obtaining bitumen pressures, but that bitumen pressures could be obtained from new wells that are licensed to be drilled within and proximal to the area of the applications. CNRL stated the Bitumen Owners would in any event need to obtain the requested pressure information for their own purposes, including project design and project applications.

In its letter dated January 11, 2010, Grizzly stated it does not have any standing wells nor was it conducting a winter drilling program in the area outlined in CNRL's motion. Given that statement and CNRL's clarification of its request, in the Board's view there is no basis for the Board to order Grizzly to obtain and provide the pressure information requested in the motion.

In a letter from its counsel dated January 8, 2010, SOL and AOSC characterized the additional cost of obtaining the information requested by CNRL as excessive and punitive. They argued the Board has previously stated that pressure data is unreliable and open to multiple interpretations on the question of the existence of barriers to pressure transmission.

In considering CNRL's argument that the Bitumen Owners would need to obtain the requested pressure information in any event, for their own purposes, the Board believes that the decision of when and how to obtain that information is one that should remain with the Bitumen Owners themselves. The Board is not inclined to grant CNRL's request on the grounds that the information would need to be obtained in any event.

As discussed in *Report 2003-A: EUB Athabasca Wabiskaw-McMurray Regional Geological Study* and subsequent Board decisions on the issue, the basis on which the Board determines the likelihood of communication between gas zones and underlying bitumen zones is whether there are regionally correlatable mudstones and shales separating the gas and bitumen zones. CNRL's motion does not request that the Bitumen Owners provide pressure information on a regional basis, rather, it requests information from a sampling of wells in portions of the area of application. The Board is not persuaded that pressure measurements in the bitumen zones at a relatively small number of wells would provide sufficiently definitive information to warrant the Board imposing a requirement that the Bitumen Owners obtain and provide that information.

For the reasons described above the Board has decided to dismiss CNRL's motion. In doing so the Board acknowledges, without comment, the Bitumen Owners' apparent willingness to allow CNRL to collect pressure information from bitumen zones in CNRL's own wells.

Yours truly,

Gary D. Perkins
Board Counsel