

Manitoba Regulation /87

Being

The Oil and Natural Gas Conservation Board

Order No. SU 3

An Order Pertaining to Drilling Spacing Units

Daly Lodgepole A Pool

Made and Passed Pursuant to "The Mines Act", Cap. M160, of the Continuing Consolidation of the Statutes of Manitoba, and Amendments Thereto, by The Oil and Natural Gas Conservation Board of Manitoba

(Filed:

)

WHEREAS, subsection (9)(b) of Section 62 of "The Mines Act", being Chapter M160 of the Continuing Consolidation of the Statutes of Manitoba, provides as follows:

"62(9) Without restricting the generality of subsection (8) the board, with the approval of the minister, may make orders

(b) respecting the designation of the area that shall be allocated to a well in connection with fixing allowable production;"

AND WHEREAS, subsection (1)(f) of Section 63 of "The Mines Act" being Chapter M160 of the Continuing Consolidation of the Statutes of Manitoba, provides as follows:

"63(1) For the purpose of carrying out the provisions of this Part and Part III according to their intent, the Lieutenant Governor in Council may make such regulations and orders as are ancillary thereto, and are not inconsistent therewith; and every such regulation or order made under, and in accordance with the authority granted by, this section has the force of law; and, without restricting the generality of the foregoing, the Lieutenant Governor in Council may make regulations and orders, not inconsistent with any other provision of this Part or Part III,

(f) prescribing spacing units and the size and shape of spacing units;"

AND WHEREAS, subsection (1) of Section 20 of Manitoba Regulation 147/84 under "The Mines Act" ("The Petroleum Drilling and Production Regulations, 1984") provides as follows:

"20(1) Notwithstanding section 19, the board may, after a public hearing or after publication of notice, prescribe by order special drilling spacing units which may differ from normal drilling spacing units in size, shape or target area;"

AND WHEREAS, subsection (3) of Section 21 of The Petroleum Drilling and Production Regulations, 1984 provides as follows:

"21(3) Where a special drilling spacing unit is prescribed under section 20, the board may prescribe the target area within which a well shall be completed in order to qualify for a maximum permissible production rate based on the area of the special drilling spacing unit;"

AND WHEREAS, the Board received an application dated February 4, 1986 from Chevron Canada Resources Limited as Unit Operator of Daly Unit No. 3 ("the Unit Area") for approval of reduced size drilling spacing units in the Unit Area.

AND WHEREAS, upon publication of notice of the application, the Board received numerous objections and interventions to the application.

AND WHEREAS, the application was considered by the Board at a public hearing held in Virden, Manitoba on August 7, 1986.

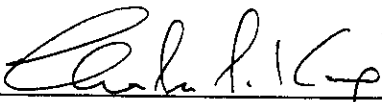
AND WHEREAS, the Board considers that establishment of smaller drilling spacing units within the Unit Area will result in a substantial increase in recovery of crude oil from the Unit Area.

NOW THEREFORE, the Board orders that:

1. Subject to clause 2 herein, the spacing unit for each well drilled, or to be drilled, for the purpose of obtaining oil from or injecting salt water into the Mississippian Lodgepole Formation in the Unit Area is a square, 8 hectares in area, with corners located at the midpoints of the boundaries of each legal subdivision.
2. Notwithstanding clause 1, no well shall be drilled nearer to any boundary of the Unit Area than 200 metres. The resultant pattern of drilling spacing units, as of the effective date of this Order, is illustrated in Schedule A of this Order.
3. The target area of each drilling spacing unit shall be a square area having sides sixty-five metres from the sides of the drilling spacing unit and parallel to them.

4. The selection of the location of any new wellsite in the Unit Area shall conform to the conditions of approval outlined in the Board's decision report dated January 16, 1987 with respect to the aforementioned application.
5. In the event of enlargement of the Unit Area, the provisions of this Order will also apply to the enlarged Unit Area.

OIL AND NATURAL GAS ORDER NO. SU 3,  
MADE AND PASSED THIS 22 DAY OF  
JANUARY A.D., 1987, AT THE CITY OF  
WINNIPEG, IN THE PROVINCE OF MANITOBA,  
BY THE OIL AND NATURAL GAS CONSERVATION BOARD

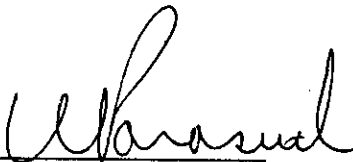


Charles S. Kang, Chairman  
The Oil and Natural Gas  
Conservation Board



Wm. McDonald, Deputy Chairman  
The Oil and Natural Gas  
Conservation Board

Approved:



Minister  
Department of Energy and Mines

**SCHEDULE A**  
**Daly Unit No. 3**  
**8 Hectare Drilling, Spacing Units**

**LEGEND**

**RGE. 28**

**RGE. 27**

- **Producer**
- ⊙ **Water injection well**
- ⊙ **Water injection well (former producer)**

