



LETTER NO. L-17-96

ROBERT J. PELLATT
COMMISSION SECRETARY

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May 3, 1996

Mr. Anthony Lambert, P.Eng.
Vice President, Engineering
Ulster Petroleums Ltd.
1400, 144 - 4th Avenue S.W.
Calgary, Alberta
T2P 3N4

Dear Anthony Lambert:

Re: Application for Common Processor Declaration
Under Section 84 of the Utilities Commission Act
With Respect to Canadian Hunter et al Facilities in the Ring/Border Area

The Commission has reviewed your April 12, 1996 Application (the "Application") pursuant to Section 84 of the Utilities Commission Act requesting the settlement of issues related to access to and the use of the Border Gas Facilities. The Commission notes that the well is in an environmentally sensitive area, and your concern that these matters be resolved promptly due to concerns about competitive drainage. We acknowledge receipt of a copy of your Rateable Take and Common Carrier application dated April 4, 1996 to the Alberta Energy and Utilities Board.

The Commission believes that it would be premature to set down a hearing on the Application at this time. The Commission notes that Ulster drilled its well in 4-1-102-13 W6M in March, 1996, and that completion and tie-in of the well is scheduled for the period between May 1, 1996 and July 31, 1996. Moreover, the filed information indicates a lack of substantive discussions to resolve the matter between Ulster and Canadian Hunter and the other working interest owners in the area. In the Commission's view, the preferable course of action is for these issues to be resolved by negotiations in good faith between the parties that are directly involved.

As it appears the number of interested parties and the number of outstanding issues with regard to the subject Application may be limited, the Commission anticipates that, if a hearing is necessary, the Application can be addressed by a written proceeding. It is expected that a hearing decision may be made effective on the later of the date of your Application or the date that you successfully complete your well in the pool and construct all of your facilities needed for deliveries from the well.

In the event of a hearing, Commission staff intends to retain an external consultant to assist in the preparation and analysis of information requests. As indicated to you in preliminary discussions with Commission staff, the costs of addressing this Application will be billed to the parties with cost sharing dependent on the outcome.

The Commission strongly encourages Ulster to continue to discuss the matter with Canadian Hunter and the other interested parties. As staff has indicated to you, Freedom of Information legislation in British Columbia generally requires the disclosure of all information to the parties. The Commission requests that

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Ulster make all its filings available to Canadian Hunter (and vice versa) in a timely manner, in order to facilitate the resolution of this matter. If any issues remain unresolved 30 days after the completion of Ulster's gas well in the pool, Ulster should file with the Commission a summary of the discussions that you have had regarding the use of the Border Gas Facilities and indicate that you wish to proceed with this application. In the event that no communication on the matter is received from Ulster by August 31, 1996, the Application will be considered to have been withdrawn.

Yours truly,



Robert J. Pellatt

JBW/yk

cc: Dale Fox
Canadian Hunter Exploration Ltd.
Ms. Karen Fisher
Alberta Energy Utilities Board