



The Mining and Lands Commissioner Le Commissaire aux mines et aux terres

File No. OG 007-01

Lorne F. G. Carter)
Deputy Mining and Lands Commissioner)

Thursday, the 7th day
of November, 2002.

THE OIL, GAS AND SALT RESOURCES ACT

IN THE MATTER OF

An Application under clause 8(1)(b) of the **Oil, Gas and Salt Resources Act**, R.S.O 1990, c. P.12, as amended by 1994, c. 27, s. 131; 1996 c. 30, s. 56-70; 1998, c. 15, Schedule E, s. 24; 1999, c. 12, Schedule N, s. 5; 2000, c. 26, Schedule L, s. 8 and section 15 of Ontario Regulation 245/97, amended to O. Reg. 22/00, for an Order requiring and regulating the joining of the various interests further described herein, within a specific pool for the purpose of drilling or operating wells, the designation of the Applicant, Talisman Energy, Inc. as the initial unit operator and the apportioning of the costs and benefits of such drilling or operation, hereinafter referred to as "the Application for Unitization of the Wigle Pool, Unit 12";

(Amended November 7, 2002)

AND IN THE MATTER OF

An Application by Talisman Energy Inc. (the "Applicant") for an Order joining their specific interests with the interests of Industrial Boiler Specialties Limited and the interests of Peter Lusetti and Marie Louise Lusetti and the interests of 916841 Ontario Inc. and 957464 Ontario Inc. and the interests of Edward Albert Bartel and Diane Lynne Bartel, hereinafter collectively referred to as the Unleased Landowners (the "Respondents"), further described in Schedule "B" attached to this Order and pursuant to the above-noted provisions;

(Amended November 7, 2002)

AND IN THE MATTER OF

That part of the Ministry of Natural Resources – Petroleum Resources Centre, MERSEA 3-4-IV, Spacing Order 2000-125, comprised of the Spacing Units 1/2-6-3, 3/6-6-3, 4/5-6-3 Mersea, being located in the North three-quarters of Lot 6, Concession 3, in the Municipality of Leamington, formerly partly in the Township of Mersea and formerly partly in the Town of Leamington, in the County of Essex, being tracts #1, #2, #3, #4, #5 and #6 and adding tracts #7 and #8 in the sequence, being comprised of the South one quarter of Lot 6, Concession 3, in the Municipality of Leamington, which is not subject to a Spacing Order, on a Plan of Drilling Spacing Units, introduced as an exhibit to the Application and further described in Schedule "A" attached hereto and forming part of this Order;

(Amended November 7, 2002)

AND IN THE MATTER OF

All and singular those certain parcels, lots or tracts of land and premises, situate, lying and being in the Municipality of Leamington, formerly partly in the Township of Mersea and formerly partly in the Town of Leamington, in the County of Essex, Province of Ontario, more particularly described in Schedule "E" attached hereto and forming part of this Order, hereinafter referred to as the "Unit Area";

(Amended November 7, 2002)

BETWEEN:

TALISMAN ENERGY INC.

Applicant

-and-

ALL UNLEASED LANDOWNERS IN THE WIGLE POOL, UNIT 12, more particularly described in Schedule "B" attached hereto and forming a part of this Order

Respondents

(Amended November 7, 2002)

ALL LEASED LANDOWNERS IN THE WIGLE POOL, UNIT 12, more particularly described in Schedule "I" attached hereto and forming a part of this Order

Parties of the Third Part

(Amended November 7, 2002)

AND IN THE MATTER OF

An Application for an Order requiring and regulating the joining of the interests of all landowners' (Respondents and Parties of the Third Part) lands and those of the Applicant within the Unit Area (description attached as Schedule "E" hereto and forming part of this Order), in accordance with the above-noted statutory authority, providing the relationship between the Applicant and the Respondents (Unleased Landowners) be governed by Petroleum and Natural Gas Leases/Grants (attached as Schedule "C" hereto and forming part of this Order) and the relationship between the Applicant and all landowners (Respondents and Parties of the Third Part) be governed by a Unitization Agreement (a common agreement);

(Amended November 7, 2002)

AND IN THE MATTER OF

In the alternative, an Application for an Order which joins the interests of the Respondents' lands with the interests of the Applicant within the Unit Area (description attached as Schedule "E" hereto and forming part of this Order) in accordance with the above-noted statutory authority, on terms and conditions specified and filed with the Application.

(Amended November 7, 2002)

**ORDER RESCINDING ORDER FOR COMPULSORY UNITIZATION
ISSUED MARCH 8TH, 2002 AND
ORDER FOR COMPULSORY UNITIZATION,
EFFECTIVE *NUNC PRO TUNC***

WHEREAS a Hearing was held in this matter commencing at ten-thirty o'clock in the forenoon on the 30th day of October, 2001, in Kingsville Rooms A and B of the Holiday Inn Select, at 1855 Huron Church Road, Windsor, Ontario with: Mr. Marko Pasic, Agent for the Applicant, having introduced evidence and submissions; Mr. James K. Ball, Counsel for the Respondents, Industrial Boiler Specialities Limited and Mr. Peter Lusetti and Mrs. Marie Lusetti, having introduced evidence and submissions in opposition to the Application and with no other Respondents appearing to oppose the application;

AND WHEREAS the tribunal was advised by Mr. Pasic on the 30th day of October, 2001, that previously unleased landowners and Respondents, 1223305 Ontario Limited, Cervini Farms (1993) Inc. and Deeanne Kay Cervini, identified on earlier documents as Respondents, have entered into Petroleum and Natural Gas Lease/Grants with the Applicant, copies of which have subsequently been provided to the tribunal;

AND WHEREAS the tribunal was advised by Mr. Pasic on the 30th day of October, 2001, that unleased landowner and Respondent, 916481 Ontario Inc., caused through a land sale, a partial transfer of a portion of their lands within the Unit Area to 957464 Ontario Inc. and that 957464 Ontario Inc. should therefore be added as a Respondent, with copies of documentation verifying the transfer, received into evidence by the tribunal;

AND WHEREAS the "Respondents" to this Application are hereby amended and include; Industrial Boiler Specialities Limited; Peter Lusetti and Marie Lusetti, 916481 Ontario Inc., 957464 Ontario Inc. and Edward Albert Bartel and Diane Lynne Bartel, respectively, as submitted and verified before this tribunal noting corrected spellings;

AND WHEREAS the Applicant, Talisman Energy Inc., has obtained Petroleum and Natural Gas Lease/Grants with a majority (90 per cent) of the landowners in the Unit Area;

AND WHEREAS to promote the conservation of oil, gas and leased substances, to prevent unnecessary and wasteful drilling and undue depletion of those substances and to ensure that each of the parties to this Order obtain an equitable share of leased substances produced under and by virtue of the terms of this Unitization Order, it is deemed necessary and desirable to unitize the lands, tracts of land, oil and gas leases, formations and substances hereinafter described;

AND WHEREAS the Order for Compulsory Unitization issued on the 8th day of March, 2002 contained certain typographical omissions and lacked a pronouncement on the existing Unitization Agreements within that decision; **AND FURTHER** the tribunal has determined that, for purposes of clarity it will rescind and re-issue its Order for Compulsory Unitization *nunc pro tunc* [to be effective on the 8th day of March, 2002];

UPON reading the documentation filed and hearing the evidence in support of and in opposition to the Application; **AND FURTHER** upon reading the documentation filed in support of certain amendments to its Order for Compulsory Unitization;

1. **THIS TRIBUNAL ORDERS** that its Order for Compulsory Unitization dated the 8th day of March, 2002, be and is hereby rescinded and replaced with the following paragraphs *nunc pro tunc* the 8th day of March, 2002.

2. **THIS TRIBUNAL FURTHER ORDERS** that a portion of page two (2) of the Title of Proceedings in this Application be amended by deleting the words "INDUSTRIAL BOILER SPECIALISTS LIMITED (Industrial Boiler), PETER LUSETTI AND MARIA LOUISE LUSETTI (Lusetti), 1223305 ONTARIO LIMITED (1223305), CERVINI FARMS (1993) INC. (Cervini Farms), DEEANNE KAY CERVINI (Cervini), 916841 ONTARIO INC. (916841), EDWARD ALBERT BARTEL AND DIANE LYNNE BARTEL (Bartel), collectively" and replacing them with the words "ALL UNLEASED LANDOWNERS IN THE WIGLE POOL, UNIT 12", more particularly described in Schedule "B" attached hereto and forming a part of this Order.

3. **THIS TRIBUNAL FURTHER ORDERS** that page two (2) of the Title of Proceedings in this Application be amended by inserting after the word "Respondents" the words "ALL LEASED LANDOWNERS IN THE WIGLE POOL, UNIT 12, more particularly described in Schedule "I" attached hereto and forming a part of this Order as "Parties of the Third Part".

4. **THIS TRIBUNAL FURTHER ORDERS** that the unit to be known as Wigle Pool, Unit 12 shall be described as all and singular those certain parcels, lots or tracts of land and premises, situate and lying and being in the Municipality of Leamington, formerly partly in the Township of Mersea and formerly partly in the Town of Leamington, in the County of Essex, Province of Ontario, more particularly described in Schedule "E" attached hereto and forming part of this Order, being of Ordovician age of the Trenton and Black River Groups.

5. **THIS TRIBUNAL FURTHER ORDERS** that this Order include the addition of the spacing units Tract #7 and Tract #8, wherein Tract #8 (identified on Schedule "A" [at page 2] attached hereto and forming part of this Order) is included in the Unit Area (described in Schedule "E" attached hereto and forming part of this Order).

6. **THIS TRIBUNAL FURTHER ORDERS** that the spacing unit additions, Tract #8 changes shall take effect on the 1st day of March, 2001, in advance of this Order for Compulsory Unitization, effective on the 1st day of March, 2001.

7. **THIS TRIBUNAL FURTHER ORDERS** that the Order will be effective the 1st day of March, 2001 and **FURTHER ORDERS** that for purposes of the effective date of this Order for Compulsory Unitization, all Petroleum and Natural Gas Leases/Grants (attached as Schedule "C" hereto and forming part of this Order) between, the Applicant, Talisman Energy Inc. and the Respondents; Industrial Boiler Specialties Limited, Peter and Marie Lusetti, 916841 Ontario Inc., 957464 Ontario Inc. and Edward and Diane Bartel, further described in Schedule "B" attached hereto and forming part of this Order, will be deemed to have been ordered and executed on or prior to the 1st day of March, 2001.

8. **THIS TRIBUNAL FURTHER ORDERS** the Petroleum and Natural Gas Leases/Grants, between the Applicant, Talisman Energy Inc. and the Respondents (Unleased Landowners), being effective the 1st day of March, 2001, in advance of this Order for Compulsory Unitization, shall continue until the 2nd day of September, 2003 and **FURTHER ORDERS** that the subject relationship be governed by the terms and conditions contained in the said Petroleum and Natural Gas Leases/Grants and Unitization Agreement, attached as Schedules "C" and "H", respectively hereto and forming part of this Order.

9. **THIS TRIBUNAL FURTHER ORDERS** that the interests of the landowners (Respondents and Parties of the Third Part - Schedule "D" attached hereto and forming part of this Order) and the Applicant, Talisman Energy Inc. within the Unit Area, be and are hereby joined and unitized for the purposes of drilling or operating oil and gas production wells.

10. **THIS TRIBUNAL FURTHER ORDERS** that the relationship between the landowners (Respondents and Parties of the Third Part - Schedule "D" attached hereto and forming part of this Order) and the Applicant, Talisman Energy Inc., be regulated in respect of such lands as if each of them had reached agreement on the terms and conditions, as set forth in a common Unitization Agreement, similar to the Agreement attached as Schedule "H" hereto and forming part of this Order for Compulsory Unitization.

11. **THIS TRIBUNAL FURTHER ORDERS** that the unit boundaries, tracts and participating section of the Wagle Pool Unit 12 shall be in accordance with the Plan attached as Schedule "F" hereto and forming part of this Order; **AND FURTHER ORDERS** that the allocation of each of the Landowners' oil and gas and leased substance interests shall be determined on an areal basis and set out in the Summary of Tract Allocation, required as per O. Reg. 245/97, amended by O.Reg. 00/22, clause 15(4)(d) and included as Schedule "G" attached hereto and forming part of this Order.

12. **THIS TRIBUNAL FURTHER ORDERS** that in the event of conflict between this Order and the Petroleum and Natural Gas Leases/Grants (Schedule "C") or between this Order and the Unitization Agreement (Schedule "H") the terms of this Order shall prevail.

13. THIS TRIBUNAL FURTHER ORDERS that the Unitization Agreement may be amended by the Applicant, Talisman Energy Inc. with the agreement of no fewer than that number of landowners corresponding with 60 (sixty) per cent of the unit area of the Wagle Pool Unit 12, or no fewer than that number of landowners corresponding with 60 (sixty) per cent of the unit area of the Wagle Pool Unit 12, as may be amended from time to time, for the purposes of expanding the size of the unit area through inclusion of additional lands in the vicinity of and abutting the current unit area.

- (a) by executing an agreement with the landowner(s) which conforms with the Unitization Agreement attached to this Order as Schedule "H", with the necessary modifications;
- (b) by serving on each landowner a copy of this Order for Compulsory Unitization, with Schedules attached; and
- (c) by registering on the title of the lands of each of the aforementioned landowners, a Unit Amending Agreement along with Schedules attached setting out the following information;
 - (i) a plan of the newly defined unit area;
 - (ii) the metes and bounds of the enlarged or reduced unit area; and
 - (iii) a summary of the names of the individual landowners and tract allocation of each party's oil and gas interest within the tract and unit area.

14. THIS TRIBUNAL FURTHER ORDERS that, in accordance with clause 15(4)(g) of O. Reg. 245/97, amended to O. Reg. 22/00, the Applicant, Talisman Energy Inc. is appointed as the Initial Unit Area Operator.

15. THIS TRIBUNAL FURTHER ORDERS that the royalty payments to Respondents, Parties of the Third Part and other landowners which may be added from time to time in accordance with the provisions within Paragraph 13 of this Order, shall be as set out in Clause (4) of the Unitization Agreement (Schedule "H" attached hereto) and shall be determined on an areal (proportional) basis, in accordance with the Schedule "G" attached to and forming part of this Order.

16. THIS TRIBUNAL FURTHER ORDERS that service of this Order, together with the appropriate and individual Petroleum and Natural Gas Lease(s)/Grant(s) and the Unitization Agreement will be affected by the Applicant, Talisman Energy Inc. through registered mail to those Respondents (landowners) as indicated by Schedule "B" attached hereto and forming part of this Order.

17. THIS TRIBUNAL FURTHER ORDERS that service of this Order will be affected by the Applicant, Talisman Energy Inc. through registered mail to those Parties of the Third Part as indicated by Schedule "I" attached hereto and forming part of this Order.

18. **THIS TRIBUNAL FURTHER ORDERS** that this Order shall continue and be in force and effect for as long as the unit operation provided for in the Unitization Agreement continues and any portion of the lands in the Wagle Pool Unit 12, more particularly described in Schedule "E" attached to and forming part of the Order, remains within the Unit Area and in any event for so long as the payments provided for in Sub-Clause 4(a) of the Unitization Agreement are made or tendered.

19. **THIS TRIBUNAL FURTHER ORDERS** that no costs shall be payable by any party to this application.

20. **THIS TRIBUNAL FURTHER ORDERS** that upon payment of the required fees, Notarized Copies of this Order according to its part(s) respectfully be filed in the Registry Division of the Land Registry Office, 3rd Floor, 250 Windsor Avenue, Windsor, Ontario, on the lands corresponding to each of the land parcels listed in Schedules "B" and "D", attached hereto and forming part of this Order.

21. **THIS TRIBUNAL FURTHER ORDERS** that this Order is binding on the Applicant and the landowners (Respondents, Parties of the Third Part and other landowners as they may be added from time to time in accordance with the provisions of Paragraph 13 of the Order) and their heirs, executors, administrators, successors and assigns.

DATED this 7th day of November, 2002

Original signed by L.F.G. Carter

Lorne F.G. Carter
Deputy Mining and Lands Commissioner