

File No. OG 004-08

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

Thursday, the 16th day  
of October, 2008.

**THE OIL, GAS AND SALT RESOURCES ACT**

**IN THE MATTER OF**

An application for Joining of interests, pooling order, under 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; 2001, c. 9, Schedule K, s. 4; 2002, c. 18, Schedule L, s. 6; 2006, c. 19, Schedule P, s. 4., c. 4, s.38, for an Order, by the Commissioner, pursuant to subsection 8(1) that, (a) the oil or gas interests within a spacing unit be joined for the purposes of drilling or operating an oil or gas well; (b) management of the drilling or operation be carried out by the persons or class of persons named or described in the order; and (c) the costs and benefits of the drilling or operation within the spacing unit be apportioned in the manner specified in order (the “**Order**”);

(Amended October 16, 2008)

**AND IN THE MATTER OF**

Any application pursuant to Ontario Regulation 245/97, amended to O. Reg. 75/04, at clauses 9(3)(a) and (b) wherein; No person shall, drill a well in a spacing unit that has not been pooled; produce oil or gas from a spacing unit that has not been pooled and at subsections 14(3) and 14(4) whereby the application for the order to allow pooling within a spacing unit shall include specific information to the extent that it is applicable to the issues being determined (the “**Regulation**”);

**AND IN THE MATTER OF**

All and singular those parcels, lots or tracts of land and premises, comprising of 50 acres more or less, geographically described as the North half of the South half of Lot 1, Concession 1, in the Geographic Township of Bayham, Municipality of Bayham, County of Elgin, Province of Ontario and further described on Schedule “A” attached hereto and forming part of this Order (the “**Spacing Unit**”);

(Amended October 16, 2008)

**AND IN THE MATTER OF**

All and singular those certain parcels, lots or tracts of land and premises, situate lying and being within the subject Spacing Unit, belonging to: Robert Thomas Carrel and Suzanne Lynn Carrel comprised of approximately 3.13 acres, Thomas Edward Carrel and Robert Thomas Carrel comprising of approximately 3.13 acres, and Robert Christian Pierce and Kimberley Helen Pierce comprising of approximately 43.74 acres, (Pooled Lands);

(Amended October 16, 2008)

**B E T W E E N:**

ECHO ENERGY CANADA INC.

Applicant

- and -

NRG CORP.

(Respondent working interest party who has not entered into a Voluntary Pooling Agreement with the Applicant)

Respondent of the First Part

- and -

ROBERT THOMAS CARREL, and SUZANNE LYNN CARREL, THOMAS EDWARD CARREL and ROBERT CHRISTIAN PIERCE and KIMBERLY HELEN PIERCE

(such landowner(s) who have all signed into Petroleum and Natural Gas Leases and Grants in favour of either the Applicant, Echo Energy Canada Inc. or NRG Corp.)

Respondents of the Second Part

(Amended October 16, 2008)

FARM CREDIT CORPORATION, SHADE OAK SWINE LTD. and ROYAL BANK OF CANADA

(Mortgagees in respect of the lands comprising of the Spacing Unit)

Respondents of the Third Part

**AND IN THE MATTER OF**

Clause 14(3)(h) of the Ontario Regulation 245/97, amended to O. Reg. 75/04 providing that the relationship between the landowners, Respondents of the First Part, the Second Part and the Initial Unit Operator, the Applicant, be governed by a specific Pooling Agreement attached hereto and forming part of this Order under Schedule “ B ”;

(Amended October 16, 2008)

**AND IN THE MATTER OF**

Service of the Order shall include notice on all Landowners within both; the executed and ordered aforesaid Pooling Agreement in favour of the Lessee (initial unit operator) that the various habendum and pooling clauses each contained therein are being exercised by the Lessee;

(Amended October 16, 2008)

**AND IN THE MATTER OF**

In the alternative, an Application for an Order which joins the interests of the Respondents with the interests of the Applicant within the spacing unit pursuant to clauses 8(1)(a), (b) and (c) of the **Oil, Gas and Salt Resources Act**, R.S.O. 1990.c.P.12, as amended, on terms and conditions specified and filed with the Application and forming the Order herein.

(Amended October 16, 2008)

**ORDER**

**WHEREAS** a hearing was held in these matters commencing at ten-thirty o'clock in the forenoon on the 28th day of August, 2008, in the Duke of Connaught Room of the Hilton Hotel, at 300 King Street, London, Ontario with Mr. Christopher A. Lewis, Counsel for the Applicant, having introduced evidence, a witness, cross-examination, submissions and arguments in compliance with the Appointment For Hearing of the tribunal and Mr. Anthony F. Steele, Counsel for the Respondent, NRG Corp., having introduced evidence, a witness, cross-examination, and providing a rebuttal in compliance with the appointment and no one having appeared for, or on behalf of the other Respondents;

**AND WHEREAS** the Ministry of Natural Resources as identified in submissions has issued a drilling license for the operation of a natural gas well named Echo 59, Bayham 6-1-1, Well 11622, Tract 6, Lot 1, Concession 1, in the geographic Township of Bayham; **AND FURTHER**, the Ministry requires proof of pooling of those lands within the Spacing Unit, Bayham Township 2003-2 in order for natural gas well Echo 59 to go into production by way of an Order issued under clauses 8(1) (a), (b) and (c) of the **Oil, Gas, and Salt Resources Act**, by the Deputy Mining and Lands Commissioner, joining the interests of the property owners;

**AND WHEREAS** both Mr. Christopher A. Lewis, Counsel for the Applicant and Mr. Anthony Steele, counsel for the Respondent of the First Part, submitted that the working interest parties Echo Energy Canada Inc. and NRG Corp. are willing to pool their respective interests for the creation of a fifty acre spacing unit representing one hundred percent of landowners under Petroleum and Natural Gas Lease(s) and Grant(s); **AND FURTHER**, all Respondent parties were duly advised of the Hearing by mail, through the issuance of an Appointment For Hearing by the Mining and Lands Commissioner, dated the 22nd day of July, 2008;

**AND WHEREAS** the Respondent of the First Part has not entered into a pooling agreement favourable to the Operator/Applicant, for reasons of production transportation method(s) and transportation costs/compensation;

**AND WHEREAS** the benefits of pooling protect the correlative rights of the landowners under lease and the working interest rights of NRG Corp. and also allow the Applicant to satisfy the requirements for a drilling license to drill a natural gas well within the Spacing Unit and proceed to produce natural gas from the said well;

**AND WHEREAS** the tribunal has been provided with submissions which contain a Pooling Agreement and indicating the allocation and compensation for the landowners and the working interest party to be pooled;

**AND WHEREAS** the balance of “information required” under section 14, of Ontario Regulation 245/97, amended to O. Reg. 75/04 specifically pertaining to hearing costs and submissions for costs will be finalized in the REASONS to this Order which will be issued in the future;

**UPON** reading the documentation filed in support of the Application and upon hearing the evidence;

**1. IT IS ORDERED** that the Title of Proceedings be amended as follows; at page one (1) the reference to clauses 8(1)(a), (b) and (c) be deleted and paragraph one (1) be replaced with:

“An application for Joining of interests, pooling order, under 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; 2001, c. 9, Schedule K, s. 4; 2002, c. 18, Schedule L, s. 6; 2006, c. 19, Schedule P, s. 4., c. 4, s.38, for an Order, by the Commissioner, pursuant to subsection 8(1) that, (a) the oil or gas interests within a spacing unit be joined for the purposes of drilling or operating an oil or gas well; (b) management of the drilling or operation be carried out by the persons or class of persons named or described in the order; and (c) the costs and benefits of the drilling or operation within the spacing unit be apportioned in the manner specified in order (the “Order”);”

and at page one (1) the third paragraph be deleted and replaced with:

“All and singular those parcels, lots or tracts of land and premises, comprising of 50 acres more or less, geographically described as the North half of the South half of Lot 1, Concession 1, in the Geographic Township of Bayham, Municipality of Bayham, County of Elgin, Province of Ontario and further described on Schedule “A” attached hereto and forming part of this Order (the “Spacing Unit”);

and at page two (2) the first paragraph be deleted and replaced with:

“All and singular those certain parcels, lots or tracts of land and premises, situate lying and being within the subject Spacing Unit, belonging to: Robert Thomas Carrel and Suzanne Lynn Carrel comprised of approximately 3.13 acres, Thomas Edward Carrel and Robert Thomas Carrel comprising of approximately 3.13 acres, Robert Christian Pierce and Kimberley Helen Pierce comprising of approximately 43.74 acres, (Pooled Lands).”

and at page two (2) Respondents of the Second Part be deleted and replaced with:

“ROBERT THOMAS CARREL, and SUZANNE LYNN CARREL, THOMAS EDWARD CARREL and ROBERT THOMAS CARREL, ROBERT CHRISTIAN PIERCE and KIMBERLEY HELEN PIERCE

[such landowner(s) who have signed into Petroleum and Natural Gas Leases and Grants in favour of either the Applicant, Echo Energy Canada Inc. or NRG Corp.]”

and at page three (3) the first paragraph be deleted and replaced with:

“Clause 14(3)(h) of the Ontario Regulation 245/97, amended to O. Reg. 75/04 providing that the relationship between the landowners, Respondents of the First Part, the Second Part and the Initial Unit Operator, the Applicant, be governed by a specific Pooling Agreement attached hereto and forming part of this Order under Schedule “ B ”;”

and at page three (3) the second paragraph be deleted and replaced with:

“Service of the Order shall include notice on all Landowners within both; the executed and ordered aforesaid Pooling Agreement in favour of the Lessee (initial unit operator) that the various habendum and pooling clauses each contained therein are being exercised by the Lessee;”

and at page three (3) the third paragraph be deleted and replaced with:

“In the alternative, an Application for an Order which joins the interests of the Respondents with the interests of the Applicant within the spacing unit pursuant to clauses 8(1)(a), (b) and (c) of the **Oil, Gas and Salt Resources Act**, R.S.O. 1990.c.P.12, as amended, on terms and conditions specified and filed with the Application and forming the Order herein.”

**2. IT IS FURTHER ORDERED** that this Order for the pooling of lands will be effective the 16th day of October, 2008 and the duration of the Order shall be governed by the appropriate clauses contained in the Pooling Agreement attached herein.

**3. IT IS FURTHER ORDERED** the Spacing Unit, Bayham Township 2003-2, be comprised of the working interests of the Applicant and Respondents of the First Part, NRG CORP.

**4. IT IS FURTHER ORDERED** that the Respondents of the Second Part; T. E. Carrel and S. L. Carrel, T. E. Carrel and R. T. Carrel, R. C. Pierce and K. H. Pierce, be joined within the Spacing Unit, aforesaid, being described as landowners within a Petroleum and Natural Gas Lease(s) and Grant(s) in favour of the Applicant or the Respondent of the First Part, for the purpose of pooling, more particularly documented and described in Schedule “A” attached hereto and forming part of this order pursuant to “POOLING ORDERS” section 14 of Ontario Regulation 245/97, amended by O. Reg. 75/04.

**5. IT IS FURTHER ORDERED** that the working interests of the Respondent of the First Part, NRG Corp. and the working interests of the Applicant, Echo Energy Canada Inc. be hereby joined, for the purpose of pooling, to the Spacing Unit described in Schedule “A” attached hereto and forming a part of this Order pursuant to “POOLED ORDERS” section 14 of Ontario Regulation 245/97, amended by O.Reg. 75/04.

**6. IT IS FURTHER ORDERED** that the joined working interests of the Respondent of the First Part, NRG Corp. and the working interests of the Applicant, Echo Energy Canada Inc., for the purpose of pooling be governed by a working interest Pooling Agreement attached hereto as Schedule “B” and forming part of this Order.

**7. IT IS FURTHER ORDERED** that the Applicant, Echo Energy Canada Inc. is appointed as the Initial Unit Operator of the gas well within the prescribed spacing unit.

**8. IT IS FURTHER ORDERED** that the Initial Unit Operator shall pay a royalty consistent with the current oil and gas industry standards at twelve and one-half percent as described and allocated in Schedule “C” attached and forming a part of this Order and consistent with the Pooling Agreement herein.

**9. IT IS FURTHER ORDERED** that service of this Order, together with the appropriate Pooling Agreement schedule will be effected by the tribunal by registered mail and by the Applicant, through hand delivery to the address of the Respondent of the First Part at the address indicated in Schedule “D” attached to and forming part of this Order **AND FURTHER ORDERS** that service of the Order complete with the appropriate Pooling Agreement schedule to the Parties of the Second Part shall be made by regular mail and an appropriate text summary of the Order shall be made by regular mail to the appropriate Parties of the Third Part.

**10. IT IS FURTHER ORDERED** that this Order is binding on the Applicant, Echo Energy Canada Inc., working interests, NRG Corp., the landowners and their executors, heirs, successors or assigns.

Reasons for this Order will follow.

**DATED** this 16th day of October, 2008.

Original signed by L. Carter

Lorne F. G. Carter,  
DEPUTY MINING AND LANDS COMMISSIONER