News Release

FOR IMMEDIATE RELEASE

EUB ISSUES DECISION ON ADVANTAGE APPLICATIONS NEAR WILDWOOD

Calgary, Alberta (February 7, 2006) The Alberta Energy and Utilities Board (EUB) has issued Decision 2006-007, which denies applications by Advantage Oil & Gas Ltd. for a multiwell sour oil battery licence and two multiwell sour oil satellite licences. The facilities would be located about 8.6 km southwest of Wildwood, Alberta.

The EUB decided not to grant Advantage the licences in question for the following reasons:

- Advantage did not seriously evaluate any alternative sites within the field to address the concerns raised by interveners residing near the site.
- Advantage did not put sufficient effort into consulting with potentially impacted parties to understand their concerns and needs, and the reasons behind them.

In 2004, the EUB was notified by neighbouring landowners that Defiant Energy Corporation, the corporate predecessor to Advantage, had constructed a sour multiwell oil battery at LSD 5-13-53-10W5M (5-13) and two sour multiwell oil satellites at LSD 16-11-53-10W5M (16-11) and LSD 3-12-53-10W5M (3-12).

Subsequently, the EUB determined that the facilities were constructed without the correct EUB facility licences, suspended Defiant’s operations at the 5-13, 16-11, and 3-12 sites, and took enforcement action. After the EUB received additional information, it issued partial suspensions on October 19, 2004, which allowed the 5-13 site to operate only as a sweet single well oil battery with compression to conserve produced natural gas. In addition, the EUB allowed the 16-11 and 3-12 sites to operate only as sweet single well oil batteries. As per Directive 056, operation of a sweet single well oil battery and operation of a compressor with a power rating less than 75 kW are exempt activities that do not require licences.

To bring this matter into compliance, the EUB ordered Defiant to apply for the necessary facility licences. The EUB received applications in November and December 2004 to licence the facilities for a maximum H2S content of 0.075 per cent. Advantage acquired Defiant and the subject facilities on January 1, 2005. The EUB considered the applications and interventions at a public hearing in Wildwood on November 23 and 24, 2005.

The EUB ensures that the discovery, development, and delivery of Alberta’s energy resources and utilities services take place in a manner that is fair, responsible, and in the public interest.

This news release and Decision 2006-007 are available at http://www.eub.ca.
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