



ExxonMobil Canada Ltd. and ExxonMobil Resources Ltd.

Applications for Well Licences

December 16, 2003

ALBERTA ENERGY AND UTILITIES BOARD
Decision 2003-107: Applications for Well Licences
December 16, 2003

Published by

Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: (403) 297-8311
Fax: (403) 297-7040

Web site: www.eub.gov.ab.ca

CONTENTS

1	Decision	1
2	Introduction.....	1
2.1	Applications.....	1
2.2	Intervention.....	1
2.3	Hearing	2
3	Issues.....	2
4	Need for and Location of the Wells.....	2
5	Safety and Consultation	3
5.1	Views of the Applicant.....	3
5.2	Views of the Interveners.....	3
5.3	Views of the Board.....	4
6	Other Matters	4
	Appendix 1 Hearing Participants.....	6
	Figure 1 Map of the project area	7

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**EXXONMOBIL CANADA LTD. AND
EXXONMOBIL RESOURCES LTD.
APPLICATIONS FOR WELL LICENCES
CROSSFIELD FIELD**

**Decision 2003-107
Applications No. 1304690 and 1304692**

1 DECISION

Having carefully considered all of the evidence, the Alberta Energy and Utilities Board (EUB/Board) hereby approves Applications No. 1304690 and 1304692.

2 INTRODUCTION

2.1 Applications

ExxonMobil Canada Ltd. and ExxonMobil Resources Ltd. (ExxonMobil) applied to the Board, pursuant to Section 2.020 of the Oil and Gas Conservation Regulations and *Guide 56: Energy Development Applications and Schedules*, for well licences to drill two critical horizontal sour gas wells from a surface location in Legal Subdivision (LSD) 8, Section 1, Township 27, Range 28 West of the 4th Meridian (8-1 wells) to bottomhole locations in LSD 2-6-27-27 W4M and LSD 4-1-27-28 W4M. The purpose of the proposed wells is to obtain sour natural gas production from the Crossfield Member containing a maximum hydrogen sulphide (H₂S) concentration of 270 moles per kilomole (27 per cent). ExxonMobil calculated the H₂S release rate for each of the 8-1 wells to be 2.23 cubic metres per second (m³/s). The wells are classified as level-3 facilities, with a corresponding drilling emergency planning zone (EPZ) radius of 3.96 kilometres.

2.2 Intervention

On August 19, 2003, the EUB received an objection to the proposed wells from an area resident, Mr. G. Borchert. Mr. Borchert's primary concerns related to public health, safety, and land value; on this basis the applications were set down for a public hearing. A facilitation was conducted by EUB staff with Mr. Borchert and ExxonMobil, and through this process, an agreement was reached between the parties. As a result of this agreement, the EUB received a withdrawal of Mr. Borchert's objection on November 14, 2003.

Also, on November 14, 2003, the EUB received a submission from Mr. E. Munro and Ms. T. Hanson (Munro and Hanson), landowners of the southeast of Section 35-26-28 W4M. The first of Munro and Hanson's concerns related to an ongoing review of a memorandum of understanding between three government bodies and the EUB, as described in *Informational Letter (IL) 2002-4: Animal Health Complaints Involving the Petroleum Industry and Investigation Procedure*.

The second concern of Munro and Hanson related to ExxonMobil's lack of communication to area residents resulting in a perceived safety issue during a previous drilling operation at a nearby ExxonMobil well site at surface location 2-36-26-28 W4M (2-36 pad).

On November 17, 2003, the EUB received a submission from the Calgary Health Region (CHR), which requested information from ExxonMobil with respect to its emergency response plan developed for the 8-1 wells.

The Board notified the CHR, and Munro and Hanson in a letter dated November 21, 2003, that it would not consider the *IL 2002-4* issue raised by Munro and Hanson. The Board noted that these concerns primarily related to cattle marketing, were compensatory in nature, and thus constituted a matter outside the Board's jurisdiction. The letter also noted that the Board would proceed with the previously scheduled hearing to consider any safety issues related to the drilling of the proposed wells.

The location of the 8-1 wells, the 2-36 pad, and the residence and property owned by Munro and Hanson are shown on the attached [figure](#).

2.3 Hearing

The Board held a public hearing in Airdrie, Alberta, on November 25, 2003, before Board Members J. R. Nichol, P.Eng. (Presiding Member) and T. M. McGee and Acting Board Member R. Clark. Those who appeared at the hearing and a list of abbreviations used in this decision are set out in [Appendix 1](#).

3 ISSUES

The Board considers the issues respecting the applications to be

- need for and location of the wells, and
- safety and consultation.

4 NEED FOR AND LOCATION OF THE WELLS

ExxonMobil proposed to drill two wells to exploit sour gas reserves from an established Crossfield Member pool in the area. It supplied information with its *Guide 56* application to demonstrate it fully met the EUB's requirements, including acquisition of the necessary mineral rights and a surface lease for the proposed 8-1 wells.

The interveners did not dispute ExxonMobil's rights to drill the wells, nor did they take specific issue with the surface location of the proposed 8-1 wells. The Board notes that ExxonMobil has obtained the necessary surface lease and mineral rights for the proposed 8-1 wells. Therefore, the Board believes that ExxonMobil has established the requisite rights to hold well licences for the two wells, provided other issues related to the proposed wells can be satisfactorily addressed or mitigated appropriately.

5 SAFETY AND CONSULTATION

5.1 Views of the Applicant

ExxonMobil stated that it consulted all affected area residents and landowners, as prescribed in *Guide 56*, regarding the proposed 8-1 wells. ExxonMobil testified that its consultation efforts revealed some concerns in the community, which it was able to substantially resolve prior to the commencement of the hearing.

ExxonMobil explained that in May 2003 it had experienced a technical difficulty at a nearby well located at the 2-36 pad site. ExxonMobil stated that during a horizontal logging operation, a radioactive logging tool became lodged downhole in the wellbore. It related that the logging tool was lodged approximately 2400 m underground and some 3300 m north of the 2-36 pad surface location. ExxonMobil testified that it was unable to dislodge the tool despite numerous attempts over a three-week period. It also stated that during the operations, shower trucks were on site as a worker safety precaution, as it was employing an acid wash technique to attempt to dislodge the logging tool.

ExxonMobil confirmed that the tool was abandoned properly in-hole, compliant with the regulations set out by the Canadian Nuclear Safety Commission and after consultation with the EUB. ExxonMobil submitted that it engaged the appropriate authorities to ensure that the proper steps and processes were followed at all times and that there were no potential safety issues to the public as a result of its actions or operations at any time during the attempted retrieval operation. Furthermore, it submitted that the abandoned tool posed no risk now or in the future to the public or the environment.

ExxonMobil said it notified all occupants within the EPZ of the 2-36 pad site regarding the incident in a letter dated July 3, 2003. In that letter, ExxonMobil indicated that it had abandoned a radioactive logging tool and stated that there were no potential safety issues around abandoning the logging tool in place. It also said that if area residents expressed a need for a public meeting, it would conduct one. ExxonMobil affirmed that it did not receive any feedback regarding the need to hold a public meeting and concluded a public meeting was not necessary.

ExxonMobil stated that the concerns raised by Munro and Hanson regarding the 2-36 pad related to perceived rather than actual safety issues. However, ExxonMobil concluded that if faced with a similar incident, it would deal with these perceptions and the individuals expressing those concerns on an individual basis in a timely manner.

5.2 Views of the Interveners

Munro and Hanson raised no specific concerns regarding ExxonMobil's public consultation for the proposed 8-1 wells. Instead, they expressed concern respecting ExxonMobil's consultation with the community regarding the events surrounding the lodged tool at the 2-36 site.

Munro and Hanson described seeing shower trucks located at the 2-36 site on June 20, 2003, which raised concerns that there was a potential safety issue at the site. Mr. Munro said that only after he called ExxonMobil to enquire about the trucks was he informed of the lodged tool. He stated that this led him to believe that the only reason he was provided with any information on the incident was that he had contacted ExxonMobil to enquire about the shower trucks. Mr.

Munro suggested that if ExxonMobil had notified the public early on, it could have alleviated area residents' concerns regarding this incident.

The intervener stated that he understood from conversations with ExxonMobil that a public meeting would be held to provide residents with information regarding the abandoned tool and expressed his desire to attend such a meeting. Mr. Munro expressed dissatisfaction with ExxonMobil's decision not to hold a public meeting but would be willing to meet with ExxonMobil regarding outstanding concerns.

5.3 Views of the Board

The Board acknowledges that there were no concerns raised relating specifically to consultation efforts of ExxonMobil on the proposed 8-1 wells.

The Board notes ExxonMobil's explanation of the events and remedies undertaken to deal with the lodged logging tool at the 2-36 site. The Board is satisfied that the incident was handled appropriately and the correct procedures and agency consultation occurred. That said, the Board believes ExxonMobil could have acted more proactively and clearly to address the issues with the community so that the incident did not turn into a perceived public safety issue when residents saw the specialized equipment (shower trucks) on the site. The Board notes that there was an apparent miscommunication between ExxonMobil and Mr. Munro with respect to holding a public meeting to discuss the events at the 2-36 pad. However, the Board also believes that ExxonMobil could have dealt more directly with the concerns of Mr. Munro to put any perceived concerns he had to rest.

The Board does not believe that ExxonMobil's handling of the incident at the 2-36 site raises any concern with respect to its ability to drill sour wells. The Board is therefore satisfied that the wells can be drilled safely.

6 OTHER MATTERS

Approximately one and one-half hours after the commencement of the hearing, the Board received a request for an adjournment from the CHR. The adjournment request stated that the CHR did not have enough time to prepare for the hearing, since it was only notified on November 21, 2003, that it could participate.

The Board considered the request of the CHR and in doing so noted ExxonMobil's evidence that it had notified the CHR of this project on April 7, 2003. The Board further noted that in ExxonMobil's submission, it stated that its representative was informed by the CHR on April 23, 2003, that no further contact would be required. The Board considered that the CHR had been sent direct notice of the hearing on October 27, 2003, and the Board had received an objection from the CHR on November 17, 2003, three days after the final date for submissions established by the Notice of Hearing and eight days before the commencement of the hearing. The Board concluded that the CHR had notice of the proceeding and that it had sufficient time to prepare for the hearing. Therefore, after considering the request, the Board denied the CHR's request for adjournment.

The Board feels obliged to comment on the timing and presentation of the CHR's request for adjournment. While the Board appreciates that the CHR has numerous commitments and obligations, it expects hearing participants to convey requests for the adjournment of a proceeding as early as possible. Such an approach provides all participants with an opportunity to effectively respond to the request and allows the Board to make a decision that is fair to all. The Board was therefore disappointed to receive the CHR's written adjournment request during the course of the hearing at a time when almost all of the evidentiary record was complete.

Further, as the CHR's adjournment request was in the form of a letter, the Board was forced to adjudicate on this issue without the benefit of any additional background information from the CHR. Should the CHR be in a position requiring a late adjournment, the Board would expect it to make such requests in person so that the Board may clarify and better understand the reasons underlying the adjournment request.

Although not raised as a specific issue at the hearing, the Board believes that it is appropriate to provide specific comments respecting ExxonMobil's commitment to the public to implement in-line testing of the proposed wells, particularly in light of ExxonMobil's comment that it may have to flare gas during the testing of the wells if the pipeline tie-in is delayed due to objections to the pipeline application(s). The Board does not believe that this would be a compelling reason to deviate from in-line testing of the wells and therefore expects ExxonMobil to meet this commitment. Had ExxonMobil expected that there may be the potential for objections to the pipeline, the Board would have expected it to file the pipeline application(s) with the EUB so that both wells and the pipeline(s) could have been dealt with at the same proceeding.

Dated in Calgary, Alberta, on December 16, 2003.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

J. R. Nichol, P.Eng.
Presiding Member

[Original signed by]

T. M. McGee
Board Member

[Original signed by]

R. Clark
Acting Board Member

APPENDIX 1 HEARING PARTICIPANTS

**Principals and Representatives
(Abbreviations used in report)**

ExxonMobil Canada Ltd. and
ExxonMobil Resources Ltd. (ExxonMobil)
P. Miller

E. Munro, T. Hanson

Alberta Energy and Utilities Board staff

J. P. Mousseau, Board Counsel
S. Smith
B. Roy
S. Brown

Witnesses

D. Ratcliff
E. Mather
A. Teal
A. Luyckx

E. Munro

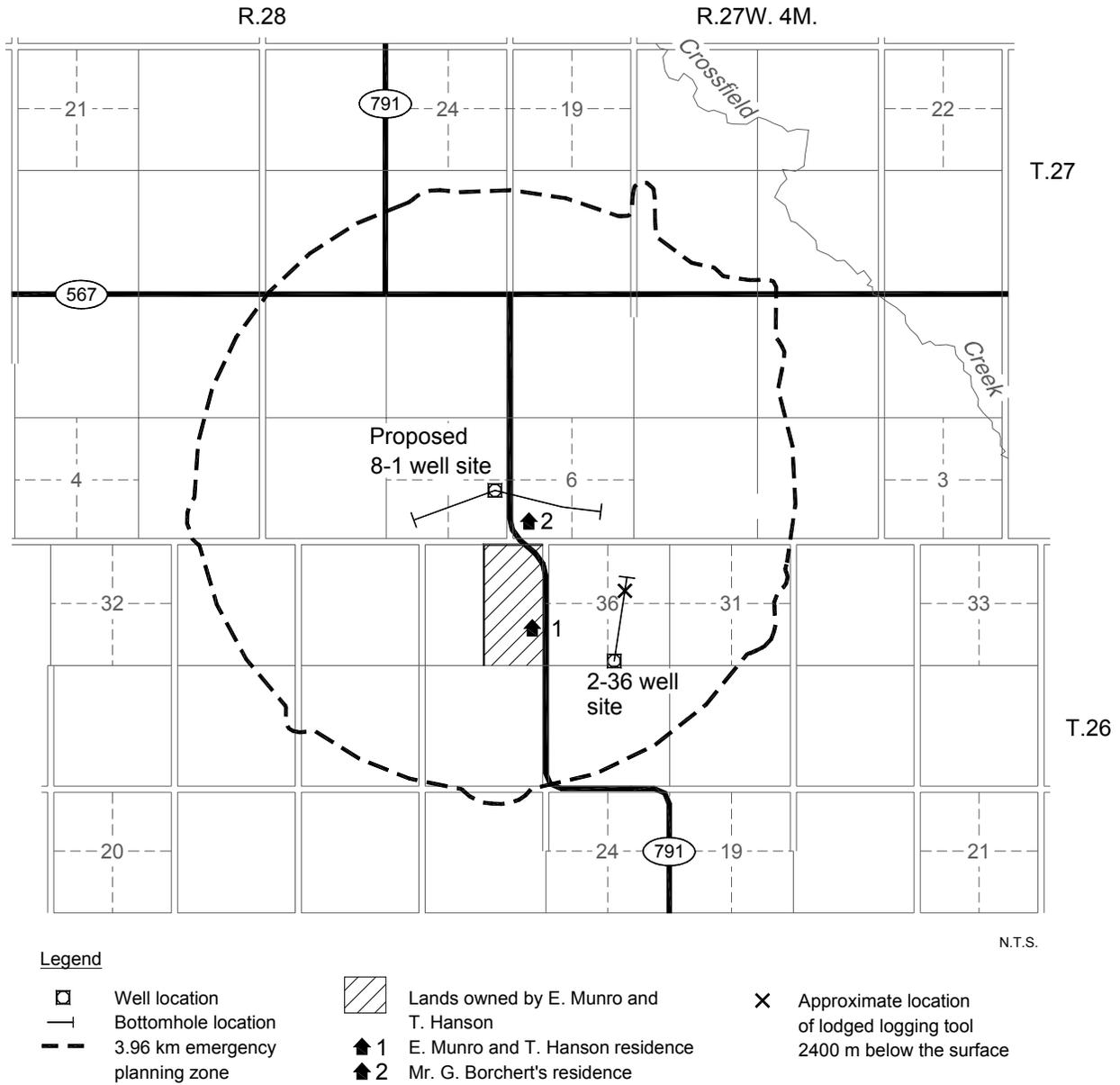


Figure 1. Map of the project area