

Burlington Resources Canada Ltd.

Prehearing Meeting

Applications to Construct and Operate a Well, Compressor, and Two Pipelines

Marsh Field, Gregg Lake, Hinton Area

March 10, 2006

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2006-025: Burlington Resources Canada Ltd., Application to Construct and Operate a Well, Compressor, and Two Pipelines, Marsh Field, Gregg Lake, Hinton Area

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

BURLINGTON RESOURCES CANADA LTD. APPLICATION TO CONSTRUCT AND OPERATE A WELL, COMPRESSOR, AND TWO PIPELINES MARSH FIELD, GREGG LAKE, HINTON AREA

Decision 2006-025 Applications No. 1426300, 1421386, 1421391, and 1421996

1 APPLICATIONS

On September 30, 2005, Burlington Resources Canada Ltd. (Burlington) submitted four related nonroutine applications to the Alberta Energy and Utilities Board (EUB/Board) for a well, a compressor station, and two pipeline licences in the area east of Gregg Lake. The four specific applications are described below.

Application 1426300

Burlington applied, pursuant to Section 2.020 of the *Oil and Gas Conservation Regulations* (*OGCR*), to drill a directional level-3 critical sour gas well. The well would have a surface location of Legal Subdivision (LSD) 4, Section 34, Township 52, Range 26, West of the 5th Meridian (the 4-34 well) and a bottomhole location of LSD 14-33-52-26W5M. The purpose of the well would be to produce natural gas from the Leduc Formation. The maximum hydrogen sulphide (H₂S) concentration encountered would be 234.6 moles per kilomole (mol/kmol) (23.46 per cent). The proposed 4-34 well would have a maximum calculated emergency planning zone (EPZ) of 4.34 kilometres (km) for the drilling case and 4.13 km for both the completion/ servicing case and the suspended/producing case. The proposed well would be located about 16.8 km northwest of Hinton, Alberta.

Application 1421386

Burlington applied, pursuant to Part 4 of the *Pipeline Act*, to construct and operate a sour gas pipeline to tie the 4-34 well into the proposed compressor station located at LSD 10-27-52-26W5M (the 10-27 compressor station). The pipeline would be 1.75 km in length and would have an outside diameter of 219.1 millimetres (mm). It would transport natural gas with a maximum H₂S concentration of 240.0 mol/kmol (24.0 per cent). The calculated EPZ for this pipeline is 2.1 km and it is designated as a level-2 pipeline in accordance with EUB *Interim Directive (ID) 81-03: Minimum Distance Requirements Separating New Sour Gas Facilities from Residential and Other Developments*.

Application 1421391

Also, pursuant to Part 4 of the *Pipeline Act*, Burlington applied to construct and operate a sweet fuel gas pipeline from the 10-27 compressor station to the 4-34 well. The proposed pipeline would be 1.75 km in length and have an outside diameter of 88.9 mm. The proposed pipeline would transport fuel gas with an H₂S concentration of 0.00 mol/kmol (0.0 per cent).

Application 1421996

Burlington applied, pursuant to Section 7.001 of the *OGCR*, to construct and operate a compressor station at an existing well located at LSD 10-27-52-26W5M. The 10-27 compressor driver is rated at 604 kilowatts and has a calculated EPZ of 3.2 km.

2 PREHEARING MEETING

A number of residents and landowners in the Gregg Lake Subdivision, located 3.3 km west of Burlington's proposed development, expressed concerns about various aspects of the applications. Having regard for the unresolved concerns, the Board directed that the applications be considered at a prehearing meeting before a public hearing would be held. The prehearing meeting would allow the Board to obtain additional information from the interested parties and Burlington to ensure that any public hearing would be conducted in the most efficient and effective manner possible.

The prehearing meeting was held in Edmonton, Alberta, on February 16, 2006, before Presiding Board Member T. M. McGee and Acting Board Member D. K. Boyler, P.Eng. Participants in the prehearing meeting were requested to address their positions on the agenda items set out in the Notice of Prehearing, which included

- establishing the scope and purpose of the hearing, including the need to hear all of the subject
 applications as a project or to hear only certain applications, and which issues were relevant
 to each application or the project,
- considering the standing of each of the intervening parties in connection with each application and/or to the entire project,
- considering local intervener funding in connection with each application and/or the entire project,
- establishing the timing and location of a public hearing,
- identifying the procedures to be used in the hearing,
- identifying the participants and their roles in the hearing, and
- any other matters as necessary.

The Board did not hear evidence, submissions, or arguments pertaining to the merits of the applications or objections.

Those who registered and participated at the prehearing meeting are listed in Appendix 1.

A number of individuals who own or occupy land in the Gregg Lake Subdivision have formed an unincorporated group called the Gregg Lake Property Owners (GLPO).

At the prehearing meeting, Burlington advised the Board that it would be submitting an amendment to the sour pipeline application (Application 1421386) to add an emergency shutdown valve (ESDV) to the pipeline to further reduce the calculated EPZ. The addition of the ESDV would reduce the EPZ from 3.2 km to 2.1 km for the sour pipeline application.

3 STANDING

Pursuant to Section 26 (2) of the *Energy Resources Conservation Act (ERCA)*, the Board will hear an application if it appears to the Board that its decision on an application may directly and adversely affect the rights of a person. Parties who are deemed by the Board to be directly and adversely affected by a decision are considered to have standing and are entitled to an opportunity to lead evidence, cross-examine, and make submission—in short, have full participation at a hearing. The Board makes its decision on a case-by-case basis, taking into account the facts of each application.

Burlington submitted four individual applications, and the Board reviewed the question of standing as it related to each application. The Board appreciates that while some concerns were expressed respecting the compressor application (1421996) and sour pipeline application (1421386), the focus of the GLPO issues relate to the well licence application (1426300). No concerns were expressed by the GLPO with respect to the fuel gas pipeline (1421391).

After hearing the submissions from all registered parties, the Board has determined that the members of the GLPO, as identified in Appendix 1, have not established the potential for direct and adverse impact as defined in the *ERCA* for issues related to the proposed compressor (1421996) and for the two proposed pipelines (1421386 and 1421391). Upon reviewing all of the information from the interveners, the Board notes that the identified members of the GLPO have residences a distance of over 3.0 km from the proposed compressor and pipelines and that they are outside of the EPZs for the compressor and pipelines. Lands owned and occupied by the identified members of the GLPO are also not affected by any setbacks imposed by the proposed facilities. Therefore, the Board will not be setting the compressor or pipeline applications down for a public hearing pursuant to Section 26(2) of the *ERCA*.

However, having regard for the fact that identified members of the GLPO have residences within the radius of the EPZ for the proposed 4-34 well, the Board has determined that they have standing for the purposes of participating at a public hearing to hear issues specifically involving the proposed well.

Although the applications for the pipelines and the compressor will not be specifically considered at the public hearing, the Board emphasizes that it continues to encourage companies to conduct a public involvement program expansive enough to provide information on its proposed development in an area, especially where such activities are related. Companies must be prepared to share information and to respond to questions from interested parties, whether they reside in or outside a prescribed consultation radius. However, that obligation to share information and to respond to questions does not necessarily translate into standing before the Board. While the Board is not prepared to consider the compressor and pipeline applications at the public hearing on the proposed well, the Board will not make a decision on these applications until a decision on the well licence is made.

Even though a person does not meet the test for standing, it is the long-standing practice of the Board to allow those persons to participate at a public hearing provided that they offer relevant information. However, local intervener costs, as described below, are not available to persons who participate but do not have standing. See Section 5 of this report for further discussion concerning local intervener costs.

The Board cautions that participation at the public hearing is also predicated on persons complying with the Board's *Rules of Practice* regarding the presentation of evidence and procedural matters. The Board notes that the GLPO has retained counsel and that the GLPO will be required to file evidence within the prescribed deadlines (see schedule in Section 7).

4 SCOPE AND PURPOSE OF THE HEARING

After reviewing the submissions of the parties and in consideration of the determination above, it is the Board's view that the issues applicable to the well licence application (1426300) are relevant to the proceeding. Accordingly, it is the Board's view that the following issues previously put forward may be considered at the upcoming hearing:

- need, location, and environmental impacts of the proposed 4-34 well
- health and safety impacts of the proposed 4-34 well, including emergency response
- other impacts specifically related to the proposed well
- public consultation and corporate structure of Burlington

While this list of issues may not be viewed as exhaustive, it has been advanced by the parties as substantially representative of the concerns expressed.

5 LOCAL INTERVENER COSTS

Parties that have standing under Section 26 of the *ERCA* may also qualify for funding so that they may effectively and efficiently present their interventions. Such funding is referred to as "local intervener costs" and is provided for under Section 28 of the *ERCA*. This section grants the Board the discretion to award costs to participants who have an "interest in land" that may be directly and adversely affected by the approval of an energy project. When such awards are given, the applicant company is directed to pay the monies. Any party wishing to confirm its status as a "local intervener" must make an application to the Board for such a determination prior to the hearing. The Board notes that no request for advance intervener funding has been received to date. However, the GLPO indicated that it would be filing an application for advance funding.

A finding of local intervener status does not automatically mean that the Board will approve all or any costs incurred by local interveners. Costs must be shown to be reasonable and necessary to the intervention, as well as to meet the requirements of Part 5 of the *Rules of Practice* and *Guide 31A: Guidelines for Energy Cost Claims*. Interveners should acquaint themselves with the cost regime administered by the Board.

The Board strongly encourages individuals who share a common purpose and concerns to pool their resources and present a collective intervention. Such interventions are usually effective and efficient, as they eliminate duplication of effort and costs that may occur when several individual residents present essentially the same intervention. The Board notes that the members of the GLPO are represented by common counsel.

The Board is encouraged by the continued level of communication that has occurred between the parties, particularly with respect to the possible use of "joint retainers" of an independent expert if a relevant issue is identified and requires further analysis.

6 INFORMATION REQUEST PROCESS

The Board notes that Burlington would prefer a less formalized process of information exchange and that the GLPO has requested that the formal Information Request (IR) process be used. After consideration of the input from all parties, the Board is not convinced that the formal IR process is necessary in this instance. As noted above, the Board is aware that the parties have a long-standing relationship and that an extensive information exchange has already occurred through individual dialogue, newsletters, and public meetings and open houses. The Board will rely on the normal exchange of material leading up to the hearing and the final submissions set out in the schedule below.

7 SCHEDULE AND LOCATION

At the prehearing meeting, the parties were in general agreement that an acceptable timing of the hearing would be May-June 2006. In determining the schedule, the Board has taken into account the timing of the release of this report and the scheduled hearing date. The Board directs that the schedule below be followed:

Schedule of Hearing

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Date	Action
May 8, 2006	Interveners file submissions
May 23, 2006	Burlington responds to intervener submissions
June 6, 2006	Hearing commences in Edmonton

The Board notes that the majority of the participants from the GLPO in attendance at the prehearing preferred the hearing to be held in Edmonton, although Gregg Lake is some distance from there. While it is the Board's normal practice to hold energy hearings in or near the involved community and near the proposed development, it also takes into account the views of all participants. In this instance, the Board believes the most suitable location is Edmonton. The Board and its staff will conduct a site visit of the area prior to the hearing to better understand participant concerns. A notice of hearing will be issued in due course.

Dated in Calgary, Alberta, on March 10, 2006.

ALBERTA ENERGY AND UTILITIES BOARD

T. M. McGee Presiding Member

D. K. Boyler, P.Eng. Acting Board Member

APPENDIX 1

PREHEARING MEETING PARTICIPANTS

Burlington Resources Canada Ltd.

K. Luft

S. Munro

Gregg Lake Property Owners (GLPO)

Represented by R. Secord

Individual members of GLPO as identified at the Prehearing Meeting:

Elisabeth Beaubien and Geoffrey Holroyd

Carrie Berry and Wade Berry

John Delehanty and Rosalyn Delehanty

Carl Hunt and Gillian Hunt

Laurie Hunt

Bernard Lefebvre

Barry Manchak and Janet Manchak

Genevieve Moreau

Richard Ozubko and Janet Ozubko

Leonard Ramsey and Louise Ramsey

Kevan Rhead

Ken Shannon and Marilyn Shannon

Ron Sharpe

Cordy Tymstra

Glenice Wilson

Alberta Energy and Utilities Board staff

- T. Bews, Board Counsel
- G. McLean
- J. Fulford