

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**AMOCO CANADA PETROLEUM COMPANY LTD.
APPLICATION FOR A PIPELINE
PEMBINA FIELD**

**Examiners Report 98-9
Application No. 1024118**

1 INTRODUCTION

1.1 Application

Amoco Canada Petroleum Company Ltd. (Amoco), applied to the Alberta Energy and Utilities Board (the Board) in accordance with Part 4 of the Pipeline Act and Section 2 of the Pipeline regulations to construct a pipeline to transport sweet natural gas from an existing well located in Legal Subdivision 6, Section 16, Township 50, Range 6 West of the 5th Meridian to a tie in point at Lsd 1-17-50-6 W5M.

1.2 Interventions

A written objection to the proposed pipeline was originally received by the Board on 18 July 1997 from Mr. Don Assinger, on behalf of Assinger Lumber Ltd., owner of the southwest quarter of Section 16, southeast quarter of Section 17, and northeast quarter of Section 8-50-6 W5M. The objection indicated that the proposed pipeline route would be detrimental to Assinger's aggregate operation. The objection stated that Assinger had plans to develop the aggregate for making concrete that provided Mr. Assinger's livelihood. Mr. Assinger requested that all licenses or required permits be withheld until there was a satisfactory agreement in place.

1.3 Hearing

The application and intervention were considered at a public hearing in Calgary, Alberta on 9 November 1998, before Board appointed examiners H. O. Lillo, P.Eng., Chair; D. I. R. Henderson, P.Eng.; and O. J. Diduch, I.S.P. Those who appeared at the hearing and abbreviations used in this report are listed in the following table:

THOSE WHO APPEARED AT THE HEARING

Principals and Representatives (Abbreviations used in Report)

Witnesses

Amoco Canada Petroleum Company Ltd.
J. M. Liteplo

B. Morgan
B. Maxwell
N. Waksel
V. Torstensen

Assinger Lumber Ltd.
B. D. Young, Q.C.

D. Assinger

Alberta Energy and Utilities Board staff
D. Larder, Board Counsel
L. Morrison
M. Drake

2 ISSUES

The issues before the examiners are the need for and the appropriateness of a pipeline and the impacts the routing of a pipeline could have on potential future gravel extraction operations.

3 SUMMARY OF EVIDENCE

3.1 Applicant

Amoco stated that the pipeline was required to produce the existing 6-16-50-6 W5M (6-16 well) and transport the product to market. It indicated that the well had been drilled in 1959 and suspended as there was no infrastructure in the area to tie-in the well. Amoco stated that the well was tested in February 1996 and from that test it estimated the recoverable reserves at the 6-16 well at between 7 million and 17 million cubic metres (m³) of gas. The most likely recoverable reserve was 11 million m³ which, at current natural gas prices, created a net present value of \$120 000.00.

Amoco indicated it considered potential impacts on landowners and occupants, potential environmental impacts, construction risks, and capital costs in considering alternatives and options for tying in the 6-16 well. A map showing the proposed route, alternate routes, and Mr. Assingers preferred route is attached as Figure 1. Amoco stated that the proposed route was chosen to minimize the impacts on Assingers ability to extract gravel from his land. Amoco contended that a 30 m buffer from the top of the bank would be imposed on any gravel operation to protect the stability of the riverbank. It stated that it had confirmed the setback requirements with Alberta Environmental Protection (AEP). Amoco further stated that representatives from AEP and Public Lands had advised Mr. Assinger of the 30 m setback requirement.

Amoco considered its other alternatives, Routes 1, 2, 4, and 5, would have a greater impact on Mr. Assinger, be uneconomic or environmentally harmful. Amoco believed that the alternatives suggested by Mr. Assinger would create a greater impact on his ability to extract gravel than the proposed route.

3.2 The Intervener

Mr. Assinger stated that Assinger Lumber purchased the land in question in July 1993 for the expressed purpose of exploiting the gravel on the property. Mr. Assinger presented evidence that indicated testing for gravel had been done. He stated that the results of the testing showed there are significant quantities of asphalt and concrete quality aggregate and gravel on the subject lands to develop an aggregate operation.

Mr. Assinger stated that he planned to start extracting the gravel from the river continuing north to the property line. He argued that any pipeline that ran along the riverbank would impact on his ability to extract gravel, store topsoil and subsoil, and access the riverbank. Mr. Assinger suggested two alternate routes, which are shown on Figure 1, to Amoco's proposed pipeline.

4 THE PREFERRED ROUTE

Based upon the evidence presented at the hearing, it is the examiner's view that AEP may impose a 30 m setback from the riverbank on any gravel extraction operation. The routing of the pipeline within that setback would minimize the impacts of the pipeline on gravel extraction. The examiners note that should a 30 m setback not be required, and if it is found that the pipeline affects the extraction of gravel, arbitration of concerns can be dealt with through other means, such as the Surface Rights Board. The examiners believe that the pipeline will be constructed and operated in a safe manner and that the pipeline will meet all necessary specifications.

5 RECOMMENDATIONS

The examiners have carefully considered all the evidence presented by the applicant and the intervener. Based on this evidence, the examiners believe that the proposed pipeline route is acceptable. The examiners therefore recommend that the pipeline permit be issued.

Dated at Calgary, Alberta, on 25 November 1998.

<Original signed by>

H. O. Lillo, P.Eng.
Chair

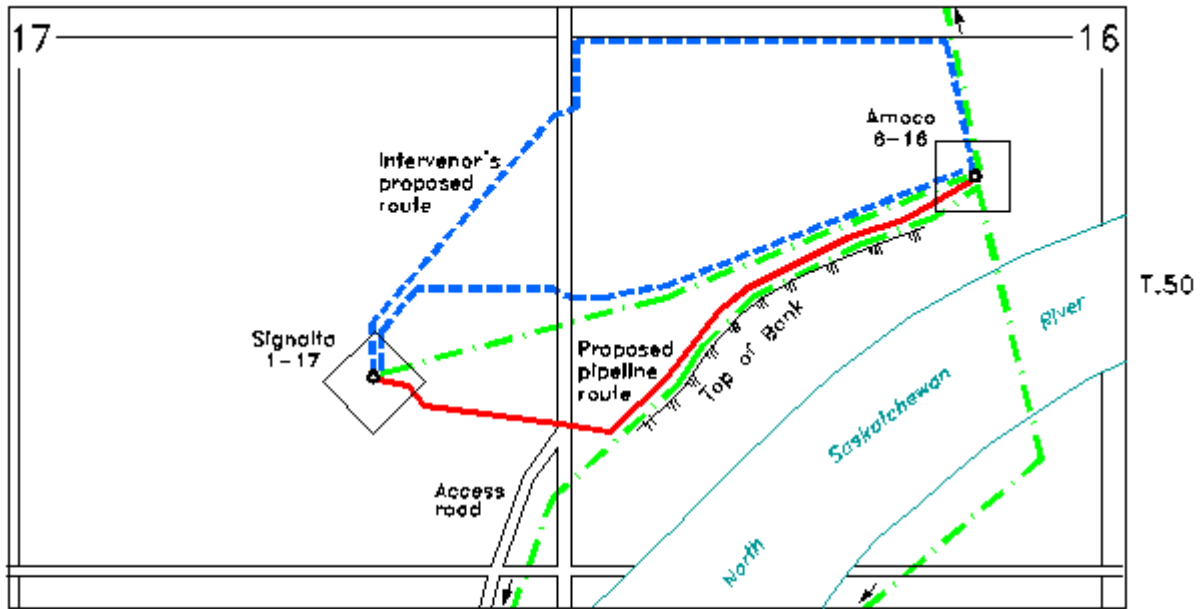
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D. I. R. Henderson, P.Eng.

<Original signed by>

O. J. Diduch, I.S.P.

R.6 W.5M.



Legend

- Proposed pipeline route
- - - Intervenor's proposed route
- - - Alternate routes

PROPOSED PIPELINE ROUTE
APPLICATION NO. 1024118
AMOCO CANADA PETROLEUM COMPANY LTD.

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