

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**TALISMAN ENERGY INC.
APPLICATION FOR A GAS BATTERY
AND PIPELINE PERMIT
GORDONDALE FIELD
7-32-79-10 W6M**

**Examiner Report 99-2
Application No. 1031007**

1 DECISION

The examiners have considered the evidence presented and recommend that the gas battery and pipeline permit be approved.

2 INTRODUCTION

2.1 Application

Talisman Energy Inc. (Talisman) applied to the Alberta Energy and Utilities Board (the Board), in accordance with Section 26, subsection 1(b) of the *Oil and Gas Conservation Act* and Section 7.001 of the *Oil and Gas Conservation Regulations* and Guide 56 to install a 0.04 tonne per day (t/d) sulphur single well gas battery in Legal Subdivision (Lsd) 7. Section 32, Township 79, Range 10, West of the 6th Meridian. Talisman also applied pursuant to Part 4 of the *Pipeline Act* for approval to construct and operate a sour gas pipeline from Lsd 7-32-79-W6M to Lsd 8-33-79-10 W6M. A map of the area is attached.

2.2 Considerations

The Board received a written objection to the application on 4 November 1998 from Mr. Cyril Day. Mr. Day indicated he was concerned only with the pipeline right-of-way and specifically with respect to routing, noxious weed control, topsoil conservation, and maintenance of access across the pipeline during construction. At the hearing, Mr. Day indicated he had no concerns with the existing lease, access road, or the gas battery as proposed by Talisman.

2.3 Hearing

The application and intervention were considered at a public hearing in Spirit River, Alberta on 4 May 1999, before Board appointed examiners W. G. Remmer, P.Eng., H. O. Lillo, P.Eng., and T. J. Pesta, P.Eng. The examiners viewed the area around the proposed site on the evening of 3 May 1999. Those who appeared at the hearing and abbreviations used in this report are listed on the following table.

THOSE WHO APPEARED AT THE HEARING

Principals and Representatives (Abbreviations Used in Report)

Witnesses

Talisman Energy Inc. (Talisman)
A. Harvey

N. Bokenfohr, P.Eng.
B. Molendyk
N. Henderson, P.Eng.
B. Weber
M. Fjeld

C. Day

C. Day

Alberta Energy and Utilities Board staff
W. Kennedy, Board Counsel
L. Morrison
M. Drake

3 SUMMARY OF EVIDENCE

Talisman stated that the pipeline was required to produce the existing well at Lsd 7-32-79-10 W6M (the 7-32 well) and transport the product to market. It indicated that the well had been drilled in November 1976 and suspended as there was no sour gas gathering infrastructure in the area to tie-in the well. Testing of the well in June 1998 showed gas flowing at 174 thousand cubic metres per day. The gas from the well would be slightly sour at 0.3 moles of hydrogen sulphide gas per kilomole of natural gas (300 parts per million).

Talisman indicated its preferred route would be east from the 7-32 well to a tie-in location at Lsd 8-33-79-10 W6M on the north lateral operated by ANG Gathering and Processing Ltd. (ANG). The pipeline to be built on Mr. Day's land would be within the boundaries of the existing access road lease to minimize disturbance on Mr. Day's land. Talisman stressed that the lease gave it the right to install the pipeline in the access road. In addition, Talisman stated that the north lateral was underutilized and would result in lower operating pressures than the other alternatives. Consequently, the well could be produced to a lower reservoir pressure thus increasing potential reserve recovery without the need for compression. Talisman also indicated that ANG, as operator of the pipeline, had indicated its preference that Talisman tie-in at the 8-33 location.

Talisman stated that its pipeline construction program would meet the relevant environmental protection guidelines set forth by Alberta Environmental Protection. It also stated that it would have a predisturbance assessment report completed prior to construction and would provide a copy to Mr. Day. With respect to the portion of the pipeline to be constructed on Mr. Day's land, Talisman stated that soil handling, weed control, and other environmental protection practices would be undertaken as part of the access road construction.

Talisman stated that it had investigated a number of alternate pipeline routes and determined that:

- connecting to a sweet pipeline operated by Canrock Pipeline Company Ltd. (Canrock) was not feasible as the Canrock pipeline and gas plant were sweet operations,
- connecting to the existing ANG gathering system at 16-29 was not feasible. Talisman argued that it could not confirm that this line had been built to sour service requirements as per CSA standards and as such could not make use of the line. Furthermore, this option would require new right-of-way across Mr. Day's property, and
- connecting to the existing ANG sweet gathering line at 7-29 would require new right-of-way across Mr. Day's property and also new right-of-way paralleling the existing line from 16-29 to 7-29. Talisman also argued that this route would have more environmental impacts and could require that upstream wells be shut-in while making a connection to the existing pipeline.

These alternatives are shown on the attached figure.

Mr. Day's concerns with the proposed routing of the pipeline were the environmental impacts for the entire length of the pipeline, including topsoil conservation and weed control. Mr. Day stated his preferred route would be south from the 7-32 well to a tie-in at 16-29. He argued that there would be less environmental impact if the pipeline were to go south rather than east from the 7-32 well. He highlighted three benefits of his routing option as:

- less total disturbance of the right-of-way,
- minimizing new right-of-way in cultivated land east of his property, and
- minimizing the risk of noxious weeds being brought onto his land.

Mr. Day also expressed concern that potential impacts from the pipeline construction (e.g., noxious weed seeds, topsoil issues) could be hidden if it were constructed within the access road ditch.

Based upon the evidence, the examiners believe that the proposed Talisman route is the more acceptable route. The examiners are satisfied that Talisman will construct and operate the pipeline with sound environmental practices and procedures which are suitable to mitigate potential environmental impacts. The examiners also recognize the benefits of a tie-in at 8-33 as it will potentially delay the need for compression.

4 PUBLIC CONSULTATION

The examiners note that there were concerns raised regarding public consultation. Mr. Day indicated he has had experience with oil companies not following up on commitments and therefore has a low level of confidence in oil companies.

In an effort to improve public consultation, the Board and AEP developed Informational Letter (IL) 89-4, *Public Involvement in the Development of Energy Resources*. It set out the expectation that industry proactively consult with the public prior to making applications, during the application review process, and throughout the operational phase of development right through to abandonment. Industry is expected to bring together affected parties and establish effective two-way communication. Industry and the public should make every reasonable effort to resolve concerns. Members of the public should take advantage of opportunities to learn more about proposed developments, the regulatory processes and the monitoring of operations. Where there are unresolved concerns, they need to be brought forward clearly. The public must have sufficient information to participate meaningfully in the decision making process concerning the proposed development. This information should be factual, accurate, and consistent to prevent misunderstanding of the proposed development and potential impacts.

The examiners believe that Talisman has met the intent of the Public Involvement Guidelines outlined in Guide 56, *Energy Development Application Guide and Schedules* and IL 89-4. The examiners note that communication regarding energy developments is an ongoing process which continues after an energy project is approved. The examiners also wish to emphasize the importance of ensuring commitments are met. When a company undertakes operations in an area, it becomes a member of the community and its reputation, and that of the industry as a whole can easily be tarnished by the action, or inaction, of its employees or contractors. The examiners strongly suggest that Talisman and Mr. Day establish good dialogue about construction schedules and procedures and follow-up on commitments.

DATED at Calgary, Alberta on 15 June 1999.

[Original signed by]

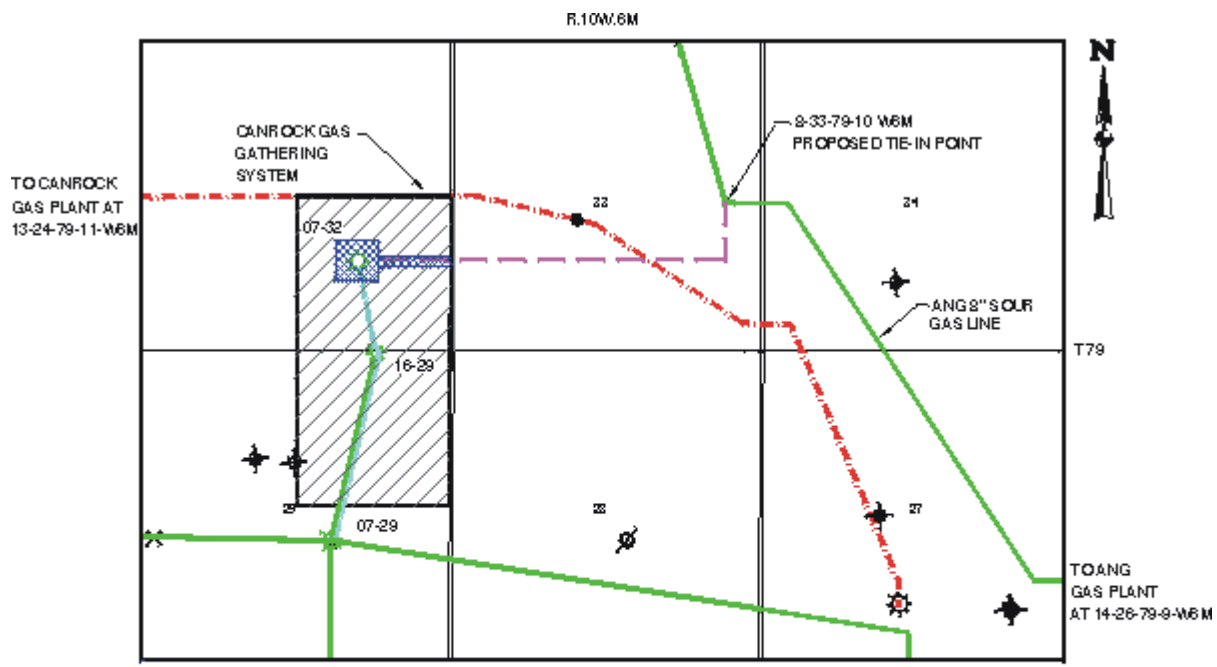
W. G. Remmer, P.Eng.

[Original signed by]

H. O. Lillo, P.Eng.

[Original signed by]

T. J. Pesta, P.Eng.



GORDONDALE FIELD
 Application No. 1031007
 Talisman Energy Inc.

Legend

- ◆ Location
- ◆ Suspended
- ◆ Abandoned
- ◆ Oil
- ◆ Gas
- ▨ Mr. Day's Property
- Existing ANG Pipeline
- - - Existing Canrock Pipeline
- - - Talisman Proposed Route
- Mr. Day's Alternate Route
- ▨ Existing Wellhead Access Lease on Mr. Day's Property

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