

HUNT OIL COMPANY OF CANADA INC.
APPLICATION FOR A SWEET
NATURAL GAS PIPELINE
HARMATTAN-ELKTON, RICINUS,
AND CAROLINE FIELDS

Examiner Report 2001-3
Application No. 1075514

1 RECOMMENDATION

Having carefully considered all of the evidence, the examiners are satisfied that Hunt Oil Company of Canada Inc. (Hunt) has demonstrated a need for the applied-for pipeline. The examiners conclude that the applied-for route through the Allisons' property is viable, given the minimal safety and environmental impacts and the commitments made by Hunt should the Allisons commence deep gravel extraction in the vicinity of Hunt's pipeline. The examiners are satisfied that there are no objections to the remainder of the pipeline. Therefore, the examiners recommend approval of Application No. 1075514.

2 APPLICATION AND HEARING

2.1 Application

On October 18, 2000, Hunt applied to the Alberta Energy and Utilities Board (EUB), pursuant to Part 4 of the Pipeline Act, for a permit to construct and operate approximately 9 kilometres of 114.3 millimetre outside diameter pipeline from an existing well at Legal Subdivision (LSD) 5 of Section 29, Township 32, Range 5, West of the 5th Meridian to an existing pipeline at LSD 14-11-33-6W5M. The purpose of the pipeline would be to transport sweet natural gas.

2.2 Interventions

On January 10, 2001, the EUB received an objection to the pipeline application from Mr. and Mrs. Allison (the Allisons), landowners of the northwest quarter of Section 36-32-6W5M. The Allisons expressed concerns about impacts on their gravel mining operations, environmental effects and safety. There were no other outstanding objections to the remainder of the pipeline route.

Mr. D. Saunders attended the hearing on behalf of Duane Saunders Co. Ltd. (DSCL) and provided information and comments on gravel mining operations on the Allisons' land.

2.3 Hearing

A public hearing to consider the application was held April 18, 2001, in Sundre, Alberta. The examiner panel consisted of W. G. Remmer, P.Eng. (Chair), T. J. Pesta, P.Eng., and D. I. R. Henderson, P.Eng. The panel viewed the proposed pipeline right-of-way in the area of

the Allison's' quarter section on April 17, 2001. Those who appeared at the hearing are listed in the following table.

THOSE WHO APPEARED AT THE HEARING

Principals and Representatives (Abbreviations Used in the Report)	Witnesses
Hunt Oil Company of Canada Inc. (Hunt) A. Trawick, Q.C. C. Friesen	G. Miller E. Ruzycki G. Crawford, P.Eng., of XXL Engineering Ltd. E. Egeland, of Cavalier Land K. Malseed, of Cavalier Land
G. and A. Allison (the Allison's) P. Pyra, Esq.	G. Allison M. Simpson
Duane Saunders Co. Ltd. (DSCL) D. Saunders	D. Saunders
Alberta Energy and Utilities Board staff J. P. Mousseau, Counsel G. McLean, C.E.T. E. Knox, T.T.	

3 BACKGROUND

A portion of the proposed pipeline would be located within an inactive gravel pit located in the northwest quarter of Section 36-32-6W5M. The Allison's stated that they purchased the quarter in 1990. In 1993, the Allison's leased the southwest corner of the quarter to DSCL for a period of 5 years. DSCL actively mined the quarter for gravel until the expiry of its lease in 1998.

DSCL developed the pit, which is approximately 5.7 hectares (14 acres) in extent and is bounded along its western edge by an earthen berm storing the topsoil and subsoil removed from the mined area. The current depth of the pit is approximately 3 metres (m) (10 feet) and the side slopes of the pit range between 6:1 and 8:1 (horizontal:vertical). The water table in the area is relatively shallow, and the gravel was excavated to about the groundwater level. The location and layout of the gravel pit, along with the proposed and suggested pipeline routes, are shown in the attached figure.

Upon termination of its gravel mining operation, DSCL was required to reclaim the pit pursuant to its Development and Reclamation Approval from Alberta Environment (AENV). DSCL began the reclamation but has yet to complete it. AENV recently provided DSCL with a draft

reclamation permit indicating that the remaining reclamation work must be complete by early November 2001.

4 ISSUES

The examiners consider the issues respecting this application to be the

- need for the pipeline, and
- location and associated impacts.

5 NEED FOR THE PIPELINE

Hunt stated that the sweet gas pipeline was needed to transport produced gas from an existing well to a proposed pipeline tie-in and that there was no other infrastructure in the area that could be used. The gas would be processed at the Grey Wolf, Sundre Facility at 3-26-33-6W5M. Hunt estimated that the proposed pipeline would be in operation for 7 to 15 years.

The Allisons did not challenge Hunt's need to install the pipeline in order to produce the existing well.

The examiners accept Hunt's need to install the pipeline in order to produce the gas in Section 29, provided that the pipeline can be installed and operated safely, with minimal impacts on the environment and the landowners.

6 LOCATION AND ASSOCIATED IMPACTS

6.1 Views of the Applicant

Hunt stated that it had selected the best possible route for its pipeline. It stressed that the specific routing through the Allisons' quarter section was selected after consultation with the Allisons and was in accordance with their original wishes. Hunt submitted that it had consulted with the Allisons about locating the pipeline to the west of the berm within the County of Mountain View No. 17 (the County) road setback, where gravel mining would not be permitted to proceed. Hunt reported that the Allisons rejected that option because of their concerns about the loss or admixture of topsoil in the berm pile, which is located in the setback area. Hunt also acknowledged the Allisons' intention to plant trees in the setback area and their concerns about the potential need to remove these trees should a problem with the pipeline occur.

Hunt rejected the route suggested by the Allisons at the proceeding. Hunt stated that changing the route to the east of the Allisons' property would be longer, would require the consent of additional landowners, and would impact more residences. Hunt also stated that there was a sawmill operation in the northeast quarter of Section 36-32-6W5M that would interfere with the pipeline.

Hunt argued that the Allisons' future plans for gravel operations were, at best, preliminary. Hunt established that the Allisons lacked the necessary approvals to begin such an operation and that the outstanding reclamation would have to be addressed prior to any additional removal of gravel

from the pit. Hunt submitted that even if the Allisons obtained the necessary approvals to operate the gravel pit, the amount of gravel potentially sterilized by the pipeline would be minimal once the county road setback and the required slope of the pit were taken into account.

Hunt stated that the estimated life of the pipeline was 7 to 15 years. It argued that given the extent of the gravel deposits on the Allisons' lands, it was likely that they could mine other areas and return to the location of the pipeline after its abandonment to remove whatever additional gravel may be obtained from that location.

Hunt indicated it would adhere to the following commitments to the Allisons should the EUB grant the requested permit:

- The pipeline would be buried at a depth of at least 2.4 m (8 feet) below the surface of the gravel pit to allow heavy equipment to pass over it without concern.
- Hunt would bore under the berm pile, the road to the west of the Allisons' quarter section, the access road to the Allisons' residence, and the fences on the south and west sides of the Allisons' quarter section.
- Hunt would take appropriate measures to prevent flooding during the pipeline's installation, including the installation of a culvert if necessary.
- Hunt would hand pick all garbage on the pipeline right-of-way.
- Hunt would conduct a pre- and post-environmental assessment of the right-of-way.
- Hunt would consider fencing the right-of-way during construction if the Allisons' livestock were present on that portion of the quarter when the pipeline was being installed.
- Hunt would be prepared to either enter into negotiations with the Allisons to relocate the pipeline or consider other options should the pipeline impact future gravel mining operations.

Hunt stated that the pipeline would comply with the appropriate regulations and safety standards. It described its internal and external corrosion mitigation and monitoring program for the pipeline and detailed the leak detection methods to be incorporated into the pipeline operation. Hunt submitted that the proposed 2.4 m (8 foot) depth of the pipeline in the gravel pit would be sufficient to allow the heavy equipment associated with the reclamation activities and gravel mining to pass over it without concern. It indicated that this was the same depth used for road crossings and that it was confident that it could be used in this application. Hunt stated that it had opened an office in Sundre and would have personnel available to regularly inspect the pipeline and assist the Allisons and DSCL with the anticipated reclamation activities as they related to the pipeline.

Hunt argued that by virtue of the commitments described above and the safety precautions it intended to implement, it had addressed all of the Allisons' safety and environmental concerns associated with the pipeline. Hunt submitted that the Allisons' only outstanding issue was that of compensation and stated that it was Hunt's opinion that this should not be an issue for the EUB to consider. Hunt requested that the EUB approve its application as applied for.

6.2 Views of the Interveners

The Allisons stated that Hunt's proposed pipeline route was not the best route possible. At the hearing, the Allisons introduced a new route that would be mainly off their property, running straight north along the west side of the east half of Section 36-32-6W5M. Near the north boundary of the northeast quarter of Section 36, it would then turn to the northwest and cut across the northeast corner of their property into the southwest quarter of Section 1-33-6W5M to avoid a residence. The pipeline would then turn directly west and join up with the proposed pipeline in the southeast quarter of Section 2-33-6W5M, as shown in the attached figure. The Allisons stated that this route would not disrupt their gravel operation and would provide the least interference with gravel mining activities on their quarter section.

The Allisons stated that it was their intention to begin a gravel mining operation of their own on the site. They indicated, however, that they lacked the necessary approvals from the County and AENV to conduct such an operation. The Allisons also stated that it would be necessary to address DSCL's reclamation obligations prior to the resumption of mining activities on the quarter. They said that they wanted to assume DSCL's reclamation obligations but had not yet taken any steps to discuss their ideas with Mr. Saunders. The Allisons estimated that they would have all the necessary approvals in place and would be able to start their mining operation within six months. They confirmed, however, that it might be more difficult to obtain the necessary approvals to extract gravel below the water table, but they said they were confident that they would be able to obtain them.

The Allisons stated that the gravel on their land ran to a depth of about 26 m (85 feet) and that they intended to recover as much of that gravel as possible. The Allisons' consultant, Mr. Simpson, provided estimates on the amount of gravel that was in place and that could not be extracted due to the pipeline.

The Allisons further stated that if the pipeline had to traverse their lands, the best possible location for it was the route along the western boundary of the gravel pit, as proposed by Hunt, but they argued that the placement of the pipeline in that area would sterilize a significant amount of gravel. The Allisons stated that their preference would be to remove the gravel along the pipeline route prior to the pipeline's installation and to change the slope from the edge of the gravel pit to the floor from 8:1/6:1 to 4:1. The Allisons confirmed that these activities could not be considered until they obtained the necessary approvals.

The Allisons opposed relocating the pipeline to the west of the gravel pit in the area now occupied by the berm. The Allisons stated that installation in that area would result in further loss and admixture of the topsoil stored there and would interfere with their plans for a "green belt" in that location. The Allisons indicated that if a problem with the pipeline occurred, repairs to it would necessitate the removal of some or all of the trees they intended to plant in the green belt.

The Allisons submitted that they initially had safety and environmental concerns about the pipeline. They noted that the pipeline would be located in an area subject to heavy industrial activity, and they wanted to ensure that any vehicles driving over the pipeline would not result in a failure of the line. The Allisons also stated that they had concerns about flooding from a seasonal stream that crossed their land in the area of the proposed pipeline. They admitted,

however, that their safety and environmental concerns had been addressed to their satisfaction by the commitments made by Hunt. The Allisons further stated that if the EUB decided to approve the application, they would be willing to work with Hunt to ensure the safety of the pipeline.

DSCL acknowledged its outstanding reclamation obligations and indicated that it could recommence reclamation later this spring. DSCL indicated, however, that it would consider, subject to AENV's approval, assigning its obligations to the Allisons. DSCL did express some concern about the impact of the installation of the pipeline on the reclamation work already completed at the bottom of the pit. DSCL stated, however, that as long as the installation did not affect its reclamation obligations, it did not object to the pipeline as proposed.

DSCL suggested that the best possible route for the pipeline would be along the western boundary of the Allisons' quarter section within the county road setback for the gravel pit. DSCL indicated that this route would not affect the reclamation, would not interfere with any future gravel operations, and would allow Hunt to access the pipeline safely.

6.3 Views of the Examiners

The examiners are satisfied that the route as proposed can be constructed and operated safely in the location proposed by Hunt. The examiners are satisfied that the leak detection and corrosion methods used by Hunt will ensure the pipeline's safe operation. The Allisons' suggested route would require the consent of additional landowners and would not result in significant benefit in terms of safety or length of pipeline. The examiners were encouraged by the commitments made by all parties to work together to ensure the safety of the pipeline, both during its installation and during the reclamation and mining activities that may occur in the future. The examiners are satisfied that the construction of the pipeline would not impact the future reclamation obligations by DSCL. Therefore, it is the examiners' view that the pipeline route proposed by Hunt is acceptable and preferable to the route proposed by the Allisons.

While the examiners accept the proposed route through the Allisons' quarter section, they believe that the location adjacent to the county road fence line previously discussed by the parties and as suggested by DSCL has considerable merit. The examiners believe that such a location would have the least impact on future gravel operations, as it would be within the county road setback, where gravel mining would not be allowed to proceed. Notwithstanding the examiners' acceptance and recommendation for approval of the route proposed by Hunt, they encourage the parties to further consider that option.

The examiners note that the gravel mining operations have been inactive since 1998 and that most of the gravel in the vicinity of the proposed pipeline right-of-way and above the water table has been removed. Furthermore, the Allisons' plans for future gravel mining are preliminary and a significant amount of gravel may be extracted in other areas of the quarter section prior to considering the gravel below the water level in the area of the proposed pipeline. The examiners found the calculations provided by Mr. Simpson to be of limited assistance because they did not appropriately estimate the potential loss of gravel should the pipeline be installed as proposed by Hunt. For example, the calculations did not account for the required setback from the county road or adequately allow for the slope of the pit. The examiners therefore believe the potential loss of gravel to be somewhat overestimated but, regardless, given the commitment of Hunt to enter into negotiations should future mining operations be conducted near the pipeline, the

examiners believe the impact of the pipeline on future gravel operations would be minimal. Should the Allison's be granted the appropriate approvals to operate the gravel pit and wish to carry out mining activities within the pipeline right-of-way, the Allison's could apply to the EUB, pursuant to Section 34 of the Pipeline Act, for relocation of the pipeline if they could not reach a negotiated agreement with Hunt.

Based on the foregoing, the examiners are satisfied that Hunt has demonstrated a need for the applied-for pipeline and conclude that the portion through the Allison's' property would have minimal impacts on future gravel mining operations, environment, and safety, given the commitments made by Hunt. The examiners expect Hunt to fulfill all the commitments listed in Section 6.1 and communicate with the Allison's in this regard. The examiners are satisfied that there are no objections to the remainder of the pipeline. Having carefully considered all of the evidence, the examiners recommend approval of Application No. 1075514.

Dated at Calgary, Alberta, on June 6, 2001.

ALBERTA ENERGY AND UTILITIES BOARD

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W. G. Remmer, P.Eng.

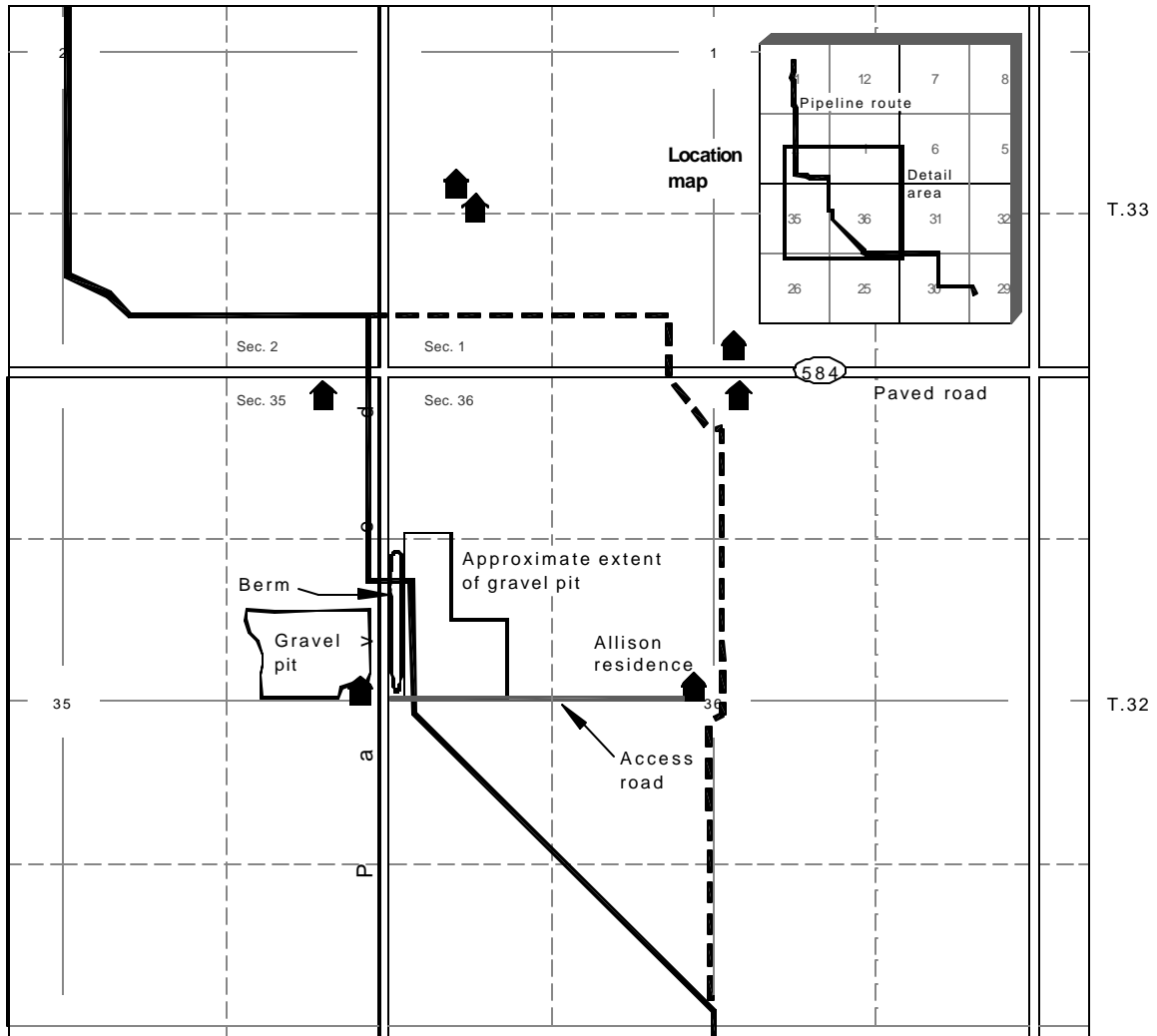
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T. J. Pesta, P.Eng.




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

R.6 W.5M.



Legend

-  Applied-for pipeline route
-  The Allison's suggested pipeline route
-  Residences

Sundre Area

Application No. 1075514

Hunt Oil Company of Canada Inc.

Examiner Report 2001-03