

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**PRE-HEARING MEETING
GIBSON PETROLEUM COMPANY LIMITED**

**Memorandum of Decision
Application Nos. 960354 and 960371**

1 INTRODUCTION

Gibson Petroleum Company Limited (Gibson), applied to the Alberta Energy and Utilities Board (Board), for a permit to construct approximately 151 kilometres of 323.9-millimetre outside diameter pipeline, and associated pump stations for the purpose of transporting crude oil from the existing battery in Legal Subdivision 14, Section 28, Township 55, Range 6, West of the 4th Meridian, to the existing pipeline terminal located in Lsd 4-29-42-9 W4M. The applicant also proposes to construct approximately 151.0 kilometres of 168.3-millimetre outside diameter condensate pipeline from an existing pipeline terminal located in Lsd 4-29-42-9 W4M to an existing battery at Lsd 14-28-55-6 W4M.

Following receipt of a number of letters expressing concerns with the application, the Board directed that it be considered at a public hearing. The Board held a Pre-hearing Meeting to discuss the scope of matters to be considered at the hearing, the proposed timing of the hearing, and any procedural issues of interest. The Pre-hearing Meeting was held on 17 July 1996, before Board Members, F. J. Mink and A. C. Barfett.

The attached table lists the meeting participants.

2 SCOPE OF THE HEARING

Gibson argued that its application before the Board has been complete for a number of months, it was not in competition with Husky and in fairness to Gibson a hearing should be held as quickly as possible, hopefully on 14 August 1996. Gibson maintained that if other applicants before the Board are able to delay its applications, it would be an abuse of the Board's process. Gibson was opposed to a joint hearing of its application with either Husky Oil Operations Ltd. (Husky) and/or Alberta Energy Company (AEC) applications.

Husky, AEC, and Imperial Oil Resources Ltd. (Imperial) argued that the scope of any future hearing would necessitate a joint hearing of Gibson, Husky, and AEC since there appears to be a common competitive element to all of the applications. Husky acknowledged that it would appear at a hearing either as an intervener with its application as part of the intervention or as an applicant.

3 ISSUES

The participants generally agreed the following issues should be considered at a public hearing recognizing, however, that other issues may be brought forth arising from the interrogatory process.

- Need and size of the proposed pipelines,
- sources of condensate and crude oil supply,
- capital and operating cost of proposed pipelines, and
- tariffs.

With respect to toll methodology, Imperial argued that this issue should be considered at a public hearing. Husky argued that take away capacity at Hardisty and the operator of the pipeline should also be issues.

4 TIMING FOR A HEARING

All parties with the exception of Gibson were in agreement that the end of August for a combined hearing would be appropriate. Gibson argued that any delay in the disposition of its application would increase the cost incurred by Gibson for this project.

5 VIEWS OF THE BOARD

The Board has considered all of the comments of the participants, and is satisfied that the applications may well be related and a joint public hearing in this case is appropriate. The Board accepts the argument by Gibson that an applicant is entitled to be heard in a timely manner, and an undue delay of applications, pending the completion of evidence by others would be an abuse of the Board's process. The Board believes, however, that both Husky and Gibson applications are sufficiently complete to hear them together. While the AEC application is not sufficiently complete to be included in a joint hearing at this time, the Board is prepared to consider the AEC application as part of a joint hearing if AEC has completed its application as required by Guide 56, by 30 July 1996. Otherwise the Board will proceed with the joint hearing of the Gibson and Husky applications.

The Board accepts the above noted issues are of interest at this hearing. In particular, the Board expects applicants to satisfy the Board as public safety and environmental impacts are addressed. While the Board believes tolling methodology should not be a concern at the hearing, the Board would be interested in the respective tariffs proposed for the pipelines to gauge the relative

transportation cost for the respective shippers. The Board acknowledges that downstream take away capacity may be a short term issue but considers it should not be an issue in the long term as trunk line capacity is increased. Therefore it would not consider it necessary to receive evidence on this issue.

It appears to the Board that there is a general acceptance by all parties that it would be useful to have an opportunity to obtain further information. The Board agrees that an interrogatory process would be of value, and proposes the following schedule for this interrogatory process, as well as the subsequent public hearing.

	DEADLINE DATE
Additional application information from Gibson, Husky, and AEC	31 July 1996
Information requests by all parties to Gibson, Husky, and AEC	7 August 1996
Response to Information Requests	15 August 1996
Interventions	21 August 1996
Hearing	27 August 1996

The Board reminds the parties that the interrogatory process is intended to increase the efficiency of the hearing. It is not intended as a substitute for cross-examination at the hearing and therefore, the Board requests parties to limit their questions to areas where additional information is substantive and relevant to the issues before the Board. Questions of clarification or interpretation should generally be left for the hearing. This should not be an open-ended process and the Board expects the parties to adhere to the deadlines given in the table above.

The Board also requests that all parties either asking questions or responding to questions, send a copy to each party that registered at the Pre-hearing Meeting including those parties that had filed submissions but did not attend. Ten copies should be filed with Board staff (c/o K. Wills, Facilities Application Group, 640 - 5 Avenue SW, Calgary, Alberta T2P 3G4). Board staff will ensure that one copy is placed in the application file in the Board's Information Services Section, where it will be available for public viewing.

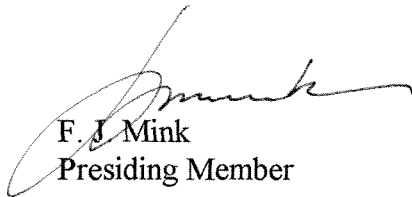
The procedure for the joint hearing process will be generally as follows:

1. Evidence for each application, cross-examination, and re-direct (if necessary) on each application will take place in sequence, beginning with Gibson, followed by Husky and AEC. Interventions will likely be considered in the groups based on the support for each project.
2. Opportunity for argument in chief and rebuttal will be provided following the evidentiary portion of all three applications in a suitable order agreed to with the parties.

The Board will advertise the hearing notice to ensure all who may be interested have an opportunity to participate.

Issued at Calgary, Alberta on 24 July 1996.

ALBERTA ENERGY AND UTILITIES BOARD



F. J. Mink
Presiding Member

A. C. Barfett*
Board Member

* A. C. Barfett was unavailable for signature but concurs with the content and with the issuing of the report.

TABLE 1 **THOSE WHO APPEARED AT THE PRE-HEARING MEETING**

Participants	Representatives
Gibson Petroleum Company Limited (Gibson)	L. G. Keough
Husky Oil Operations Ltd. (Husky)	R. A. Neufeld
Alberta Energy Company Ltd. (AEC)	D. G. Davies
Imperial Oil Resources Limited (Imperial)	W. F. Muscoby
Koch Exploration Canada Ltd.	D. Bristow
Alberta Energy and Utilities Board	A. L. Larson K. E. Wills

Canadian Occidental Petroleum Ltd., Canpet Energy Group Inc., EnerMark Inc., Numac Energy, Poco Petroleums, Purchase Oil and Gas Inc., Suncor Inc., Taku Gas Limited, and Texaco Canada Petroleum Inc. filed interventions but did not appear at the Pre-hearing Meeting.