

# **ALBERTA ENERGY AND UTILITIES BOARD**

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**Calgary Alberta**

**PRE-HEARING MEETING  
ENCAL ENERGY LTD.**

**Memorandum of Decision  
Application No. 1030532**

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## **1 INTRODUCTION**

Encal Energy Ltd. (Encal) applied pursuant to Part 4 of the Pipeline Act for a permit to construct and operate a 219.1 millimetre outside diameter pipeline for a length of 37.5 kilometers. The pipeline would run from the Wilson Creek area at Legal Subdivision 6, Section 18, Township 43, Range 4, West of the 5<sup>th</sup> Meridian, to the existing Gulf Rimbey gas plant at Legal Subdivision 2, Section 5, Township 44, Range 1, West of the 5<sup>th</sup> Meridian. The pipeline would transport sour natural gas containing up to 20 moles of hydrogen sulphide per kilomole of natural gas and be designated as a Level 1 facility with a maximum operating pressure of 9930 kpa and a hydrogen sulphide release volume of 297 cubic metres.

On 11 February 1999, the Alberta Energy and Utilities Board (the Board) issued pipeline approval No. 32552 to Encal.

In letters dated 11 February 1999 and 16 February 1999, Mitch Bronaugh (Bronaugh) who represents offsetting landowners Fred and Cathy Whatmore (the Whatmores) requested the Board to review its decision to approve the subject pipeline pursuant to Section 43 of the Energy Resources Conservation Act.

In a letter dated 19 February 1999, Phillip Hannemann (Hannemann) on behalf of local area trapper Mr. Gerald Rhine requested the Board to review its decision to approve the subject pipeline pursuant to Section 43 of the Energy Resources Conservation Act.

The Board was satisfied that the Whatmore's and Mr. Rhine's concerns were issues within its jurisdiction and ordered on 8 March 1999 that a hearing under section 43 of the Energy Resources Conservation Act be held.

In order to implement a more effective and efficient hearing, the Board held a pre-hearing meeting to consider the standing of the participants, informational needs, the proposed timing and location of the hearing, the issues to be considered at the hearing, and any other matters as necessary. The pre-hearing meeting was held in Rimbey, Alberta, on 19 March 1999, before Board Members B.F. Bietz, G.J. Miller, and Acting Board Member B. Schnitzler.

The attached table lists the meeting participants.

## **2 STANDING OF PARTICIPANTS**

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Encal indicated it does not challenge the Whatmore's or Mr. Rhine's intervener status; however, the company reserved its right to provide its views with regard to intervener costs if such applications were made. Encal also expressed its desire to identify all the individuals who will be identified as interveners and participants in the hearing.

Mr. Bronaugh and Mr. Hannemann acknowledged Encal's acceptance of the Whatmores and Mr. Rhine as interveners. No views regarding intervener costs were presented by either Mr. Bronaugh or Mr. Hannemann.

### **3 INFORMATION NEEDS**

Mr. Bronaugh expressed general concerns that Encal had not provided information to him in a timely fashion in the past. Throughout the course of the pre-hearing meeting, Mr. Bronaugh requested Encal to provide specific information regarding ESD valves including the make and model, girth weld specifications, quality control standards for welding, the inhibitor program to be used, and how contracts will be let.

Mr. Edge, Mr. Vetsch, Mr. Lucas, Mr. Crell, and Mr. Pregoda each requested that Encal provide signed copies of Schedule A which is contained in various contracts between Encal and the landowners and which stipulates that the pipeline will remain at a Level 1 designation.

Encal indicated that to the best of its ability it would comply with all information requests prior to the hearing.

### **4 TIMING AND LOCATION OF THE HEARING**

Encal indicated its preference would have been to hold the hearing in Calgary, however it was willing to address the local area residents concerns wherever it is most convenient for the residents. Encal expressed its view that the hearing should proceed as scheduled as there has been ample time for interested parties to request, receive and review information.

Mr. Bronaugh said that due to past experiences with late responses to information requests made of Encal, he was concerned as to whether or not he will have sufficient time to properly evaluate the material requested in the pre-hearing meeting, prior to the scheduled hearing date of 5 April 1999.

Mr. Wiebe suggested the hearing should take place in the evening rather than during the day in order to better accommodate the needs of the area residents.

### **5 ISSUES TO BE CONSIDERED AT THE HEARING**

#### **5.1 Views of the Intervenors and Participants**

The following points were raised by the interveners and other participants as potential issues that should be discussed at the hearing:

- corrosion of the pipeline over time and the fact that the pipeline permit would not have a time limit put on it,
- the Level 1 designation and the calculations and assumptions behind the release volume calculations used to determine the level designation,
- the 45 degree road crossing near the Whatmore's property in relation to the terms of the contract with the county under which it was permitted and the intent of the relevant section of Z662 CSA standards,
- the ESD valves and their safe operation,
- welding standards,
- how the pipeline would effect Mr. Rhine's livelihood, his interest in the land, and his personal health and safety,
- location of the pipeline in relation to an existing PanCanadian compressor station and how this might effect safety, insurance considerations, and future development of the facility,
- public health and safety,
- compensation for the general loss of enjoyment of property,
- future oil field development caused by the pipeline,
- notification and evacuation of Mr. Rhine in an emergency situation, and
- consideration of other pipeline failures in the Province.

Mr. Bronaugh confirmed that, to the best of his knowledge, he had identified for Encal the issues that he intended to address at the hearing.

## **5.2 Views of the Applicant**

Encal stated that the contracts made with the landowners to keep the pipeline as a Level 1 facility will be honored by the company as well as its assignees.

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Encal anticipated that all outstanding issues regarding the proximity of the pipeline to the PanCanadian compressor station will be addressed prior to the hearing and that any future facility applications made by Encal would be completed with full public consultations in accordance with the Boards guidelines.

Encal noted that the pipeline will be built to meet all regulations and that all appropriate technical considerations, specifications, codes and standards will be adhered to. Encal stated that welding specifications and quality control standards would in fact be exceeded. Encal argued that not only will the pipeline be built to the standards of present codes but will also be monitored and maintained regularly and will only remain in operation if considered safe to do so; therefore, Encal stated that it felt that no time limit should be put on any approval issued for the pipeline.

Encal indicated that the issue of notifying and evacuating Mr. Rhine, should an emergency situation occur could be accomplished provided Mr. Rhine notifies the landowners when he is on their property.

Encal indicated that it did not intend to take issue with the calculation of release volumes and whether or not the Whatmores as a result of those calculations are within the Emergency Planning Zone. It stated that given that the application was proceeding to hearing, this was no longer a relevant consideration.

Encal stated that it also believed that the pipeline will be safe with respect to the environment and human contact and generally felt that there are very few if any issues that needed to be dealt with at the hearing.

## **6 VIEWS OF THE BOARD**

The Board notes that there is agreement between the parties on a number of issues. These include the standing of the Whatmores and Mr. Rhine as potentially affected parties pursuant to Section 29 of the Energy Resources Act, and the proposed location and timing of the hearing. The Board does note that the concern of Mr. Weibe regarding the scheduling of the hearing to begin at 9 AM but notes that this concern was not raised by any other party. Therefore, the Board intends to open the hearing at the previously scheduled time but is prepared to accommodate Mr. Weibe should he not be able to attend the hearing to present evidence (should he wish to do so) during the day.

The Board accepts Encal's right to question any future application for local intervenor status for cost purposes as well as any associated cost application.

Regarding the issues that are to be considered at the hearing, the Board is not prepared to exclude at this time any of the issues raised by the parties at the pre-hearing meeting on the grounds that they are outside the mandate of the Board to consider or that they are irrelevant.

Regarding the Board's role in the contracts between Encal and the landowners, the Board confirmed that such contracts can not be binding on the Board. This is because the Board has the duty to adjudicate matters placed before it on the basis of public interest criteria, not on the basis of terms contained in private agreements to which it is not a party. Should the Board receive an application to change the designation of the pipeline to some higher level, the Board would consider the application on its merits, but would have regard for any issues that the Board believes are relevant at that time, including any private agreements that a party may argue should be considered by the Board.

The Board accepts Encal's position that the issue of release volume calculations and whether or not the Whatmores are within the Emergency Planning Zone, will not be challenged by Encal.

## **7 DECISION**

The Board has considered all of the comments of the participants, and is satisfied that the public hearing scheduled for 5 April 1999 should proceed.

DATED at Calgary, Alberta, on 29 March 1999.

### **ALBERTA ENERGY AND UTILITIES BOARD**

*(Original signed by)*

Brian F. Bietz, Ph.D., P.Biol.  
Board Member

*(Original signed by)*

Gordon Miller  
Board Member

*(Original signed by)*

Bill Schnitzler, P.Eng.  
Acting Board Member

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

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Principals and Representatives  
(Abbreviations Used in Report)

Witnesses

Encal Energy Ltd. (Encal)  
L. Casano

R. Phipps  
T. Wollen

Fred and Cathy Whatmore (the Whatmores)  
M. Bronaugh

M. Bronaugh

Gerald Rhine (Mr. Rhine)  
P. Hannemann

P. Hannemann

PanCanadian Petroleum Ltd. (PanCanadian)  
D. Latimer

D. Latimer

B. Edge  
L. Vetsch  
W. Lucas  
M. Crell  
D. Pregoda  
J. Houghton  
J. Chalack  
H. Wiebe

B. Edge  
L. Vetsch  
W. Lucas  
M. Crell  
D. Pregoda  
J. Houghton  
J. Chalack  
H. Wiebe

Alberta Energy and Utilities Board staff  
D. Larder, Board Counsel  
G. McLean  
T.J. Pesta, P. Eng.  
G. Gilbertson  
M. Craig