

# **ALBERTA ENERGY AND UTILITIES BOARD**

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**Calgary Alberta**

**PRE-HEARING MEETING  
GARRINGTON FIELD  
CANADIAN 88 ENERGY CORP.**

**Memorandum of Decision  
Application No. 990177**

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## **1 INTRODUCTION**

Canadian 88 Energy Corp. (Canadian 88), has applied pursuant to section 42 to amend its Approval No. 1996-128 for its sour natural gas processing facility in the Garrington Field located in Legal Subdivision 6, Section 18, Township 32, Range 1, West of the 5th Meridian.

Canadian 88 proposes to decrease the approved maximum raw gas inlet rate from  $3400 \times 10^3 \text{m}^3$  per day to  $2381 \times 10^3 \text{m}^3$  per day and its sulphur inlet from 600 tonnes per day to 404.9 tonnes per day. In addition, Canadian 88 proposes to reduce its approved quarterly sulphur recovery efficiency from 98.4 per cent to 97.1 per cent with an increase in recovery to 97.3 per cent prior to 1 November 2000. Furthermore Canadian 88 has requested that the ability to expand the plant under the current approval remain intact until 30 June 2002.

By way of a letter dated 12 May 1999 the Olds Area Residents Coalition (OARC) indicated it would oppose the application by Canadian 88.

In order to implement a more effective and efficient hearing, the Board held a pre-hearing meeting to discuss the issues to be considered at a public hearing, any informational needs and the timing for the hearing.

The pre-hearing meeting was held in Olds, Alberta, on 16 June 1999 before Board Member, B. F. Bietz, and Acting Board Members G. C. Dunn, and W. J. Schnitzler. A list of those who appeared at the pre-hearing meeting is given in the following table:

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

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Participants	Representatives
Canadian 88 Energy Corp. (Canadian 88)	Mr. Francis Saville, Q.C.
Olds Area Residents Coalition (OARC)	Mr. Gavin Fitch
Alberta Energy and Utilities Board staff	
Ms. Tania Donnelly, Board Counsel	
Mr. Kim Eastlick, P.Eng.	
Mr. Jim Spangelo, P.Eng.	

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## **2 INFORMATION NEEDS**

OARC indicated that it had made one request for information that was complied with promptly by the applicant. OARC was planning on meeting with an expert on sulphur recovery during the week of 21 June 1999 who would likely have additional informational needs regarding the gas plant. OARC indicated that any additional requests for information would be made by 25 June 1999. OARC would expect that Canadian 88 would respond to its requests within two to three weeks.

## **3 TIMING OF THE HEARING**

### **3.1 Views of the Parties**

Canadian 88 confirmed that the plant is operating under an Alberta Environment approval (Approval No. 152-01-05) with a 1 September 1999 deadline to meet stricter approval conditions relating to SO<sub>2</sub> emissions. This approval also has an annual sulphur recovery requirement of 98.7 per cent. Given these conditions, Canadian 88 indicated that a mid-July hearing date is acceptable to it. Canadian 88 said it would be amenable to a hearing date in September but would like some assurance that it will not be required to comply with the sulphur recovery requirement currently stated in its approvals.

OARC indicated that the middle to latter part of July was not a convenient time for its members as they would be heavily involved in various agricultural activities. In addition, it is seeking to retain expertise to challenge the cost estimates for sulphur recovery put forward by Canadian 88. The coalition said that it needed more time to obtain additional information from Canadian 88 and construct a proper report. OARC suggested that middle to late September would be a better time frame for the interveners.

### **3.2 Views of the Board**

The Board notes the concerns of the interveners regarding a July hearing date both in terms of conflicts with farming operations and timing for expert consultation. The Board believes that the public interest would be better served if the hearing were held in mid to late September.

## **4 INTERIM OPERATING APPROVAL**

### **4.1 Views of the Applicant**

Canadian 88 stated it would need an interim approval so that it can continue to operate the plant at its current sulphur recovery capability until a decision is made on its application. Canadian 88 volunteered that while the plant cannot meet the higher sulphur recovery efficiency requirements set in the EUB and Alberta Environment approvals, it could meet a 9.6 tonnes sulphur per day requirement on a quarterly basis.

Canadian 88 stated that 9.6 tonnes per day of sulphur emissions would translate into a sulphur inlet rate of 370 tonnes per day at current sulphur recovery efficiencies. Canadian 88 had committed previously to operating within 410 tonnes per day, and thus a limit of 9.6 tonnes per day would be additionally restrictive to plant operations. Canadian 88 stated that it was prepared to accept an interim quarterly sulphur emission limit of 9.6 tonnes per day but requested a maximum daily emission limit of 14.2 tonnes per day as specified in the approval in effect prior to August 1998. Canadian 88 said that the Board should give consideration to the fact that no specific approval date for the higher sulphur recovery levels to be achieved was specified in its EUB approval.

### **4.2 Views of the Intervenors**

OARC stated that Canadian 88 should be penalized for not meeting the sulphur recovery commitments it had made as part of the original expansion hearing held in March 1998. OARC noted that the current approval states a sulphur recovery efficiency of 98.4 per cent. It did not believe that a sulphur emissions limit of 9.6 tonnes per day on a quarterly basis was a penalty and suggested that an emissions limit consistent with emission rates of 8.1 tonnes per day or less, achieved earlier in 1999, would be more appropriate. Furthermore it believed that the Alberta Environment approval conditions should apply even if this causes hardship on Canadian 88. The Coalition stated that Canadian 88 should have been aware of the expectations for action on sulphur recovery when the Alberta Environment license was issued in August 1998.

### **4.3 Views of the Board**

Given the commitment made at the original hearing the Board believes it was reasonable to expect the effective date for improved sulphur recovery to be September 1999. The Board's decision was premised on this commitment. The Board concurs with Canadian 88 that an interim approval is warranted and as such has issued the attached amendment to approval No. 1996-128.

Given Canadian 88's original commitments and the existing approvals, the Board believes it would be reasonable for the interim to limit Canadian 88 to its proposed maximum daily emission limit of 9.6 tonnes per day until such time as the Board renders a decision on this application. Given that this is the emission limit currently contained in the Alberta Environment

approval, the Board will recommend to Alberta Environment that the sulphur emission limit of 9.6 tonnes per day (19.2 tonnes SO<sub>2</sub> per day) and 0.51 tonnes sulphur per hour (1.02 tonnes SO<sub>2</sub> per hour) remain effective as of 1 September 1999. Furthermore the Board will recommend that other Alberta Environment approval conditions, that are in effect today, remain as they currently stand until the Board has made its decision.

In addition, commencing 1 September 1999, the Board will expect Canadian 88 to limit the sulphur inlet to the plant to a maximum daily inlet of 330 tonnes per day and to achieve a minimum quarterly sulphur recovery efficiency of 97.1 per cent. This reflects an equivalent of 9.6 tonnes per day sulphur emissions with the plant operating at the minimum sulphur recovery efficiency of 97.1 per cent. This restriction will apply until such time as the Board renders a decision. Failure to meet this requirement will result in escalating consequences designed to ensure compliance. The S-30 Monthly Gas Processing Plant Sulphur Balance Report will be used to verify compliance with these conditions.

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

There was general agreement that the issues to be considered at the hearing should include:

- The need for the sulphur plant upgrade including gas supply
- The cost of the sulphur plant upgrade and the associated project economics
- The applicability of the Sulphur Recovery Guidelines (IL 88-13) and the effect of the proposed guideline review (GB 99-10) to the application.

## **6 DECISION**

The Board has considered all of the comments of the participants, and is satisfied that a public hearing should be held commencing 29 September 1999. The Board will expect information requests of the applicant by the interveners will be filed with the company on or before 30 June 1999 and responses provided to all parties on or before 30 July 1999. Intervener submissions should be filed on or before 27 August 1999.

Until such time as the Board has rendered a decision on this application the sulphur inlet to this plant, as of 1 September 1999, shall be restricted to no more than 330 tonnes per day and the sulphur recovery efficiency shall be not less than 97.1 per cent on a quarterly basis. Failure by Canadian 88 to meet these requirements will result in additional curtailment of plant operations as required until compliance is achieved.

A Notice of Hearing will be issued to all of the affected parties in due course.

DATED at Calgary, Alberta, on 21 June 1999.

**ALBERTA ENERGY AND UTILITIES BOARD**

*(Original signed by)*

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

*(Original signed by)*

G. C. Dunn, P.Eng.  
Acting Board Member

*(Original signed by)*

W. J. Schnitzler, P.Eng.  
Acting Board Member

**ALBERTA ENERGY AND UTILITIES BOARD**  
**AMENDING APPROVAL NO. 1996-128**

Approval is hereby granted to Canadian 88 Energy Corp. for the following amendments to approval No. 1996-128 (previously issued on 9 July 1998) for a sulphur recovery gas processing facility located at 06-18-032-01 W5M in the Garrington field.

You shall comply with the Oil and Gas Conservation Act and Regulations as well as all applicable interim directives and the following conditions:

Clause 1 of Approval No. 1996-128 (issued 9 July 1998):

1. The facility shall be operated up to a maximum capacity of 3 400 thousand cubic metres per day (at 101.325 kilopascals and 15° Celsius) of plant feedstock (raw gas and condensate) containing not more than 600 tonnes per day sulphur equivalent.

Is amended to read:

1. The facility shall be operated up to a maximum capacity of 3 400 thousand cubic metres per day (at 101.325 kilopascals and 15° Celsius) of plant feedstock (raw gas and condensate) containing not more than 330 tonnes per day sulphur equivalent

Clause 4 of Approval No. 1996-128 (issued 9 July 1998):

4. The facility shall be operated so that not less than 98.4 per cent of the sulphur contained in the gas delivered to the facility on a quarterly basis, is recovered. This sulphur recovery efficiency is for each 3 month period based on a quarterly calendar reporting basis.

Is amended to read:

4. The facility shall be operated so that not less than 97.1 per cent of the sulphur contained in the gas delivered to the facility on a quarterly basis, is recovered. This sulphur recovery efficiency is for each 3 month period based on a quarterly calendar reporting basis.

Dated 21 June 1999

Signed \_\_\_\_\_

EUB use only Application Number 990177