

# **ALBERTA ENERGY AND UTILITIES BOARD**

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**Calgary Alberta**

**PREHEARING MEETING  
SHELL CANADA LTD.**

**Memorandum of Decision 1999-11-10  
Applications No. 1040416, 1040417, 1040418,  
1041202, 1044487, and 1044489**

**CANADIAN 88 ENERGY CORPORATION LTD. Applications No. 1040292 and 1045916**

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## **1 INTRODUCTION**

At the request of a number of parties, a prehearing meeting was held in Calgary, Alberta, on 27 October 1999 to discuss issues associated with the hearing by the Board of the above applications. The applications are concerned with proposed well development and associated activities in the Castle River area of Alberta. At the prehearing meeting issues such as venue, timing, submissions, and the sequence of hearing the various applications were considered. Another issue was the impact of the Board's recent Carbondale Pipeline Inquiry Report on the present applications. The attached table lists the meeting participants.

## **2 VIEWS OF SHELL CANADA LTD. (SHELL)**

Shell submitted that its applications were complete and ready to be considered by the Board in the public hearing scheduled to commence on 2 November 1999 in Waterton. It indicated that it assumed that Waterton had been selected as a venue because of logistical concerns and that it was indifferent to the final location of the hearing.

Shell argued that fairness demanded that the applications proceed as scheduled and observed that it had fully complied with the Board's application process, including extensive consultation over the past year with interested parties. In particular, it pointed out that several, if not all, contentious issues had already been resolved with at least some of the known interested parties. Potential interveners, Shell contended, had been provided an ample opportunity to know about the applications and to prepare for the hearing.

Further, Shell said that both Canadian 88 Energy Corporation Ltd.'s (Canadian 88) pooling application and well licence/pipeline applications were independent of the Shell applications and therefore it did not support the notion of concurrent hearings.

Shell indicated that it wished to proceed in a timely fashion in order to be able to commence operations by 1 May 2000. In Shell's view, this date was critical because the proposed deep sour horizontal wells would likely require much more drilling time to complete than an ordinary well. The company believed any delay beyond 1 December 1999 in completing the hearing increased the risk of not completing the wells before the next elk wintering closure date for the area, 15 December 2000. The company asked that any new hearing date not be scheduled past the first week of December 1999. Shell agreed that if Canadian 88's pooling application was scheduled within the next couple of weeks, it would be able to participate.

Shell indicated that in response to the Board's Carbondale Pipeline Inquiry Report it had amended its pipeline application by eliminating any flow lines that had originally been connected to Junction "J" on the Carbondale system.

### **3 VIEWS OF CANADIAN 88 ENERGY CORPORATION LTD. (CANADIAN 88)**

Canadian 88 stated that it was indifferent to the location of the hearing venue as long as it was in a local area. In addition, it said that the pooling application, if heard separately, could be held in Calgary. Canadian 88 submitted that the outcome of the pooling application would affect its position regarding Shell's wells applications and therefore requested that the Board proceed with the pooling application first.

Canadian 88 maintained that the pooling hearing could be held the week of 15 November 1999, as its application before the Board was complete. It stated that if a decision could be expedited with regard to the pooling application, the well and pipeline applications could be heard very soon after this date. With respect to the issue of consecutive or concurrent hearings, Canadian 88 was of the view that it depended on the nature of the interventions and that the matter could be determined after submissions closed.

### **4 VIEWS OF THE SHEPPARDS AND THE BARBEROS**

The Sheppards and the Barberos requested that the hearings for the well and pipeline applications be held in Pincher Creek. They made this request because of the distance from their residences and winter driving conditions. They were also in agreement that the pooling application be heard first if the results of that hearing would influence Canadian 88's proposed surface location for its well.

The interveners indicated that a single concurrent hearing be considered for the remaining well and pipeline applications from both companies, as there were overlapping issues. They noted that a joint cumulative-effects assessment had been completed for the two companies and that the Barberos' concerns were related to the operations at Canadian 88's Waterton pipeline junction, which would be impacted by connecting Shell reserves, in addition to Canadian 88 production, to the Waterton junction.

The interveners indicated they would be ready for a hearing in early January, with a filing date for submissions two weeks earlier than the hearing date.

### **5 VIEWS OF J. RENNIE**

Mr. Rennie indicated to the Board that Pincher Creek would be the preferred location and that the applications from both companies be held at the same time. He indicated his willingness to submit his information requests to the companies and to participate in the hearing process. He also noted that Canadian 88 had recently changed its H<sub>2</sub>S release rate and that he was not advised until recently of the amendment (removal) of the Shell pipeline portion of the application into Junction "J". His preference was that more time be afforded participants to review this new information and that the hearing of the applications be adjourned. He did state, however, that if the hearing proceeded on its scheduled date of 2 November 1999, he would participate. Mr. Rennie indicated that he had no interest in the pooling application.

## **6 VIEWS OF M. JUDD AND THE CASTLE CROWN WILDERNESS COALITION (CCWC)**

The CCWC and Mr. Judd indicated that they required more time to submit materials they had been preparing for the hearing. They said that the materials were not complete and therefore had not been submitted by the closing date of 18 October 1999. They stated that their information related to air quality, public health implications, and the Junction “J” Carbondale pipeline. They considered these matters to be complex and expressed dissatisfaction about the time made available to prepare their intervention. Mr. Sawyer noted that the time lines assumed that the interveners had taken part in preapplication public consultation processes. This placed parties that decided not to participate in these programs at a disadvantage in preparing their interventions. Therefore, they supported an adjournment of the hearing. They also believed that the pooling application should be heard in advance of the facilities applications. The interveners believed early January to be an appropriate time, with the hearing to be held in Pincher Creek or a location closer to their residences than Waterton.

The CCWC and Mr. Judd stated that they were in favour of the applications for wells and pipelines from both companies being held concurrently. As to the completeness of the applications, the interveners indicated that they would be submitting information requests and that the adjournment, if granted, would allow time for this communication. They indicated that two weeks in advance of the hearing date would be adequate as a submission deadline with respect to their material. They also asked the Board to clarify the process of issuing information requests, as they intended to make such requests of the companies.

## **7 VIEWS OF IMPERIAL OIL LTD. (IMPERIAL)**

Imperial expressed the view that the Shell applications should proceed to hearing at the scheduled commencement date of 2 November 1999. Imperial indicated that it was indifferent to the venue location and if a location change were required, it should not delay the timing of the hearing. The company supported the view that the two companies’ applications were unrelated and the applications for Shell’s pipelines and well sites could proceed to hearing independent of the Canadian 88 pooling and well licence/pipeline applications. Imperial concurred with Shell’s view that the two companies’ applications be held consecutively rather than concurrently.

## **8 VIEWS OF THE BOARD**

The Board is sensitive to the timeliness arguments of all participants and believes that the schedule outlined below will allow all parties a fair opportunity to participate at the hearings as well as to receive a timely decision. The Board will strive to ensure that its process (prehearing, hearing, posthearing, and postdecision) will not be a barrier to an expeditious decision regarding these applications. The Board makes the following determinations:

- The Board believes that issues arising from the pooling application may be germane to its decisions regarding the facilities applications.
- The Board is prepared to grant the adjournment request from 2 November 1999 concerning the well and pipeline applications for both companies.

- The pooling application will be scheduled before the Board in Calgary during the week of 15 November 1999.
- The well and pipeline applications will be rescheduled in Pincher Creek, or alternatively the Crowsnest pass (Blairmore), for the week of 10 January 2000.
- Submissions and interventions concerning the well and pipeline applications for both applicants must be submitted to the EUB and all other parties by the close of business 21 December 1999.
- The applications for wells and pipelines for the two companies will be considered consecutively as opposed to concurrently. The Shell applications will be addressed first.
- If parties wish to use an interrogatory process, they should provide such information requests to the Board, as well as to all parties to the hearing, as soon as possible.
- If any party perceives a difficulty in replying to a request for information in a timely fashion, they should advise all parties to the hearing, including the Board, of their concerns as quickly as possible.

DATED at Calgary, Alberta, on 10 November 1999.

**ALBERTA ENERGY AND UTILITIES BOARD**

*(Original signed by)*

B. F. Bietz, P.Biol.  
Presiding Member

*(Original signed by)*

K. G. Sharp, P.Eng.  
Acting Board Member

*(Original signed by)*

W. G. Remmer, P.Eng.  
Acting Board Member

**THOSE WHO APPEARED AT THE HEARING**

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Principals and Representatives  
(Abbreviations Used in Report)

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Shell Canada Limited (Shell)  
S. Denstedt

Canadian 88 Energy Corp. (Canadian 88)  
R. Neufeld  
L. Olthafer

Imperial Oil Limited (Imperial)  
P. Miller

Dave and Jean Sheppard and Kim and Sylvia Barbero  
G. Fitch

Castle Crown Wilderness Coalition (CCWC) and Mike Judd  
M. Sawyer

J. Rennie  
Himself

Alberta Energy and Utilities Board staff  
D. Larder  
S. Wilson  
J. Baker, P.Biol.  
M. Brown, P.Eng.  
C. Hill

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