

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

PREHEARING MEETING

STAMPEDE OILS INC.

SECTION 42 REVIEW OF WELL LICENCE NO. 0239741

TURNER VALLEY FIELD

Memorandum of Decision

Application No. 1064455

1 INTRODUCTION

In accordance with Section 2.020 of the Oil and Gas Conservation Regulations, Stampede Oils Inc. (Stampede) applied to the Alberta Energy and Utilities Board (EUB/Board) on May 1, 2000, for a licence to drill a sour single well with a hydrogen sulphide content of 27.1 moles per kilomole (2.71 per cent) from a surface location in Legal Subdivision (LSD) 14 of Section 27, Township 20, Range 3, West of the 5th Meridian to a bottomhole location in LSD 2-34-20-3 W5M. The application was approved on July 14, 2000, after Stampede agreed to comply with a number of commitments identified by the Local Residents Intervener Group (Intervener Group). On December 12, 2000, the Intervener Group submitted a request for a review of the Board's decision to issue the well licence. On June 12, 2001, the Board granted the request for a review.

Originally the review hearing was scheduled to commence on August 28, 2001. The Board received requests from parties to hold a prehearing meeting and adjourn the hearing to clarify the issues and provide parties with sufficient time to prepare for the hearing. The Board adjourned the hearing and granted the request to hold a prehearing meeting.

The Board held a prehearing meeting in Turner Valley, Alberta, on August 28, 2001, before G. Miller (Presiding Board Member) and Acting Board Members G. A. Atkins, D.V.M., and R. J. Willard, P.Eng.

Those who appeared at the prehearing meeting are set out in Appendix A, along with a list of abbreviations used in this Memorandum of Decision.

2 ISSUES TO BE CONSIDERED AT THE HEARING

The Board established an agenda to be followed at the prehearing meeting and identified a number of procedural matters to be addressed in relation to the hearing. In addition to the issues set out by the Board, the participants at the prehearing identified a number of other issues that they believed should also be included. The following issues were discussed at the prehearing meeting:

- scope of the hearing,
- pipeline applications recently submitted by Stampede,

- issues raised by Farries Engineering (1977) Ltd., and
- timing of information requests, submissions, and hearing.

3 SCOPE OF THE HEARING

The parties agreed that the following are proper issues before the Board in the review:

- 1) incident of December 9, 2000,
- 2) odour incident of April 4, 2001,
- 3) noise incident of July 2, 2001,
- 4) the review of the application for the well, all operations that have occurred at the well, any future operations at the well, and Stampede's ability to address landowner and resident concerns, and
- 5) Stampede's operations at other existing facilities as detailed by the Intervener Group.

The Board believes that to effectively review the above the following information is required to be made available to all parties and the EUB:

- 1) all schedules and support information submitted as required in *EUB Guide 56: Energy Development Application Guide*;
- 2) all public notification and consultation processes associated with the well licence application;
- 3) impacts of the associated well licence, such as flaring, odours, and noise;
- 4) commitments made by parties and agreements in the application;
- 5) all information associated with wellbore cleanup and testing, flaring, incineration, measurement of fluids, and length of time to complete wellbore cleanup procedures;
- 6) any future testing, operating, and servicing programs associated with the well and associated surface equipment;
- 7) any concerns with Stampede operations at existing facilities and the ability of Stampede to meet landowner commitments and operate the facilities safely and in the public interest; and
- 8) all other Stampede applications, hearings, or other relevant information that is in the EUB's public record.

In addition, the Intervener Group requested drilling and completion data respecting the well. In its letter of August 21, 2001, to counsel for the Intervener Group, Stampede stated that it would not be releasing the drilling and completion operations data respecting the well in question, as it drilled the well on tight-hole confidential basis and it was claiming the right of confidentiality under Section 12 of the EUB *Rules of Practice* (Rules). Furthermore, at the prehearing meeting, Stampede raised the issue of the relevance of the drilling and completion data to the application and the issues before the Board and requested that the Board rule on the question of relevancy. Stampede also expressed some concerns that the confidentiality of the information would be protected from its competitors under Section 12 of the Rules. The Intervener Group argued that the drilling and completion information requested would provide information on the downhole characteristics of the well and, as such, was relevant, since it may explain the length of time it has taken to clean up the well, which the Intervener Group is raising as an issue. Also, the Intervener Group submitted that it needed the information to ascertain whether the well would be able to produce like a normal oil well or if there were going to be ongoing operations at this well to constantly try to improve its productivity.

The Board is of the view that the drilling and completion data respecting the well are relevant to the application before it, as such operational information can relate to Stampede's commitments to landowners and residents respecting the drilling and completion of the well and Stampede's ability to address landowner and resident concerns during the operation of the well. Furthermore, the Board accepts the Intervener Group submission that it requires the drilling and completion data to assess whether the landowners and residents will be subjected to ongoing disturbance if there is a need for continual operations at the well to attempt to improve productivity.

For the purposes of the hearing, the Board directs Stampede to provide to the Intervener Group and other participants that request it, as well as to the Board, all drilling and completion data, including the confidential information, once it has received an undertaking from counsel for the Intervener Group or any participant that he or she will hold the information confidential until the Board renders the information public in accordance with the Oil and Gas Conservation Regulations and only use the confidential information for the purposes of the hearing. The undertaking addresses Stampede's concern about having its competitive position affected.

4 PIPELINE APPLICATIONS RECENTLY SUBMITTED BY STAMPEDE

Stampede requested that the Board allow it to test the well for two to three days prior to the hearing using the temporary pipeline for which the permit had expired. As an alternative, Stampede requested that the pipeline facilities be made a part of the hearing. The Intervener Group expressed concerns with the request to test prior to the hearing and favoured the alternative request.

Because the Board has not received the additional information respecting the temporary pipeline application and the Intervener Group has continuing concerns and that the temporary pipeline application relates to the well in question, the Board denies Stampede's request to test the well prior to the hearing.

Considering the circumstances, the Board believes that the issues it has identified for the review hearing are closely related to the impacts that may be associated with the well and future testing and operations of the well. Additionally, the Board notes Stampede's earlier commitment to in-line test. The proposed pipelines may be matters that could be associated with the commitment, impacts, and operations of the well licence and may be relevant to the Board's decision. The Board encourages expedited and efficient use of hearings to account for all projects in a given area that may be related and may directly and adversely affect parties of a proceeding. Therefore, the Board believes that it would be useful to include the temporary and permanent pipeline applications as part of the review hearing to provide for a more effective and efficient hearing process.

The Board notes that in order for an application to be considered complete and ready to proceed to the Board for its disposition, it is necessary for EUB staff to conduct a full review of the application and all support information. In this case, the Board notes that EUB staff requested Stampede to provide such information for the temporary pipeline application and that this information is still outstanding. The timing of information to be submitted for the temporary and permanent applications is addressed in Section 6.

5 ISSUES RAISED BY FARRIES ENGINEERING (1977) LTD.

The Board acknowledges the request by Farries Engineering (1977) Ltd. (Farries Engineering) to participate in the review hearing. Farries Engineering has raised the issue of the accuracy of information provided by Stampede. The Board believes that Farries Engineering may be directly and adversely affected by certain correspondence related to the hearing. Therefore, the Board is prepared to hear evidence by Farries Engineering on any information that it believes is relevant to the accuracy of its involvement with the subject well licence and matters leading to the review hearing. This intervention must be in accordance with the EUB's Rules.

The Board notes that Stampede has indicated a willingness to attempt to resolve this matter with Farries Engineering. The Board encourages parties to attempt to resolve matters outside of the hearing process and looks forward to progress in this regard prior to the commencement of the review hearing.

6 TIMING OF INFORMATION REQUESTS, SUBMISSIONS, AND HEARING

Stampede requested that the hearing be scheduled as quickly as possible. The Intervener Group was in agreement. However, the Intervener Group submitted that it had only recently received a response to its information request (IR) to Stampede and had not had an opportunity to assess the information and determine whether it had any further questions. In addition, Stampede wanted to ascertain the specifics of the Intervener Group's concern respecting Stampede's operations record. The Board has determined that information exchange by participants at a hearing is critical to ensure that parties have a fair opportunity to present their evidence and concerns about the hearing matters. As such, the Board believes that all parties seeking to substantiate the facts of their presentations must be provided with sufficient information well in advance of a proceeding so that the hearing proceeds expeditiously. The Board is of the view

that an IR process would be useful in making the hearing more effective and efficient. Therefore, the Board sets the following schedule for the IR process and the filing of submissions and evidence by the parties and participants to the review hearing:

- 1) Any additional IRs to Stampede, the Intervener Group, or any other participants are to be submitted and served on Stampede, the Intervener Group, any other participant, and the EUB on or before September 11, 2001.
- 2) IR responses from Stampede, the Intervener Group, or any other participant are to be distributed to all parties, participants and the EUB on or before September 14, 2001.
- 3) Stampede, the Intervener Group, and other participants must file their submissions to the hearing with the EUB and provide them to all parties and participants on or before September 20, 2001.
- 4) All parties must file all remaining evidence to the hearing on or before September 26, 2001.
- 5) The hearing is rescheduled to October 2, 2001.

In addition to the above, the Board directs the following process for the temporary and permanent pipeline applications:

- 1) Stampede is required to provide to the EUB and all other parties to the proceeding all applicable support documentation for the temporary application, Application No. 1237635, and the permanent pipeline application, Application No. 1242414, as outlined in *Guide 56: Energy Development Application Guide*, on or before September 11, 2001.
- 2) EUB staff will complete its review of the applications on or before September 20, 2001. Once the applications are considered complete by EUB staff, these applications will be added to the hearing, as agreed to by the parties.

7 NOTICE TO PARTIES

Take notice that the hearing of Applications No. 1064455, 1237635, and 1242414 by Stampede shall commence at 9:00 a.m. on October 2, 2001, at the Flare N Derrick Community Hall, 131 Main Street NE, Turner Valley, Alberta. All interveners to the proceeding must be present at the commencement of the hearing to register their appearance. All parties must adhere to the Rules and must file their evidence on or before September 26, 2001.

Further take notice that failure to provide timely responses to the IR process and pipeline application materials may result in Board direction as to the acceptance of any submission and/or a possible delay and adjournment to the review hearing.

Issued at Calgary, Alberta, on September 6, 2001.

ALBERTA ENERGY AND UTILITIES BOARD

<Original signed by>

G. Miller
Presiding Board Member

<Original signed by>

G. A. Atkins, D.V.M.
Acting Board Member

<Original signed by>

R. J. Willard, P.Eng.
Acting Board Member

APPENDIX A

THOSE WHO APPEARED AT THE PREHEARING MEETING

Principals and Representatives
(Abbreviations Used in Report)

Witnesses

Stampede Oils Inc. (Stampede)

B. K. O’Ferrall, Q.C.

The Local Residents Intervener Group
(Intervener Group)

G. S. Fitch

Farries Engineering (1977) Ltd.
(Farries Engineering)

J. K. Farries, P.Eng.

Alberta Energy and Utilities Board staff

G. Bentivegna, Board Counsel

J. P. Mousseau, Board Counsel

P. R. Forbes, C.E.T.

K. Eastlick, P.Eng.