

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

PREHEARING MEETING

CENTRICA CANADA LIMITED

SECTION 42 REVIEW OF FACILITY LICENCE F-3643

ENERGY RESOURCES CONSERVATION ACT AND

APPLICATIONS TO AMEND LICENCE NO. F-3643 AND TO

LICENCE THREE SWEET GAS WELLS AND

ASSOCIATED NATURAL GAS PIPELINES

ARDENODE FIELD

Memorandum of Decision

**Applications No. 1036306, 1041841,
1094622, 1094623, 1096871 and 1241902**

1 INTRODUCTION

In accordance with Section 7.001 of the Oil and Gas Conservation Regulations, Centrica Canada Limited (Centrica), formerly Avalanche Energy Limited (Avalanche), submitted Application No. 1036306 to the Alberta Energy and Utilities Board (the Board) on January 21, 1999 for approval to construct and operate a new 1102 kilowatt sweet gas compressor station at LSD 16-18-26-26 W4M (16-18). On January 26, 1999, the application was approved. Subsequently, Centrica submitted Application No. 1041841 on June 3, 1999 for approval to add one 1102 kilowatt sweet gas compressor to the 16-18 facility. The application was approved on June 7, 1999. The existing 16-18 compressor station is currently owned and operated by Centrica and is approved under Facility Licence No. F-3643.

An application was made by an area landowner requesting a review of the Board's decision to issue the subject approvals for the compressor station. On April 23, 2001, the Board granted the request for a review under Section 42 of the Energy Resources Conservation Act (ERCA).

The Board directed that Applications No. 1036306 and 1041841 and the associated Facility Licence No. F-3646 be considered at a review hearing, which is scheduled to commence in Calgary, Alberta on October 2, 2001. The hearing notice was served indicating that the above two applications were to be reviewed. The Board also identified that if parties were interested, it would conduct a prehearing meeting to consider the issues to be addressed at the hearing.

In August 2001, the Board further directed that Applications No. 1094622, 1094623 and 1096871 for three well licences in LSD's 14-13-26-27 W4M, 3-19-26-26 W4M, and 14-24-26-27 W4M, submitted by Centrica, be considered concurrently with the review hearing. The Board also directed that Centrica submit its application for the related pipelines and that the application be considered at the same hearing.

The Board held a prehearing meeting in Calgary, Alberta on August 30, 2001, before T. M. McGee, (Presiding Member) and W. G. Remmer, P.Eng., (Acting Board Member).

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

2 ISSUES CONSIDERED AT THE PREHEARING MEETING AND ISSUES TO BE CONSIDERED AT THE HEARING

The Board prepared an agenda for the prehearing meeting which identified the following items:

- the timing for any information requests;
- the hearing and submissions, and the hearing location itself;
- the scope and nature of the issues to be discussed at the hearing; and
- Centrica's request to include its Application No. 1241902 for a licence amendment to Facility Licence No. F-3643 in the hearing.

With respect to information requests, the Board notes that all participants in the prehearing meeting were satisfied that they had either received the appropriate application materials or that the materials associated with Centrica's new applications would be distributed to them shortly. Therefore, the Board directs Centrica to provide all the participants with complete copies of the relevant applications by September 15, 2001.

With respect to the hearing, the Board notes that the participants were ultimately in agreement with the current submission filing date of September 18, 2001 and the current hearing date of October 2, 2001. Therefore, submissions to the hearing must be provided to all parties and all remaining evidence to the hearing must be filed on or before September 18, 2001. The current hearing date of October 2, 2001 remains unchanged.

The Board notes that although there was very little discussion about the hearing venue in Calgary, the Board acknowledges that it would be more appropriate to hold the hearing in a location proximal to Centrica's existing and proposed facilities. Therefore, take notice that the hearing is now scheduled to commence at 9:00 a.m. on October 2, 2001, at the Irricana Community Hall, 300 – 1st Street, Irricana, 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 EUB Rules of Practice and must file their evidence on or before September 18, 2001. A new hearing notice will be issued to all parties.

With respect to the applications to be considered at the hearing, the Board notes that all of the participants were aware that the Board would be considering Applications No. 1036306, 1041841, 1094622, 1094623 and 1096871 and the pipeline application associated with the wells. The Board notes that the participants were also aware that the pipeline application had not been filed at the time of the prehearing meeting.

With regard to Centrica's specific request to include its Application No. 1241902 in the hearing, the Board notes that all participants were in agreement with this request. Therefore, the Board directs that Application No. 1241902 be considered at the hearing.

With respect to the scope of the hearing, the Board carefully reviewed each party's submission and the record of the prehearing meeting and it notes that the Board will consider the following issues at the hearing:

- need for the existing and applied-for additional compression;
- emissions related to the existing compressor station, also having regard for the proposed modification;
- noise related to the existing compressor station, also having regard for the proposed modification;
- visual impacts of the existing compressor station on area residents, also having regard for the proposed modification;
- the commitments made in the past to Gary Norman by Avalanche with respect to the 16-18 compressor station; and
- need for the wells and pipelines and any associated impacts.

To ensure an effective and fair hearing, the Board will only consider issues that are relevant and directly related to the review hearing and the additional new applications. The Board encourages the parties to state their issues concisely and to focus on them.

On the question of participation at the hearing, the Board is of the view that once a public hearing is triggered by a party who may be directly and adversely affected, broader participation by the public is generally permitted. However, as previously stated, the Board notes that it will only admit relevant information.

3 HEARING PROCEDURES

With respect to the hearing procedures, the Board directs that all witness panels be prepared to present their evidence with regard to Centrica's applications in the following order to ensure that the hearing proceeds expeditiously and efficiently:

- Applications No. 1036306 and 1041841, review of Facility Licence No. F-3643,
- Application No. 1241902, to add compression to the existing 16-18 compressor station,
- Applications No. 1094622, 1094623, and 1096871 for three sweet gas wells and the associated pipelines.

The Board notes that each panel, starting with Centrica and then following the registration order, will be asked to address these applications consecutively at the time of their presentation. The panels will then be subject to cross-examination in the same order and there will be an opportunity for any re-direct. The applicant would then be given an opportunity to provide rebuttal evidence, if necessary, and then all parties in final argument will address the applications in the order listed above.

4 OTHER PRELIMINARY MATTERS – APPROPRIATE DISPUTE RESOLUTION (ADR)

The Board notes that Mr. Secord raised the issue of attending a facilitation or mediation process prior to the hearing to see if matters could be resolved. Mr. Secord noted that public consultation between the parties had been simply by correspondence and that there had not been a face-to-face meeting between the parties.

The Board acknowledges that both parties had a different view as to the level of communication that had taken place and as to whether entering into mediation just prior to a hearing was useful. However, the Board is very encouraged to see that the parties did come to an agreement in the prehearing meeting to set a date in early September 2001 for mediation and that the mediation would allow for Board staff participation.

The Board encourages the parties to fully engage in the ADR process so that meaningful communication takes place and the parties fully understand each other's issues. Although it is possible that parties may not reach a full agreement through mediation, the Board notes that some issues may be resolved. This could limit the scope of the hearing which would make for a more efficient process. The Board requests that the parties advise EUB staff of the outcome of the ADR process.

If a partial agreement is reached, the Board would expect parties to focus primarily on the outstanding relevant issues and that those issues would be submitted on or prior to September 18, 2001.

Issued at Calgary, Alberta, on September 12, 2001.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

T. M. McGee
Presiding Board Member

<original signed by>

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

APPENDIX A

THOSE WHO APPEARED AT THE PREHEARING MEETING

Principals and Representatives
(Abbreviations Used in Report)

Witnesses

Centrica Canada Limited (Centrica)

S. Munro

G. Norman and R. Irvin (Norman)

R. Secord

R. Brooks-Sherriff

R. Brooks-Sherriff

E. Plumecke

E. Plumecke

Alberta Energy and Utilities Board staff

G. Bentivegna, Board Counsel

D. L. Schafer
