

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

APPLICATIONS BY PALOMA PETROLEUM LTD. FOR PERMIT TO CONSTRUCT NATURAL GAS PIPELINE AND FUEL GAS PIPELINE IN THE PUSKWASKAU AREA

**Addendum to Decision D 96-9
Applications No. 960600 and 960601**

1 INTRODUCTION

1.1 Application

Pursuant to Part 4 of the Pipeline Act, Paloma Petroleum Ltd. (Paloma) applied to the Alberta Energy and Utilities Board (EUB) for a permit to construct approximately 5.7 kilometres (km) of steel pipeline in length with an outside diameter of 114.3 millimetres (mm). The pipeline is to transport natural gas from a well located at Legal Subdivision 4 of Section 29, Township 74, Range 1, West of the 6th Meridian (Lsd 4-29-74-1 W6M), to the Anderson Puskwaskau gas plant located at Lsd 3-26-74-1 W6M. The proposed pipeline would transport natural gas containing 0.4 moles per kilomole of hydrogen sulphide (H₂S).

An associated fuel gas system would consist of a 60.3 mm outside diameter steel pipeline approximately 5.7 km in length and would transport fuel gas from the Anderson Puskwaskau gas plant to the gas well noted above and also to a field line heater to be located at Lsd 16-21-74-1 W6M. The fuel gas pipeline would be laid alongside the proposed natural gas pipeline in a common ditch.

1.2 Interventions

Mr. David Holinaty submitted an intervention to the applications. Mr. Holinaty expressed a concern with the pipeline tie-in point and administration of environmental guidelines.

1.3 Hearing

A public hearing to consider the applications was held in Grande Prairie, Alberta on 21 August 1996 before Board Members B. F. Bietz, P.Biol., G. Miller, and acting Board Member K. G. Sharp, P.Eng. At the hearing, following receipt of all evidence concerning the pipeline route and its associated impacts, the applicant and the intervener requested that the hearing be adjourned until 20 September 1996 to consider matters related to a constitutional challenge raised by the intervener. The Board agreed to the adjournment.

Mr. Holinaty informed the Board, on 4 September 1996, that the constitutional challenge respecting the applications would be withdrawn and that there would be no need for the Board to reopen the hearing. He also advised that there was no remaining reason to delay issuance of the pipeline permits, if that was the decision of the Board, as the only outstanding concern related to a general concern regarding ultimate regulatory responsibility for environmental issues associated with pipeline construction and operation. The intervener believed that this issue

could be addressed within the Board's Decision Report. On 10 September 1996, the Board issued a notice indicating that the reopening of the hearing scheduled for 20 September 1996, was cancelled. Having considered all of the evidence and argument presented at the hearing, the Board issued Decision D 96-8 (attached) approving the applications, with a detailed report to follow. This Addendum to Decision D 96-8 details the Board's findings and reasons for its decision.

THOSE WHO APPEARED AT THE HEARING

Principals and Representatives
(Abbreviations Used in Report)

Witnesses

Paloma Petroleum Ltd. (Paloma)
L. Cusano

D. Holinaty
J. D. Carter

Alberta Energy and Utilities Board staff
D. Garvin
M. Vandenbeld

2 ISSUES

The Board considers the issues respecting the application to be:

- C need for the pipeline and line heaters,
- C the pipeline route and tie-in point, and
- C environmental impacts.

Each issue is addressed in the following sections.

3 NEED FOR THE PIPELINE AND LINE HEATERS

3.1 Views of the Applicant

Paloma informed the Board that their proposed 114.3 mm pipeline and field line heater was required to transport gas and associated liquids from their well (Lsd 4-29-74-1 W6M) to the Anderson Puskwaskau gas plant located at Lsd 3-26-74-1 W6M. Paloma also indicated that a 60.3 mm fuel gas pipeline would be required to transport fuel gas from the Anderson Puskwaskau gas plant to their field line heater and gas well installation.

3.2 Views of the Intervener

Mr. Holinaty did not question the need for the proposed field line heater or the proposed pipelines.

3.3 Views of the Board

The Board is satisfied that there is a need to produce the reserves from the subject well and that a field line heater and pipelines are needed to transport the raw gas to the Anderson Puskwaskau gas plant located at Lsd 3-26-74-1 W6M.

4 PIPELINE ROUTE AND TIE-INS

4.1 Views of the Applicant

Paloma informed the Board, at the outset of the hearing, that the company and Mr. Holinaty had reached an agreement on the proposed pipeline route and tie-in points. Paloma stated that Mr. Holinaty had agreed to the revision made to its application on 18 July 1996 which moved the fuel gas pipeline tie-in point from within Lsd 14-23-74-1 W6M to a valve header located at Anderson's Puskwaskau gas plant (Lsd 3-26-74-1 W6M). This change, Paloma stated, would eliminate the need for above ground facilities on Mr. Holinaty's land. Paloma also submitted that Paloma and Mr. Holinaty have agreed to enter into negotiations for a right-of-way agreement for those portions of the pipelines that cross Mr. Holinaty's lands.

4.2 Views of the Intervener

Mr. Holinaty confirmed that his concerns with respect to the pipeline tie-in point were no longer an issue and that he and Paloma had agreed to enter into negotiations towards a right-of-way agreement for the pipelines.

4.3 Views of the Board

The Board notes and acknowledges the agreements reached by both Paloma and Mr. Holinaty with respect to the fuel gas tie-in-point and their intent to enter into pipeline right-of-way negotiations. The Board is satisfied that the routing and selection of a mutually acceptable tie-in point are appropriate and that there are no remaining routing or associated concerns or issues for it to consider.

5 ENVIRONMENTAL IMPACTS

5.1 Views of the Applicant

Paloma stated to the Board that Mr. Holinaty's prehearing issues concerning environmental impacts have been addressed in the material in its application already before the Board. In addition, Paloma said that copies of correspondence addressing pipeline environmental impacts sent to the Municipality of Greenview No. 16 and Alberta Environmental Protection (AEP) have been provided to the intervener. Paloma also informed the Board that the introduction of any new evidence was unnecessary in light of agreements reached between Paloma and Mr. Holinaty just before the hearing.

5.2 Views of the Intervener

Mr. Holinaty submitted that even though environmental impacts concerning Paloma's pipelines appear to have been addressed in their application, a general concern still exists respecting the administration of environmental guidelines. Mr. Holinaty stated this was a concern he believed the Board should address.

5.3 Views of the Board

The Board notes, from Paloma's application, Paloma's intent to comply with environmental legislation administered by both the EUB and AEP. The Board is satisfied that sufficient and clear guidelines and requirements exist, so that a responsible and careful operator who is concerned about its impact on surface owners can construct a pipeline with minimal environmental impact. The Board wishes to again emphasize that it is the applicant's responsibility to be fully knowledgeable of these environmental requirements and to incorporate them into its planning and construction of the project.

6 DECISION

Based on the evidence provided, the Board is satisfied that there is a need for Paloma's proposed field line heater and pipelines, that they meet all of the Board's regulatory requirements, and that they would be in the public interest. The Board notes that both parties appear to have reached an agreement on routing and environmental matters related to the pipelines. The Board is satisfied that the expectations and responsibility for environmental protection in the construction of these pipelines is clear. The Board therefore reaffirms its 23 September 1996 decision to approve the applications and issue the appropriate permits.

DATED at Calgary, Alberta, on 23 December 1996.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

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

[Original signed by]

G. Miller
Board Member

[Original signed by]

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

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1 APPLICATIONS

Pursuant to Part 4 of the Pipeline Act, Paloma Petroleum Ltd., (Paloma) applied to the Alberta Energy and Utilities Board (EUB) for a permit to construct approximately 5.7 kilometres (km) of steel pipeline in length with an outside diameter 114.3 millimetres (mm). The pipeline is to transport natural gas from a well located at Legal Subdivision 4 of Section 29, Township 74, Range 1, West of the 6th Meridian (Lsd 4-29-74-1 W6M), to the Anderson Puskwaskau gas plant located at Lsd 3-26-74-1 W6M. The proposed pipeline would transport natural gas containing 0.4 moles per kilomole of hydrogen sulphide (H₂S).

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2 HEARING

A public hearing to consider the applications was held in Grande Prairie, Alberta, on 21 August 1996 before Board members, B. F. Bietz, Ph.D., P.Biol., G. Miller, and acting Board member K. G. Sharp, P.Eng. At the request of both the applicant and intervener, the Board adjourned the hearing until 20 September 1996. The intervener informed the Board on 4 September 1996 that they would be withdrawing the constitutional challenge respecting the applications and saw no need for the Board to delay issuance of the pipeline permits. Concerns raised by the intervener regarding overall responsibility for environmental protection were not withdrawn, however, the intervener agrees that this issue can be addressed within the Board's Decision report. A Notice of Cancellation of Hearing was issued by the Board on 10 September 1996.

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3 **DECISION**

Having considered all the evidence presented at the hearing and the request to issue the pipeline permits by both the applicant and intervener, the Board is prepared to approve the Paloma applications as proposed and will issue the permits immediately. A detailed report giving reasons for the Board's decision will be issued in due course.

DATED at Calgary, Alberta, on 20 September 1996.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

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

[Original signed by]

G. Miller
Board Member

[Original signed by]

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