



# Bonterra Energy Corp.

Application for a Pipeline Licence  
Pembina Field

November 22, 2005

**ALBERTA ENERGY AND UTILITIES BOARD**

Decision 2005-126: Bonterra Energy Corp., Application for a Pipeline Licence, Pembina Field

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## CONTENTS

|            |   |    |
|------------|---|----|
| 1          | Decision .....  | 1  |
| 2          | Introduction.....   | 1  |
|            | 2.1 Application .....   | 1  |
|            | 2.2 Intervention.....   | 1  |
|            | 2.3 Hearing .....   | 1  |
| 3          | Issues.....   | 2  |
| 4          | Need for the Pipeline .....                                     | 2  |
| 5          | Routing.....  | 2  |
|            | 5.1 Views of the Applicant.....                                 | 2  |
|            | 5.2 Views of the Interveners.....                               | 3  |
|            | 5.3 Views of the Board.....                                     | 4  |
| 6          | Impacts.....  | 4  |
|            | 6.1 Views of the Applicant.....                                 | 4  |
|            | 6.2 Views of the Intervener .....                               | 6  |
|            | 6.3 Views of the Board.....                                     | 6  |
| 7          | Consultation .....  | 7  |
|            | 7.1 Views of the Applicant.....                                 | 7  |
|            | 7.2 Views of the Interveners.....                               | 7  |
|            | 7.3 Views of the Board.....                                     | 7  |
| 8          | Conclusion .....  | 8  |
| Appendix 1 | Hearing Participants .....                                      | 9  |
| Appendix 2 | Summary of Commitments.....                                     | 10 |
| Figure 1   | The 10-17 Well Site Location and Proposed Pipeline Routes ..... | 11 |



# ALBERTA ENERGY AND UTILITIES BOARD

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Calgary Alberta

**BONTERRA ENERGY CORP.  
APPLICATION FOR A PIPELINE LICENCE  
PEMBINA FIELD**

**Decision 2005-126  
Application No. 1396821**

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## **1 DECISION**

Having carefully considered all of the evidence, the Alberta Energy and Utilities Board (EUB/Board) hereby approves Application No. 1396821, specifically the route referred to as Route 2a that was filed during the course of the proceeding.

## **2 INTRODUCTION**

### **2.1 Application**

Bonterra Energy Corp. (Bonterra) applied to the EUB, in accordance with Part 4 of the *Pipeline Act*, for approval to construct and operate a pipeline for the purpose of transporting natural gas with a hydrogen sulfide (H<sub>2</sub>S) content of 0 moles per kilomole from an existing well at Legal Subdivision (LSD) 10, Section 17, Township 47, Range 3, West of the 5th Meridian, to a pipeline tie-in point at LSD 16-9-47-3W5M.

During the course of the hearing, Bonterra amended its original application to add an alternative pipeline route for the Board's consideration. By amending the original application to include this new alternative pipeline route, the start and end points of the pipeline did not change. The approximate length of the applied-for pipeline route is 2.68 kilometres (km) and the alternative route is 3.11 km; each would have an outside diameter of 114.3 millimetres.

### **2.2 Intervention**

Brian Anderson and Louise Anderson (the Andersons) are the landowners of the north half and southeast quarter of Section 17-47-3W5M. In letters to the Board received on May 3, 2005, and October 21, 2005, the Andersons expressed concerns with respect to the impact the proposed pipeline would have on their health and safety, access to their property, property values, and compensation. The Andersons also cited concerns regarding the potential impact of the pipeline on a water reservoir partially located on their property, reclamation of the pipeline, and the proposed pipeline depth.

### **2.3 Hearing**

The Board held a public hearing in Leduc, Alberta, which commenced and concluded on October 28, 2005, before Board Members A. J. Berg, P.Eng. (Presiding Member), G. J. Miller, and T. M. McGee. The Board panel, EUB staff, Bonterra, and the Andersons conducted a site visit on October 27, 2005. At the hearing, Mr. Anderson stated that he was representing the views of himself and his wife, Mrs. Anderson, who was unable to attend.

By way of a letter dated October 29, 2005, the Andersons sought to have the Board consider additional information regarding the manner in which Bonterra would upgrade an access road that parallels the Andersons' property, after the evidentiary portion of the proceeding had been completed. On November 1, 2005, Bonterra wrote to the Board and asked that it reject the Andersons' request. As the issue raised by the Andersons was thoroughly discussed at the proceeding and the view of each party in that regard was clearly reflected in the record, the Board determined that it would not admit the additional information. The Board considers the hearing concluded as of October 28, 2005.

Those who appeared at the hearing are listed in Appendix 1.

### **3 ISSUES**

The Board considers the issues respecting the application to be

- need for the pipeline
- routing
- impacts
- consultation

### **4 NEED FOR THE PIPELINE**

Bonterra stated that it holds the mineral rights under Section 17 and that the pipeline was necessary to produce the reserves from a well that it drilled in LSD 10-17-47-3W5M. The well was completed and tested in the Edmonton Formation and is expected to produce natural gas with no H<sub>2</sub>S content. Bonterra stated that the pipeline would tie into the Sifton Energy Inc. pipeline located at LSD 16-9-47-3W5M.

The Andersons stated that they understood that the pipeline was necessary, given the existence of the well.

The Board is satisfied that there is a need for a pipeline to transport the gas production from the well and that a tie-in point at LSD 16-9-47-3W5M is the most appropriate option.

### **5 ROUTING**

#### **5.1 Views of the Applicant**

Bonterra stated that it had originally considered three routes for the proposed pipeline (see Figure 1):

- Route 1 would travel east of the well site into Section 16 before travelling southeast into the tie-in point.

- Route 2 would travel east of the well site to the eastern boundary of Section 17, due south into Section 8, and then southeast to the tie-in point.
- Route 3 would travel diagonally southeast from the well site into Section 8, then southeast to the tie-in point.

Bonterra stated that it provided the three routes to the Andersons in the fall of 2004. It stated that although the company originally preferred Route 2 on the basis that it would have the least amount of impact on the Andersons' land, it had applied for Route 3, as the Andersons stated that this was their preferred route. Bonterra stated that Route 1 was not a viable option because of the difficulties associated with crossing the transmission line and existing right-of-way that bisected Route 1. Bonterra also noted that Route 1 involved additional landowners, which would add to the complexity of the licensing process.

During the hearing, Bonterra submitted for consideration an alternative route, which was designated Route 2a. Route 2a was identical to Route 2 except that it deviated to the southeast in the bottom half of the northeast quarter of Section 17 to accommodate a transmission line right-of-way, as well as deviating to the west in the bottom half of the southeast quarter of Section 17 to avoid a small pond located in the southwest corner of the southwest quarter of Section 16. Bonterra submitted that Route 2a would meet the company's needs and would have the least amount of impact on the Andersons' lands. Specifically, it submitted that, unlike Route 3, Route 2a would not go diagonally across the Andersons' lands, given that it would parallel both the access road into the well site and the undeveloped government road allowance running along the eastern boundary of Section 17.

In response to the Andersons' plans for subdividing their land, Bonterra acknowledged it would bury the pipeline at a sufficient depth to facilitate any roads that would cross the pipeline right-of-way. Therefore, Bonterra committed to burying the pipeline to a depth of at least 4 feet (1.2 metres [m]). Bonterra also committed to granting permission for any reasonable requests for roads to cross the pipeline if the Andersons received county approval for the subdivision.

Given that Route 2a would meet the company's and the Anderson's needs, Bonterra submitted that it was now its preferred route.

## **5.2 Views of the Interveners**

The Andersons stated that they had been presented with three options for the pipeline by Bonterra. They explained that originally they preferred Route 3, as they believed it would have the least amount of impact on their subdivision plans. The Andersons described their plan to subdivide their land into 2.5 acre parcels. They stated that the plan might include several housing developments and a public facility. As a result, the Andersons were initially concerned that Route 2 would limit their ability to access the land they wish to subdivide, as this land ran parallel to the county road where Route 2 was proposed. They expressed concern about Route 2, namely, the ability to cross over the pipeline with access roads and heavy machinery should they obtain approval for their subdivision plans. They stated that their concern about Route 2a was the same as about Route 2.

With regard to the subdivision plans, the Andersons stated that they had been involved in discussions with the County of Wetaskiwin. They stated that the county had informed them that

they could proceed with their subdivision plans in two locations on their property. The Andersons confirmed that the two locations ready for immediate subdivision would not be affected by either the applied-for pipeline route or the alternative pipeline route. They stated that they had yet to obtain approval for their other subdivision plans, as they required access to different portions of the land. They confirmed that, to date, access to these areas had not been completed.

The Andersons stated that they were opposed to any pipeline on their land. However, they recognized that the matter of whether a pipeline would be approved or not would be dealt with by the EUB in its deliberations. The Andersons stated that they recognized that the EUB was a neutral third party in this matter.

Although the Andersons were opposed to the pipeline, they did provide their comments on routing in the event that the Board decided to approve the pipeline over their objections.

Given the responses and commitments provided by Bonterra at the proceeding and at prior discussions, the Andersons stated that if the Board were to approve a pipeline on their property, either Route 2 or Route 2a would likely have the least impact on their subdivision plans.

### **5.3 Views of the Board**

The Board is satisfied that three routes were originally presented by Bonterra to the Andersons for their consideration and that they originally preferred Route 3, given their plans for subdividing certain areas of their land. Nonetheless, the Board recognizes that, at this time, these plans are conceptual in nature and the county has not yet approved plans for those areas that might be affected by the pipeline. The Board notes that Route 2a is virtually the same as Route 2, with a few changes that were necessary to accommodate surface features.

Further, the Board is satisfied that the proposed depth of the pipeline, as committed to by Bonterra, is adequate to meet the needs of the applicant while satisfying the access concerns raised by the Andersons. The Board notes that Bonterra acknowledged that it would be responsible for any costs that might be required in the future for protecting the pipeline in the event of a road access being built across the pipeline as part of the Andersons' development and use of their land.

Given this, the Board believes that Route 2a is the best option for all parties involved.

## **6 IMPACTS**

### **6.1 Views of the Applicant**

Bonterra stated that Route 2a was preferable from an environmental perspective and that impacts on the Andersons would be minimized by the various commitments it had made (see Appendix 2). In addition to installing the pipeline to a depth of 4 feet and granting approval for any reasonable construction of roads across the pipeline right-of-way, these included

- providing a fence around the well site,
- repairing or replacing any fence damaged during construction of the pipeline,



- installing Texas gates on either side of the pasture,
- working with the Andersons with regard to weed concerns following pipeline construction,
- maintaining the access road along the eastern side of Section 17 in a suitable condition for daily visits by Bonterra personnel in a pickup truck,
- constructing the well access road from the eastern boundary of the Andersons' property to the well site low enough that it would not impact the Andersons' ability to cross it with farm machinery, and
- facilitating access over the pipeline to any future subdivision.

Bonterra stated that it decided to use high-density polyethylene pipe, since it was consistent with the pipeline that it would be tying into and explained that it would have the appropriate high-pressure shutdowns. Bonterra further explained that it would like to plough in the pipeline, if possible, to minimize surface disturbance.

Bonterra submitted a photo that showed a similar well site facility as evidence. It explained that the well site would look like the one in the photo and that it would be surrounded by a fence. Bonterra explained this would be a closed system and therefore there should be no fluids related from any gas that may be vented, but it clarified that the well would be visited every day by its operator to monitor for any problems. Bonterra claimed that the facility should not make any noise, as there were no moving parts associated with it. It further explained that water production was not expected but explained that condensation may form due to a drop in pressure; when this happened, water vapour trapped in the gas would be released, causing water vapour condensation. Bonterra stated this would be the only type of condensation possible.

Bonterra stated that the combined impact of the county road allowance and the proposed pipeline right-of-way would effectively restrict the ability for any surface development. Bonterra stated that any surface development would have to be at least 45 m from the edge of the road allowance because of the combined setbacks of its pipeline right-of-way (15 m) and the county road allowance (30 m). Bonterra reiterated that if the Andersons were to need road access across the pipeline at a future date, necessitating reinforcement of the pipeline to handle the normal weight for those types of crossings, Bonterra would likely be responsible for the associated costs. Bonterra clarified that it had never required a landowner to pay for pipeline reinforcement.

Bonterra stated that it would follow all regulatory requirements with regard to the reclamation of the right-of-way and that it had a corporate emergency response plan to deal with any emergencies. It also clarified that the gas produced from the well would have a similar composition to gas used for heating a house and that, in the event of an emergency, this gas would not present a hazard to any individuals or animals.

Bonterra stated that it had committed to several conditions that the Andersons had requested throughout the consultation process and would still commit to those following the hearing. Bonterra emphasized that an earlier meeting was held between the parties and that it would stand by any offers made during that meeting. Bonterra stated that it considered the Andersons' concerns to be reasonable, with the exception of compensation, which it said was a separate matter, and that it believed the Andersons had no other outstanding issues.

## 6.2 Views of the Intervener

The Andersons acknowledged that the commitments made by Bonterra addressed the majority of their concerns. Nonetheless, they reiterated their concerns that their animals be protected from the well site and requested fencing of both the well site and the quarter section. The Andersons stated they were concerned with safety for themselves and their cattle and explained that they wanted to be protected should an emergency occur. They stated that they did not want to be responsible for any costs for damage to existing fences caused by Bonterra.

The Andersons explained they had experienced previous problems when they could not access their own land due to other parties locking the gate. They stated that they were very concerned about this and did not want to risk the ability to access their land for farming and land operations.

The Andersons said they had concerns regarding the impact of setbacks on their land. They stated that they understood no surface development could occur within 45 m from the edge of the road allowance. The Andersons expressed concern that the access road to the well site be situated low enough that they could cross over top of it but stated that Bonterra had adequately addressed this concern. The Andersons stated that another issue they were concerned about related to the north-south undeveloped government road allowance on the east side of their property: they did not want this road to be rutted by Bonterra using four-by-four trucks or heavy equipment that may be required for servicing Bonterra's operation. They further explained that although this equipment might be able to go up and down the road, it would render the road in such a condition that it would not be accessible for the Andersons. The Andersons stated that they used the road to check on their cattle and for other land-use activities. They acknowledged that Bonterra's commitment to maintain the road to a standard that would allow its operator to drive a pickup truck to the well on a daily basis would be suitable to them.

The Andersons expressed concerns about noise and its impact on any of the birds and wildlife in the area. They also reiterated their concerns regarding the reclamation of the pipeline right-of-way and requested that the right-of-way be returned to the same condition after construction that it had been in before the pipeline was installed. They specifically requested that any timber removed during the construction process be available for their personal use. The Andersons expressed concerns about the impact of the project on land values and, while they understood that compensation was outside of the EUB's jurisdiction, requested additional compensation to address their concerns.

The Andersons also stated that they were concerned about the potential financial impacts that any spill or environmental pollution on their land may cause. They indicated that they had to sign documents with the bank that there were no environmental problems on the land and explained that they would not have received financing from the bank if there were such problems.

## 6.3 Views of the Board

The Board understands that many of the Andersons' concerns were addressed by commitments made by Bonterra prior to and during the hearing. The commitments are summarized in [Appendix 2](#) and throughout the transcript. The Board finds that these measures are adequate to minimize the impact of the pipeline felt by the Andersons.

The Board does not deal with compensation matters and appreciates the understanding shown by both parties with respect to that issue.

## **7 CONSULTATION**

### **7.1 Views of the Applicant**

Bonterra stated that it commenced consultation in the fall of 2004, when it contacted the Andersons to obtain consent to survey on their land. Bonterra stated that the Andersons had originally requested more information related to the project. Once this was provided, it submitted that the Andersons had indicated that they preferred Route 3 and gave permission to survey on their land.

Bonterra explained that it then commenced consultations with regard to obtaining a right-of-way agreement. It submitted that it attempted to address the Andersons' concerns during the winter of 2004 and the spring of 2005, before it decided to file an application with the EUB. Bonterra stated that during this time it experienced difficulty in contacting the Andersons and was unsuccessful in meeting with both of the Andersons at the same time. Bonterra testified that it believed it had responded to all the Andersons' concerns, including at a facilitation meeting with the Andersons and the EUB, as part of the EUB's Appropriate Dispute Resolution (ADR) program, and submitted that the only outstanding issue was compensation, a matter outside of the EUB's jurisdiction.

### **7.2 Views of the Interveners**

The Andersons expressed frustration with the consultation process followed by Bonterra. They stated that they granted survey permission prior to fully considering all of the options. The Andersons acknowledged that they might have been difficult to contact throughout the consultation and negotiation process, given their busy schedules.

The Andersons stated that they were unsure whether anything could have been done differently to improve the information exchange between Bonterra, the EUB, and themselves. The Andersons stated that they appreciated the efforts of EUB staff in assisting them. They understood that staff needed to be away from their offices but said that voice mail was not helpful to them and suggested some mobile communication for daytime contact.

The Andersons stated that some of their questions and concerns had been answered at the ADR meeting. Although they were generally satisfied with the manner in which Bonterra had answered their questions and addressed their concerns, they stated that they had been unwilling to sign a right-of-way agreement and, therefore, felt it was necessary to proceed to a hearing.

### **7.3 Views of the Board**

The Board is satisfied that the consultation process undertaken by Bonterra was conducted in accordance with *Directive 56: Energy Development Applications and Schedules*. The Board feels that it would have been beneficial to have been able to consult with both of the Andersons at the same time to ensure all concerns had been addressed and questions answered. The Board

emphasizes the importance of having all of the decision makers at the table during the consultation process, as well as during any ADR meetings.

## **8 CONCLUSION**

The Board acknowledges the commitments made by Bonterra and has relied on this evidence in arriving at its decision. Based on the evidence submitted, the Board believes that Route 2a is the most suitable and has the least amount of impact of the possible rights-of-way evaluated. Accordingly, the Board is prepared to approve this route.

Dated in Calgary, Alberta, on November 22, 2005.

### **ALBERTA ENERGY AND UTILITIES BOARD**

*<original signed by>*

A. J. Berg, P.Eng.  
Presiding Member

*<original signed by>*

G. J. Miller  
Board Member

*<original signed by>*

T. M. McGee  
Board Member

## APPENDIX 1 HEARING PARTICIPANTS

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### Principals and Representatives (Abbreviations used in report)

### Witnesses

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Bonterra Energy Corp. (Bonterra)

R. Jarock, P.Eng.

J. Jeffcott

H. Kumar, P.Eng.

W. Tomie, of  
Heritage Surface Solutions Ltd.

B. Anderson and L. Anderson (the Andersons)    B. Anderson

### Alberta Energy and Utilities Board staff

C. McMenemy-Savage, Board Counsel

J. P. Mousseau, Board Counsel

C. Giesbrecht

E. Knox, C.E.T.

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## APPENDIX 2 SUMMARY OF COMMITMENTS

Throughout the decision report, the Board notes that Bonterra has undertaken to conduct certain activities in connection with its operations that are not strictly required by the EUB's regulations and guidelines. These undertakings are described as commitments and are summarized below. It is the Board's view that when a company makes commitments of this nature, it has satisfied itself that these activities will benefit both the project and the public, and the Board takes these commitments into account when arriving at its decision. The Board expects the applicant, having made the commitments, to fully carry out the undertaking or advise the EUB if, for whatever reasons, it cannot fulfill a commitment. The EUB would then assess whether the circumstances regarding the failed commitment warrant a review of the original approval. The Board also notes that the affected parties also have the right to request a review of the original approval if commitments made by the applicant remain unfulfilled.

### COMMITMENTS BY BONTERRA

- Bonterra will approve any reasonable requests made by the Andersons to cross the pipeline with roads and that the pipeline will not limit access to their land.
- The pipeline will be buried to a depth of at least 4 feet (1.2 m), which will meet any requirements of depth.
- Bonterra will repair or replace any portions of the Andersons' fence that may be damaged or removed during pipeline construction.
- Bonterra will prepare cut trees for the Andersons' use and stack it in an agreed-upon location.
- Bonterra will work with the Andersons to address any weed concerns that may arise following construction of the pipeline in a suitable manner and consistent with the Andersons' land practice.
- Bonterra will install Texas gates at both ends of the pasture.
- Bonterra will fence the well site as requested by the Andersons and the well site will be in accordance with the photo submitted into evidence.
- Bonterra will maintain the access road along the eastern side of Section 17 in a suitable condition for a daily visit by Bonterra personnel.
- Bonterra will construct the well access road from the eastern boundary of the Andersons' property to the well site low enough that it will not impact the Andersons' ability to cross it with farm machinery.

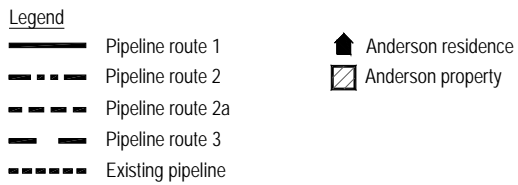
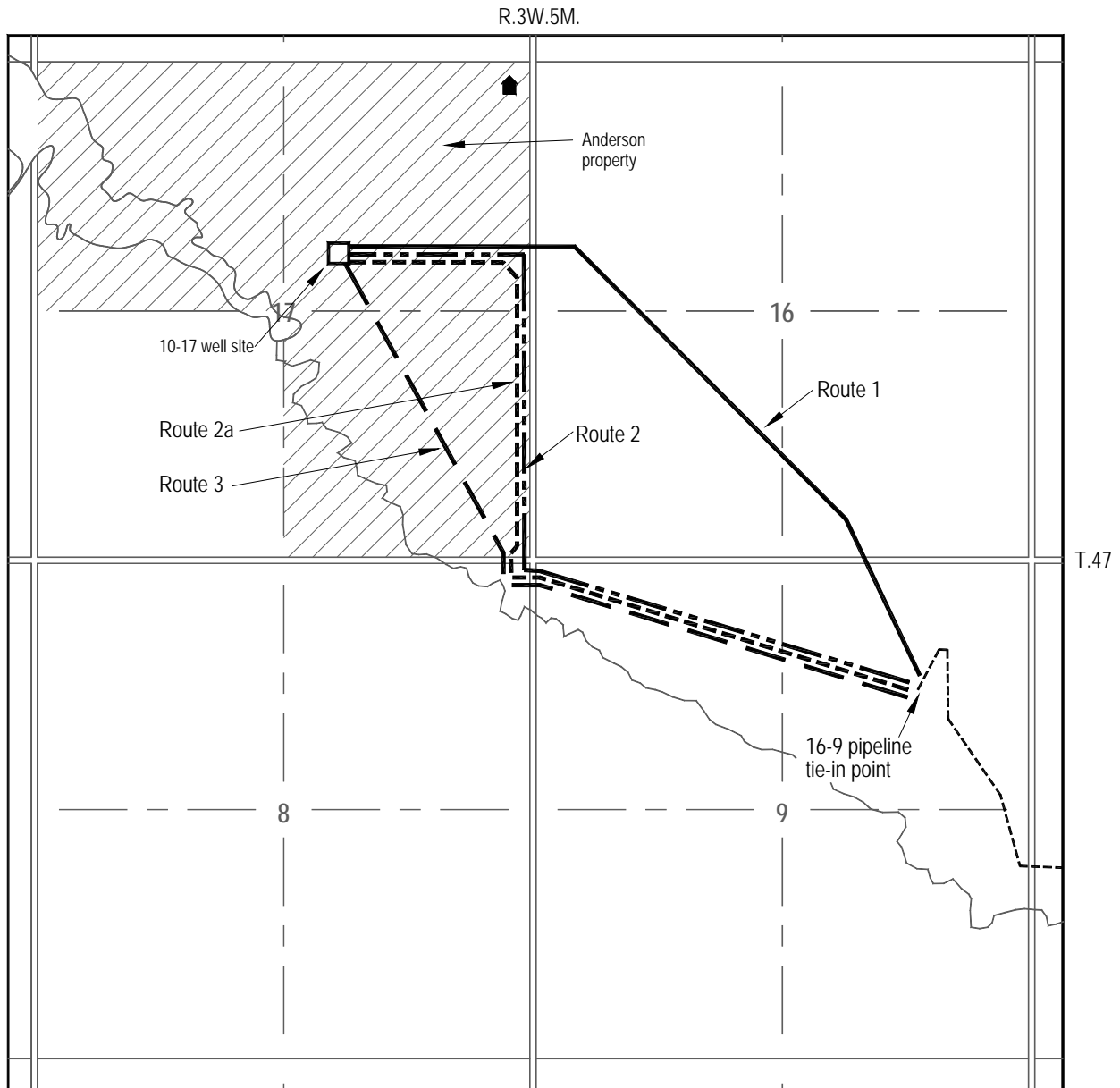


Figure 1. The 10-17 well site location and proposed pipeline routes