



OMERS Energy Inc.

Application for a Pipeline Licence
Royal Field

October 14, 2008

ENERGY RESOURCES CONSERVATION BOARD

Decision 2008-092: OMERS Energy Inc., Application for a Pipeline Licence, Royal Field

October 14, 2008

Published by

Energy Resources Conservation Board
640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: 403-297-8311
Fax: 403-297-7040
E-mail: Publications@ercb.ca
Web site: www.ercb.ca

CONTENTS

Decision	1
Examiner Report	3
1 Recommendation	3
2 Introduction.....	3
2.1 Application	3
2.2 Interventions.....	3
2.3 Hearing	3
3 Background.....	4
3.1 Public Consultation	4
3.2 Hearing Scheduling	4
3.3 Dominion Exploration Canada Ltd. and Paramount Energy Trust	4
3.4 Need for a Pipeline	5
3.5 Issues	5
4 Routing.....	5
4.1 Views of the Applicant.....	5
4.1.1 Alternative Pipeline Route 1	6
4.1.2 Alternative Pipeline Route 2	6
4.1.3 Alternative Pipeline Route 3	7
4.1.4 Alternative Pipeline Route 4	7
4.1.5 Alternative Pipeline Route 5	8
4.2 Views of the Interveners.....	8
4.3 Findings of the Examiners.....	10
5 Possibility of Production Restrictions.....	10
5.1 Views of the Applicant.....	10
5.2 Views of the Interveners.....	11
5.3 Findings of the Examiners.....	11
6 Other Matters	11
6.1 Views of the Applicant.....	11
6.2 Views of the Interveners.....	12
6.3 Views of the Examiners.....	12
7 Conclusion	12
Appendix 1 Hearing Participants.....	14
Figure 1 Map of OMERS’s proposed pipeline route, alternative routes considered, and alternative route submitted by the interveners	15

ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

**OMERS ENERGY INC.
APPLICATION FOR A PIPELINE LICENCE
ROYAL FIELD**

**Decision 2008-092
Application No. 1519973**

DECISION

The Energy Resources Conservation Board, having considered the findings and recommendation set out in the following examiner report, adopts the recommendation and directs that Application No. 1519973 be denied.

Dated in Calgary, Alberta, on October 14, 2008.

ENERGY RESOURCES CONSERVATION BOARD

<original signed by>

Dan McFadyen
Chairman

ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

**EXAMINER REPORT RESPECTING
OMERS ENERGY INC.
APPLICATION FOR A PIPELINE LICENCE
ROYAL FIELD**

**Decision 2008-092
Application No. 1519973**

1 RECOMMENDATION

Having carefully considered all of the evidence, the examiners recommend that the Energy Resources Conservation Board (ERCB/Board) hereby deny Application No. 1519973.

2 INTRODUCTION

2.1 Application

OMERS Energy Inc. (OMERS) applied to the ERCB in accordance with Part 4 of the *Pipeline Act* for approval to construct and operate a pipeline for the purpose of transporting natural gas containing no hydrogen sulphide (H₂S) from an existing well at Legal Subdivision (LSD) 5, Section 17, Township 53, Range 16, West of the 4th Meridian (the 5-17 well), to Haight Mundare compressor station located at LSD 6-8-53-16W4M (the 6-8 compressor), operated by Paramount Energy Operating Corp. (Paramount). The proposed pipeline would tie the 5-17 well directly into the 6-8 compressor and would be 1.60 kilometres (km) in length, have a maximum outside diameter (OD) of 114.3 millimetres (mm), and be located about 1.1 km southeast of Mundare.

2.2 Interventions

Rod Vinnish and Janny Vinnish (the Vinnishes) are the landowners of the south half of the southwest quarter of Section 17-53-16W4M, on which a portion of the proposed pipeline would be located. The Vinnishes filed an intervention in opposition to the subject application, raising concerns regarding public consultation, land value, future development, and routing of the proposed pipeline.

Grant Durie is the renter and farmer of the northwest quarter of Section 8-53-16W4M, on which a portion of the proposed pipeline would be located. Mr. Durie filed a submission raising concerns with cleaning of equipment to prevent the spread of clubroot. During the course of the hearing, Mr. Durie elaborated on his concerns and discussed the routing of the pipeline.

2.3 Hearing

The Board held a public hearing in Vegreville, Alberta, which commenced and concluded on July 29, 2008, before Board-appointed examiners T. J. Pesta, P.Eng. (Presiding Member), L. P. Touchette, and D. L. Schafer. The examiners and ERCB staff conducted a site visit of the general area on July 28, 2008. Those who appeared at the hearing are listed in Appendix 1.

3 BACKGROUND

3.1 Public Consultation

In conjunction with proceeding to establish a hearing date on this matter, the ERCB encouraged the parties to engage in appropriate dispute resolution (ADR) to continue discussing issues of interest. OMERS stated that it was willing to meet with the Vinnishes and engage in the ADR process. The Vinnishes stated that they did not believe participation in ADR was suitable for this situation and refused to participate. No ADR meetings took place prior to the hearing.

The goal of dispute resolution is to help parties explore and understand each other's interests and develop acceptable solutions together. Even in cases eventually leading to a hearing, the parties may solve or clarify some points of the dispute and reduce the number of issues to be addressed through the hearing process. The examiners expect all parties to engage each other in an attempt to address the issues prior to the hearing. The examiners are of the view that the Vinnishes did not make reasonable efforts to communicate their concerns and potential alternatives to OMERS despite being given numerous opportunities to do so. The refusal to participate in ADR was only one of the occasions when the Vinnishes chose not to engage in meaningful discussions with OMERS.

3.2 Hearing Scheduling

A Notice of Hearing was issued by the ERCB on April 1, 2008, with the hearing to commence on May 8.

On April 12, the Board received a letter from the Vinnishes stating that they would not be able to prepare in time for the upcoming May 8 hearing and requesting that the hearing be rescheduled. The Board granted this request. On April 23, a Notice of Rescheduling of Hearing was issued by ERCB, with the hearing to commence on July 3.

On May 28, the Board received a request from Richard Secord, representative of the Vinnishes, asking the Board to reschedule the hearing to July 29, since Mr. Secord was involved in another ERCB hearing on July 3. On June 11, a Notice of Rescheduling of Hearing was again issued by the ERCB, with the hearing to commence on July 29 in Vegreville, Alberta.

On July 23, another Notice of Rescheduling of Hearing was issued identifying a new location for the hearing scheduled to commence on July 29 in Vegreville, Alberta.

The examiners express their appreciation to all participants for accommodating the unique hearing room arrangements.

3.3 Dominion Exploration Canada Ltd. and Paramount Energy Trust

In the time between OMERS's initial consultation and the commencement of the hearing, Paramount Energy Trust purchased Dominion Exploration Canada Ltd. (Dominion) and took over operation of all facilities. OMERS discussed three alternative pipeline routes that would tie into an existing Paramount pipeline (the Paramount pipeline) at slightly different locations but all within LSD 7-17-53-16W4M (the 7-17 tie-in location).

3.4 Need for a Pipeline

OMERS contended that it had the rights to the underlying oil and gas assets and that the pipeline was necessary to transport natural gas from the 5-17 well to the 6-8 compressor station, where it would be dehydrated, compressed, and subsequently delivered to ATCO Gas and Pipelines Limited's pipeline. OMERS advised that the 5-17 well was completed in the Ellerslie Formation, which has proven and probable reserves of 0.7 billion cubic feet (Bcf) of gas. In addition, the Upper Mannville Formation and Lower Mannville Formation each contains 0.25 Bcf of gas and could be completed at a later time. Therefore, OMERS argued that a total of 1.2 Bcf of gas would remain stranded until the proposed pipeline was constructed.

The Vinnishes and Mr. Durie did not dispute the need for a pipeline to allow OMERS to transport its gas to a processing facility.

The examiners note that the interveners did not dispute OMERS's need to transport its gas production from the 5-17 well to a processing facility. The examiners are satisfied that there is a need for a pipeline to provide transportation for OMERS's production to a gas processing facility.

3.5 Issues

The examiners consider the issues respecting the application to be

- routing,
- possibility of production restrictions, and
- other matters

In reaching the determinations in this decision, the examiners have considered all relevant materials constituting the record of this proceeding, including the evidence and argument provided by each party. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the examiners' reasoning relating to a particular matter and should not be taken as an indication that the examiners did not consider all relevant portions of the record with respect to that matter.

4 ROUTING

4.1 Views of the Applicant

OMERS stated that it had selected a route (Route 4; see Figure 1) for the pipeline that best accommodated the concerns of all stakeholders, including energy companies, landowners, and occupants. OMERS explained that it made every attempt to select a route that addressed the concerns of various landowners, reasonably minimizing surface disturbance while being cost efficient. When choosing a route, it would prefer the one that was most direct, with the shortest distance and lowest cost, but that was not always the best for all affected parties.

OMERS advised that it considered four possible routes to transport the gas from the 5-17 well, as well as the Vinnishes' suggested route (Route 5). However, OMERS concluded that from an

engineering, technical, and operations viewpoint, Route 4, the applied-for route, would be the best option for OMERS.

4.1.1 Alternative Pipeline Route 1

OMERS submitted that Route 1 was the original pipeline route and the right-of-way chosen was acquired without concerns by the landowners. OMERS initially received a pipeline licence for Route 1 on August 25, 2006. Route 1 would travel in an east-northeast direction from the 5-17 well, and tie in underground to the Paramount pipeline at the 7-17 tie-in location. The total length of Route 1 would be 650 m.

OMERS advised that after it had received the pipeline licence, Dominion informed it that it would be required to install an aboveground riser at the 7-17 tie-in location. When OMERS informed the landowner about this change and that the aboveground riser would require a lease site and an access road about 650 m long, the landowner opposed the proposal. OMERS stated that it then decided to move the route to the north, to the top of the quarter line (Route 3).

OMERS submitted that it had discussions with Dominion regarding the tie-in of its 5-17 well to the Dominion gathering system. It stated that while some operators allowed underground tie-ins, Dominion would not. OMERS did not provide information to support why an underground tie-in was not acceptable to Dominion/Paramount.

OMERS described what the 7-17 riser would look like for alternative Routes 1 and 3, indicating that it would be equipped with a pig trap and a valve. Pigging the pipelines would be necessary to periodically remove water and other liquids from the pipeline before it entered the 6-8 compressor. OMERS submitted that because Routes 1 and 3 would have a 114.3 mm OD and the existing Paramount pipeline was the same diameter, it would be physically possible to tie in the pipelines underground. It would also be possible to launch the pig at the 5-17 well site and Paramount could receive the pig at the 6-8 compressor. However, because Paramount would require OMERS to install the 7-17 riser if it chose Route 1 or 3, OMERS would need to install a pig receiver at the 7-17 riser. This would allow OMERS to clear the water from its own pipeline before entering the Paramount pipeline.

4.1.2 Alternative Pipeline Route 2

Route 2 would travel directly west from the 5-17 well and then tie into the pipeline at a point in LSD 6-18-53-16W4M. The total length of Route 2 would be 1350 m. OMERS argued that Route 2 was not a feasible option because it would have to bore under Highway 855 (sometimes referred to as Highway 15) and a slough located in the east half of Section 18-53-16W4M, and then tie into an existing OMERS low-pressure gathering system at LSD 6-18-53-16W4M. OMERS stated that without additional compression being added to its existing well at LSD 6-18-53-16W4M (the 6-18 well), the 5-17 well would cause the low-pressure 6-18 well to back out of production. OMERS contended that the cost associated with boring under Highway 855 and the slough and adding compression to the 6-18 well made Route 2 too expensive to pursue.

All hearing participants agreed that Route 2 would not be a viable option and submitted that it was not a route it wished the examiner panel to consider.

4.1.3 Alternative Pipeline Route 3

Route 3 would modify Route 1 to move it up along the fence line to minimize the potential overall impact on the landowner.

Route 3 would travel in an east-northeast direction to the boundary between LSDs 7 and 10, at a point just east of the boundary between LSDs 6 and 7 of Section 17-53-16W4M. It would then travel directly east and tie in at an aboveground riser connecting to the existing Paramount pipeline. OMERS pointed out that Route 3 would also require an access road to the riser site. The total length of Route 3 would be 820 m. However, the landowner did not support this alternative, was not interested in revising or amending the original Route 1, and would not amend the Option for an Easement for any route with an aboveground riser on it. OMERS submitted that it negotiated with the landowner for eight months before deciding that the best alternative to pursue was the applied-for route.

On January 31, 2008, OMERS filed a self-disclosure application to the Board to delete line 129 of Licence 40600 (Route 1), as it had not been constructed, and decided to proceed with the application for its preferred Route 4.

4.1.4 Alternative Pipeline Route 4

Route 4, OMERS's preferred route, would travel from the 5-17 well southeast to the north edge of the Vinnish property at the boundary between LSDs 3 and 6 of Section 17-53-16W4M. It would then travel south, through the Vinnish property, under Highway 16, and into LSD 14-8-53-16W4M, farmed by Mr. Durie. From there it would travel southwest into LSD 11-8-53-16W4M, also farmed by Mr. Durie, and then turn south to the tie-in at the 6-8 compressor. The total length of Route 4 would be 1540 m.

OMERS submitted that Route 4 would be the most efficient on the basis of engineering, technical, and operational grounds, despite being estimated as the most expensive route to construct. OMERS stated that the applied-for route would be the most appropriate route when the concerns of all the affected and potentially affected parties were taken into consideration and would be the best alternative for OMERS. OMERS explained that Route 4 would not require an aboveground riser at 7-17 and would not require it to use between 1.6 and 1.8 km of the Paramount pipeline. For these reasons, it suggested it had several advantages over the alternative routes.

OMERS stated that the applied-for route would result in the least amount of surface disturbance and environmental impacts of all the proposed routes. OMERS contended that alternative Routes 1, 3, and 5 (as discussed below) would require an aboveground riser, a lease site, and an access road. Because Route 4 would not require an aboveground riser, lease site, and access road to the aboveground riser, this additional surface disturbance would be eliminated. OMERS argued that a lease site and access road could contribute to the possible spread of clubroot.

In response to the concern raised by the Vinnishes regarding the highway crossing, OMERS advised that highway crossings were common practice and noted that it operated three pipelines across Highway 16 with no issues. OMERS stated that the highway crossing would be very simple to construct. OMERS suggested that in one to two years there would be no evidence of

the pipeline as a result of the planned construction methods. OMERS contended that implications of surface facilities at the 5-17 well were no different regardless of the route.

In response to concerns raised by the Vinnishes regarding impacts on future development of their land, OMERS argued that the future development was speculative in nature. OMERS noted that the Vinnishes' land was zoned as agricultural, and that the Vinnishes had not put forward any subdivision and development application before the county. OMERS also noted that the Vinnishes did not know when any future development would occur or what kind of development it might be.

In response to concerns raised by Mr. Durie regarding potential spread of noxious weed if pipeline Route 4 were followed, OMERS assured Mr. Durie that the applied-for route would not go through the slough located in the northwest quarter of Section 8-53-16W4M.

4.1.5 Alternative Pipeline Route 5

Route 5 was brought forward as an alternative route by the Vinnishes. It would travel in an east-northeast direction to the point where the Paramount pipeline crossed the boundary between LSDs 7 and 10 of Section 17-53-16W4M and tie into the Paramount pipeline either below ground or at an aboveground riser. The total length of Route 5 would be about 700 m. In response, OMERS stated that Route 5 was not a desirable choice because, in its view, it was simply splitting Routes 1 and 3 down the middle. OMERS stated that it did not see the landowner being any more agreeable to Route 5 than he was to the other proposed routes. OMERS also noted that any issues related to an aboveground riser at the tie-in with the Paramount pipeline would be the same issues as those for Routes 1 and 3.

4.2 Views of the Interveners

The Vinnishes argued that OMERS had shown that it was not necessary to locate the proposed pipeline on their land. The Vinnishes contended that OMERS had demonstrated that it did not need to pursue the applied-for route to construct a pipeline and bring its gas to market, as more economic, orderly, and efficient routes were readily available.

The Vinnishes argued that it would be technically possible to tie in alternative pipeline Routes 1 or 3 underground to the Paramount pipeline. They stated that if that was the only impediment to creating an economic, orderly, and efficient pipeline route, OMERS could have submitted an application to the ERCB for an order directing an underground tie-in at the Paramount pipeline.

The Vinnishes further argued that if OMERS believed that Route 1 or 3 was the best route and an aboveground riser was absolutely necessary, OMERS should have come to the ERCB with an application for one of those routes and then have proceeded to the Surface Rights Board for a right-of-entry order for the installation of the 7-17 riser on their property. The Vinnishes contended that OMERS's other disagreements with a landowner on Routes 1 and 3 involved the landowner asking for unreasonable conditions, which the Surface Rights Board would have no time for.

The Vinnishes advanced that the pipeline should travel the least distance possible, to minimize surface disturbance and environmental impacts. They noted that the applied-for route was the

route with the greatest distance; in fact, it would be about double that of Route 1. They asserted that the pipeline should not contribute to the proliferation of unnecessary lines. They pointed out that the applied-for route interfered with five parcels of land, while Route 1 interfered with only two parcels of land and would have the least effect on land titles. Therefore, the applied-for route would contribute to and promote the practice of fragmentation of the land and its use and reflect poor integration of pipelines by multiple pipeline operators. The Vinnishes submitted that Routes 1 and 3 would minimize the surface disturbance and environmental impacts significantly because of the shorter distance, the lack of tree cover, and the apparent size of work sites. In addition, the applied-for route, due to its length and the number of obstacles and barriers to be crossed and the number of work sites, would create the most surface disturbance.

The Vinnishes proposed a route of their own, Route 5. They suggested that this route would minimize the impact of a riser by making the junction with the Paramount pipeline at the tree line or at the end of the bluff of trees, which could be clearly seen in the aerial photographs. They noted that when compared to the applied-for route, Route 5 would be shorter, have no highway crossings, affect fewer parcels of land, and be less expensive. Further, the Vinnishes suggested that Route 5 would be more logical, direct, and less complex than the applied-for route.

The Vinnishes argued that the pipeline should be routed in manner that avoided multiple highway crossings. They noted that the applied-for route would have one highway crossing, while Routes 1 and 3 would not have any highway crossings. They contended that Routes 1, 3, and 5 would be shorter and less costly, would not involve crossing highways, and would encounter fewer obstacles than the applied-for route, which would cross Highway 16, a major highway.

The Vinnishes observed that the applied-for route would be the most expensive of those proposed. Not counting Route 2, they asserted that at least three other possible routes were more economical, efficient, and orderly—frankly, better in every respect compared to the applied-for pipeline. The Vinnishes submitted that pipeline integration should be based on the shortest and most economical, efficient, and orderly route, and by these criteria the applied-for route was the poorest integration approach.

The Vinnishes argued that the applied-for route would have negative impacts on them. They stated that their options for land use would be decreased and the impact on their land value and the ability to develop the property would be negative. The Vinnishes contended that their property was located in a prime location for development, at the corner of Highways 855 and 16. They maintained that they had the right to be protected against adverse impacts, including the loss of the opportunity to develop and the decreased value of their land, when there were clearly more economic, efficient, and orderly routes available.

Mr. Durie did not contest the applied-for route, but stated concerns about the possibility of the applied-for pipeline going through a slough in the northwest quarter of Section 8-53-16W4M, which contained the noxious weed Scentless Chamomile. Mr. Durie stated that he would like confirmation that the applied-for pipeline would not go through the slough. He indicated that if the noxious weed were disturbed and spread across the northwest quarter of Section 8, there would be a significant cost to keep it under control.

4.3 Findings of the Examiners

The examiners expect that in selecting its preferred pipeline route, an applicant must carefully consider all of the aspects that could potentially affect the proposed route. The examiners expect the applicant to consider issues relating to potentially concerned parties, such as the number of affected parties, land use, future development and future land use, the environment, and alternative routes and their effect on the potentially concerned parties. Further, the examiners expect the applicant to consider issues relating to the proposed pipeline route itself, such as the length, cost, surface disturbance, use of existing infrastructure, and technical and operating aspects. The examiners also expect the applicant to consider all of the potential pipeline routes and, if possible, select one that best addresses all concerns. The examiners also expect an applicant to carefully consider use of already existing infrastructure in order to reduce proliferation.

The examiners note that the applied-for route would be the longest and most expensive and would affect the largest number of potentially concerned parties. The examiners are of the view that although the best route is not always the cheapest, shortest, or the one that affects the fewest parties, OMERS did not sufficiently investigate all alternatives available for a pipeline, including other alternatives discussed during the hearing.

The examiners are of the view that OMERS did not provide sufficient information as to the reasoning behind why Dominion/Paramount required an aboveground riser to be located at the tie-in to the Paramount pipeline. Nor did OMERS provide sufficient information showing that it attempted to resolve the issue with Dominion/Paramount about the possibility of other methods of tying into the Paramount pipeline.

5 POSSIBILITY OF PRODUCTION RESTRICTIONS

5.1 Views of the Applicant

OMERS indicated that Dominion or Paramount would likely restrict or shut in the flow from the 5-17 well to prevent backing out production from the wells located along the Paramount pipeline. However, no written evidence of these discussions was provided. OMERS stated that even though an underground tie-in might be technically possible, it would not remove the possibility of the flow from the 5-17 well being restricted or shut in.

OMERS stated that because the 7-17 riser would have a valve, Paramount would have access to the valve and could, if it wished, shut in the production from the 5-17 well at the 7-17 riser.

OMERS explained that the wells located along the Paramount pipeline were lower pressure than the 5-17 well. Accordingly, the higher-pressure flow from the 5-17 well would increase the line pressure of the Paramount pipeline, resulting in a detrimental impact on both OMERS's 5-17 well and the lower-pressure wells along the Paramount pipeline. Therefore, OMERS suggested that if it chose Routes 1, 3, or 5, Paramount would likely restrict or shut in the flow from the 5-17 well. OMERS acknowledged that the 5-17 well could be flow restricted even with Route 4. OMERS admitted that it did not know the normal operating pressure or how much spare capacity existed on the Paramount pipeline.

OMERS argued that Route 4 would allow its gas to flow freely without the risk of being restricted or shut in, which could be the case for alternative Routes 1, 3, or 5.

5.2 Views of the Interveners

The Vinnishes suggested that similar arrangements for tie-ins to existing systems were not uncommon and argued that with regard to Routes 1 and 3, OMERS could have alleviated its concerns about Paramount possibly shutting in OMERS's gas production by filing an application with the ERCB, under Section 48 of the *Oil and Gas Conservation Act*, to have Dominion or Paramount declared a common carrier. The Vinnishes contended that OMERS did not appear to be concerned about production restrictions when it originally chose Route 1 and acquired land.

5.3 Findings of the Examiners

The examiners are not satisfied that OMERS has demonstrated that any route or tie-in method would result in unusual or unsolvable risks of production restrictions or well shut-in. The examiners are of the view that without clear evidence indicating a real risk of production being restricted, it would not be in the interests of orderly development to approve yet another pipeline in an area where an existing one may well serve the purpose and thereby reduce impacts. The examiners also note that the risk of OMERS's 5-17 well being shut in would be present on any route. The examiners are not convinced that the risk of production restrictions, as raised by OMERS, warrants being a primary consideration in route selection.

6 OTHER MATTERS

6.1 Views of the Applicant

OMERS advised that as it became aware that clubroot was becoming an issue in the area, rather than having to react to people coming and asking it what it was going to do, it established a basic procedure as to how it would take care of pipeline equipment that would disturb soil. OMERS stated that it used the Alberta government's clubroot publications to come up with a company policy of using a 2 per cent bleach solution to wash all earth-moving equipment. OMERS advised that there was no point in being proactive if it was using the wrong bleach solution to wash its earth-moving equipment. Accordingly, it stated that it would look at its policy to see if it was as good as it should be. OMERS committed to all of the proposed mitigation measures outlined in its document *Proposed Club Root Prevention on Pipeline Construction*. OMERS committed to the Board that it would be interested in working with Mr. Durie towards a solution.

OMERS stated that it had contracted Guard Resources Ltd. (Guard) to provide administrative and management services for its day-to-day oil and gas operations. However, OMERS confirmed that it was responsible and accountable for all legal and business activities, including regulatory proceedings, approvals, and compliance. Pursuant to an agreement between OMERS and Guard, Guard has the authority to manage and operate OMERS's assets in a "good workmanlike manner" and following good oilfield practices. OMERS confirmed that should there be any operational problems, Guard should be contacted. OMERS stated that it would direct Guard to do applicable tasks.

6.2 Views of the Interveners

Mr. Durie advised that he would refuse entry on the land until equipment was cleaned and sprayed with a 5 per cent bleach solution and then inspected by himself and the landowner. He explained that he picked 5 per cent to err on the side of caution after doing some research with an agrologist he hired to work on his farm. Mr. Durie submitted that the oil and gas industry needed to sit down with agriculture to try to find a solution for infestation problems. Mr. Durie committed to work with OMERS on the issue and be part of a team to help OMERS with the new clubroot issues.

The interveners questioned who was responsible for OMERS's operations and what was Guard's responsibility.

6.3 Views of the Examiners

The examiners note that OMERS has prepared a proposed mitigation plan relating to the prevention of clubroot. In addition, the examiners note that OMERS and Mr. Durie have both shown a willingness to work together to develop a progressive approach to prevent clubroot in the most efficient and environmentally sound manner. The examiners also note that OMERS has committed to wash all equipment prior to entering the site, when highways are crossed, and prior to leaving the site. The examiners are of the view that when an applicant and a potentially affected party can work together towards a solution, a positive relationship often results, enabling a resolution of issues.

The examiners are satisfied with the arrangement between OMERS and Guard and note that such arrangements are common. The examiners point out that OMERS would be held responsible for the proposed pipeline, as it would be the registered licensee.

7 CONCLUSION

Even though the need for a pipeline has not been challenged, the examiners are not satisfied that OMERS has adequately pursued all options to demonstrate that the applied-for route addresses concerns of all affected parties. In addition, the examiners are not satisfied that OMERS performed adequate consultation with Paramount and potentially affected landowners along alternative routes or provided sufficient reasons for the approval of Route 4. The examiners are not prepared to recommend approval of the applied-for route, as sufficient information was not provided by OMERS to demonstrate that other feasible alternatives were adequately pursued.

The examiners are disappointed with the Vinnishes' demonstrated choice to not participate meaningfully in discussions with OMERS to attempt to define and address issues prior to a hearing. Such an approach is not helpful to the process and causes frustrations among involved parties. In the future, the examiners would encourage Vinnishes to reconsider and to participate more actively in the discussions to help address the issues.

The examiners are encouraged by the demonstrated willingness of OMERS and Mr. Durie to work together to address the spread of clubroot. Such an approach to attempt to reach a mutually satisfactory resolution helps promote positive working relationships.

Dated in Calgary, Alberta, on October 7, 2008.

ENERGY RESOURCES CONSERVATION BOARD

<original signed by>

T. J. Pesta, P.Eng.
Presiding Member

<original signed by>

L. P. Touchette
Examiner

<original signed by>

D. L. Schafer
Examiner

APPENDIX 1 HEARING PARTICIPANTS

**Principals and Representatives
(Abbreviations used in report)****Witnesses**

OMERS Energy Inc. (OMERS)

T. Bews

S. Morgan

M. Coote

W. Sopko, C.E.T.

T. Whitlock

R. Vinnish and J. Vinnish

R. C. Secord, Esq.

E. T. Chipiuk

R. Vinnish

J. Vinnish

J. G. Durie

J. G. Durie

Energy Resources Conservation Board staff

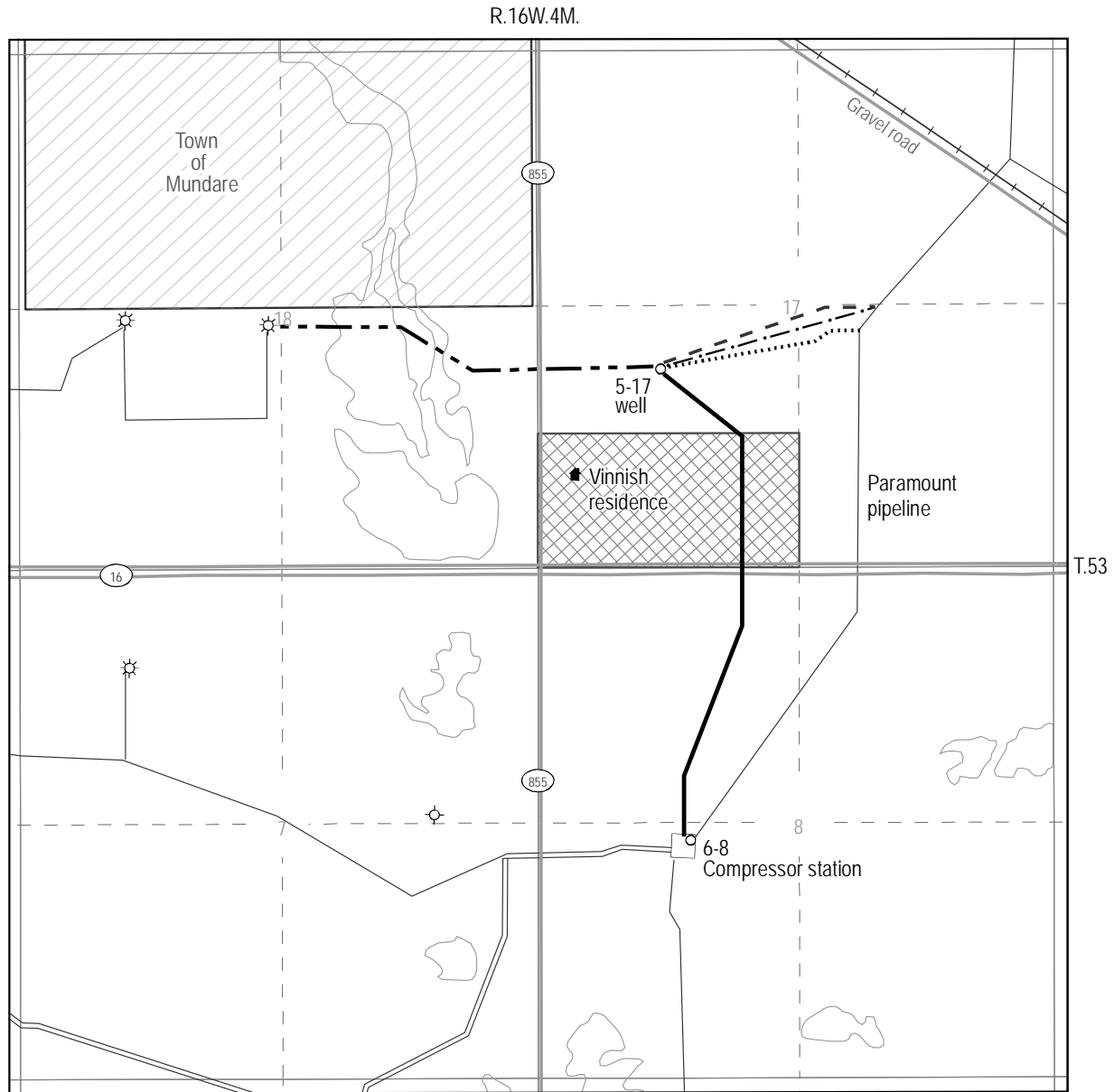
S. Damji, Board Counsel

K. Montgomery

G. McLean, C.E.T.

R. Connery, T.T.

J. Petersen



Legend

- | | | |
|-------------------------|------------------------|---------------------------------|
| Town | Compressor station | Route 1 (original route) |
| Road | Vinnish residence | Route 2 (alternative) |
| Railroad | Abandoned well | Route 3 (alternative) |
| Other existing pipeline | Drilled and cased well | Route 4 (OMERS's preference) |
| Vinnish property | Gas well | Route 5 (proposed by Vinnishes) |
| Wet area | | |

Figure 1. Map of OMERS's proposed pipeline route, alternative routes considered, and alternative route submitted by the interveners