



Shell Canada Limited

Prehearing Meeting
Applications for Well Licences and
Associated Pipeline and Facility Licences
Waterton Field

May 18, 2010

ENERGY RESOURCES CONSERVATION BOARD

Decision 2010-021: Prehearing Meeting, Shell Canada Limited, Applications for Well Licences and Associated Pipeline and Facility Licences, Waterton Field

May 18, 2010

Published by

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

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

CONTENTS

1	Introduction.....	1
2	Prehearing Meeting.....	1
3	Timing of the Hearing.....	2
4	Issues to be Considered at the Hearing.....	2
5	Hearing Participants.....	2
5.1	Section 26 of the <i>Energy Resources Conservation Act</i>	2
5.2	Persons Who Meet the Test in Section 26 of the <i>ERCA</i>	2
5.3	Other Persons.....	3
5.4	Information Sessions	4
6	Hearing Procedures.....	4
6.1	Intervener Funding	4
6.2	Collective Participation	4
6.3	Filing of Materials	4
Appendices		
1	Notice of Prehearing Meeting.....	6
2	Prehearing Participants	11

ENERGY RESOURCES CONSERVATION BOARD

Calgary Alberta

**PREHEARING MEETING
SHELL CANADA LIMITED
APPLICATIONS FOR WELL LICENCES
AND ASSOCIATED PIPELINE
AND FACILITY LICENCES
WATERTON FIELD**

**Decision 2010-021
Applications No. 1614134, 1614144,
1614145, 1614198, 1614210, 1617916,
1617921, 1617944, 1618012, and 1620647**

1 INTRODUCTION

Shell Canada Limited (Shell) applied to the Energy Resources Conservation Board (ERCB/ Board) for well licences and associated facility and pipeline licences, as described in the Notice of Prehearing Meeting published December 31, 2009 (Appendix 1) for Applications No. 1614134, 1614144, 1614145, 1614198, 1614210, 1617916, 1617921, 1617944, 1618012, and 1620647.

In the Notice of Prehearing Meeting, the Board asked for written submissions concerning the Prehearing Meeting to be filed by January 18, 2010. The Board notes that it received no written submissions by that deadline.

2 PREHEARING MEETING

The Board held a prehearing meeting in Pincher Creek, Alberta, which commenced and concluded on February 10, 2010, before Board Members M. J. Bruni, Q.C. (Presiding Member), J. D. Ebbels, LL.B., and T. L. Watson, P.Eng.

The prehearing meeting opened and closed on February 10, 2010. At the prehearing meeting, the Board exercised its discretion and permitted a party to make a presentation on his interpretation of Section 26 of the *Energy Resources Conservation Act (ERCA)*. The person gave no advance notice of the presentation and had filed no materials. Accordingly, Shell was unaware of the presentation and materials and had not had a chance to respond. Shell requested and was granted the opportunity to respond to the presentation in written submissions following the prehearing meeting. The Board issued a schedule for written submissions in its letter of February 18, 2010. The party provided submissions in letters dated February 24, 2010, and March 3, 2010. Shell provided submissions in letters dated February 24, 2010, February 25, 2010, and March 8, 2010.

Those who appeared at the prehearing meeting are listed in Appendix 2.

After having heard the evidence in this matter, but prior to the issuance of this decision report, Board Member J. D. Ebbels passed away. The remaining two panel members constitute a quorum and their deliberations are set out in this prehearing decision report.

3 TIMING OF THE HEARING

The Board made a decision at the prehearing meeting to hold a public hearing in the fall of 2010 to consider Applications No. 1614134, 1614144, 1614145, 1614198, and 1614210 (the Waterton 68 Project). Specific dates for this hearing are provided in Table 1. At a later date, the Board will provide details respecting the timing of a public hearing for Applications No. 1617916, 1617921, 1617944, 1618012, and 1620647 (the Castle River Project).

Table 1. Hearing Schedule

Date	Action
August 30, 2010	Intervener submissions
September 27, 2010	Shell to file response to intervener submissions
October 19, 2010	Hearing commences

4 ISSUES TO BE CONSIDERED AT THE HEARING

In a general sense, the Board is reluctant to provide a list of issues to hearing participants prior to the hearing, as it does not want to exclude relevant evidence or participation. However, the Board has determined that at this point the scope of the hearing should include, among other things, issues of need, location, individual impacts, technical design, emergency response planning, and Shell's operational history in this area. In addition, the Board may be prepared to exercise its discretion to consider other issues at the hearing of these applications should they become clearly relevant.

5 HEARING PARTICIPANTS

5.1 Section 26 of the *Energy Resources Conservation Act*

There are parties that meet the test of Section 26, whereby a decision of the Board may directly and adversely affect their rights. Accordingly, the Board must give those parties a reasonable opportunity, in accordance with the provisions of Section 26; in other words, this triggers the obligations under this section. The Board decided that an oral hearing would be the best vehicle to achieve this and as such decided to conduct a hearing as indicated at the prehearing meeting. Although others may not necessarily meet the test of Section 26 and therefore could not trigger the obligations under Section 26, the Board has decided to allow their participation in the process as long as their contributions are relevant to the matters before the Board.

5.2 Persons Who Meet the Test in Section 26 of the *ERCA*

The Board considers whether a person may be directly and adversely affected by the decision of the Board on any given application based on the information before it in each particular case. The Board points out that whether a person is within an emergency planning zone is not necessarily determinative of whether that person meets the test contained in Section 26. However, the Board does use proximity to the development as a tool in assisting in its determinations. For the purposes of these applications, the Board has determined that there are persons who may be directly and adversely affected by its decision on the applications, based, among other things, on their proximity to the proposed developments, their concerns relative to emergency planning and response issues, their concerns relative to individual impacts (which

may include health, traffic, lifestyle, among others), and their concerns relating to past events in the area. These persons (hereinafter referred to as the parties) include

- Kim Barbero
- Sylvia Barbero
- Carita Bergman
- Carol Fisher
- Terry Fisher
- Mike Judd
- James Kenney
- Tracy Latham
- Barrie Orich
- Dan Orich
- Grace Orich
- Marilyn Peters
- David Sheppard
- Jean Sheppard
- Keith Vancha
- Ruth Vancha
- Elaine Voth
- Will Voth

If these parties withdraw their objections to the applications or otherwise resolve their concerns with Shell, the Board may decide to cancel the hearing.

5.3 Other Persons

Based on their submissions, the Board has determined that the persons listed below who attended the prehearing meeting or who otherwise objected to the proposed developments have not satisfied the test in Section 26 of the *ERCA*. However, the Board recognizes the unique nature and location of the applications and is of the view that others who do not meet the Section 26 test may provide relevant and useful information to the Board in assisting in its decision on these applications. The Board in this instance, at its discretion, is prepared to allow the following persons to participate fully in the hearing:

- Hans Burhmann
- Karin Burhmann
- Mary Campbell
- Linde Farley
- Karla Guyn
- Lorraine Guyn
- Roberta Harris
- Philip Hazelton
- Harold Healy
- Elaine Kelly
- Kevin Kelly
- David Laskin
- Merle Lynch
- Michael Lynch
- Sybille Manneschmidt
- Anne May
- Mary May
- Rene May
- Irene McDowall
- Stuart McDowall
- David McNeil
- Ben Mercer
- Gordon Peterson
- Jim Rennie
- Terri Rennie
- Wendy Ryan
- Mark Sandilands
- Michael Sawyer
- Catherine Scrimshaw
- Hilah Simmons
- Donna Sterling-Zoller
- Ken Williams

Any of these persons wishing to make submissions at the hearing must meet the deadlines for submission filing, as indicated in Section 3 of this decision.

Determinations regarding persons who may be directly and adversely affected respecting Applications No. 1617916, 1617921, 1617944, 1618012, and 1620647, namely, the Castle River applications, will all be considered separately at a later date.

5.4 Information Sessions

ERCB staff will offer information sessions to answer questions about the hearing process and procedures. Dates and times of these sessions will follow the release of this report.

6 HEARING PROCEDURES

6.1 Intervener Funding

With respect to funding, local intervener costs are to be applied for in the normal course after the close of the hearing, in accordance with Section 28 of the *ERCA*. A determination under Section 26 is not determinative of intervener costs eligibility under Section 28. The involvement in the process and participation in the proceedings are utilized to assist the Board in its determination under Section 28. Any other arrangements with respect to funding between participants and the applicant are up to those parties. Advances of local intervener costs are only provided in exceptional circumstances and only if it is conclusive that the party is a local intervener under Section 28 and need is established. Again, even in those exceptional circumstances, such advances need to be validated by a cost application after the hearing.

6.2 Collective Participation

The Board encourages interveners of similar interests to work collectively to avoid duplication of effort and evidence.

6.3 Filing of Materials

While the Board strives to maintain a degree of flexibility with regard to its process, the Board is also of the view that it is important to maintain procedural safeguards in order to ensure the fairness of the proceeding. The Board encourages the filing of materials in accordance with the *Energy Resources Conservation Board Rules of Practice* and the deadlines set out by the Board.

Dated in Calgary, Alberta, on May 18, 2010.

ENERGY RESOURCES CONSERVATION BOARD

<original signed by>

M. J. Bruni, Q.C.
Presiding Member

<original signed by>

T. L. Watson, P.Eng.
Board Member

APPENDIX 1 NOTICE OF PREHEARING MEETING

NOTICE OF PREHEARING MEETING

APPLICATIONS NO. 1614134, 1614144, 1614145, 1614198, 1614210, 1617916, 1617921, 1617944, 1620647, AND 1618012

SHELL CANADA LIMITED

WATERTON FIELD

Shell Canada Limited (Shell) applied to the Energy Resources Conservation Board (ERCB/Board) for a licence to drill a well, referred to by Shell as the Waterton 68 well. There are four related applications to construct and operate two pipelines and one facility and to amend an existing facility licence.

Shell also applied to the ERCB for licences to drill three wells, referred to by Shell as the Castle River 73, Castle River 74, and Castle River 75 wells. There are two related applications for licences to construct and operate two facilities.

All of the above applications are described in detail under the next heading.

The ERCB has decided to hold public hearing(s) respecting the above applications. In addition, the ERCB will hold a prehearing meeting concerning the above applications at Pincher Creek Community Hall, 287 Canyon Drive, Pincher Creek, Alberta, on **February 10, 2010**, commencing at 9:00 a.m. The matters to be considered include, but are not limited to,

- establishing the scope and purpose of the hearing, and relevant issues to be examined,
- obtaining input from parties about the ERCB holding a single hearing or two separate hearings to consider the Waterton 68 and Castle River Applications,
- discussing group representation and the use of expert witnesses,
- establishing the timing and location of the public hearing,
- discussing motions received by the Board from interested parties,
- identifying the procedures to be used in the hearing,
- identifying the participants and their roles in the hearing,
- discussing the funding of the participants, and
- any other matters as necessary.

The purpose of the prehearing meeting is to obtain parties' views on the matters listed above. Please note, the prehearing meeting will not hear evidence or argument pertaining to the merits of the applications or objections. Parties will have an opportunity to present evidence, cross-examine witnesses, and make arguments regarding the merits of the applications at the public hearing(s) of the applications.

The ERCB will confirm actual hearing(s) dates after the prehearing meeting.

Description of the Waterton 68 Applications

Application No. 1614134 (WT68)

Shell applied, pursuant to Section 2.020 of the Oil and Gas Conservation Regulations (OGCR), for a licence to drill a directional well from surface location Legal Subdivision (LSD) 10, Section 1, Township 6, Range 3, West of the 5th Meridian, about 5.8 kilometres (km) southwest of Beaver Mines, Alberta, to bottomhole location LSD 12-36-5-3W5M to obtain gas with a maximum hydrogen sulphide (H₂S) concentration of 35.6 per cent from the Rundle Group Formation. The well would be operated as a level-3 well.

Application No. 1614145

Shell applied, pursuant to Section 7.002(1) of the OGCR, for approval to construct and operate a single-well gas battery at LSD 10-1-6-3W5M to handle production from the proposed well at LSD 10-1-6-3W5M. The maximum H₂S concentration would be 32.0 per cent.

Application No. 1614144

Shell applied, pursuant to Section 7.002(1) of the OGCR, for approval to amend the existing Facility Licence No. 28757 to install and operate a 71 kilowatt (kW) fuel gas compressor at LSD 6-12-6-3W5M to provide high-pressure gas for maintenance and other operations. The maximum H₂S concentration at the existing facility is 32.0 per cent.

Application No. 1614210

Shell applied, pursuant to Part 4 of the Pipeline Act, for approval to construct and operate a pipeline to transport natural gas with a maximum H₂S concentration of 32.0 per cent from LSD 10-1-6-3W5M to LSD 6-12-6-3W5M. The proposed pipeline would be about 1200 metres (m) in length, with a maximum outside diameter of 168.3 millimetres (mm), and would operate as a level-2 pipeline.

Application No. 1614198

Shell applied, pursuant to Part 4 of the Pipeline Act, for approval to construct and operate a pipeline to transport fuel gas with no H₂S from LSD 6-12-6-3W5M to LSD 10-1-6-3W5M. The proposed pipeline would be about 1200 m in length, with a maximum outside diameter of 60.3 mm.

Description of the Castle River Applications

Application No. 1617916 (CR73)

Shell applied, pursuant to Section 2.020 of the OGCR, for a licence to drill a directional well from surface location LSD 5-20-6-2W5M, about 4.3 km northwest of Beaver Mines to bottomhole location LSD 5-16-6-2W5M to obtain gas with a maximum H₂S concentration of 35.6 per cent from the Rundle Group Formation. The well would operate as a level-3 well.

Application No. 1617944 (CR75)

Shell applied, pursuant to Section 2.020 of the OGCR, for a licence to drill a directional well from surface location LSD 5-20-6-2W5M, about 4.3 km northwest of Beaver Mines to bottomhole location LSD 1-17-6-2W5M to obtain gas with a maximum H₂S concentration of 25.0 per cent from the Wabamun Group Formation. The well would also penetrate the Rundle Group Formation with a maximum H₂S concentration of 35.6 per cent, however, the Rundle

Group Formation would not be targeted for gas production. The well would operate as a level-3 well.

Application No. 1617921 (CR74)

Shell applied, pursuant to Section 2.020 of the OGCR for a resumption of existing Well Licence No. 0235273 to re-enter an existing wellbore and sidetrack drill at surface location LSD 6-17-6-2W5M, about 3.3 km west of Beaver Mines to bottomhole location LSD 4-20-6-2W5M to obtain gas with a maximum H₂S concentration of 25.0 per cent from the Wabamun Group Formation. The well would operate as a level-3 well.

Application No. 1620647

Shell applied, pursuant to Section 7.002(1) of the OGCR, for approval to construct and operate two compressors at LSD 5-20-6-2W5M; a 71 kW gas-driven fuel gas compressor to provide high-pressure gas for maintenance and other operations and a 6115 kW electric-driven gas compressor to increase the pressure of the gas for transportation. The maximum H₂S concentration of the gas to be processed at this facility would be 32.0 per cent and would operate as a level-3 facility.

Application No. 1618012

Shell applied, pursuant to Section 7.002(1) of the OGCR, for approval to construct and operate a 71 kW fuel gas compressor at LSD 6-17-6-2W5M to provide high-pressure gas for maintenance and other operations. The maximum H₂S concentration of the gas to be processed at this facility would be 32.0 per cent, and it would operate as a level-3 facility.

To obtain a copy of the applications, contact

Shell Canada Limited
400-4 Avenue SW
P.O Box 100, Station M
Calgary, Alberta T2P 2H5
Attention: Greg Krauss, Regulatory Coordinator
Telephone: 403-691-2971
Fax: 403-691-2379

To view a copy of the applications and supporting documents, contact

ERCB Information Services
Main floor, 640-5 Avenue SW
Calgary, Alberta T2P 3G4
Telephone: 403-297-8311 (Option 2)
Viewing hours: 9:00 a.m. to 3:00 p.m.

Midnapore Field Centre
320, 295 Midpark Way SE
Calgary, Alberta T2X 2A8
Telephone: 403-297-8303

Filing of Submissions Respecting the Prehearing Meeting

It is not necessary to file any written views prior to the prehearing meeting. Presentations may be made verbally at the prehearing meeting. However, if you wish to file a written submission to the prehearing meeting, please provide 12 copies of the submission to the Application Coordinator,

Dean Campbell, at the address noted below and one copy to Shell at the address noted above prior to January 18, 2010.

Applications for Confidentiality

In accordance with Section 13 of the *Energy Resources Conservation Board Rules of Practice (Rules of Practice)*, all documents filed in respect of this proceeding must be placed on the public record. However, any party may apply for confidentiality of information under Section 13(2). Any application under Section 13(2) that is to be considered during a public hearing of the application must be copied to the other parties to the proceeding. The Board may grant a request for confidentiality on any terms it considers appropriate, subject to the Freedom of Information and Protection of Privacy Act.

Questions of Constitutional Law

Under Section 25 of the *Rules of Practice*, a person who intends to raise a question of constitutional law before the Board must give notice in accordance with Section 12 of the Administrative Procedures and Jurisdiction Act and its regulation.

For information about ERCB procedures, contact

Applications Branch, Facilities Applications Group
Attention: Dean Campbell, Applications Coordinator
Telephone: 403-297-8474
Fax: 403-297-4117
E-mail: dean.campbell@ercb.ca

Issued at Calgary, Alberta, on December 31, 2009.

ENERGY RESOURCES CONSERVATION BOARD

Patricia M. Johnston, Q.C., General Counsel

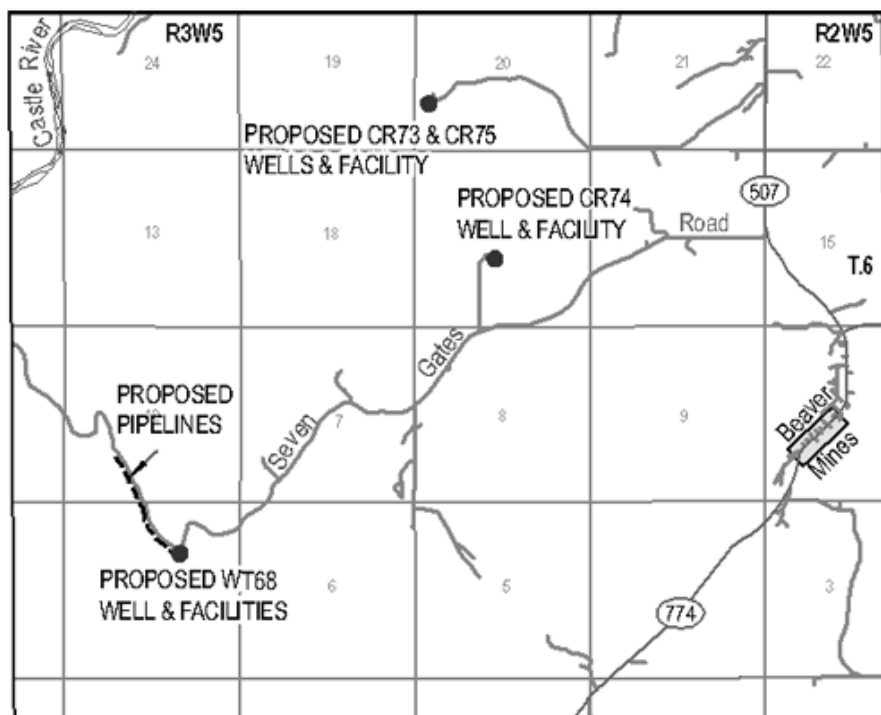


Figure 1 Proposed Waterton 68 and Castle River Applications

APPENDIX 2 PREHEARING PARTICIPANTS

Principals	Representatives
Shell Canada Limited (Shell)	B. Gilmour N. Sanderson
Gord Peterson Catherine Scrimshaw Carita Bergman Merle Lynch and Mike Lynch Mark Sandilands Sybille Manneschmidt Linde Farley Hilah Simmons Hans Burhmann and Karen Burhmann Kevin Kelly and Jolaine Kelly Philip Hazelton Mary May William Voth and Elaine Voth Donna Sterlin-Zoller Sarah Spranza and Jonathon Spranza	Castle Crown Wilderness Coalition D. Bishop
Harold Healy	
Mike Judd	Michael Sawyer
Michael Sawyer	
Tracy Latham James Kenny	T. Latham
David Laskin Ben Mercer	D. Laskin
Stuart McDowall and Irene McDowall Mary Campbell Roberta Harris	S. McDowall
Barrie Orich and Grace Orich Dan Orich and Marilyn Peters Terry Fisher and Carol Fisher	B. Orich
Wendy Ryan	
David Sheppard and Jean Sheppard Kim Barbero, Sylvia Barbero, and Kimberly Barbero	J. Klimek

Ken Williams

Energy Resources Conservation Board staff

T. Grimoldby

B. Prenevost

D. Campbell

G. McLean

J. Pichach
