



# Shell Canada Limited

Prehearing Meeting  
Applications for Well and Facility Licences  
Castle River

June 29, 2010

**ENERGY RESOURCES CONSERVATION BOARD**

Decision 2010-026: Prehearing Meeting, Shell Canada Limited, Applications for Well and Facility Licences, Castle River

June 29, 2010

Published by

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# ENERGY RESOURCES CONSERVATION BOARD

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Calgary Alberta

**PREHEARING MEETING  
SHELL CANADA LIMITED  
APPLICATIONS FOR WELL AND  
FACILITY LICENCES  
CASTLE RIVER**

**Decision 2010-026  
Applications No. 1617916, 1617921,  
1617944, 1618012, and 1620647**

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## 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 from any party by that deadline.

On May 18, 2010, the Board issued *Decision 2010-021: Prehearing Meeting, Shell Canada Limited, Applications for Well Licences and Associated Pipeline and Facility Licences, Waterton Field* respecting Applications No. 1614134, 1614144, 1614145, 1614198, and 1614210 (Waterton 68 Project). On May 25, 2010, the Board issued a Notice of Hearing advising that it will hold a public hearing regarding applications for the Waterton 68 Project commencing on October 19, 2010.

In *Decision 2010-021*, the Board stated that it would address at a later date the issues of timing of a hearing and determinations regarding persons who may be directly and adversely affected by Applications No. 1617916, 1617921, 1617944, 1618012, and 1620647 (Castle River Project).

This decision sets out the Board's determination regarding hearing timing, as well as persons who may be directly and adversely affected by the Board's decisions on the applications relating to the Castle River Project.

## 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.

At the prehearing meeting, the Board exercised its discretion and permitted a party to make a presentation on its interpretation of Section 26 of the *Energy Resources Conservation Act (ERCA)*. This party gave no advance notice of the presentation and had filed no materials in accordance with the January 18, 2010, deadline. 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 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 and March 3. Shell provided submissions in letters dated February 24, February 25, and March 8.

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

After the prehearing meeting, 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 decisions and reasons are set out in this prehearing decision report.

## **2.1 Issues to be Considered at the Hearing**

While the Board remains 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, it has determined that at this point the scope of the hearing should include, among other things, issues of need, location, individual impacts, land impacts, project design, emergency response planning, environmental impacts, 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.

## **3 HEARING PARTICIPANTS**

### **3.1 Section 26 of the *Energy Resources Conservation Act***

It appears to the Board that there are parties who have expressed objections or concerns regarding these applications who meet the test of Section 26(2) of the *ERCA*, whereby a decision of the Board may directly and adversely affect their rights. The Board must therefore give those parties reasonable opportunities, in accordance with Section 26(2)(a),(b),(c),(d), and (e). In other words, the existence of parties who may be directly and adversely affected by a decision of the Board as contemplated in Section 26(2) triggers the Board's obligations under that same section. The Board has decided that an oral hearing would be the best vehicle with which to discharge its obligations and as such decided to conduct a hearing as indicated at the prehearing meeting.

### **3.2 Persons Who Meet the Test in Section 26(2) 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. While the Board may use proximity to the development as a tool in assisting in its determinations, it considers that whether a person is within an emergency planning zone is not necessarily determinative of whether that person meets the test in Section 26(2). For the purposes of the Castle River Project, the Board has determined that there are persons who may be directly and adversely affected by its decision on the applications based on, among other things, their proximity to the proposed developments, their concerns regarding emergency planning and response, 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
- Mike Judd
- David Sheppard
- Jean Sheppard
- Keith Vancha
- Ruth Vancha
- Elaine Siefert
- Mark Sandilands
- Catherine Scrimshaw
- Gordon Peterson
- Mary May
- Merle Lynch
- Michael Lynch
- David McNeil
- Linde Farley
- Jim Rennie
- Terri Rennie
- Kevin Kelly
- Jolaine Kelly
- Karla Guyn
- Lorraine Guyn

If these Parties withdraw their objections to the applications or otherwise resolve their concerns with Shell, the Board will reconsider if a hearing is required and may decide to cancel the hearing.

### 3.3 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 applications relating to the Castle River Project have not satisfied the test in Section 26(2) of the *ERCA* and therefore do not trigger a hearing of the applications.

Having said that, the Board recognizes the unique nature and location of the lands involved in the applications and is of the view that other persons who do not meet the test in Section 26(2) 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 in the hearing:

- Hilah Simmons
- Donna Sterling-Zoller
- Hans Burhmann
- Karin Burhmann
- Philip Hazelton
- Sybille Manneschmidt
- Elaine Voth
- Will Voth
- Sarah Spranza
- Jonathon Spranza
- Carita Bergman
- Ken Williams
- Wendy Ryan
- Michael Sawyer
- James Kenney
- Tracy Latham
- Barrie Orich
- Grace Orich
- Marilyn Peters
- Dan Orich
- Terry Fisher
- Carol Fisher
- Ben Mercer
- David Laskin

These persons will be permitted to participate in the proceeding in the manner outlined in Section 26(2)(b),(c),(d), and (e) subject to the evidence being of relevance to the proceeding. Any of these persons wishing to make submissions at the hearing must meet the deadlines for submission filing, as will be indicated in the notice to be issued with respect to this hearing.

Certain persons who attended the prehearing meeting expressed concerns about the Waterton 68 Project, but did not express concerns about the Castle River Project. These persons include Stuart McDowall, Irene McDowall, Roberta Harris, Mary Campbell, and Harold Healy. Accordingly, these persons have not been listed in Section 3.3 as participants in the hearing of the applications relating to the Castle River Project.

## **4 TIMING OF THE HEARING**

In light of its determination that the Parties listed in Section 3.2 may be directly and adversely affected by the Board's decision on these applications, the Board has decided to hold a public hearing to consider Applications No. 1617916, 1617921, 1617944, 1618012, and 1620647.

The Board's intention is to schedule these applications for hearing at a date following the issuance of the Board's decision on the Waterton 68 applications. An approximate timeline is provided in Table 1. The Board will issue a Notice of Hearing of the applications in due course, and at that time the Board will set out the submission filing deadline and any other deadlines and dates related to the proceeding.

Table 1. Hearing schedule

| Date             | Action  |
|------------------|---|
| February 2011    | Release of Board's decision on the Waterton 68 applications |
| February 2011    | Notice of hearing   |
| Early March 2011 | Intervener submissions                                      |
| Late March 2011  | Shell to file response to intervener submissions            |
| April 2011       | Hearing commences   |

## **5 HEARING PROCEDURES**

### **5.1 Intervener Funding**

With respect to potential funding, local intervener costs may be applied for in the normal course after the close of the hearing, in accordance with Section 28 of the *ERCA* and *ERCB Directive 031: Guidelines for Energy Proceeding Cost Claims*. A determination under Section 26 is not determinative of intervener cost eligibility under Section 28.

The Board encourages the Parties to inquire about making funding arrangements with the applicant in order to facilitate their hearing preparation efforts.

### **5.2 Collective Participation**

While the Board encourages cooperation among intervening parties and the sharing of legal experts and other resources needed to prepare for and participate in Board hearings, it has no authority or jurisdiction to mandate how, and to what degree, these parties choose to do so.



Accordingly, the Board is not in a position to provide specific direction regarding, or to prescribe the process by which intervening parties should share resources needed to participate in the hearing of the applications.

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

### **5.3 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 June 29, 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 (H<sub>2</sub>S) 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 H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S concentration of 25.0 per cent from the Wabamun Group Formation. The well would also penetrate the Rundle Group Formation with a maximum H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S 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 H<sub>2</sub>S 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](mailto:dean.campbell@ercb.ca)

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

### ENERGY RESOURCES CONSERVATION BOARD

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

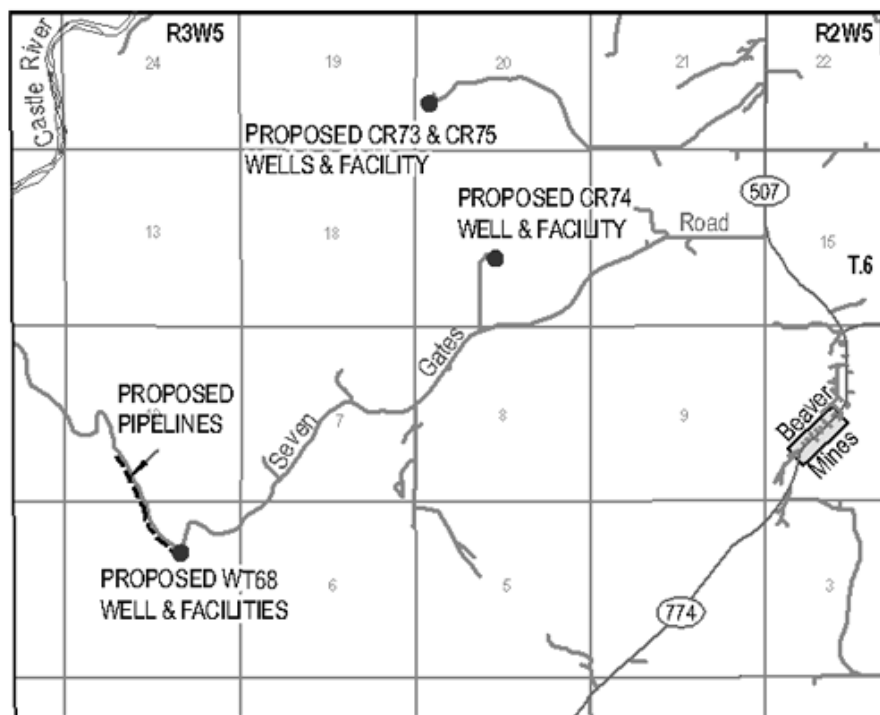


Figure 1 Proposed Waterton 68 and Castle River Applications

## APPENDIX 2 PREHEARING PARTICIPANTS

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

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Principals

Ken Williams

Representatives

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Energy Resources Conservation Board staff

T. Grimoldby

B. Prenevost

D. Campbell

G. McLean

J. Pichach

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