

Proceeding ID 377

March 20, 2019

Calgary Head Office
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Calgary, Alberta T2P 0R4
Canada

By email only

www.aer.ca

Husky Oil Operations Limited

Attention: Gareth Lewis

**Re: Encana Application 1911974
Hearing Participation Decision**

Dear Mr. Lewis:

I am writing to you on behalf of the Alberta Energy Regulator (AER) panel of hearing commissioners assigned to this proceeding (the panel).

On February 21, 2019, the AER issued a notice of hearing for Encana Corporation's (Encana) application 1911974 under *Directive 065: Resources Applications for Oil and Gas Reservoirs* for approval for acid gas disposal in the Belloy aquifer about 30 kilometres northwest of Grande Prairie, Alberta. The notice of hearing explained how to file a request to participate in the hearing and set a filing deadline of March 7, 2019.

The AER received Husky Oil Operations Limited's (Husky) request to participate on March 7, 2019. In the request, you noted that Encana's proposed acid gas disposal well is, at its closest point, within 1600 metres of Husky's drilled, completed, and tested horizontal well in the Montney Formation located at 12-20-73-9W6M (surface). Husky's interpretation of the relevant subsurface is that its well and Encana's proposed acid gas disposal well are in a known faulted area. The request expressed Husky's concern that "significant H₂S migration into the Montney formation, coupled with potential pressure communication between the over-pressured Montney (11-12 kPa/m) and the under-pressured Belloy, would have significant negative impacts on Husky's overall hydrocarbon recovery in the Wembley Montney field."

On March 14, 2019, Encana filed a response to Husky's request to participate. In it, Encana submitted that Husky failed to engage with Encana about the application in a timely manner. Encana also said the AER should deny Husky's request to participate because Husky had not demonstrated that it may be directly and adversely affected by the AER's decision on the application.

Hearing Panel Decision

inquiries 1-855-297-8311
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Section 34(3) of the *Responsible Energy Development Act* states that, “a person who may be directly and adversely affected by the application is entitled to be heard at the hearing.” In addition, even if a person will not be directly and adversely affected by a decision of the AER on an application, section 9(2)(c) of the *AER Rules of Practice (Rules)* gives the panel discretion to grant participation status to (i) persons whose participation will materially assist the panel in deciding the matter that is the subject of the hearing, (ii) who have a tangible interest in the matter and (iii) whose participation will not unnecessarily delay the proceedings and (iv) not repeat or duplicate evidence.

The panel has considered Husky’s request to participate and Encana’s response. While it is unfortunate that Husky did not engage sooner with Encana about the application, the panel finds, based on the information before it, that regardless whether it may be directly and adversely affected: (i) Husky’s participation in the hearing will materially assist the panel in making a decision on the application; (ii) Husky has a tangible interest in the subject matter of the hearing because its well is located in the Montney Formation within reasonable proximity to Encana’s proposed disposal well; and (iii) Husky’s participation will not unnecessarily delay the proceedings or result in duplicate evidence.

For the above reasons and subject to further directions or rulings issued by the panel, Husky is permitted full participation in the hearing.

The panel proposes meeting in April with legal counsel for all parties to discuss hearing process steps. This meeting will include the panel members, a hearing coordinator and AER legal counsel only. There will not be a court reporter present. The hearing coordinator will take minutes of the meeting and will forward the minutes to all attendees.

Please provide the dates that you are not available for a 2 hour meeting during April by Monday, March 25, 2019 to hearing.services@aer.ca.

Once the panel determines a date for the meeting, an agenda will follow.

If you have any questions contact me at 403-297-3232 or at hearing.services@aer.ca.

Yours truly,
Tammy Turner
Hearing Coordinator

Enc: Fact Sheet – Hearings and Privacy

cc: D. Naffin, Bennett Jones LLP
T. Meyers, Bennett Jones LLP
J. Jamieson, McLennan Ross LLP