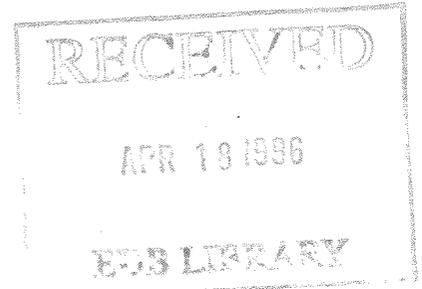


ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**APPLICATION BY CANADIAN FOREST OIL LTD.
FOR A PERMIT TO CONSTRUCT A NATURAL GAS
PIPELINE IN THE PENHOLD AREA****Examiner Report E 96-4
Application No. 960015****1 INTRODUCTION****1.1 Application**

Canadian Forest Oil Ltd. (Canadian Forest), formerly Atcor Ltd., applied to the Alberta Energy and Utilities Board, pursuant to Part 4 of the Pipeline Act, for a permit to construct approximately 2.3 kilometres (km) of 88.9-millimetre outside diameter pipeline. The pipeline would transport natural gas from an existing well located in Legal Subdivision 3, Section 30, Township 36, Range 27, West of the 4th Meridian (3-30 well), to the existing Canadian Forest gas plant located in Lsd 10-30-36-27 W4M (Figure 1).

1.2 Intervention

The application was opposed by John Surkan Farms Ltd. (Surkan Farms), owner of the SW $\frac{1}{4}$ 30-36-27 W4M. Approximately 260 metres (m) of the proposed pipeline would be located on land owned by Surkan Farms. Right of way agreements have been obtained for the remainder of the proposed 2.3 km pipeline.

1.3 Hearing

The application was considered at a public hearing in Calgary (Govier Hall), on 21 February 1996, by Board-appointed examiners R. N. Houlihan, P.Eng., T. M. Hurst, and F. G. Sorenson. During the hearing evidence was presented on the 3-30 well site and access road and the relationship between the lease for these and the proposed pipeline. Surkan Farms requested an adjournment to allow for a review of the well licence and the pipeline application on the grounds both were interconnected. The panel ruled against this motion.

Participants at the hearing are listed in the following table.

THOSE WHO APPEARED AT THE HEARING

Principals and Representatives (Abbreviations Used in Report)	Witnesses
Canadian Forest Oil Ltd. (Canadian Forest) P. T. Maguire	J. Munro L. Day R. Drew E. Thomas
John Surkan Farms Ltd. L. H. Olthafer R. A. Neufeld	E. Surkan
Alberta Energy and Utilities Board staff J. Amoruso A. Larson, P.Eng.	

2 ISSUES

The examiners consider the issues to be:

- the proposed route of the pipeline,
- pipeline depth of cover, and
- cleaning of equipment.

3 CONSIDERATION OF THE APPLICATION

3.1 Views of Canadian Forest

Canadian Forest stated that the pipeline is needed to produce natural gas from the 3-30 well. This well was drilled and cased in 1972 but was not completed for production. The well would now be tied into Canadian Forest's sweet gas plant located in Lsd 10-30-36-27 W4M.

In its application, Canadian Forest indicated that the pipeline would be buried below the access road heading directly south of the 3-30 well site and as a result would not require another right of way agreement. It would cross the county road and enter the NW $\frac{1}{4}$ of Section 19 where it would proceed parallel to the road allowance into the NE $\frac{1}{4}$ of Section 19, and then head north to the plant in Lsd 10-30 (Figure 1). Canadian Forest's initial preference was that the pipeline be routed diagonally from the well site to the north-east across the SW $\frac{1}{4}$ of Section 30 (Figure 1). This route would be the shortest distance between the 3-30 well and the gas plant. In addition, it

would impact the least number of landowners, minimize environmental disturbances, and be the most cost effective. After discussions with Surkan Farms, Canadian Forest modified the route to that proposed in the application.

Canadian Forest stated that it was opposed to the Surkan Farms proposal that the pipeline be moved 40 m to the west of the applied-for route and run south adjacent to a drainage ditch (Figure 1). This route would involve negotiating a new right of way agreement and a new county approval for the road crossing and an additional 80 m of pipe. Further, it would be situated at the lowest location in the area, making pipeline construction more complicated and costly.

Canadian Forest stated that it did not view the route of the pipeline and the route of the access road as having to be the same. Although Canadian Forest did not consider the question of road access to be within the scope of the hearing, it was concerned with the access road adjacent to the drainage swale. It believed that this location is lower and wetter and as a result may limit year round access to the well site. Regarding Surkan Farms contention that an access road along the applied-for route may result in flooding to the east, Canadian Forest stated that regardless of where the road was built, it would be constructed with the necessary ditches and culverts to allow for the unobstructed flow of water. The pipeline as applied-for would not impact farming operations and, from an engineering perspective, would be preferable to that proposed by Surkan Farms.

Canadian Forest committed to burying the pipeline to a depth of 1.8 m to alleviate concerns Surkan Farms had regarding deep tillage. It also committed to steam cleaning the equipment used for the pipeline installation and agreed to allow a representative from Surkan Farms the opportunity to inspect the equipment prior to entering its land.

3.2 Views of Surkan Farms

Surkan Farms did not question the need for the proposed pipeline. It stated that the route to the north-east was unacceptable because it would cross land farmed for pedigree seed and would impact on plans to subdivide the land. It added that subdivision plans have been filed with the County of Red Deer. Surkan Farms stated that it was also opposed to the applied-for route and would prefer that the pipeline be adjacent to the drainage ditch 40 m to the west.

Surkan Farms agreed that the pipeline itself was not a problem, but that an access road above it would be. It stated that the access road would have to be upgraded; this would impact the water drainage in this area, leading to flooding. It would also restrict farm access to a portion of land between the access road and the drainage ditch. Surkan Farms wanted to minimize easements and stated that having the pipeline and access road in the same right-of-way would avoid unnecessary caveats on the property.

Surkan Farms stated that it may be operating deep tillage equipment on the property and is concerned with the proposed pipeline depth of cover. It would prefer that the pipeline be buried to a depth of 2.4 m, but would be satisfied with a 1.8 m of cover. Surkan Farms also requested that all pipeline equipment be steam cleaned and inspected prior to entry on the land.

3.3 Views of the Examiners

The examiners note that the need for the pipeline was not an issue. The main concerns raised by Surkan Farms involved the location of the access road and well site orientation. The examiners had a pipeline application for consideration and believe it can be decided without reviewing the well approval.

The examiners note that Canadian Forest revised its original pipeline route after discussions with Surkan Farms. This revision, designed to accommodate Surkan Farms, did not satisfy Surkan Farms because, in the opinion of the examiners, there was a misunderstanding with the route to the south. The examiners believe that had the principals of the two parties met and made a determined effort to communicate and negotiate, some of the issues could have been resolved.

The examiners recognize Surkan Farms' desire to minimize the number of easements on its property, and note that an easement currently exists for the applied-for route. Surkan Farms preferred route would require that an additional easement be obtained and would nominally increase the length of the pipeline. The examiners are satisfied that locating the pipeline in the applied-for route would have no impact on farming operations.

The examiners acknowledge that Canadian Forest has committed to; burying the pipeline to a depth of 1.8 m, steam cleaning construction equipment, and allowing a representative of Surkan Farms the opportunity to inspect cleaning operations. The examiners note that Surkan Farms found these conditions acceptable.

4 RECOMMENDATION

The examiners recommend Application No. 960015 by Canadian Forest Oil Ltd. be approved.

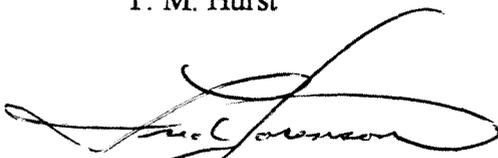
DATED at Calgary, Alberta, on 16 April 1996.



R. N. Houlihan, P.Eng.



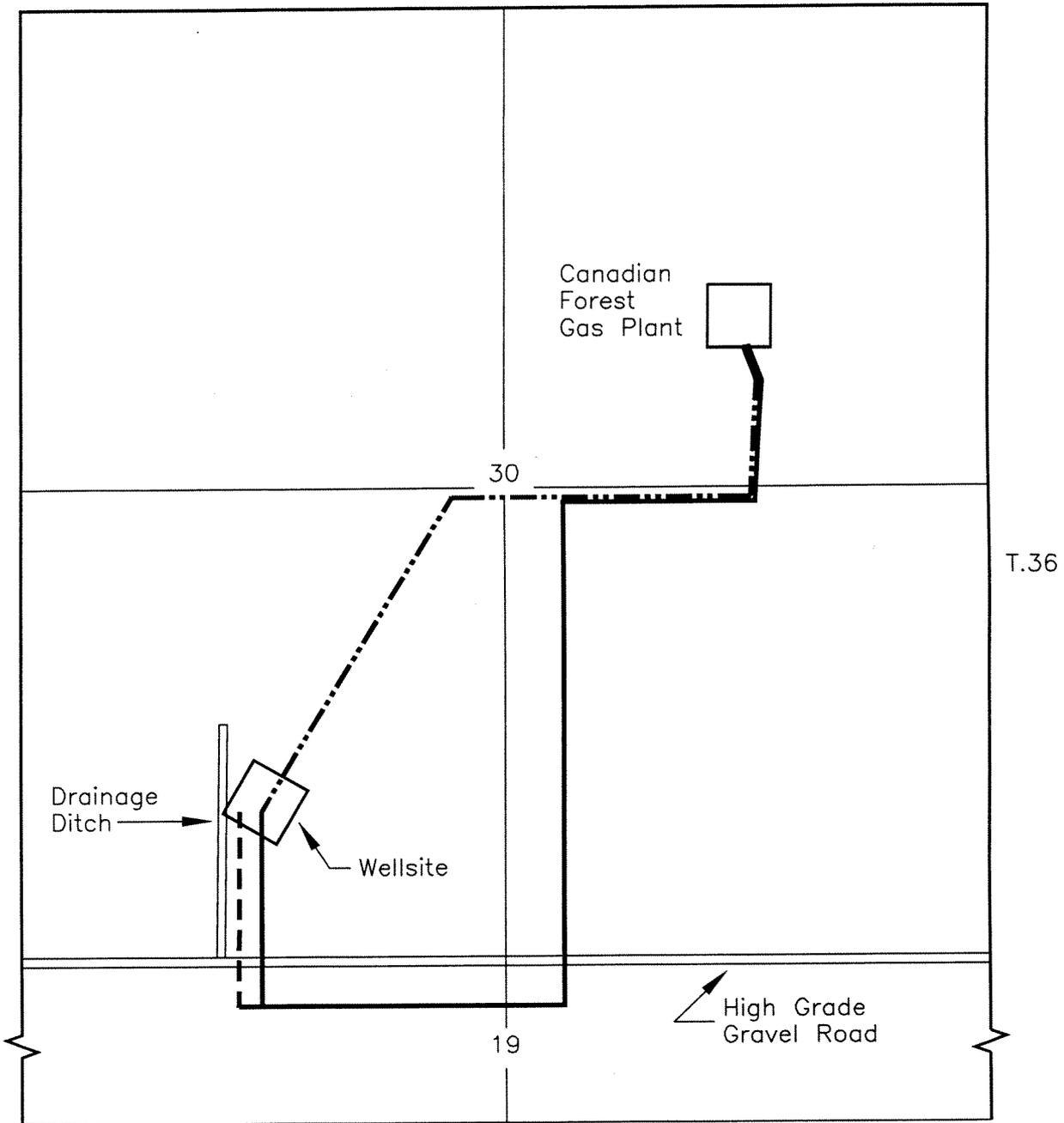
T. M. Hurst



F. G. Sorenson

FIGURE 1

R.27 W.4M.



LEGEND

- Applied For Route
- - - Surkan Farms Preferred Route
- · - · Canadian Forest North East Route

PENHOLD AREA

Application No. 960015

Canadian Forest Oil Limited

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