

# a c r o s s t h e b o a r d



The modern-day challenges of conservation are highlighted by the Board's recent decision to shut in 146 gas wells in northern Alberta to conserve valuable bitumen resources. See story on page 3.

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## About the EUB

*Our mission is to ensure that the discovery, development, and delivery of Alberta's resources take place in a manner that is fair, responsible, and in the public interest. We regulate oil, natural gas, oil sands, coal, hydro and electric energy, pipelines, and transmission line development. On the utilities side, we regulate investor-owned natural gas, electric, and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. Regulation is done through four core functions: adjudication and regulation, applications, surveillance and enforcement, and information.*

## EUB Denies Request for Ludwig Inquiry

On May 10, 2000, the EUB issued a report to set the record straight on the EUB's involvement with Wiebo Ludwig.

On October 21, 1998, the EUB received a letter on behalf of the Ludwig, Schilthuis, Boonstra, Wraight, Bryzgorni, and Johnstone families and Dr. William O. Scott. The letter requested that the EUB hold an inquiry on the grounds of health and environmental complaints about oil and gas emissions in the Hythe area, as well as concerns about alleged increasing community frustration and intentional damage to facilities.

In February 1999, the Board was close to a decision when Wiebo Ludwig and Richard Boonstra were charged with criminal offences related to damage of oil and gas facilities in northwestern Alberta. Given the charges, the Board said it would be inappropriate to comment on issues that could be the subject of court proceedings. On March 8, the Board deferred ruling on the inquiry until these proceedings had concluded. On April 19, Mr. Ludwig and Mr. Boonstra were convicted for some of the offences with which they were charged.

### The EUB's Decision

On May 10, 2000, the Board denied the request for an inquiry, citing three reasons.

- Oil and gas operations identified by the applicants have been conducted in compliance with the terms of the respective companies' approvals, licences and permits within provincial environmental standards. Only a few exceptions have occurred, and in those instances individual companies and the EUB took appropriate action.
- There is no objective evidence that the deleterious effects identified by the applicants are caused by the lawful activities of energy companies in the Hythe area.
- The applicants (especially those at Trickle Creek Farm) consistently refused to cooperate over the years in participating in reasonable efforts

initiated by the EUB, industry, and other government agencies to find solutions to their concerns or that could have substantiated their complaints.

The report cites an example of this unwillingness to cooperate that occurred in spring 1998, when the Ludwigs agreed to participate in a meeting to be held on June 4 in Beaverlodge. They retained legal counsel, chose a neutral facilitator, and hired an environmental consultant. They worked with the facilitator and agreed to the meeting agenda. The EUB and three companies funded the costs of the Ludwigs' participation.

On June 4, about 60 members from the public, companies, government agencies and EUB staff met at the Beaverlodge Community Hall. The Ludwigs refused to participate, apart from reading a prepared statement to the effect that the meeting was an "inappropriate forum" in which to discuss their concerns. In the EUB's view, the meeting could have led to a process whereby appropriate medical, veterinary, soil, water, and air testing could have been conducted with the Ludwigs' input. Their refusal to participate led to the failure of this potentially important process.

Other examples include the Ludwigs' refusal

- to accept offers from industrial operators to conduct objective monitoring and testing of air, soil, and water on the farm, or
- to accept EUB suggestions that they arrange for veterinary examinations and treatment for their ailing livestock—a normal expectation of sound herd management.

Given the lack of objective evidence and unwillingness to participate in processes that would help gather such evidence, the Board said the request for a public inquiry could not be supported.

*continued on page 2*

**For Your Information...****Recent EUB Publications****General Bulletins**

**GB 2000-09:** Guide 64: Facility Inspection Manual

**GB 2000-10:** Stakeholder Consultation on Draft EUB Rules of Practice for Energy and Utilities Proceedings

**Interim Directives**

**ID 2000-01:** Base Well Count Adjustment – Long Term Inactive Well Program

**ID 2000-02:** Security Deposits – Acceptable Forms of Security; Amended Deposit Refund Policy – Corporate Audit (WSR<0.5) Audit Process; Abandonment Deposits – Acknowledgement of Deposit Forfeiture

**Reports/Publications**

Guide 64: Facility Inspection Manual

1998/99 Orphan Fund Annual Report

Sulphur Recovery Guidelines Review – Advisory Group Report

**News Releases**

**2000-17:** EUB Issues Decision on Gulf's Request to Shut in Surmont Gas

**2000-18:** EUB Issues Decision on Goodwell

Petroleum's Application to Shut in Bitumen Wells

**2000-19:** EUB Receives Sulphur Recovery Guidelines (Grandfathering) Report and Recommendations from Advisory Group

**2000-20:** EUB Action on Ludwig Inquiry Request

**2000-21:** EUB Approves Mid-Season Gas Cost Recovery Rate Applications

**2000-22:** EUB Approves New ATCO Electric Rates

*For information on how to obtain copies of these documents, see the column on page 4.*

**Recent Decisions**

**April 3:** Issued decision on Gulf Canada Resources Limited's application to shut in associated gas production from 183 wells in the Surmont area. The Board concluded that continued production of associated gas at Surmont presents a significant risk to future bitumen recovery and approved Gulf's request in part by ordering the shut-in of 146 wells effective May 1, 2000. For more information on Decision 2000-22, see article on page 3.

**April 3:** Issued decision on Goodwell Petroleum Corporation Ltd.'s application to shut in 16 horizontal wells southwest of Fort McMurray, operated by AEC East and Amber Energy Incorporated. After careful consideration, the Board ordered immediate shut-in of 4 of the 16 wells until such time as AEC East has

obtained full rights to produce the gas-cap gas, has adequately addressed the impact on bitumen production, and depletion plans have been approved. The Board does not believe that the shut-in of additional wells is warranted at this time. (Decision 2000-21)

**April 4:** Issued decision on ESBI Alberta Ltd.'s 1999/2000 Tariff Application Refiling (Part A), ordering the company to make amendments to the Invitation to Bid on Credits business practice and documents package and to refile with the Board when finalized. (Decision 2000-24)

**April 10:** Approved Ranger Oil Limited's application to amend its Primary Recovery Scheme in the Cold Lake Oil Sands Area subject to authorization of the Lieutenant Governor in Counsel and conditions attached to the approval. (Decision 2000-23)

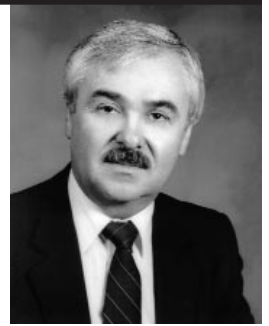
**April 25:** In response to ESBI Alberta Ltd.'s 1999/2000 Tariff Application Refiling (Part B Tariff and Terms and Conditions), the Board ordered EAL to make changes to the revenue requirement, tariffs, and terms and conditions of service, and to refile with the EUB when finalized. Under this conditional approval, EAL may commence with the tariffs and terms and conditions of service on June 1, 2000. (Decision 2000-25)

**April 28:** Approved applications by Northwestern Utilities Limited, ATCO Gas and Pipelines Ltd., AltaGas Utilities Inc., and Bonnyville Gas Company Limited for mid-season adjustments to their 2000 summer Gas Cost Recovery Rates effective May 1 to October 31, 2000. (Board Orders U2000 176-179)

**May 1:** Approved ATCO Electric Ltd.'s application to adjust rate riders for customers effective May 1, 2000. The rate riders were formerly approved in Decision 2000-19. However, ATCO requested an adjustment after discovering that not all costs had been included in its previous refiling. Of ATCO's 12 customer rate categories, 9 will increase, 2 will decrease, and 1 is unchanged. These decisions affect REA and municipal customers in ATCO's service area but do not impact customers in Edmonton, Calgary, Red Deer, Medicine Hat, and Lethbridge. (Decision 2000-26)

**In Memoriam  
Frank Mink,  
Board Member**

July 23, 1941–  
April 26, 2000



The EUB is sad to announce the death of Board Member Frank Mink on April 26, 2000. Frank spent 27 years with the EUB, where he both guided and grew with the organization. From 1972 until his 1987 Board appointment, he was a senior economist and then manager of the Economics department. In December 1990, he was appointed Vice-Chairman and then served as Co-Chairman from 1991 to 1994, after which he continued as Board Member.

Many Albertans in industry and the public remember Frank for his quasi-judicial role. From 1978 until his illness last summer, Frank sat on 131 public hearings covering all types of energy and utility issues.

By his own account, Frank's most noteworthy accomplishment was his long-term interest in innovative problem-solving, including public involvement guidelines, community-industry groups, landowner-industry relations, and the use of alternative dispute resolution.

In April, Frank became the first recipient of the Chairman's Award of Distinction, to honour outstanding contribution to regulatory excellence by an EUB employee.

He will be greatly missed.

**EUB Denies Request for Inquiry**

*continued from page 1*

The report says that avenues still exist through which the applicants may resolve their concerns, including medical, veterinary, soil, water, and air testing. These options are available to all Albertans who believe they may be affected by oil and gas activity. The Board emphasized that "it will act to ensure public safety when industry is in breach of current regulatory requirements or if compelling evidence is presented demonstrating that current guidelines and standards are inadequate to protect the public interest." Improving landowner-industry relations and addressing landowner concerns will continue to be priorities for the EUB.

For the full report, please visit our Web site or contact EUB Information Services. ❖

## "Gas over Bitumen": The Conservation Challenge Continues

A major responsibility of the EUB is to regulate the province's energy industry to optimize resource recovery. Most people understand conservation to mean careful use of energy by consumers. This is important, but the EUB's mandate is to ensure that Alberta's energy resources are developed with minimal waste. In other words, our conservation focus is on the efficient production and processing of energy resources.

Throughout its history, the EUB has had to make tough decisions in support of its conservation mandate. The Board's recent decision to shut in 146 gas wells in the Surmont area of northern Alberta is a clear example. On one side, if gas production were allowed to continue, a vast bitumen resource could be jeopardized. On the other side, ordering the shut-in of gas production would have a significant negative impact on gas producers operating in the area.

In Alberta's oil sands areas the natural gas rights are leased separately from oil sands rights, meaning that different companies can have the rights to different resources (gas or bitumen) in the same geologic zone. Gulf Canada Resources Limited, a major oil sands area leaseholder, requested that the EUB shut in associated gas pro-

duction from 183 gas wells being operated by other companies. (Natural gas accumulations found in contact or "pressure communication" with bitumen are referred to as associated gas.) Gulf maintained that pressure depletion of the gas pools overlying the oil sands zones would hurt bitumen recovery which relies on a promising new recovery technology, Steam Assisted Gravity Drainage (SAGD). Finally, after an extensive EUB hearing to review all evidence, the Board agreed.

*"The Board recognized that ... it would not serve the public interest to jeopardize the vast bitumen resource by allowing continued gas production to occur."*

Bitumen contained in oil sands is a thick, heavy oil found in the spaces between the sand grains. Where this bitumen is too deep to mine, it may require heating by thermal recovery techniques to be recovered by wells.

The "gas over bitumen" issue is confined to three oil sands areas in Alberta. Gulf Surmont's lease is located in the Athabasca oil sands area. The bitumen in Alberta that requires SAGD recovery is vast. Assuming a 35% recovery, Gulf's Surmont leases contain about 40% of the total light and medium oil produced in Alberta to date.

Although the Board acknowledged that shut-in orders will impact several area gas producers, it concluded that continued production of associated gas presents a significant risk to future bitumen recovery from Gulf's Surmont oil sands leases. Therefore, the Board approved Gulf's request in part and on April 3, 2000, ordered the shut-in of gas production from 146 wells. The Board recognized that as part of its conservation mandate, it would not serve the public interest to jeopardize the vast bitumen resource by allowing the continued production of the much smaller gas resource. The Board believes this decision best serves the interests of Albertans.

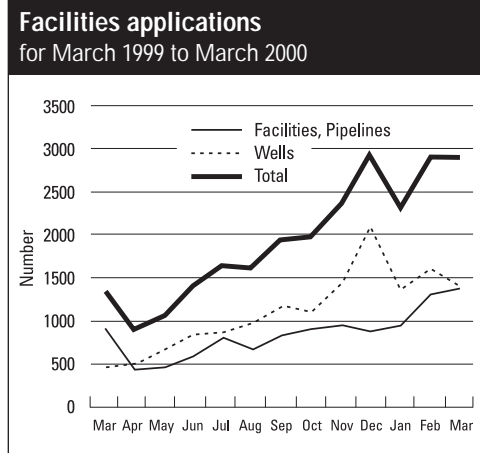
These shut-in orders affected a number of companies. An April 20, 2000, news release from Alberta Resource Development states that the government will work directly with industry to "begin a process of working with producers affected by the EUB decision to arrive at a fair and equitable solution." ❖

### UPDATE

The Advisory Committee on Public Safety and Sour Gas will be conducting its public outreach sessions starting in June 2000. For more information, call (403) 297-8855,\* watch your local newspaper for updates, or check the committee's Web site at: [www.publicsafetyandsourgas.org](http://www.publicsafetyandsourgas.org)

## Application Summary

Facilities applications for March 2000	
Production facilities	267
Pipelines	1133
Wells	1413
Total received	2813
Total completed/approved	2545
Closed	25
Withdrawn	50



Resource applications for March 2000	
Equity (rateable take, common carrier, common purchaser, common processor, compulsory pooling, special spacing)	75
Conservation (resources – oil, gas, and in situ bitumen; gas removal, enhanced recovery, water disposal, concurrent production, underground storage, commingled production, reserves)	118
Depletion administration (good production practice, penalty relief)	38
Corporate (transfer)	11
Mining (coal and mineable oil sands)	6
Total received	248
Total completed/approved	275

Utilities applications for March 2000	
Electric	4
Gas	6
Facilities	9
Franchises and others	2
Total received	21
Total completed/approved	32

Corporate transfers and name changes for March 2000	
Well licence transfers	3010
Well licence name changes	1914
Pipeline licence transfers	481
Total received	5405
Total completed	4658

### Questions, Complaints, Problems? Who to contact...

**Utilities**—For general information or to file a consumer utility complaint, please contact us at

EUB Utilities Branch  
 10th floor, 10055 - 106 Street  
 Edmonton, Alberta T5J 2Y2  
 Telephone: (780) 427-4901  
 Fax: (780) 427-6970  
 E-mail: [utilities.concerns@eub.gov.ab.ca](mailto:utilities.concerns@eub.gov.ab.ca)

**Oil and Gas**—For information or complaints about new or existing oil and gas developments and facilities, we recommend contacting the operating company first. If the company doesn't respond appropriately, you can contact the nearest EUB field centre (see list below), all of which provide 24-hour on-call service.

#### EUB Field Centres (24-hour on call)

- Bonnyville (780) 826-5352\*
- Drayton Valley (780) 542-5182\*
- Grande Prairie (780) 538-5138\*
- Medicine Hat (403) 527-3385\*
- Midnapore (403) 297-8303\*
- Red Deer (403) 340-5454\*
- St. Albert (780) 460-3800\*
- Wainwright (780) 842-7570\*

\* To call toll free from anywhere in Alberta, dial 310-0000 and enter the 7-digit local number to connect, or press zero for a RITE operator.

## Upcoming Public Hearings: spring/summer 2000

Please note: Due to space constraints, this list only covers hearings scheduled for the next two months, and some company names have been abbreviated. For information on hearings scheduled later in the year, call (403) 297-8259. Actual hearing durations can vary significantly. Unless otherwise noted, hearings begin at 9:00 a.m. and are open to the public. If you are interested in attending one, please call the above number to reconfirm the date, time, and place.

Scheduled Hearing Date	Application No.	Applicant	Hearing Purpose	Location
May 17	1032550	Petro-Canada Oil and Gas	MacKay River area - SAGD project	Nomad Motor Inn, 10006 MacDonald Ave., Ft. McMurray
May 18	1051618, 990464	Shell Canada Limited	Application to construct/operate hydrogen pipeline and cogeneration facility - Ft. Saskatchewan area	Best Western Fort Inn & Suite Hotel, Ft. Saskatchewan
May 23 1:30 p.m.	2000051	TransAlta Utilities Corporation	Sale of electric distribution system	Govier Hall, 2nd floor, 640-5 Ave. SW, Calgary
May 24	1044064, 1054047 1060027, 1062886 1063172, 1063841	Burlington Resources Canada Ltd.	Applications for gas plant modification to include sour gas processing; associated sour gas pipelines; pipeline licence amendment; well licence; acid gas pipeline; and an acid gas disposal well, Pembina area	Elks Community Centre, 5115-50 Ave., Drayton Valley
June 5	1053442	Primal Energy Corporation	Common carrier/processor - setting of transportation/processing fees, Kaybob South Field	Govier Hall, 2nd floor, 640-5 Ave. SW, Calgary
June 6	1056567 1056568	Union Pacific Resources Inc.	Application for sour gas compressor station and a sour natural gas pipeline - Telfordville field	Sandman Inn, 888 - 7 Avenue SW, Calgary
June 7	980654 980655	Greg Justice, 693040 Alberta Ltd., Marc Dame	Review of abandonment costs order No. ACO 98-01	West Hall, 2nd floor, 640-5 Ave. SW, Calgary
June 8	1044287 1064453	Regent Resources Ltd.	Application for a licence to drill a sweet gas well and pipeline - Pendant D'Oreille field	Medicine Hat Lodge, 1501 Ross Glen Dr. SE,
Prehearing June 8	2000132, 2000133 2000134, 2000135	Atco Electric Ltd., Edmonton Power Transmission Inc., TransAlta Utilities Corp., EAL	2001-200X TFO -Transmission Facilities Owners & 2001 TA - Transmission Administrator Tariff Applications	Govier Hall, 2nd floor, 640-5 Ave. SW, Calgary
Prehearing June 22	2000136 2000137	Atco Electric Ltd., TransAlta Utilities Corp.	2001-200X DT - Distribution Tariff Applications	EUB Utility Branch Office, 12 fl. 10055 106th St., Edmonton
Interim Hearing June 26	2000132, 2000133 2000134, 2000135	Atco Electric Ltd., EAL, EPCOR Transmission Inc., TransAlta Utilities Corp.	2001-200X TFO Interim & 2001 TA Interim Rate Applications	Govier Hall, 2nd floor, 640-5 Ave. SW, Calgary

## Cancelled Hearings

Date Cancelled	Application No.	Applicant	Hearing Purpose	Reason for Cancellation
April 6	1057104	Encal Energy Ltd.	Section 43 review of off-target status	Application withdrawn

## Pending Decisions

Application No.	Applicant	Hearing Purpose	Hearing Date(s)	Actual Hearing Days
1040201, 1041048 1041629, 1042292	Avalanche Energy Limited	Section 43 review of application to drill sweet natural gas wells. Section 29 review of infill drilling for production of sweet gas	Jan 18/00	8
1042760, 1048692	Anderson Resources Ltd.	Sour well application - Gordondale area, Section 43 review	Mar 7/00	2
1051067	Northrock Resources Ltd.	Compulsory pooling - Gilby field	Mar 21/00	1
1037740	Canadian 88 Energy Corp	Well licence level-2 sour gas well - Okotoks area	Apr 4/00	1
1052140	Nycan Energy Corp. & Diaz Resources Ltd.	Compulsory pooling - Enchant field	Apr 25/00	2
960313, 960314	Cardinal River Coals Ltd.	Joint Review Panel hearing for Cheviot Coal Mine Project - Mountain Park area. EUB/Canadian Environmental Assessment Agency	March 1-10 April 25-27	11
980413	CWNG	Phase I Refilling - 1998 General Rate Application	No hearingheld	
980413	CWNG	Phase II GRA - 1998 General Rate Application (Awaiting refilling for Phase I)	Aug 3-13/99	9
980247	Clearwater Unlimited Inc., 722924 Alberta Ltd., 762265 Alberta Limited & Deerhaven Estates	To determine the public utility providing service to Deer Haven Estates under PUB Act. (Interim Decision U99131 issued on Dec 21, 1999)	No hearingheld	
980546	TAU	1999 Generation Deferral Accounts	N/A	N/A
980550	EPCOR Generation Inc.	1999 Generation Deferral Accounts	N/A	N/A

## across the board

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