



Advantage Oil and Gas Ltd.

**Application for a Licence for a Natural Gas Pipeline
Provost Area**

February 3, 2004

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2004-008: Advantage Oil and Gas Ltd., Application for a Licence for a Natural Gas Pipeline

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Alberta Energy and Utilities Board
640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: (403) 297-8311
Fax: (403) 297-7040

Web site: www.eub.gov.ab.ca

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

**ADVANTAGE OIL AND GAS LTD.
APPLICATION FOR A LICENCE
FOR A NATURAL GAS PIPELINE
PROVOST AREA**

**Decision 2004-008
Application No. 1298953**

DECISION

The Alberta Energy and Utilities Board has considered the findings and recommendation set out in the following examiner report, adopts the recommendation, and directs that Application No. 1298953 be approved.

DATED at Calgary, Alberta, on February 3, 2004.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

Neil McCrank, Chairman

ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

EXAMINER REPORT RESPECTING ADVANTAGE OIL AND GAS LTD. APPLICATION FOR A LICENCE FOR A NATURAL GAS PIPELINE PROVOST AREA

**Decision 2004-008
Application No. 1298953**

1 RECOMMENDATION

The examiner panel recommends that the Alberta Energy and Utilities Board (EUB/Board) approve Application No. 1298953 for a natural gas pipeline from Legal Subdivision (LSD) 6, Section 8, Township 41, Range 2, West of the 4th Meridian to 10-1-41-3W4M in the Provost area as amended by Advantage Oil and Gas Ltd. (Advantage) on January 15, 2004.

2 INTRODUCTION

2.1 Application

Advantage applied to the EUB on April 15, 2003, in accordance with Part 4 of the *Pipeline Act* and *Guide 56: Energy Development Applications and Schedules*, for a permit to construct and operate a pipeline 5.33 kilometres (km) in length with an outside diameter of 114.3 millimetres. The proposed pipeline would transport natural gas from an existing well at a surface location in LSD 6-8-41-2W4M and tie into an existing gathering system at LSD 2-2-41-3W4M. Advantage had proposed three possible pipeline routes within the southwest quarter of Section 8 and the northwest quarter of Section 5-41-2W4M and a single route from there to the tie-in point. The purpose of the proposed pipeline would be to transport natural gas with a hydrogen sulphide (H₂S) content of 0.0 moles per kilomole.

Advantage submitted a complete pipeline application and had acquired the majority of the right-of-way for the proposed pipeline with the exception of that on Gerald and Shirley Morrells' (the Morrells') property.

2.2 Intervention

On May 2, 2003, the Morrells filed an objection to Advantage's application for a pipeline permit. The Morrells own the southwest quarter of Section 8 and the northwest quarter of Section 5-41-2W4M. They said that the well site located at LSD 6-8-41-2 W4M was in proximity to their house, yard, and cattle pens. They also raised concerns about soil contamination, hours of construction, tree removal, fencing, and methods used in exposing water and power lines.

The Morrells preferred a pipeline route that would go directly south from the well site. They also cited concerns about the size and location of the boundaries of the existing well lease and related a long history of difficulties that resulted from apparent changes to the location of the well centre relative to the lease boundary.

The attached [figure](#) shows the portion of the pipeline in question and the Morrells' residence and property.

2.3 Background

The existing well located at LSD 6-8-41-2W4M was drilled in 1986 by a company other than Advantage. At the time the lease was signed and the well drilled, an owner other than the Morrells owned the land. According to current survey results, the well centre was apparently moved by a few metres, although an amended survey was not filed with the EUB to reflect this change. Following the drilling of the well and the change in ownership of both the well and the land, a number of decisions occurred that contributed to concerns regarding the setback distance to surface improvements, well site access, proximity to cattle operations, and future expansion. Ultimately, extensive discussions and negotiations between Advantage and the Morrells occurred but failed to resolve the outstanding issues.

2.4 Hearing

The Board scheduled a public hearing to be held in Provost, Alberta, on December 2, 2003, before Examiners R. L. Paulson, C.E.T. (Presiding Member), T. J. Pesta, P.Eng., and J. E. Reid. A site visit was conducted on December 1, 2003, with all parties present. Those who appeared at the hearing are listed in [Appendix 1](#).

3 PRELIMINARY MATTERS

At the opening of the hearing, Mr. Morrell asked the panel to adjourn the proceeding for a minimum of 10 days. Mr. Morrell stated that he had just been provided with a complete copy of the applicant's hearing materials the evening before the hearing and that while much of the material was information he had previously received, there were a number of documents that he had never seen. He stated that he had not been afforded adequate time to examine those documents or to prepare questions on their content. Advantage suggested that many of the documents could be withdrawn from the record and not used as part of its evidence. The panel explored the nature and content of the documents that Mr. Morrell had not seen. The panel also took into account procedural fairness: whether the Morrells could effectively exercise their rights to participate versus the prejudice to Advantage in a delay.

The panel granted the adjournment under Section 26 of the EUB *Rules of Practice* based on Advantage's failure to comply with Section 19(4) of the *Rules of Practice*, which states that "The applicant shall serve a copy of the application on any person whose rights may be directly and adversely affected by a decision of the Board on the proceeding." The hearing was adjourned to be rescheduled at a later date.

Following the adjournment, Board staff facilitated a meeting with the parties, who continued to discuss items of concern. The parties eventually advised the Board they had reached an agreement and the Morrells filed a letter with the Board dated January 12, 2004, stating that they were withdrawing their objection to the project. The examiners strongly encourage and support ongoing dialogue to ensure that commitments and undertakings made by the parties are jointly monitored by the parties to facilitate completion in a timely manner.

Advantage filed several documents to modify its application to indicate the agreed-upon pipeline route through the Morrells' property and ending at a new tie-in point at LSD 10-1-41-3W4M, with an overall reduced length of 3.32 km. As the modifications made to the pipeline route and new end point could impact other parties, Advantage also provided updated support data to its application establishing that it had obtained consent from the other parties to the changes made and other data to complete the file. In accepting this supplementary filing, the examiners consider that the final evidence in this hearing was filed on January 15, 2004.

4 CONCLUSION

The examiners consider Advantage's application to be technically complete and accept that Advantage and the Morrells have reached an agreement on the matters outstanding between them. The examiners note that the Morrells' objection has been withdrawn, and there being no other objections or concerns, there is no need to reopen the hearing. The examiners recommend that Advantage's application for a natural gas pipeline, as amended, be approved.

Dated in Calgary, Alberta, on January 28, 2004.

ALBERTA ENERGY AND UTILITIES BOARD

[Original signed by]

R. L. Paulson, C.E.T.
Presiding Member

[Original signed by]

T. J. Pesta, P.Eng.

[Original signed by]

J. E. Reid

APPENDIX 1 HEARING PARTICIPANTS

Principals and Representatives (Abbreviations used in report)	Witnesses
Advantage Oil and Gas Ltd. (Advantage)	R. Mazurkewich, P.Eng. T. Sacha A. Lambert J. Petis, of McElhanney Land Surveys Ltd. J. Dean, of Touchdown Land Consultants Ltd.
G. and S. Morrell (the Morrells)	G. Morrell
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Alberta Energy and Utilities Board staff J. P. Mousseau, Board Counsel E. Knox, C.E.T. L. Wilson-Temple	

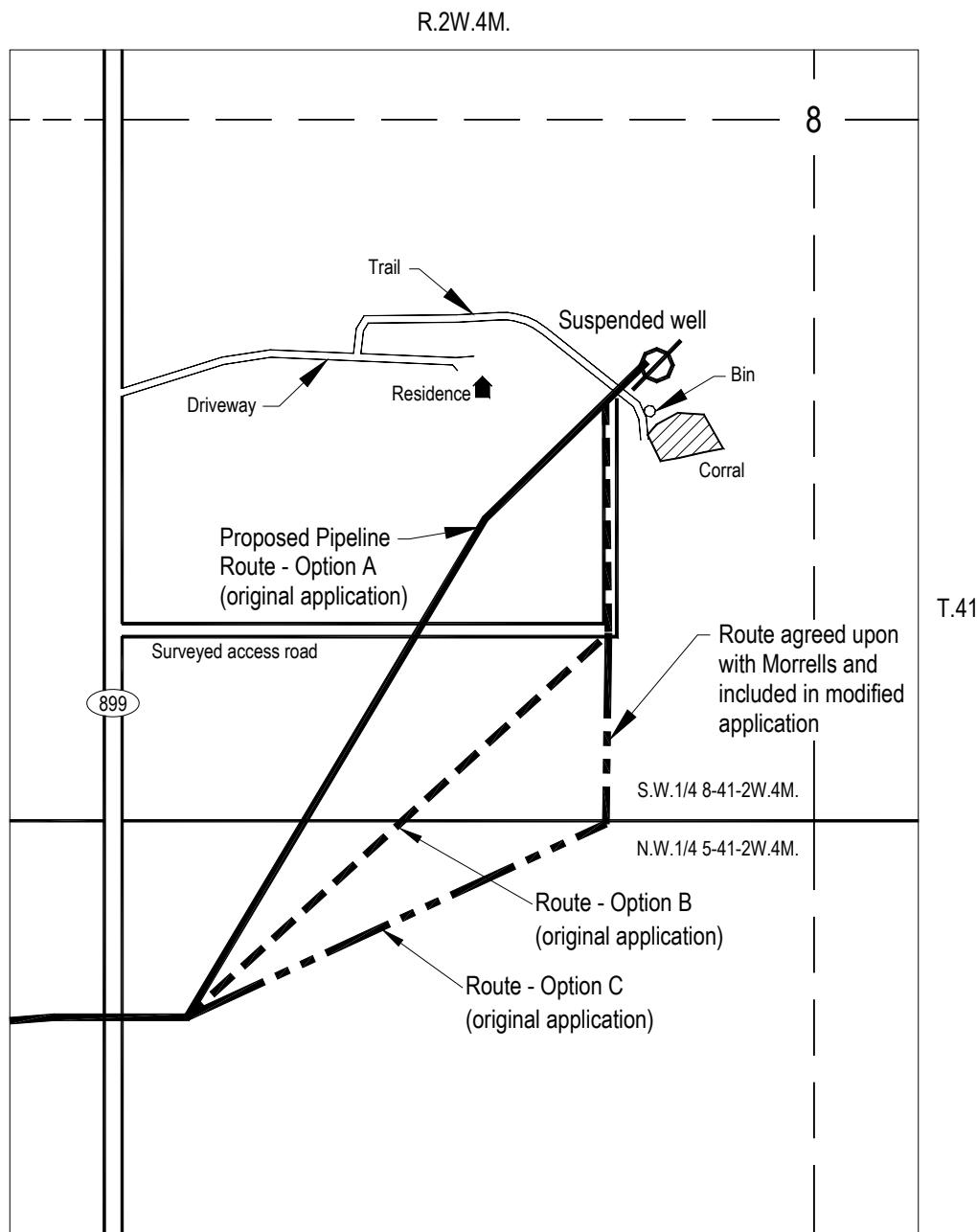


Figure 1. Portion of proposed Advantage pipeline and the Morrells' property