ALBERTA ENERGY AND UTILITIES BOARD
Calgary Alberta

OLYMPIA ENERGY INC.
APPLICATION FOR A SWEET
NATURAL GAS COMPRESSOR STATION **Decision 2002-033**
BOTTREL FIELD **Application No. 1088742**

DECISION

The Alberta Energy and Utilities Board has considered the findings and recommendations set out in Examiner Report 2002-1 and directs that Application No. 1088742 be approved subject to the conditions and commitments summarized in the Appendix.

Dated at Calgary, Alberta, on February 4, 2002.

ALBERTA ENERGY AND UTILITIES BOARD

<*Original signed by*>

Neil McCrank, Chairman

ALBERTA ENERGY AND UTILITIES BOARD
Calgary Alberta

EXAMINER REPORT RESPECTING
OLYMPIA ENERGY INC.
APPLICATION FOR A SWEET
NATURAL GAS COMPRESSOR STATION **Decision 2002-033**
BOTTREL FIELD **Application No. 1088742**

1 RECOMMENDATION

Having carefully considered all of the evidence, the examiners have determined that Application No. 1088742 meets all of the Alberta Energy and Utilities Board (EUB/Board) regulatory requirements and approval would be in the public interest. The examiners are satisfied that Olympia Energy Inc. (Olympia) has demonstrated a need for the applied-for compressor station and that appropriate measures are planned to ensure public safety and that impacts on the environment, health, and other issues will be minimized. Therefore, the examiners recommend approval of Application No. 1088742 subject to the conditions and commitments summarized in the Appendix.

2 APPLICATION AND HEARING

2.1 Application

On March 5, 2001, Olympia Energy Inc. (Olympia) submitted an application to the EUB, pursuant to Section 7.001 of the Oil and Gas Conservation Regulations, for a permit to construct and operate a sweet natural gas compressor station at a surface location of Legal Subdivision (LSD) 16 of Section 36, Township 27, Range 5, West of the 5th Meridian (the proposed 16-36 site). The compressor station would consist of a 604 kilowatt natural gas-driven compressor, separator, dehydrator, water tank, flare stack, and incinerator. The locations of the proposed compressor, existing infrastructure, and adjacent residents are shown on Figures 1 and 2.

As part of its application, Olympia submitted an environmental assessment and mitigation report (environmental assessment) and a noise survey.

2.2 Intervention

On April 4, 2001, the EUB received an objection to the compressor application from Mr. Archie Hall, landowner of northeast quarter and south half of Section 6-28-4W5M. Mr. Hall objected to the proposed compressor based on impacts to his family's health, bison operations, property values, and quality of life.

2.3 Prehearing Discussions

Olympia indicated it had obtained the surface lease for the proposed 16-36 site and, in addition, had resolved the concerns of two adjacent landowners through a mediation process prior to an EUB hearing of this application that was scheduled for September 5, 2001. Mr. Hall did not participate in the mediation with the other landowners. The hearing was cancelled when it initially appeared that all outstanding concerns were resolved. However, after the hearing was cancelled, it became apparent that Mr. Hall's objection to the application was still outstanding. Olympia then had further discussions with Mr. Hall regarding his concerns, and when they were unable to reach an agreement, the Board reaffirmed its direction to hold an examiner hearing for Application No. 1088742.

2.4 Hearing

A public hearing to consider the application was held November 22 and 23, 2001, in Calgary, Alberta. The examiner panel consisted of W. G. Remmer, P.Eng. (Chairman), H. W. Knox, P.Eng., and F. Rahnama, Ph.D. The panel and EUB staff viewed the proposed compressor site and the area of Mr. Hall's lands on December 11, 2001. Those who appeared at the hearing are listed in following table.

THOSE WHO APPEARED AT THE HEARING

Principals and Representatives (Abbreviations Used in Report)	Witnesses
Olympia Energy Inc. (Olympia) S. Lee	J. Marsh, P.Eng. M. Davies, M.Sc., from RWDI West Inc. M. Nevill, from AXYS Environmental Consulting Ltd. R. G. Patching, M.Eng., P.Eng., of Patching Associates Acoustical Engineering Ltd.
A. Hall R. Hansford, Q.C.	A. Hall
Alberta Energy and Utilities Board staff J. P. Mousseau, Board Counsel G. McLean, C.E.T. E. Knox K. Eastlick, P.Eng.	

3 ISSUES

The examiners consider the issues respecting this application to be

- need for the compressor
- location
- impacts
- consultation/communication

4 NEED FOR THE COMPRESSOR

4.1 Views of the Applicant

Olympia stated that in order to fully recover the remaining reserves from 12 existing wells in the Bottrel field and Winchell Coulee area, compression must be added to the existing Williams Energy (Canada) Inc. (Williams Energy) pipeline. Olympia stated that with the proposed compressor station an additional 73 million cubic metres (10^6 m^3) of gas and 48 000 m^3 of natural gas liquids could be recovered. Olympia explained that the dehydration process associated with the proposed compressor would also allow it to remove dehydration facilities from each of the existing 12 well sites in the Bottrel and Winchell fields.

4.2 Views of the Intervener

Mr. Hall did not challenge Olympia's need for additional compression in order to recover all possible remaining reserves. However, he requested that the application be denied, as he believed it was incomplete and did not address several of his concerns with regard to his land and the effects it may have on his family and bison operation.

4.3 Views of the Examiners

The examiners agree that the installation of compression is necessary to increase recovery of area reserves using the existing infrastructure. The examiners believe that without the additional compression a substantial volume of raw gas may be stranded.

5 LOCATION

5.1 Views of the Applicant

Olympia stated that it had selected the proposed site because it satisfied most of the criteria in its site selection process, taking into consideration technical requirements, environmental impact, public impact, landowner concerns, and economic merit. It described the proposed 16-36 site as being immediately adjacent to the Williams Energy gas gathering system at the last well site prior to entering the Williams Energy gas plant. Olympia stated that the proposed 16-36 site was situated on an existing gas well lease within the existing lease boundaries in the middle of a cultivated field. It submitted that the adjacent landowners, whose residences are within 650 m of the proposed compressor site, had withdrawn their objections. Olympia further stated that the

proposed site was optimal for maximizing the recovery of gas from all the wells and that no further ground disturbance would be required for additional pipeline or a new site.

Olympia submitted that it had considered adding compression at a well site located at 16-12-2-5W5 and also at the Williams Energy plant site; however, an environmental assessment and economic study of the alternatives indicated that the proposed 16-36 site was the best choice. Olympia also reviewed other alternative sites in less detail, including one suggested by Mr. Hall located about 3 kilometres (km) south of the proposed site. Olympia explained that to place a compressor at any other site upstream would require line looping back to the 16-36 well site in order to produce the gas from the 16-36 well, because the pipeline pressure would be too high for the gas from the 16-36 well to enter the pipeline. It stated that line looping would create incremental cost and increased impact due to further ground disturbance during construction and that placing the proposed compressor farther downstream from the proposed site would result in lost efficiency of the compressor, contributing to a reduction in reserves recovery. Olympia also indicated that if the site was moved farther downstream, there would be an increase in wellhead flowing pressures, which would lead to a reduction in reserves recovery. Olympia explained that as the downstream distance increased, the size of the compressor would need to be increased, possibly resulting in increased noise and air emissions. Olympia indicated that for downstream locations beyond approximately 1.6 km, the existing pipeline must be looped, regardless of the compressor size, as there was insufficient pipeline capacity given the flow rates and required pipeline pressures.

Olympia ruled out the other alternative locations, including Mr. Hall's suggestion, for technical and economic reasons and argued that any of the alternative locations would require the consent of more landowners, which it believed would result in numerous objections. Olympia also stated that it looked at the option of locating small individual compressors at each of the 12 well sites, but ruled that out as it would be contrary to the objectives and considerations of the project from environmental, technical, economic, and public impact perspectives. It stated that the proposed project would reduce the impact to the environment and the public by incinerating dehydrator vent gases and by reducing emissions relative to existing facilities.

5.2 Views of the Intervener

Mr. Hall did not dispute the economic arguments presented by Olympia for the selection of the proposed location, but believed that an alternative location was technically possible with the use of line looping or a larger compressor. He stated that the proposed location for the compressor was not the best location and argued that Olympia, through the application process, did not evaluate alternative locations to his satisfaction. He stated that the present location would cause negative impacts on his family and his bison operations. He argued that Olympia did not consider the impact the compressor might have on his bison operation when it was conducting the environmental assessment or site selection process.

Mr. Hall suggested at the hearing that a better location would be about 3 km south of the proposed location and felt that Olympia did not explore this option adequately. Mr. Hall preferred this site as it was some distance from residents and located on the existing pipeline.

5.3 Views of the Examiners

The examiners agree with the selection process used by Olympia and that a location at or downstream of the proposed 16-36 site would optimize the production of reserves from all the existing wells connected to the pipeline. The examiners also agree that a compressor located adjacent to the existing pipeline would minimize the need for additional pipeline and that using an existing well site is preferable, considering land use and reclamation requirements. The examiners believe that the location proposed by Olympia is preferable to the location proposed by Mr. Hall. They note that Mr. Hall's suggested location would require the consent of additional landowners and would result in additional pipeline construction impacts associated with line looping and/or the installation of a larger compressor. Accordingly, the examiners are satisfied that the proposed 16-36 site is preferable to other locations suggested.

The examiners believe that Olympia's environmental assessment was appropriate under the circumstances. The examiners feel that the lack of consideration of the bison operation from the study is unfortunate, but they are confident that based on the evidence provided by the parties at the hearing, they have sufficient information to judge the overall impacts.

6 IMPACTS

6.1 Noise

6.1.1 Views of the Applicant

Olympia testified that the permissible sound level (PSL) for this facility was 37 decibels (dBA) at night and believed that it would be compliant with the EUB's *Interim Directive (ID) 99-8: Noise Control Directive*. Olympia maintained that the PSL was determined at closest or most impacted residence, which was not Mr. Hall's residence and did not include his grazing lands. Olympia stated that it had conducted an ambient noise-monitoring program on December 20, 2000. Olympia testified that its noise impact assessment predicted a sound level of 38 dBA and indicated that it planned to install a silencer, which would further reduce the overall noise levels by 1 to 2 dBA. Olympia also submitted that if further noise attenuation was required to meet the 37 dBA limit, it would install additional attenuating equipment. Based on all of the additional measures to attenuate sound, Olympia stated that it was confident that it would be in compliance with the EUB's guidelines. Olympia maintained that there was no empirical evidence that demonstrated that the estimated noise levels from the proposed Bottrel compressor would have an adverse effect on the suitability of Mr. Hall's property for raising bison. Olympia indicated that the sound levels at the edge of Mr. Hall's property would be similar to that of the closest residence and would be significantly lower at Mr. Hall's residence.

6.1.2 Views of the Intervener

Mr. Hall questioned the validity of the monitoring report and the calculated 37 dBA PSL. He asked how the report could be accepted when one of four monitoring records on which it was based was discarded before the hearing started and a second survey was discarded after the start of the hearing. Mr. Hall testified that there were certain noise occurrences that were excluded on some of the surveys but not excluded on others. He said that had those noise occurrences been excluded, the calculated PSL for this area might be lower.

Mr. Hall submitted that, contrary to Olympia's comment that there was no empirical evidence that noise would have an effect on bison, his experience with bison indicated that bison were highly sensitive to noise, in particular sudden noise. Mr. Hall stated that he had worked with bison for a number of years and was confident in his concern about impacts of noise. Mr. Hall stated that if bison were to experience a noise event in an area, whether it was a sudden noise or a continuous noise, they might continue to avoid that particular area for some time. He said that this would create a problem for bison operations, particularly breeding.

6.1.3 Views of the Examiners

The examiners believe that while the noise-monitoring program submitted by Olympia was not extensive, its results show a reasonable calculation of the PSL for the area. The examiners note that the noise emitted from the proposed compressor would be steady and believe that the compressor would not unduly result in incidents of sudden noise. In this regard, the examiners believe that Olympia should establish notification procedures, if requested by nearby residences and Mr. Hall, to notify the public of unusual activities, such as loud noises from the compressor site. They note Olympia's commitment to install additional noise attenuating equipment, should that be necessary. In view of the evidence provided at the hearing, the examiners agree that the noise at Mr. Hall's bison operations would be at appropriate levels.

The examiners recognize that Olympia was not obligated to conduct a noise survey as part of its application. However, in view of the concerns raised on the validity of the initial survey conducted, and to establish the need for additional attenuating equipment, the examiners believe a noise level survey should be conducted within 30 days of commencement of operations at the compressor site should the Board approve the application. The examiners believe that Olympia should notify Mr. Hall, the Horse Creek Resident Group (the Residents Group) and the EUB Midnapore Field Centre prior to conducting the survey. Similarly, the results of the noise survey should be provided to them.

6.2 Emissions, Health, and Safety

6.2.1 Views of the Applicant

Olympia stated that the proposed compressor would result in changes to the gas gathering system and associated emissions. It said that the existing gathering system comprised 12 producing wells and associated pipelines. A glycol dehydrator at each well was used to remove water from the produced gas. Emissions from the existing system included the products of

natural gas combustion in the dehydrator reboilers. Olympia said that related emissions primarily comprised water vapour (H_2O) and carbon dioxide (CO_2), as well as trace amounts of nitrogen oxide (NO_x) and carbon monoxide (CO). It said that volatile organic compound emissions from the glycol regenerator vent stacks include benzene. Olympia's environmental assessment and mitigation report included source testing at two well sites located at 2-14-28-5W5 and 11-1-28-5W5, which indicated annual benzene emissions of 0.069 tonnes (t) and 0.30 t respectively. Olympia stated that benzene emissions for the other 10 wells were expected to be similar. It stated that, overall, the benzene emissions from the existing production system are in the 1 to 3 t per year range.

Olympia explained that the dehydration facilities at the individual well sites would be decommissioned and central dehydration would occur at the proposed compressor station. Olympia indicated that it would ensure measures are in place to mitigate pipeline corrosion as a result of the removal of the wellhead dehydration facilities. It indicated that a vapour recovery unit would collect the glycol still vent gases from the central site and direct them to the incinerator for destruction. It stated that this would significantly reduce the overall benzene emissions in the area as benzene emissions associated with the proposed facility were expected to be reduced by factors of at least 15 to 45.

Olympia acknowledged that although the compressor station would reduce some emissions, such as benzene, due to the central dehydration and associated vapour recovery, it would result in additional NO_x emissions due to the new compressor unit. Olympia stated that the proposed compressor was rated as a low NO_x compressor with respect to the EUB's *Informational Letter (IL) 88-5: Application for Approval of Natural-Gas-Driven Compressors*. Olympia pointed out that Alberta Environment's definition of a low NO_x compressor is one that emits less than 6 grams of NO_x per kilowatt-hour, as compared to an emission rate of 2.7 grams of NO_x per kilowatt-hour for the proposed compressor. Olympia further explained that the 2.7 grams per kilowatt-hour converted to 1.6 kilograms per hour. It argued that *IL 88-5* stated that NO_x emission ratings of less than 16 kilograms per hour do not require dispersion modelling or an approval under the Alberta Environmental Protection and Enhancement Act.

Olympia stated that it had completed a dispersion modelling study in response to concerns raised by landowners, even though that was not a regulatory requirement. The modelling predicted that at 500 m downwind, which corresponded to the distance to Mr. Hall's pasture, NO_x concentrations would be about 27 micrograms per cubic metre ($\mu g/m^3$) from the compressor and about an additional 10 $\mu g/m^3$ from the reboiler, giving a total of about 37 $\mu g/m^3$. Olympia argued that 37 $\mu g/m^3$ was a factor of 10 less than the 400 $\mu g/m^3$ one-hour Alberta Ambient Air Quality Guideline. Further, it predicted maximum concentrations would be only about 15 $\mu g/m^3$ at a distance of 2000 m, which was the approximate distance to Mr. Hall's house. Olympia acknowledged that the transfer pump was not taken into consideration in the dispersion modelling; however, it advised that the incremental impact would be minimal. Olympia argued that background concentrations in the area are only about 20 $\mu g/m^3$ and therefore the total NO_x concentrations in the area would be well below the Alberta Ambient Air Quality Guidelines and also well below the 200 $\mu g/m^3$ cited by Mr. Hall as being the limit recommended by the World Health Organization.
Olympia said that the compressor station would be configured to block in but not depressure

under most shutdown conditions and therefore flaring associated with compressor shutdowns and upsets would be of relatively short duration. It also stated that there would be no process vessels or tanks that would vent vapours into the atmosphere.

Olympia argued that the air emissions and, in particular, NO_x concentrations would be well below guideline levels and that there would be no adverse impacts on Mr. Hall's health or the health of his bison. Olympia stated that there was no empirical evidence presented at the hearing to demonstrate a causal connection between the predicted NO_x concentrations from the proposed compressor and asthma or any other respiratory ailments.

Olympia suggested that the bison would be subject to much greater concentrations of NO_x from following Mr. Hall's tractor in his pasture as he distributed feed than they would be from Olympia's compressor. As a result, Olympia argued that the proposed compressor would have little effect on the air quality and should not prevent Mr. Hall from continuing to sign the Bouvry Exports Calgary Ltd. certificates. Olympia stated that the wildlife study completed as part of the environmental assessment of its project suggested that minimal disturbance to wildlife would result, given the operations and land use. Olympia advised that other bison operations had facilities located within close proximity to them. For example, Olympia noted that in the Wildcat Hills area there was a bison operation located approximately 1000 m from a sour gas plant and a large highway, and that the bison operation owner had not raised any objections or complaints.

6.2.2 Views of the Intervener

Mr. Hall submitted that the proposed compressor would cause a reduction in air quality that would result in increased health risks for his family and a perceived or actual reduction in bison meat quality. Mr. Hall argued that Olympia's dispersion modelling was incomplete, as it failed to take into consideration background concentrations of NO_x and essentially failed to conclusively determine if the air quality guidelines would be met.

Mr. Hall submitted that Alberta had one of the highest asthma prevalence and death rates in North America and that nitrogen dioxide (NO_2) was considered the most likely cause of this. Mr. Hall presented as evidence several research articles linking the increased rates of illness and death to air quality. Mr. Hall submitted that he had consulted a doctor and an epidemiologist to find out what health issues would be associated with this sort of plant. Mr. Hall indicated that members of his family had certain health concerns and he had attempted to limit their exposure to airborne contaminants.

Mr. Hall stated that he was not aware of any specific research into the effects on bison from poor air quality. He argued that the adverse effects to bison as a result of poor air quality was best determined by those who work with bison every day and know their behaviour and characteristics. Mr. Hall reflected that he considered himself to be a bison expert. He submitted that to be competitive in the bison meat industry, the Halls must be in a position to claim that the bison meat from their operation was all natural and that the animals were fed with foods free of pesticides and additives, there was no use of antibiotics on the animals, and the environment where the animals were raised was free of pollutants. Mr. Hall explained that he purchased bison

feed which was chemical free and that he signed Bouvry certificates as verification that the bison were raised in a natural and chemical-free environment with chemical-free feed. Mr. Hall expressed concern that emissions from the proposed compressor would contaminate his bison and the bison feed, which could prevent him from signing the Bouvry certificates.

6.2.3 Views of the Examiners

The examiners note that the proposed site is in an area of low industrial emissions and the NO_x background level is in the order of 20 $\mu g/m^3$, very low compared to the 400 $\mu g/m^3$ one-hour Alberta Ambient Air Quality Guidelines. The examiners recognize that this is a sweet gas facility and that the compressor is relatively small compared to many other compressors operating in the province. The examiners also note that Olympia estimates the increase in NO_x to be in the order of 40 $\mu g/m^3$ at the edge of Mr. Hall's pasture and added to the background level results in a combined level of 60 $\mu g/m^3$, which is well below both provincial and World Health Organization standards.

The examiners believe that the consolidation of the dehydration facilities is beneficial due to the reduction in emissions, including benzene. The examiners also note that Olympia would ensure that measures were in place to mitigate pipeline corrosion as a result of the removal of the wellhead facilities.

The examiners understand Mr. Hall's concern with air quality given his family's health concerns. However, it is the examiners' understanding that Mr. Hall used the articles submitted at the hearing to generally reinforce his concerns but that they were recently obtained and he was not able to discuss the substance of the articles in any detail. Given the very low level of emissions from the proposed facility, the examiners believe there will be no adverse health effects to the Halls or their bison operations as a result of this project.

The examiners expect Olympia to follow through on its plans to design and operate the proposed facility so that hydrocarbons are not routinely vented to atmosphere and so that the frequency and duration of flaring are minimized.

6.3 Visual

6.3.1 Views of the Applicant

Olympia submitted that Mr. Hall's residence is over 2 km away from the proposed site. It testified that the proposed facility would consist of three buildings housing the compressor, dehydrator, and separator. The facility would also consist of an aboveground produced water tank that would be approximately 3 to 3.5 m in diameter and 4.5 m high, a flare stack that would be approximately 20 centimetres (cm) in diameter and 12 m high, and an incinerator that would be approximately 610 cm in diameter and 15 m high. Olympia stated that the compressor buildings would be painted in earth-tone colours so that they would blend in with the surrounding area and that the pilot light on the flare stack would be shrouded so that it would not be visible. It committed to having all lights on the outside of the facility off during the night, except in emergency situations. Olympia submitted that even though these measures had

satisfied residents that lived only a quarter of the distance from the proposed facility that the Halls did, it appeared that Mr. Hall was still concerned about the proposal. Olympia questioned why Mr. Hall was concerned about industrial structures being built in the area but did not have a concern about new country residential construction.

Olympia recognized that the water tank for the proposed facility was originally to be aboveground, as presented in materials dated December 2000, then was to be installed underground, and later was changed back to being aboveground, following discussions with residents at the January 2001 open houses. Olympia felt that Mr. Hall should have been aware of the aboveground water tank, as it was presented in correspondence to residents. Similarly, Olympia felt that Mr. Hall should have been aware of the proposed incinerator, as it was agreed to following an appropriate dispute resolution (ADR) meeting held with the local Residents Group on August 16, 2001. Olympia submitted that it was its understanding that Mr. Hall was a member of the Residents Group and should have been informed of the incinerator by other members of the Residents Group despite his absence from the ADR meeting.

Olympia submitted that while the incinerator might have occurrences of black smoke coming from it if there was a surge of emissions coming off the water tank or off the dehydrator still column, it did not expect that would occur very often. Olympia also said that because the flow of gas through the incinerator was very small, it did not anticipate that there would be a constant black plume of smoke coming from the incinerator.

6.3.2 Views of the Intervener

With respect to visual impact, Mr. Hall submitted that the project had changed several times and that Olympia had not kept him aware of all of the changes. Mr. Hall stated that it was his understanding that a water tank was to be belowground and that it was only brought to his attention that the water tank would be aboveground at the hearing. Also, Mr. Hall stated that he was not aware that there would be an incinerator until the hearing.

Mr. Hall argued that there would obviously be a visual impact as a result of the project. He testified that he would have a clear view of the proposed facility from his front window, which would turn his mountain view into an industrial view. Mr. Hall submitted that residential development was acceptable but industrial development was intrusive. Mr. Hall felt the commitment by Olympia to address the visual impact by painting the facility in earth tones would not mitigate his concerns. Mr. Hall stated that the commitment made by Olympia with regard to keeping the lights off at night except in emergency situations and to shroud the pilot light would help mitigate his concerns. Mr. Hall understood that Olympia did have commitments to the surface lease owner, including not to put up a visual barrier, plant any trees, or put up any fences, as he intended to return the compressor site back to a hay field when the site was abandoned and reclaimed. Mr. Hall expressed concern about any smoke that might come from the proposed facility, which would be clearly visible from his residence.

6.3.3 Views of the Examiners

The examiners note that while Mr. Hall is 2 km from the proposed compressor, he has a clear

view to the proposed compressor site. The examiners note Olympia's commitments to paint the facility with neutral colours to blend the facilities in with the natural surrounding, keep the lights off at night, and have the pilot light on the flare stack shrouded. The examiners expect that the incinerator system will be designed to combust reasonably anticipated gas flows without visible smoke. The examiners believe that incinerator emissions would be very low and believe the impacts would be negligible. The examiners believe the visual impact will be substantially reduced with these commitments.

6.4 Other

At the hearing Mr. Hall raised concerns about the impact of additional traffic and the potential reduction in the value of his property due to the proposed facility.

6.4.1 Views of the Applicant

Olympia submitted that the only anticipated effect on local traffic would be during the construction phase of the compressor and from a tank truck that would come in approximately once every two weeks to unload the water tank during the operation phase. It explained that it had an operator that visited the well site on a daily basis and that the operator would continue to visit the compressor facility once a day. Olympia stated that it had committed to not allow major traffic, such as a tank truck, during school bus hours.

Olympia submitted that no appraisals had been done on the surrounding land to evaluate changes in property values and that it had no opinion about property values.

6.4.2 Views of the Intervener

Mr. Hall questioned whether Olympia anticipated any major traffic impact as a result of the proposed compressor station.

Mr. Hall stated that he had concerns about property value. He submitted that people bought properties in the area for the clean air, clean water, and natural surroundings and suggested that land values were quite high in the area due to those factors.

6.4.3 Views of the Examiners

The examiners note that because the facility is relatively small and is skid mounted, the construction phase should be relatively short. The examiners believe the increase in traffic during normal operations will be minimal and should not create undue impact on the Halls. The examiners note that there was no tangible evidence provided at the hearing regarding the impact of the proposed facility on property values. The examiners believe that other factors, both tangible and intangible, could influence property values in the area. The examiners accept that facility development is only one of a number of factors that may be considered when assessing property values and conclude that it is not possible to clearly identify the influence of a compressor station on property values in this case.

7 CONSULTATION/COMMUNICATION

7.1 Views of the Applicant

Olympia submitted that it began its public consultation for this project in late 2000. Olympia testified that it had conducted two open houses, attended many face-to-face meetings with various landowners and occupants, and provided numerous written responses to landowner concerns. Olympia stated that its public consultation process included the investigation and discussions surrounding both upstream and downstream alternative locations and believed its public consultation efforts had been exhaustive and exceeded EUB requirements.

Olympia suggested that it was important for the examiners to weigh its success in resolving concerns from residents in the community against Mr. Hall's continued objection to its project. Olympia confirmed that the landowners of the proposed 16-36 site did not object to the proposed facility and that they were the closest residents to the project, at a little over 500 m. Olympia stated that there were 8 occupied homes within 1.5 km and 15 residences within 2 km of the proposed site and none of those residents objected to the project, with the exception of Mr. Hall.

Olympia submitted that Mr. Hall, throughout the early written correspondence, was represented to Olympia to be part of the Residents Group, and that it was reasonable for it to continue with its public consultation program, as Mr. Hall did nothing to indicate that his interests were not still being represented by the Residents Group. Olympia stated that this Residents Group raised a number of concerns and potential impacts that Olympia felt had been adequately addressed. Olympia submitted that it entered into mediation on August 16, 2001, and believed Mr. Hall's concerns were represented by the Residents Group. Olympia stated that this date was important, since it was after the August 15, 2001, deadline for filing submissions, as stated in the EUB's first Notice of Hearing, and Mr. Hall did not file a submission pursuant to that deadline. Olympia believed that Mr. Hall did not file a submission, since he was being represented by the Residents Group.

7.2 Views of the Intervener

Mr. Hall submitted that he was dissatisfied with the information provided by Olympia throughout the public consultation program and felt the project changed every time it was discussed. Mr. Hall did not believe that his concerns were understood or believed by Olympia. Mr. Hall stated that Olympia made inconsistent statements and representations to people at different times throughout the application process, resulting in confusion about what was being proposed. For example, Mr. Hall indicated that he was told at various times that the life of the project would be 2 years, 3 years, 6 years, 7 years, and 17 years.

Mr. Hall felt that he had made it clear to the EUB and Olympia that he had concerns about his bison operation and that Olympia did not specifically acknowledge his concerns. Mr. Hall indicated that he was originally a member of the Residents Group, but this was an informal arrangement and he was not always aware of all the activities of the Residents Group, including

the mediation sessions. Mr. Hall submitted that he did not hear any response from Olympia until after the August mediation. Mr. Hall believed Olympia should have noticed that the bison concerns in his letter of April 4, 2001, were unique and were not part of the Residents Group's concerns. Mr. Hall maintained that his concerns regarding his bison operation had never been addressed by Olympia and that ignoring issues raised by an area resident did not constitute proper public consultation. Mr. Hall stated that the communication difficulties and the lack of inclusion had created division within the community.

7.3 Views of the Examiners

The examiners believe that public disclosure and consultation with stakeholders is a critical feature in the EUB's application process. The examiners accept that Olympia identified and notified all potentially affected parties of its proposal. The examiners also accept the fact that Olympia disclosed its proposal in a timely manner, although they believe it could have been more consistent and provided more details on the need, location options, and potential life of the facility. For example, an open dialogue with Mr. Hall on the potential life of the facility may have addressed many of Mr. Hall's concerns about consistency.

The examiners believe that although Olympia's initial procedures and disclosure were adequate, the extent of public consultation prior to the ADR efforts was inadequate. EUB *Guide 56: Energy Development Application Guide* outlines the expectations for public disclosure and consultations:

> The EUB expects the level of public disclosure and consultation to reflect the complexity of the project and the sensitivity of the area. You are expected to listen to the concerns raised by affected parties and attempt to reach a reasonable solution prior to making final decisions on the project and submitting an application.

The guide also establishes the need to

> address any objections and/or concern raised by members of the public/industry and attempt to reconcile differences.

In this instance, the examiners believe consultation should have gone beyond the holding of open houses and should have included more direct dialogue with Mr. Hall. It was clear that Mr. Hall had filed a formal written objection in April 2001 in which he expressed concerns about potential impacts on his bison operations, and yet this was not addressed by Olympia prior to the EUB hearing.

The examiners also believe that there is an onus on the parties to raise their concerns with the proponent. The EUB encourages the formation of public groups, as this usually facilitates discussions in an effective and efficient manner. It is unfortunate that Mr. Hall did not participate with the Residents Group in their discussions with Olympia and that he also did not participate in the ADR efforts with the Residents Group. It appears that the incorrect assumption that the Residents Group was addressing all parties interests led to the breakdown of communications between Mr. Hall and Olympia. The examiners encourage all parties to re-

establish meaningful communication procedures that meet their respective needs. The examiners look to Olympia to initiate discussions in this regard.

The examiners recognize the efforts of Olympia and the Residents Group to resolve their concerns through mediation. The examiners believe that it is unfortunate that Mr. Hall was not included in the resolution efforts. As a result, the examiners recognize that it was very difficult for Mr. Hall to adopt the solutions when he did not have an opportunity for input.

8 CONCLUSION

Based on the foregoing, the examiners are satisfied that Olympia has demonstrated a need for the applied-for compressor. The examiners expect Olympia to honour the commitments put forth. Having carefully considered all of the evidence, the Examiners recommend approval of Application No. 1088742 subject to the condition and commitments summarized in the Appendix.

Dated at Calgary, Alberta, on January 29, 2002.

ALBERTA ENERGY AND UTILITIES BOARD

<*Original signed by*>

W. G. Remmer, P.Eng.

<*Original signed by*>

H. W. Knox, P.Eng.

<*Original signed by*>

F. Rahnama, Ph.D.

APPENDIX TO DECISION 2002-1

SUMMARY OF THE APPLICANT'S COMMITMENTS AND CONDITIONS

Commitments

The examiners note that throughout the proceeding, Olympia undertook to conduct certain activities in connection with the proposed compressor station that are not strictly required by the EUB's regulations or guidelines. These undertakings are described as commitments and they are summarized below. The examiners note that it is the EUB's view that when companies make commitments of this nature, they have satisfied themselves that the activities will benefit both the project and the public, and the examiners take these commitments into account when arriving at their recommendation. The EUB expects the applicant, having made the commitments, to fully carry out the undertakings or advise the EUB if, for whatever reasons, it cannot fulfill the commitments. It is at that time that the EUB will assess whether the circumstances of the failed commitments may be sufficient to trigger a review of the original approval. The affected party also has the right to ask the EUB to review an approval if commitments made by an applicant remain unfulfilled.

Olympia committed to the following during the course of the proceeding:

1) All buildings on the lease site will be painted earth tones.

2) A shroud will be placed over the pilot light on the flare.

3) All lights on the facility will remain off during the night except in emergency situations.

Condition

Conditions, generally speaking, are requirements in addition to or otherwise expanding upon existing regulations and guidelines. An applicant must comply with conditions or it is in breach of its approval and subject to enforcement action of the EUB. Enforcement of an approval includes enforcement of the condition attached to the approval. Sanctions imposed for breach of such conditions may include the suspension of the approval, resulting in the shut-in of a facility.

Olympia is required to fulfill the following condition:

- Olympia will conduct a noise survey within 30 days of commencement of operations of the compressor station.

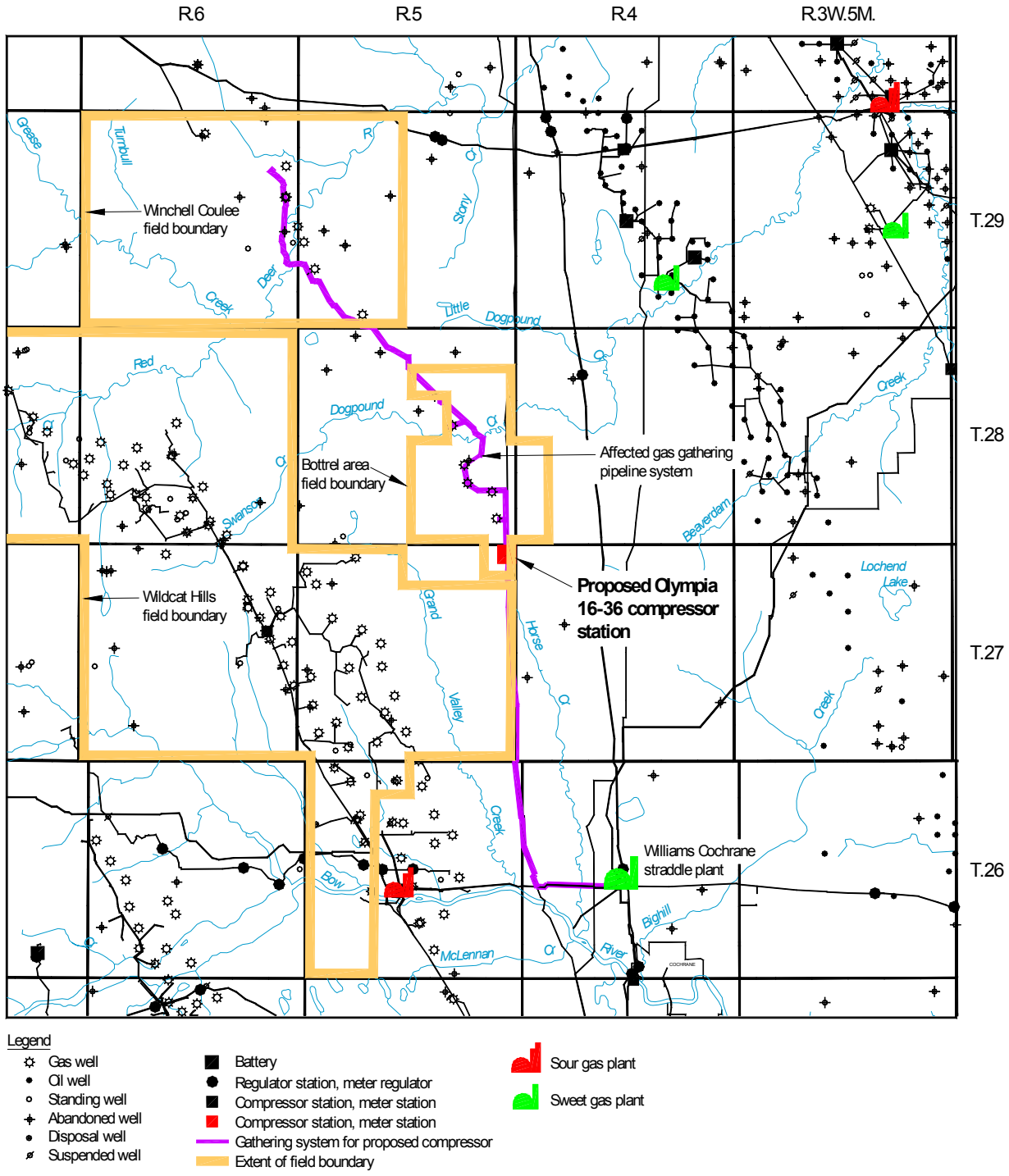

Figure 1. Proposed Compressor Station and Gas Gathering System Location Map
Application No. 1088742
Olympia Energy Inc.

Decision 2002-033

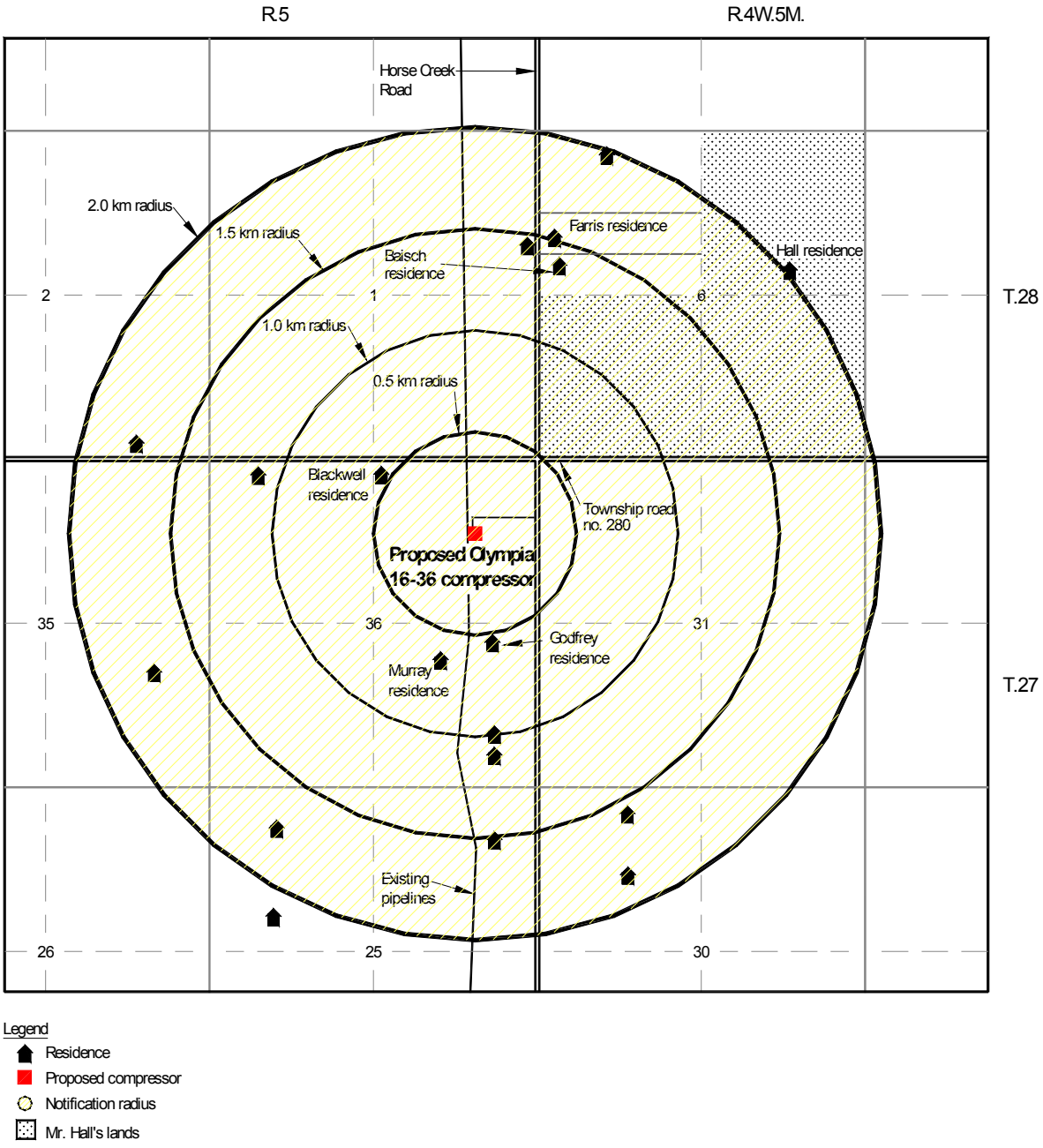

Figure 2. Compressor Site, Notification Radius, and Local Residences
Application No. 1088742
Clympia Energy Inc.

Decision 2002-033