

COMPTON EUB PRE-HEARING

SUMMARY

The Energy Utilities Board (EUB) is holding pre-hearing meetings this fall on Compton Petroleum Corporation's drilling license applications for an additional six sour gas wells 1.1 kilometres s from the City's existing southeast boundary and within a proposed annexation area. Compton currently operates one sour gas well at this location. Compton has also applied for a reduced Emergency Planning Zone (EPZ), from 14 kilometres to four kilometres, which is permitted under certain circumstances.

The Administration has registered The City of Calgary as an Interested Party for the pre-hearing meetings. The pre-hearing meetings are expected to commence in mid to late October and the public hearing in early 2004.

PREVIOUS COUNCIL DIRECTION

No specific Council direction has been received regarding Compton's current applications. Past Councils have directed Administration to present public safety and urban growth as key issues of concern to the EUB/ERCB on well applications southeast and northeast of the City.

RECOMMENDATION

That the Administration be directed to attend the EUB pre-hearing meetings on Compton's sour gas well license applications as an Interested Party, present key issues identified in this report, and report to the S.P.C. on Community and Protective Services on progress as required.

RECOMMENDATION OF THE ACCOUNTABILITY, PRIORITIES AND AGENDA COMMITTEE, DATED 2003 SEPTEMBER 30:

That the Administration Recommendation be approved, and that the report be referred to Council for information.

INVESTIGATION

The EUB has jurisdiction over the applications at hand. The pre-hearing meetings will not hear evidence or arguments about the merits of the Compton applications, but will establish the terms and parameters of the public hearing as well as the key issues that will be considered.

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At the public hearing, participants will be given an opportunity to present evidence, cross-examine witnesses and make arguments. The City is permitted to bring its views and evidence to the public hearing if The City determines its best interests are served by such representation. The EUB panel will review the site-specific Emergency Response Plan (ERP), drilling processes, safety procedures, all of the submissions and concerns of the interveners and will issue their decision on the applications.

On 2003 August 19, a briefing note with technical details was distributed to Council. Disaster Services, Law, Land Use Planning, and Environmental Management are working in a coordinated manner and are carefully considering public safety, land use, emergency preparedness, urban growth and environmental management issues. The Administration is continuing consultations with the EUB, the CHR, Compton and the Municipal District of Rocky View related to ongoing developments.

Disaster Services has reviewed Compton's ERP as required by EUB regulations. Compton has agreed to incorporate enhanced safety features into the ERP, as requested by Disaster Services. In addition to public safety, there are land use issues that relate to development restrictions and urban growth. The existing well's production expectancy is 50-60 years. If approved, Compton has agreed the six wells would operate for only 15 years. The projected timeframe for development in this area is 15-30 years.

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BUDGET IMPLICATIONS

None at this time.

RISKS

- The City may be liable if it has, or is aware of, safety concerns regarding the applications and does not make representation to the EUB about those concerns.
- The EUB prefers companies and local authorities to enter into agreements regarding roles during potential emergencies. Law advises that these agreements must be evaluated based on their terms and conditions. In the absence of clear and extensive indemnity clauses, such agreements may increase The City's potential liability.
- Notwithstanding any agreement, if the wells are drilled and an emergency does occur, The City may be liable for actions taken as a part of its emergency response.
- If the EUB does not approve the Compton wells, one of The City's most cost-effective corridors for development may not be available for urban development for an extended period of time.