



LETTER DECISION

File OF-Fac-Gas-H109-2016-01 01
7 November 2016

Ms. Ana Tarbuk
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Dear Ms. Tarbuk:

**Abandonment Hearing MHW-005-2016
Husky Oil Limited (Husky)
Abandonment of the Eyehill Pipeline (Project)**

The National Energy Board (NEB or Board) has considered the above-referenced application dated 13 June 2016 (Application). Pursuant to paragraph 74(1)(d) of the NEB Act, the Board has issued the attached Order ZO-H109-004-2016 (Order), the effect of which is to grant Husky leave to abandon the Eyehill Pipeline (Pipeline). The attached Order sets out the conditions the Board has imposed on the Project.

The Board's analysis and conclusions in support of its decision to issue the Order are set out below. In reaching its conclusions, the Board considered all of the evidence on the record. The regulatory documents on file in the MHW-005-2016 proceeding are available on the Board's website, www.neb-one.gc.ca.

It should be noted that on 19 June 2016 the *Pipeline Safety Act* came into force making important changes to the Board's jurisdiction over abandoned in place pipelines. This includes giving the NEB jurisdiction to take measures that the Board considers necessary for the safety and security of the public, the company's employees or the abandoned pipeline, or the protection of property or the environment.

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1.0 Project Overview and the NEB Process

1.1 Application and Project Overview

On 13 June 2016, Husky filed its Application to abandon the Pipeline constructed under the authority of Order XG-53-92. The Board received supplemental information about land matters on 18 August 2016 from Husky in its response to the Board's Information Request No.1.

The Pipeline is located in at 16-24-040-01W4 in Alberta to 13-08-040-28 W3M in Saskatchewan. The Pipeline has an outside diameter of 88.9 mm (3 inches) and is approximately 200 m in length. It was used to transport sweet natural gas and production fluids.

Husky stated that the previous owner, Renaissance Energy Ltd. abandoned the pipeline in 1998 and an abandonment order was received from the provincial regulator. Husky became the owner of the Pipeline in 2000 and maintained it in its abandoned state.

In 2015, Husky received notice from the NEB to conduct a Financial Regulatory Compliance Focused Audit of Years 2012-2014 ([A71300](#)) in which the Eyehill pipeline was included as part of this review. As per NEB's Final Report on an Audit, Finding 3, Husky is required to file a leave to abandon application by June 13, 2016.

Husky said that 200 m Eyehill pipeline was abandoned in place in accordance to CSA Z662 and Alberta Energy Utility Board requirements.

1.2 The NEB Process

Under the NEB Act, the Board must hold a public hearing to consider an application for leave to abandon a pipeline. The Board issued a Notice of Abandonment Hearing MHW-005-2016 for the Project (Notice) on 21 July 2016, which set out how the Board would consider the Application. The Board directed Husky to serve a copy of the Notice on all persons potentially impacted by the Project, including:

- landowners;
- tenants;
- lessees;
- users and occupants;
- interested government bodies (e.g., municipalities, provinces);
- third party shippers; and,
- other persons identified by Husky.

The Notice indicated that any member of the public could be involved in the Board's written public hearing process by filing a letter and any supporting documents with the Board. No filings from the public were received.

2.0 Assessment of the Application

2.1 Engineering Matters

Husky confirmed in the Application that at the time of abandonment Renaissance Energy Ltd., the previous owner, met all *Canadian Standards Association* (CSA) Z662 requirements along with all abandonment requirements. The 200 m (NPS 3) pipeline was abandoned in place. The volume (200 meters long and 3” in diameter) of the pipeline is very small and does not pose a significant threat to safety and environment.

Views of the Board

The Board finds that the Project’s abandonment activities were carried out in accordance with the CSA Z662 standard. The Board notes Husky’s comments on the potential condition regarding the Project to be abandoned in accordance with CSA Z662-15. Although the Pipeline was abandoned in 1998, the Board is of the view that this condition still applies, particularly with respect to Clause 10.16.5 which requires records to be maintained for pipelines that are abandoned in-place, including information such as length, diameter, material type and location. The Board expects Husky to maintain records of the abandoned line as specified in Clause 10.16.5. The Board is also of the view that abandoning the Pipeline in-place is acceptable in this instance and expects subsidence to be minimal given the small diameter of the Pipeline.

2.2 Economics Matters

Husky stated that, taking into consideration current nature of affected lands and project scope, Husky does not anticipate any costs associated with this project. Husky also acknowledged the ongoing financial responsibility, for as long as Husky retains ownership of the pipeline, for abandonment, monitoring and any potential remediation required in the future. Husky stated that there are no current or former customers associated with this pipeline. The Board notes that pursuant to MH-001-2013¹, Husky filed a letter of credit with the Board for \$7.7 million in December 2014 for future pipeline abandonment funding.

Views of the Board

The Board has no concerns regarding economics and financial information submitted by Husky.

¹ [MHW-001-2013](#)

2.3 Environment Matters

The Pipeline is situated on land used for agricultural purposes. The closest water body to the Pipeline is approximately 250 m to the south-east. Husky submitted that there are no environmentally sensitive areas along the Pipeline route.

Husky stated that the Pipeline poses no danger of ground subsidence or, soil or groundwater contamination. Husky completed a site visit in May 2016, which indicated no evidence of vegetation stress or landscape concerns as a result of line abandonment. Husky also stated that the lands in question have been restored to achieve equivalent land capability.

Husky indicated that there are no historical spills or releases on record or known areas of contamination along the Pipeline. Husky submitted that it is in the process of completing a Phase I Environmental Site Assessment that meets CSA Standard Z768-01 and that it would provide the results of the Environmental Site Assessment to the NEB upon completion. Husky stated that, if the Phase 1 Environmental Site Assessment indicates any areas of potential environmental concern, it will investigate and provide any subsequent actions or remedial plans to the NEB for review.

Husky stated that there will be no active maintenance carried out on the Pipeline once all abandonment procedures are implemented and followed. Husky's field personnel are present in the area on a daily basis to mitigate any potential adverse effects. Any future potential adverse environmental effects will be mitigated effectively with standard environmental protection measures and CSA standards.

Views of the Board

The Board notes that the Project is not subject to the requirements of an Environmental Assessment under the *Canadian Environmental Assessment Act, 2012*. Environmental matters were considered by the Board pursuant to the NEB Act.

The Project involves assessing the in-place abandonment activities of the Pipeline, which were conducted in 1998, with no physical work proposed.

Although Husky noted that there is no record of historical spills or releases, or known areas of contamination along the Pipeline, it did not provide evidence in support this assertion. The Board acknowledges that Husky is in the process of completing a Phase I Environmental Site Assessment. The Board requires assurance that any contamination associated with the Pipeline has been identified. Consequently, Condition 4 of the Order requires Husky to file a Phase I Environmental Site Assessment to investigate and describe any potentially hazardous materials and the likelihood of any historical contamination associated with the abandoned Pipeline. In addition, Condition 5 requires Husky to file a Post-Abandonment Report to demonstrate that either no contamination in excess of federal or applicable provincial environmental criteria was identified upon completion of the Phase I Environmental Site Assessment, or that all contamination identified has been remediated to the most stringent of federal or applicable provincial environmental criteria.

Given the nature and scope of the Project, and the implementation of the Board's prescribed mitigative conditions, The Board anticipates that any environmental effects would be of limited geographic extent (limited to the Project site), short-term (in the order of weeks or months), reversible and of low magnitude. The Board has determined that the carrying out of the Project is not likely to cause significant adverse environmental effects.

2.4 Consultation Matters

The Pipeline is located approximately 19 km north east of the town of Provost on the Alberta/Saskatchewan border. The right of way is entirely on private land and no additional land or workspaces are required as the Pipeline abandonment activities were previously completed in place. Husky notified interested parties of the plans to abandon the Pipeline and stated that it did not receive any issues or concerns regarding the abandonment plans. The company also stated that Aboriginal notification was not required.

On 4 August 2016, Husky submitted to the Board a list of potentially impacted persons upon which it served the Notice. This list included landowners, occupants and local authorities. The Notice set out the Board's hearing process and required those interested in participating in that process to indicate their intention to do so by 11 August 2016. No letters were filed with the Board.

Views of the Board

The Board is satisfied that anyone potentially affected by the Project was given sufficient notice and had the opportunity to voice their concerns. The Board is of the view that the design and implementation of consultation activities were appropriate for the scale and scope of the Project. The Board notes that under the *Pipeline Safety Act*, the Board has jurisdiction to take measures that the Board considers necessary for the safety and security of the public, the company's employees or the abandoned pipeline, or the protection of property or the environment. Accordingly, landowners and land users may contact the Board if any issues or concerns arise.

2.5 Socio-Economic Matters

Husky stated that the Pipeline was abandoned in 1998 by Renaissance Energy Limited prior to Husky acquiring the Pipeline. Husky does not plan to unearth the line. It is Husky's position that disturbance of the surrounding area again would be a redundant exercise and unnecessary disturbance to the associated landowner's property. Husky stated that no socio-economic impacts are anticipated as all abandonment work on this pipeline has already been completed.

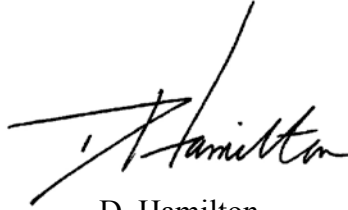
Views of the Board

The Board expects applicants to identify the effects projects may have on socio-economic elements, to identify mitigation measures they will implement to reduce those effects, and to assess the significance of any effects that would remain once the mitigation has been applied.

The Board notes the abandonment activities have already taken place and is satisfied that Husky has identified and addressed all relevant socio-economic effects associated with the Project. The Board is of the view that the Project is not likely to cause any significant socio-economic effects.

3.0 Decision

Based on the foregoing consideration and reasons, the Board grants Husky leave to abandon the facilities as set out on Schedule A of the attached Order.

A handwritten signature in black ink, appearing to read 'D. Hamilton', with a large, sweeping initial 'D'.

D. Hamilton
Member

Attachment