

National Energy  
Board



Office national  
de l'énergie

## LETTER DECISION

File OF-Fac-Gas-D080-2016-01 01  
14 November 2016

Mr. Brian Heffner  
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Dear Mr. Heffner:

**Abandonment Hearing MHW-004-2016  
Delphi Energy Corporation (Delphi)  
Abandonment of the Pesh-Petitot Pipeline (Project)**

The National Energy Board (NEB or Board) has considered the above-referenced application dated 26 May 2016 (Application). Pursuant to paragraph 74(1)(d) of the *National Energy Board Act* (NEB Act), the Board has issued the attached Order ZO-D080-005-2016 (Order), the effect of which is to grant Delphi leave to abandon the Pesh-Petitot 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-004-2016 proceeding are available on the Board's website, [www.neb-one.gc.ca](http://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 26 May 2016, Delphi filed its Application to abandon the Pipeline constructed under the authority of Order XG-W44-55-95, at a total estimated cost of \$205,000. Delphi submitted supplemental information about land, financial and socio-economic matters on 8 August 2016 in its response to the Board's Information Request No.1.

The Pipeline is located from b-016-1/094-P-08 in British Columbia to 13-08-121-11 W6M in Alberta. The Pipeline has an outside diameter of 168 mm (6 inches) and is approximately 15.1 km in length. It was used to transport sour natural gas and production fluids. Delphi noted that the Pipeline route is unsuitable for agriculture or commercial forestry and land use is limited to oil and gas development, hunting, and trapping.

Delphi proposes to abandon in-place the Pipeline. Abandonment activities were undertaken but not completed by the previous owner prior to 2007. Delphi will complete the abandonment activities on the existing right-of-way (ROW) by cutting risers at pipeline depth and capping the Pipeline at both endpoints. Purging and emptying the Pipeline of service fluids was completed by the previous owner. No new roads will be required to complete the work as existing winter access roads will be used. Delphi stated that all work to be carried out will occur on the existing ROW. Abandonment work is proposed to occur during January and February 2017.

Once the abandonment activities are completed, Delphi will maintain the easement for the abandoned Pipeline. Further, Delphi committed to conduct aerial surveys of the Pipeline every two years.

### **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-004-2016 for the Project (Notice) on 11 July 2016, which set out how the Board would consider the Application. The Board directed Delphi 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 Delphi.

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**

Delphi is proposing to abandon 15.1 km 168 mm (6 inches) Pipeline in-place. Some of the initial abandonment activities were completed by the previous owner that included:

- removal of all service fluids;
- purging of service fluids; and
- physically separating the Pipeline from any in-service piping.

Delphi's proposed abandonment work will include:

- cutting risers at the Pipeline depth;
- capping the Pipeline at the endpoints;
- installing information tags listing status of the Pipeline; and
- removing cathodic protection.

An information request was issued to confirm the Pipeline has been properly purged and is free of sour gas. In its response, Delphi confirmed that the Pipeline was purged with nitrogen gas (N<sub>2</sub>) and a test confirmed that there is no more service fluid left in the Pipeline.

### ***Views of the Board***

The Board finds that the Project's abandonment activities as described above are consistent with the requirements of the currently in force CSA Z662-15 related to abandonment of piping, and will be done in a safe manner. The Board is also of the view that abandoning the Pipeline in-place is acceptable in this instance. The Board expects subsidence to be minimal given the small diameter of the Pipeline, and notes Delphi's commitment to maintaining appropriate signage and inspecting the ROW after abandonment activities are completed.

### **2.2 Economics Matters**

Delphi acknowledged its financial responsibility to abandon the pipeline as well as any potential remediation that may be required in the future. This pipeline is not currently in operation and therefore there are no customers associated with it.

## ***Views of the Board***

The Board has no concerns regarding economics and financial information submitted by Delphi. The Board notes that Delphi currently has a surety bond with the Board. Once Delphi has completed abandonment in a manner satisfactory to the Board it may apply to the Board for a complete or partial reduction of the surety bond amount to reflect the abandoned project.

### **2.3 Environment Matters**

The Pipeline is located in the Northern Mixedwood Natural Subregion of the boreal forest in a landscape dominated by wetland complexes, and some upland areas consisting of coniferous and mixedwood forest. Delphi said that this subregion supports a variety of wildlife species including a variety of bird species, furbearers, and ungulates including woodland caribou, moose and wood bison. The subregion also provides good habitat for amphibians such as boreal chorus frog and wood frog.

Delphi submitted that a search of Alberta's Environment and Parks Fish and Wildlife Management Information System revealed no historic records for wildlife species within a 1 km radius of the 13-08-121-11 W6M wellsite located in Alberta. A search of British Columbia's Conservation Data Centre revealed historic occurrences of wood bison and woodland caribou near the existing b-16-I, 94-P-8 wellsite located in British Columbia. Delphi noted that wood bison and woodland caribou are listed as Threatened under Schedule 1 of the *Species at Risk Act* (SARA).

Delphi indicated that, given the proposed Project is scheduled to occur during the winter of 2016/2017, many of the SARA-listed species will not be present due to migration activities. Woodland caribou and wood bison could potentially be present during pipeline abandonment activities. Delphi committed to implement mitigation measures to prevent or reduce direct and indirect Project effects on wildlife, including species at risk.

According to Delphi the only excavation to occur during Pipeline abandonment activities will be at the Pipeline endpoints (to cut off risers and cap pipelines) located on leases, which have not been reclaimed. Delphi submitted it does not plan on doing reclamation work on the disturbed areas and that these areas will be reclaimed when the leases are reclaimed. Delphi stated that reclamation is not planned for the existing pipeline ROW.

Delphi stated that the existing pipeline crosses five watercourses, including one permanent creek, with the others being intermittent creeks or ephemeral draws with an indistinct channel. Delphi confirmed that there will be no ground disturbance within 30 metres of any watercourse as part of abandonment activities.

Delphi indicated that there is no contamination expected along the pipeline ROW as there is no history of any pipeline leaks or registered spills. Delphi stated that the Pipeline has already been emptied of service fluid and purged so no contamination can occur during abandonment operations. Delphi stated that a Phase I Environmental Site Assessment (ESA) is not required.

Delphi committed to ensuring that the Pipeline remains free of problems after abandonment work is carried out. Delphi plans to conduct aerial surveys of the Pipeline every two years to help mitigate any issues that arise from ground subsidence, erosion, creation of water conducts or pipeline exposure. Delphi proposes to create a post-abandonment log that includes records of aerial surveys, records of changes to the Pipeline since abandonment and records of any remedial work done after abandonment.

### ***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 Board notes that no work is proposed within 30 metres of a waterbody.

The Board notes that both woodland caribou and wood bison have been historically noted at the Pipeline endpoint located in BC. The Board further notes that both species are listed as Threatened under Schedule 1 of the SARA. The Board is of the view that, although excavation would occur within existing disturbed leases, abandonment activities could potentially result in disturbance to wildlife. The Board notes Delphi's commitment to implement mitigation measures to prevent or reduce direct and indirect Project effects on wildlife, including species at risk.

To confirm that all of its proposed environmental protection procedures and mitigation measures are implemented, including those for wildlife and species at risk, the Order imposes Condition 4 of the Order requires Delphi to file a Project-specific Environmental Protection Plan (EPP) with the Board, for approval, at least 45 days prior to commencing the abandonment activities. The purpose of an EPP is to communicate Project-specific environmental protection commitments, procedures, and mitigation measures to employees and contractors for implementation in the field during abandonment activities. The Board expects the EPP to be structured as a document of step-wise plans and processes for contractors and other personnel that can be easily understood, followed, and implemented.

Although Delphi submitted that contamination is not expected to exist along the pipeline ROW, it did not provide evidence to confirm this. Therefore, the Board is of the view that a Phase I ESA is required before commencement of abandonment activities. Condition 5 of the Order requires Delphi to file with the Board a Phase 1 ESA. Condition 6 requires Delphi to notify the Board if any contamination is identified during abandonment activities and to implement appropriate remediation.

Delphi committed to monitor the pipeline every two years to mitigate issues that arise from ground subsidence, erosion, creation of water conduits or pipeline exposure. Delphi also committed to create a post-abandonment log that contains, amongst other items, records of any remedial work completed after abandonment. Condition 7 requires Delphi to file with the Board a Post-Abandonment Report.

Given the nature and scope of the Project as applied for, and the implementation of the Board's prescribed conditions, the Board anticipates that any environmental effects resulting from the Project would be of limited geographic extent (limited to the Project site), short-term (limited to the time frame within which the abandonment activities will be carried out), of low magnitude, and reversible. The Board finds that the Project is not likely to cause significant environmental effects.

## **2.4 Consultation Matters**

The Project is located on Crown land on the Alberta – British Columbia border, close to the Northwest Territories. Delphi notified all potentially interested parties of the plan to abandon the Pesh-Petitot Pipeline and stated that it did not receive any concerns regarding the abandonment plans.

On 27 July 2016, Delphi submitted to the Board a list of potentially impacted persons upon which it served the Notice. This list included landowners, Crown disposition holders, rights holders, local authorities, Aboriginal groups, and other interested parties. 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 1 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 was appropriate for the scale and scope of the Project. The Board also notes that under the *Pipeline Safety Act*, the Board has jurisdiction over pipelines abandoned in-place; as such, landowners and land users may contact the Board if any issues or concerns arise.

To ensure that directly affected landowners and land users continue to remain informed about the Project and its timelines, the Board imposes Condition 8, requiring Delphi to notify all potentially impacted persons upon which it served the Notice of the specific timing of upcoming abandonment activities at least 15 days prior to commencing them.

## 2.5 Socio-Economic Matters

Delphi stated that the Pipeline has not been in service for some time, and that during abandonment activities there will be minimal impact to the socio-economic climate due to the small scope of work being performed. These impacts, which will be of short duration, will include a small crew mobilizing equipment to site, and noise due to construction activities and equipment. All work will be done within the existing ROW, and no new roads are required to complete the work.

### *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 is satisfied that Delphi has identified and addressed all relevant socio-economic effects associated with the Project. The Board notes the limited scope and duration of abandonment activities and that the Project is located on an existing ROW. 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 Delphi leave to abandon the facilities as set out on Schedule A of the attached Order.

A handwritten signature in black ink, appearing to read 'P. Watson', is centered on the page.

P. Watson  
Member

Attachment