

National Energy  
Board



Office national  
de l'énergie

## LETTER DECISION

File OF-Fac-Oil-R738-2014-01 01  
31 March 2015

Mr. Dan Wehr  
Operations Manager  
Ruger Energy Inc.  
2200, 635 - 8<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3M3  
E-mail: wehrfles@gmail.com

Dear Mr. Wehr:

**Abandonment Hearing MHW-002-2014  
Ruger Energy Inc. (Ruger)  
Application pursuant to paragraph 74(1)(d) of the *National Energy Board Act* (NEB  
Act) for leave to abandon the Alsask Pipeline**

The National Energy Board (NEB or Board) has considered the above-referenced application dated 2 October 2014 (Application). Pursuant to paragraph 74(1)(d) of the NEB Act, the Board has issued the attached Order ZO-R738-001-2015 (Order), the effect of which is to grant Ruger leave to abandon the Alsask Pipeline (Pipeline). The Order contains the Board's conditions associated with the abandonment.

The Board's analyses 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 related to this matter. The regulatory documents on file in the MHW-002-2014 proceeding are available on the Board's website, [www.neb-one.gc.ca](http://www.neb-one.gc.ca).

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## **1.0 Project Overview and the NEB Process**

### **1.1 Application and Project Overview**

On 2 October 2014, Ruger filed the Application pursuant to paragraph 74(1)(d) of the NEB Act and section 50 of the *National Energy Board Onshore Pipeline Regulations* to abandon, in-place, the existing pipeline, and to excavate and remove a riser at Legal Survey Description (LSD) 100/03-27-27-29 W3 at a total estimated cost of \$2,000 (Project).

In the Application, Ruger provided an LSD for the Pipeline of 102/01-25-27-1 W4 to 100/03-27-27-29 W3. The Pipeline is approximately 580 metres in length and crosses the Alberta and Saskatchewan border. The Pipeline has an outside diameter of 88.9 mm and is located on Crown-leased land. The Pipeline was deactivated, pursuant to Order MO-031-2012 issued by the Board on 4 October 2012.

### **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-002-2014 for the Project (Notice) on 20 November 2014, which established the public hearing process for the Board's consideration of the Application. The Notice was served by Ruger on potentially impacted parties in the Project area. 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, to advise of, or explain, any views on impacts as a result of the proposed abandonment. No letters were received by the Board.

On 27 November 2014, the Board issued Information Requests to Ruger. Ruger filed its responses to the Board's Information Requests on 27 November 2014.

On 27 February 2015, the Board issued possible conditions for the Project for comment by Ruger. No comments were received by the Board.

Pursuant to subsection 14(1) of the NEB Act, the Chair of the Board authorized Alison Scott, Board Member, to exercise and perform the Board's powers, duties and functions under the NEB Act with respect to the Application.

## **2.0 Assessment of the Application**

### **2.1 Engineering Matters**

Ruger has requested leave to abandon the Pipeline as it has no plans to put it into service. Ruger is proposing to abandon the Pipeline in-place, with the exception of the riser at LSD 100/03-27-27-29 W3, which will be excavated and removed. Ruger stated that the Pipeline was deactivated on 30 October 2012 which included the Pipeline being blown dry, corrosion inhibited, and capped. Ruger stated that abandonment activities will involve:

- excavation and removal of the riser at LSD 100/03-27-27-29 W3 and;
- installing a flange and blind flange at the riser site.

Ruger committed to abandoning the Pipeline in accordance with *Canadian Standards Association (CSA) Z662-11, Oil and Gas Pipeline Systems*.

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

The Board notes Ruger's commitment that abandonment activities will follow CSA Z662-11. The Board directs that the abandonment activities authorized by the attached order be carried out in a safe manner and in compliance with CSA Z662-11 requirements.

Given the small diameter of the Pipeline, the Board expects subsidence to be minimal and finds abandoning the Pipeline in place, with the exception of the riser which will be removed, to be acceptable in this instance.

## **2.2 Financial Matters**

Ruger submitted that the costs of removal of the riser and installation of a flange and blind flange are estimated to be \$2,000. Ruger stated that this cost will be absorbed through its operating budget. Ruger did not provide a cost estimate for any other abandonment activities.

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

In the RH-2-2008 Reasons for Decision, the Board set out guiding principles and a five-year Action Plan, so that all NEB-regulated companies would begin to report on financial arrangements to cover abandonment costs. Since the RH-2-2008 Reasons for Decision, the Board has issued several additional documents which address funding for abandonment and post-abandonment activities.

In the RH-2-2008 Reasons for Decision, the Board set out several key principles relating to abandonment funding. The Board indicated that pipeline companies are ultimately responsible for the full costs of abandoning their pipelines, and also that landowners will not be liable for costs of pipeline abandonment. Another principle set out by the Board in that decision is that the Board regulates using a risk-based lifecycle approach.

In this case, the Board is satisfied that Ruger has sufficient funds to conduct abandonment activities. However, consistent with the above principles, the Board has imposed Condition 9 of the Order, which requires Ruger to file a letter acknowledging that it has ongoing financial responsibility, for as long as it retains ownership of the Pipeline, for monitoring and any potential future required remediation.

### 2.3 Environment Matters

Ruger submitted that the land use in the Project area is pasture land used for cattle grazing, with very good native grass growth on the pipeline Right of Way (RoW). Ruger stated that the nearest water body to the Pipeline is a small slough 3.8 km due north.

Ruger submitted that there is no visual contamination on the RoW and that it has very little reason to believe that any contamination exists that would not be visible or have previously come to light since the Pipeline was constructed in 2003.

#### *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 uses a lifecycle approach to ensure environmental protection throughout all phases of a regulated facility. At the abandonment phase, in addition to assessing the effects of the physical abandonment activities on the environment, the Board considers the state of the Pipeline RoW and the risk of it to biophysical elements post-abandonment. This includes consideration of soil and groundwater contamination, remediation, reclamation, and the end state of land.

With respect to the method of abandonment proposed by Ruger, the Board is of the view that abandonment in-place (with the exception of the riser, which will be removed) is acceptable because the Pipeline is located in a native prairie environment which is sensitive to disturbance. By abandoning the Pipeline in-place, disturbance to the soil and vegetation would be limited to the previously-disturbed lease site. As stated previously, the Board is of the view that the risk of land subsidence for this small diameter pipeline is low. The Board is also of the view that the risk associated with the Pipeline becoming a conduit for water is low given the short length of the Pipeline and relatively flat terrain in the Project area (as noted by the Board from photographs filed by Ruger).

Subsequent to abandonment the most likely source of environmental contamination is residue left in the pipeline. Effective pigging and cleaning during deactivation are therefore essential. The Board notes pigging and cleaning have already been carried out. The Board expects that the Pipeline cleaning (pigging) conducted during deactivation would have adequately removed contaminant sources from the Pipeline. Further, Ruger's proposed abandonment activities do not indicate that new contaminants would be introduced into the Pipeline. The Board is of the view that the Pipeline, once abandoned, will not contain significant sources of contamination.

Other sources of potential contamination are historic releases from the Pipeline and spot spills during construction and operations. Ruger noted that there is no visual contamination on the RoW. However, the Board requires assurance that any

contamination associated with the Pipeline will be properly identified prior to the commencement of abandonment activities. Condition 4 of the Order requires Ruger to file a Phase I Environmental Site Assessment to evaluate the potential for contamination associated with the Pipeline.

The Board also requires Ruger to document the methods it will use to identify potential contamination during abandonment activities in an Environmental Protection Plan (EPP) (Condition 6). The EPP must include procedures to prevent and respond to spills that may occur during abandonment activities. In the event that contamination is discovered or a spill occurs, Ruger must file a Notice of Contamination with the Board, as required by Condition 8. Condition 10 further requires that Ruger must either confirm with the Board that no contamination was found during the Phase I Environmental Site Assessment (Condition 4) or abandonment activities (Condition 8), or provide a plan for investigating and remediating the contamination that is consistent with the process described in the NEB's *Remediation Process Guide*. Condition 12 requires Ruger to demonstrate in a Closure Report that all contamination associated with the Pipeline, if any, has been remediated.

While physical disturbance as a result of abandonment activities is expected to be limited, the Board notes that Ruger did not provide any mitigation measures in its Application to reduce environmental impacts. Accordingly, Condition 6 of the Order requires the EPP to document the procedures and measures to be implemented to mitigate environmental impacts, including reclamation procedures.

The Board notes that the Project is located on native prairie and that there is a potential for wildlife species of ecological importance to be present in the Project area during abandonment activities. Accordingly, Condition 5 requires Ruger to file a Wildlife Assessment, which includes a desktop wildlife study conducted by a qualified wildlife biologist prior to abandonment activities and to implement mitigation measures, as necessary. The EPP filed pursuant to Condition 6 must include any wildlife mitigation measures identified in the desktop wildlife study.

Physical disturbance to complete the abandonment is expected to be limited in extent and contained to an existing lease site. The Board expects that the disturbed area will be reclaimed to match the remainder of the lease. Although there is no planned work along the length of the RoW outside the lease, the current state of land (soil, vegetation and landscape/topography characteristics) along the Pipeline RoW outside of the lease site has not been described. Ruger is required by Condition 12 to demonstrate in a Closure Report that the land along the length of the Pipeline RoW is in a state that is comparable to the surrounding environment.

Given the nature and scope of the Project and the Conditions imposed by the Board in the Order, the Board expects that any environmental effects of the Project would be reversible, medium-term in duration, of limited geographic extent and low in magnitude. As such, the Board has determined that the environmental effects likely to occur as a result of the Project would not be significant.

## 2.4 Consultation Matters

Ruger stated that it contacted two leaseholders who confirmed that they have no objections or environmental issues or concerns with the Project.

The Board required Ruger to serve a copy of the Board's 20 November 2014 Notice to 19 Aboriginal groups with asserted traditional territory in the Project area as well as all other persons potentially impacted by the Project. On 24 and 27 November 2014, Ruger submitted to the Board a list of potentially impacted persons upon which it served the Notice. This list included Aboriginal groups, lessees and interested government bodies. No person or group filed comments with the Board.

### *Views of the Board*

Given that Ruger identified potentially impacted parties and effected service of the Notice in a timely manner, and that the Notice remained publically accessible on the Board's website throughout the comment period, the Board is satisfied that anyone potentially affected by the Project had adequate opportunity to voice any concerns. The Board is of the view that Ruger's consultation program was appropriate given the setting, nature and magnitude of the Project.

## 2.5 Socio-Economic Matters

Ruger submitted that the Project is located on leased provincial Crown lands that are made up of pasture land used for cattle grazing only. Ruger confirmed that the RoW has been reclaimed and that no agriculture activities are performed on or near the RoW and vehicular activity is minimal in the area. Ruger also submitted that the area was previously identified as environmentally sensitive but no archaeological, paleontological or heritage resources were identified. The abandonment activities will occur on previously disturbed land and no new RoW or temporary work space is required. Ruger intends to surrender the easement following abandonment.

### *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 Ruger has identified the relevant socio-economic effects associated with the Project. The Board notes the limited scope and duration of abandonment activities and that the Project will occur on previously disturbed lands. The Board is of the view that the Project is not likely to cause any significant adverse socio-economic effects. However, consistent with Filing Manual requirements, the Board has imposed Condition 7, which requires Ruger to confirm that it has received heritage clearance from the Saskatchewan Ministry of Parks, Culture and Sport regarding the removal of the riser, and to file copies of any correspondence from the Ministry.

### 3.0 Decision

Based on all of the foregoing considerations and reasons, the Board grants Ruger leave to abandon the Pipeline as set out in the attached Order.

A handwritten signature in black ink, appearing to read "Alison Scott". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Alison Scott  
Member

Calgary, Alberta  
March 2015