

**CANADIAN ENERGY REGULATOR
(formerly the National Energy Board, 1959–2019)**

VOLUME 1

Introduction	1-1
Table of Contents	2-1
Table of Cases	3-1
Glossary.....	4-1
Commentary.....	10-1001
 Appendix I: Oil & Gas Pricing and the Alberta Government.....	 10-1801
 Appendix II: Provincial Natural Gas Removal Policy	 10-1901
 Legislation	
<i>National Energy Board Act [Repealed].....</i>	<i>10-2001</i>
<i>Canadian Energy Regulator Act.....</i>	<i>10-2111</i>
<i>Inquiries Act</i>	<i>10-2301</i>
<i>National Energy Board Rules of Practice and Procedure, 1995</i>	<i>10-2501</i>
<i>National Energy Board, Filing Manual (2013), (Excerpts)</i>	<i>10-2523</i>
<i>National Energy Board Export and Import Reporting Regulations ...</i>	<i>10-2565</i>
<i>National Energy Board Electricity Regulations</i>	<i>10-2571</i>
<i>National Energy Board Act Part VI (Oil and Gas) Regulations.....</i>	<i>10-2585</i>
<i>National Energy Board Substituted Service Regulations.....</i>	<i>10-2631</i>
<i>Pipeline Arbitration Committee Procedure Rules, 1986</i>	<i>10-2633</i>
<i>National Energy Board Onshore Pipeline Regulations.....</i>	<i>10-2701</i>
<i>Section 58 Streamlining Order XG/XO-100-2012</i>	<i>10-2715</i>
<i>National Energy Board Damage Prevention Regulations — Authorizations.....</i>	<i>10-3101</i>
<i>National Energy Board Damage Prevention Regulations — Obligations of Pipeline Companies</i>	<i>10-3109</i>
<i>Power Line Crossing Regulations</i>	<i>10-3113</i>
<i>National Energy Board Processing Plant Regulatons</i>	<i>10-3115</i>
<i>Toll Information Regulations</i>	<i>10-3201</i>
<i>National Energy Board Cost Recovery Regulations</i>	<i>10-3301</i>
<i>Administrative Monetary Penalties Regulations.....</i>	<i>10-3401</i>
<i>Canada Petroleum Resources Act.....</i>	<i>10-3801</i>
<i>Canada Oil and Gas Operations Act.....</i>	<i>10-3807</i>
<i>Canada Oil and Gas Drilling and Production Regulations.....</i>	<i>10-3842.1</i>

<i>Canada Oil and Gas Installations Regulations</i>	10-3843
<i>Canadian Environmental Assessment Act, 2012 [Repealed]</i>	10-3907
<i>Impact Assessment Act</i>	10-3951
<i>Regulations Respecting the Coordination by Federal Authorities of Environmental Assessment Procedures and Requirements</i>	10-3967

VOLUME 2*

Index to National Energy Board Decisions	10-I-1
National Energy Board Decisions	10-4011
National Energy Board Cases	10-5011

* Detailed description of the Decisions and Cases contained in Vol. 2 is found in the Table of Contents to that volume.

CANADA ENERGY LAW SERVICE — ALBERTA

COMMENTARY

Table of Contents

GLOSSARY	30-3021
TABLE OF CASES CITED	30-3051
ALBERTA ENERGY REGULATOR	30-3101
I BACKGROUND AND GENERAL ISSUES	§1
1 REDA	§1
IA BACKGROUND AND GENERAL ISSUES (ERCB)	§1a
1 History	§1a
1a Alberta Energy and Utilities Board (EUB).....	§1aa
1b Energy Resources Conservation Board — Enabling Legislation	§1b
1c Alberta Energy Regulator (AER) — Enabling Legislation...	§1c
2 AER Board of Directors.....	§2
3 Organization and Funding of the ERCB.....	§6
4 Constitutional Jurisdiction of the Alberta Energy Regulator (formerly the ERCB & EUB)	§8
A Provincial Jurisdiction Over Natural Resources	§9
B Pipelines.....	§13
C Energy Exports	§14
D Jurisdiction to Decide Constitutional Questions	§15a
E First Nations' Rights	§15b
5 Purposes of the AER	§16
A Importance of Statutory Purposes.....	§16
B Purpose Sections in Other Statutes	§19
C The ERCB'S Mission, Vision and Core Values	§20
6 Functions of the AER.....	§21
A Overview of Responsibilities.....	§22
B Regulatory, Approval and Policy-making Functions	§30
C Advisory Function	§31
(a) Statutory Provisions	§32
(b) Specific Inquiries.....	§33
D Reserves Estimates and Supply and Demand Forecasting.....	§34
7 General Powers of the ERCB.....	§39
A Power to Perform AER Functions and Purposes.....	§41
B Regulation-making Powers	§43
C Contractual Override Powers.....	§47
D Ministerial Directions to the AER	§49a

8	The AER's Relationship with Other Regulatory Agencies, Departments and Processes	\$50
A	Statutory Authority for Co-operative Arrangements.....	\$51
B	National Energy Board	\$52
C	Alberta Environment and Parks (AEP)	\$53
D	Natural Resources Conservation Board	\$56
E	Land Conservation and Reclamation	\$58
F	Surface Rights Board	\$63
G	Regulatory Overlap with Other Provincial Government Departments, Agencies and Legislation	\$67
H	Municipal Land Use and Planning Process	\$76
9	Environmental Regulation by the AER	\$79
A	Statutory Provisions	\$80
B	The Basis and Extent of the AER's Environmental Jurisdiction.....	\$88
C	Implementation of the ERCB's Environmental Jurisdiction.....	\$89
D	The Environmental Assessment Process	\$91
E	The "One Window" Process	\$93
F	Inclusion of Environmental Conditions in ERCB Orders	\$94
F.1	Evaluation of Environmental Effects.....	\$94a
G	Specific Environmental Regulations and Guidelines....	\$95
(a)	Archaeological, Palaeontological and Historical Resources	\$96
(b)	Habitat Protection	\$97
(c)	Native Prairie and Parkland Areas.....	\$98
(d)	Noise Regulation.....	\$100
(e)	Sulphur Handling and Storage.....	\$104
(f)	Underground Waste Disposal	\$105
(g)	Waste Management and Disposal	\$107
(h)	Storage Requirements.....	\$109a
(i)	Water and Air Pollution — Including Flaring.....	\$110
(j)	Operations in Environmentally Sensitive Areas.....	\$111a
(i)	The Eastern Slopes	\$111a
(ii)	Woodland Caribou Range	\$111e
(iii)	Hay-Zama Lake Complex.....	\$111f
10	Emergency Response: Health, Safety and the Environment.....	\$112
11	Security Management and Terrorism	\$113a
II	OIL AND GAS	\$114
1	Statutory Purposes.....	\$114
2	General Regulatory, Enforcement and Other Powers	\$118
3	Field, Pool and Zone Designation.....	\$121c

3a	Commingling of Production from Two or More Pools.....	§121e
3b	Inspection, Reporting, Compensation and Remedial Measures.....	§122
4	Well Spacing.....	§126
	A Purpose and Policy Objectives	§126
	B Statutory Provisions	§127
	C Criteria for the Establishment of Special Drilling Spacing Units	§131
	D Application of Criteria	§133
	E Rescission of Special Drilling Spacing Units	§140
	F Procedure.....	§141
5	Well Target Areas	§143
	A Purpose and Policy Objectives.....	§143
	B Statutory Provisions	§144
	C Reasons for and Implementation of Corner Target Areas.....	§145
	(a) The 1974 Decision on Petroleum Activities in Irrigation Areas	§145
	(b) Decisions between 1974 and 1981.....	§152
	(c) The 1981 Decision on Target Area Requirements	§153
	D Criteria for Modifying Target Areas	§156
	E Application of Criteria	§157
	F Procedure for Modifying Target Areas	§158
	G Enforcement of Target Areas.....	§159
6	Pooling	§161
	A Purpose and Policy Objectives.....	§161
	B Statutory Provisions	§162
	C Criteria.....	§164
	D Application of Criteria	§165
	E Procedure.....	§166
	F Content of Order	§168
	G Enforcement	§171
	H Modification of Pooling Orders.....	§175
7	Well Licensing	§176
	A Purpose and Policy Objectives.....	§176
	B Statutory Provisions	§177
	C Criteria.....	§181
	D Application of Criteria	§182
	(a) Need for the Well.....	§182
	(b) Well Location, Surface Impact and Surface Rights	§183
	(c) Mitigative Considerations.....	§186
	(d) Hazard to People	§187
	(e) Environmental Effects	§188

	(f) Availability of Acceptable Alternative.....	§190
	(g) Surface Economic Impact Exceeds Resource Extraction Benefits	§191
	(g.1) Proximity to Urban Area	§194a
	(h) Specific Criteria.....	§195
	(i) Public Consultations and Negotiations.....	§198b
	(j) Errors in Planning, Public Information and the Application	§198c
	(k) Operations Management	§198d
	E Factors not Relevant to Well Licence Applications	§199
	F Procedure	§201
	G Construction Prior to Licence Approval	§207a
	H Content of Order	§209
	I Well Licence Transfers.....	§210
	J Enforcement	§211
	K Sour Gas Well Licensing	§212
8	Production Rate Limitation.....	§214
	A Purpose and Policy Objectives	§214
	B Statutory Provisions	§215
	C Origins of Production Rate Limitation.....	§216
	D Maximum Rate Limitations (MRLs) and Allowables ...	§218
	E Gas-Oil Ratio	§219
	F Good Production Practice.....	§220
	G Criteria for Relief from Production Rate Limitations ...	§221
	H Application of Criteria	§226
	I Procedure	§227
	J Enforcement	§230
9	Prorationing	§232
	A Purpose and Policy Objectives	§232
	B Statutory Provisions	§233
	C Current Status of Prorationing	§234
	D History of Prorationing.....	§235
	E Production Spacing Units	§243
10	Unitization.....	§246
	A Purpose and Policy Objectives	§246
	B Statutory Provisions	§248
	C Encouragement of Unitization by the Board	§249
	D Procedure Relating to Voluntary Unitization	§250
	E Turner Valley Unitization	§251
11	Enhanced Recovery.....	§252
	A Purpose and Policy Objectives	§252
	B Statutory Provisions	§253
	C Criteria.....	§254
	D Application of Criteria	§255
	E Procedure	§260

	F Enforcement	§262
12	Gas Cap Production and Gas Production in Oil Sands Areas.....	§264
	A Purpose and Policy Objective.....	§264
	B Statutory Provisions	§265
	C Criteria.....	§266
	D Application of Criteria	§267
	E Procedure.....	§271
	F Enforcement	§272
13	Common Purchaser, Carrier and Processor Orders and Rateable Take of Gas Orders — General Matters	§273
	A Purpose and Policy Objective.....	§273
	B Statutory Provisions	§274
	C Importance of Negotiation	§275
	D Effective Date of Orders.....	§276
14	Common Purchaser	§285
	A Purpose and Policy Objectives	§285
	B Statutory Provisions	§286
	C Criteria.....	§287
	D Application of Criteria	§288
	(a) Drainage.....	§288
	(b) Opportunities for Marketing	§289
	(c) Future Markets.....	§290
	E Procedure.....	§291
	F The Non-discrimination Requirement	§292
15	Common Carrier	§300
	A Purpose and Policy Objectives.....	§300
	B Statutory Provisions	§301
	C Criteria.....	§302
	D Application of Criteria	§303
	(a) Inability of the Applicant to Make Reasonable Arrangements to Use the Existing Pipeline	§303
	(b) General Statutory Purposes — Avoidance of Duplication and Excess Capacity.....	§304
	(c) Absence of Pipeline Capacity.....	§305
	E Procedure.....	§306
	F Content of Order.....	§309
	G Enforcement	§310
	H Common Law Rights and Obligations.....	§311
16	Common Processor	§312
	A Purpose and Policy Objectives.....	§312
	B Statutory Provisions	§313
	C Criteria.....	§316
	D Application of Criteria	§317

	(a) Existence of Reserves and Need for the Plant.....	§317
	(b) Inability of Parties to Agree on Processing Arrangement	§318
	(c) Economics of the Proposed Common Processor Operation.....	§319
	E Procedure	§320
	F Content of Order	§322
	G Enforcement	§323
17	Rateable Take of Gas	§324
	A Purpose and Policy Objectives	§324
	B Statutory Provisions	§325
	C Criteria.....	§326
	D Application of Criteria	§327
	(a) Entitlement to Proportional Recovery of Gas.....	§327
	(b) Drainage.....	§328
	(b.1) Applicant's Lack of Opportunity to Produce.....	§328b
	(c) Offer of Gas Sales Contract	§329
	(d) Failure to Achieve Unitization	§330
	(e) No Common Purchaser Order in Place.....	§331
	E Procedure	§332
	F Content of Order	§333
18	Gas Processing	§337
	A Purpose and Policy Objectives	§337
	B Statutory Provisions	§338
	C Criteria.....	§339
	D Application of Criteria	§341
	E Factors Not Considered Relevant.....	§357
	F Consultation and Negotiation.....	§358
	G Sour Gas Plants — Emergency Response and Sulphur Recovery	§359
	H Sidestream Extraction of Natural Gas Liquids	§362a
	I Procedure	§363
	J Enforcement	§364
19	Ethane Extraction.....	§365
	A Purpose and Policy Objectives	§365
	B Statutory Provisions	§366
	C Current Ethane Extraction Policy and Implementation	§367
	D Criteria for Field Plants.....	§371
	E Procedure	§374
	F Content of Order	§375
	G History of Ethane Extraction Regulation.....	§376
20	Coalbed Methane.....	§377
	A Purpose and Policy Objectives	§377

B	Statutory Provisions	§378
C	Criteria.....	§382
D	Application of Criteria	§382a
	(a) Need for the Project.....	§382a
	(b) Well Spacing.....	§383
	(c) Water Issues.....	§384
	(d) Noise, Weed Control, Soil Compaction and Other Environmental Issues	§384a
	(e) Experimental Schemes.....	§385
E	Procedure	§386
21	ERCB Ordered Well Suspension or Shutting Down	§391
	A Purpose and Policy Objectives.....	§391
	B Statutory Provisions	§392
	C Procedure.....	§393
	D Examples.....	§394
22	Well Suspension and Abandonment.....	§395
	A Purpose and Policy Objectives.....	§395
	B Statutory Provisions	§396
	C Procedure.....	§398
	D Liability for Costs of Well Abandonment.....	§398b
	E Liability of Receiver or Trustee in Bankruptcy	§399
	F Liability of Operator of Abandoned Well.....	§400
	G Liability of Directors, Officers and Agents	§400a
23	Orphan Facilities	§401
	A Definition and Issues.....	§401
	B Board Policy	§402
24	Oil Sands Development and Production	§406
	A Purpose and Policy Objectives.....	§406
	B Statutory Provisions	§407
	C Criteria.....	§421
	D Application of Criteria	§424
	(a) Conservation and Technical Matters.....	§424
	(b) Environmental Matters.....	§430
	(c) Cost-benefit and Social Impact Matters.....	§433
	(d) Designation of Hydrocarbons as Oil Sands.....	§434
E	Procedure for Major Development Applications.....	§435
F	Approval of Multi-stage Projects	§439
F.1	Regional Development and Cumulative Effects.....	§439a
G	Public Consultation	§440
H	Content of Order.....	§441
I	Enforcement	§443
J	Experimental Schemes.....	§448
J.1	Gas Production in Oil Sands Areas	§448a
K	Confidentiality of Information	§449
L	History of Oil Sands Regulation.....	§450

25	Industrial Development Permits	§451
	A Purpose and Policy Objectives	§451
	B Statutory Provisions	§452
	C ERCB Jurisdiction under s. 30 of the <i>Oil and Gas Conservation Act</i>	§453
	D Criteria.....	§454
	E Application of Criteria	§455
	F Factors Not Considered Relevant.....	§464
	G Procedure.....	§466
	H Content of Order.....	§467
26	Export of Natural Gas	§470
	A Purpose and Policy Objectives.....	§470
	B Statutory Provisions	§471
	C Criteria.....	§475
	D Application of Criteria	§476
	(a) Needs and Reserves Criteria	§476
	(b) “Other Matters” Criterion.....	§478
	E Factors Not Considered Relevant.....	§483
	F Procedure.....	§484
	G Content of Order.....	§485
	H Enforcement	§486
27	Pipelines.....	§488
	A Purpose and Policy Objectives.....	§488
	B Constitutional Issue.....	§489
	C Statutory Provisions	§490
	D Criteria.....	§500
	E Application of Criteria	§501
	F Factors Not Considered Relevant.....	§513
	G Corridors and Routing	§516
	(a) Criteria.....	§517
	(b) Application of Criteria	§518
	(c) Evidence Regarding Routing Options	§521a
	H Pipeline Conversion	§522
	I Sour Gas Pipelines	§523
	(a) Policy Issue	§523
	(b) Criteria.....	§524
	(c) Application of Criteria	§525
	J Steam Distribution Lines	§528
	K Procedure.....	§529
	L Content of Order.....	§539
	M Enforcement	§540
	N Monitoring of Pipelines	§540a
	O Abandonment and Removal of Pipelines	§540b
28	Sour Gas Facilities.....	§541
	A Purpose and Policy Objectives.....	§541

	B	Setback Distances	§542
	C	Sour Well Licensing and Drilling Requirements.....	§543
	D	Critical Sour Wells.....	§544
	E	Completion, Servicing and Suspension of Sour Wells	§545
	F	Evacuation and Ignition for Sour Gas Wells.....	§546
	G	Sour Gas Flaring.....	§547
	H	Land Use Conflicts.....	§548
	I	Emergency Response Plans and Emergency Planning Zones.....	§549
	J	Financial Security and Technical and Operational Ability of the Proponent	§551
	29	Carbon Capture and Storage (CCS).....	§552
III		HYDRO AND ELECTRIC ENERGY [Final update 2007-2]	§555
	1	Purpose and Policy Objective.....	§555
	2	General Statutory Provisions	§556
	3	Enforcement Powers	§560
	4	Hydro Developments and Thermal Power Plants	§562
	A	Statutory Provisions	§562
	B	Criteria.....	§566
	C	Application of Criteria	§570
	D	Procedure.....	§576
	E	Content of Order.....	§579
	5	Small Power	§580
	A	Statutory Provisions	§580
	B	Criteria.....	§583
	C	Criterion Excluded by Statute	§585
	D	Application of Criteria	§586
	E	Procedure.....	§596
	F	History of Small Power Policy.....	§597
	6	Transmission Lines	§598
	A	Statutory Provisions	§598
	B	Criteria.....	§603
	C	Application of Criteria	§604
	D	Factors Not Considered Relevant.....	§611
	E	Interventions — Procedural and Substantive Issues.....	§612
	F	Transmission Line Planning.....	§613
	G	Relocation.....	§614
	H	Procedure.....	§615
	I	Content of Order.....	§616
	J	The Edmonton-Calgary Transmission Line Controversy and Its Aftermath	§616a
	7	Distribution Systems	§617

A	Statutory Provisions	§617
B	Criteria.....	§620
C	Application of Criteria	§621
D	Content of Order	§623
7a	Industrial Systems.....	§624a
A	Statutory Provisions and Criteria	§624a
B	Application of Criteria	§624c
C	Procedure.....	§625
8	Interconnections.....	§626
A	Statutory Provisions	§626
B	Constitutional Jurisdiction	§627
C	Criteria.....	§628
D	Application of Criteria	§629
9	Compensation.....	§630
IV	COAL RESOURCES.....	§631
1	Purpose and Policy Objectives	§631
A	Statutory Purposes.....	§631
B	Purposes in the Coal Development Policy	§632
2	Statutory Provisions	§633
A	General Powers and Duties.....	§633
B	Exploration and Drilling	§634
C	Coal Development Applications	§637
D	Coal Processing Plants	§639
E	Industrial Development Permits	§641
F	Environmental Conservation.....	§642
G	Restricted Areas	§643
3	Criteria.....	§644
4	Application of Criteria	§647
A	Technical and Geological Information	§647
B	Conservation.....	§648
C	Resource Development Conflicts.....	§649
D	Environmental Impact.....	§650
E	Social Impact.....	§651
F	Economic and Cost-benefit Analysis.....	§654
G	Safety, Transportation and Historical Impacts	§657
5	Procedure.....	§658
A	Exploration and Drilling	§658
B	Coal Development	§659
C	Coal Processing.....	§670
D	Overview of Hearing and Approval Process.....	§672
E	One Window Approach	§673
F	Coal Co-ordinating Committee.....	§674
G	Public Participation.....	§675
6	Content of Order and Licence	§676
7	Enforcement	§677

8	Reports and Records	§678
V	PRACTICE AND PROCEDURE	§681
1	Statutory Provisions and Rules.....	§681
2	Natural Justice and Procedural Rights	§682
2a	Bias and Impartiality.....	§682a
2b	Burden of Proof	§682c
3	Application Procedure	§683
4	Pre-hearing Meetings	§685
5	Hearings	§686
6	Standing	§695
6a	Representation of Interveners.....	§695a
7	Discovery and Information Requests	§696
8	Evidence.....	§697
9	Official Notice	§705
10	Participation by the Crown	§706
11	Staff Evidence	§707
12	Decisions.....	§708
13	Orders	§709
14	Local Intervener Costs	§710
A	Statutory Provisions	§710
B	Overview of the ERCB's Approach.....	§711
C	Eligibility Criteria	§712
(a)	Interest in Land.....	§712
(b)	Land Adversely Affected	§713
D	The ERCB's Discretion to Deny or Reduce Costs Claimed by Eligible "Local Interveners".....	§714
E	Liability for Intervener Costs	§716
F	Procedure for Claiming Local Intervener Costs	§717
G	Intervener Costs before a Notice of Hearing and when a Hearing is Adjourned, Deferred or Cancelled	§720
H	ERCB Review of Local Intervener Costs Awards	§721
15	Rehearing and Reconsideration.....	§722
16	Determination of ERCB Jurisdiction.....	§725
17	Appeal and Judicial Review	§726
18	Communication, Public Consultation and Appropriate Dispute Resolution	§728
A	Purpose and Policy Objectives	§728
B	Public Involvement Guidelines.....	§729
C	Communication with the Public and Local Authorities.....	§734
D	Consultative Processes and Negotiation.....	§737
E	Appropriate Dispute Resolution	§739

[Next page is 30-3021]

