

# Draft Minutes



## Flaring and Venting Project Team meeting #50

Date: Friday, January 15, 2010

Time: 10:00 am – 3:30 pm

Place: CASA, 10<sup>th</sup> Floor, 10035 108 Street, Edmonton

### In attendance:

Name	Stakeholder group
Andrew Higgins	CAPP/CNRL
Wayne Hillier	Husky Energy
Randal McNeill	Husky Energy
James Vaughan	Alberta Energy Resources Conservation Board
Bob Barss (phone)	Alberta Association of Municipal Districts and Counties
Jim Spangelo	Alberta Energy Resources Conservation Board
John Squarek	Small Explorers and Producers Association of Canada
Chris Severson-Baker	Pembina Institute
Jolene Shannon	Pembina Agricultural Protection Association
Anna Maslowski	Alberta Energy
Krista Phillips	CAPP
Karina Thomas (phone am)	Alberta Health and Wellness
Jennifer Allan	CASA Secretariat
Petra Rowell	Contract Secretariat Support

### With regrets:

Name	Stakeholder group
Randy Dobko	Alberta Environment
Doreen Rempel	MGV Energy Inc./CSUG
Ian Peace	RAPID
Ralph Smith	Wildrose Agricultural Producers
Robyn-Leigh Jacobsen	CASA Secretariat

Chris Severson-Baker chaired the meeting, which convened at 10:00 a.m. Quorum was achieved.

### Action Items:

Action items	Who	Due
41.1: Distribute aggregate information on fugitive emissions once it is available.	Krista Phillips	March meeting
44.7: Prepare a brief report on each battery flaring alternative, including a classification based on technical feasibility and commercial viability.	Wayne	Agenda item for February meeting.

47.2: Evaluate the impact of reducing 6 month testing/tie-in period in the heavy oil areas for anything in production in 2008 at Husky: Added: “Provide data on the number of wells, volumes for sites that ultimately do conserve, and the value of reducing tie-in from 6 to 4 months”.	Wayne	Update at February meeting
48.6: Make a list of the top 50 batteries and wells (in Figure 5) that were responsible for (a) the increases from Dec/07 to Jan/08 and (b) the decreases from July to Aug/08. The ERCB will forward this information [DONE] to <b>industry reps who will investigate possible reasons.</b> [ongoing]	Wayne, Andrew	Analysis at February meeting.
49.4: Estimate what actual increases in conservation the straw dog proposals might result in.	James	For February meeting.
49.5: Consider amendments, additions, and alternate proposals for the straw dog recommendations and forward their comments to Robyn and/or Jennifer Allan.	All team members	Before February meeting.
49.7: Coordinate funding to hire the report writer. Added: <i>CASA will invoice Husky and contract the writer.</i>	Robyn and Wayne	As soon as possible.
50.1 ERCB will provide a list of companies with batteries and wells in the top 50 for increases from Dec 07 to Jan 08 and decreases July to Aug 08 to CAPP. CAPP will then contact companies and collate responses and identify chronic issues behind the increases.	Jim, James, Krista	Next meeting
50.2: Team members to send their comments on the draft Golder report to Jennifer to compile, circulate, and provide to Golder.	All team members	By Jan. 22.
50.3: Co-chairs continue to get progress updates from Golder via teleconferences Jan 29 and Feb. 12 (9:00 am start).	Co-chairs	Jan. 29 Feb. 12
50.4: The ERCB team members will seek advice from their board members and bring back advice to the team for the next meeting Feb. 18.	James, Jim	Before Feb. 18 meeting
50.5: To get a better feel for most recent flaring and venting trends, the ERCB members will bring preliminary 2009 trend data to the next team meeting.	James, Jim	Feb. 18
50.6: Products of combustion underground should not be included in venting. Jim to draft a straw dog recommendation and provide to Jennifer.	Jim	Feb. 18 mtg.
50.7: The team will review the <i>RFP on Flare Emissions from Flaring with Non-Hydrocarbon Liquid</i> handed out at the meeting and provide comments to Jennifer by next Friday.	All team members	January 22

## 1) Introductions

After a roundtable of introductions, the Chair outlined the meeting purpose which was to

- a) discuss team member feedback on the draft Golder report, and
- b) finalize project last steps to finish the team report in time for the June CASA board meeting.

## 2) Administration

- a. Approval of the agenda: The agenda was approved by consensus with one adjustment: move battery flaring (Item #4) to afternoon to ensure time for priority issues.

b. Approval of the minutes from the previous meeting: Minutes of the 49th meeting (Dec. 16, 2009) were approved by consensus.

c. Action items follow-up: Action items from meeting #49 were reviewed as follows:

<b>Action items</b>	<b>Who</b>	<b>Due</b>
41.1: Distribute aggregate information on fugitive emissions once it is available. - <i>Should be available for meeting #52.</i>	Krista Phillips	Update when available <i>Carry forward.</i>
43.2: Prepare a research question for the RFP on potential other fluids being emitted from the stack. - <i>Done. Distributed this morning.</i>	John Squarek	Done.
44.7: Prepare a brief report on each battery flaring alternative, including a classification based on technical feasibility and commercial viability. - <i>Not done.</i>	Wayne	Agenda item for January meeting <i>Carry forward.</i>
45.6: Organize presentations on the County of Vermillion River initiative w/ interested members of the AAMD&C. - <i>Bob met with the County first of Jan. They will set up presentations with AAMDC members in their regions that have their own gas co-ops.</i>	Bob Barss	Update at next meeting. <i>Done.</i>
46.4: Talk to CAPP and SEPAC members to find why they aren't participating more fully in the Royalty Waiver program. - <i>Done. It is not enough of an incentive and is an administrative burden. i.e. the cost doesn't justify participating with current price of gas. Might be ok for large volume sites when gas prices are better.</i>	Krista	Update at January meeting . <i>Done.</i>
47.2: Evaluate the impact of reducing 6 month testing/tie-in period in the heavy oil areas for anything in production in 2008 at Husky. - <i>Husky heavy oil group looked at. May be reduced to 3-4 months in some cases but need better data. Change action to "Provide data on the number of wells, volumes for sites that ultimately do conserve, and the value of reducing tie-in from 6 to 3 months".</i>	Wayne	Update at January meeting <i>Carry forward.</i>
47.6: Provide a summary of the research studies on technological limits to conserving low volumes of gas. - <i>Everyone here of a technical level that this is not needed. Team report will indicate what new research is needed.</i>	Anna	Before January meeting  <i>Not required.</i>

48.6: Make a list of the top 50 batteries and wells (in Figure 5) that were responsible for (a) the increases from Dec/07 to Jan/08 and (b) the decreases from July to Aug/08. The ERCB will forward this information to industry reps who will investigate possible reasons <ul style="list-style-type: none"> <li>- <i>Request has been made. Companies need to respond. One issue might be production accounting data quality. ERCB could provide direction on how to improve data management. Industry could compare best practices. Krista will take top 50 list to CAPP subcommittee and expand to 5-6 other companies. Will collate information and bring it back to the team.</i></li> </ul>	ERCB	Agenda item for January meeting. <i>Carry forward.</i>
49.1: Discuss appropriate low, medium, and high scenarios for gas and oil prices for the Golder study. <ul style="list-style-type: none"> <li>- <i>Done.</i></li> </ul>	Co-chairs	ASAP Done.
49.2: Organize a progress update with Golder for first week of January. <ul style="list-style-type: none"> <li>- <i>Done.</i></li> </ul>	Robyn	ASAP Done.
49.3: Provide an update on the CAPP committee's thoughts on acceptable changes to the NPV, 900 m3/day threshold, and tie-in and testing times. <ul style="list-style-type: none"> <li>- <i>Will be discussed today: agenda item #5.</i></li> </ul>	Andrew	Agenda item for next meeting. Done.
49.4: Estimate what actual increases in conservation the straw dog proposals might result in. <ul style="list-style-type: none"> <li>- <i>Not done yet. For Feb. mtg.</i></li> </ul>	James	Before January meeting. Carry forward.
49.5: Consider amendments, additions, and alternate proposals for the straw dog recommendations and forward their comments to the Robyn and/or Jennifer Allan. <ul style="list-style-type: none"> <li>- <i>Didn't receive everything but will get today.</i></li> </ul>	All team members	January 5, 2010 Carry forward.
49.6: Send a summary of what work has already been done by the team to fulfill each of the objectives in the Terms of Reference. <ul style="list-style-type: none"> <li>- <i>Done. Krista will re-circulate to team.</i></li> </ul>	Robyn	As soon as possible. Done.
49.7: Coordinate funding to hire the report writer. <ul style="list-style-type: none"> <li>- <i>Done. Husky will fund \$5,000. CASA will invoice Husky and contract the writer.</i></li> </ul>	Robyn and Wayne	As soon as possible. Carry forward.
49.8: Poll for dates for the January meeting. Team members will respond by Friday, December 18. <ul style="list-style-type: none"> <li>- <i>Done.</i></li> </ul>	Robyn	ASAP Done.

**50.1 ERCB will provide a list of companies with batteries and wells in the top 50 for increases from Dec 07 to Jan 08 and decreases July to Aug 08 to CAPP. CAPP will then contact companies and collate responses and identify chronic issues behind the increases.**

### 3) Update on Golder Project

The Chair gave an update on yesterday's teleconference with Golder. They are generally on track with the decision-support tool and report and are looking for team feedback. In particular, they

are looking for guidance on definitions of types of land and if “culturally sensitive land” stays in the decision-support tool.

A roundtable of team comments included the following:

- General support for the report but, as they just received it yesterday, team hasn't had time to review in detail.
- The decision-support tool is shaping up nicely, easy to use, but need more time to review. Need to be sure about how the boxes are populated and that it will work in the field (i.e. would like to field test)
- Need to expand definitions of land types in decision-support tools.
- Report is missing energy balance piece (amount of flaring and venting versus GHG used to produce and transport...).
- The report uses a 500 m<sup>3</sup> threshold: unclear if this is a technical limit. Industry believes the economic limit is 900 m<sup>3</sup>. Explanation and source of this figure needs to be provided in the Golder report. The team report should include a recommendation in its report that further research be carried out by PETAC on this issue.
- Concern that the team is straying from its terms of reference in regards to exemptions and land access decisions under other legislation (e.g. Parks, Water Crossings). Golder should include some context on this in their report.

**Action 50.2: Team members to send their comments on the draft Golder report to Jennifer to compile, circulate, and provide to Golder by Jan. 22.**

**Action 50.3: Co-chairs continue to get progress updates from Golder via teleconferences Jan 29 and Feb. 12 (9:00 am start).**

## **4) Battery Flaring Alternatives**

Deferred until next meeting. Wayne will provide the update as per his action item at the next meeting. The team would prefer something in writing to review beforehand.

## **5) Update from CAPP Committee**

The CAPP member provided an update on the CAPP committee meeting held last week (SEPAC was also present). The Committee was asked to consider several issues and provided the following feedback:

- The NPV value of 50,000 is an appropriate threshold, keep it as is.
- An annual inflation factor should be added (but no agreement on what index to use).
- On lowering the 900 cm<sup>3</sup> threshold, SEPAC didn't think the economics below 900 works. Also, ERCB currently has the ability to request conservation now if they believe a well exists below 900 cm<sup>3</sup>: need more data.

- Test and tie-in duration of 6+6 months: In a perfect world, can do tie-in in 4 months. But things are rarely perfect, and it often takes 6 months to understand well production (geological and engineering constraints) so keep it at 6 months.

Following this update, there was roundtable discussion. The ENGO's expressed concern that there is not much improvement from the status quo. The 50,000 NPV value was one area industry suggested gains could be made.

Industry suggested further changes may be driven by GHG offsets. There may be an opportunity to use GHG offsets fund to drive solution gas conservation. They also felt the team had made several "wins" including the following:

- Identified several issues with data management and reporting
- Conservation infrastructure is being put in place (Shell project)
- Team and industry awareness has been raised by work of the team including the top 50 list
- There are opportunities to bring industry together to improve BMP's
- Technology is currently not available to make large improvement but the team/industry can look at how to get there in the future
- The work/studies done to date provide future considerations
- Zero emitting is coming – but can't say when. Depends on when we can build the technology

After lunch, the team members summed up where they are at. The team was tasked with looking at the current state of flaring and venting and to make recommendations to improve the status quo (reduce flaring and venting). Industry has indicated it has made all the improvements it can, given current technology and economics. The team agreed there is value in completing its work and producing a final report with recommendations for the CASA board. The report, however, may not be a consensus report.

The team members asked for some direction from ERCB: is the status quo ok? how much of a change is needed (order of magnitude)? The ERCB members expressed concern that if the debate is moved to the ERCB board, we lose the benefits of consensus buy-in of all parties. However, the team felt that direction from the regulator is necessary, even if at an informal level (rather than a Board decision). If the report is non-consensus, each party will have to state their options and interests, including the ERCB. The team would have greater certainty what would happen to non-consensus recommendations once they are directed to the regulator.

Round table comments on where the team is at today and where they should go:

- Value the consensus process; recognize the team may be heading to non-consensus; considering the teams history, its disappointing, but as gains get smaller, more likely to disagree. Interested in ERCB's response to non-consensus. And would like the opportunity for all interested sectors to present their positions to the ERCB.
- We may not fully comprehend the changes that have occurred between conventional and heavy oil production and its impact on further gains in conservation.
- A lot of things have changed since the team TOR was drafted such as economic climate, price of commodities.
- Alberta is a world leader but gains are getting smaller, industry thinks they are approaching marginal conservation gains for increasing efforts.

- Alberta is a leader today but won't remain so in the future. This FVPT has been held up as the best example in Alberta of consensus, unfortunate to see the decision go to industry and regulatory and exclude other sectors around this table

The Project Manager outlined the non-consensus process: the team works together to write the recommendations and alternative recommendations and each party gets to provide their interests and positions on each. The report is then provided to the Ministers of Energy, Environment and Health and Wellness.

**Action 50.4: The ERCB team members will seek advice from their board members and bring back advice to the team for the next meeting Feb. 18.**

**Action 50.5: To get a better feel for most recent flaring and venting trends, the ERCB members will bring preliminary 2009 trend data to the next team meeting.**

## 6) Strawdog Proposal

Products of combustion underground should not be included in venting.

**Action 50.6: Jim to draft a straw dog recommendation and provide to Jennifer.**

The strawdog proposal should be changed to reflect industry's position as outlined above.

## 7) Final Report

The report can be started using previous reports as templates. It can be populated using the "Potential areas for recommendations", team TOR, methodology, team discussions, etc.

Final Item:

The team reviewed the RFP circulated before this meeting as per a previous action item. This action was requested some time ago and team member's had questions how this fit into their current work. The team would have to fundraise for this RFP.

**Action 50.7: The team will review the RFP on Flare Emissions from Flaring with Non-Hydrocarbon Liquid handed out at the meeting and provide comments to Jennifer by next Friday.**

## 8) Next meeting date(s)

Date	Time	Place
Jan 29	9.00	Teleconference with Golder
Feb 12	9.00	Teleconference with Golder
Feb. 18	10:00	Edmonton

**9) Adjournment – The meeting was adjourned at 2:05 p.m.**