

Minutes



Flaring and Venting Project Team meeting #49

Date: Wednesday, December 16, 2009

Time: 10:15 am to 3:30 pm

Place: Husky, 707 8th Avenue SW, Calgary

In attendance:

Name	Stakeholder group
Andrew Higgins	CAPP/CNRL
Wayne Hillier	Husky Energy
Jolene Shannon	Pembina Agricultural Protection Association
James Vaughan (only AM)	Alberta Energy Resources Conservation Board
Bob Barss	Alberta Association of Municipal Districts and Counties
Ian Peace	RAPID
John Squarek (by phone)	Small Explorers and Producers Association of Canada
Chris Severson-Baker (by phone)	Pembina Institute
Randy Dobko (by phone; only PM)	Alberta Environment
Anna Maslowski (by phone; only PM)	Alberta Energy
Robyn Jacobsen	CASA Secretariat

Guests

Name	Stakeholder group
Jill Hume (only AM)	ERCB
Jacinta McNairn (only AM)	Golder
Curtis Campbell (only AM)	Golder
Larry Charach (only AM)	Golder
Charlie (only AM)	Golder

With regrets:

Name	Stakeholder group
Doreen Rempel	MGV Energy Inc./CSUG

Andrew chaired the meeting, which convened at 11:00 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	Update when available
43.2: Prepare a research question for the RFP on potential other fluids being emitted from the stack.	John Squarek	Distributed before next 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 January meeting

45.6: Organize presentations on the County of Vermillion River initiative w/ interested members of the AAMD&C.	Bob Barss	Update at next meeting
46.4: Talk to CAPP and SEPAC members to find why they aren't participating more fully in the Royalty Waiver program.	Krista	Update at January 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.	Wayne	Update at January meeting
47.6: Provide a summary of the research studies on technological limits to conserving low volumes of gas.	Anna	Before January 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 to industry reps who will investigate possible reasons.	ERCB	Agenda item for January meeting
49.1: Discuss appropriate low, medium, and high scenarios for gas and oil prices for the Golder study.	Co-chairs	ASAP
49.2: Organize a progress update with Golder for the first week of January.	Robyn	ASAP
49.4: Estimate what actual increases in conservation the straw dog proposals might result in.	James	Before January meeting
49.5: Consider amendments, additions, and alternate proposals for the straw dog recommendations and forward their comments to the Robyn and/or Jennifer Allan.	All team members	January 5, 2010
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.	Robyn	As soon as possible
49.7: Coordinate funding to hire the report writer.	Robyn and Wayne	As soon as possible
49.8: Poll for dates for the January meeting. Team members will respond by Friday, December 18.	Robyn	ASAP

1) Administration

- a. The meeting objectives and agenda were accepted.
- b. The minutes from meeting #48 were approved as presented.
- c. Review action items from Meeting 48:

Action items	Who	Due
41.1: Distribute aggregate information on fugitive emissions once it is available.	Krista Phillips	Carry forward
43.2: Prepare a research question for the RFP on potential other fluids being emitted from the stack.	John Squarek	Carry forward

44.7: Prepare a brief report on each battery flaring alternative, including a classification based on technical feasibility and commercial viability.	Wayne	Carry forward
45.6: Organize presentations on the County of Vermillion River initiative w/ interested members of the AAMD&C. <i>- Bob has sent information to other AAMD&C members and has received no response. He will remind people at the zone meeting next week and report back to the team.</i>	Bob Barss	Carry forward
46.4: Talk to CAPP and SEPAC members to find why they aren't participating more fully in the Royalty Waiver program.	Krista	Carry forward
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.	Wayne	Carry forward
47.6: Provide a summary of research studies on technological limits to conserving low volumes.	Anna	Carry forward
48.1: Organize a half day meeting with Golder.	Robyn	Done
48.2: Contact Golder to ask if they foresee requiring any additional data from team members.	Robyn	Done
48.3: Get feedback from Board representative at the ERCB regarding reviewing a draft report in March, before it is approved by the CASA Board. <i>- James sent an update of the team's work to the ERCB Board about a week ago. He hasn't received any responses, which is probably good news.</i>	James	Done
48.4: Draft a revised timeline.	Co-chairs	Done. On agenda.
48.5: Revise Figure 8 to show the number of batteries in each size category.	ERCB (Jim)	Done. Distributed prior to meeting.
48.6: Distribute a list of the top 50 batteries/wells (in Figure 5) that were responsible for (a) increases from Dec/07 to Jan/08 and (b) decreases from July to Aug/08 to industry reps, who will investigate possible reasons. <i>- ERCB has circulated the data and companies should be able to provide some information by the January meeting.</i>	ERCB	Carry forward

2) Presentation from Golder

Golder provided a milestone update for the research project. A PowerPoint presentation was distributed with details on the work completed to date.

Forecast for Stranded Oil

- Producers are to provide forecasts of shut-in oil and stranded reserves by January 29, 2010. This information will be forwarded to ERCB to aggregate, to protect confidentiality. This will only be for facilities venting or flaring 900m³/day or larger.
- There was some discussion about the size threshold, as some team members thought the study would look at all facilities. It was noted that there is a lack of data for facilities venting or flaring less than

900m³/day. In addition, Golder is assuming that it is not technically feasible to conserve anything less than 500 m³/day. There was some discussion on this, because the team has not agreed by consensus to this assumption. Golder said they will provide some commentary on this assumption in their report. The team also discussed making a recommendation about getting improved data for facilities of all sizes.

- Another assumption is the price of oil and gas to be used in the stranded oil forecast (slide 5). The team asked the co-chairs to meet to agree on a low, medium, and high price scenario.

Action 49.1: The co-chairs will meet to discuss appropriate low, medium, and high scenarios for gas and oil prices.

- There was a comment on the exemption if pipeline passes through ‘sensitive land’ (slide 6). It was noted that the exemption would only apply if it was a new disturbance; there wouldn’t be an exemption if there was an existing right of way that could be used for the pipeline. There was also a request to ensure consistency in terminology between this part of the project and the decision tool work.

Decision Tool

- Golder reviewed the work that had been previously completed on the decision tool. The team reaffirmed that they wanted “high efficiency combustion” removed as a conservation option (slide 11).
- Golder’s example of the decision tool used 900 m³/day as the threshold, but the model operates so that the user can choose any threshold/release limit (slide 14). I.e. under the 100% conservation scenario, we could set the release limit in the model to 0.
- The team discussed the need to add a “Flaring/Venting” option to the right-hand side of the diagram. I.e. if the facility is exempt, the flow diagram should lead to one possible option of being allowed to flare/vent.
- For the land disturbance criteria (slide 15), Golder said they still need to resolve how to determine at what point the weighting score would be unacceptable; they would like to get some input from the team. The team would like to review specific definitions of the land types. There was also some discussion about distinguishing between public and private land in the cropland and rangeland categories.
- There was some discussion about whether or not “cultural land” was a land type – perhaps it is a land use. Golder will consider removing this as a land type.

Action Item 49.2: Robyn will organize a progress update with Golder for the first week of January.

3) Recommendations

The team discussed the straw dog proposal that was drafted by the co-chairs.

- There was a question to industry about what is meant by the inflation escalator in relation to the NPV (#2). One member suggested that we could use something like the consumer index to estimate a percentage change for each year. There were some concerns that the index would have to be specific to Alberta because our economic climate is significantly different from Canada as a whole.
- One member reiterated the desirability of lowering the NPV to encourage more conservation. The team was reminded that the previous flaring and venting group conducted a research study that showed that -\$50,000 was the optimal balance between economics and conservation – a lower NPV would only achieve marginal gains in increasing conservation.

- Industry members noted that they have asked their CAPP committee to consider what acceptable changes could be made to the current economic analyses and tie-in and testing times.

Action Item 49.3: Andrew will provide an update to the team on the CAPP committee's thoughts on acceptable changes to the NPV, 900 m³/day threshold, and tie-in and testing times.

- There was a question to the NGOs about how they arrived at 98% and 90% conservation rates (#1). These numbers came from ERCB. Some other members agreed that setting a conservation rate would be a good backstop, as we have seen some decreases in conservation recently.
- Some industry members felt that the information arising from Action Item 48.6 might bring some information to light that could potentially be used for developing recommendations.
- One member brought up the drop-off of wells in the Otherwise Flared Solution Gas (OFSG) royalty program that were grandfathered into the program in 1990s. Does anyone follow-up to see if these wells start conserving after they leave the program? The Department of Energy noted that they don't follow-up on this.

Next Steps

- Hear an update from the CAPP committee (Andrew).
- Review information from Action Item 48.6 to see if we can make recommendations.
- James previously agreed make some estimates about what actual increases in conservation the straw dog proposals might result in.

Action Item 49.4: James will provide information on estimates on the actual increases in conservation the straw dog proposals might result in.

Action Item 49.5: All team members are to consider amendments, additions, and alternate proposals for the straw dog recommendations and forward their comments to the Robyn and/or Jennifer Allan by January 5, 2010.

Agenda Item 49.6: Robyn will send a summary of what work has already been done by the team to fulfill each of the objectives in the Terms of Reference.

4) Work Plan

- Robyn presented the idea of hiring a report writer. Robyn contacted a few potential consultants and received a proposal from Petra Rowell Consulting. Petra's quote is for doing minutes and writing the team's final report – the estimate is \$4,045. However, CASA has agreed to cover the cost of Petra attending meetings and doing minutes for the January meetings, as this will be part of Robyn's cover-off. The portion of the contract that would have to be covered by the FVPT is about \$3,550. In addition, we need about \$1,500 to cover the cost of printing the report and a media release. Wayne said it might be possible for Husky to support the report writing with \$5,000.

Action Item 49.7: Robyn and Wayne will coordinate funding to hire the report writer.

5) Next Meeting

- January 14 does not work for a few team members, so the team would like to reschedule the January meeting.

Action Item 49.8: Robyn will poll for dates for the January meeting. Team members will respond by Friday, December 18.

Agenda for next meeting:

- Main part of the agenda should be reviewing the straw dog proposals.
- Hear an update from the CAPP committee (Andrew).
- Review information from Action Item 48.6 to see if we can make recommendations.
- Review Table of Contents.

6) Adjournment – The meeting was adjourned at 3:30 p.m.