

Minutes



Flaring and Venting Project Team Meeting #53

Date: Thursday, April 15, 2010
 Time: 10:00 am – 3:30 pm
 Place: 10th Floor, CASA Office, Edmonton

In attendance:

| Name | Stakeholder group |
|------------------------------------|---|
| Andrew Higgins | CAPP/CNRL |
| Randal McNeill | Husky Energy |
| Jim Spangelo | Alberta Energy Resources Conservation Board |
| James Vaughan | Alberta Energy Resources Conservation Board |
| Chris Severson-Baker | Pembina Institute |
| Jolene Shannon (at 11:20) | Pembina Agricultural Protection Association |
| Anna Maslowski | Alberta Energy |
| Krista Phillips (by phone) | CAPP |
| Randy Dobko | Alberta Environment |
| Robyn Jacobsen | CASA Secretariat |
| Petra Rowell | CASA Secretariat - support |
| Wayne Hillier (by phone – am only) | Husky Energy |
| John Squarek | Small Explorers and Producers Association of Canada |

With regrets:

| Name | Stakeholder group |
|---------------|---|
| Bob Barss | Alberta Association of Municipal Districts and Counties |
| Karina Thomas | Alberta Health and Wellness |
| Ian Peace | RAPID |

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

Action Items:

| Action | Who | Due |
|---|-------------------|-------------------------------|
| 41.1: Distribute aggregate information on fugitive emissions once it is available. Collate comments by May 25 th . | Krista | <i>Before May 31</i> |
| 51.1: ERCB will provide a list of companies with batteries and wells contributing to the increases from Feb to Mar 07. <i>Krista will finish collating responses, and identify chronic issues behind the increases.</i> | Krista and Andrew | <i>ASAP</i> |
| 51.4: As there is currently a requirement for this to be reported in this manner, ERCB will report back to the team in September on what they intend to do about combustion products (such as nitrogen or CO2) being reported in ST60B. | James | <i>When info is available</i> |
| Action 52.2: Forward January input to Golder and ask them how they addressed it in the final report. <i>Provide response and final report to team.</i> | Robyn | <i>ASAP</i> |

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| Action 52.4: Look at the company information to see if it can be provided to include well information but with no company attribution. <i>Robyn and Krista to meet with Golder to work on stranded oil piece including what kind of data / level of data can be included in the report.</i> | Krista / Robyn | <i>ASAP, as required by Golder.</i> |
| 53.1 James will provide a contact to Robyn who will pursue membership from the Gas Co-op Association. | James/Robyn | <i>No longer required if team wraps up.</i> |
| Action 53.1: Get a timeline for report completion from Golder and set a date and process for report approval, disclaimer, release (posted to web), etc. | Robyn | April 21 |
| Action 53.2: Set up a co-chairs teleconference to discuss positions, final report, etc. | Robyn | April 21 |

1) Introductions

A round table of introductions was made.

2) Administration

- a. Approval of the agenda: The meeting objective was reviewed. The agenda was approved by consensus, with the exception that “Recommendations” was moved up earlier in the day. Note that the meeting will end at 3:00 today to facilitate member travel.
- b. Approval of the minutes from the previous meeting: Minutes of the March 25, 2010 meeting (#52) were approved by consensus with the following corrections noted:

Correction on item 3: should be “conservation of solution gas...”

Addition to 2b “note these numbers were based on raw data for 2009 and will need to be verified before further discussion”.

- c. Action items follow-up: The action item list from the previous meeting was reviewed as follows:

| Action | Who | Due |
|--|--------|-----------------------|
| 41.1: Distribute aggregate information on fugitive emissions once it is available. Team agreed this information is still needed. <i>- Krista has prepared a draft. It will be ready for distribution by the end of May.</i> | Krista | <i>Carry forward.</i> |

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| <p>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: <u>Added:</u>“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”.</p> <p>- Wayne: Looked at 2008-09 sites to determine what the impact would have been if had been able to shorten from 6 months to 4 months – conservation improvement would have been minimal; maybe 3%.</p> | Wayne | Done. |
| <p>51.1: ERCB will provide a list of companies with batteries and wells contributing to the increases from Feb to Mar 07. Krista will follow-up with three companies that contributed to the increase, collate responses, and identify chronic issues behind the increases.</p> <p>- ERCB provided the list. Krista still collating comments but so far they suggest the increases are due to coincidental timing /changes in production volume, not to changes to D60. A number of wells were starting up Jan-Feb and in production by March.</p> <p>- Andrew will provide Krista with his comments.</p> | Krista and Andrew | Carry forward |
| <p>51.4: As there is currently a requirement for this to be reported in this manner, ERCB will report back to the team in September on what they intend to do about combustion products (such as nitrogen or CO2) being reported in ST60B.</p> <p>- This is a high priority for ERCB who predict a drop in reported volumes this year because combustion products will be removed from the reporting.</p> | James | Carry Forward |
| <p>Action 52.1: Follow up with Bob Barss and discuss additional municipal representation on the team.</p> <p>- Robyn corresponded with Bob. AAMDC will review their membership.</p> <p>Action Item 53.1 James will provide a contact to Robyn who will pursue membership from the Gas Co-op Association.</p> | Robyn | Done. |
| <p>Action 52.2: Forward January input to Golder and ask them how they addressed it in the final report.</p> <p>- Robyn compiled a list of all comments on the report and forwarded it to Golder, asking them to respond on how they dealt with the input. Also asked them to indicate when the report would be finalized.</p> | Robyn | Carry forward |
| <p>Action 52.3: Review the entire Golder report, but with key focus on the new piece on stranded oil and submit comments to Robyn.</p> | All / Robyn | Done. |
| <p>Action 52.4: Look at the company information to see if it can be provided to include well information but with no company attribution.</p> <p>- Nothing received from Golder. Robyn and Krista to meet with Golder to work on stranded oil piece.</p> | Krista / Robyn | Carry forward |
| <p>Action 52.5: Draft a new workplan for the April meeting.</p> | Robyn | Done. |

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| Action 52.6: Re-organize the new list of items to pursue and circulate for team to review and finalize before taking to their sectors to test. | Jolene | <i>Done. Was distributed with meeting package.</i> |
| Action 52.7: Organize a conference call to discuss next steps before April 15 team meeting. | Robyn | <i>Done. There was insufficient time to meet before the meeting.</i> |

3) Recommendations

There was general discussion about the list of potential initiatives created at the last meeting brainstorming session. The Chair then suggested a framework for discussing how to move forward as follows:

1. Make regulatory changes to D60 for short term conservation gains and then pursue longer term changes through market/fiscal mechanisms;
2. Leave D60 as is but pursue long term changes through market/fiscal mechanisms; or
3. Pursue short and long-term reductions through voluntary actions backed up by a regulatory backstop.

Discussion then followed on the above with the following points raised:

- In the short term, Industry does not support changing D60 nor setting a target– believe they are already at the wall, from a technical viewpoint.
- Need to gather the data on routine and non-routine emissions on a provincial scale and separate out for further analysis (ERCB could require separate reporting in the future).
- In the long term, after the data has been collected, may be able to set a target.
- Industry supports work in the following areas 1) data collection improvement; 2) off-sets 3) better clustering and cooperation with gas co-ops, 4) research into technical improvements 5) improved tie-in times and 6) a survey on gas well testing (a re-do of the Red Deer survey).
- “Clustering” is one area that keeps coming up as a possible area where gains could be made.
- Need to better understand how the offset protocol will work (AENV and ERCB is meeting with AENV’s GHG/climate change group later this month). D60 currently requires conservation on anything economic. Are we now looking to require conservation on anything that is un-economic? The offset protocol provides an economic tool to allow industry to conserve on otherwise un-economic projects.
- NGO’s see the need to back up voluntary initiatives with a regulatory backstop.
- There was some discussion of a “soft-target”: if not met, it would trigger further discussion. The target could be on routine only – not non-routine. Need to set a low target and achieve it – versus a large target that is not achievable. No agreement on the order of magnitude. A target could be more modest in the beginning but increased over time.

- If new targets are set, must first have the details on where and how such targets can be achieved. Could be an ERCB-industry study on routine and non-routine volumes and where reductions can be made.
- The -\$50,000 NPV figure economic test could provide a tool. For projects not meeting the economic test and unable to conserve, the \$50,000 could be put into a pool for other conservation projects. This could motivate clustering, or it could be provided to the gas co-ops. Agreement that this is an area that could be explored further as a tool outside of D60. Would need more economic analysis.

In summary, everyone agreed that more is needed to reduce flaring and venting. However there was disagreement on a regulatory versus voluntary approach. The Chair summed up this discussion by stating that the team needs to decide if it is going to pursue industry making conservation uneconomically or if it will pursue economic methods.

4) Discuss the Workplan (what can be done in the next 6 months)

Reviewing their terms of reference, the team believes they have for the most part completed their work and should wrap up with a report to the board. To complete the team's work and report, the following are required:

1. A team report should start with the TOR objectives and discuss how the team has completed them (describe in report what the team did, what it learned, etc.)
2. The report should detail where the team has reached consensus and areas of non-consensus (opinions, points of contention, difficulty with changes in direction)
3. Need to see the final Golder report and seek a process for report approval (if team does not approve report, may need to attach sector comments and a statement that the report was disregarded by the team. Could explain that the need was greater than first identified – warning to future teams)
4. Need to complete Wayne's list regarding potential future technological improvements and include in report appendixes.
5. Secretariat will meet with co-chairs to discuss how to reflect positions; team will have time to reflect; and time to review the draft and provide input.
6. Use the strawdog recommendations showing areas of consensus

The timeline for the above work is as follows:

Remainder of April – drafting of report; review by team

April 30 – 1st draft completed.

1st two weeks of May – team review and 2nd draft

Last two weeks of May – sector review

Early June – redraft based on sector input

June 9 – CASA board meeting – give a heads up that it will be non-consensus

June 30 – complete report

Fall - report to the board

Action 53.2: Get a timeline for report completion from Golder and set a date and process for report approval, disclaimer, release (posted to web), etc.

Action 53.3: Set up a co-chairs teleconference to discuss positions, final report, etc.

5) Next Meeting Date

| Date | Time | Place |
|-------------|-------------|--------------|
| | 10:00 | Edmonton |

No additional meeting dates are anticipated.

6) Adjournment

The meeting was adjourned at 1:50 p.m.