

Minutes



Flaring and Venting Project Team meeting #46

Date: Monday, September 14, 2009

Time: 10:15 am to 3:30 pm

Place: CAPP, Committee Room A, Suite 2100, 350 7th Avenue SW, Calgary

In attendance:

Name	Stakeholder group
James Vaughan	Alberta Energy Resources Conservation Board
Jim Spangelo	Alberta Energy Resources Conservation Board
Anna Maslowski	Alberta Energy
Randy Dobko	Alberta Environment
Chris Severson-Baker	Pembina Institute
Jolene Shannon	Pembina Agricultural Protection Association
Andrew Higgins	CAPP/CNRL
Krista Phillips	CAPP
John Squarek	Small Explorers and Producers Association of Canada
Wayne Hillier	Husky Energy
Robyn Jacobsen	CASA Secretariat

With regrets:

Name	Stakeholder group
Bob Barss	Alberta Association of Municipal Districts and Counties
Doreen Rempel	MGV Energy Inc./CSUG
Ian Peace	RAPID

James chaired the meeting, which convened at 10:15 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 at next meeting.
42.7: Investigate how many new facilities have started conserving (since the date that the new economic methods were introduced).	James and Jim (ERCB)	Next meeting – Oct 8
43.2: Prepare a research question for the RFP on potential other fluids being emitted from the stack.	John Squarek	As soon as possible
43.4: Find out the volume of gas flared and vented during testing and tie-in.	James	Next meeting – Oct 8
44.3: Review the previous report on duration of well tests and consider how to design a new survey.	Krista, John, and Wayne	Next meeting – Oct 8
44.5: Contact Bruce Peachey to see if he has any	Andrew and	Update at next meeting –

Action items	Who	Due
further information on gas composition analysis.	Wayne	Oct 8
44.7: Prepare a brief report on each battery flaring alternative, including a classification based on technical feasibility and commercial viability.	Wayne	Next meeting – Oct 8
45.6: Organize presentations on the County of Vermillion River initiative with interested members of the AAMD&C.	Bob Barss	Update at next meeting.
46.1: Provide a breakdown of non-upgraded bitumen for primary production.	James	Next meeting – Oct 8
46.2: Find out how the review process for the Offsets Protocol is going and provide an update.	Randy	Next meeting – Oct 8
46.3: Contact operator of the co-gen. project to see if they are willing to share information w/ the team.	Anna	ASAP
46.4: Talk to CAPP and SEPAC members to find why they aren't participate more full in the program.	Krista	Next meeting – Oct 8
46.5: Forward any comments on the factual correctness of the information from Golder to Robyn.	All	September 21
46.6: Find out if Husky can provide any funding to support the Golder research project.	Wayne Hillier	Update Robyn by Sept 18
46.7: Poll for dates for a November meeting.	Robyn	ASAP

1) Administration

- a. James added an update from the ERCB to the agenda. With that change, the agenda and meeting objectives were approved by consensus.
- b. Minutes from meeting #45 were approved by consensus.
- c. Review action items from Meeting 45:

Action items	Who	Due
41.1: Distribute aggregate information on fugitive emissions once it is available.	Krista Phillips	Not available yet. Carry forward.
42.7: Investigate how many new facilities have started conserving (since the date that the new economic methods were introduced).	James and Michael (ERCB)	Carry forward.
43.2: Prepare a research question for the RFP on potential other fluids being emitted from the stack.	John Squarek	Carry forward.
43.4: Find out the volume of gas flared and vented during testing and tie-in.	James	Carry forward.
43.5: Ensure that the website updates discussed will be completed as soon as possible.	Robyn	Done. Comments can be sent to Robyn at any time.
44.3: Review the previous report on duration of well tests and consider how to design a new survey.	Krista, John, and Wayne	Carry forward.
44.5: Contact Bruce Peachey to see if he has any further information on gas composition analysis.	Andrew and Wayne	Carry forward.
44.7: Prepare a brief report on each battery flaring alternative, including a classification based on technical feasibility and commercial viability.	?? (reassign)	Carry forward. Wayne has agreed to assume this action item.
45.1: Contact Wayne Hillier to see if he is still	Robyn	Done. Wayne has rejoined

Action items	Who	Due
interested in participating on the team as a Husky rep.		the team.
45.2: Pursue new members to fill the vacant positions on the team.	CAPP (Krista)	Done. Krista has contacted the VP.
45.3: Provide an update of the Royalty Waiver Program, including level of utilization.	Anna	Done. See details below.
45.4: Update team on Climate Change and Emissions Management Fund (or organize presentation from AENV).	Randy	Done. See details below.
45.5: Bring information on the distribution of wells above/below the 900 m3 threshold.	James	Done. James provided some handouts.
<p>- The information in the spreadsheet includes all paper and non-paper batteries. - James also provided an article on the bitumen production surge, for information. This surge could be an indicator that vent volumes will continue to increase.</p> <p>Action Item 46.1: James will provide a breakdown of non-upgraded bitumen for primary production.</p>		
45.6: Organize presentations on the County of Vermillion River initiative with interested members of the AAMD&C.	Bob Barss	Carry forward.
45.7: Update on proposal that Husky and CNRL have submitted to AENV regarding a GHG offset protocol.	Andrew	Done. On agenda.
<p>- Andrew reported that the draft Offsets protocol has been forwarded to Alberta Environment and will be going through a stakeholder review in late October. It should be approved by Q1, 2010.</p> <p>Action Item 46.2: Randy will find out how the review process is going and provide an update at the next meeting.</p>		
45.8: Draft new work plan for discussion.	Robyn	Done. On agenda.

Royalty Waiver Program

- Anna provided a report on the Royalty Waiver Program on behalf of Alberta Energy. As of January 2009, the number of companies participating fell dramatically – there are currently a diverse range of operators and about 340 to 425 wells participating monthly. Alberta Energy has spent approximately \$200,000 to \$350,000 monthly on this program between Jan and May of 2009 (this will be an estimated \$1.2 million by the end of the year). In 2008, the program provided royalty support of approximately \$11.5 million. This decrease may be due to:
 - A drop-off of wells that were grandfathered into the program in the 1990s; or
 - Those who applied to the program in the 1990s reaching their 10 year maximum for participation.

There is currently no indication that the Department to change the program.
- There was some discussion about what has happened with the wells that dropped out of the program. The thought is that they are probably still conserving, because the ERCB would have received an application to discontinue conservation if that was the case.
- There are 57 wells that are part of a co-generation project. The team would like more information on this project.

Action Item 46.3: Anna will contact the operator of the co-generation project to see if they are willing to share information with the team.

- Anna reported that some operators object to the administrative burden. Also, since the awareness campaign at the start of the program, more than 10 years ago, there hasn't been much information disseminated to staff or operators to advertise the program. Many newer staff in the oil and gas sector

may be unacquainted with the program. A summary and update regarding the ERCB directive and the royalty support program to CAPP and SEPAC membership may be warranted.

Action Item 46.4: Krista will talk to CAPP and SEPAC members to find why they aren't participating more fully in the program.

Climate Change and Emissions Management Fund

- Randy provided some information on the Climate Change and Emissions Management Fund. The Fund is meant to support a diverse range of projects and there is no fixed idea of what the project should be. The only restriction is that it can't be required by regulation. The application process is not onerous, but the deadline for expressions of interest is the end of Sept 2009. By November 1, a full project plan will be requested if the initial proposal is accepted. The monies will be awarded by the end of March 2010 (maximum of \$25 million for the life of the project). After the first round of applications, the process may be reopened to find additional projects to fund if there are funds left.
- There was some discussion around the idea that operators will only be able to continue accessing this Fund if the FVPT doesn't recommend changes to Directive 60. Some members felt that there may be a financial incentive to leave D60 the same to continue accessing funds from the Climate Change and Emissions Management Fund and the GHG Offsets Protocol.

d. ERCB Update

- James reported that the ERCB is currently going through a major restructuring. The changes should be complete by the end of October.
- Summary of STB60 Report
 - Solution gas conserved in 2008 was 95%.
 - Solution gas flaring is down 77% from the 1996 baseline.
 - Solution gas venting from heavy oil and bitumen is up 26% from last year.
- James reported that the ERCB Board still strongly supports the CASA FVPT and wants to see the team complete their work in a timely fashion.

e. CASA Update

- Robyn provided the highlights of CASA's work over the last few months.
 - There is a CASA Board meeting on September 23. Presentations at the meeting will include: the Ambient Monitoring Strategic Plan, an update on the work of the Electricity Framework Review team, an update on the implementation of the Confined Feeding Operations recommendations, and the draft CASA Business Plan.
 - Upcoming events include:
 - Bridging Interests, Building Agreement (Martha Kostuch workshop) – December 2, 2009.
 - Priority Setting workshop – September 25, 2009.
 - Airshed Zones conference – October 19 and 20, 2009.

f. New Team Members

- The team agreed to add a representative from the Saskatchewan Ministry of Energy and Resources as a corresponding member.

2) FVPT Sub-Group

- The team reviewed the information received to date from Golder. **The team agreed this information was satisfactory and that the first invoice can be paid.**

Action Item 46.5: The team can forward any comments on the factual correctness of the information from Golder to Robyn by September 21.

- The grant that the team applied from Alberta Environment was not approved and the team needs to explore other avenues of funding.

Action Item 46.6: Wayne Hillier will find out if Husky can provide any funding to support this project.

3) GHG Offsets Protocol

Andrew shared some information about the GHG Offsets Protocol that has been developed by CNRL and Husky. (See handouts.)

- One stakeholder noted that offsets should be the last thing considered when trying to reduce greenhouse gas emissions. More appropriate options are cap and trade systems and regulations. In addition, if you use offsets, it becomes difficult to distinguish what would have occurred as normal operations (business as usual) and what is occurring due to the offsets.
- Another stakeholder felt that offsets are going to be the way of the future and that, as a team, we should support the Protocol.
- There was some discussion about the economics. It seems that it would be a similar cost for operators to simply pay into the offsets fund as it would be to do projects that generate credits.
- Questions about the offsets included what the uptake of the program would be and what the economic of the program are.

4) Next Steps and Workplan

NPV and 900 m³ threshold

- The information provided by the ERCB today will help with this conversation. Some members felt that the 900 m³ threshold probably doesn't need to be revised, but that NPV probably has more effect on the requirement to conserve.
- The team agreed to revisit this issue after they have reviewed the Golder report.

Royalty Waiver Program

- The team discussed a potential action could be “reactivating” the program by increasing public and staff awareness. There was not agreement on next steps.

5) Next Meeting

- The team set a date for a 2-day workshop for October 7 and 8 in Edmonton.
 - The first day will be spent with Golder, to review their draft report.

Agenda for October 8

- Review and discuss progress on objectives in Terms of Reference.

Action Item 46.7: Robyn will poll for dates for a November meeting.

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