

Meeting Minutes



Flaring and Venting Project Team Meeting #38

Date: Wednesday, November 22, 2006
Time: 9:30 – 3:30 pm
Place: CASA office

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In attendance:

Name	Organization
Bettina Mueller	CASA Secretariat
Chris Severson-Baker	Pembina Institute
Gur Dhaliwal	Alberta Energy
Jeff Cormier	Alberta Energy
Jim Spangelo	Alberta Energy and Utilities Board
John Parr	Canadian Natural Resources Limited/CAPP
John Squarek	Canadian Association of Petroleum Producers
Ken Sterling	Residents for Accountability in Power Industry Development
Martha Kostuch	Prairie Acid Rain Coalition
Michael Brown	Alberta Energy and Utilities Board
Mike Queenan	Residents for Accountability in Power Industry Development
Randy Dobko	Alberta Environment
Wayne Hillier	Husky/CAPP

With regrets:

Name	Organization
Barry Ranger	The Small Explorers and Producers Association of Canada
Doreen Rempel	MGV Energy Inc./CSUG
Ian Peace	Residents for Accountability in Power Industry Development
Len Vogelaar	Alberta Beef Producers
Ralph Smith	Wildrose Agricultural Producers
Terri Carroll	SEPAC
Thom Sedun	Government of BC, Oil and Gas Commission

Action Items:

Task	Who	When
38.1 Resend the meeting minutes #37 to the team	Bettina Mueller	ASAP
38.2 Team members will review and advise the secretariat of any changes to the minutes	All	November 27, 2006
38.3 Performance Measure # 3 completion	Co-chairs	December 15, 2006
38.4 Mike to provide an electronic copy of the "Summary of EUB implementation of CASA recommendations" to the Secretariat.	Michael Brown	November 27, 2006
38.5 Forward the finalized guides to CASA for distribution to the team.	John Squarek	As soon as available
38.6 Advise the FVPT team by the end of March, 31, 2007 on the status of work on all of the outstanding BMP's	John Squarek	March, 31 2007
38.7 Mike Brown will consult with EUB staff to clarify the requirements for well testing in a commingled pool. Mike will advise the team of the outcome.	Michael Brown	March 31, 2007
38.8 John Squarek will consult with the EUB on the question of well testing and commingled pools.	John Squarek	March 31, 2007
38.9 Industry- will provide a slide on status of implementation for the CASA Board presentation to the Secretariat	John Squarek	November 24, 2006
38.10 Alberta Energy –will provide a slide on status of implementation to the Secretariat	Gur Dhaliwal, Jeff Cormier	November 24, 2006
38.11 Bettina to work with Mike on the final Board presentation.	Michael Brown, Bettina Mueller	ASAP
38.12 The EUB will investigate whether CBM well flaring and venting can be tracked separately. The EUB will advise the team by e-mail by Jan 31, 2007 if tracking is feasible.	Michael Brown, Jim Spangelo	January 31, 2007
38.13 Poll the FVPT members for a January 2008 meeting in October 2007	CASA Secretariat	October 2007

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1. Administration

a. Introduction

Chris Severson-Baker convened the meeting at 9:40 and those present introduced themselves.

b. Approve Agenda and Meeting Objectives

The agenda and meeting objectives were approved. The following tentative change was proposed but will be resolved later:

Marianne English asked to speak to the team about Performance Measures. The co-chairs will decide at lunch whether they will independently work on this item or address it today with the entire team. The co-chairs decided to address the request from the Performance Measures group outside this meeting and committed to respond to Marianne English by December 15, 2006.

AI The co-chairs will complete the assessment for CASA Performance measure 3 by December 15, 2006

Agenda item 5 was moved after item 2 as the team members wanted to include John Squarek and John Parr, whose arrival was delayed, in the discussion.

c. Review and approve minutes from Meeting 37

The minutes from Meeting 37 were likely approved previously by e-mail. However, Bettina will resend the minutes to the team for review by the team members.

AI Team members to advise the secretariat of any changes to the minutes by Monday November 27, 2006.

d. Review action items from Meeting 37

Task	Who	Status
37.1 draft and circulate the FVPT report to CASA Board by May 18, 2005	Ahmed Idriss	Complete
37.2 comment on the draft report no later than May 20, 2005.	FVPT members	Complete
37.3 draft the presentation and decision sheet for co-chairs review.	Ahmed Idriss	Complete
37.4 forward to EUB and CASA suggestion proposed by CAPP flaring and venting committee about recommendation 34.	John Squarek	Resolved by inclusion in D 60 Section 3.11
37.5: forward to FVPT the path forward about recommendation 34.	EUB	Resolved by inclusion in D 60 Section 3.11

2. Report on Status of Directive 60 and timing of implementation

Mike Brown provided a summary of the implementation of the CASA recommendations through D 60. See attachment “Summary of EUB implementation of CASA recommendations”. It was agreed that the members review the summary independently.

AI Mike to provide an electronic copy of the “Summary of EUB implementation of CASA recommendations” to the Secretariat.

The majority of the directive recommendations were directly taken from the recommendations. The items that required clarification, e.g. how to apply the facility decision tree - is one item that required some interpretation of the recommendation. This item will be discussed at a later point in the meeting.

D 60 was released Nov 16, 2006 with the date effective being January 31, 2007. Please refer to the EUB Bulletin (2006-41) for details on implementation (attached). It was noted that the EUB provided for a process for allowing an educational period prior to full enforcement, the times chosen reflected a “reasonable timeline” for implementation. Industry members stated that the requirements were reasonable as the D 60 is close to the draft in June 2006, hence there is a good understanding of the guide, and many companies anticipated the changes and have modified their systems accordingly. Certainly the companies that were at the table are aware and CAPP was consulted throughout.

The release of the EUB report on flaring and venting was mentioned. Team members acknowledged that there were significant improvements in venting; there was disagreement whether the delayed release of D 60 would have led to a significantly different picture.

a. Delay of work and process for dealing with disagreement in interpretation of CASA recommendations

The EUB acknowledged that it took longer than anticipated for Directive 60 to be finalized and that the delay was not desirable. However, given that one person was tasked with the drafting of D 60 the internal and external consultation efforts that needed to be undertaken were significant. It was acknowledged that there was an underestimation of the time required for this process and that it is generally difficult to estimate the time a consultation period will take, as one cannot always anticipate the questions that may be asked. For example, the draft guide and internal consultation were complete by May 06, but industry was in disagreement with some of the approaches taken and it took until August 2006 to resolve these issues. Stakeholders will need to understand that it is critical in the development of a directive to ensure that details are captured and that the implications of the amendments are fully understood. This is a very tedious but important part of the development process that can take significant time.

Team members also discussed the news release regarding the delay in implementation that was issued by one member. The team agreed that, while the right to issue news releases cannot and should not be taken away from anybody, proper process needs to be followed. It was acknowledged that while the intentions may have been good, [i.e. furthering the implementation of the framework] the risk of damaging trust and working relationships is high when the process is not followed. A discussion was held on the importance of keeping commitments that were made through a collaborative process. Both industry and NGO members emphasized that “getting burned” in the process will likely lead to stakeholders not entering a collaborative process in the future. It was emphasized that it is important for all parties in the process to be considerate of timelines when negotiating the implementation of recommendations and carefully assess the need for intervention prior to delaying the implementation of recommendations.

When there are delays in the implementation it is instrumental that the negotiating parties inform the rest of the stakeholder group as to the revised timelines and the issues under discussion.

The members agreed that the delay in implementation should have been brought back to the team prior to bringing the issue before the CASA Board or issuing a news release.

The members also agreed that there is a need for a mechanism to track implementation. It was mentioned that there is now regular reporting on implementation to the CASA Board in place, which was not in place when the FVPT drafted its recommendations.

3. Other outstanding implementation items

One of the implementation recommendations that required clarification was the use of the decision tree and economic analysis for non-associated gas – specifically the use of the economic analysis, which was initially proposed for solution gas. It was suggested that the economic analysis does not necessarily work when the gas is the only product. In D60 for non-associated gas and well testing the economic evaluation is not required at this time (eg. D60, page 41, 5.1).

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An economic analysis methodology was developed for solution gas, which worked, as the volumes of gas flared were higher and the process was continuous. With gas plant flaring, incinerating and venting the volumes are smaller and it is not necessarily a continuous process. The question is how to perform an economic analysis for an intermittent process. How can the economic test be defined?

There was disagreement amongst the members as to the feasibility of an economic test for non-associated gas and whether the original FVPT recommendations asked for an economic analysis for non-associated gas. There was agreement that the intent of the recommendations was that the only reason for not conserving gas is that it is not economically feasible.

As of January 31, 2007, the EUB is expecting industry to evaluate the frequency of flaring events and assess if the gas can be conserved. The unknown at this time is how these requirements can be translated effectively into regulation.

As of January 31, 2007, the EUB requires gas plants to investigate and correct causes of repeat non-routine flaring, incinerating, and venting. In addition there is a requirement not to exceed six major non-routine flaring events in any consecutive (rolling) six-month period (6-in-6). (D60, 5.3, p. 43). Exceedances of the 6-in-6 requirements must be reported to the EUB.

The recommendation was made by a team member to gather data and assess if flaring exceedances are a problem and then decide if an economic test is needed.

The team agreed that in 2008 when the team reconvenes, the facility flaring decision tree would be re-evaluated and the need for an economic analysis and volume threshold be determined.

Another recommendation that required discussion between industry and the EUB was Recommendation 34 (September 2004 Final Report, CASA FVPT), which relates to the rights of the public to be heard when there is a change in flaring status. This recommendation has been addressed through D 60 (D 60, 3.11 p. 37 – clause 3.11 has been included at the end of the minutes for ease of reference). In D 60 a process is outlined where the industry and the landowner can agree to zero flaring; this signed agreement will be deemed to be a condition of the well license. A member raised the question as to which “industry” was involved in this discussion. CAPP worked with the EUB on the implementation of this recommendation. CAPP was confident that a solution could be found that would meet industry and landowner needs. Involvement of more industry stakeholders would likely have significantly delayed resolving this issue.

Other outstanding items were the Best Management Practice Guides (BMP). There are 5 BMP guides that will need to be completed. CAPP has tried to retain consultants to have the guides completed with limited success. It was acknowledged by one member that the work involved in the drafting of the guides was underestimated. It was suggested that in the future recommendations for the development of BMP’s be prioritized and timelines be allocated that reflect the realities of document creation. It was initially assumed that consultants can complete this work but experience has shown that while consultants can do some of the work the product needs to be finalized in-house in order to get the required product.

The issue of odour was briefly mentioned in the context of the venting BMP. The EUB currently has requirements that no off-lease odours are caused. Other groups that are investigating management approaches to odour are the CASA confined feeding operation team and the Ambient Air Quality Objectives group. The venting BMP will not make odour emissions a focus at this time.

**AI John Squarek will forward the finalized guides to CASA for distribution to the team.
AI John Squarek to advise the team by the end of March 2007 on the status of work on all the outstanding BMP’s**

Alberta Energy (AE) provided an update on Recommendation 31 – AE has done work on the Third Tier Exploratory Well Royalty Exemption program. Staff is in the process to change the regulation to allow for recognition for the time period required for well test flaring.

In regards to Recommendations 14 and 27 (royalty waiver under the Otherwise Flared Solution Gas program and inclusion of bitumen sites into the program) AE staff will bring the recommendation forward to management for consideration in the new year

(2007). Staff had higher priority items to deal with, hence the delay. If AE management approves the changes, Staff is anticipating getting the changes implemented by the mid 2007 time frame.

A member raised the question whether Recommendation 36 [*Once a commingled pool has been established, well testing need only be done on a commingled pool basis, thereby eliminating one or more tests on individual pools, and reducing flaring.*] has been considered in light of the new co-mingling rules. Commingling is allowed in certain areas, which led to the establishment of larger pools and possible implications for well testing requirements and flaring. The question was raised whether there are requirements for well testing that would conflict with flaring reduction attempts. Is it necessary to test each pool in a commingled pool?

The EUB will check if there is a requirement to test each pool in a commingled pool. It was agreed that there is a desire to minimize well testing when feasible, which will subsequently lead to flaring reductions.

AI Mike Brown will consult with EUB staff to clarify the requirements for well testing in a commingled pool. Mike will advise the team of the outcome by March 31, 2007.

AI John Squarek will consult with the EUB on the question of well testing and commingled pools.

4. Implementers report to the CASA Board

Michael Brown will report on the EUB's implementation to the CASA Board on November 30, 2007. John Squarek and Jeff Cormier will provide updates on implementation on the items that the EUB is not responsible for. It was agreed that CAPP and AE will speak to their own slides at the Board meeting

AI Industry- John Squarek will provide a slide for the CASA Board presentation to the Secretariat

AI Alberta Energy – Gur Dhaliwal and will provide a slide on implementation to the Secretariat

AI Bettina to work with Mike on the final Board presentation.

5. Work for 2007 and timing for reconvening the F&V Project Team

Given the delay in the release of D 60 the recommendation was made to move the reconvening of the team to January 2008. Given that the EUB will begin enforcing the new D60 requirements after April 30 2007, the question was raised whether the data available at that time will be sufficient.

Regarding Coal Bed Methane the question of data availability was raised. Are there statistics available for CBM flaring and venting? The data from CBM wells are included under gas

batteries or gas well testing (mixture of the two). Wells are identified as CBM wells. The members asked that the EUB investigate whether CBM well data could be tracked separately for data analysis purposes.

A team member suggested that the Canadian Society for Unconventional Gas, which has a member at the FVPT table, should be involved in the 2008 review and asked to contribute data if data are available.

The members agreed that the team reconvenes in January of 2008. It was emphasized that the team meet earlier if there are any issues arising relating to team recommendations or implementation work.

AI: The EUB will investigate whether CBM well flaring and venting can be tracked separately. The EUB will advise the team by e-mail by Jan 31, 2007 if tracking is feasible.

6. Other business and next meeting

AI CASA Secretariat to poll the members for a January 2008 meeting in October 2007.

Chris Severson – Baker adjourned the meeting at 14:00.

D 60 wording relating to Recommendation 34

3.11 Zero Flaring Agreements

Flaring is allowed by the EUB when conducted in accordance with *Directive 060*.

However, parties may agree to zero flaring, as set out in a Zero Flaring Agreement (see Appendix 12). The agreement must be signed by both parties and filed by the applicant with the well application. Once filed, the Zero Flaring Agreement is deemed to be a condition of the well licence. Should the operator fail to meet this agreement, operations at the well may be suspended. This agreement, including the condition, expires at the commencement of production operations.

Once the well or facility is licensed, if the operator needs to change this Zero Flaring Agreement, the operator must file an Application to Change a Zero Flaring Agreement with the EUB Operations Group, with a copy to the co-signers.

1) An Application to Change a Zero Flaring Agreement must include

- a) the reasons that the agreement needs to be changed,
- b) a copy of the original application and approval,
- c) a copy of the original and revised Zero Flaring Agreement, and
- d) a summary of the consultation and notification that have been done, including confirmation of any agreements reached with the parties affected by this agreement.

Until a decision on this application has been made by the EUB, flaring may only occur as set out in the Zero Flaring Agreement. With respect to oil wells, agreement not to flare during well testing means that the operator has agreed to initially conserve the gas. If it later becomes uneconomic to conserve the gas, operators must follow the process in *Directive 060*, Section 2.5(6), to discontinue conservation.

The operator is required to make an effort to address the landowner or occupant concerns and may make use of the EUB's Appropriate Dispute Resolution (ADR) process if that becomes necessary prior to filing an application with the EUB to change this Zero Flaring Agreement.

CASA updates (not provided at the meeting but included as FYI)

a. Administrative

The following CASA Staff joined the office: Lori Melanson as office manager, Kathy Semchuk and Allison Jenness, as administrative assistants, and Kevin McLeod from Alberta Health and Wellness as project manager on a one year secondment, Bettina Mueller will be leaving the secretariat on November 30, 2006 as her secondment is ending.

Bettina reminded stakeholders to ensure any expense claims are handed in before the end of November 2006.

b. Science Symposium

CASA held a successful Science Symposium on Nitrogen emissions and effects in September of 2006. The symposium was able to attract high quality speakers from Canada, the U.S. and Europe and was well attended. The Acid Deposition Assessment Group is preparing a Statement of Opportunity for the CASA Board on Nitrogen in large part based on some of the issues identified, and advice received, at the Symposium.

c. PM and O₃ Implementation Team

Alberta Environment (AENV) has assigned action levels for PM and ozone based on the 2001-03 air quality assessment. The results of the assessment show that ambient levels of both PM and ozone are below Canada-wide Standards (CWS) in all areas of the province. However, ozone levels in some parts of the province are approaching CWS levels and therefore have been assigned to the Management Plan action level. These areas include the Edmonton Census Metropolitan Area (CMA), the Calgary CMA, and areas within the Fort Air Partnership (FAP), West Central Airshed Society (WCAS) and Parkland Airshed Management Zone (PAMZ).

AENV has communicated the results of the air quality assessment to stakeholders through stakeholder meetings and informal email communications and will be sending out official notification in November of 2006. These letters will be sent to over 500 stakeholders including industry approval holders, industry associations, airshed zones, non-government organizations, First Nations and municipalities.

The 2002-04 air quality assessment and report finalized by December 31, 2006.

The 2003-05 air quality assessment and report finalized by March 31, 2007.

The *Guidance Document for the Management of Fine Particulate Matter and Ozone in Alberta* will be reviewed and revised after the 2003-05 assessment is finalized.

d. Communications Committee

The Communications Committee has new terms of reference to reflect its more strategic role and will be organizing a Coordination Workshop in May or June of 2007. The ROVER project held media events in Calgary, Canmore, Red Deer and Edmonton which resulted in 37+ news stories with a 92% approval rating. Television public service

announcements on how to reduce vehicle emissions are slated for the new year and the study report is expected soon.

e. Operation Steering Committee (OSC)

The OSC members decided to meet in January 2007, after the draft of the Ambient Monitoring Strategic Plan team is available, to review it's possible role, assess it's effectiveness in the past and, if required, amend it's Terms of Reference. The CASA Data Warehouse (CDW) continues to be a focal point for the committee. The usage of the CDW is steadily growing. One significant work item for the CDW for 2007 will be the preparation of the CDW for submission of industry ambient monitoring data, which is currently submitted to AENV on paper.

f. CFO Emissions Inventory Sub-group

The Team is meeting on November 24th to have a final review of their Emissions Inventory Summary Report that will be submitted to the CFO Team.

g. Electrical Efficiency and Conservation Team

The Team will be submitting their report, "The Need for an Overarching Energy Efficiency Framework in Alberta" to the CASA Board on November 30th.

h. Renewable and Alternative Energy Team

The Team is working diligently on their Renewable and Alternative Energy Policy Framework. They are currently looking at policy options and criteria by which to assess those options. They are targeting mid February to have their final report completed.

i. Vehicle Emissions Team

The VE Team is focusing their efforts on the final report for the ROVER II project which completed its vehicle emissions testing at 4 different locations in Alberta (Calgary, Canmore, Red Deer, and Edmonton) during September/October 2006. 70,000 emission reads were received. The current work is related to identifying key components to the final report.

j. Indoor Air Quality Team

This Team has not met for over a year. They will be meeting on December 11 for the purpose of refreshing the members to the Terms of reference and identifying some renewed vision for the work.