

Minutes

Coalbed Methane Multi-Stakeholder Advisory Committee II (the MAC II)
Meeting Minutes
Room 111, Red Deer Provincial Building
January 23, 2008
10:00 a.m. to 1:55 p.m.

In attendance:

John Knapp (<i>Co-Chair</i>)	Alberta Environment
Wayne Inkpen	Agriculture and Food
Charlotte Moran	Alberta Energy
Tom Nahirniak	Alberta Surface Rights Federation
Don Bester	Butte Action Committee
Fiona Boulet	Canadian Association of Petroleum Producers/Small Explorers and Producers Association of Canada
Richard Leslie	Canadian Association of Petroleum Producers/Small Explorers and Producers Association of Canada
Tom Byrnes	Energy Resources & Conservation Board (ERCB)
Else Pedersen	Freehold Petroleum & Natural Gas Owners Association (FHOA)
Craig Quintilio	Sustainable Resource Development (SRD)
Mary Griffiths	The Pembina Institute

Others

Karen Henderson (<i>secretariat</i>)	Alberta Energy
Doug Lammie (<i>presenter</i>)	Alberta Energy
Sharla Rauschnig (<i>observer</i>)	Alberta Energy
David McKenna (<i>alternate</i>)	Alberta Environment (AENV)
Steve Wallace (<i>presenter</i>)	Alberta Environment (AENV)
Gene Roach (<i>facilitator</i>)	Municipal Affairs and Housing
Andy Warren (<i>observer</i>)	ERCB
Sari Shernofsky (<i>writer</i>)	

Absent

David Breakwell (<i>Co-Chair</i>)	Alberta Energy
Ken Hoppins	Alberta Association of Municipal Districts & Counties
Rich Smith	Alberta Beef Producers
Sharil Baumgardner	Alberta Environmentally Sustainable Agriculture Committee
Deryl Hurl	Canadian Association of Petroleum Landmen
Allen Wright	Coal Association of Canada

Welcome

The meeting started at 9:55 a.m. John Knapp asked the participants to introduce themselves and the organizations they represented. He also reviewed the guidelines for participation by primary and alternate members.

Opening Remarks

John outlined some of the key points from the original Terms of Reference and the intent of the MAC II. The MAC II is to meet for three years after the release of the Final Report in 2006, to provide public updates on the status of the recommendations. This is the second meeting in the second year of

review and as such marks the halfway point of the process. The MAC II has agreed to meet three times a year, with the option of a fourth meeting if required, in order to complete work on the public update report.

Ratification of Minutes

Several additions and changes were identified in the minutes. Once the information has been incorporated, the minutes will be considered ratified and posted to the Energy website. One member wanted to know when the KomexWorleyParsons report would be publicly released and AENV advised they expected it to be available in spring 2008. Another member asked for clarification on water ownership in Alberta.

ACTION

- *AENV will provide clarification regarding the Alberta Water Act in relation to ownership of water in the province and will make this information available to the MAC II.*

Update from Alberta Environment (AENV) – John Knapp, Steve Wallace and David McKenna

John provided an update on the recent organizational changes within the AENV. The department has recently reorganized to improve clarity for stakeholders and to increase efficiencies. As a result, rather than one large branch focussing on policy, there are a number of branches (e.g. air, land, climate change, and water). The reorganization will provide for more accountability, make it easier for internal and external users to get the information they need and to get in contact with relevant staff.

Steve, a groundwater specialist with the Groundwater Policy Branch, provided two PowerPoint presentations to the committee.

1. AENV Progress Report – CBM MAC Recommendations

The presentation provided updates on the status of AENV led recommendations:

Improved Scientific Information

Since the release of the MAC final report, there has been improved scientific information available through: an expanded monitoring network; the groundwater inventory and; work on identifying the potential for unintended consequences to aquifers due to gas development. John advised AENV is trying to better understand groundwater in the province and is working on a \$2 million areal seismic study which is being funded through the Energy Innovation Fund.

The Ardley project is looking at areas of higher risk for impacts to water due to gas development and should be completed in June 2008. The Edmonton-Calgary corridor project is looking at development beyond CBM. The collection of baseline water well testing under ERCB Directive is ongoing, however, the Science Panel is reviewing the initial set of data. The Science Panel is looking at how to improve the Standard and their recommendations are expected by March 2008.

Protecting Aquifers and Water Supplies

AENV is leading a multi-stakeholder technical committee to determine an appropriate, scientifically-based threshold volume for produced non-saline water below which a simplified approval under a Code of Practice (CoP) for production or use of the water would apply. A draft CoP is nearly complete and scheduled for public comment in spring 2008. AENV would like the CoP in place by the end of 2008. The interim threshold was completed in 2006 and involved a sub-committee that included some MAC members. AENV has been working to identify areas of high risk, such as with the Ardley project which contains wet, non-saline coals. The project was started in 2006 and is expected to be completed by June 2008.

Drawdown rules were clarified through the MAC and through public workshops held by AENV. Work on sampling and analysis has been completed and one such study was shared with the MAC II prior to this meeting. Recommendations from the studies are expected by the end of the first quarter

in 2008. Testing of non-saline water has been delayed as there has been little non-saline water production to date.

The Science Panel is reviewing the 600 metre testing radius for water wells under the Directive 35 Standard. They have requested additional data to determine if these distances are adequate and will develop a report with their recommendations which might be available by the end of March 2008.

A committee member questioned if there is sufficient transparency in how industry applies available data when considering the depth of the Base of Groundwater Protection (BGWP). In addition, the member asked if there is a potential for impact to aquifers if fracturing occurs just below the BGWP, where testing of landowner water wells is not required.

The ERCB advised that the BGWP levels were determined by the Alberta Geological Survey (AGS) who included a safety margin of error in terms of the levels which would set the depth at the lowest point in the BGWP. This may result in some variations in the level of the BGWP across county borders. A committee member suggested asking the Shallow Fracturing Review Committee (SFRC) to consider if there is any potential for impacts to aquifers when fracturing occurs just below the BGWP i.e. is there a zone of influence?

Promoting Wise Use of Water

Looking at options for the beneficial use of non-saline and marginally saline water is behind schedule. AENV hopes to have a committee in place by the fall to: look at the information collected so far; examine current technology and; potentially draft some initial recommendations.

Work on analyzing the impacts of methane migration is on schedule as is AENV's communication plan. The department provided information sessions on water in 2006 and this year have already set up ten workshops on water well maintenance.

2. CBM Water Well Complaint Reviews

The presentation summarized the department's recent public announcement on the review of CBM related water well complaints. The independent review and reports further confirm that there is no conclusive link between CBM and the contamination of water wells.

The AENV reported in its January 17 news release that the Alberta Research Council (ARC) had conducted an independent review of four water well complaints allegedly linked to CBM activity. The results showed that the wells were not affected by CBM development but the quality issues were predominately due to naturally occurring methane. Other quality issues were associated with poor well construction and maintenance.

A fifth water well that was also assessed may be affected by conventional oil and gas development or a natural geological feature such as a fault. This well will continue to be reviewed to determine the specific source of the methane.

AENV is encouraging landowners to consult with an expert to assist with water well concerns, rather than trying to fix the problem themselves. A summary of the report is available on the AENV website at www.waterforlife.gov.ab.ca/coal/index.html.

A member asked what records were used to show the major ion levels before the wells were drilled. David said he would look into this. Also, one of the slides needed to be updated.

Action

- *David will look into the sources of information used by Dr. Blyth in his report and share his findings with the MAC II members as appropriate.*

- *The two PowerPoint slides will be shared with the MAC II members once the necessary update has been made.*

Update from Energy Resources Conservation Board (ERCB) – Tom Byrnes

Tom reported there were no significant updates since the last MAC II meeting. One member said they encountered some challenges finding the information they wanted from the interactive maps available in relation to Bulletin 2007-36. Tom said the interactive maps were new and may still need some amendments and he would share the member's feedback with the relevant ERCB staff.

A question was raised about the rules pertaining to ownership of sub-surface gas. If a landowner drills a water well and is able to produce methane, can the gas be used on their property and would they have to pay royalties on the produced gas?

ACTION

- *Doug will look into ownership of sub-surface gas produced from a landowner's water well and will report the findings to the MAC II.*

Introduction of Charlotte Moran

Charlotte introduced herself to the committee and advised she was providing support to the MAC II Chair, David Breakwell. The EUB split into the Alberta Utilities Commission and the ERCB effective January 1, 2008. Dan McFayden, former Deputy Minister for Alberta Energy, will take over as chairperson of the ERCB on February 1, 2008. In the interim, David Breakwell will be the Acting Deputy Minister and Charlotte will be the Acting Assistant Deputy Minister. She emphasized the government's continued commitment to the MAC II process and that the support and efforts of the committee members is appreciated.

Update from Energy – Doug Lammie

Doug provided the committee members with a handout updating the status of the Energy led recommendations. Extensive work and review was undertaken on recommendation 5.2.3 to consider using saline water from CBM development to replace non-saline water. The conclusion was that using fiscal tools, including royalties and tax incentives, are not appropriate at this time and work on the recommendation has been completed. A member asked if the current or new royalty framework provides incentives or royalty breaks for either saline or non-saline water used in enhanced oil recovery (EOR). Tom Byrnes and Sharla Rauschnig were not aware of any programs but would follow up.

ACTION

- *Doug will obtain further information on incentives for water use in EOR and report back to the MAC II.*

The online mapping tool and user manual for recommendation 9.4.1 are being finalized and both are expected to be released in February 2008. The mapping tool will be demonstrated at the next MAC II meeting. Recommendation 6.6.2 on resolution of split-title ownership issues will be addressed through a separate stakeholder process (e.g. as part of the review of the freehold mineral rights tax program, which was announced in the government's new royalty framework in October 2007).

Update from Sustainable Resource Development – Craig Quintilio

Craig reported that since the four working groups for the Land Use Framework (LUF) met last year, a government writing team has been working on drafting a report on their findings. There are a number of ministries involved in its development and SRD is working closely with AENV. The report will need another round of public consultation before being finalized later this year.

Craig is working with Bob Willard (ERCB) to identify an appropriate CBM area for the ILM pilot concept. They have landed on a potential site with CBM activity and a mix of public and private lands but can't provide further details to the MAC II until they speak with the affected landowners and stakeholders regarding their potential participation. They hope to have the Terms of Reference completed by June. A MAC II member acknowledged the efforts of SRD in this initiative.

Public Update Report – Sari Shernofsky

Sari provided some background on her experience as writer for the MAC and MAC II committees. Sari recommended that the public update report follow a similar format to last year's report with sections on: the executive summary; background; formation of the MAC II; progress highlights; and feedback from non-government MAC II members. MAC II members agreed with the recommendation. The feedback survey of the non-government MAC II committee members will be distributed in February 2008.

Sari encouraged the MAC II members to provide thorough, detailed responses to the feedback survey so their thoughts can be accurately reflected in the report. Similar to last year, the results of the feedback survey will be considered confidential to allow the members to be candid in their responses. She asked for feedback on last year's survey questions and noted the member's comments. Sari provided the MAC II with a proposed timeline for development and release of the second year public report update. As a number of deliverables may be available at the end of March, it was suggested the next MAC II meeting be held in mid - April.

ACTION

- *Karen will reschedule the March 6 MAC II meeting for mid-April and update the MAC II members accordingly.*

Review of the Progress Table (Appendix C)

Some wording changes were noted in Appendix C.

ACTION

- *Wording changes as identified by the MAC II will be made in Appendix C by the relevant department committee member.*
- *Where relevant, dates of key milestones will be included in Appendix C.*
- *The status of the recommendation will reflect if the action has already occurred or will occur in the future.*

The committee discussed when work on a recommendation was 'complete' as sometime there may be further updates or reviews undertaken in the future.

Also, there is a great deal of information on the Action Plan and Appendix C although some of it is duplicated. The committee asked if there was a way to streamline the information. One member clarified that the MAC II originally requested two documents – one that would be released publicly; and one with more detailed information for MAC II members and would not be released publicly.

ACTION

- *Karen Henderson will review the issue to see if one table can be eliminated.*

A committee member raised a concern about the lack of continued participation by certain groups represented on the MAC II. The member was going to have further discussions with one of the groups.

The MAC II adjourned at 1:55 p.m. The next MAC II meeting will be held in mid-April.