

Coalbed Methane/Natural Gas in Coal Multi-Stakeholder Advisory Committee (the Committee)
Meeting Minutes
Room 111, Red Deer Provincial Building
September 21, 2006
10:00 to 2:30

In attendance:

David Breakwell (<i>chair</i>)	Alberta Energy
John Hermans	Alberta Agriculture, Food and Rural Development
Ken Hoppins	Alberta Association of Municipal Districts & Counties
Rich Smith	Alberta Beef Producers
Bob Willard	Alberta Energy & Utilities Board (EUB)
Bev Yee (<i>co-chair</i>)	Alberta Environment (AENV)
Sharil Baumgardner	Alberta Environmentally Sustainable Agriculture Committee
Karl Zajes (<i>alternate</i>)	Alberta Surface Rights Federation
Don Bester	Butte Action Committee/Rimbey & District Clean Air People
Deryl Hurl	Canadian Association of Petroleum Landmen
John Squarek	Canadian Association of Petroleum Producers/Small Explorers and Producers Association of Canada
Else Pedersen	Freehold Petroleum & Natural Gas Owners Association (FHOA)
Mary Griffiths	The Pembina Institute
Craig Quintilio	Sustainable Resource Development (SRD)
 <i>Others</i>	
Gene Roach (<i>facilitator</i>)	Community Development
Karen Henderson (<i>secretary</i>)	Alberta Energy
Kevin Donnan (<i>observer</i>)	Alberta Energy
Sharla Rauschnig (<i>presenter</i>)	Alberta Energy
Glen Norman (<i>observer</i>)	Butte Action Committee

Welcome and Introductions

The meeting started at 10:00 with introductions of each MAC member. Gene provided an overview of the agenda items to be covered.

Review Committee Terms of Reference (ToR)

Else stated issues important to FHOA should be within the scope of the MAC mandate. She provided handouts to members outlining FHOA concerns as well as a map showing the checkerboard pattern of resource ownership in Alberta. Members felt these issues were more appropriately addressed in other forums and did not support changing the scope of MAC. Bob advised there is an EUB hearing to determine CBM ownership on split title land, and this hearing, not the MAC, is the correct forum for such a discussion.

The MAC discussed changing the name of the committee to reflect the change in focus but decided to leave it as is.

DECISION

The committee will be called the “CBM/NGC Multi-Stakeholder Advisory Committee II” abbreviated as the “MAC II”.

The purpose of the multi-stakeholder group has changed. In this review phase, the objective is to monitor and report the progress on addressing the recommendations in the MAC Final Report as well as to report progress to the ADM Sponsors Committee, members’ organizations and the public.

The scope of this committee’s work will include being aware of the action plan addressing the MAC Final Report and updates to the action plan; receiving and reviewing progress information relating to the government-approved action plan and; the preparation of a written progress summary on implementation of the MAC Final Report recommendations. Issues identified in the original MAC Terms of Reference (ToR) as being out of scope will remain so for the MAC II. The MAC II will not raise and address additional new issues unless there is consensus that new technology or significant new evidence warrants inclusion in the MAC II review process. It is expected the MAC II would meet twice in the year with possibly another two meetings if needed.

The members felt a new ToR was not required and the above description will represent the purpose and scope of the committee. The MAC II agreed to include this decision in the minutes rather than create a new ToR.

Recommendation Implementation Review

Update from AENV

Bev distributed a handout which updated the status of AENV’s groundwater initiatives. She thanked those MAC II members who helped work on the baseline testing standard, which came into effect May 1, 2006. Compliance with AENV’s gas sampling protocol (available on their website) has been good. AENV has established a science panel to review collected baseline data and information from research projects to determine if the standard is meeting the intended outcomes. The panel will also assess, from a science base, where improvements could be made. Some MAC II members expressed an interest in participating on the panel or other forums to review the program. Bev will consider the request.

AENV has asked the University of Calgary to conduct a literature review on dissolved and free gas sampling. AENV has also completed a study to evaluate AENV’s groundwater monitoring network with additional monitoring wells to be added to the network this fall. Groundwater samples are being collected this winter from selected monitoring wells in the network for chemical analysis this winter. Yield tests are also being conducted on the wells.

Mapping of groundwater quality and quantity in the Ardley coal zone area has started and will take two years to complete. However, AENV will provide updates to the public when critical milestones have been reached. Energy Innovation Funding provided some financial assistance for groundwater mapping. AENV is partnering with Alberta Geological Survey (AGS) to help ensure accuracy of the data. Bev received an example of where a mapping inconsistency may have occurred and will investigate.

A Code of Practice, as recommended in the MAC Final Report, is being developed to review guidelines for water diversion. AENV is also examining their water complaint process with its partners. A MAC II member asked for more information regarding companies in Alberta who undertake isotopic testing and if there is an isotopic consortium in Alberta.

Recommendation 3.5.1 regarding review of possible uses of produced non-saline water from CBM developments is not scheduled to start until the next fiscal year. However, the MAC II expressed a view some work on this topic should be accelerated to provide companies with early indications to better plan future development.

AENV has initiated a specific action team with dedicated staff/resources for review of CBM water issues.

ACTION

- *Bev will*
 - *raise the MAC II request for participation on the scientific review panel or other forum.*
 - *find out the protocols for water well testing.*
 - *follow up on examples of mapping inconsistencies.*
 - *provide a list of Alberta companies who undertake isotopic testing and investigate if there is an isotopic consortium in this province.*
 - *see if work relating to recommendation 3.5.1(beneficial use) can start earlier.*

EUB Update

Bob expressed the EUB's thanks to the MAC II members for their hard work and commitment to find practical solutions for the issues raised in the MAC Final Report. While action will occur in all four general areas (water protection, information and science knowledge, surface impacts and public information and consultation) priority will be given to actions targeting water and information and science knowledge.

Bob advised EUB and AGS staff are actively working with AENV in a number of water related activities that reflect specific MAC recommendations or relate to its broad outcomes. Bob highlighted several actions related to water and land:

Water - Industry compliance with EUB Directive 35, implementation of the baseline water well testing, is strong. Bob commented many companies are offering to test in other situations and this additional data is also being sent to AENV.

AGS is on schedule for completing the update and increased functionality of the Base of Groundwater Protection (BGWP) database next spring and has commenced the Ardley mapping with the inclusion of the overlying Paskapoo sands.

The EUB is reviewing its technical requirements targeting higher risk elements first. The multi-stakeholder steering committee on very shallow fracturing has been initiated with interim controls put in place (EUB Directive 27, Rec 3.3.7). Subsequent technical sub-committees will address several of the MAC's issues on gas migration (Rec. 3.6.1) and water source for drilling (Rec. 3.4.2). A consultant is being hired to update the literature review on potential for impacts from different water sources in drilling. Regional Health Authorities are also being consulted for their interest in participating in the review of EUB requirements in this area.

The EUB has two new actions that will expand or complement the MAC recommendations as well as increase shallow groundwater information and surveillance. As part of its recent commingling project (EUB Bulletin 2006-28) the EUB will be identifying water production above 5 cubic metres per month in all wells with perforations above the BGWP and working with AENV to ensure appropriate actions are taken. The commingling plans also require dedicated coal-only control wells with segregated production. The EUB has also issued a draft proposal (Bulletin 2006-28) to require industry to conduct logging behind surface casing which has the potential to greatly increase understanding of shallow lithology and assist in water well complaint investigations.

The EUB has used the MAC Final Report as a resource together with EUB Bulletin 2005-04 when speaking with industry, reminding them of existing rules, making sure they understand the direction and importance of the recommendations and ensuring there is ongoing communication. (Rec. 3.4.1)

On recommendation 3.5.3, to promote the development or application of new technology to take advantage of saline and marginally saline produced water, the EUB noted its early action as co-chair of Petroleum Technology Alliance Canada (PTAC) review to promote water conservation and reuse.

Surface - The MAC Final Report included issues associated with project planning and stakeholder engagement (Rec. 7.2.1 and 7.3.1). The EUB is assessing how it may take a different approach or use different tools to address intense development such as CBM, addressing several of the MAC issues together. In this regard, the EUB is leading expanded early stakeholder engagements to address a bigger picture look at development, its potential for impacts and additional mitigative measures. One example is the Battle Lake Synergy group which is looking at watershed issues. Another example is a review related to expanding city and energy needs being undertaken in east Red Deer. Directly related to CBM are plans to bring together landowners, County and CBM companies in November and pilot ways to balance surface and subsurface interests. There would be two pilots, each one Township in size and located between Edmonton and Calgary. This work would build on past efforts of Synergy Alberta and may lead to community based plans and cooperative mitigative measures. It should also complement from the bottom up, the broader Integrated Land Management and other policy level work currently underway. The pilots will be assessed and Bob expects they will continue if successful and improved upon if there are issues. The EUB will be providing ongoing updates to the public.

Bob noted that there has been reallocation of staff priorities to address CBM related matters within the EUB but there will be ongoing competition for staff and IT budgets

One observer noted an interest in having Workplace Hazardous Material Information System (WHMIS) information for drilling and completion fluids easily available to landowners.

ACTION:

- *Bob committed to pass this issue on to Brenda Austin, Environment Manager, EUB.*

Energy Update

Sharla advised Alberta Energy is leading eight recommendations primarily related to tenure and communication/consultation. None of these initiatives were identified in the MAC Final Report as early action items. Two of the recommendations relating to royalty and tax are not being actioned. Work is on schedule for all recommendations. Work on two tenure recommendations have moved ahead of schedule to this year, rather than the scheduled start in the 2007-08 fiscal period. Website material to identify the risks of split-title ownership (recommendation 6.2.1) has been drafted and is currently under review. Review of the criteria for Section 18 Notices of Non-Productivity (recommendation 6.3.1) has commenced. Internal Department of Energy consultations will start in October to review section 17 of the tenure regulation (recommendation 6.5.1).

SRD Update

Craig said the mandate for SRD is on public land. Recommendations 4.2.1 and 4.3.1 involve the Integrated Land Management (ILM) process. The objective is to acknowledge while development will occur, it is important to ensure better integration among those being affected. They are getting buy-in from some companies in using Area Operating Agreements (AOA). If a

company completes an AOA it helps streamline the approval process and will also make the companies do more planning up front. Currently, there aren't many CBM projects on public land.

Update on Out of Scope Issues

The committee members were provided with a handout updating the status of issues previously identified as being out-of-scope. Updates will be provided, as required, at future meetings.

Public Status Report from Committee

Dave requested the MAC II decide on a general format for their annual report on recommendation implementation (to be available to the public). Two examples of possible report templates include the "Water for Life" updates and "Public Safety and Sour Gas" updates.

ACTION

- *Karen will provide copies of the identified reports to MAC II members so they can decide, in advance of the next MAC II meeting on the appropriate format for their annual public updates.*

Other Agenda Items

Bob provided a handout regarding the status of CBM drilling activity to year end 2005. The Horseshoe Canyon continues to be the most active area, the Mannville continues to have evaluation drilling and the Ardley has had a very limited number of wells drilled (4 in 2005). From January to September 1, 2006, there have been 1021 new well licenses issued, although this doesn't include recompletions. This reduced level of activity reflects many factors, especially the recent reduction in gas prices. John commented that CAPP's 2006 forecast is 3000 CBM wells. This would be down from the 4400 CBM wells in 2005.

John asked the MAC II be provided with the names of members for any of the committees or groups working on implementation of Final Report recommendations. A number of MAC II members said they would appreciate receiving an update on activities from these committees or groups at a future MAC II meeting.

Don raised a question about bringing a landowner who has suffered the loss of a water well to speak at the next MAC II meeting so members can hear directly the hardships that could occur if CBM is not managed properly. Don indicated an AENV inspector has been on site. Bev was not aware of the specific situation but would follow up on the status of the AENV investigation. As the Alberta Research Council is undertaking a review of the water well complaint process, there may be value in having them interview the landowner referenced by Don.

ACTION

- *Bev will follow up on the status of the AENV investigation and will talk to ARC regarding interviewing the landowner.*
- *The names of members for any of the committees or groups working on implementation of Final Report recommendations will be provided by the relevant MAC II members.*

Next Meeting

The next MAC II meeting will be held at the Red Deer Provincial Building on December 1, 2006. Agenda items will include:

- Review of Template format for public report
- Follow-up on action items
 - Bev will address the MAC II request for participation on the scientific review panel or other forum; distribute out the protocols for water well testing; provide a list of Alberta companies who undertake isotopic testing and investigate if there is an isotopic consortium in this province; and identify if work relating to recommendation 3.5.1(beneficial use) can start earlier;.

- MAC II members will provide the names of members for any of the committees or groups working on implementation of Final Report recommendations.
- Update on recommendation implementation

The MAC II adjourned at 2:30.