

Coalbed Methane Multi-Stakeholder Advisory Committee II (the MAC II)  
Meeting Minutes  
Room 206, Red Deer Provincial Building  
November 6, 2008  
10:30 a.m. to 1:40 p.m.

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In attendance:

Doug Lammie ( <i>alternate</i> )	Alberta Energy
Jim Kiss	Agriculture and Food
Tom Byrnes	Alberta Energy Resource & Conservation Board (ERCB)
Ernie Hui ( <i>co-chair</i> )	Alberta Environment (AENV)
David McKenna ( <i>alternate</i> )	Alberta Environment (AENV)
Sharil Baumgardner	Alberta Environmentally Sustainable Agriculture Committee
Don Bester	Butte Action Committee
Deryl Hurl	Canadian Association of Petroleum Landmen
Fiona Boulet	Canadian Association of Petroleum Producers/Canadian Society for Unconventional Gas/Small Explorers and Producers Association of Canada
Else Pedersen	Freehold Petroleum & Natural Gas Owners Association (FHOA)
Noel St. Jean ( <i>alternate</i> )	Sustainable Resource Development (SRD)
Mary Griffiths	The Pembina Institute
<i>Others</i>	
Karen Henderson ( <i>secretariat</i> )	Alberta Energy
Barry Cole ( <i>presenter</i> )	Sustainable Resource Development
<i>Absent</i>	
David Breakwell ( <i>chair</i> )	Alberta Energy
Dwight Oliver	Alberta Association of Municipal Districts & Counties
Rich Smith	Alberta Beef Producers
Allen Wright	Coal Association of Canada
Tom Nahirniak	Surface Rights Federation

### **Welcome**

The meeting started at 10:30 a.m. Ernie chaired the meeting.

### **Opening Remarks**

Ernie provided regrets on behalf of David, Tom and Dwight. This is the first meeting of the third year of the MAC II process. Ernie reviewed the objectives for the committee. The MAC II's objective is to monitor and report the progress on addressing the recommendations in the MAC Final Report as well as reporting progress to the ADM Sponsors Committee, members' organizations and the public. Since the last report was released in July 2008, three more recommendations have been completed, bringing the total to 13.

### **Update from Alberta Environment (AENV) – David McKenna**

AENV is continuing to improve the scientific information around groundwater. In addition to the five wells added into the monitoring network in 2007, a further 18 wells have been added in 2008

with one more scheduled to be added this year. Not all the wells are located in areas of CBM development nor are all of these newly drilled wells.

The University of Calgary is finalizing their report on the quantity and quality of water wells. Once finalized, the report will be posted to AENV's website.

The Alberta Geological Survey (AGS) and Geological Survey of Canada are in the final stages of completing their report on the Ardley coal zone and hope to have work done by March 2009. The AGS has sub-contracted work to undertake aerial mapping of the Edmonton-Calgary corridor. The work will enhance the understanding of aquifers in the area. The project should be completed by 2010-2011 and will cost around \$6 to 7 million.

One of the MAC II members asked if the aerial work will help with understanding aquifer quality. David explained while the flyovers don't provide information on water quality they do help to identify the geology of the area and if the rock is potentially water-bearing. Electromagnetic technology is being used to obtain data which will be analyzed along with existing AGS maps and data, including down-hole seismic data from industry.

A question was raised as to whether data is already available which could be used instead of the current fly-over research. Utilizing existing data could potentially lower the cost of the project. David said he would follow up on this and the results would be included in the minutes.

#### **ACTION**

- *David will follow up with AGS to see if there is existing data which they could use in their present research.*

*The following information is in response to the above noted action item:*

*Airborne geophysics provides areal data (information about a large area). The advantage of doing airborne geophysics is that it describes the rock properties over the entire area flown, limiting the amount of interpretation required between data points. Furthermore, down-hole geophysical data provides little or no information on shallow geology. In contrast, the airborne geophysics provides data from the surface to about 250 metres depth. Existing down-hole geophysical data isn't sufficient to develop a full understanding of the geology and hydrogeology of an area and a groundwater management system.*

The AENV has undertaken a significant amount of research in the past year. Two years ago, there was a half-time position in AENV committed to groundwater study; presently, there are 10 full-time staff. Over the past three years, \$10 million has been committed to the study of groundwater by AENV. A continuing challenge has been to find qualified research staff.

AENV and the ERCB continue their work focussing on a process to effectively manage small water volume production at CBM wells. An option under consideration is moving the CoP under ERCB Directive 044: Requirements for the Surveillance, Sampling, and Analysis of Water Production in Oil and Gas Wells Completed Above the Base of Groundwater Protection (BGWP). David will update the wording on recommendation 3.3.1 to better reflect its status.

#### **ACTION**

- *David will revise the wording on recommendation 3.3.1.*

The final report on baseline water well testing was received by AENV on October 20 from the Science Review Panel and should be available to be shared with the MAC II in December.

AENV is still offering workshops on water wells and demand continues to be high. They held 13 sessions from January to June 2008 and plan to hold a further 19 workshops by the end of the year. Another 15 workshops are planned for January to March 2009. David will provide a copy of the workshop schedule for November and would be interested in receiving feedback from any MAC II member who has the opportunity to attend. A MAC II member suggested information on the potential for gas migration into wells should be included in workshops held where CBM drilling is occurring.

#### **ACTION**

- *David will provide Karen with the November workshop schedule to distribute to the MAC II.*

#### **Update from the Energy Resource Conservation Board (ERCB) – Tom Byrnes**

The ERCB continues to address the final report recommendations and is working with AENV on the review of Directive 44. The ERCB checks monthly water production volumes and are in the process of summarizing what has been reported to date. Auditing information provided by industry and surveillance is part of the process. If there is a problem, the ERCB will follow up. There hasn't been reporting issues with CBM production as the reported water volumes are so low. Companies have been choosing to drill in 'dry' CBM coal zones.

The ERCB is looking at more effective ways to report CBM drilling and production. This information will be included in one of the existing ERCB statistical (ST) reports.

A report on using surface water for drilling is still under review. Tom will check on the status as to when it may be released publicly.

#### **ACTION**

- *Tom will check the status of the report being prepared on use of surface water for drilling and report back to the MAC II at the next meeting.*

#### **Updates from the Department of Energy (DOE) – Doug Lammie**

The DOE is leading eight recommendations; six have been completed, and one (#7.6.1, the MAC II review process) is on schedule. The remaining recommendation (#6.2.2) relates to split title ownership. A consultation process will be established to examine recommendation 6.2.2 plus three other issues:

- 1 – levelling the playing field between the Crown and freehold mineral development
- 2 – identifying methods to reduce fractionization of freehold mineral titles
- 3 – considering the feasibility of area-based unitization for freehold mineral rights which is acceptable to all stakeholders.

Letters to stakeholders have been sent and steps are underway to hire a consultant to assist with the process. A MAC II member asked if the Canadian Society for Unconventional Gas (CSUG) was an invited stakeholder. Doug advised they weren't as the focus of the consultation will be broader than just on CBM.

#### **Updates from Sustainable Resource Development (SRD) – Noel St. Jean, Barry Cole**

Noel gave an update on the land use framework (LUF). He provided a handout to the MAC II members which details the work Nexen and Trident have done in the Fort Assiniboine area. The companies are looking for ways to minimize their environmental footprint and have been involving communities in planning at the early stages. Noel showed a video highlighting some of the work completed so far. The video, which will continue to be updated as further work is completed, should be available on the SRD website within the next few months.

The focus so far has been on land in northeast Alberta for which a LUF should be completed by January 2009. Work in southern Alberta is scheduled to start in March 2009 with an end date of early 2010. SRD hopes to complete the first two plans and use lessons learned from these to facilitate work on the remaining four areas. SRD hopes to put forward necessary legislative changes to support the LUF process in the winter 2009 session of the Legislature.

The Integrated Land Management (ILM) was released in 2007. SRD forwarded their operational plan to the Deputy Ministers Steering Committee in spring 2008, the outcome of which resulted in SRD having to undertake some additional tasks. There are presently about nine SRD staff working on the various tasks e.g. determining consultation protocol on the ILM, defining what is an ILM plan. A contractor has been hired to establish a leadership group to determine how the ILM process should be undertaken.

SRD is also working on the Area Operational Agreement (AOA) process. Some information on the AOA is confidential, although the company can share the information if they so choose. The AOA is program based and focuses on what companies propose to do overall in a particular area, rather than project by project. Companies will be encouraged to co-operate with each other to better integrate both their proposed surface and sub-surface work. Companies will also be encouraged to start the planning process several years in advance and sharing as much information as possible with the community.

One of the MAC II members suggested industry may have concerns about being held accountable for reclamation and liability issues which occur as a result of their co-operative efforts with another company. Noel said there were still a number of issues to be addressed.

#### **Other Business**

A MAC II member questioned if the letter sent by the chair to the committee members prior to the start of the third year review adequately reflected what was discussed during the telephone survey undertaken this summer, such as raising new issues for discussion. Ernie outlined the opportunities available for the MAC II to provide their input on the process. This includes an independent writer undertaking a formal survey of non-government members to obtain their feedback and opinions. This information is included in the annual update report, which is made available to the MAC II members prior to release to allow a further opportunity for them to provide their feedback.

One MAC II member asked that each recommendation be reviewed at the next meeting. Also, there are a number of reports relating to Final Report recommendations which are expected to be completed within the next few months. These include the Science Panel report on the baseline water well testing program and the potential for gas migration and other unintended effects of CBM (both of which are expected to be finalized in March 2009). The MAC II agreed that the next meeting, tentatively scheduled for February 19, 2009, should only be held if these key reports have been released and can be discussed.

#### **ACTION**

- *Karen will send a request to the departments to provide copies of completed reports relating to the MAC recommendations for distribution to the MAC II members prior to their next meeting (e.g. the Science panel report and report on gas migration, which are expected by March 2009).*

The MAC II adjourned at 1:40 p.m. The next MAC II meeting is tentatively scheduled for February 19, 2009, pending the status of some of the reports.