

Coalbed Methane/Natural Gas in Coal Multi-Stakeholder Advisory Committee (the Committee)
Meeting Minutes
Red Deer Room, Red Deer Lodge
Nov 1, 2004
9:30 to 3:00

In attendance:

Mike Ekelund (chair)	Department of Energy
Peter Watson (co-chair)	Alberta Environment
John Hermans	Alberta Agriculture, Food and Rural Development
Phyllis Kobasiuk	Alberta Association of Municipal Districts & Counties
Sharil Baumgardner	Alberta Environmentally Sustainable Agriculture Committee
Bob Willard	Alberta Energy & Utilities Board
Tom Nahirniak	Alberta Surface Rights Federation
Don Bester	Butte Action Committee/Rimbey & District Clean Air People
Deryl Hurl	Canadian Association of Petroleum Landmen
Mike Gatens	Canadian Association of Petroleum Producers (CSUG)/ Canadian Society for Unconventional Gas / Small Explorers and Producers Association of Canada
John Squarek	Canadian Association of Petroleum Producers / Canadian Society for Unconventional Gas / Small Explorers and Producers Association of Canada
Brad Murray	Freehold Petroleum & Natural Gas Owners Association
Mary Griffiths	The Pembina Institute
Gene Roach (facilitator)	Community Development
Karen Henderson (secretary)	Alberta Energy
Paul Batke (presenter)	Alberta Energy
Barrie Harrison (presenter)	Alberta Energy
Audrey Murray (presenter)	Alberta Energy
Sharla Rauschning (presenter)	Alberta Energy
Barry Rodgers (presenter)	Alberta Energy
Rhonda Wehrhahn (presenter)	Alberta Energy
Nga de la Cruz	Alberta Environment
Barry Cole (alternate)	Sustainable Resource Development
Absent:	
Gene Rawe	Alberta Beef Producers
Robert Donick	The Coal Association of Canada

Welcome and Introductions

The meeting started at 9:30.

Review/Ratification of Documents

ACTION

- *Minutes from October 4 were accepted.*

CBC Radio Report

On October 27, a CBC Radio broadcast indicated the NGC preliminary report had been released. It appears the reporter was referring to the information sessions synopsis posted to the Energy website back in July. The reporter also mentioned the NGC final report will go to the Minister of Energy in a few weeks. This statement may have been based on the original November deadline posted to the web. Mike noted that the timelines agreed to at the MAC meetings have not changed and no preliminary report has been released.

Conference Booth at Canadian Society for Unconventional Gas (CSUG) Conference

Since the MAC will have sufficient representation at the CSUG conference a booth would not be necessary.

Information Summary

Sharla advised that technical wording for the information summary is being finalized and will be forwarded onto the MAC for review when available. Once approved, the document will be posted to the web.

Update on NGC Wells

Bob Willard provided updated information on the EUB NGC well numbers. A key point was the percentage increase in the Horseshoe Canyon region. At the end of 2003 about 80% of wells were drilled in Horseshoe Canyon. As of September 2004, that number has increased to 91%, with 7% of the wells being drilled in the Mannville and 2% drilled in the Ardley, where only one well has been drilled since the start of the year. There have been 2500 NGC wells drilled with 1000 of these having some production. Most NGC wells, including all of those in the Horseshoe Canyon area, do not have experimental status. The MAC also asked for an update on the NGC wells under review by AENV (referenced at the last meeting).

ACTION

- *Peter Watson will provide an update for the minutes to Karen on the status of wells for which AENV expects to issue public notice.*

Parking Lot Issues

At the information sessions, out-of-scope issues were to be noted and forwarded on to the appropriate group or organization. Mike Ekelund proposed that letters could be sent from the MAC Chair to the attention of the group or organization Chair or other contact. Some issues raised included compensation for surface rights owners and net metering. A MAC member suggested that the web should identify those issues that had been referred on to another group or organization for consideration.

ACTION

- *Mike Ekelund requested the MAC members and working group chairs provide information session parking lot issues for review at the next MAC meeting.*

Surface/Air Issues Working Group (SAWG)

Barry Cole provided a handout updating SAWG issues. SAWG requested an extension to the December 1 deadline. Consensus has been reached on a number of issues but further clarification and dialogue is required on other issues.

The SAWG submitted a decision document to MAC requesting referral to the Oil and Gas Reclamation and Remediation Advisory Committee (OGRRAC) on the issue of banking practices in relation to land contamination and compensation.

DECISION

- *The MAC did not support the SAWG request to refer this issue; instead, it will be added to the “parking lot” issues list.*
- *The SAWG will provide written comments to the MAC on this issue to forward on to Alberta Environment as a parking lot issue.*
- *The MAC approved the SAWG’s request for an extension to December 15.*

ACTION

- *Mike Ekelund will add banking practices to the list of parking lot issues and forward a letter on reclamation issues to Peter Watson, Assistant Deputy Minister, Environmental Assurance, Alberta Environment.*
- *Peter Watson will provide a status report to Dave Bartesko on the issue of contamination liability reviewed by OGRRAC for SAWG to consider if the issue has been adequately addressed or if there is opportunity to provide further comment.*
- *John Squarek will provide an update on the CASA NGC flaring issue at the next MAC meeting.*

Water Working Group

Peter Watson provided a handout that gave an overview as to what the *Water Act* covered and how this may impact recommendations put forward by the Water working group. In the presentation, he indicated that the Crown owns the province’s water and is responsible for supporting and managing its conservation. During drought conditions, household use is addressed first and then the person with the most senior date on their license is given next priority. Over 90% of water well owners chose not to register their wells. Also, in some parts of the province, all of the water has been licensed out, so a new business may have to go to another license holder to negotiate some or all of their rights, subject to final approval by the Crown.

Peter anticipates recommendations from the Water working group will likely be addressed through changes in regulations or policy and the Water working group is anticipating completion of their report by December 1.

A second handout was provided regarding the working group’s current status, which included the issue of effective communication regarding non-saline water production raised at the last MAC meeting and recommendations developed by the working group to address the concern.

ACTION

- *The following issues will be forwarded to the Water working group for consideration:*
 - *What is the potential impact of additional energy development on currently unlicensed well owners?*
 - *How will such development be dealt with over the long term?*
 - *How should Environment deal with unregistered wells that are not in the database?*
- *The Water working group will provide a copy of their draft recommendations, if available, to the MAC prior to the December 6 meeting.*

Royalty Working Group

The working group Chair, Barry Rodgers, advised their biggest challenge was collecting economic data. They are developing a potential picture as to how future NGC development would look and if the existing royalty regime is appropriate. The Royalty working group will determine appropriate next steps based on this information and requested submission of their report to the MAC by mid-December. Any recommendations made in the report would likely be addressed by changes to regulation.

ACTION

- *A status update on the Royalty Working Group will be provided at the next MAC meeting, including highlights of their progress, any areas of concern or issues on which consensus has not been reached. The MAC will be provided with a one to two page summary of issues/recommendations and any minutes/documents from the working group.*
- *The MAC approved the request for an extension to December 15.*

Communications Plan

Barrie Harrison outlined the revised Communications plan and made changes to the timeline as discussed in the previous MAC meeting. The current plan and timelines may still be subject to change. The MAC agreed to start reviewing working group reports as they were received. There is a need to pre-identify potential dates for future MAC presentations on the preliminary findings. It was suggested that meeting schedules of stakeholder groups be checked to see if there are opportunities to present the MAC preliminary findings, although no confirmation of dates can be provided at this time.

ACTION

- *Include the Western Producer for advertising.*
- *The Terms of Reference timeline will be updated and the change added on the web.*
- *MAC members will identify potential dates for opportunities to present MAC preliminary findings.*

Expanded Mineral Land Tenure Working Group

The working group Chair, Rhonda Wehrhahn, along with Audrey Murray and Paul Batke, provided a Powerpoint presentation on their working group's recommendations. Issues identified and examined were not NGC specific but instead applied to the oil and gas industry in general. The main issues relate to Crown/freehold ownership and the administration of petroleum and natural gas agreements. They developed 15 recommendations all of which had concurrence from the working group to include in the report; two of the 15 recommendations did not have consensus. Provinces own mineral rights on Crown land; in Alberta about 18% is non-provincial Crown land. In comparison about 5% of the land in B.C. is non-provincial Crown and in Saskatchewan, about 25%. Rhonda made available two handouts, one showing non-Crown ownership and the other, Deeper Rights Reversion Zone Designations.

ACTION:

- *The report recommendations will be discussed in detail at the next MAC meeting.*
- *The following issues will be discussed at the next MAC meeting:*
 - *Recommendation #6 – discuss regulatory implications of allowing companies a second year of continuation and doubling the current non-refundable fee of \$25 per hectare.*
 - *Issue #9 – the term “land sales” is confusing for the general public. Consider “plain language” wording.*
 - *Recommendation #11 – suggests the Crown and industry should engage in discussions regarding terms for lease extension. Discuss if landowners should be included.*
 - *Recommendation #10 – should limits be established for industry farm outs to ensure the area does not end up being developed by multiple companies in multiple coal seams.*

Terms of Reference (ToR)

The Terms of Reference will be amended to reflect the change in date for the final report from November 2004 to July 2005.

ACTION

- *Karen will update the ToR, provide revised copies to the MAC and update the version on the web.*

December 6 Meeting

It is anticipated the Water working group report will be forwarded to the MAC prior to the next meeting.

The writer for the MAC will start drafting the preliminary findings background section. The writer will also review the Mineral Land Tenure report in order to condense and provide the highlights.

ACTION

- *Sharla will contact the writer on contract to:*
 - *Start preparing the background section of the preliminary findings.*
 - *Use the matrix format for the preliminary report i.e. first identify issues/recommendations specific to NGC, then those less specific and finally those general to energy development.*
 - *Create appendices as required.*
 - *Summarize the Mineral Land Tenure report excluding the recommendations.*
 - *Forward the draft document to the MAC prior to the December 6 meeting and,*
 - *Request her attendance at the December 6 meeting.*
- *Working group Chairs will be invited to attend the MAC meeting at which their reports are being reviewed.*

Distribution of working group documents will be limited to MAC members as they are responsible for creating the final report for government.

Orphan Well Meeting

Mike Ekelund and Bob Willard discussed potential dates for a separate meeting on this topic. It will likely be held some time in December.

ACTION

- *Once finalized, the date of the meeting will be communicated to the MAC.*

Future Agenda Items

- Royalty and SAWG working group status updates.
- Review of Mineral Land Tenure working group recommendations.
- Presentation of Water working group recommendations
- Update on CASA recommendations
- Review of parking lot issues

Next Meeting (10:00 December 6, Red Deer Lodge)

Future Meetings

January 10, 2005
January 24
February 7
February 22
March 7