

Coalbed Methane Multi-Stakeholder Advisory Committee II (the MAC II)
Meeting Minutes
Room 206, Red Deer Provincial Building
May 21, 2009
10:30 a.m. to 2:10 p.m.

In attendance:

Fred Hays	Alberta Beef Producers
David Breakwell (<i>chair</i>)	Alberta Energy
Sharla Rauschnig	Alberta Energy
Jim Kiss	Agriculture and Food
Tom Byrnes	Alberta Energy Resource & Conservation Board (ERCB)
Bob Willard	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
Richard Dunn	Canadian Association of Petroleum Producers/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
David Speirs (<i>alternate</i>)	Freehold Petroleum & Natural Gas Owners Association (FHOA)
Tom Nahirniak	Surface Rights Federation
Craig Quintilio	Sustainable Resource Development (SRD)
Noel St. Jean (<i>alternate</i>)	Sustainable Resource Development (SRD)
Tom Hegan	The Pembina Institute
<i>Others</i>	
Karen Henderson (<i>secretariat</i>)	Alberta Energy
Doug Lammie (<i>presenter</i>)	Alberta Energy
Gene Roach (<i>facilitator</i>)	Culture and Community Spirit
<i>Absent</i>	
Dwight Oliver	Alberta Association of Municipal Districts & Counties
Allen Wright	Coal Association of Canada
Else Pedersen	Freehold Petroleum & Natural Gas Owners Association (FHOA)

Welcome

The meeting started at 10:30 a.m. Attendees introduced themselves and the organizations they represented.

Opening Remarks (David Breakwell)

David welcomed all the members and recognized the significant amount of work the committee has completed. He advised the MAC II that the Action Plan includes a new recommendation status called 'addressed under other broader government initiatives' to recognize that some of the recommendations not specific to CBM could be better addressed through other government strategies. The MAC II would have an opportunity to discuss in further detail later in the meeting.

Ratification of Minutes

Minutes from the MAC II November 6th meeting were ratified.

Update from Alberta Environment (AENV) – David McKenna

David provided a PowerPoint presentation to update the status of AENV-led recommendations. There have been 25 wells added to the monitoring network since 2007, of which 16 are in areas with CBM development. Groundwater inventory in CBM areas is continuing and a review to examine unintended effects on aquifers and areas of potential impacts is on schedule. Completion of a simplified regulatory process and identifying areas of high risk for CBM development are currently behind schedule, although work is continuing on these initiatives.

Work is on schedule to undertake accelerated aquifer studies for large diversions and to release data on base of water well testing. The study of beneficial use of non-saline water is behind schedule and the report on the potential for methane migration or release to water wells is expected to be completed in the next quarter. Work to implement appropriate prevention of gas migration or release is on schedule. Work has been completed on the remaining AENV-led recommendations.

The 2006/07 Groundwater Observation Well Network (GOWN) report is available on the AENV website and the 2007/08 GOWN report should be available shortly. David outlined the various other AENV reports completed or near completion in relation to the MAC Final Report.

With regards to water well testing parameters, AENV advised that, while a landowner could request industry to undertake additional testing above the standard requirements, AENV can't require industry to undertake this additional testing. One of the MAC II members suggested a letter from AENV implied that the landowner could not make these additional requests.

David provided information on results from baseline water well testing by industry at different distances. CAPP is looking at their data to determine what activities impact water wells. Most water well complaints stem from poorly sited wells and lack of proper maintenance. AENV's 'Working Well' workshops have helped to educate people on how to take care of their water wells.

One of the MAC II members suggested the status of the recommendation on the simplified regulatory process be changed to reflect that Directive 44 will be incorporated into the process.

A concern was expressed regarding the potential impact of methanol fracturing above the Base of Groundwater Protection (BGWP). David advised this was not permitted under current regulations. Enforcement action was undertaken by the ERCB with regards to the actions of a company who contravened this requirement. A follow up investigation was conducted by

Environment to determine if there were any environment impacts from this incident. A MAC II member suggested there be greater transparency in sharing the results of these investigations with the public.

ACTION

- *David will amend the wording of the status to reflect the requirement to incorporate Directive 44 into the simplified regulatory process.*
- *David will provide Karen with a copy of his PowerPoint presentation to distribute to the MAC II members.*
- *David will review content of an AENV letter regarding additional water well testing to ensure it appropriately reflects the position of their department.*
- *David will follow up to see how many wells were reported because of collapsed casings.*

Updates from Sustainable Resource Development (SRD) – Craig Quintilio

Craig provided an update on three recommendations led by SRD which tie into the Land-use Framework. SRD is hopeful that the *Alberta Land Stewardship Act* will be approved either in the spring or fall 2009 session. The Act will provide additional support for regional planning.

Two Regional Advisory Councils (RACs) have been established so far: the Lower Athabasca RAC was established in 2008 and the South Saskatchewan RAC was established in April 2009. Five more regional plans will be created. Some MAC II members expressed concern as to whether there was sufficient time for consultation with landowners, industry and other stakeholder groups on the potential impact of such regional plans.

Noel St. Jean showed a video on the ILM process relating to CBM, which can be viewed at <http://www.srd.alberta.ca/lands/usingpublicland/integratedlandmanagement/default.aspx>. A MAC II member asked about where public consultation meetings would be held for the Lower Athabasca Regional Plan. The dates and locations are posted on the website at http://www.landuse.alberta.ca/documents/Public_Consultation_Poster_May_8_2009.pdf

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.

For recommendation 6.2.2 pertaining to split-title ownership, a separate consultation process was established. The consultant met individually with stakeholders in February and March. A group session was held in March to discuss recommendation 6.2.2 and three other issues raised by FHOA. A report has been prepared and is currently under review by DOE. This recommendation is now complete.

Update from the Energy Resource Conservation Board (ERCB) – Bob Willard

Updates to Directive 27: Shallow Fracturing Operations-Restricted Operations is currently under review and proposed changes were posted to the ERCB website on February 2009 for public comment. A multi-stakeholder committee was assembled to assess the interim controls put in place in 2006 and to determine their continued appropriateness. The committee recommended retaining a horizontal offset control of 200 metres and increasing the vertical limitations from 25 to 50 metres below the depth of a water well.

Changes are also being considered for Directive 8: Surface Casing Depth Requirements. The intent of the revised directive is to clarify requirements for surface casings and to include

recognition of offset water wells. The draft updated Directive is on the ERCB website for feedback.

Updated information regarding CBM and other production will be available in ERCB's report ST98-2009 Reserves and Supply/Demand. A monthly update of CBM wells drilled is also available on the ERCB website. There are now over 19,000 CBM wells in Alberta, some of which were recompletions. Currently there are no non-saline wells completed below the BGWP. The ERCB continues to work with industry to ensure criteria are being met to protect Alberta's water resources.

ACTION

- *Bob and Tom will follow up to determine if information is available on the percentage of new versus recompleted CBM wells.*

Discussion of Recommendation 7.6.1

In two e-mails sent prior to the meeting, MAC II members were asked to be prepared to discuss the second part of recommendation 7.6.1. Recommendation 7.6.1 involved undertaking a second overall review in three years from the time of the release of the MAC Final Report to assess the effectiveness of the recommendations, identify new issues or information and assess if additional recommendations may be needed.

At the meeting, David Breakwell asked the MAC II members if they had any concerns with the effectiveness of the Final Report recommendations, if there were any new issues or information specific to CBM to be raised for discussion and if any additional CBM-related recommendations may be needed. The MAC II members did not identify any concerns with the effectiveness of the Final Report recommendations, raise any new issues or information, or identify any additional recommendations. As such, the second part of recommendation 7.6.1 is complete.

Public Status Reports

This year's public update report on the status of MAC Final Report recommendations will be the last. As such, an update on both overall progress and progress made specifically in the last year of review will be included in the report. Status updates will continue to be provided on the DOE website on recommendations currently behind or on schedule.

There are five recommendations categorized as being addressed under a broader government initiative. Updates on these will be provided to the relevant government website. Also, copies of outstanding reports will be forwarded to the MAC II members as they became available.

With regard to recommendation 9.5.1, Deryl advised the *Land Agents Licensing Act* has been revised. As a result of changes to the Act, anyone can now represent a landowner and charge a fee for services rendered in negotiating for the required interest in land. However, land agents representing industry must continue to be licensed pursuant to the codes and standards of the Act.

When CBM issues arise, MAC II members and others should communicate their concerns through existing protocols which may include contacting the appropriate department or participating in an information session on a related initiative such as the Land-use Framework.

A significant difference since the release of the MAC Final Report is the availability of Alberta-based CBM data and information. A number of government departments now work more collaboratively on new and existing issues than when the MAC consultation started in 2003. For example, the Sustainable Resource and Environmental Management initiative involves AENV, SRD, AENV and DOE and identifies opportunities for the departments to work in a collaborative

manner. Industry has also been able to increase their understanding of the resource through CBM drilling and production.

Several MAC II members expressed the hope that government departments will continue to collaborate where possible to address issues relating to CBM and other natural gas development. A major success of the MAC process was raising awareness of issues relating to unconventional gas, sharing information and working collaboratively.

The next steps will include completion of the feedback questionnaire by non-government MAC II members. Karen provided paper copies at the meeting and will follow up with an electronic version after the meeting. The writer will prepare a draft non-government organization (NGO) section based on the feedback she receives from the NGO MAC II members. Karen also distributed a summarized version of the government section of the third year public update report for reference when completing the questionnaire. MAC II members will provide their comments on drafts of the third year public update reports which will be shared through e-mail. The MAC II will be sent the final version of the report prior to its being posted to the website.

If the feedback questionnaires raise concerns or further questions, consideration will be given to holding a third MAC II meeting. If not, this will be the last MAC II meeting.

David Breakwell thanked the MAC II members for their contributions to the CBM review process.

The MAC II adjourned at 2:10 p.m.