

Report to Honourable Murray Smith, Minister of Energy

The following report from the *Energy Council's 2004 Annual Meeting in Anchorage, Alaska from September 15-22, 2004* is submitted for information.

Wednesday, September 15, 2004 Flying to Anchorage, Alaska:

Thursday, September 16, 2004

5:30 a.m. - *Energy Council Executive Committee Tour - North Slope Field Trip (Prudhoe Bay & Kuparuk - see attached itinerary)*

Friday, September 17, 2004

The Energy Council's and CLEER's Refining Roundtable Discussion

10:30 a.m. - *Global Overview - Mr. Luis Vierma, Deputy Minister of Hydrocarbons Venezuela*

11:00 a.m. - *Refining Issues in the Western Hemisphere - Mr. Alejandro Granado, Managing Director, Refining - Petroleos de Venezuela, SA. (P D VSA)*

11:30 a.m. - *North America Refining Perspective - Mr. Charles Drevna, Director of Technology Advocacy - National Petrochemical & Refining Association*

12:00 p.m. - *Working Luncheon and Discussion*

1:30 p.m. - *Adjourn*

Saturday, September 18, 2004

2:00 p.m. - *Energy Council Executive Committee and CLEER Board of Directors Meetings*

6:00 p.m. - *Welcoming Reception*

Sunday, September 19, 2004.

8:30 a.m. - *Panel on Alaskan Arctic Gas to Market - Mr. John Carruthers, Vice President of Northern Development - Enbridge Pipelines, Inc.*

Alaska gas provides significant benefits to consumers, the labour market and governments. The attainment of those benefits depends on a satisfactory commercial agreement between the State of Alaska and producers, regulatory clarity and efficiency in both the United States and Canada and market support in the Lower 48 and Canada. It can happen through the alignment of the key stakeholders, but needs to start soon.

9:30 a.m. - *Learning from the Blackout: Have we improved North American grid reliability? Dr. Dennis Ray, Executive Director - Power Systems Engineering Research Centre*

The Joint Outage Task Force attributed the Blackout of 2003 to four causes: failure to assess and understand system inadequacies in advance of the blackout; inadequate situational awareness on the afternoon of the blackout; failure to manage the growth in right-of-way; and ineffective real-time diagnostics. Since August 14, 2003, grid reliability has been improved by extensive tree trimming, operator training, control centre technology upgrades, assessment and improvement of operating and

communications procedures, performance audits, among other actions possible in such a short time-period. But the grid remains vulnerable not only because of the lack of mandatory and enforceable operating standards, but also because of insufficient tangible support for (1) grid planning and development, (2) research on key technology and market design challenges, and (3) education of future engineers to meet the looming shortage in the industry's technical expertise. Ultimately, blackouts can't be prevented, but public policies can help to mitigate the risks.

10: 15 a.m. - *Natural Resource Assessment Panel - Ms. Linda Burlington, Office of General Counsel for Natural Resources - National Oceanic & Atmospheric Administration.*

Federal law provides for natural resource damages (NRD) for land, fish, wildlife, biota, air, water, groundwater, drinking water supplies, and other such resources. NRD can be sought by designated "trustees", federal and state agencies and Indian tribes. The elements of NRD include costs to restore injured natural resources; the value of lost services provided by natural resources; and costs of assessing the damages. NRD assessment is evolving from a litigation-driven, economic valuation focus to a cooperative, restoration-based process, which is leading to more timely restorations.

10:45 a.m. - *Natural Resource Assessment Panel - Ms. Gail Phillips, Executive Director-Exxon Valdez Oil Spill Trustee Council*

Fifteen years after the Exxon Valdez Oil Spill there are varying degrees of natural and human recovery. Some species have recovered, others have not and the recovery of still others is as yet unknown.

11: 15 a.m. - *Coalbed Methane Production Panel - Dr. Mickey Payne, Vice President, Coalbed Methane Exploration - CDX Gas*

Coalbed methane production has grown from oil in 1985 to approximately 10 percent of total gas produced in 2003. The initial wave of drilling has identified and developed many of the most economically attractive areas. Continued growth will require capital and innovations in drilling and completion technologies that can tap the vast reserves of coalbed methane in sensitive areas or contained in tight difficult-to-produce, coals. New horizontal drilling technologies are successfully being used in several basins.

12:30 p.m. - *Portage Glacier Field Trip*

Monday, September 20, 2004

7:30 a.m. - *Breakfast Address: The Trans Alaska Pipeline System - Past, Present, and Future Mr. David Wight, President & CEO - Alyeska Pipeline.*

The 800-mile Trans-Alaska pipeline is truly one of the engineering marvels of the modern world, having successfully delivered over 14 billion barrels of oil to date. In November 2003 it withstood a 7.9 earthquake with no oil spilled. In 2003, the federal and state governments renewed the pipeline right of way for another 30 years of operation and the owners of the pipeline made a decision to invest \$250 million dollars to upgrade and automate the system.

9:00 a.m. - *Addressing Split Estate Issues - Mr. Henri Bisson, Bureau of Land Management Alaska State Office*

When private land owners purchase property with a title to only the surface rights and another party owns the sub-surface rights, accessing and developing the sub-surface can cause conflicts with the surface owner. The Bureau of Land Management (BLM) is in the process of addressing these conflicts by revising policy and regulations, requiring the operator to make a good faith effort to obtain an access agreement with the surface

owner. Avoiding these conflicts will take some preparation and the cooperation of all involved.

**9:20 a.m. - Addressing Split Estate Issues - The Honourable Patrick Lyons, Commissioner
New Mexico Land Office**

As Land Commissioner, I am the second largest landowner in New Mexico; the Federal government, through the Department of Interior and Department of Defense is the State's largest landowner with about 26 million acres or one third of the State. There are hundreds of thousands of acres in New Mexico where the state owns the mineral rights and the federal government owns the surface rights or vice versa. The threat of federal environmental regulation, as a result of federal surface ownership, may result in mineral development being delayed or not pursued. Resolving federal/state split estate issues is a difficult task, but one that needs to be addressed in order to maintain the revenue stream for New Mexico's education system.

**10:30 a.m. - Electricity Generation from Non Traditional Energy Sources - Mr: Roger Bedard,
Wave Power Feasibility Demonstration - EPRI**

Wave and tidal flow energy are clean, sustainable energy sources that remain to be developed for adding to the mix of available electricity generation options. A recent study by EPRI has identified sites in five states (Hawaii, Washington, Oregon, Maine and Massachusetts) and has designed power plants with the potential of competing economically in the future with existing commercial wind and fossil-fuel power plants. The next step in the development process is a demonstration of existing wave and tidal flow energy technology in pilot scale plants. The Energy Council can participate in federal energy policy development with the governments of Canada and the United States to implement a balanced renewable energy research, development, and demonstration program, that includes wave and tidal flow energy, and participate in that program by establishing pilot test areas for wave and tidal energy development.

**12:00 p.m. - Energy Council and Center for Legislative Energy & Environmental Research (CLEER)
Business Sessions**

Tuesday, September 21, 2004

Meetings with PNWER Representatives regarding bi-national regional energy planning initiatives.

Wednesday, September 22, 2004

Travel back to Edmonton, Alberta

Further information concerning this conference will be supplied at your request.



Mel R. Knight