

## Monthly Status Letter

November 2003

### Bitumen Conservation Requirements

I am pleased to provide you with the November update regarding the Alberta Energy and Utilities Board's Bitumen Conservation Requirements, as outlined in *EUB General Bulletin GB 2003-28*.

### Regional Geological Study

The regional geological study continues to move forward and is on target to be completed by December 31, 2003.

After much iteration, the Industry/EUB geological teams working on the regional geological study have finalized a stratigraphic model of the area of concern. This was a challenging effort given the complex stratigraphy of the Wabiskaw/ McMurray deposit over the large geographical area. Subsequently, approximately 4000 wells within the study area have had tops picked to reflect the new stratigraphic interpretation.

Further details of the study include:

- The teams looked at 6,601 boxes of core, which translates to approximately 9,900 metres, or about 10 km, of core.
- In order to support the labour-intensive exercise of revising the EUB's reservoir evaluations to support the new stratigraphic model, twelve full-time geological technicians were added to the team.
- The teams are printing a variety of key geological maps to validate data and ensure consistency (30-40 are produced daily).

With the addition of five engineers (two from Industry and three from the EUB) the geologists are now focused on pooling gas and water. The team is re-interpreting pools and pooling data based upon the new stratigraphic model. As a result of this work, there may be changes that appear in pool orders in the Board Order System (BOS). It is important to note that those potential changes will not be final, and permanent changes will only occur upon the completion of the regional geological study. If there are any regulatory impacts associated with the pooling work, the EUB will deal with those matters on a case-by-case basis.

### Pressure Survey Schedules

I am pleased to report that the EUB has received pressure survey schedules from all of the gas operators within the area of concern. The EUB is currently reviewing the survey

schedules to ensure they meet the EUB's requirements and we will be contacting individual companies within the next two weeks.

### Phase 3 of Bitumen Conservation Requirements

The EUB continues to make progress on its Bitumen Conservation Requirements and we anticipate that the EUB will be moving into Phase 3 of the process in the New Year. The EUB looks forward to providing you with further information regarding Phase 3 in the next short while.

### Technical Solutions Committee

In my October monthly status letter I provided an organizational chart that outlined the structure of the EUB's Bitumen Conservation initiative. Several readers had questions about the box marked 'Technical Solutions', which was included on the organizational chart. I would like to clarify that the EUB does not have its own Technical Solutions Committee. However, there is a Government/Industry Technical Solutions Committee that was initiated about two years ago as part of the agreement to address shut-in wells at Surmont. The EUB is participating on the Technical Solutions 'technical steering committee'.

Tom Ross of the department of Energy (DOE) is the new chair of the Technical Solutions Committee. Mr. Ross can be contacted in Edmonton at (780) 422-9482, or at [tom.ross@gov.ab.ca](mailto:tom.ross@gov.ab.ca). The facilitator of the Technical Solutions Committee is Dave Theriault of Triangle Three Engineering Ltd. in Calgary. Mr. Theriault can be contacted at (403) 660-9956, or at [djtheriault@shaw.ca](mailto:djtheriault@shaw.ca).

There are currently five technical subcommittees working on the following areas:

- 1) Lateral and vertical pressure communication,
- 2) Low pressure SAGD performance,
- 3) Shut in data gathering and interpretation,
- 4) Fluid injection technology,
- 5) Artificial lift - low pressure SAGD.

The EUB supports the objective of the Technical Solutions Committee, which is to develop and demonstrate commercial technical solutions regarding the gas over bitumen issue. The Committee's goal is to play a role in allowing the efficient and orderly exploitation of both resources, the identification and prioritization of technical areas requiring study and testing, and promoting research and development and field-testing of appropriate applications.

Advancing technology that could solve or mitigate the conservation risk of gas production associated with potentially recoverable bitumen is extremely important to the EUB and we will continue to participate in this initiative.

Please also note that following the release of *EUB General Bulletin GB 2003-28*, an Executive Steering Committee comprised of officials from the department of Energy, Industry and the EUB, was also formed. I represent the EUB on this committee.

I hope this update is helpful to you and I look forward to providing you with another report in one month's time.

Neil McCrank  
Chairman  
Alberta Energy and Utilities Board