

TriQuest Energy Corp.
Gas Production in Oil Sands Areas
Recommendations for a Collaborative Solution Process

Background

1. The EUB has a “state-of-the-art” Appropriate Dispute Resolution program that provides industry the opportunity for a Preliminary ADR or Situation Assessment Meeting (PADR or SAM) as a first step in a search for a creative, mutually beneficial and lasting solution to matters in dispute.
2. We believe the EUB should support the use of such a process as a step to achieve effective collaboration with all parties affected by GB 2003-16.
3. We acknowledge that the impacts of GB 2003-16 raise broad policy issues for the Government of Alberta and we request that they participate in this process.
4. We recognize the EUB’s concerns with the current field of data as a basis for assessing this problem, their current belief that immediate action is required to protect bitumen, and their need for balanced input from as broad a range of affected parties as possible.
5. We recognize that the EUB Board must make regulatory decisions. The ADR process may offer a go-forward approach or plan that may assist the Board by providing a mechanism to explore options and provide information and advice.
6. This is the one of the most critical challenges to face Alberta and the petroleum industry in recent times. Every opportunity to find solutions to some and hopefully all of the issues identified should be pursued.

Recommendations

1. Key executives of affected parties be contacted with an invitation to attend a PADR/SAM meeting. The purpose of this meeting will be to:
 - 1.1 Bring executive decision-makers from affected parties together.
 - 1.2 Facilitate an open discussion of process issues and concerns with the intention to assess and custom-design together a collaborative solution.
 - 1.3 Clarify together the commitments required to make this process effective and the timelines to do the work required.
 - 1.4 Clarify the issues that must be resolved and in what order.
 - 1.5 Address the roles and responsibilities of all participants and outline the rules of conduct for an effective collaboration.
 - 1.6 Establish specific action plans, schedules and deadlines.

2. This PADR/SAM meeting should:

- 2.1. Be facilitated by a professional mediator agreeable to the parties.
- 2.2. Be one day in duration.
- 2.3. Be arranged within 10 days of this Submission.
- 2.4. Involve highest level representation from:
 - 2.4.1. Appropriate industry associations (CAPP, SEPAC)
 - 2.4.2. Energy and Utilities Board
 - 2.4.3. Government of Alberta
 - 2.4.4. Affected and representative gas producers
 - 2.4.5. Affected and representative bitumen producers
 - 2.4.6. Affected and representative gas and bitumen producers
- 2.5. Have costs born by all parties.

3. We recommend that the deliverables of this meeting be:

- 3.1. A Terms of Reference and Work Plan for a go-forward solution process
 - 3.1.1. including establishing technical, economic, tenure and compensation committees.
 - 3.1.2. identifying appropriate neutral third party experts that may be called upon.
- 3.2. A Confirmed Issues Agenda with goals and objectives outlined for each issue.
 - 3.2.1 including for the technical committee identification of where the reservoir and time critical bitumen potential areas are.
- 3.3. Identify process issues and hurdles encountered in past ADR efforts dealing with gas production in oil sands areas then reach agreement on critical success factors and commitments that must be achieved if future collaborative efforts are to proceed.
- 3.4. An agreed protocol for parties' conduct, confidentiality and participation.
- 3.5. A firm commitment to actively participate and to disclose key information.
- 3.6. A willingness to consider and respect the studies and points of view of all parties.

4. We acknowledge that:

- 4.1. An informed 'no' may also be the result of this meeting,
- 4.2. Agreement to pursue this collaborative solution in no way reduces any party's right to pursue resolution in other forums,
- 4.3. It may not be possible to reach agreement on how to proceed on all the issues identified; however, it may be possible to proceed on some areas that may expedite the process and as a result add needed clarity and certainty for future gas and bitumen production in the areas identified in GB 2003-16, and
- 4.4. We might find a better solution by working in a timely, focused and collaborative manner.