

June 2008

## UPCOMING EVENT

### Oil Sands and Heavy Oil Technologies Conference and Exhibition

July 15-17, 2008

Calgary  
Telus Convention Centre

The Oil Sands and Heavy Oil Technologies Conference and Exhibition will feature new technology in the oil sands and heavy oil industry.

For more information, contact Gail Killough at 713-963-6251 or by e-mail at [oilsandsconference@penwell.com](mailto:oilsandsconference@penwell.com).

*This event is not sponsored by or affiliated with the ERCB.*

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## ABOUT THE ERCB

The Energy Resources Conservation Board (ERCB) is an independent, quasi-judicial agency of the Government of Alberta. We regulate the safe, responsible, and efficient development of Alberta's energy resources: oil, natural gas, oil sands, coal, and pipelines.

# Bitumen production increases, continues to surpass conventional

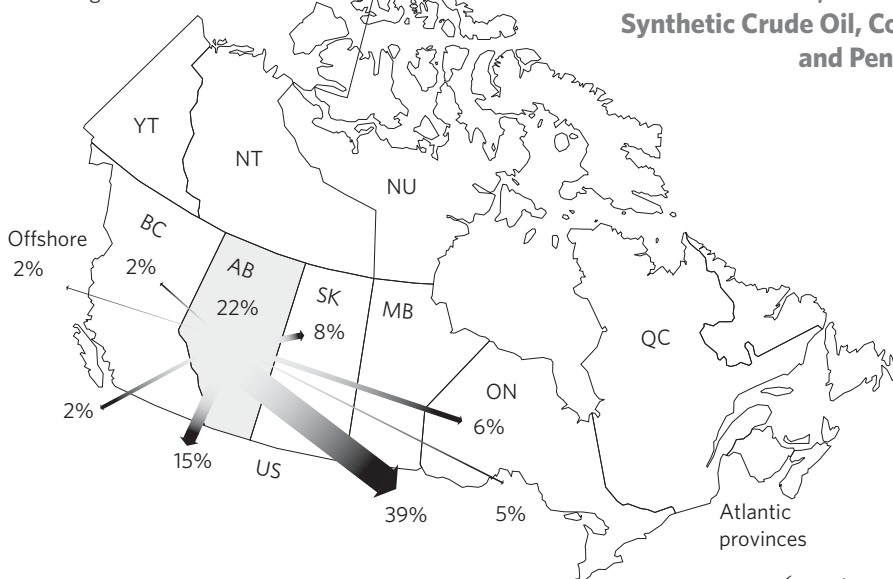
**A**lberta bitumen production outpaced that of conventional crude oil by two-and-a-half times in 2007, a recently released ERCB report has shown.

*ST98-2008: Alberta's Reserves 2007 and Supply/Demand Outlook 2008-2017* reveals that crude bitumen production outstripped conventional oil production by 250 per cent last year. Bitumen production for 2007 reached 76.6 million cubic metres (482 million barrels), an increase of 5 per cent from 2006. In comparison, conventional oil production was 30.4 million cubic metres (191 million barrels), a decrease of 3.5 per cent over the same period.

Annual bitumen production in Alberta has increased by more than 90 per cent since 2000, or by 38 million cubic metres (228 million barrels); the ERCB expects annual bitumen production to rise to almost 160 million cubic metres (1 billion barrels) by 2017, the report said.

Bitumen production accounted for 72 per cent of Alberta's total oil production in 2007. Bitumen production at in situ projects jumped by 9 per cent in 2007, while production at mining projects increased by 3 per cent. The value-added process of upgrading raw bitumen to synthetic crude oil (SCO) continued to expand in 2007.

Percentage of deliveries



**Deliveries of Crude Oil, Crude Bitumen, Synthetic Crude Oil, Condensate, and Pentanes Plus**

*(continued on page 2)*

## RECENT ERCB PUBLICATIONS

### DECISIONS

**June 18:** Decision 2008-047: Desoto Resources Limited Section 40 Review of Well Licence No. 0365128—Joffre Field

**June 10:** Decision 2008-049: Oban Energy Ltd. Complaint Respecting ERCB Enforcement Action—ERCB Invoice No. 900112407

**June 10:** Decision 2008-048: EnCana Corporation Application for a Pipeline Licence—Vulcan Field

**June 4:** Decision 2008-046: Apache Canada Limited Applications for a Well Licence and a Pipeline Licence—Bashaw Field

### BULLETINS

**June 20:** Bulletin 2008-27: New Edition of *Directive 010: Minimum Casing Design Requirements Issued*

**June 16:** Bulletin 2008-25: New Edition of *Directive 056: Energy Development Applications and Schedules Issued*

**June 11:** Bulletin 2008-26: Electronic Submission of Applications for Coalbed Methane (CBM) Control Well Designations

**June 4:** Bulletin 2008-24: Compliance with Submission Deadline for Well Drilling/Completion Hard Copy Reports

### DIRECTIVES

**June 20:** Directive 010: Minimum Casing Design Requirements

**June 16:** Directive 056: Energy Development Applications and Schedules

### NEWS RELEASES

**June 17:** NR 2008-13: ERCB Releases Provincial Field Inspection and Compliance Summary

**June 16:** NR 2008-12: ERCB Working with Emergency Services Following Sweet Crude Oil Pipeline Leak Near Sundre

**June 5:** NR 2008-11: ERCB Releases Updated Reserves Report and Supply/Demand Outlook

### PUBLICATIONS

**June 18:** ST99-2008: ERCB Provincial Surveillance and Compliance Summary

**June 5:** ST98-2008: Alberta's Energy Reserves 2007 and Supply/Demand Outlook 2008-2017

## Bitumen production increases, continues to surpass conventional *(continued from page 1)*

The ERCB says that demand for Alberta SCO will come primarily from existing markets where light crude supplies are in decline, as well as demand growth in new markets.

“The largest export markets for Alberta SCO and nonupgraded bitumen are the U.S. ... The refineries in these areas are capable of absorbing a substantial increase in supplies of SCO and nonupgraded bitumen from Alberta,” the reports says, adding that other possible market regions include the U.S. east coast, the U.S. Gulf Coast, the U.S. west coast, as well as Asia.

Meanwhile, Alberta's remaining established bitumen and conventional oil reserves are estimated to total 27.7 billion

cubic metres (174.2 billion barrels), consisting of bitumen at 27.45 billion cubic metres (172.7 billion barrels) and conventional oil at 241 million cubic metres (1.5 billion barrels).

The remaining established marketable gas reserves are estimated to be 1.1 trillion cubic metres (39 trillion cubic feet). Production of natural gas in 2007 was 135 billion cubic metres (4.8 trillion cubic feet).

Remaining established coal reserves are estimated to be 34 billion tonnes, while 33 million tonnes of coal were extracted from the ground in 2007.

In the report, the ERCB predicts that Alberta's economy will continue to flourish and to contribute to Canada's future economic growth.

“The ERCB forecast for Alberta's economic growth is attainable; however, strong growth will imply continued tightness in the labour market, inflationary pressure, and significant costs for labour and materials,” the report says. “While population growth can alleviate the current labour shortage, increased capital and labour productivity are fundamental to reduce the constraints of the tight labour market and help Alberta maintain its full potential into the future.”

### See you in September

Across the Board will be taking a break in July and August, but will be back again in September.

# Provincial summary shows industry complying with regulations

The ERCB's *ST99-2008: Provincial Surveillance and Compliance Summary 2007*, released in June, revealed that Alberta energy companies continued to achieve high rates of compliance with ERCB requirements.

Industry's rate of compliance with high-risk ERCB requirements increased slightly to 97.5 per cent in 2007 from 97.3 per cent in 2006.

In addition, the pipeline failure rate was the lowest ever, at 2.1 failures per 1000 kilometres of pipeline. In addition, 76.5 per cent of all pipeline releases were low-level sweet gas releases, also known as "pinhole" releases.

Rigorous site inspections resulted in the suspension of 247 energy facilities, pipelines, and operations. In 2006, the ERCB suspended 177. The increase is mainly due to the ERCB's

focus on pipeline safety and compliance. The ERCB has suspended 1121 energy facilities and operations in Alberta since 2000.

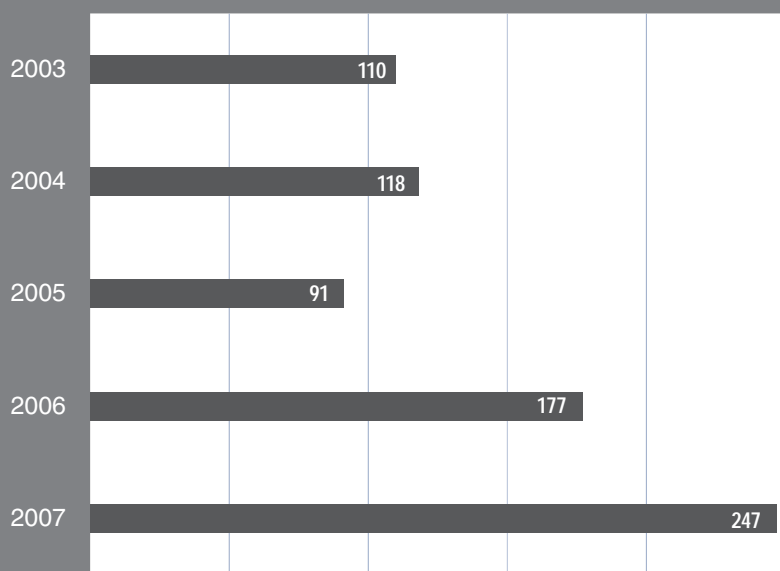
Annual sulphur emissions from Alberta gas plants, meanwhile, continued to fall in 2007. Sulphur recovery was at 99 per cent in Alberta last year, while overall sulphur emissions have been reduced by 40 per cent since 2000.

The number of well blowouts dropped to 35 in 2007 from 45 in 2006. Also in 2007, 785 complaints related to oil and gas facilities were registered, which represents an 11 per cent decrease in public complaints from 2006. ERCB field staff respond to all public complaints about upstream oil and gas activities in Alberta.

In 2008, the ERCB will hire an additional 26 Public Safety and Field Surveillance staff members. The additional staff will allow for more inspections, increased community and aboriginal outreach, and more air monitoring staff. The ERCB will also focus on conducting operator awareness sessions to increase industry's understanding of regulatory requirements.

Each year the ERCB inspects a portion of the more than 239 000 wells, 16 624 oil batteries and associated satellites, 802 gas plants, 12 931 gas batteries, 4653 compressor stations, and a 403 500 kilometre pipeline network operated by energy companies in our province.

Number of facilities/operations shut down at Public Safety/Field Surveillance's request



## UPCOMING PUBLIC HEARINGS

Application No.	Applicant	Hearing Purpose
1490956	Petro-Canada Oil Sands Inc.	Application for approval of proposed sturgeon (Fort Hills) upgrader
Start Date: Jun 23 – 30, Lakeview Inns & Suites, 10115-88 Ave, Fort Saskatchewan AB		
1477662 1477688 1477700 1477711 1477721 1477768 1477775 1483737 1483742 1505748 1505775 1505801 1505807 1507801 1507803 1510484 1510487 1510791 1510877 1513260 1529676	Quicksilver Resources Canada Inc.	Applications for sixteen CBM wells and five pipelines, Ghost Pine Field
Start Date: July 7 – 8, Drumheller Inn, 100 South Railway Ave SE, Drumheller AB		
1518483 1525506 1525527 1525629	CNRL	Applications for a crude bitumen well, four pipelines, and a multiwell oil battery, Bentley Field
Start Date: July 15 – 16, St. Paul Recreation Centre, 4802-53 St, St. Paul AB		
1556255	Detector Exploration Ltd.	Application for approval of proposed sturgeon (Fort Hills) upgrader
Start Date: July 16 – 17, ERCB Calgary Office, Govier Hall		
1551722	EnCana Corporation	Application for a holding for the production of gas from the Viking, Basal Colorado, Mannville, Nikanassin and Rock Creek Formations, Lawrence Field
Start Date: July 21, ERCB Calgary Office, Govier Hall		
1527925	NAL Resources Ltd.	Application for a pipeline to transport natural gas, Joffre Field
Start Date: July 21 – 22, Red Deer Lodge, 4311-49 Ave, Red Deer AB		
1556255	Detector Exploration Ltd.	Application for compulsory pooling, Pembina Field
Start Date: July 16 – 17, ERCB Office Calgary, Govier Hall		
1551722	EnCana Corporation	Application for a holding for the production of gas from the Viking, Basal Colorado, Mannville, Nikanassin, and Rock Creek Formations, Lawrence Field
Start Date: July 21, ERCB Office Calgary, Govier Hall		
1554650	Quicksilver Resources Canada Inc.	Application to amend the surface coordinates and ground elevation of well licence #0367489, Honeysuckle Field
Start Date: July 22 – 24, Best Western Wayside Inn, 4103-56 St, Westaskiwain AB		
1543589	Standard Energy Inc.	Application for a crude oil multiwell pad, Grande Prairie Field
Start Date: July 24 – 25, Best Western Grande Prairie, 10745-117 Ave, Grande Prairie AB		

## PENDING DECISIONS

Application No.	Applicant	Hearing Purpose
1527313	Rocky River Petroleum Ltd.	Application for a common carrier, Flat Field
1546012 1565074	Response Energy Corporation, Paramount Resources Ltd.	Application for compulsory pooling, Kakwa Field
1517825	Standard Energy Inc.	Application for well licences for a multiwell pad, Grande Prairie Field
1512009	EOG Resources Canada	Application for a natural gas pipeline, Hanna Area

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### Tell us how we're doing

Please send your comments and suggestions to <acrosstheboard@ercb.ca>

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### Alberta Geological Survey (AGS) documents on geological research

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Fax: 780-422-1918  
E-mail: <AGS-Info@ercb.ca>  
Web: <www.ags.gov.ab.ca>

### Questions, complaints, problems?

For information or complaints about new or existing oil and gas developments and facilities, we recommend contacting the operating company first. If the company does not respond appropriately, you may contact the nearest ERCB Field Centre.

### ERCB Field Centres (24-hour service)

Bonnyville	780-826-5352*
Drayton Valley	780-542-5182*
Grande Prairie	780-538-5138*
Fort McMurray	780-743-7214*
High Level	780-926-5399*
Medicine Hat	403-527-3385*
Midnapore	403-297-8303*
Red Deer	403-340-5454*
St. Albert	780-460-3800*
Wainwright	780-842-7570*

\*To call toll free from anywhere in Alberta, dial 310-0000 and enter the phone number, including area code, or press zero for a RITE operator.

### Across the Board Advisory Committee

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