

## CERI NATURAL GAS CONFERENCE

February 28 to March 1, 2011  
 Calgary  
 Telus Convention Centre

The 2011 Canadian Energy Resource Institute Natural Gas Conference will address the decline of conventional gas resources and the increased interest in unconventional plays such as shale gas, and how this trend could impact the North American gas market. Conference speakers will also discuss issues such as the proposed Mackenzie Valley and Alaska pipeline projects, liquefied natural gas, among other relevant topics.

For inquiries regarding registration, contact Capri Gardener at: 403-220-2380 or by email at [conference@ceri.ca](mailto:conference@ceri.ca). The Web site is [www.ceri.ca](http://www.ceri.ca).

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



## 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.

November/December 2010

## ERCB makes moves to enhance framework for unconventional resources

The ERCB has made strides towards developing a leading-edge regulatory framework for unconventional oil and gas.

The Board recently announced a pair of important initiatives: 1. the streamlining and improvement of the application process to modify in situ oil sands projects; 2. proposing important changes to well spacing requirements for natural gas development.

As part of the ERCB's commitment to streamlining and enhancing its regulatory requirements, *Directive 078: Regulatory Application Process for Modifications to Commercial In Situ Oil Sands Projects* was issued in early December. The directive redesigns the regulatory approach to amendment applications for all commercial in situ oil sands projects.

In situ oil sands projects can take years to construct and operate for several decades. As technology changes and operational experience grows, the ERCB expects to receive multiple amendment applications from each in situ project.

The new directive streamlines the amendment application process by



employing one of three regulatory categories, depending on the nature and complexity of the amendment:

- Category 1: Amendments deal with relatively simple modifications.
- Category 2: Amendments deal with modifications that could affect resource conservation and/or involve significant process modifications, but are not expected to adversely alter the environmental and socioeconomic impacts in the original or amended project application.

*(continued on page 3)*

## RECENT ERCB PUBLICATIONS

### DECISIONS

**November 30, 2010:** Decision 2010-037: Statoil Canada Ltd. - Application for new corner commercial scheme and amendment to Leismer commercial scheme - Athabasca Oil Sands Area - Application No. 1523635

**November 25, 2010:** Decision 2010-038: Conocophillips Canada Operations Ltd. Applications for a well licence and pipeline licence Pembina Field - Applications No. 1632981 and 1643646

**November 19, 2010:** Decision 2010-035: Conocophillips Canada Operations Ltd Applications for 5 well licences Pembina Field - Applications No. 1643655, 1643658, 1643660, 1643784, and 1644050

**November 02, 2010:** Decision 2010-034: Prospex Resources Ltd. Application for Compulsory Pooling Kakwa Field

### BULLETINS

**December 02, 2010:** Bulletin 2010-42: Invitation for Feedback on Draft Legislative Amendments for Removing Industrial Development Permits for Energy Resource Use

**December 01, 2010:** Bulletin 2010-41: Header Data Requirements for Well Log Submissions

**November 25, 2010:** Bulletin 2010-39: Invitation for Feedback on Province-Wide Framework for Well Spacing for Conventional and Unconventional Oil and Gas Reservoirs

**November 24, 2010:** Bulletin 2010-38: Acoustic Testing and Initial Pressure Test Acceptance Changes

### DIRECTIVES

**November 23, 2010:** Directive 056: Energy Development Applications and Schedules

**November 19, 2010:** Directive 047: Waste Reporting Requirements for Oilfield Waste Management Facilities

**November 17, 2010:** Directive 044: Requirements for the Surveillance, Sampling, and Analysis of Water Production in Oil and Gas Wells Completed Above the Base of Groundwater Protection (BGWP)

## ERCB takes a more active role in technology development

The release of a new ERCB bulletin will see innovative technology reviewed, deployed, and integrated into Board regulations in a streamlined fashion.

Under *Bulletin 2010-44: Enhancing the ERCB Role in Energy Technology Development*, the ERCB will undertake the following measures to expedite the review of new technologies:

- Collaborate with government departments and not-for-profit organizations to assess the technical validity and commercial viability of innovative technology.
- Develop a process to review, identify, and mitigate risks as they relate to public safety, environmental standards, and resource conservation.

- Provide advice to industry and government researchers in relation to how new technology may impact ERCB regulations.

- Make the ERCB's Chief Operations Engineer as the single point of contact for external parties and proponents of innovative technology.

- Re-examine the scope and scale of what would qualify for an experimental or pilot approval to consider innovations in technology.

- Review confidentiality requirements and time frames.

- Review ERCB requirements that encourage responsible innovation in technology and define the desired outcomes and monitoring criteria

to mitigate potential risks of its development and implementation.

The ERCB says it is committed to working with industry and other stakeholders to accelerate the demonstration and deployment of new technologies.

Although not in the business of telling industry which technologies it should use, the ERCB will continue to assess and, if appropriate, approve applications that use new technologies, so long as they meet the ERCB's strict guidelines related to public safety, environmental stewardship and resource conservation.

## ERCB makes moves to enhance framework for unconventional resources *(continued from page 1)*

- Category 3: Amendments deal with modifications that may result in changes to environmental and/or socioeconomic impacts assessed in the original or amended project applications.

Directive 078 also clarifies stakeholder engagement by requiring companies to conduct appropriate consultation on amendment applications that have the potential for adverse public impact.

Meanwhile, the ERCB has also issued *Bulletin 2010-39*, seeking stakeholder feedback on proposed changes to its well spacing framework for conventional and unconventional oil and gas reservoirs.

The proposed changes, announced in late November, ensure that development continues to occur in a manner that conserves and protects the resource for all Albertans.

The ERCB has proposed the following four changes to its well-spacing framework:

- Remove subsurface well-density controls in certain southeastern Alberta gas zones, including coalbed methane and shale gas.
- Increase baseline well densities from one well to two wells per pool per standard drilling spacing units province-wide for conventional gas reservoirs.
- Streamline additional well-spacing requirements.
- Standardize province-wide target areas for drilling spacing units.

Well spacing relates to subsurface reservoir development; today's horizontal drilling technology means that operators often do not need a well directly above the target reservoir. Existing well spacing regulations were

implemented in the early stages of Alberta's oil and gas industry to ensure efficient and orderly development of Alberta's energy resources.

Feedback on the proposed changes will be accepted until January 21, 2011.

The changes to the well spacing and the in situ oil sands application process complement the Government of Alberta's *Energizing Investment: A Framework to Improve Alberta's Natural Gas and Conventional Oil Competitiveness* released in March 2010. The framework aims to ensure Alberta provides a leading competitive environment for oil and gas investment in Alberta.

A key outcome of the framework was the establishment of the Regulatory Enhancement Project, which examines ways to improve Alberta's regulatory systems. The ERCB has been a full participant in this project.

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## Solution gas flaring, venting continue to fall in Alberta

A new report released by the ERCB shows that solution gas flaring in Alberta has been reduced by 80 per cent since 1996, while solution gas venting has fallen by 53 per cent since 2000.

*ST60B-2010: Upstream Petroleum Industry Flaring and Venting Report* notes that, of the 13,738 million cubic metres of solution gas produced in 2009, 593 million were flared and vented compared to 687 million in 2008, a 13.7 per cent decrease.

Flaring is the burning of gas that cannot be conserved, while venting

is the release of gas into the atmosphere. Solution gas is natural gas produced in association with crude oil and bitumen production.

The report also indicates that in 2009, the upstream oil and gas industry conserved 95.8 per cent of all solution gas produced in Alberta last year for use or sale, rather than flaring and venting it.

Flaring of solution gas dropped 14.2 per cent in 2009. In total, 262 million cubic metres of solution gas were flared in 2009 compared to 306 million in 2008.

Venting of solution gas decreased 13.1 per cent in 2009. In total, 331 million cubic metres of solution gas were vented in 2009 compared to 381 million in 2008. These volumes are neither sufficient to keep a flare stack lit nor meet the ERCB's economic test for conservation.

## UPCOMING PUBLIC HEARINGS

| Application No.   | Applicant  | Hearing Purpose   |
|---|--|---|
| 1653996 1618077<br>1623426 1652131  | EnCana Corporation                               | Applications for three gas wells and two gas pipelines (0% H <sub>2</sub> S), Twining and Entice Field  |
| Hearing Date: Dec 15 - Dec 17, Acme Community Centre, 139 Allison Street, Acme, AB  |  |   |
| 1637171 1637168<br>1629298 1643275<br>1643376 1643382<br>1644050 1644051<br>1644368 1644391<br>1644489 1644503<br>1645047 1647694 | Husky Oil Operations Ltd.                        | Applications for 17 pipelines, 10 wells (5.44% H <sub>2</sub> S), and abandonment of 11 pipelines (4.5% H <sub>2</sub> S), Provost Field                                      |
| Hearing Date: Jan 11 - Jan 14, Wainwright Comuniplex, 700 – 2 Avenue, Wainwright, AB  |  |   |
| 1648308   | Section 106: Energy Resources Conservation Board | Notice of Intention to Issue a Declaration Naming Two Individuals Associated with Legacy Petroleum Ltd: Marc R. Dame and Murray F. Craig, Pursuant to Section 106 of the OGCA |
| Hearing Date: Jan 18 - Jan 21, ERCB Offices, Govier Hall, Calgary, AB   |  |   |
| 1645059   | Daylight Energy Ltd.                             | Application for a holding for production of oil from the Cardium formation (0% H <sub>2</sub> S), Pembina Area  |
| Hearing Date: Jan 26 - Jan 28, ERCB Offices, Govier Hall, Calgary, AB   |  |   |

## PENDING ERCB DECISIONS

| Application No.                               | Applicant           | Hearing Purpose  |
|---|---------------------|--|
| 1523635                                       | Statoil Canada Ltd. | Application to expand Leismer Project and to construct and operate proposed Corner Project. SAGD Bitumen, Athabasca Oil Sands Area     |
| 1614134 1614144<br>1614145 1614198<br>1614210 | Shell Canada Inc.   | Application for multiple well, pipeline and facility licences for the Shell Waterton 68 Project (35% H <sub>2</sub> S), Waterton Field |

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### Contact Across the Board

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

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E-mail: <infoservices@ercb.ca>

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

4th Floor, Twin Atria, 4999-98th Avenue  
Edmonton, Alberta T6B 2X3  
Telephone: 780-422-1927\*  
Fax: 780-422-1918  
E-mail: <AGS-Info@ercb.ca>  
Web: <www.ags.gov.ab.ca>

### ERCB Core Research Centre (CRC) cores, cuttings, and tour reports

3545 Research Way NW  
Calgary, Alberta T2L 1Y7  
Telephone: 403-297-6400  
Fax: 403-297-5982  
E-mail: <crc.servicedesk@ercb.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\*  
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\*

### Fort McMurray Office

Office: 780-743-7214\*  
24-hour emergency: 780-881-1283\*

\*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.

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