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## In the eye of the storm, once more

Neil McCrank, Chairman, EUB

**A**S CHAIRMAN OF THE Alberta Energy and Utilities Board (EUB), I often take the view that the EUB is frequently in the eye of the storm.

The EUB is Alberta's energy regulator. Some of the issues that place us in the eye of the storm include landowner conflicts with energy companies, utility rates, and sour gas safety. One of the EUB's other duties is to supply Albertans with reliable information about the state of the province's energy resources.

Until recently, this responsibility was not very controversial. We calculated the amount of Alberta's crude bitumen, conventional oil, natural gas, and other resource reserves and released them annually. Industry experts took note; few others noticed.

Last year, things changed. The *Oil and Gas Journal*, a highly regarded international petroleum news magazine, began including Alberta's oil sands reserves in its reserve calculations for Canada. This led the journal to rank Canada as having the second largest "estimated proved reserves" of oil in the world.

Subsequent to the Journal article, other periodicals began to consider the oil sands. Cambridge Energy Research Associates included Alberta's oil sands reserves in its calculations for the 2003 Global Oil Trends document, which ranks "world-reported proven crude oil reserves."

*The New York Times* also published several articles about the oil sands. One of the more recent *Times* articles called

into question current rankings and whether they were scientific. Specifically, it brought into question the EUB's *Alberta's Reserves 2002* report estimates of crude bitumen volumes in the oil sands.

Healthy scepticism is a virtue. It keeps people, businesses, and governments on their toes. The EUB is no exception; we need rigorous inquiry to stay focused.

For this reason, I welcome a thorough examination of the methods the EUB uses to calculate our estimates of Alberta's crude bitumen reserves. We need to be able to stand up to public scrutiny; Albertans expect no less.

In this situation, I note that the crude bitumen reserve numbers reported by the EUB are accurate, independent estimates based upon detailed technical and geological analysis of data obtained from thousands of wells drilled in the oil sands.

Alberta's oil sands are a mixture of sand, clay, water, and bitumen. Crude bitumen is thick, heavy oil with the consistency of molasses and is contained within the spaces between sand grains.

The EUB derives geological data from well logs and core samples that have been submitted from companies drilling in the oil sands. To date, the EUB has log data from approximately 56 000 wells that have been drilled in the oil sands area and core samples from about 5 000 wells in the same area. A significant amount of these data are analyzed by the EUB and used to help calculate the province's bitumen reserves.

## Electricity billing inaccuracy regulation extended

The Alberta Government has extended an electricity billing inaccuracy regulation until August 29, 2003, allowing customers of EPCOR in the Aquila Networks service area to contact the EUB if their bills don't accurately reflect the electricity they've consumed. Customers in this service area who receive the Regulated Rate Option may call 1-866-215-1181, toll free, from Monday to Friday, 9:00 a.m. to 5:00 p.m. to register their complaint. Customers served by other electricity providers should continue to contact their utility provider with any concerns about the consumption on their bill.

## About the EUB

*Our mission is to ensure that the discovery, development, and delivery of Alberta's resources take place in a manner that is fair, responsible, and in the public interest. We regulate oil, natural gas, oil sands, coal, hydro and electric energy, pipelines, and transmission line development.*

*On the utilities side, we regulate investor-owned natural gas, electric, and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. Regulation is done through four core functions: adjudication and regulation, applications, surveillance and enforcement, and information.*

(continued on page 3)

## For Your Information...

**Recent EUB publications****General Bulletins**

**June 12:** GB 2003-19: Emergency Preparedness and Response Requirements for the Upstream Petroleum Industry

**June 10:** GB 2003-18: Licensee Liability Rating (LLR) Program Performance Measures Summary Now on Web

**June 5:** GB 2003-17: Statistical Series (ST) 60A: Crude Oil and Crude Bitumen Batteries Annual Flaring, Venting, and Production Data - Request for Amendments

**June 3:** GB 2003-16: Proposed Conservation Policy Affecting Gas Production in Athabasca Wabiskaw-McMurray Oil Sands Areas

**June 2:** GB 2003-15: Draft Guide 20 (2003) Available on EUB Web Site for Stakeholder Comment

**May 30:** GB 2003-14: Draft Revised Pipeline Regulation Available on EUB Web Site for Stakeholder Comment

**Publications**

**June 12:** Guide 71: Emergency Preparedness and Response Requirements for the Upstream Petroleum Industry

**June 12:** EUB Safety Bulletin (Spring 2003): Emergency Shutdown Valve Risers on Pipelines

**Other publications**

**June 10:** LLR Program Performance Measures to May 2003

**June 5:** ST-59 Alberta Drilling Activity Monthly Statistics (to April 2003)

**June 3:** 2002 Year-End Review (ST 2003-41): First edition of new annual review that expands upon and replaces the previously published *Regulatory Highlights*. Provides Albertans with information about what the EUB did in the past year, along with an overview of activity in Alberta's energy and utilities sectors

**June 2:** Guide 20: Well Abandonment (Draft) (available for stakeholder comment)

**June 2:** Alberta's Reserves 2002 and Supply/Demand Outlook 2003-2012 (ST 2003-98)

**May 30:** Draft Pipeline Regulation (for stakeholder comment by July 28, 2003)

**Recent decisions**

**June 17:** Decision 2003-048: The EUB issues a decision for Battle River Rural Electrification Association (REA) Ltd. regarding the consolidation of

Battle River, Central Community, Fenn, and Fort REAs as a single REA designated as Battle River REA

**June 17:** Decision 2003-045: The EUB issues a decision for Gem Resources Ltd. regarding the transfer of licences from Legal Oil and Gas Ltd.

**June 10:** Decision 2003-044: The EUB issues a decision for ATCO Electric regarding a 2003 interim Regulated Rate Option Tariff Rider

**June 10:** Decision 2003-047: The EUB issues a decision for the City of Airdrie regarding the terms and price for purchase of the electric distribution system within the municipality from Aquila Networks Canada (Alberta) Ltd. This represents Part A of the decision, which addresses the valuation principles to be applied

**June 10:** Decision 2003-046: The EUB issues an interim decision for Vermilion Resources Ltd., Clear Energy Inc., and TUSK Energy Inc. regarding a rateable take order for wells in the Shane Kiskatinaw D Pool and a special off-target penalty

**June 3:** Decision 2003-043: The EUB issues a decision for ATCO Electric Ltd. regarding the Fort McMurray/Crow Lake Areas 240 kV Transmission Facilities Application, Dover to McMillan. Phase II - Part A Decision - Routing

**May 29:** Decision 2003-042: The EUB issues a decision regarding the allocation of the blended Unaccounted for Gas rate forecast for the ATCO Gas and Pipelines North system between distribution and transmission. Unaccounted for gas is the difference between the quantity of natural gas received in a pipeline system and the quantity of gas delivered off the pipeline system excluding compressor fuel

**May 27:** Decision 2003-041: The EUB issues a decision regarding the South Alta Rural Electrification Association (REA) application to extend its service area boundary to serve Holtman Farms, a potential member/customer

**May 22:** Decision 2003-040: The EUB issues a decision regarding an application for a Code of Conduct by the ATCO Group of Companies. The application focused on relationships and transactions between regulated utilities and their regulated and nonregulated affiliates within ATCO

**News releases**

**June 11:** NR 2003-28: EUB Approves Rate Riders for ATCO Electric RRO Customers

**June 3:** NR 2003-27: Consultation Continues on Proposed Conservation Policy Affecting Gas Production in Athabasca Wabiskaw-McMurray Oil Sands Areas

**June 2:** NR 2003-26: EUB Releases Reserves Report: Crude Bitumen Exceeds Conventional Oil Production by 25 Per Cent

**May 29:** NR 2003-25: EUB Approves June Natural Gas Cost Recovery Rates

**May 23:** NR 2003-24: EUB Approves a Code of Conduct for the ATCO Group Utilities

**Recent AGS publications**

**June 17:** GEO 2003-11 Orthorectified and Principal Component RADARSAT-1 Image Dataset for NTS 73M, Alberta

**June 9:** ESR 2001-05: Major- and Trace-Element Geochemistry of Kimberlitic Rocks in Northern Alberta

**May 20:** ESR 2001-06: Three-Dimensional Geometry of Fluvial Estuarine Oil Sand Deposits of the Clark Creek Area (NTS 74D), Northeastern Alberta

**May 15:** GEO 2002-22: A GIS Summary of Field Data Gathered During Year One (2001) of the Carbonate-Hosted Pb-Zn (MVT) Project for Northern Alberta: A Contribution to the Carbonate-Hosted Pb-Zn (MVT) Targeted Geoscience Initiative

**April 28:** GEO 2002-06: Baseline Discharge and Geochemistry of the Wiau Channel Springs, 1999-2001, Athabasca Oil Sands (In situ) Area, Alberta

**April 28:** ESR 2002-03: Quaternary Geological Setting of the Athabasca Oil Sands (In situ) Area, Northeast Alberta

**February 25:** ESR 2002-02: Precambrian Basement of the Western Canada Sedimentary Basin in Northern Alberta

**Wondering where the Application Summary is? Application information will now be presented on a quarterly basis. Watch for it!**

**In the eye of the storm, once more***(continued from page 1)*

Through our analysis, we estimate that the oil sands contain not only 174 billion barrels of remaining established crude bitumen (the estimated recoverable volume), but also in-place reserves of 1.6 trillion barrels.

Although the 174 billion only represent a portion of the 1.6 trillion barrels, it clearly demonstrates the vastness of this resource.

Production volumes also speak to this immense resource. In 2002, crude bitumen production in Alberta totalled 303 million barrels, which exceeded conventional oil production by 25 per cent.

Additional proof is demonstrated by the \$23 billion that has been invested in the oil sands since 1996, the \$7 billion under construction, and a further \$30 billion in announced investment over the next 10 years.

As part of the EUB's continuous evaluation of Alberta's oil sands resources and reserves, the EUB is working on an update of the province's crude bitumen reserves estimates. The EUB does not expect any significant change in our reserves estimates upon completion of the review.

The view from the eye of the storm is unique. While controversy swirls, the centre of the storm must remain calm. For the EUB to remain effective, we must pass the test of public scrutiny, and we continue to do just that.

The EUB takes its responsibilities to provide accurate oil sands reserves estimates very seriously. And we stand behind our numbers. ❖

**Field Surveillance summary reports industry compliance improves in 2002**

**T**HE EUB HAS RELEASED ITS annual Field Surveillance Provincial Summary (Statistical Series 57), outlining the wide range of activities carried out by EUB field staff, including inspections, enforcement actions, and subsequent industry compliance. The Provincial Summary reports on inspections and results for drilling, servicing, oil and gas production facilities, pipelines, spills, and waste management during 2002. The report also covers the numbers and types of public complaints the EUB responds to and field staff participation with the public.

In 2002, the EUB recorded overall improvement in industry performance:

- Satisfactory inspections increased significantly, from 64 per cent in 2001/2002 to 70.6 per cent in 2002, while major and serious unsatisfactory inspections decreased from 4.4 per cent in 2001/2002 to 3.9 per cent in 2002.
- The percentage of unsatisfactory inspections on well servicing operations has decreased from 12.2 to 6.3 since 1998/1999.
- The percentage of gas facilities with major unsatisfactory noncompliances decreased from 4.3 in 2001/2002 to 2.3 in 2002.

Field Surveillance uses two mobile air monitoring units to assist inspection staff in identifying facilities that emit fugitive emissions. In 2002, the EUB monitored 461 facilities for H<sub>2</sub>S and SO<sub>2</sub> emissions, a considerable increase from the 28 facilities monitored in 2001. Industry is improving its compliance record in the area of air emissions from oil and gas facilities (36 per cent non-compliance in 2001, 11 per cent in the first quarter of 2002, 6 per cent in fourth quarter of 2002).

The Field Surveillance Branch is responsible for inspecting over 110 000 operating wells, 16 527 oil batteries and associated satellites, 733 gas plants, and about 317 000 kilometres of pipelines that form the core of Alberta's energy infrastructure. EUB field staff also enforce standards and conditions set out in licences, approvals, and EUB

regulations and requirements.

Operating out of eight EUB Field Centres throughout Alberta, 115 field staff inspect construction, operation, and abandonment operations at oil, gas, and oil sands facilities (including pipelines, compressors, and processing plants). They respond to emergencies and public complaints on a 24-hour basis and ensure a consistent approach to enforcement of requirements with noncompliant operators. Recognizing the importance of open communications and community input, the Field Surveillance Branch increased the time spent facilitating the resolution of landowner-industry conflicts and participating in public-industry liaison committees in 2002.

The EUB is confident that, in general, Alberta's energy industry strives to comply with EUB rules and regulations. However, companies that fail to meet requirements or follow EUB direction are subject to enforcement action. Public health and safety are top priorities for the EUB, and the actions of our Field Surveillance staff are a key component to ensuring that the development of Alberta's resources takes place in the public interest.

**Definitions**

- A satisfactory inspection finds that all regulations and requirements are met.
- A minor unsatisfactory inspection finds a contravention of regulation(s) and/or requirement(s) that does not result in a direct threat to the public and/or the environment and does not adversely affect oil and gas operations.
- A major unsatisfactory inspection finds a contravention of regulation(s) and/or requirement(s) that an operator has failed to address and/or has the potential to cause an adverse impact on the public and/or the environment.
- A serious unsatisfactory inspection finds a total disregard for regulation(s) and/or requirement(s) that is causing or may cause significant impact on the public and/or the environment. ❖

This list is subject to change at any time, so please check the complete list of upcoming public hearings on the EUB Web site at <www.eub.gov.ab.ca/bbs/applications/hearings/hearings.pdf>. If you do not have Internet access, contact EUB Information Services at (403) 297-8190.

## Upcoming public hearings

Application No.	Applicant	Hearing Purpose
1279895	Globex Resources Ltd.	Application for a licence to drill a sour gas well
1303136		and to construct and operate a single well sweet gas
1303138		battery and a natural gas pipeline - Gordondale Area
Start Date: July 16 at Gordondale Hall on Range Road 105, Gordondale		
1297155	PrimeWest Energy Inc.	Common Carrier and an application to construct and
1299606		operate a pipeline- Dawson Paddy B Pool
Start Date: July 23 at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1284228	ATCO Electric Ltd.	McMillan To Deerland/McMillan To Whitefish
1284240		240 kV transmission project
Start Date: August 11 Location to be determined		

## Pending decisions

Application No.	Applicant	Hearing Purpose
1275405	Belair Energy Corp.	Application for a licence to drill a vertical sour gas well - Lochend Field
1279345	Altalink Management Ltd	2002/03 -2003/04 General Rate Application
1279347	TransAlta Utilities Ltd.	
1257976	Aquila Networks Canada (Alberta) Ltd.	Review and Variance of Board Decision 2001-92, 2001-93
1297623	Aquila Networks Canada Ltd.	Compliance Filing, 2002 Distribution Tariff Application
1284230	ATCO Electric Ltd.	Dover to McMillan 240 kV transmission project - Fort McMurray/Crow Lake Areas
1253174	ATCO Electric Ltd.	Review and Variance of Board Decision 2001-82
1281638	Town of Bow Island	Review of proposed standard natural gas franchise agreement
1287533	ATCO Gas and Pipelines Ltd.	
1244140	Transmission Administrator	Article 24 Engage 2001 and 2002 Refund Refund to the TA's supply customers Refund to the TA's load customers Refund to end-use customers of ATCO Electric DISCO and Aquila Networks Canada DISCO
1285881	ATCO Group	ATCO-I Tek Information Technology Master Service Agreement
1275494	ATCO Electric Ltd.	2003-2005 General Tariff Application, Rate Case
1275539		Deferrals, 2001 Deferral Application
1275466	ATCO Gas North and ATCO Gas South	Combined 2003-2004 General Rate Application

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### Tell us how we're doing

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

### For EUB publications or inquiries, contact: EUB Information Services

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

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Telephone: (780) 422-1927\* Fax: (780) 422-1918  
E-mail: <EUB.AGS-InfoSales@gov.ab.ca>  
Web: <www.ags.gov.ab.ca>

### Questions, complaints, problems?

**Utilities:** For information or to file a consumer utility complaint, contact us at:  
EUB Utilities Branch, 10th floor, 10055-106 Street,  
Edmonton, Alberta T5J 2Y2  
Fax: (780) 427-6970  
Complaints: (780) 427-4903\*  
E-mail: <utilities.concerns@eub.gov.ab.ca>

**Oil and gas:** 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 EUB Field Centre.

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

Bonnyville	(780) 826-5352*
Drayton Valley	(780) 542-5182*
Grande Prairie	(780) 538-5138*
Medicine Hat	(403) 527-3385*
Midnapore	(403) 297-8303*
Red Deer	(403) 340-5454*
St. Albert	(780) 460-3800*
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\*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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