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EUB releases 2002 Reserves Report: Crude bitumen exceeds conventional oil production by 25 per cent

THE EUB HAS RELEASED ITS annual report *Alberta's Reserves 2002 and Supply/Demand Outlook 2003-2012*.

The report is widely considered to be one of the most reliable sources of information on the state of reserves and of supply and demand for Alberta's diverse energy resources: crude bitumen, crude oil, natural gas, natural gas liquids, coal, and sulphur. It includes estimates of reserves and production volumes for 2002 and a 10-year supply/demand forecast for each resource.

Highlights from the report

- Crude bitumen (oil sands) production surpassed provincial conventional oil production by 25 per cent. This marks the second consecutive year bitumen exceeded conventional oil production. Bitumen production totaled 829 000 barrels (132 000 cubic metres [m³]) per day, compared

to conventional oil production of 660 400 barrels (105 000 m³) per day.

- Alberta's total remaining bitumen and conventional oil reserves total 176 billion barrels (28.0 billion m³), consisting of bitumen at 174 billion barrels (27.7 billion m³) and conventional oil at 1.6 billion barrels (260 million m³).
- Remaining established marketable gas reserves stood at 42 trillion cubic feet (1171 billion m³).
- Gas prices appear to have stabilized at new and higher levels than historically, near Cdn\$5/gigajoule, despite short-term lower gas prices in 2002 compared to 2001, which precipitated a 3.8 per cent decline in natural gas production.
- Gas production is expected to rise by approximately 1.5 per cent over 2002.
- Remaining established coal reserves

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EUB Issues Safety Bulletin

The EUB has released the *Spring 2003 Safety Bulletin regarding Emergency Shutdown Valve Risers on Pipelines*. The *Safety Bulletin* is a new EUB publication focusing on a recent energy-related incident in Alberta. The *Safety Bulletin* outlines the factors that were found to contribute to that incident and EUB recommendations for preventing similar incidents. The *Spring 2003 Safety Bulletin* is available on the EUB Web site at <www.eub.gov.ab.ca>.

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.

Reserves and Production Summary 2002

	Crude Bitumen		Crude Oil		Natural Gas		Coal	
	million cubic metres	billion barrels	million cubic metres	billion barrels	billion cubic metres	trillion cubic feet	billion tonnes	billion tons
Initial In Place	259 205	1 631	9 852	62	7 344	261	94	103
Initial Established	28 330	178	2 603	16.4	4 314	153	35	38
Cumulative Production	610	3.8	2 343	14.7	3 142	112	1.18	1.3
Remaining Established	27 720	174	260	1.6	1 171	42	34	37
Annual Production	48.1	0.303	38	0.264	136	4.8	0.034	0.037
Ultimate Potential (Recoverable)	50 000	315	3 310	19.7	5 600	200	620	683

For Your Information...

Recent EUB publications

Recent decisions

May 14: Decision 2003 - 039: The Board has approved a negotiated change to the 2003 EESAI Energy Price Setting Plan. The change will permit EESAI to purchase certain of its customers' energy requirements via the Alberta Power Pool, while reducing the return margin payable to EESAI for provision of electricity. The change was supported by consumer organizations that were party to the original 2003 agreement.

May 13: Decision 2003-038: The Board issues a decision to approve the transfer of shares of Macquarie Transmission Alberta Ltd. (MTAL) to another Macquarie entity. MTAL is a partner in AltaLink. The Board finds the approval will not jeopardize the integrity and operation of the AltaLink transmission facilities.

May 13: Decision 2003-036: The Board issues a decision approving a Negotiated Settlement that would allow ATCO Electric to reclaim from the Balancing Pool costs associated with remediation and reclamation of Isolated Generating Units at decommissioned sites. The sites are expected to be reclaimed over the next 5 years at a cost estimated to be about \$11.2 million. The Negotiated Settlement provides for a Remediation Review Committee to monitor and approve actual remediation and reclamation costs and a Reporting and Approval Process to ensure transparency.

May 12: Decision 2003-037: The Board issues a decision for ATCO Electric Ltd. that will result in finalization of the level of a 2001 deferral account that covers costs and revenues from forecast to minimize ATCO's risk of providing Regulated Rate Option Tariff.

May 6: Decision 2003-034: The Board issues a decision for the Alberta Federation of Rural Electrification Associations (REAs) Ltd., Central Alberta REA Ltd., Battle River REA Ltd., South Alta REA Ltd., Rocky REA Ltd., Yellowhead REA Ltd. and North Parkland REA Ltd. regarding the notice of intention to negotiate a settlement agreement with Aquila Networks Canada (Alberta) to develop a service offering that is specific to REAs as wire owners.

May 1: Decision 2003-033: The Board issues a decision for a settlement regarding overpayments made to Engage Energy Canada LP by the Transmission Administrator for the provision of transmission must-run services in 2001 and 2002.

April 30: Decision 2003-035: ATCO Pipelines - North and South 2003/2004 General Rate Application Phase 1 - Request for Approval to Commence a Negotiated Settlement.

April 29: Decision 2003-031: The Board issues a decision for EPCOR Energy Services Inc. regarding the 2001 Regulated Rate Option Tariff shortfall collection and reconciliation.

April 29: Decision 2003-030: The Board issues a memorandum of decision in follow-up to the Polaris Resources Ltd. prehearing meeting regarding an application for a licence to drill a sour gas well, compulsory pooling, and special well spacing orders.

April 29: Decision 2003-029: The Board issues a decision for Prince Resources Corporation regarding a review of Abandonment Cost Order Number AC02001-06.

April 29: Decision 2003-028: The Board issues a decision for ATCO Gas South regarding the need for a Phase II portion of their 2001/2002 General Rate Application.

News releases

May 15: NR 2003-21: EUB Releases Annual Field Surveillance Provincial Summary 2002.

April 30: NR 2003-20: EUB Approves EPCOR Regulated Rate Option Shortfall Collection and Refund to Customers.

April 30: NR 2003-19: EUB Sets September 2003 Date for Polaris Resources Ltd. Sour Gas Well Public Hearing in Maycroft.

April 30: NR 2003-18 plus Background: EUB Approves May Natural Gas Cost Recovery Rates

April 29: NR 2003-17 plus Background: EUB Issues 2003 Public Safety and Sour Gas Annual Progress Report.

EUB releases 2002 Reserves Report

(continued from page 1)

are 37 billion tons (34 billion tonnes).

- Extractable ethane reserves stood at over 1 billion barrels (165 million m³).

Alberta's Reserves 2002 and Supply/Demand Outlook 2003 - 2012 is available on the EUB Web site at <www.eub.gov.ab.ca> or from EUB Information Services, Main Floor, 640 - 5 Avenue SW, Calgary, Alberta T2P 3G4.

Definitions of Reserves

Initial in-place

The volume of oil/gas calculated or interpreted to exist in a reservoir before any volume has been produced.

Established reserves

Reserves recoverable under current technology and present and anticipated economic conditions specifically proven by drilling, testing, or production, plus the portion of reserves that are interpreted to exist from geological, geophysical, or similar information with reasonable certainty.

Initial established reserves

Established reserves prior to all the deduction of any production.

Cumulative production

The sum of production volumes from all prior years.

Remaining established reserves

Initial established reserves minus cumulative production.

Ultimate potential reserves

An estimate of initial established reserves that will have been developed in an area by the time all exploratory and development activity has ceased, having regard for the geological prospects of the area and anticipated technology and economic conditions. ❖

New regional office in Fort McMurray to bolster EUB presence

WITH THE CREATION OF A Fort McMurray Regional Office, the EUB has committed to an increased regulatory presence in Alberta's burgeoning oil sands industry.

Scheduled to open in September 2003, the Fort McMurray Regional Office will undertake five key functions associated with oil sands recovery: applications processing; operational surveillance;

aboriginal relations; field surveillance; and environmental surveillance. The office will improve the level of service the EUB provides in the region by providing local expertise, resources, and assistance to the public and industry.

"The opening of the Fort McMurray Regional Office is an exciting opportunity for the EUB, its staff, and EUB stakeholders," said Harry Lillo, Executive Manager of the EUB Public Safety Implementation Team, who has been appointed to head the new office.

EUB Chairman Neil McCrank believes the EUB needs to maintain a strong presence in Fort McMurray.

"With the tremendous proposed growth in investment in the Athabasca oil sands area, it is essential that the EUB is aware of the potential impacts. As a result, the EUB is committed to increasing its presence in the Fort McMurray area to ensure that the current high standards of the oil sands industry in Alberta are maintained," said McCrank.

The Alberta Government is also pleased with the opening of the EUB regional office. Guy Boutilier, Minister of Municipal Affairs and MLA for Fort McMurray, commented, "The Fort McMurray EUB office will benefit not only the citizens of Fort McMurray and northern Alberta, but the oil sands industry as well. The EUB office will serve to strengthen the relationship between the public, industry, and government with respect to energy development in the Fort McMurray area."

The Cumulative Environmental Management Association (CEMA), a

multistakeholder group in northeastern Alberta that assesses and manages the environmental impacts of industrial development in the region, sees the new EUB regional office as an opportunity, "to strengthen relations between the EUB and CEMA," said Maged Said, Executive Director of CEMA.

To support the core functions of the office, a communications advisor will be

stationed in Fort McMurray.

Administrative Services, Finance, Human Resources and

Information technology support will be provided from Calgary.

If it becomes apparent that any of these roles need to be stationed in Fort McMurray, they will be included in the Fort McMurray Regional Office in the future.

The EUB is in the process of securing office space, and plans to have the regional office fully staffed by the end of March 2004, with about 12 staff in place by September 2003. ❖

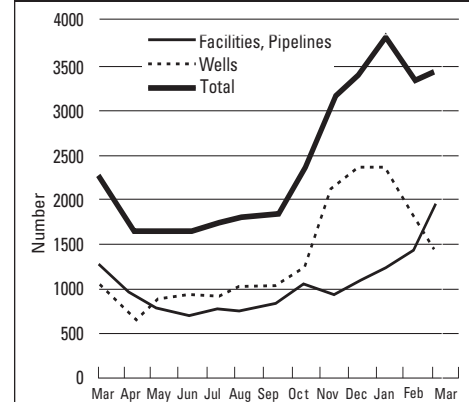
Key functions of the Fort McMurray Regional Office

- ♦ Applications processing
- ♦ Operational surveillance
- ♦ Aboriginal relations
- ♦ Field surveillance
- ♦ Environmental services

Applications summary March 2003

Facilities	
Production facilities	.610
Pipelines	.1361
Wells	.1454
Total received	.3425
Total approved	.3496
Closed	.32
Withdrawn	.56

Facilities March 2002 - March 2003



Resource

Equity	.88
(rateable take, common carrier, common purchaser, common processor, compulsory pooling, special spacing)	
Conservation	.187
(resources – oil, gas, and in situ bitumen; gas removal, enhanced recovery, water disposal, concurrent production, underground storage, commingled production, reserves)	
Depletion administration	.25
(good production practice, penalty relief)	
Corporate (transfer)	.8
Mining (coal and mineable oil sands)	.2
Total received	.310
Total completed	.245

Utilities

Electric	.6
Gas	.5
Facilities	.11
Franchises and others	.3
Total received	.25
Total approved	.27

Corporate transfers and name changes

Well licence transfers	.1483
Well licence name changes	.1262
Pipeline licence transfers	.565
Facility licence transfers	.129
Total received	.3439
Total completed	.3420

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
1253174	ATCO Electric Ltd.	Review and Variance of Board Decision 2001-082
Start Date: June 3 at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1300792	ATCO Electric Ltd.	2003 Interim Regulated Rate Option Tariff Rider
Start Date: June 6 at EUB Edmonton Office, 12th Floor, 10055 -106 Street, Edmonton		
1285881	ATCO Group	ATCO I-TEK Information Technology Master Services Agreement Notice of Proceeding
Start Date: June 9 at the NEB Hearing Room, 444 - 7 Avenue SW, Calgary		
1281638	Town of Bow Island	Review of Proposed Standard Natural Gas Franchise
1287533	ATCO Gas and Pipelines Ltd.	Agreement
Start Date: June 9 at EUB Edmonton Office, 12th Floor, 10055 -106 Street, Edmonton		
1284188	Town of Bonnyville	Review of Proposed Standard Natural Gas Franchise
1290333	AltaGas Utilities Inc.	Agreement
Start Date: June 10 at EUB Edmonton Office, 12th Floor, 10055 -106 Street, Edmonton		
1287577	City of Grande Prairie	Review of Proposed Standard Natural Gas Franchise
1287571	ATCO Gas and Pipelines Ltd.	Agreement
Start Date: June 10 at EUB Edmonton Office, 12th Floor, 10055 -106 Street, Edmonton		
1244140	Transmission Administrator of Alberta	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
Start Date: June 16 at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1292783	ATCO Pipelines North, South	2003/2004 GRA
Start Date: June 23 at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1283201	Alberta Oil Sands Pipeline Ltd.	Application to Construct and Operate Three Crude Oil Pipeline Loops of the Existing AOSPL Pipeline from Boyle to Fort Saskatchewan
Start Date: July 2 at Fort Saskatchewan Best Western Inn and Suites, 10115 - 88 Avenue, Fort Saskatchewan		

Pending decisions

Application No.	Applicant	Hearing Purpose
1257887	Vintage Petroleum Canada Inc.	Application for the suspension of well spacing and target area requirements and for the establishment of a holding in the Sturgeon Lake South Badheart A Pool.
1275405	Belair Energy Corp.	Application for a Licence to Drill A Vertical Sour Gas Well - Lochend Field
1270099	Gem Resources Ltd.	Transfer of Licences from Legal Oil & Gas
1253701	Burmis Energy Inc. (Formerly Elk Point Resources Inc.)	Applications for Sour Gas Wells, Facilities and Pipelines - Wildwood Field
1293177	Vermillion Resources Ltd.	Rateable Take and Special Off Target Penalty
1279345	AltaLink Management Ltd	2002/03 -2003-04 GRA
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 McMillian 240 kV Transmission Project - Fort McMurray/Crow Lake Areas

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Questions, complaints, problems?

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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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