

a c r o s s t h e b o a r d



The recently released *EUB Compliance Report — Review of Enforcement Ladder Efficiency and Effectiveness* shows improved industry proactive compliance. (See story, page 3.)

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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.

Significant Changes to Energy Development Application Guide

In response to stakeholder feedback and a commitment to improve stakeholder confidence, the EUB has completed the first step in a phased review of the way the Alberta petroleum industry will be required to plan, prepare for, and submit energy development applications.

These important changes are included in a newly released version of *EUB Guide 56*, which sets out the EUB's requirements and expectations for companies wishing to file an energy development application for approval. The EUB uses this guide to handle more than 20 000 applications annually.

Through the use of guides, the EUB strives for consistency in its application processes and attempts to reflect and balance the needs of all stakeholders — the public and industry alike. A copy of *Guide 56* is available on the EUB Web site at <www.eub.gov.ab.ca>. Inquiries can be e-mailed to <guide56.help@eub.gov.ab.ca>.

Among the major changes are the following:

- The EUB requires that applicants fully disclose their proposed development plan and consult with parties whose rights may be directly and adversely affected by an energy application. These disclosure and consultation requirements have been clarified and expanded in the new *Guide 56* edition. Potentially affected parties must have the opportunity to learn the facts, ask questions, and have input into proposed development before an application is filed with the EUB.

Guide 56 further clarifies this expectation and expands upon the information that a company must provide to landowners and residents. The EUB is now mandating that the information package delivered by the applicant to members of the public must contain specific EUB information that explains a landowner's rights and the options open to affected parties if their concerns are

not resolved. This information also provides EUB telephone numbers and contacts for the public to call for assistance. If necessary, the EUB can assist parties early in the consultation process by providing information or acting as a facilitator.

- Certain higher-risk sour gas (Category E) energy development applications submitted to the EUB will now be required to follow the "nonroutine" path. This nonroutine designation means that all applications for new or modified sulphur recovery gas plants and for rate or proximity critical sour gas wells will be required to include expanded detail and be subject to an up-front review of an applicant's approach to the proposed development. This review will determine, among other things, if the applicant's approach to items such as public consultation or setting sour gas release rates used in calculating emergency planning zones has been satisfactory. The updated guide identifies technical contacts for companies new to the process or proposing a complex development.

...important changes are included in a newly released version of EUB Guide 65 which sets out the Board's requirements and expectations for companies wishing to file an energy development application for approval.

- Well designation change: A former well category that combined sweet gas wells with those containing minute release rates of sour gas (gas containing hydrogen sulphide - [H₂S]), has now been separated into two distinct categories:
 - 4 B-14 category well, which is for sweet gas only, and
 - 4 B-28 category well, which may have a an H₂S sour gas release rate of less than 0.01 cubic metres per second.

For Your Information...**Recent EUB Publications
Interim Directives**

ID 2000-08: Revised Guide 56: Energy Development Application Guide

ID 2000-09: Abandonment of Pipelines and the Abandonment of Facilities

ID 2000-10: Retrospective Facility Licensing Program

ID 2000-11: Energy Development Licence Transfer Requirements and Monthly Corporate Licensee Liability Rating

General Bulletins

GB 2000-22: EUB Field Centre Boundary Changes

GB 2000-23: Field and Pool Orders and Gas Strike Areas

GB 2000-24: EUB Guide 60: Upstream Petroleum Industry Flaring Guide Personal Consultation Requirements - Reminder of Compliance Deadline - December 31, 2000

GB 2000-25: Energy Development Applications Guide 56 - Implementation

GB 2000-26: Revised GRD System Reporting

Informational Letters

IL 2000-04: Replacement of the Long-term Inactive Well Program with the Monthly Corporate Licensee Liability Rating

Guides

Guide 17-2: Well Site Selection and the Surface Owner (2000)

Guide 17-3: Pipeline and Surface Rights (2000)

Guide 56: Energy Development Application Guide (2000 edition)

Guide 62: Responding to Public Concerns about Oil and Gas in Alberta (2000)

Guide 68: Retrospective Facility Licensing

Guide 69: Energy Development Licence Transfer

News Releases

2000-44, 2000-45: EUB Approves Winter Gas Cost Recovery Rate Applications

2000-43: EUB Announces Significant Changes to Energy Development Application Guide

Publications

Publication Notice: Mineable Oil Sands Regional Development Status Maps (revised to March 31, 2000)

Statistical Series ST 59: Alberta Drilling Activity Monthly Statistics (September 2000)

AGS Earth Sciences Reports

ESR 00-05D: Historical Overview of the Fort McMurray Area

ESR 00-07D: An atlas of lithofacies of the McMurray Formation, Athabasca Oil Sands deposit

ESR 00-011D: Suitability of the Alberta subsurface for carbon-dioxide sequestration in geological media

Recent Decisions

October 31: Approved ATCO Electric Ltd.'s 2001-2002 Transmission Facility Owner Tariff. (Decision 2000-65)

November 3: Board ordered that the unit obligation values of TransAlta Utilities Corporation for the Wabamun 4 generating unit under Section 34 of the Electric Utilities Act be suspended on an interim basis commencing October 1, 2000, and lasting until the earlier of December 31, 2000, or the date that the unit was returned to service. (Decision 2000-68)

November 13: Board rescinded the one-time interim refund of \$16 million to TransAlta's aggregate reservation price in December 2000, originally ordered in Decision 2000-60. (Decision 2000-69)

November 16: Approved ESBI Alberta Ltd.'s Duplication Avoidance Tariff Application for the Nova Joffre petrochemical site. The Board considers the proposal to be just, reasonable, and in the public interest. (Decision 2000-70)

November 24: Approved the sale of certain retail assets by UtiliCorp Networks Canada (Alberta) Ltd. to EPCOR Energy Services (Alberta) Inc. (EESAI) as described in the Asset Purchase Agreement. The Board also approved the appointment by UtiliCorp Networks Canada Ltd. of EESAI as the provider of the Regulated Rate Option in UtiliCorp Networks Canada (Alberta) Ltd.'s service area. (Decision 2000-71)

November 27: Subject to conditions, the Board approved an application from ATCO Electric for an energy supply procurement framework and an associated deferral account proposal respecting its Regulated Rate Option (RRO) tariff for eligible customers in ATCO's service territory effective January 1, 2001. (Decision 2000-73)

November 28: Approved an application from EPCOR Energy Services (Alberta) Inc. for an energy supply procurement framework respecting its Regulated Rate Option Tariff in UtiliCorp Network Canada (Alberta) Limited's service territory effective January 1, 2001. (Decision 2000-74)

Significant Changes — Guide 56

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This change will assist public confidence in industry/public consultation and reduce confusion over EUB well classifications.

- Another well category: Another well category (E-62) has been added for what are termed proximity critical wells. These are sour gas wells that have a certain potential sour gas release rate coupled with proximity to an urban centre. This will allow for easier identification and definition of this type of well, in order to better address public safety as Alberta's population increases in conjunction with expanded petroleum development.

Other amendments to *Guide 56* ensure that the application process is current with new requirements and policies and directly supports the achievements of goals in other areas of the EUB regulatory responsibilities. Examples include

- reduction of flaring in Alberta — Flaring issues are addressed in *Guide 56*, which is coordinated with *EUB Guide 60: Upstream Petroleum Industry Flaring Guide*.
- management of the Expanded Orphan and Liability Management Program — This program sees the petroleum industry voluntarily protect Albertans from the liability costs associated with environmental clean-up of "orphaned" wells or petroleum facilities (those wells or facilities left with no financially capable ownership, known as orphans, dealt with in *Guides 68 and 69*).

Guide 56 has also been amended to better identify pipelines requiring corrosion prevention programs and to allow appropriate selection for EUB surveillance follow-up.

Finally, *Guide 56* also encourages the use of Appropriate Dispute Resolution (ADR) options where applicable.

Other initiatives involving multiple stakeholders are ongoing. Examples include the sulphur recovery guideline review and the Advisory Committee on Public Safety and Sour Gas.

These initiatives and others have the potential for changing regulatory policy and the EUB's application process. The outcome of these initiatives will be reflected in further revisions to *Guide 56*. The next revision is expected in mid-2001. ❖

EUB Review Shows Improved Industry Proactive Compliance

The EUB has completed a review to assess the effectiveness of its new enforcement ladder process. The *EUB Compliance Report – Review of Enforcement Ladder Efficiency and Effectiveness* is available on the EUB Web site at <www.eub.gov.ab.ca> under Enforcement.

In most areas, industrywide proactive compliance (situations where EUB surveillance, inspection, or audit reveals the company is in compliance) has shown marked improvement since implementation of enforcement ladders.

One example of this is the production-packer testing program. Companies are required to complete annual testing of specified wells to confirm the integrity of higher risk wells and groundwater protection. When the enforcement ladder was implemented in this area in 1995, EUB surveillance revealed only 60 per cent of 7553 tests were satisfactorily completed. In 1999, 97 per cent of the 8706 tests were satisfactorily completed with results submitted on time.

Enforcement ladders are descriptive step-by-step processes that enable EUB staff to consistently apply appropriate and, if necessary, escalating enforcement consequences to companies that are in noncompliance with EUB regulations and rules.

However, enforcement ladders are just one of the key elements in the regulatory process designed to ensure that oil and gas companies follow requirements and that impacts of energy developments are minimized. These elements are

- valid, necessary, clear, and concise requirements;
- sufficient and properly targeted surveillance and auditing that includes appropriate up-front application scrutiny;

- efficient and effective enforcement ladders;
- appropriate measures of compliance;
- clear and honest two-way communication with all stakeholders regarding compliance information.

An example of this process at work is in field surveillance, where an enforcement ladder was added to the program in August 1999. The EUB also hired a number of new field staff.

The combination of the new enforcement ladder and increased staff is intended to enhance our field presence, improve compliance, and make the organization more accessible to the public. Simply increasing staff would not achieve those goals without the enforcement ladder.

“It is clear from the data that our enforcement ladders are effective. We are also hearing from members of the public that they are gaining confidence in our ability to enforce requirements as they see examples of firm, effective enforcement resulting in improvements in nearby operations,” said Leo Touchette, EUB Senior Enforcement Adviser.

Among industry, the EUB has seen increased emphasis on compliance, with many companies hiring “compliance personnel” and increasing accountability of their staff to have all operations compliant.

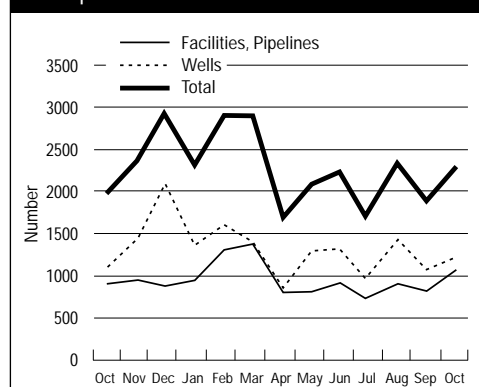
“We are confident that we are on the right track,” said Touchette. “However, we also realize that there are opportunities for further improvement. We are always open to and appreciate feedback from the public and industry regarding any of our activities.”

As part of the EUB’s ongoing assessment of enforcement and compliance, a formal review of the process is planned for mid-2001. This will involve input from all stakeholders, including industry and the public. ❖

Application Summary

Facilities applications for Sept. and Oct. 2000		
Production facilities	144	177
Pipelines	679	911
Wells	1072	1230
Total received	1895	2318
Total completed/approved	1888	2100
Closed	8	9
Withdrawn	51	59

Facilities applications for September to October 2000



Resource applications for Sept. and Oct. 2000

Equity (rateable take, common carrier, common purchaser, common processor, compulsory pooling, special spacing)	88	67
Conservation (resources – oil, gas, and in situ bitumen; gas removal, enhanced recovery, water disposal, concurrent production, underground storage, commingled production, reserves)	102	75
Depletion administration (good production practice, penalty relief)	21	19
Corporate (transfer)	5	2
Mining (coal and mineable oil sands)	6	0
Total received	222	163
Total completed/approved	131	128

Utilities applications for Sept. and Oct. 2000

Electric	4	5
Gas	1	7
Facilities	8	6
Franchises and others	5	5
Total received	18	23
Total completed/approved	12	23

Corporate transfers and name changes for Sept. and Oct. 2000

Well licence transfers	2410	1017
Well licence name changes	824	901
Pipeline licence transfers	218	113
Total received	3452	2031
Total completed	2188	2952

Questions, Complaints, Problems? Who to contact...

Utilities—For general information or to file a consumer utility complaint, please contact us at

EUB Utilities Branch
10th floor, 10055-106 Street
Edmonton, Alberta T5J 2Y2
Telephone: (780) 427-4901
Fax: (780) 427-6970
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 doesn't respond appropriately, you may contact the nearest EUB field centre (see list), all of which provide 24-hour on-call service.

EUB Field Centres (24-hour on call)

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*
Wainwright (780) 842-7570*

* To call toll free from anywhere in Alberta, dial 310-0000 and enter the 7-digit local number to connect, or press zero for a RITE operator.

Upcoming Public Hearings: Winter 2000/2001

Please note: Due to space constraints, this list only covers hearings scheduled for the next two months, and some company names have been abbreviated. For information on hearings scheduled later in the year, call (403) 297-8259. Actual hearing durations can vary significantly. Unless otherwise noted, hearings begin at 9:00 a.m. and are open to the public. If you are interested in attending one, please call the above number to reconfirm the date, time, and place.

Scheduled Start Date	Application No.	Applicant	Hearing Purpose	Location
January 8	2000136	ATCO Electric Ltd.	2001-2002 Distribution Tariff - Phase 1 Negotiated Settlement, any matters outside the Negotiated Settlement of Phase 1 DT (e.g., the Manning REA issue), 2001 - 200X Distribution Tariff DT - Phase 2	EUB Utility Branch Office 12th Floor, 10055 - 106 Street, Edmonton
January 8	2000258	Utilicorp Networks Canada (Alberta) Ltd.	2001 - 2002 DT Distribution Tariff	EUB Utility Branch Office 12th Floor, 10055 - 106 Street, Edmonton
January 9 (continuation)	990289, 1055407	EPCOR Power Development Corporation & EPCOR Generation Inc., ATCO Pipelines	Rossdale Power Plant Unit 11 - application for a 406.4MM high-pressure natural gas pipeline to supply the Rossdale Plant	Prince of Wales Armoury Heritage Centre 10440-108 Avenue, Edmonton
January 23	1073100 1073376	Magin Energy Inc.	Application for a well licence and a pipeline and associated facilities - Edson area	Edson Recreation Complex Golf Course Road, Edson, Alberta
January 23	1074505	Anderson Exploration Ltd.	Compulsory Pooling - Belloy field	Govier Hall, 2nd Floor 640-5th Avenue SW, Calgary
January 30	1072191, 1072188	NovaGas Canada Ltd. & BP Canada Energy Co.	Application to modify the existing Harmattan sulphur recovery plant and to construct 65 km of sour gas pipelines. Application to modify/convert the existing North and South Caroline sulphur recovery plants to sour gas plants (compressor stations) - Harmattan and Caroline fields	Sundre West Country Centre, 4, 101 - 2nd Avenue NW, Sundre, Alberta
January 30 1:30 pm	2000233, 2000234	ATCO Electric Ltd., ATCO Gas & Pipelines Ltd., Northwestern Utilities Limited	Affiliate transactions and code of conduct	Govier Hall, 2nd Floor 640-5th Avenue SW, Calgary

Cancelled Hearings

Date Cancelled	Application No.	Applicant	Hearing Purpose	Reason for Cancellation
November 1	990156	EPCOR Distribution Inc.	Direct access tariff application	Withdrawn
November 6	1065204	NOVA Gas Transmission Ltd.	Application to construct and operate a natural gas transmission pipeline - Buffalo Creek section	Objection dismissed

Pending Decisions

Application No.	Applicant	Hearing Purpose	Hearing Date(s)	Actual Hearing Days
1063865	Northrock Resources Ltd.	Sour single oil well battery	November 30	1
1042932	Shell Canada Limited	Well licence application - Level 4 critical sour gas well - Ferrier field	November 7	8
1056355, 1059607	Husky Oil Operations Limited (Renaissance Energy Ltd.)	Multiwell pad of 5 noncritical level-1 sour oil wells and associated pipelines	December 6	2
RE95081	TransAlta Utilities Corporation	1996 Phase 2 Constitutional Question	(paper proceeding)	
990208	Canadian Western Natural Gas Limited (ATCO Gas and Pipelines Ltd. - South or APGL South)	Request to withdraw the 1999 General Rate Application (and review of need for 2000 GRA)	September 25	N/A
990234	Tartan Energy Inc. and Legal Oil & Gas Ltd.	Board-initiated proceeding regarding EUB Abandonment Order No. AD 98-10	December 12	2

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