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The EUB's Field Surveillance role in Alberta's energy industry

THE EUB IS RESPONSIBLE FOR inspecting over 110 000 operating wells, 15 911 oil batteries and associated satellites, 456 sweet gas plants, 247 sour gas plants, and more than 300 000 kilometres of pipelines that form the core of Alberta's energy infrastructure.

Ensuring compliance with standards and conditions set out in licences, approvals, and regulations is an important role in the safe development of Alberta's resources.

But the 115 field staff, operating out of eight EUB Field Centres across the province, do more than just inspect the construction, operation, and abandonment operations at oil, gas, and oil sands facilities (including pipelines, compressors, and processing plants). The Field Surveillance role also includes responding to emergencies and public complaints on a 24-hour basis, facilitating the resolution of landowner-industry conflicts, participating in public-industry liaison committees, and ensuring a consistent approach to enforcement of requirements.

Inspections

The EUB was able to keep pace with activity levels in what was a near record year for energy development (April 2001 - March 2002):

- 14 307 wells were drilled in 2001/2002, a slight decrease from the record of 14 621 in 2000/2001.
- A total of 8407 initial inspections and 2129 reinspections were completed across all types of facilities and activities in the province, a slight increase over 2000/2001.

The EUB focuses inspections where they are most needed, such as inspecting operators with inadequate past inspection performance or sites in sensitive operating areas.

EUB field inspectors use a priority-based inspection system called "OSI" that weighs three key criteria:

- Operator history,
- Sensitivity of site, and
- Inherent risk of the facility/operation.

Using this system, the EUB focuses inspections where they are most needed, such as inspecting operators with inadequate past inspection performance or sites in sensitive operating areas, such as those close to the public or to bodies of water. The inherent risk is determined by reviewing specific technical details about a facility, such as whether the facility involves sour gas or sour oil, which contains hydrogen sulphide (H₂S) gas.

While notable industry improvements were recorded in areas such as drilling and servicing, the overall percentage of major and serious unsatisfactory inspections increased from 3.3 per cent of total

(continued on page 2)

Upcoming Event: Medicine Hat Open House

The Alberta Energy and Utilities Board's Medicine Hat Field Centre invites residents of Medicine Hat and nearby communities, as well as industry and government representatives, to participate in an interactive information session about energy development in the community. Local EUB Field Centre representatives and senior EUB staff will be on hand to discuss local issues and concerns, provide information, and answer questions. Brief presentations will be made on key issues in the area.

Where: Medicine Hat Moose Lodge
2800 - 13 Avenue S.E., Medicine Hat

When: Tuesday, November 5, 2002
6:00 - 10:00 p.m.

Call the EUB Medicine Hat Field Centre for more details at (403) 527-3385.

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.

Definitions

A satisfactory inspection is one that finds all regulations and requirements met by industry.

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, such as when a production meter is not calibrated properly.

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 or the environment, such as a failed test of a blowout prevention system.

A serious unsatisfactory inspection finds a total disregard for regulation(s) and/or requirement(s) that is having or may have a significant impact on the public or the environment, such as the absence of a blowout prevention system.

The EUB's Field Surveillance role in Alberta's energy industry (continued from page 1)

inspections to 4.4 per cent. This increase is attributed in part to increased air monitoring of off-lease H₂S odours and increased inspection requirements.

Enforcement

The EUB is confident that, in general, Alberta's energy industry strives to comply

with EUB rules, regulations, requirements, and programs.

Companies that fail to meet requirements or follow EUB direction are subject to escalating enforcement consequences through enforcement ladders. Enforcement ladders ensure that a firm, fair, and consistent approach is taken in all noncompliance situations. Enforcement

actions always include deadlines for fixing a problem and may be reinforced by penalties, such as temporary or long-term suspension of operations, or refusal of applications. Enforcement actions escalate quickly if the company fails to meet EUB requirements.

In 2001/2002 there was a significant decrease in the number of facilities the EUB ordered suspended: 142 facilities, compared to 236 in 2000/2001. However, this resulted in a greater cost to the industry: \$16.3 million, compared to \$12 million in 2000/2001.

For Your Information...**Recent EUB Publications****Informational Letters**

September 9: IL 2002-03 Amendment: Petroleum Registry of Alberta - Implementation Delay to October 31, 2002.

Publications

September 17: Valid Well Status Combination Table: a reference table used in validating the well status of a well within the Edit Well Status or the Commingle Well Status process of the Petroleum Registry.

September 17: Order U2002-282: Sub-Class 1A Milk Pricing Formula Increase Minimum Price of Sub-Class 1A Milk.

September 16: Well Test Capture 2002 Review Summary.

September 16: Letter to All Operators and Well Testers (Well Test Capture [WTC] Invites Feedback from Operators).

September 13: Release of Draft of Guide 7: Production Accounting Handbook (September 2002).

September 13: Regulatory Highlights for 2001 (ST 41-2002).

September 13: Guide 52, Appendix D: Key to SERCO Abbreviations (updated Sept. 4, 2002).

September 13: Orphan Fund Annual Report 2000-2001.

September 11: Issues Matrix for Draft Protocol on Hazard and Risk Analysis.

September 11: EnerFAQs 7: Electricity and the EUB.

Recent Decisions

September 25: Decision 2002-084: NOVA Gas Transmission Ltd. Gas Transportation Tariff Carbon Dioxide (CO₂) Gas Quality Requirements Phase II CO₂ Management Service and Tariff Amendments, September 24, 2002.

The EUB issues a decision for NOVA Gas Transmission Ltd. regarding a new service for reducing carbon dioxide from the natural gas stream. The decision also addresses related modifications to the terms and conditions.

September 25: Decision 2002-085: ATCO Electric Ltd. 2002 Regulated Rate Option* Tariff Part C: 2002 Rates, September 24, 2002.

*The Regulated Rate Option offers residential, farm, irrigation, and small business consumers the opportunity to continue to purchase electricity at a regulated rate during the transition to a competitive electricity retail market.

September 25: Decision 2002-086: TransAlta Utilities Corporation Transmission Treatment of the Net Loss on Sale Due to the Disposition of the High River Facility.

The EUB issues a decision for TransAlta Utilities Corporation regarding the sale of a High River service centre facility by Aquila Networks Canada (Alberta) Ltd.

September 17: Decision 2002-083: ATCO Gas North Westlock and Lloydminster Sales Disposition of Customer Proceeds September 17, 2002.

The EUB issues a decision for the disposition of proceeds to customers from the sale of Westlock and Lloydminster properties by ATCO Gas North.

September 10: Decision 2002-082: ATCO Electric Ltd. 2002 Investment and Contribution Policy.

The EUB issues a decision for ATCO Electric Ltd.'s 2002 Investment and Contribution Policy. An investment and contribution policy sets out the maximum amount that a utility will invest in new facilities to connect one or a few customers. Costs incurred over and above the maximum are the responsibility of the customer.

September 6: Order U2002-293: Application by AltaLink Management Ltd. as General Partner of AltaLink, L.P., to cause AltaLink, L.P., to issue several debt securities.

News Releases

September 23: NR 2002-22: EUB Launches New Kidzone Web Site into Cyberspace.

September 17: NR 2002-21: EUB Orders ATCO Gas North to Distribute Proceeds from the Sale of Its Westlock and Lloydminster Assets to Customers.

Responding to Public Concerns

For the EUB, one measure of performance is responsiveness to public complaints. Although the activity level in the oil and gas industry remained high in 2001/2002, the number of public complaints decreased marginally in most categories compared to last year:

- There were 881 complaints in 2001/2002 (a decrease of 5 per cent compared to 2000/2001).

The EUB receives complaints on a variety of issues, the most common being odours:

- There were 367 odour complaints in 2001/2002, a reduction of 10 per cent from last year.

The EUB's annual *Field Surveillance Provincial Summary* (Statistical Series 57) supplies Albertans with information on industry compliance, EUB enforcement actions, details about the wide range of activities carried out by EUB field staff, spills, and inspection results for drilling, servicing, oil and gas production facilities, and pipelines.

The report also covers enforcement actions taken by the EUB during the year, statistics on the numbers and types of public complaints the EUB responded to, and field staff participation with the public.

The *Field Surveillance Provincial Summary* (Statistical Series 57) is available on the EUB Web site at <www.eub.gov.ab.ca> or from EUB Information Services, at (403) 297-8190. ❖

Youth and Energy Development Initiative is educating and entertaining Alberta kids

THE EUB'S YOUTH AND ENERGY Development Initiative (YEDI), made up of three entertaining and interactive learning components, is now helping to educate Alberta's kids about oil and gas.

Deborah Eastlick, YEDI's project coordinator, says, "Initial feedback for YEDI has been

extremely positive, with kids and teachers across the province telling us they're having fun and learning about Alberta's oil and gas industry at the same time."

Each component of the YEDI program uses hands-on activities to teach kids about various oil and gas issues, such as the history of the industry, sour gas development, flaring and venting, field inspections, health and safety issues, career opportunities, and a lot more. Materials target grades 3 to 7 as a supplement to the mandatory requirements of the Alberta Learning Science Curricula.

There are three components of the YEDI program:

- **Science-in-a-Crate** - In partnership with Science Alberta Foundation, the EUB offers a treasure trove of scientific activities designed to engage minds through hands-on learning about oil and gas, including a drilling exercise and an odour detection exercise. Science-in-a-Crate is used mainly by schools, but is also suitable for libraries, museums, and community groups anywhere in the province.

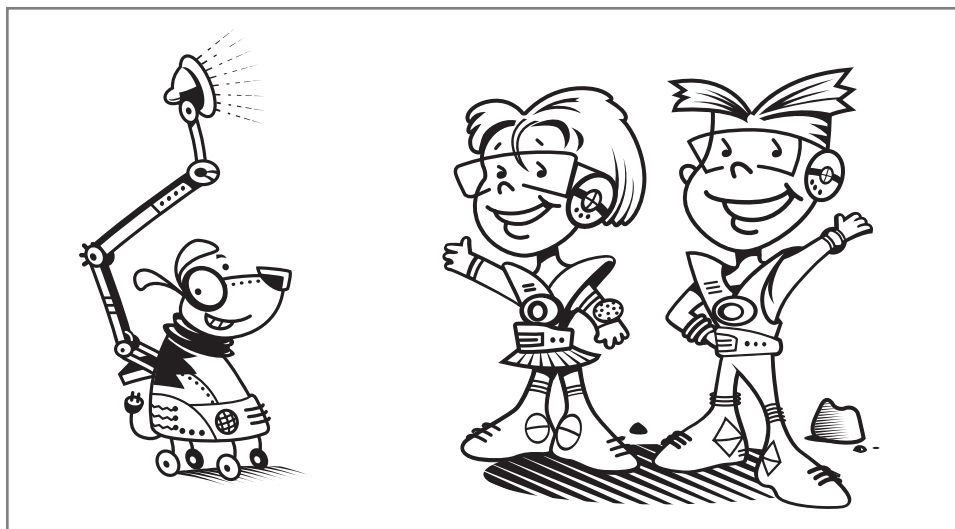
Log onto <www.eubkidzone.gov.ab.ca> and encourage your kids to start exploring the world of oil and gas.

- **Petroleum Play Activity Booklets** - In the *Petroleum Play Activity Booklet*, RO-VR the EnerBot and Enerbuddies Emmy and Nick take kids on a journey through time to show the amazing world of petroleum. Whether it's by making a sedimentary sandwich or figuring out the best route to lay a pipeline, kids will learn without even realizing it!

- **Children's Web Site** - Many of the exciting exercises developed for the *Petroleum Play Activity Booklet* are also available on Children's Web site. That's right: just log onto <www.eubkidzone.gov.ab.ca/main.html> and encourage your kids to start exploring the world of oil and gas.

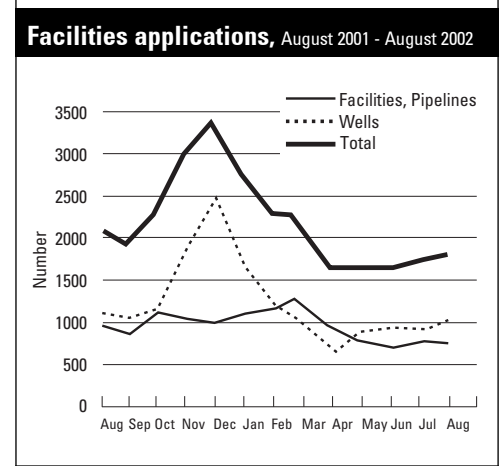
Following a sneak peak of the site earlier this month, the Oklahoma City-based Interstate Oil and Gas Compact Commission named the EUB Kidzone Web site its "best practice" for the month of September. The Interstate Oil and Gas Compact Commission is an organization of 37 American states that promotes conservation and efficient recovery of domestic oil and natural gas resources while protecting health, safety, and the environment.

For more information on the YEDI program or to participate, contact Deborah Eastlick at (403) 297-2252. ♦



Applications Summary

Facilities applications, 2002	August
Production facilities	102
Pipelines	649
Wells	1068
Total received	1819
Total approved	1660
Closed	12
Withdrawn	67



Resource applications, 2002	August
Equity (rateable take, common carrier, common purchaser, common processor, compulsory pooling, special spacing)	93
Conservation (resources – oil, gas, and in situ bitumen; gas removal, enhanced recovery, water disposal, concurrent production, underground storage, commingled production, reserves)	108
Depletion administration (good production practice, penalty relief)	24
Corporate (transfer)	15
Mining (coal and mineable oil sands)	2
Total received	242
Total completed	179

Utilities applications, 2002	August
Electric	16
Gas	5
Facilities	8
Franchises and others	16
Total received	45
Total completed	33

Corporate transfers and name changes applications, 2002	August
Well licence transfers	1299
Well licence name changes	1135
Pipeline licence transfers	170
Facility licence transfers	77
Total received	2681
Total completed	2641

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
1273217	BP Canada Energy Company	Rateable take - Blackstone Beaverhill Lake A Pool
<i>Start Date: October 31 at Govier Hall, Energy and Utilities Board Building, 640-5th Ave SW, Calgary</i>		
1086695 et al.	Canadian Natural Resources Limited	New and amended primary recovery schemes
1247165 et al.		Applications for 55 well licences Lindbergh Sector, Cold Lake Oil Sands
<i>Start Date: November 5 at Elk Point Community Centre, 4906 - 51 Street, Elk Point</i>		
1248262	Petrovera Resources Limited	Primary recovery scheme - Applications for 16 well
1086164 et al.		licences - Lindbergh Sector, Cold Lake Oil Sands
<i>Start Date: November 13 at Elk Point Community Centre, 4906 - 51 Street, Elk Point</i>		
1250462 et al.	Manhattan Resources Ltd.	Pre-Hearing: Natural gas wells and pipeline, Strathcona
		County area - (Applications No. 1250462, 1254063, 1260250, 1260253, 1260257, 1269744, 1270601)
<i>Start Date: November 19 at Sherwood Park Best Western, 2100 Premier Way, Sherwood Park</i>		
1259861	Coastal Resources Limited	Pre-Hearing: Section 40 review of well application
		No. 1257748 and section 26 review of pipeline application No. 1269146
<i>Start Date: November 20 at Sherwood Park Best Western, 2100 Premier Way, Sherwood Park</i>		
1271653	Husky Oil Operations Ltd.	Compulsory Pooling Application - Cordell Field
<i>Start Date: November 21 at Govier Hall, Energy and Utilities Board Building, 640-5th Ave SW, Calgary</i>		
1271597	City of Calgary	Pre-Hearing: Generic Cost of Capital hearing
		Electric and Gas Utilities
<i>Start Date: November 26 at Govier Hall, Energy and Utilities Board Building, 640-5th Ave SW, Calgary</i>		

Pending Decisions

Application No.	Applicant	Hearing Purpose
1058461 et al.	Anderson Exploration Ltd.	Approval to produce gas
1078980	Anderson Exploration Ltd.	Section 43 review Applications 1069381 and 1069382 - Approval to produce gas
1086353	Franco-Nevada Mining Corporation	Section 42 review Applications 1039410 and 1047055 - Approval to produce gas
1073875	Anderson Exploration Ltd.	Review of the impact of continued gas production on bitumen recovery
1062688 et al.	AEC Oil and Gas (AEC)	Approval to produce gas
1085736 et al.	BP Canada Energy Company	Approval to produce gas - Leismer field
1085793	Petro-Canada Oil and Gas	Shut-in gas production - Chard area
1089982 et al.	Paramount Resources Limited	Approval to produce gas
1090128 et al.	Rio Alto Exploration Ltd.	Approval to produce gas
1256085	PanCanadian Resources Corporation	Application to shut in gas - Christina Lake
1097090	EUB Staff Submission Group	Potential impact of gas production on bitumen recovery
1247777	Centrica Canada Limited	Application to construct and operate sweet gas pipeline and sweet oil effluent pipeline. Application 1269154 is proposed alternative pipeline route - Bruderheim
1274215	Talisman Energy Inc.	Enlargement of Turner Valley Unit No. 5 Turner Valley Field
1274179	Bushmills Energy Corporation	Compulsory Pooling - Medicine Lodge Field
2000234	ATCO Electric Ltd., ATCO Gas and Pipelines Ltd., Northwestern Utilities Limited (ATCO Group)	Affiliate Transactions and Code of Conduct Proceeding; Part B: Code of Conduct
1251205	ATCO Electric Ltd.	2001-2002 Isolated Generating Units Re: Depreciation Adjustment
1244140	ESBI Alberta Ltd.	Article 24 Compensation Rainbow and Rosedale Generating Units
1269027	AUMA, IPPSA, SPPA, IPCCAA, REAs and AAMD&C	Request for review of UCO 2002-06

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Tell us how we're doing

What information did you find useful? What do we need more/less of? Please send your comments and suggestions to <acrosstheboard@eub.gov.ab.ca>.

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

Information Sales
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4999-98th Avenue
Edmonton, Alberta T6B 2X3
Telephone: (780) 422-2767* 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
Telephone: (780) 427-4901* 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*
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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