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Let's Talk: A Joint Energy Industry Conference

Build on your negotiation and dispute resolution knowledge and skills by attending this one day industry event.

To be held:

Wednesday April 28, 2004
Telus Convention Centre
Calgary, Alberta
7:30 am - 6:00 pm

For More Information and to Register:
Canadian Association of Petroleum Landmen
<<http://www.landman.ca>> or (403) 237-6635

Sponsored by C2C ADR Council
C2C ADR Council includes CAPL, PJVA, CAPLA, PASC, CGPA, CAPP, SEPAC, EUB, NEB, ADRI, AAMS, CBA ADR Calgary & Calgary Chamber of Commerce

About the EUB

Our mission is to ensure that the discovery, development, and delivery of Alberta's energy resources and utilities services 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 two core functions: adjudication and regulation, information and knowledge.

Albertans consulted on coalbed methane

On March 30th, coalbed methane (CBM, also known as natural gas from coal or NGC) took centre stage in Rocky Mountain House during the first of six Department of Energy-led public information and consultation sessions.

People who attended the information and consultation sessions were crystal clear and consistent in their desire for a cautious approach to developing this resource in the Alberta.

CBM is on the radar screen of people and companies across the province due to the large size of this potential natural gas resource and, more importantly, for potential issues associated with its development in the province.

With the recent increases in natural gas prices, maturing conventional natural gas reserves and new technologies, interest in producing CBM is increasing.

CBM is currently in the early stages of development in Alberta. Both industry and government are proceeding with CBM development based on both the knowledge of CBM issues in other jurisdictions and current data from Alberta operations.

These public information and consultation sessions follow the formation of a cross-ministry/EUB team to review and consult about CBM issues and regulations.

EUB's Role

Currently, CBM is developed in Alberta under the same stringent EUB regulations as all natural gas. These regulations are sufficient to deal with the current pace of development in this province. Both Alberta Sustainable Resource Development (ASRD) and Alberta Environment (AENV) also have rules and regulations that apply to CBM development.

As with all energy development in the province, the EUB is responsible to ensure the safe and responsible development of Alberta's energy resources.

Albertans' Concerns

During the question period of each session, consistent themes related directly to CBM were:

- Water production and disposal
- Well spacing
- Royalties and tenure
- Enforcement of rules and regulations
- Company disclosure of CBM plans

What is CBM?

CBM is sweet natural gas found in coal seams. It is used for home heating, gas-fired electricity generation, and industrial fuel. This natural gas was created through a process called 'coalification' which converts organic plant matter into coal over millions of years.

CBM is also referred to as an 'unconventional' form of natural gas due to its quality of bonding to coal instead of being trapped in the pore space of rock as is most conventional natural gas.

How is it produced?

CBM is produced by reducing the pressure in a coal seam so the methane gas flows through fractures in the coal into the well bore. The natural gas then flows up to the surface. If few natural fractures exist, producers may use hydraulic fracturing to create channels in the coal.

When the natural gas reaches the surface, it is compressed and transported through natural gas pipelines. Standard drilling and extraction technology is used or adapted as conditions require.

(continued on page 2)

For Your Information...**Recent EUB publications****General Bulletins**

April 13: Bulletin 2004-10: Changes to EUB Dead Weight Gauge Comparison Requirements

April 13: Bulletin 2004-09: Consultation Regarding Proposed Amendments of Regulations on the Abandonment of Wells, Facilities, and Pipelines

News Releases

April 22: NR 2004-13: EUB approves refund for ATCO Electric customers

April 13: NR 2004-12: EUB releases reasons for granting Compton hearing adjournment

March 16: NR 2004-10: EUB approves Compton request for adjournment of hearing

Other Publications

April 20: Guide 14: PVT and Core Studies Index (April 2004)

April 13: Conference Announcement: C2C ADR Council is offering a one-day conference "Let's Talk" on negotiation and conflict management on Wednesday April 28, 2004 in Calgary. This event will feature the release of the C2C ADR Handbook

Recent Decisions

April 22: Decision 2004-032: ATCO Electric Ltd. 2004 Interim Distribution Tariff and 2004 Rider G

April 20: Decision 2004-033: Errata Decision 2004-033: Aquila Networks Canada (Alberta) Ltd. Errata to Decision 2004-031 Distribution Tariff Update and Request for a Deferral Account to Manage Annual AESO Charges

April 13: Decision 2004-031: Aquila Networks Canada (Alberta) Ltd. Distribution Tariff Update and Annual AESO Charges Deferral Account

March 30: Decision 2004-030: Addendum to Decision 2002-037 ATCO Gas and Pipelines Ltd. Disposition of Calgary Stores Block and Distribution of Net Proceeds – Part 2

March 30: Decision 2004-029: Errata to Decision 2004-023 2004 Interim Rates Application Released: March 30, 2004

March 23: Decision 2004-028: AltaLink Management Ltd. and TransAlta Utilities Corporation Final Transmission Tariff for May 1, 2002 - April 30, 2004 TransAlta Utilities Corporation Final Transmission Tariff for January 1, 2002 - April 30, 2002 Compliance with Board Directions

Albertans consulted on coalbed methane *(continued from page 1)***How much is in the ground?**

A study completed by Alberta Geological Survey (AGS), a branch of the EUB, in the fall of 2003, indicated that as much as 500 trillion cubic feet (tcf) of the resource lies beneath the Alberta landscape.

It is unknown how much of this resource can be extracted with today's technology and under current economic conditions.

The Sessions

The public information and consultation sessions were held in locations throughout Alberta that have experienced, or have the potential to experience, CBM/NGC development. They were held in:

- Rocky Mountain House
- Wetaskiwin
- Stettler
- Barrhead
- Strathmore
- Drayton Valley
- Pincher Creek

At each session, the presenters from Alberta Energy, Alberta Environment, Alberta Geological Survey, the EUB and ASRD made short presentations followed by open questions from the audience.

Between 70 and over 180 landowners, local residents, local media, and government representatives attended each of the sessions.

EUB's Role

To December 31st, 2003, approximately 1,000 CBM wells were drilled in the province with about 400 producing CBM.

Next Steps

Public input obtained from the sessions will be included in a final report and recommendations on CBM development in Alberta to be put forward to the provincial government in November 2004.

For more information:

EUB <<http://www.eub.gov.ab.ca/BBS/public/EnerFAQs/EnerFaq10.htm>>

Alberta Department of Energy

<http://www.energy.gov.ab.ca/gmd/images/Coalbed_Methane/GAM_AppB3_background.pdf> ❖

EUB updates requirements for sweet to sour pipeline conversion

Converting an existing pipeline over from sweet service to sour service isn't easy, and the EUB is in the process of updating its technical and application requirements for companies looking to do just that.

Right now, EUB Operations pipeline staff must evaluate applications for such conversions on a case-by-case basis. Companies need to show that the pipelines are built of materials meeting today's requirements. They also need to provide the EUB with information to show that the pipelines meet all current design and construction requirements of the *EUB Pipeline Regulations* and CSA Standards for oil and gas pipelines.

That means they need to ensure that the properties of the steel material, are good enough to prevent sulphide stress cracking, which might result when sour gas is introduced into the pipeline. Also, welds must be evaluated to verify their quality, the pipeline must be pressure-tested to confirm its strength, and it must be shown that corrosion has not affected pipeline integrity.

Currently, EUB Operations pipeline staff oversee all of these requirements, and with between 30 to 40 sour service conversions in Alberta last year, it has kept them busy.

Now, as part of Recommendation 24 from the Public Safety and Sour Gas Advisory Committee, the EUB is improving the whole process by making the technical requirements for conversion clear and easily accessible for companies in an appendix to the EUB's *Guide 56: Energy Development Applications and Schedules*.

The result is that companies will no longer need to keep asking EUB staff for information on what is required. They can go ahead and do all the technical and logistical legwork. When they're finished, they can submit their full application to the EUB.

That doesn't make it any easier for landowners to deal with the concept of sour gas being on their property. Now,

nearly one-third of all natural gas produced in Alberta is sour.

A growing number of companies that have traditionally been developing sweet gas are now discovering that there are sour gas pools adjacent to existing sweet pools.

"Once a company has obtained a Petroleum and Natural Gas lease for that pool from the government, they have the right to come back to a landowner and say 'We're done producing the sweet gas, but now we'd like to get at this sour pool that we can tie into our existing pipeline,'" says Greg Gilbertson, senior advisor of the EUB's Public Safety Implementation Team. "People often don't like to hear that."

Gilbertson says it's a rigorous process for companies to convert, should they decide the sour gas is economically feasible to develop. Once sour gas is involved, people can become uneasy and concerned.

The need for an ERP

An emergency planning zone (EPZ) is a priority area surrounding a well, pipeline or facility where immediate response actions are required in the event of an emergency and is based on the release volume from the pipeline. This is because pipelines can vary greatly in size, in operating pressures, and of course, in sour gas content. If an EPZ takes in residences, then a "site specific" EPZ must be established. "This results in company officials coming around and asking very specific questions of landowners, such as: 'How many children do you have, and what ages are they?' That can be very unsettling."

Those questions are necessary because companies need to clearly establish defined emergency response plans when sour gas is involved—something sweet gas doesn't require.

Gilbertson adds that the Public Safety and Sour Gas Advisory Committee heard a lot of public feedback about sour gas during

a province-wide consultation program in public forums, email, and telephone calls. One comment they heard was that some people feel converting pipelines from sweet to over 1 per cent sour gas is easy and is done all the time.

"Technically, that is a very large jump," says Pesta. "And of course there are a number of very specific requirements and permit applications that must be followed to the letter before this happens."

Even after a company has converted its pipeline, EUB Field Surveillance staff can conduct random inspections to make sure all the requirements are being followed.

As more of Alberta's sour gas reserves become developed, the EUB handles not only all technical and regulatory requirements necessary, but is also ready to communicate openly to reduce anxiety about the process.

"We never take a chance with public safety issues," says Gilbertson. "The public has a right to know about every step of the process and how it may affect them. Between the EUB and the strong public consultation work done by industry, we deliver that to them." ❖

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
1315997	ATCO Pipelines	2004 GRA Phase II
Start date: May 4, at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1314061	Encana Corporation	Application for a holding for reduced gas well spacing - Entice, Hussar, Redland and Rockyford Fields
Start date: May 6, at Strathmore Lodge, 350 Ridge Road, Strathmore		
1310027	Fairborne Energy Ltd.	Special gas well spacing - Edmonton Group Coals Chigwell Field
Start date: May 17 at Green Way Inn, Highway 2A, Lacombe AB		
1318645	Shaker Resources Inc.	Application for a common carrier order-Redwater Field
Start date: June 3		

Pending decisions

Application No.	Applicant	Hearing Purpose
1305189	Anadarko Canada Corporation	Application for a holding and suspension of DSU and target provision - Glauconitic-Gas-Westrose South Field
1333566		Phase 3 proceeding under bitumen conservation requirements and applications for approval to produce gas - Athabasca Wabiskaw McMurray
1067996		
1283132		
1290220		
1294457		
1299696		
1323828	ATCO Gas	2003/2004 General Rate Application Compliance Filing
1318476	ATCO Pipelines - Division of ATCO Gas and Pipelines Ltd.	Applications for exemptions from ATCO Group Inter Affiliate Code of Conduct (The ATCO Group)
1317782	ATCO Gas - Division of ATCO Gas and Pipelines Ltd.	Application for exemptions from ATCO Group Inter Affiliate Code of Conduct (The ATCO Group)
1317233	Aquila Networks Canada Ltd. and Aquila Networks Canada (Alberta) Ltd. Fortis Alberta Holdings Inc.	Share transfer and ANCA financing matters application
1318425		
1257976	Aquila Networks Canada (Alberta) Ltd.	Review of Board Decision 2001-92 (GENCO and DISCO 2000 pool price deferral accounts proceeding: Part K: recovery period, carrying cost rates, collection issues, and hedging issues) and Board Decision 2001-93 (2000 pool price deferral accounts proceeding, Part L: review of AE and UNCA DISCOS)
1310259	ATCO Group (ATCO Electric, ATCO Gas, ATCO Pipelines)	Executive compensation review
1306820	EPCOR Energy Services (Alberta) Inc.	2004 Regulated Rate Tariff
1317308	EPCOR Energy Services (Alberta) Inc.	2004-Non-Rate classification customer regulated rate tariff
1332718	ATCO Electric Ltd.	2004 Interim DT and 2004 Rider
1317784	ATCO Electric	Application for exemptions from ATCO Group Inter Affiliate Code of Conduct (The ATCO Group)
1275505	City of Airdrie	Application for determination of terms and price of potential purchase of the electric distribution system within the municipality from Aquila Networks Canada (Alberta) Ltd.

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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*
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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