



across

# THE BOARD

March 2006

## Busting the myths behind CBM

**Canadian Association of Members of  
Public Utility Tribunals (CAMPUT)**

**2006 CAMPUT Annual Conference**

**"Effective Energy Regulation in an  
Evolving Policy Environment"**

**May 14 - 17, 2006**

**The Westin Hotel  
Ottawa, Ontario**

CAMPUT is a self-supporting, non-profit organization of federal, provincial, and territorial boards and commissions responsible for the regulation of the electric, water, gas, and pipeline utilities in Canada.

For more information, go to [www.camput.org](http://www.camput.org) or call (403) 547-3305.

### 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, 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.

**A**mong the many reality shows currently running on television is one called Mythbusters, in which commonly held perceptions are tested and usually proven false. Given the complexity and pace of oil and gas development in Alberta, the EUB often finds it necessary to engage in its own version of Mythbusters by supplying information, responding to questions or correcting the record when misinformation is purposely or inadvertently circulated.

Just like the show, most of the topics change from week to week as different issues come to the fore, but some are more persistent and require a greater degree of attention. One such issue is concern around industry's burgeoning interest in coalbed methane, or CBM, and how its development may impact individuals and communities.

Because CBM is in its infancy in Alberta, there are many things about it that are not well understood in the public arena. A lack of understanding can lead to mistrust or suspicion, which in turn fosters the propagation of misinformation, or myths.

CBM is natural gas contained in coal. It consists primarily of methane, the gas we use for home heating, gas-fired

electrical generation, and industrial fuel. CBM is classified as sweet gas, as it contains no hydrogen sulphide (sour gas).

Because CBM is nothing more than natural gas contained in coal, it is subject to the same drilling, production, and operational requirements and regulations as other natural gas. The major difference between CBM and conventional gas development is that

**In 2005, about 3000 CBM wells were drilled in Alberta, while the EUB received fewer than 20 complaints related to CBM development.**

more wells are required to effectively recover gas from coal seams.

CBM development has grown substantially in Alberta since 2001, although as a percentage of overall activity it is still negligible when compared to

conventional natural gas drilling. As of December 31, 2004, there were approximately 1750 producing CBM wells in the province.

Nonetheless, it is apparent that the potential size of CBM reserves in Alberta, coupled with rising North American gas prices and declining conventional production, will likely provide the market conditions necessary to foster industry's interest in continued CBM development.

The EUB forecasts that CBM production will increase from about 21 billion cubic feet (bcf) in 2004 to 539

## Recent EUB publications

### News Releases

**February 28:** News Release (NR2006-08): Shiningbank Energy sweet gas well blowout brought under control

**February 24:** News Release (NR2006-07): EUB working with Shiningbank Energy to control sweet gas well blowout in Northwestern Alberta

**February 7:** News Release (NR 2006-06): EUB Issues Decision on Advantage Applications Near Wildwood

**February 6:** News Release (NR 2006-05): EUB Releases Findings of Celtic Blowout Investigation EUB Directs Industry to Strengthen Explosion Prevention Measures

**January 31:** News Release (NR 2006-03): EUB Releases Addendum on Chestermere Pipeline Term of Operation

### Bulletins

**March 13:** Bulletin 2006-09: EUB Spatial Data Conversion to NAD83 - Extension of Deadline

**March 9:** Bulletin 2006-10: EUB Supports Provincial Efforts to Prevent Wildfire—Albertans Require Burning Permits Starting March 1

**March 2:** Bulletin 2006-08: Resource Management Reports and Performance Presentations for In Situ Oil Sands Schemes

**February 16:** Bulletin 2006-07: Directive 036: Drilling Blowout Prevention Requirements and Procedures-Revised Edition (Released: February 16, 2006)

**February 2:** Bulletin 2006-06: Revised Edition of Directive 018 Negotiated Settlement Rules

**February 1:** Bulletin 2006-04: CSA Z662-03, Annex M and N Supplement No. 1 Issued

### Publications

**March 8:** ST-102: Facility List replaces Guide 41 and Guide 42 Guide 41 and Guide 42 being replaced with new publication ST 102: Facility List effective March 28

**February 16:** Directive 037: Service Rig Inspection Manual

**February 16:** Directive 036: Drilling Blowout Prevention Requirements and Procedures

**February 6:** Directive 033: Well Servicing and Completions Operations - Interim Requirement Regarding the Potential for Explosive Mixtures and Ignition in Wells

**February 2:** Directive 018: Negotiated Settlement Rules

**February 1:** Directive 030: Digital Data Submission of the Annual Oilfield Waste Disposition Report

**January 31:** Directive 027: Shallow Fracturing Operations-Interim Controls, Restricted Operations, and Technical Review

### Decisions

**March 10:** Decision 2006-025: Burlington Resources Canada Ltd. Prehearing Meeting Applications to Construct and Operate a Well, Compressor, and Two Pipelines Marsh Field, Gregg Lake, Hinton Area

**March 8:** Decision 2006-020: ATCO Pipelines North and South Other Pipeline Receipt (OPR) Rate Changes

**March 7:** Decision 2006-021: Avenir Diversified Income Trust Application for Common Carrier Declaration Taber Field

**March 7:** Decision 2006-018: Bonavista Petroleum Ltd. Application for a Pipeline Licence Cygnet Field

**March 1:** Decision 2006-016: ATCO Gas Amendment to Decision 2005-039 2003/2004 General Rate Application Impact of the Retail Transfer and ITBS Volume Forecast

**March 1:** Decision 2006-015: ATCO Electric Ltd. Amendment to Decision 2005-037 2003/2004 General Tariff Application Impact of the Retail Transfer and ITBS Volume Forecast

**February 24:** Decision 2006-014: ATCO Gas 2005-2007 General Rate Application – Phase I Errata of Decision 2006-004

**February 23:** Decision 2006-017: Baytex Energy Ltd., Application for Licences for a Well and a Pipeline, Redwater Field

**February 21:** Decision 2006-012: FortisAlberta Inc. Inter-Affiliate Code of Conduct Compliance Plan

**February 21:** Decision 2006-013: FortisAlberta Inc. Request for Permission to Negotiate Portions of its 2006/2007 GTA

**February 21:** Decision 2006-011: FortisAlberta Inc. 2004 AESO Charges Deferral Account

**February 21:** Decision 2006-008: PrimeWest Energy Inc. Application for Common Carrier and Common Processor Declarations Clear Hills Field

**February 21:** Decision 2006-009: Canadian Natural Resources Limited Applications for Licences for a Pipeline and a Battery Fort Kent Field

## Busting the myths behind CBM

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bcf in 2014. In terms of total Alberta marketable gas production, this represents an increase from less than 0.5 per cent in 2004 to about 12 per cent in 2014.

At best, the prospect of large-scale development of a resource that isn't well understood causes suspicion among the public. At worst, it creates fear and anger, providing an audience for those willing to promote misinformation and mistrust. This is how myths are born.


In Alberta, even though the regulatory environment is arguably the most stringent in the world and CBM development is strictly regulated (as is all natural gas development), mistrust can still exist and create myths. Right now, there are three big myths that are repeated at town hall meetings, to the media, to the EUB, to industry, and to the government:

**Myth.** Huge quantities of saline water production from CBM development will destroy agricultural lands and fresh water aquifers will be depleted.

**Reality.** CBM wells may be dry or may produce either saline (salt) water or non-saline water. Extensive and strict regulations exist that pertain to water and energy development in Alberta. EUB regulations ensure that produced water is disposed of appropriately through deep well injection or in an approved waste management facility.

Alberta Environment requires operators to obtain a groundwater diversion permit when non-saline water is produced from any type of well, including CBM.

Additionally, fresh water aquifers are specifically protected by EUB regulations. Other requirements are in place to address the use of completion fluids and the



segregation of water from various geological zones.

The EUB takes water production associated with the energy industry very seriously and, through a collaborative approach with Alberta Environment, ensures that Alberta's water and agricultural lands are protected.

**Myth.** CBM development will result in large tracts of land being compromised.

**Reality.** It is known that CBM development requires a greater number of wells to optimize recovery of the gas. For all shallow gas development, spacing of four wells per section per pool has become common practice.

To minimize surface disturbance, the EUB encourages appropriate land-use practices, such as drilling multiple wells from a single surface location and alignment of roads or pipelines along natural field breaks. The result is reduced surface disturbance, while allowing the necessary number of subsurface well penetrations of the coal seam for optimum recovery.

The EUB encourages companies to collaborate on compressor station development and use existing infrastructure, such as roads and pipelines, where possible.

Additionally, the EUB recommends that companies develop a project planning approach to CBM development and communicate early and often with individuals and communities where they intend to operate.

The EUB has regulations and requirements regarding participant involvement and community notification in *Directive 056: Energy Development Applications and Schedules*. Companies are required to provide notification and consultation to ensure that directly affected parties have an opportunity to register their concerns if they choose.

**Myth.** There are no regulations governing CBM development in Alberta.

**Reality.** Regulations are currently in place to address all issues associated with CBM development. Even so, the EUB constantly evaluates its regulatory framework to ensure that regulations are effective.

Over the past two years, the EUB has worked diligently to address concerns about CBM development in Alberta through an emphasis on communication, collaboration, and project-based planning.

In fact, the EUB receives a very low number of complaints about CBM development from the public. In 2005, about 3000 CBM wells were drilled in Alberta, while the EUB received fewer than 20 complaints related to CBM development. All public complaints receive an EUB response.

It can be frustrating to deal with communities or landowners in areas where myths have propagated, but most landowners are intelligent, reasonable people who know the difference between good and bad information. By providing the best available information and taking time to answer questions, the EUB has discovered that mythbusting provides an opportunity not just to tell the truth, but also to build trust and relationships with the landowners and industries that we serve. ■

## ***EUB Directive 027: Shallow Fracturing Operations now in effect***

The EUB has released *Directive 027: Shallow Fracturing Operations* to address concerns about groundwater protection related to CBM development. The new directive became effective on January 31, 2006, and strengthens existing fracturing regulations to protect groundwater and the environment. This is a proactive measure; to date, no fractures have impacted water wells in Alberta.

*Directive 027* includes a prohibition on fracturing within a 200 metre (m) radius of water wells whose depth is within 25 m of a proposed well (see *Directive 027*, available on the EUB Web site at <[www.eub.ca](http://www.eub.ca)>, for more information). Companies are also required to conduct a comprehensive fracturing program design prior to conducting fracturing operations.

*Directive 027* adds to existing EUB regulations that already had strict rules for well construction. Companies could only fracture using non-toxic substances above the base of groundwater protection, no zone containing non-saline water could be contaminated, and fracturing operations could not reach any wellbore, including oilfield wells and water wells, at any point. ■

## Upcoming Public Hearings

Application No.	Applicant	Hearing Purpose
1422382	ENMAX Power Corporation (Cancelled Hearing on March 6, 2006)	2006 Transmission Tariff
Start date: March 20, Deadline for interested party submissions on need for oral hearing		
1412090 1413263	Baytex Energy Ltd.	Application for Licences to: drill one vertical gas well (Mannville Group); and construct and operate a steel pipeline
Start date: March 21, The Coast Terrace Inn - Edmonton South, 4440 Gateway Boulevard, Edmonton, AB		
1422652	Bearspaw Petroleum Ltd.	Application for Compulsory Pooling
Start date: March 23		
1407946	ATCO Gas, ATCO Electric, ATCO Pipelines	2005-2007 Common Matters Filing
Start date: Commencing May 2, 640 - 5 Avenue, Govier Hall, EUB Offices, Calgary, AB		
1416243	ConocoPhillips Canada Resources Corp.	Application for a licence to drill a well northwest of Westeros
Start date: May 10, Lakedell Agricultural Society, Lakedell Road, Westeros, AB		
1434992	FortisAlberta Inc.	2006/2007 Distribution Tariff Application
Start date: May 29		
1411635	ATCO Gas	Retailer Service and Gas Utilities Act Compliance Phase 2: Part B Process
Start date: June 6, NEB, Calgary, AB		

## Pending Decisions

Application No.	Applicant	Hearing Purpose
1379164	Prospex Resources Ltd.	Application for Well Licence - Garrington Field
1374936	Eravista Exploration Ltd.	Application for Special Spacing - Medicine River Field
1376620	Langdon WaterWorks Limited	General Rate Application - Further Process Regarding Partial Negotiated Settlement and Outstanding Matters
1399997	ATCO Electric Ltd.	2005-2006 General Tariff Application
1389884	EPCOR Transmission Inc.	2005/2006 Transmission Facility Owner Tariff
1389885	EPCOR Distribution Inc.	2005-2006 Phase I Distribution Tariff
1397602	EPCOR Distribution Inc.	2005/2006 Phase II Distribution Tariff
1389878 1389879	EPCOR Energy Inc. EPCOR Energy Alberta Inc.	2005-2006 Regulated Rate Tariff Non-Energy Application
1378400	Avenir Diversified Income Trust	Application for a Common Carrier - Taber Field
1402289 1402290	Fairborne Energy Ltd. Devon Canada Corporation	Applications regarding entitlement to CBM at an oral first stage Review and Variance Proceeding
1380004 et.al. 1406764 1389093 1416605	Bearspaw Petroleum Glacier Energy Limited Cansearch Resources	
1415327	ATCO Pipelines North and South	Other Pipeline Receipt (OPR) Rate Changes

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.ca/docs/applications/hearings/hearings.pdf](http://www.eub.ca/docs/applications/hearings/hearings.pdf)>. If you do not have Internet access, contact EUB Information Services at (403) 297-8190.

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

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### 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](mailto: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*
Fort McMurray	(780) 743-7214*
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.

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