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EUB sour gas development planning and proliferation bulletin released

The EUB has recently released *Bulletin 2004-08*. Following is the full text:

This bulletin introduces industry *Recommended Practices for Sour Gas Development Planning and Proliferation Assessment*, in response to the Public Safety and Sour Gas (PS&SG)

recommendations 7, 32, and 33. The Alberta Energy and Utilities Board (EUB) believes that the recommended practices address the intent of these recommendations.

Recommendation 7 called for the EUB to require developers to conduct proliferation assessments for critical sour wells, pipelines, and facilities. The intent is to reduce impact on people by using existing facilities where possible and ensuring that there is no unnecessary proliferation of facilities.

Recommendations 32 and 33 called for disclosure of existing and future development plans where sour gas is involved near people and encouraged applications for wells and related facilities to be filed together. The intent of these recommendations is to reduce impacts through improved planning and coordination of sour gas development and more effective communication between developers and landowners.

Recommended practices were proposed for consideration following a lengthy consultation process on options for addressing recommendations 7, 32 and 33. Stakeholders included representatives of the Provincial Advisory Committee on Public Safety and Sour Gas, people in sour gas areas, sour gas developers and local government representatives. An

industry task group with representation from the Canadian Association of Petroleum Producers, the Small Explorers and Producers Association of Canada and the Canadian Association of Petroleum Landmen worked with the EUB to document the recommended practices.

The EUB has found that having applicants share planning information with the public increases public knowledge of a specific application and makes subsequent consultation more effective.

The recommended practices apply to all new sour gas well, pipeline, and facility developments where there are people in the emergency planning zone or adjacent to it who desire planning information and an assessment of

proliferation to understand potential impacts. The recommended practices document provides examples of development situations ranging from basic to complex to illustrate the level of planning information that should be prepared to address public interests and issues.

The EUB has found that having applicants share planning information with the public increases public knowledge of a specific application and makes subsequent consultation more effective. Disclosure of proliferation assessments allows people to understand the options considered, their potential impacts, and the opportunities to integrate new facilities with existing sour gas infrastructure.

The EUB expects that

- applicants for sour gas wells that are part of a larger project will disclose the project and, to the extent possible, the full development;

(continued on page 2)

EUB Updates Measurement Guide

The EUB is creating a new guide relating to the measurement of upstream petroleum industry fluids. The guide will consolidate current requirements and provide clarification of existing requirements. It will consist of several chapters, each one dealing with specific types of measurement requirements. The EUB is seeking stakeholder input on sections of the guide as they are developed. They include sections on

1. Standards of accuracy
2. Calibration and proving
3. Proration Factors, Allocation Factors, and Metering Differences
4. Gas Measurement
5. Site-Specific Deviation from Base Requirements

For more information, please visit the following link: <<http://www.eub.gov.ab.ca/BBS/new/Projects/DraftMeasurementGuide.htm>>

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.

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

May 11: Bulletin 2004-14: Electronic application submission: Phase 1 Utilities Branch Applications and filing instructions for interveners

May 4: Bulletin 2004-13: Draft Revised EUB Directive 004: Determination of Water Production at Gas Wells

April 26: Bulletin 2004-11: Consultation on Proposed Changes to the Licensee Liability Rating (LLR) Program and LLR Formula Parameters

April 23: Bulletin 2004-12: Draft Directive: Suspension Requirements for Wells

News Releases

May 12: NR 2004-16: EUB releases Annual Field Surveillance Report

April 29: NR 2004-14: EUB approves sale of Aquila's Alberta subsidiary to Fortis

Other Publications

May 12: ST 2004-57: Field Surveillance Provincial Summary, January - December 2003

May 7: EUB Supplemental Performance Measures: These are performance measures that supplement those in the EUB Business Plan for 2003-2006

May 4: LLR Performance Measures Summary: To March 2004

May 4: Directive 004: Draft for Consultation - Determination of Water Production at Gas Wells

April 23: Draft Directive: Suspension Requirements for Wells (released for feedback) (deadline for feedback June 30, 2004)

Recent Decisions

May 11: Decision 2004-039: ATCO Gas Code of Conduct Exemption

May 4: Decision 2004-027: Aquila Networks Canada (Alberta) Ltd. 2000 Pool Price Deferral Accounts Proceeding Review and Variance of Decisions 2001-92 and 2001-93

May 4: Decision 2004-034: Anadarko Canada Corporation, Applications for Special Gas Well Spacing

April 30: Decision 2004-037: Direct Energy Regulated Services Electricity Regulated Rate Tariff Transition Rate

April 30: Decision 2004-038: ATCO Pipelines 2003/2004 General Rate Application – Phase I Compliance Filing

April 29: Decision 2004-035: ANCL/ANCA and Fortis Alberta Share Transfer and Financing Applications

April 28: Decision 2004-036: ATCO Gas 2003/2004 General Rate Application Compliance Filing

Sour gas development planning and proliferation assessment (continued from page 1)

applicants within a common area will evaluate and implement feasible alternatives to minimize sour gas development impacts¹ by sharing information, pooling efforts and resources, and using common roads, pipelines, utility rights-of-way, processing facilities, and other general infrastructure;

- existing operators will cooperate with applicants for new facilities to minimize the impacts of sour gas development on people; and
- applicants consider changes to their development plans in response to public input.

These recommended practices are in keeping with the EUB's desire to see continuous improvement in the following areas:

- public consultation and understanding of the broad implications of proposed sour gas development near people;
- understanding of potential impacts of sour gas development on individual landowners and communities;
- communication with local authorities; and
- integration of proposed sour gas projects with existing production, transportation, and processing infrastructure in a way that minimizes the impact on the public.

The implementation of recommended practices requires an effective communication and awareness program. The EUB will promote awareness with staff, industry, and public stakeholders and participate in opportune public and industry forums for communication and awareness purposes. The EUB expects industry associations and individual companies to communicate the recommended practices to their members, employees, and contractors and to work with the EUB to monitor and evaluate its use and effectiveness.

The use of the recommended practices will be monitored for a two-year trial period commencing June 1, 2004. The EUB envisages a monitoring process involving representatives of the Provincial Advisory Committee on Public Safety and Sour Gas, industry, public, and EUB staff to evaluate the effectiveness of the recommended practices in addressing the Provincial Advisory Committee's recommendations. Once the trial is complete, recommendations from the monitoring process will be considered by the EUB and may result in changes to EUB policy and/or regulation.

The EUB encourages sour gas developers to use the recommended practices. EUB staff will support trial implementation by providing clarification of EUB expectations with respect to planning and proliferation assessments when requested by applicants or the public and by facilitating consultation and resolution of issues.

The EUB believes that compliance with existing requirements, coupled with the use of the industry *Recommended Practices on Sour Gas Development Planning and Proliferation Assessment*, will facilitate greater understanding and collaboration among proponents and the public where sour gas development is proposed near people. For further information, contact Martin Vandenberg at (403) 297-4614 or see the following links:

EUB <<http://www.eub.gov.ab.ca/BBS/requirements/ils/gbs/Bulletin-2004-08.htm>>.
CAPP <http://www.capp.ca/default.asp?V_DOC_ID=763&PubID=74373>. ❖

¹ The EUB's objective of minimizing the overall impacts of sour gas development does not necessarily mean that use of existing infrastructure over constructing new facilities is preferred in all circumstances. There are situations where new sour gas facilities may have lower emissions, result in less surface disturbance, and/or affect fewer residents than use of existing infrastructure. In assessing proliferation, the EUB recommends that developers compare these three factors in selecting appropriate development alternatives.

EUB releases flaring and venting report: Solution gas flaring down 70%, solution gas venting down 38%

EUB assists World Bank in reducing global flaring

The Alberta Energy and Utilities Board (EUB) has released *Statistical Series (ST) 2004-60B: Upstream Petroleum Industry Flaring and Venting Report*. The report shows that in Alberta, solution gas flaring has been reduced by 70 per cent since 1996, and solution gas venting has been reduced by 38 per cent since 2000. Solution gas is natural gas that is separated from oil or bitumen production.

EUB experts have worked closely with the World Bank's Global Gas Flaring Reduction Partnership (GGFR) to assist in the development of the global standard. Global venting and flaring levels are estimated to be over 100 billion cubic metres per year, which is similar to the annual gas consumption of Germany and France combined.

These 2003 numbers represent a further reduction from 2002 when flaring was down 62 per cent from the 1996 baseline and venting was down 29 per cent from the 2000 baseline. Solution gas conservation in 2003 was up to 95.4 per cent from 2002's figure of 94.7 per cent.

The reductions in solution gas flaring and venting achieved in 2003 can be attributed to the cooperative efforts of the Clean Air Strategic Alliance (CASA) Flaring/Venting Project Team, the petroleum industry, and the EUB.

EUB Assists World Bank Global Flaring Reduction Efforts

The EUB continues to be a vital part of the World Bank's Global Flaring and Venting Voluntary Standard that was released on May 18, 2004, at a conference in Algiers, Algeria. EUB experts have worked closely with the World Bank's Global Gas Flaring Reduction Partnership (GGFR) to assist in the development of the global standard. Global venting and flaring levels are estimated to be over 100 billion cubic metres per year, which is similar to the annual gas consumption of Germany and France combined.

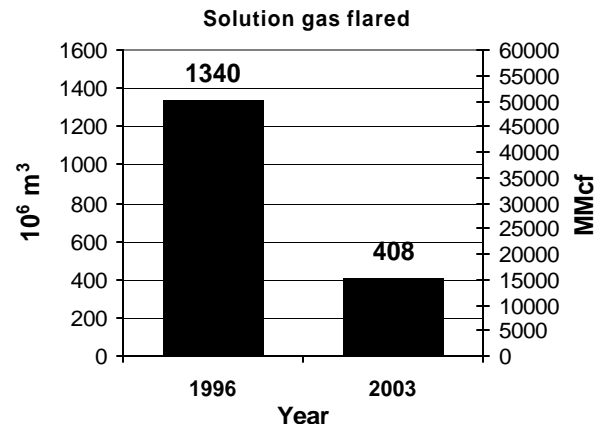
As in Alberta, the standard requires that gas be conserved unless it is deemed to be unrealistic and unreasonable to do so, and this determination must be revisited regularly. Similarly, any flaring or venting that cannot be eliminated will be reduced (as in the EUB's *Guide 60: Upstream Petroleum Industry Flaring Guide*). Technical requirements are also similar to the EUB's *Guide 60*.

EUB staff and Board members have worked closely with the World Bank in an advisory capacity since 2002, when the development arm of the United Nations established its Global Gas Flaring Reduction Partnership (GGFR). In 2003, the World Bank and the EUB co-hosted a workshop on flaring reduction in Calgary, and in 2004 the EUB participated in a World Bank flaring reduction workshop in Indonesia.

EUB FLARING AND VENTING: BY THE NUMBERS

Flaring Reduction

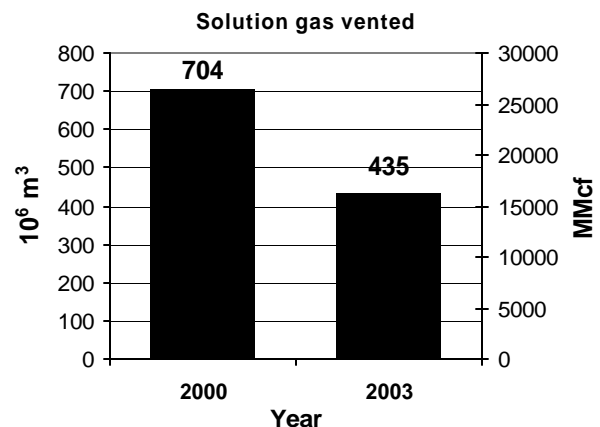
Solution gas for 2003 was 70 per cent less than the 1996 flaring baseline.



- Since 1996, solution gas flaring has been reduced by 70 per cent in Alberta. This achievement has outperformed target levels and represents a further reduction of 8 per cent over 2002.

Solution Gas Venting Reduction

Solution gas venting for 2003 was 38 per cent less than the 2000 venting baseline.



- Since 2000, solution gas venting has been reduced by 38 per cent in Alberta. This is a further 9 per cent reduction from a decrease of 29 per cent in 2002.
- Solution gas conservation has reached an all-time high of 95.4 per cent. Gas conserved can be used for operations or sold on the market.

Statistical Series (ST) 2004-60B: Upstream Petroleum Industry Flaring and Venting Report is available on the Web at <http://www.eub.gov.ab.ca/bbs/products/STs/st60b-2004.pdf>. ❖

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

Appl i cati on No.	Appl i cant	He a ring Purpose
1340139	Bow Valley Energy Ltd.	Compulsory pooling application - Cardiff Field
Start date: July 15, at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1341461	Addison Energy Inc.	Compulsory pooling application - Caroline Field
Start date: July 16, at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1340805	Bears paw Petroleum Ltd.	Compulsory pooling application - Crossfield Field
Start date: July 19, at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		
1330469	City of Edmonton	An application for approval to amend its special
1330470	ATCO Gas and Pipelines Ltd.	franchise agreement with ATCO Gas
Start date: July 22, 12th Floor, 10055 - 106th Street, Edmonton		
1336421	AltaLink Management Ltd. and TransAlta Utilities Corporation	Transmission Tariff for May 1, 2004 to December 31, 2007
Start date: September 21, at Govier Hall, Energy and Utilities Board Building, 640 - 5 Avenue SW, Calgary		

Pending decisions

Appl i cati on No.	Appl i cant	He a ring Purpose
1310259	ATCO Group (ATCO Electric, ATCO Gas, ATCO Pipelines)	Executive compensation review
1271597	AltaGas Utilities Inc. AltaLink Management Ltd. Aquila Networks Canada (Alberta) Ltd. The ATCO Group of Companies ENMAX Power Corporation The EPCOR Group of Companies NOVA Gas Transmission Ltd.	Generic cost of capital
1317784	ATCO Electric	Application for exemptions from ATCO Group inter affiliate Code of conduct (The ATCO Group)
1318476	ATCO Pipelines - Division of ATCO Gas and Pipelines Ltd.	Applications 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.
1315423	Nova Gas Transmission Ltd	2004 General Rate Application Phase I
1306821	EPCOR Distribution Inc.	2004 Distribution tariff
1306819	ENMAX Power Corporation	2004 Distribution tariff
1306818	ENMAX Power Corporation	2004 Regulated Rate Tariff (Non Energy)
1315997	ATCO Pipelines	2004 General Rate Application Phase II

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Tell us how we're doing

Please send your comments and suggestions to <acrosstheboard@gov.ab.ca>.

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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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