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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.

Industry Compliance Record Improves

The EUB regulates Alberta's oil and gas industry by ensuring that petroleum producers adhere to the province's laws and regulations. Central to this function is the role of the EUB's field staff.

Between April 2000 and March 2001, the EUB hired 12 new field inspectors and increased the number of initial inspections to 8279, from 7340 in 1999/2000. In part, these increases are a response to higher levels of industry activity. For example, there were 14 621 wells drilled in 2000/2001—up 27 per cent over the 11 548 wells drilled in 1999/2000.

At the same time, industry's overall compliance record improved slightly, with the percentage of satisfactory inspections increasing to 64 per cent in 2000/2001, from 63 per cent the year before. In addition, the percentage of major/serious unsatisfactory inspections decreased to 3.3 per cent, compared to 3.5 per cent in 1999/2000.

Further planned additions to field staff in 2001/2002 reflect a desire to ensure that the right emphasis is placed on the EUB's surveillance and enforcement roles. They will help the EUB maintain its focus on high-risk operations, operators with poor performance history, and sensitive areas of development.

These figures are a sample of the type of data the EUB publishes in its *Field Surveillance Provincial Summary* (Statistical Series 57, available on our Web site at <www.eub.gov.ab.ca>), which focuses on industry performance and EUB field inspection activities.

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

- Operator history,
- Site sensitivity, 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 those in sensitive operating areas such as proximity to the public or 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 toxic hydrogen sulphide gas (H₂S).

To deal with non-compliance issues, field inspectors employ the Field Surveillance enforcement ladder to ensure that a firm, fair, and consistent approach is taken for all non-compliance situations. Enforcement actions escalate quickly if the company fails to meet EUB requirements.

Between April 2000 and March 2001, the EUB hired 12 new field inspectors and increased the number of initial inspections to 8279, from 7340 in 1999/2000.

The EUB defines its inspection results as follows:

- A satisfactory inspection is an inspection where all regulations and requirements are 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. An example is pipeline signage that is missing, defaced, or displaying incorrect information.
- 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

For Your Information...

Recent EUB Publications

Guides

Guide 31A: Guidelines for Energy Cost Claims

Guide 31B: Guidelines for Utility Cost Claims

Guide 52: Appendix D: Updated to July 2001

Interim Directives

ID 2001-4: Financial Security for Oilfield Waste Management Facilities

ID 2001-3: Sulphur Recovery Guidelines for the Province of Alberta

ID 2001-5: Public Safety and Sour Gas Policy Implementation Recommendations 54, 60, and 61: Site-Specific Emergency Response Plans for Sour Operations, Emergency Planning Zones, and Reduced Planning Zones

General Bulletins

GB 2001-15: Collection and Submission of Well Data to the EUB

GB 2001-16: Reminder: Application of Noncompliance Consequences to S-2 Monthly Disposition Statement - Associated Gas Production Errors

GB 2001-17: Proposed Licensee Liability Rating (LLR) Assessment Expanded Orphan Program Stakeholder Consultation

News Releases

NR 2001-17: EUB Approves New ATCO Electric Rates

NR 2001-18: Alberta's Energy Resource Picture - EUB Releases Report on Energy Resources and Sulphur Reserves and Outlook to 2010

NR 2001-19: EUB Issues Report From AES Calgary ULC Prehearing Meeting

NR 2001-22: Injection Gas Well Blowout in Rainbow oilfield southeast of Rainbow Lake

NR 2001-25: EUB Approves Barrington Plan for Sour Gas Well Abandonment in Shekille Area Northwest of Zama Lake

NR 2001-26: EUB Releases 2000 Flaring & Venting Management Report: Alberta Exceeding Targets for Reducing Solution Gas Flaring; Venting Reductions Targeted

NR 2001-30: EUB Moves AES Hearing to Chestermere to Accommodate Public Participation

NR 2001-32: EUB Assumes Lead Role for Ethane Storage Cavern Fire in Fort Saskatchewan

NR 2001-33: New Sulphur Recovery Guidelines for the Province of Alberta - Grandfathering of Sour Gas Plants Ends in 2016

NR 2001-34: Pipeline and Well Control Update—Ethane Storage Cavern Fire in Fort Saskatchewan

Publications

Publication Notice 2001-6: Alberta's Reserves 2000 and Supply/Demand Outlook 2001-2010: Crude Bitumen, Crude Oil, Natural Gas, Ethane and Other Natural Gas Liquids, Coal, Sulphur

Recent Decisions

June 29: ATCO Gas - South, A Division of ATCO Gas and Pipelines Ltd., Gas Cost Recovery Rate Adjustments (Decision 2001-58)

June 29: ATCO Gas - North, A Division of ATCO Gas and Pipelines Ltd., Gas Cost Recovery Rate Adjustments (Decision 2001-57)

July 6: ATCO Electric Ltd. 2001 Regulated Rate Option Tariff Part D: Energy Supply Arrangements (Decision 2001-59)

July 13: ATCO Electric Ltd. 2001 Regulated Rate Option Tariff Part E: Interim RROT Exit/Entry Provisions (Decision 2001-61)

July 18: Clear Water Unlimited Inc. and 762265 Alberta Ltd. Final Rates (Decision 2001-60)

July 30: UtiliCorp Networks Canada (Alberta) Ltd. 2001 General Tariff Application. Part E: Option B, Preliminary Question (Decision 2001-67)

July 31: ATCO Gas - North, A Division of ATCO Gas and Pipelines Ltd., Sale of Certain Petroleum and Natural Gas Rights, Production and Gathering Assets, Storage Assets and Inventory: Reasons for Decision 2001-46 (Decision 2001-65)

July 31: Range Petroleum Corporation Application for a Well Licence LSD 4-35-70-24W5M, Sturgeon Lake Area (Decision 99-18 Addendum [July 31, 2001])

July 31: Novagas Canada Ltd. Application to modify an Existing Sour Gas Plant and Construct and Operate a Sour Gas Pipeline Harmattan-Elkton Field, BP Canada Energy Company Application to Modify Two Existing Sour Gas Plants, Caroline Field (Decision 2001-62)

August 1: Clear Water Unlimited Inc., 762265 Alberta Limited Final Rates (Decision 2001-66)

August 2: Franco-Nevada Mining Corporation Interim Shut-in of Gas Production 00/10-23-076-07W4M/0 Well Leismer Field (Decision 2001-64)

August 2: Petro-Canada Oil and Gas Interim Shut-in of Gas Production Chard Area (Decision 2001-63)

August 8: GENCO and DISCO 2000 Pool Price Deferral Accounts Proceeding. Part F: Interim Disposition of GENCO Deferral Account Balances (Decision 2001-70)

August 9: ESBI Alberta Ltd. 2001 General Rate Application Part L: Third Refiling - Stretch Objective and Tariff Related Issues (Decision 2001-69)

August 9: ESBI Alberta Ltd. Duplication Avoidance Tariff Application Shell Scotford Industrial Site (Decision 2001-68)

Industry compliance record improves

continued from page 1

and/or the environment. This would include an H₂S release that caused odours to be detected off lease from an oil battery.

- 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 and/or the environment. An instance of this would be a release of hydrocarbons into water, with the operator being aware of the incident but taking no action.

Serious infractions may involve suspending the operation until the company corrects the problem, the EUB accepts a written action plan, and EUB field staff give written permission to resume operations. Operations would also remain suspended until a documented meeting or discussion had taken place with a senior company representative with provincial authority.

Enforcement actions resulted in 236 suspensions in 2000/2001, versus 211 the previous year.

For a copy of Statistical Series 57: *Field Surveillance Provincial Summary* April 2000/March 2001, contact EUB Information Services at (403) 297-8190 or check our Web site at <www.eub.gov.ab.ca> ❖



EUB Issues Reasons for Denial of ATCO Gas's Proposed Sale of Producing Properties

In May the EUB released its decisions on ATCO's applications for approval to sell certain producing properties. On July 31, the EUB issued reasons for its decisions.

Investor-owned utilities must receive Board approval for any proposed sale of significant assets. In order for the EUB to approve such an application, it must be satisfied that customers will be at least no worse off as a result of the sale. If the EUB considers that customers will suffer harm respecting rates or levels of service, it will not approve the sale. If the application meets the "no harm" test, the EUB will then review how the proceeds from the sale should be allocated between customers and shareholders.

ATCO argued that these producing properties were no longer needed. It felt that the natural gas market had developed so that it could meet all of its supply obligations without company-owned production. Furthermore, ATCO believed it might soon be ordered out of the sales function in light of government policy supporting the development of a competitive retail market for natural gas. The EUB agreed that the encour-

agement of competition is an important policy goal and that approval of the applications might facilitate the development of additional competition. However, the EUB felt it must weigh all competing factors, including the impact on customers, in determining whether to approve the applications.

In the case of the properties in the Viking and Beaverhill areas, the EUB denied the applications primarily due to the impact on rates. Company-owned production has reduced costs to customers because, unlike gas purchased on the open market, there is no mark-up on the cost of production. Comparing the value of the rate benefit that would be lost with the value of the proceeds of the sale, the EUB found that customers would be worse off if these properties were sold. On the other hand, the EUB found that the proceeds from the proposed sales of the Westlock and Lloydminster properties would meet the no-harm threshold and consequently approved those applications.

ATCO is currently seeking leave to appeal the EUB's decisions, and it has also recently filed an application for a review and variance of the these decisions. ❖

Upcoming Event: Rocky Mountain House Open House

You are invited to an open house hosted by the EUB's Red Deer Field Centre. The gathering will enable EUB senior management to meet the local public and answer any questions you may have. There will be short presentations on what we believe are some of the issues of concern. These include animal health, groundwater, flaring, and emergency response. The role of field surveillance will also be presented.

Where: Rocky Mountain House Community Centre, 47 Street - Kamikawa Drive

When: Wednesday, October 24, 2001, 6 - 10:30 p.m.

For more information, call the EUB Red Deer Field Centre at (403) 340-5454



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
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 doesn't respond appropriately, you may contact the nearest EUB field centre (see list), all of which provide 24-hour on-call service.

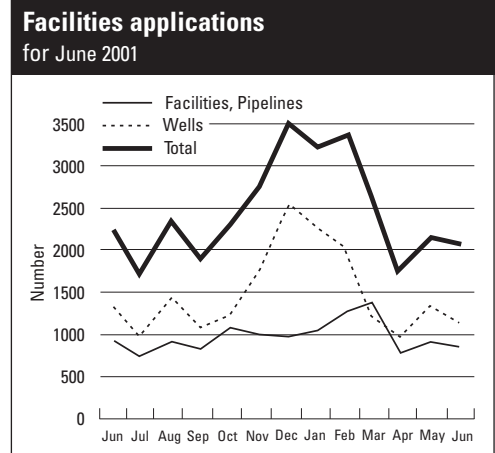
EUB Field Centres (24-hour on call)

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 10-digit local number to connect, or press zero for a RITE operator.

Application Summary

Facilities applications for June 2001	
Production facilities	116
Pipelines	757
Wells	1213
Total received	2086
Total completed/approved	2028
Closed	15
Withdrawn	69



Resource applications for June 2001	
Equity (rateable take, common carrier, common purchaser, common processor, compulsory pooling, special spacing)	75
Conservation (resources – oil, gas, and in situ bitumen; gas removal, enhanced recovery, water disposal, concurrent production, underground storage, commingled production, reserves)	120
Depletion administration (good production practice, penalty relief)	17
Corporate (transfer)	5
Mining (coal and mineable oil sands)	3
Total received	220
Total completed/approved	152

Utilities applications for June 2001	
Electric	1
Gas	4
Facilities	0
Franchises and others	1
Total received	6
Total completed/approved	14

Corporate transfers and name changes for June 2001	
Well licence transfers	1784
Well licence name changes	671
Pipeline licence transfers	265
Facility licence transfers	3
Total received	2723
Total completed	1821

Upcoming Public Hearings: Fall 2001

Due to space constraints, this is not a complete list of hearings scheduled, rather a snapshot of selected hearings. For a complete and accurate list of hearings scheduled, go to the EUB Web site and look under Applications. As well, some company names have been abbreviated. For information on hearings scheduled later in the year or not included on this list, call (403) 297-8259. Actual hearing durations may 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
October 2	2000198 NRCB Application No. 2000-1	Glacier Power Ltd.	Dunvegan Hydroelectric Facility	Conference Room A, Fairview College Fairview AB
October 2	1064455, 1237635, 1242414	Stampede Oils Inc.	Review of Licence No. 0239741 issued to Stampede in respect of Application No. 1064455, and pipeline licence applications in respect of Application Nos. 1237635 and 1242414, Turner Valley Field	Flare N Derrick Community Hall, 131 Main Street NE, Turner Valley
October 4 (Pre-hearing) 9:30 a.m.	1242519, 1242725	TransAlta Utilities Corporation, TransAlta Energy Corporation, AltaLink Management Ltd.	Sale of TransAlta Transmission assets and business to AltaLink	Govier Hall, 2nd Floor 640 - 5 Avenue SW, Calgary
Written Proceeding Reply by October 9	1244118	ATCO Electric Ltd.	2002-200X Regulated Rate Option Tariff (RROT), 2002-200X Energy Supply Application (Decision to be issued by October 15)	
October 11	1237381, 1242035	Town of Hinton, UtiliCorp Networks Canada (Alberta) Ltd.	Application by Town of Hinton to renew franchise with UtiliCorp, Application by UtiliCorp for a franchise rider in the Town of Hinton	Environmental Training Centre 1176 Switzer Drive Hinton
October 12	1095649	Kensington Energy Ltd.	Compulsory pooling application - Tomahawk Field	West Hall, 2nd Floor 640 - 5 Avenue SW, Calgary
Written Proceeding Rebutal evidence by October 15	2000258	UtiliCorp Networks Canada (Alberta) Ltd.	2001-200X Distribution Tariff (DT) - Option B Unused Investment Credits and Transmission Contributions to Independently Owned Distribution Systems (Oral hearing to be determined by October 19)	
October 17	2001082	Talisman Energy Inc.	Oilfield Waste Management Facility - Turner Valley area	D'Arcy Ranch Golf Club, Highway 2A and Milligan Drive, Okotoks
October 17	1073855, 1242593 1242594	Conoco Canada Resources Limited (formerly Gulf Canada Resources Limited)	Applications to drill a level 1 non-critical sour gas well, construct and operate a single sour gas battery and a natural gas pipeline - Vulcan Field	Vulcan Legion Hall, 240 Sinclair Road North, Vulcan

Pending Decisions

Application No.	Applicant	Hearing Purpose	Hearing Date(s)	Actual Hearing Days
2001093	Board Initiated Proceeding	Gas Rate Unbundling	Reply by July 27	5
2001040	Board Initiated Proceeding	Methodology for managing gas supply portfolios and determining gas cost recovery rates	Reply by July 27	10
2001077, 2001101 2001108, 2001110 2001109, 2001111	ATCO Electric, UtiliCorp Networks Canada (Alberta) Ltd., TransAlta Utilities Corporation, EPCOR Generation Inc.	2000 Deferral Accounts - outstanding matters (other than pool price related)	Reply by August 10	written proceeding
2000350	ATCO Gas South	2001/2002 General Rate Application	Reply by August 24	9
2000365	ATCO Pipeline South	2001/2002 General Rate Application	Reply by August 31	7
2001112	AES Calgary ULC	525 MW natural gas fired power plant	August 13	17
1086069	Enermark Inc.	Pipeline permit application and Section 43 review of eight well licences - Bantry area	September 6	1
1069517, 1069518	Calpine Canada Resources Ltd.	Sour gas battery and pipeline - Battle Lake Project	September 12	1
2001145	UtiliCorp Networks Canada (Alberta) Ltd.	Disposition of High River Facility	Reply by September 19	written proceeding

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