



across

THE BOARD

September 2006

EUB enjoys awards-winning streak

Regulator receives honours at provincial, national, and international level

Most employees of Alberta's energy regulator find the work rewarding, but lately it's been *awarding* too.

Recently the EUB has received three awards for its labours and was nominated for a fourth.

In August, the EUB won the Institute of Public Administration of Canada's (IPAC) Award for Innovative Management, which acknowledges innovative managerial initiatives in Canadian public administration.

IPAC recognized the EUB for its role in developing Synergy Alberta, a concept arising out of the need for a centralized resource for synergy groups in the province. The EUB was competing against 71 entries from municipal and provincial government agencies and departments from across Canada.

"Business can no longer be conducted in the same old way, whether it is the business of developing resources, the business of regulating, or simply the business of living," said EUB Chairman Neil McCrank. "Winning this award reflects the EUB's commitment to finding unique solutions to the challenges we face everyday as we work to serve the public interest."

Gary Redmond, executive director of Synergy Alberta, credits EUB innovation for helping to establish the organization and advancing what he calls the "synergy movement" in the province.

"There's no question that ... if it weren't for the EUB, Synergy Alberta wouldn't be here today to promote the sharing of best practices, allowing the groups to learn from one another, and pursuing input from the community," Redmond said.

But the honours don't stop there.

The summer also saw the EUB selected for the Work Safe Alberta 2005 Best Safety Performers Award, given out by Alberta Workplace Health and Safety. This award is presented to Alberta employers with exceptional performance in workplace health and safety. With the award the EUB is acknowledged as an Employer of Choice, which McCrank chalks up to a "solid team effort" on the part of all EUB employees.

And then in September, Bob Heggie, the Executive Manager of the EUB's Utilities Branch, won the Leadership in Education and Development Award, presented by Canadian Association of Members of Public Utility Tribunals (CAMPUT), a nonprofit organization of federal, provincial, and territorial regulatory boards and commissions.

Heggie shared the award with an Ontario Energy Board representative for their work in developing the CAMPUT/Queen's University Utility Regulatory Course.

Finally, the EUB was nominated for the International Pipeline Regulatory Award – conferred upon the regulatory body that has contributed significantly to the development of the pipeline industry – which is awarded by a panel of peers and experts from the American Society of Mechanical Engineers (ASME).

By being named a finalist for the ASME award, the EUB was recognized for being a problem solver and helping others to realize the importance of safe pipeline operations as part of national and international infrastructures. The nomination recognizes leadership, innovation, and a regulatory approach that advances cooperation among stakeholders, and improves safety and environmental stewardship.

Influencing Positive Outcomes Conference

October 29-31, 2006

Capri Conference Centre
3310 - 50 Avenue, Red Deer, Alberta

Presented by Synergy Alberta, this conference offers all stakeholders in Alberta's oil and gas industry, including community representatives, companies, and regulatory agencies an opportunity to share experiences, information and skills in working together. Keynote speakers include, National Grand Chief of the Assembly of First Nations Phil Fontaine, Minister of Energy Greg Melchin, and Brad Stelfox PhD, Professor of Renewable Resources, University of Alberta.

For more information about the conference call (403) 247-5722, e-mail synergy2006@eventplan.net, or visit www.synergyalberta.ca

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.

Recent EUB publications

News Releases

September 26: News Release (NR 2006-39): EUB Issues Notice of Application Seeking Approval for a Transmission Line and Associated Facilities

September 12: News Release (NR 2006-38): EUB Staff onsite at incident at Shell Scotford Upgrader

September 7: News Release (NR2006-37): EUB to Investigate Incident at Shell Scotford Upgrader

August 30: News Release (NR 2006-36): EUB Wins National Award for Innovative Management

August 28: News Release (NR 2006-35): EUB approves temporary rate increase for EPCOR RRT customers in the Fortis service area

August 8: News Release (NR 2006-34): EUB Bulletin Strengthens Commingling Regulations

August 2: News Release (NR 2006-33): Cansearch Resources sweet gas blowout over

August 2: News Release (NR 2006-32): EUB on scene at sweet gas well blowout

August 2: News Release (NR 2006-31): EUB Report Shows Continued Sulphur Reductions at Sour Gas Plants Sulphur emissions reduced 32 per cent since 2000

August 2: News Release (NR 2006-30): EUB introduces new panel member to review transmission corridor suitability

Bulletins

September 15: Bulletin 2006-32: Implementation of Revised Processes for the Management of Commingling of Production from Two or More Pools in the Wellbore

September 6: Bulletin 2006-31: Directive 042: Measurement, Accounting, and Reporting Plan (MARP) Requirement for Thermal Bitumen Schemes Issued

August 11: Bulletin 2006-30: Integrated Application Program (IAP) Electronic Submission of Applications and IAR Query Upgrades—Release 5.0 and Future Development

August 11: Bulletin 2006-29: New Edition of Directive 065 Issued - Including Well Spacing Notification Requirements Re Changes to Reservoir-Related Well Spacing Regulations, Application Requirements, and Application Review Process

August 8: Bulletin 2006-28: Changes to the Management of Commingling of Production from Two or More Pools in the Wellbore

Publications

September 21: EnerFAQs 14: Public Health and Safety: Roles and Responsibilities of Agencies that Regulate Upstream Oil and Gas

September 6: Directive 042: Measurement, Accounting, and Reporting Plan (MARP) Requirement for Thermal Bitumen Schemes

August 2: ST-101: Sulphur Recovery and Sulphur Emissions at Alberta Sour Gas Plants

Decisions

September 12: Decision 2006-093: NOVA Gas Transmission Ltd. Inter-Affiliate Code of Conduct Compliance Plan

September 12: Decision 2006-091: West Energy Ltd., Application for a Well Licence, Pembina Field

September 6: Decision 2006-092: Highpine Oil and Gas Limited Applications for Well Licences Pembina Field

September 5: Decision 2006-090: Corix Utilities Inc. Part 2: Requested Relief from Section 101 of the PUB Act

September 5: Decision 2006-088: Wave Energy Ltd., Application for Common Carrier and Common Processor Declarations, Berwyn Field

September 5: Decision 2006-087: Dominion Exploration Canada Ltd. Applications for Well Licences Pembina Field

August 31: Decision 2006-089: ATCO Pipelines Non-Standard Transportation Service Agreement ATCO Pipelines - NGTL Grande Cache

August 29: Decision 2006-086: BlackRock Ventures Inc., Application for Leaseline Setback Distance, BlackRock Orion Project, and Review and Variance of Alberta Energy and Utilities Board

EUB bolsters commingling regulations

The EUB has improved regulations on commingled production in Alberta, a move that will give energy producers clearer guidelines on commingling and have the added benefit of protecting ground water.

The EUB announced changes to the regulation of commingled production in Alberta by releasing two bulletins: *Bulletin 2006–28: Changes to the Management of Commingling of Production from Two or More Pools in the Wellbore* and *Bulletin 2006–32: Implementation of Revised Processes for the Management of Commingling of Production from Two or More Pools in the Wellbore*.

Commingling – the production of oil and gas from multiple pools in one wellbore – is used to recover low-productivity resources in a wide range of formations and depths throughout Alberta. Most commingling has

typically involved deeper pools that do not contain nonsaline water.

Under the new regulations, industry is broadly restricted from the commingling of pools where there is any water production and the well contains perforations above the base of groundwater protection.

The new measures – to be phased in during the remainder of 2006 – also increase regulatory surveillance of all wells completed above the base of groundwater protection, and require enhanced data collection and reporting for new resources.

Failure to meet EUB regulatory requirements will result in escalating enforcement action, which can include full suspension of operations.

To ensure ongoing groundwater protection, the EUB in association with Alberta Environment will conduct periodic reviews

of operational data. This data review will be supported by a scientific panel to be convened in the near future, and a public report detailing the Panel's findings will be issued within two years of the implementation of the commingling bulletins.

The changes further support the EUB's commitment to continue to work cooperatively with Alberta Environment on important issues of shared responsibility.

Stakeholder input on commingling was received from individual Albertans, organizations, government agencies and industry this past May and June and is addressed in the revised requirements and regulations.

Bulletins 2006-28 and 2006-32 are on the EUB Web site at <www.eub.ca>.

Sulphur emissions reduced at sour gas plants

The Alberta energy industry has reduced sulphur emissions by two-thirds since 2000, as reported in the EUB's *ST101-2006: Sulphur Recovery and Sulphur Emissions at Alberta Sour Gas Plants*.

ST101, which summarizes sulphur recovery results for sour gas plants across Alberta, provides a progress report on industry's compliance with the EUB's *Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta*, issued in 2001.

The 2006 report shows major improvements due to better performance and decreased

sulphur throughput in plants that failed to meet *ID 2001-03* requirements for plants built during or before 2001, also known as grandfathered plants.

For both nongrandfathered and grandfathered plants, total emissions have been reduced by 32 per cent since 2000. The decrease is due largely to a decline in sulphur inlet and improved plant performance.

According to ST101, sulphur emissions have fallen from 2000 through 2005 for both grandfathered acid gas flaring plants, down 61 per cent, and grandfathered sulphur recovery plants, down 30 per cent.

Overall, emissions from grandfathered plants fell by 37 per cent between 2000 and 2005, which represents a decrease of about 70 tonnes of sulphur emissions – 140 tonnes of sulphur dioxide emissions – per day in Alberta.

The report also shows emissions declining by around 17 per cent from 2000 to 2005 for nongrandfathered plants. About nine per cent of this was due to a reduction in sulphur inlet.

The report can be found on the EUB Web site at <www.eub.ca>.

ADR offers a proven method to resolve disputes

Take a robust oilpatch and set it against bustling agriculture and recreation activity and it's not hard to imagine that conflicts occasionally will arise.

However, experience has taught us that such conflicts needn't necessarily end up before a regulatory tribunal. That's because mechanisms such as Appropriate Dispute Resolution (ADR) – based on cooperation rather than confrontation – have been developed to bring opposing parties to the table in an effort to reach an agreement that's acceptable for both sides.

In early 2001 the EUB formalized the process when it issued Informational Letter (IL) 2001-1, which established a format for ADR. Why did the EUB take this step? The answer is simple: sharp increases in the number of applications for energy projects, and with them a rise in the number of objections filed against applications. We knew there had to be a better way.

Because of the way minerals are leased in Alberta, where rights are afforded to both mineral and surface rights holders, and the EUB's mandate to balance these interests, it was felt that more options were needed for landowners and industry to engage in processes that fostered a collaborative environment and thereby allowing the issues to be resolved.

This program has been such a success due to the following factors:

1) Informality and freedom to address a wide range of issues, some of which may

not be directly within the EUB's jurisdiction.

2) Commitment to confidentiality, meaning only the outcome is made public, which is intended to respect privacy and reflect the fact that the facilitation is not a public forum. While on rare occasions it has been suggested the sessions be recorded by video or audio, EUB policy strongly discourages this practice because it can inhibit free exchanges and erode trust rather than build it. For example, imagine you are talking with a neighbour across the back fence about what to do about a tree on your common property line and one of you produces a video camera and asks the other to repeat a statement slowly into the microphone.

ADR is meant to reflect a spirit of cooperation and confidentiality. Of the more than 1,000 ADR facilitations undertaken in the past five years, only twice have EUB staff had to withdraw due to demands that recording devices be allowed, because such a condition was viewed as incompatible with that spirit.

The EUB's position on this reflects the National Mediation Rules set out by the ADR Institute of Canada. Experience has indicated that in order to enhance the chances of a successful outcome, an atmosphere of open and free dialogue is strived for, which involves the absence of recording devices. Parties are encouraged to fully disclose their interests to each other without reservation, which in turn optimizes the range of solutions to be evaluated. However, parties

can record their negotiations outside of the EUB's ADR process if they wish.

3) The process is voluntary and in no way meant to replace formal hearings. In fact, the application continues to be processed by the EUB independent of any ongoing ADR facilitation; ultimately a hearing may be convened to deal with the application. Also, any party can terminate the facilitation at any time if it is felt the ADR process is not completing its objectives.

4) An open and flexible process, where meeting times and places are arranged to accommodate everyone, especially the landowners whose schedules are often dictated by demanding agricultural and other land-related activities. The EUB also recognizes that not everyone feels comfortable meeting on their own with company officials, and to that end the ADR process allows for the participation of outside counsel – be it a lawyer or other type of adviser – to aid in the facilitation. Furthermore, EUB staff will assist in making arrangements, preparing materials, or even sitting down with landowners and their advisers prior to the meeting to explain technical or procedural matters.

We think the results speak for themselves: last year 27 hearings were avoided, and around 90 per cent of those who've participated in ADR would recommend the process. Given these facts, the EUB remains confident that ADR is making a difference in communities across the province by allowing Albertans to find made-in-Alberta solutions.

■ ■ ■ Upcoming Public Hearings

| Application No. | Applicant | Hearing Purpose |
|---|---|---|
| 1441037 | Encana Corporation | Application for a Gas Processing Plant - Entice Field |
| Start date: Sept 21, Airdrie Regional Recreation Complex, 200 East Lake Crescent, Airdrie | | |
| 1440206 | Richmount Petroleum Ltd. | Application to construct and operate two pipelines just east of Calgary |
| Start date: Sept 28, EUB Offices, 640 5 Avenue SW, Calgary | | |
| 1442781 | Mystique Energy Inc. | Application for a well licence |
| Start date: Sept 29, Cochrane RancheHouse, 101 RancheHouse Road, Cochrane | | |
| 1321838 | TransAlta Utilities Corporation | Recovery of Decommissioning Costs for the Wabamun Plant |
| Start date: Oct 6 | | |
| 1456992 | 1456995 Canadian Natural Resources Limited | Applications for well licences |
| 1456998 | 1457043 (CNRL) | |
| 1457059 | 1457085 | |
| 1457096 | 1460954 | |
| Start date: Oct 11, Bonnyville Lions Community Centre, 5106 – 50th Street, Bonnyville | | |
| 1457147 | Encana Corporation, Luscar Energy Ltd. | Proceeding for Phase 2 Review and Variance of 26 applications (Fairborne Energy, Bearspaw Petroleum Ltd., Devon Canada Corporation); Ownership of Gas in Coals (Clive, Ewing Lake, Stettler, and Wimborne Fields) |
| Start date: Oct 16, EUB Offices, 640 5 Avenue SW, Calgary | | |
| 1457276 | Gladius Energy Inc. | Application for a well licence |
| (formerly 1439090) | | |
| Start date: Oct 17, Lou Soppit Community Centre, 4733 – 54 Avenue, Rocky Mountain House | | |
| 1378280 | Gas Alberta Inc. | Request for Review & Variance of Decisions 2004-079 & 2004-096 |
| Start date: Oct 18 | | |
| 1465895 | Encana Corporation | Section 40 - Phase II review of EnCana well licence 0355025 at 8-18-16-25W4M requested by Darrell Graff |
| Start date: Oct 23, Nanton Community Memorial Centre, Nanton | | |
| 1451992 | Intrepid Energy Corporation | Application for a Natural Gas Well and Pipeline |
| Start date: Oct 24, Innisfail Legion, 5108, 49 Ave, Innisfail | | |
| 1457335 | Milestone Exploration Inc. | Application for a pipeline |
| Start date: Oct 26 | | |
| 1394112 | EnCana Oil & Gas Partnership | Applications to shut in gas production and to produce gas |
| 1409180 | | |
| Start date: Oct 31 | | |
| 1408771 | Imperial Oil Resources Limited (Kearl Mine) | Application for a greenfield oil sands mine and bitumen processing facility |
| Start date: Oct 30, Sawridge Inn and Conference Center, 530 Mackenzie Blvd, Fort McMurray | | |
| 1394112 | EUB | Cold Lake Oil Sands Area - Clearwater Deposit |
| 1409180 | | |
| Start date: Oct 31 | | |

■ ■ ■ Pending Decisions

| Application No. | Applicant | Hearing Purpose |
|-----------------|---|---|
| 1391211 | Suncor Energy Inc. | Application 1391211 (North Steepbank Mine Extension) to construct, operate and reclaim an oil sands mine; and |
| 1391212 | | 1391212 (Voyageur Upgrader) to construct, operate and reclaim a bitumen upgrading facility |
| 1411635 | ATCO Gas | Retailer Service and Gas Utilities Act Compliance Phase 2: Part B Process |
| 1407946 | ATCO Gas, ATCO Electric, ATCO Pipelines | 2005-2007 Common Matters Filing |
| 1455154 | Enmax Energy Corporation | 2006 Regulated Rate Tariff Non-Energy Application |
| 1463440 | ATCO Pipelines Muskeg River Affiliate | Code of Conduct Exemption |
| 1346298 | Cheryl Kalev; Benlato and District Community; Lochend to Langdon Power Group; Cottonwood-Spruce | Review and Variance Request on Decision 2005-031 500-KV Transmission System Reinforcement Project Edmonton-Calgary Area |

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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* |
| Fort McMurray | (780) 743-7214* |
| High Level | (780) 926-5399* |
| Medicine Hat | (403) 527-3385* |
| Midnapore | (403) 297-8303* |
| Red Deer | (403) 340-5454* |
| St. Albert | (780) 460-3800* |
| Wainwright | (780) 842-7570* |

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