

BATTLE LAKE WATERSHED SYNERGY GROUP

A meeting of the Battle Lake Watershed Synergy Group was held on Thursday, April 2, 2009 at the Lakedell Hall with Paul McLauchlin acting as Facilitator for the meeting.

Called to Order:

- He called the meeting to order at 7:00pm.

Attendance:

- In attendance were 35 residents, industry representatives and government officials (see attached list).

Agenda:

- Agenda was approved.
- Paul suggested that EnCana's presentation be brought to the beginning of the meeting.
- Copies of February's minutes were re-distributed as needed. Approval of February's minutes were pushed to the end of the meeting so that members could have a chance to review them, because it had been so long ago (March's meeting had been cancelled due to weather).
- Action Items would be reviewed after EnCana's presentation.

EnCana's Presentation:

- Darcy Allen explained the purpose of the presentation was to explain the activities that EnCana had planned for the Battle Lake area. He assured the group that nothing was set in stone and that EnCana was looking for input from Landowners and the BLWSG. He introduced Brad Boettger as the Development Lead Engineer on the project. Brad would explain their plans.
- North end of the Hoadley Glauconite Trend is approximately 20km wide and 140km long prospective gas horizon and some oil. The area does run into the foothills. Millions of years ago it was a beach environment. It is multi beach sands stacked on top of each other. It can be 10m x 20-25m.
- Because there was concern regarding the notices that had been sent out, EnCana wanted to explain what the notices were about.

- They are asking to change the amount of the “Drill Spacing Unit” that had been set out by the ERCB. Originally it was 1 per section for gas and 1 per ¼ section for oil. They want to increase the amount of wells to maximize the hydrocarbon recovery with the DSU. Because it’s a mineral, it’s a Subsurface Application. They are required to send out a holding application. The application doesn’t mean that EnCana is allowed to drill, it is asking to increase the well spacing within the section – to go through Directive 56 with Landowners.
- In the past, Glauconite Strategy was to access the sweet gas via vertical well bores and some directional, but throughout from top bottom. Rock formation is approximately 1800m – 2000m deep and that rock is tight enough that it won’t allow gas to flow on its own. The rock will need sand and a fluid to crack the rock to create a highway for the gas to flow through. A standard holding is 3 wells/section per pool with a 300m buffer from the South and West boundaries.
- EnCana hopes for 6 BCF (billion cubic foot). In order to recover that gas, they would need more than 4 vertical wells and up to 8. This would lead to a significant surface footprint and nuisance potential. So EnCana is looking at a horizontal well strategy with the Hoadley Trend. They’ve had prior success with this strategy at 42-4. It’s an economical way of bringing out the gas with only 3 wells. By doing this, there is no need to increase the standard holdings. The two goals are to minimize the surface footprint (with only one pipeline to tie it in) and it minimizes their cost. This is especially good because of the sensitive area. A single surface location can have 3 vertical wells directed to it.
- Brad explained what EnCana’s Development Process would be before drilling would begin:
 1. Ensure the product is there and its economical value.
 2. Joint interest (discuss with other industry)
 3. Surface scouting and surveying (where is the best location?)
 4. A location is proposed and the landowner approached for negotiation.
 5. Confirm, obtain drill license and drill.
- Well planning for Q1 for 2010. (Amendment that was sent out was to amend the buffer. Now it is 300m to the South and west, as it was put forth by the board.)
 1. 33-045-02-W5 -- 3 WPS holding
 2. 35-045-02-W5 – 2 WPS holding, amending

3. 03-046-02-W5 – 2 WPS holding, amending

- Initial proposed locations have been changed because, as Brad explained, the original sites had been chosen on an older map and that he had not planned to be so close to Battle Lake.
- The new plan has the wells much further away from the lake. EnCana assured that these are very preliminary drill sites. Therefore, landowners have not been contacted yet. Some of the new wells proposed will tie into existing lines to have them directed to specific areas. Section 33: take the gas towards EnCana's system, Sec 35: take gas to EnCana's compressor station in TWP45 in RR1 and Section 03: take it towards ConocoPhillips compressor station.
- The plan for Section 35 in Q1 of 2010 is to drill one well but would need to amend "existing holding" regarding 300m buffer. It would tie into EnCana's 6" existing pipeline. In 2011, they would drill off from same surface. They are waiting to see what the economical return is before drilling the 2nd well.
- At 03-046-02-W5, there are 3 possible surface sites. They will drill 1 well in Q1 of 2010 first and tie it into Advantage's 4" existing pipeline. If successful add 2 more in 2011.
- At Sec 33, there are 3 potential surface leases – Surface 1 and 2 are away from Tier 1, but there are complexity restraints. The need for additional pipeline is required and ConocoPhillips compressor won't have enough compression.
- They are considering using the County's ROW for lease site #3. Although it has not been done in the County of Wetaskiwin yet, it has proven to be successful in the County of Red Deer. EnCana will confirm with Advantage and ConocoPhillips to see what their development plans are, hoping that they might be able to piggyback along with EnCana. They will also have to negotiate pipeline routes with landowners/residents and the Synergy group. The proposed amendments are a change in buffer zone and inter-well spacing. They plan to submit the application amendment. In the spring and summer, they will do an environmental study assessment to find out what the environmental impact would be. Then they will share their findings with the shareholders and the BLWSG.

- When Ken Jenny inquired if they had had any experience using ROW in the County of Wetaskiwin, Darcy Allen responded “no” but that the County seemed open to hearing more about it. The benefit would be that the land has already been disturbed, therefore less environmental impact. He also said that they have had some successful pilot projects in the County of Red Deer. The area that they are proposing for the ROW is about 1.5-2 km to tie into an existing pipeline. (Springdale Road).
- When concern was expressed regarding the possible expansion of Springdale Road to Hwy 771, Darcy Allen explained that agreements would be in place saying that any adjustments (road widening or upgrading) that were needed would be EnCana’s financial responsibility, not the County’s.
- Arnold Renschler expressed that residents in his area were not happy about Section 2 because Tier 1 was a wet area, consisting of sloughs and creeks. He also warned EnCana to proceed carefully because some residents had trust issues regarding the drilling companies. Residents were still very angry over the situation when Advantage drilled last year at LSD: 6-34-45-02-W5. Because it had been outside the watershed, no notification had been made to BLWSG. The Springdale Road residents felt that Advantage hadn’t taken any of their concerns regarding wildlife, noise, road destruction, etc. seriously and wasn’t sure if any of the drilling companies seemed to care what they thought, therefore weren’t interested in attending any of the BLWSG meetings. However, Arnold would continue to encourage the upset residents to attend the meetings.
- Darcy Allen responded that they wanted to hear from the residents, they wanted feedback. They are very interested in working with the community. They are open to drilling in the late fall or winter, if necessary. The areas that are chosen were chosen during the winter therefore, EnCana will come back and inspect the areas in the spring and summer to see what other problems might arise. They feel that they have lots of time to plan to make the right decision.
- Darcy reminded the group that they will submit the holding applications, which is not asking for an increase in well density. Rather it’s a mineral subsurface application to get rid of the inter-well spacing between wells and boundary changes. If the wells

prove to be good, then in the future they may apply for more locations at that time. They agreed to keep BLWSG updated.

Coffee Break

- Paul recessed the meeting at 7:38pm for a coffee break. The meeting reconvened at 8:00pm.

Industry Updates

Paul requested that about a week prior to the BLWSG meetings, could industry reps provide a summary that he could distribute because it would be so much easier for everyone to follow the LSD's.

Don Letwinetz asked that summaries be provided to the Recording Secretary as well.

Paul will also supply a map.

EnCana Update

- They had no more to report.

PennWest Update

- The application programs in 32 are complete. The pump jack engine has been shut down and changed out.
- On 13 and 17 batteries—they have no plans for summer maintenance.
- Turnarounds were done last year.
- No spring downs are required.

ConocoPhillips Update

- Dione McGuinness reported that this would be her last meeting with the BLWSG. The Company has done some restructuring and she will be working in another area. Rick Anderson would be replacing her.
- She explained that abandoned well at 11-26-46-2 is complete. Reclaiming that as well.
- Paul thanked her for her efforts and wished her well in her future endeavours.

Advantage Update

- Theresa Sacha explained that they installed a plunger lift at 1-15-46-2-W5 south of the Battle Lake area. It was a small operation.
- At this time, Dave Doze inquired about Sec. 17-46-2 at Bear Creek Trail. He had an issue about the gate being left open. He expressed concern that the gate has been chained open since Christmas time. They had been promised that it would be kept closed and locked. Theresa said that she pass that information on to the appropriate person.

MEC Operating Update

- Mike Jenkins said that it's pretty quiet.
- Michael Black expressed that he had the same issue (about open gates) on Hwy 771 that goes north, then west of Provincial Park. (Yeoford Road). He has mentioned before that the gates on the south side of the road are left open. They should be closed and locked. It is a major thoroughfare for snowmobilers between Pigeon Lake and Battle Lake. If gates were closed it would slow down the traffic.
- Mike Jenkins said that he will check with the Landowner, if he has no objections they will get the gate closed.
- Darcy Allen said that sometimes landowners ask them to be left open, unless it's hunting season. Don Letwinetz told the group that you can request a sign, at time of negotiating, that says whether the gate should be open or closed. The cost is \$25.00.

Trilogy Update

- Landon Whitlock reminded the group about the hearing on April 29 and May 1 for Surface Location 14-23-46-2 and Bottom Hole 16-22-46-2 at the Lakedell Ag. Centre.

Baytex Update

- Shane Koss said that they had nothing new to report.
- After breakup, they may return to 12-23-46-2. They had done a service job there earlier however they were having down hole pump issues. When asked, they said that they weren't really sure why it wasn't working but were running some tests. It would probably be several months down the road before they got back to it.
- Regarding the reclamation project at Mike Todorow's. An email with the soil sample report had been sent to Charlene. She received it and the analytical from the work area is similar to the background soil. Anthony mentioned that the remaining project was to maintain the groundwater, well monitoring and the vegetation establishment with the work that was done last year.

- Mike Todorow asked that they talk together after the meeting.

ERCB Update

- Ryan Bartlet attended tonight's meeting because Steve is on vacation.
- He explained that the ADR (Appropriate Dispute Resolution) group had a 3-year ADR Strategic Plan. They are doing a pilot project that will teach ADR skills to Landowners within Synergy Groups. The Synergy group can approach the ADR, and if they fit the criteria and qualify then a course in ADR will be taught to the group. David Hill is the ADR Co-ordinator.
- W-5 did a story on the ERCB called "Fuelling Fears". The ERCB said that their reputation was damaged due to the inaccurate information given. The ERCB's Communication Branch responded by letter to Malcolm Fox (Executive Producer) at W-5. ERCB had serious issues with the program. W-5 highlighted the areas where false information had been shared, also W-5 never contacted the ERCB to clarify. When asked, Ryan was unsure at the time of the meeting whether the ERCB has received a response back yet.
- The Communications Dept. said that they may not have any recourse regarding the program because they had been through a similar incident with a David Suzuki program. Because it wasn't an actual "news" program, but rather an "entertainment" program. Dione McGuinness from ConocoPhillips expressed that she believed that W-5 was an entertainment program, not a news program.
- Ryan also stated that Bob Curan had been interviewed for 45 min. by W-5 but that only 1 minute of it had made it to air.
- He also said that he wasn't sure if ERCB's Legal Dept. was involved yet.
- A copy of the letter was handed out at the meeting.
- Larry Goulding commented that activity was slow this year but was speculating that because of the incentives announced by the Government, companies may ramp up just enough to qualify for the incentive program. He also feels that Canada many fair better than the U.S. and that the next 3 quarters will be slow.

LANDOWNER'S UPDATES:

Where is Imperial Oil?:

- Ken Jenny asked about Imperial Oil attending the meetings.

- Darcy Allen said that he has invited them.
- Shane of Baytex says that they told him that they would attend a future meeting. But no date planned. Shane said that he would email again.
- Michael Black thought that they had changed their original plans for spring and said that residents want to be involved in their future plans. He also stated that residents would rather that they came through next fall when the road was frozen and there was less traffic.
- Shane will forward his previous email to Paul and Paul will contact Imperial Oil himself.

ACTION ITEM

- Darcy explained that Imperial Oil was not happy that the group was receiving updates via other industry reps. He also advised Imperial Oil to come to the meetings themselves.
- BLWSG members decided that it was pointless to discuss Imperial without them in attendance but were discouraged about not being able to communicate with them prior to hearing what their plans were.
- Ryan of ERCB shared that he also encouraged Imperial to attend meetings, about 4-5 months ago.
- Landowner's inquired about how they go about objecting to Imperial Oils plans. They were told to contact Dave Helmer at Alberta Environment.
- What involvement could BLWSG have to make an objection to Imperial?

ACTION ITEM

REVIEW OF ACTION ITEMS

BMP

- Redistribute the BMP, within the next few days so that it can be discussed for the next meeting.
- Michael Black suggested that by June's meeting they should have finished draft of the BMP. Items still to be discussed were: Pipeline/Compressor Mgmt/Dust & Traffic Mgmt/Flaring/Weed Control/and Landowner Liability.
- As the BMP are completed, could they be brought to the group so that it can be discussed ASAP?
- Darcy Allen said the plan was to get the BMP vetted publicly and then edited by the BMP committee, and then they will become the Best Management Practices. He also said that some

were completed and vetted through the group and they could get them out right away.

- It was also stated that the BMP would be like a “Living Document”, and that adjustments could be made on them if necessary.
- The plan of action is to release the completed ones.
- Next month, “Compressor Management” and “Roads and Dust” BMP would be discussed.
- “Pipeline” BMP still to go through the companies. Darcy Allen said that they were still waiting for one company’s response. He explained that EnCana’s only concern regarding the “Pipeline” BMP was “If requested by the Landowner, pipeline material and associated structure will be removed.” EnCana wasn’t willing to agree to remove all abandoned pipeline but that they would negotiate, as necessary, depending on each individual situation. If a surface improvement required removal of pipeline then it could be discussed.
- Larry Goulding of ERCB told about a situation in Lloydminster where pipeline had been removed because it wasn’t of sufficient depth. He also explained that as long as a pipeline exists, then the original owner holds all environmental liability for it. If the company doesn’t exist anymore, then the pipeline goes to the “Orphan Project”, where all the costs are borne by industry. (There is a levy against industry to keep that fund going.) The Orphan Fund is made up a group of reps from industry and agencies.
- Michael Black inquired as to what was the standard method of removal of pipelines. Usually: dig a bell hole, find a line, and try to pull out as much as possible. Using this method probably not much sub-soil is disturbed. Sometimes they are forced to dig it out in the same manner as it was put in. No standards are in place at this time. Any reclamation is Alberta Environment’s bailiwick.
- This should end the discussion on Pipelines BMP. Discuss Roads & Dust next meeting.

Website

- Costs to put BLWSG on the Synergy website were discussed. There are approximate costs of \$250/set up fee and a yearly rental fee of \$100. Probably additional costs for changes. Darcy Allen will confirm rates.

ACTION ITEM

- Benefits of being on the Synergy website are: networking, ability to post meeting minutes, agendas, post BMP and presentations. Any new operators to the area can check out the group's guidelines.
- Could costs for the website be covered on a rotation basis by industry? Industry rep's to inquire with their companies to see if willing to share costs.

ACTION ITEM

- The website should serve the residents and landowners. Residents will also have to give their approval on the site because their contact information will be made public. More discussion needed.

Fresh water injection wells info

Paul will bring water injection information to Isaac Doble next meeting.

ACTION ITEM

Invite ESSO

- Paul will invite ESSO to BLWSG meetings.

ACTION ITEM

Communication List

- Stop mailing out copies of minutes except for the few who have stated that they still want them. Spare copies will be made available for anyone who needs one but isn't at tonight's meeting to ask for a mailed copy. Ken Jenny, Dave Doze and Isaac Doble have requested to still receive copies mailed out to them.

Name Tags

- Let the Recording Secretary know if you need new name tags.

ACTION ITEM

International Sovereign

- ISEC will address any concerns directly with the 4H Club well in advance of drilling. There are no plans to invite them again.

Subcontractors and ID

- Industry feels that they are unable to enforce subcontractors to have IDs or signs on their trucks. It was suggested that landowners could ask for that at negotiation time. Because

theft has been on the rise in the area and it would help landowners to know why the trucks were there.

- EnCana and ERCB have tried using a sign on the visor.
- Other ideas are: magnetic signs on the doors and tailgates, a light on the roof.
- Further discussion needed with the Roads & Dust BMP.

Adjournment

- Paul adjourned the meeting at 9:20pm.

Next Meeting May 7, 2009 at Lakedell Ag. Centre

IN ATTENDANCE

INDIVIDUAL	REPRESENTING
Theresa Sacha	Advantage
Mike Downie	Advantage
Terry Kreese	Baytex
Shane Koss	Baytex
Pat Schmaltze	Baytex
Dione McGuinness	ConocoPhillips
Don Letwinetz	EnCana
Mike Jenkins	MEC Operating
Alan Browse	PennWest
Sue Dsikun	Trilogy
Landon Whitlock	Trilogy
Ryan Bartlett	ERCB
Larry Goulding	ERCB
Michael Black	Resident
Isaac Dobler	Resident
Dave Doze	Resident
Ken Jenny	Resident
Archie Ruggles	Resident
Jim Stevens	Resident
Mike Todorow	Resident
Bob Whiteside	Resident
Terry Wildman	Resident
Karl Zajes	Surface Rights Conservation
Ray Karlson	PennWest
Dave Talbot	EnCana
Norlee Flaaten	EnCana
Christa Welsh	EnCana
Brad Boettger	EnCana
Jeff Fiveland	Resident
Darcy Allen	EnCana
Trevor Hawkins	Resident
Lois Terry	Resident
Brian Terry	PennWest
Paul McLaughlin	Facilitator
Michelle Payne	Recording Secretary

Battle Lake Watershed Synergy Group

April 2, 2009

ACTION ITEMS

#	Action	Recommended Date	Person Responsible	√
	From April 2 Meeting			
63	Determine items to be posted to Website	Each meeting	All in attendance	
74	Arrange for Angela Fulton to attend future meetings on behalf of AENV	For future meetings	Dave Helmer	
78	Determine if well site reclamation is being done to current specs	January 8	Dave Helmer	
89	Get info for fresh-water injection wells for Isaac Dobler	January 8	Paul McLaughlin	
	From December 4 Meeting			
92	Sub-Committee leads and rep from ERCB review administration of Group	Prior to Jan8/09	Leads and ERCB	
	From January 8 Meeting			
97	Invite ESSO again	Before Feb. meeting	Paul McLaughlin	
	From April 2 Meeting			
110	Shane (Baytex) will forward previous email from ESSO to Paul	Before May's meeting	Shane Koss	
111	Contact Dave Helmer re: BLWSGs objection to Imperial.			
112	Discuss "Compressor and Roads & Dust" BMP	May 7 meeting	All in attendance	
113	Confirm rates for Synergy Website	For May's meeting	Darcy Allen	
114	Industry reps will check with their company to see if website costs can be shared on a rotation basis.	For May's meeting	All industry reps.	

