

## **Battle Lake Watershed Synergy Meeting**

**December 4, 2008**

	<p>A meeting of the Battle Lake Watershed Synergy Group was held on Thursday, December 4, 2008 at the Lakedell Hall with Paul McLauchlin acting as Facilitator for the meeting.</p>
Call to Order	<p>He called the meeting to order at 7:00 p.m.</p>
Attendance:	<p>In attendance were 37 residents, industry representatives and government officials (see attached list).</p>
Agenda	<p>The agenda was confirmed as presented. Consensus was reached that the agenda would be approved prior to each meeting by the majority of the group members with only minor changes accepted at the meetings.</p>
October 2 and November 6, 2008 Meeting Notes	<p>The notes taken at the October 2, 2008 meeting notes were reviewed to ensure that the amendments requested at the November 6 meeting were completed. They were accepted as presented.</p> <p>The November 6 notes were then reviewed for clarity and accuracy. Dione McGuinness requested that reference to "residents" on page 2, second paragraph, be changed to read "some residents". Sue Arrison had expressed regret for this unfortunate misstatement.</p> <p>The notes were accepted as amended.</p> <p><b>ACTION ITEM - Debbi</b></p>
	<p><b><u>BLWSG ADMINISTRATION</u></b></p>
Facilitator Review	<p>The facilitator proposed that a committee be established from one member of the Technical Committee, the BMP Committee, the Communications Committee and the ERCB to review his position and performance. The leads concurred that this could be done.</p> <p><b>ACTION ITEM – Sub-Committee Leads and ERCB</b></p>
	<p><b><u>COMMITTEE REPORTS</u></b></p>
Protocol for Respectful and Cooperative Behavior (within and outside Synergy Group meetings)	<p>The group further discussed the draft best management practice entitled: <b><u>PROTOCOL FOR RESPECTFUL AND COOPERATIVE BEHAVIOR- (within and outside Synergy Group meetings).</u></b></p> <p>Enforcement was noticeably missing from the document, but it was only intended as a guiding document; self-enforcement and the responsibility of the Chair were the only types of enforcement.</p> <p>Dave Doze expressed concern that ConocoPhillips may not be attending future meetings if the protocol was not adopted. He felt that they should attend the meetings as long as they had holdings in the area. He was not pleased with the comments made by Sue Arrison at the last meeting. This group was not there to resolve all operator/landowner conflicts.</p>

Situations arise in the field, sometimes by contractors, not those sitting around the table, but concerns could all be brought to the table. He had not seen anything at the synergy meetings that weren't proper and could be considered threatening to the company.

Dione McGuinness advised that Conoco would prefer to continue its presence at the meetings. Their concerns of late were due to extreme frustration and expressed the direness of the situation. ConocoPhillips prefers to work in a civil forum to solve problems. Sue was extremely upset when she made her statements at the last meeting, as she has been with the group since its inception. She was concerned that it was breaking down due to the after-meeting actions of some residents.

Paul stated that he would not allow interruption when others were speaking and he suggested that all comments be held until the individual was recognized by the Chair.

#### Wireless Technology

Verna Phippen requested that people speak up so that comments didn't have to be repeated. Paul would check into wireless technology for the next meeting.

#### **ACTION ITEM - Paul**

Darcy Allen requested that the Protocol for Respectful and Cooperative Behavior (within and outside Synergy Group meetings) be sent to the BMP Committee for its approval prior to final adoption at the January 8, 2009 meeting.

Dave requested clarification that this document would become part of the Best Management Practices, and was assured that it would be included in the handbook once adopted.

Comments should be sent to Mike Black as soon as possible so that they could be considered prior to adoption.

#### **ACTION ITEM – All members & BMP Committee**

### **INDUSTRY UPDATES**

#### Map of the Battle Lake Area

Dave requested that a map displaying the Battle Lake area be displayed by the projector during industry updates in order to ensure that landowners were aware of the area being discussed. Paul would ensure that a map was available for the next meeting.

#### **ACTION ITEM - Paul**

#### Use of Landowner Names

Verna questioned the use of individual landowner names at Synergy meetings. Larry Goulding would investigate this request, even though the County maps were public domain. It was agreed that in the interim, no names would be used.

EnCana Update	Darcy Allen reported that, as of late this afternoon, EnCana has removed their properties within the Lakeview West area from the market. No capital activity is planned in the immediate area for the remainder of 2008. Activity for 2009 is subject to release of their budget next week. He is now a Director of the Battle River Watershed Alliance.
Advantage Update	Theresa Sacha advised that Advantage has nothing new to report.
ConocoPhillips Update	Dione McGuinness reported that ConocoPhillips is currently under another budget revision so she had no information for 2009 yet.
Baytex Update	Pat Schmaltz reported that Baytex currently has 4 wells they are working over as follows: 12-23-046-02-W5M – install downhole PCP pump 02-27-046-02-W5M – solvent acid squeeze 10-27-046-02-W5M – solvent acid squeeze 10-23-046-02-W5M – swab well and evaluate  Verna questioned what activity Baytex had on 07-27-046-02-W5M. Pat advised that Baytex is evaluating the site for abandonment.
Solvent Acid Squeeze	Pat explained that a solvent acid squeeze was an operation where acid is pushed down into a wellbore to clean it, brought back to the top and recycled.
Notification of Activity	Bob Whiteside expressed concern that he had arrived at his summer home today near Battle Lake and found a service rig on the 12-23 site. He had not received any prior notice that a rig was moving in. Pat noted that this was not a new hole, but routine service work on an existing site. Their consultant had tried to contact all affected landowners, but since Bob was an absentee landowner, he wasn't able to be contacted. Pat would get proper contact information from Bob to ensure that he is notified next time.  Verna advised that she had experienced a similar situation with ConocoPhillips on the 12-26 site.  Larry Goulding (ERCB) confirmed that notification is recommended, but it isn't regulated by the ERCB. Usually the companies have their own regulations to ensure that it's done. When they find no-one's home, they will try to leave a phone message. There is an expectation that they make <u>every reasonable attempt</u> to contact the landowners. Notification of Flaring is regulated by the ERCB, but if the landowner is absentee, then a notice may be left in the door. Due diligence is required.  Bob had owned land for a number of years and industry should be aware of his contact information. ERCB suggested that this be discussed with Baytex, but it was the responsibility of both parties to ensure that contact information was up to date.

Industry on Private Property	<p>Dave suggested that residents should need to be aware that they have the right to quiet enjoyment of their property, thereby ensuring that industry stays within its own lease boundaries.</p> <p>Terry Wildman noted that there are serious liability issues when industry is on private property.</p> <p>Dave suggested that this is exactly why Synergy exists, is for contact information.</p> <p>Mike Todorow requested an update on installation of the sound shack and Pat advised that it has been installed. Water tests for contamination were recently completed by an independent water consulting firm who will review the results with Mike individually. Mike requested that this be done as soon as possible.</p>
Trilogy Update	<p>Landon Whitlock advised that Trilogy was still awaiting notification of a date from the ERCB for their hearing. Notice of the date should be out before Christmas.</p>
MEC Operating Update	<p>John Petty advised that operations were continuing as per usual with MEC Operating. They had met with Alberta Environment regarding the status of their 04-25-046-02-W5M injection well and the recent water license application in order to continue same. AENV had requested that MEC explore alternative sources of water as well as other options. The application has not changed, but will be further reviewed by MEC.</p>
International Sovereign	<p>John Riad (International Sovereign) was welcomed to the Synergy group. He advised that they have contracted out their emergency planning on the 13-11-046-02W5M site to a 3<sup>rd</sup> party firm, which had calculated the new Emergency Planning Zone to be 310 meters, down from the 970 m originally reported due to erroneous H2S values. This new EPZ would take them outside of Dave Doze's proximity and they would only need to deal with the Louis Bull band. John advised that the site won't be drilled until next winter and maybe not even then.</p> <p>International Sovereign would re-notify the required parties in the new year including those that had been notified in error. The site would potentially contain a maximum concentration of 1.5% H2S. He had brought eight packages of material for those interested.</p> <p>John confirmed that the 4-H Center had requested a bus access in case of emergency and this would be taken into consideration by International Sovereign.</p>
Penn West Update	<p>Raymond Karlson advised that electrification of four sites was still ongoing with a workover planned for the 15-08-046-01W5M site. Mike Black thanked PennWest for moving the fence on the site on his property, as requested.</p>

Scollard Update	<p>Myles Aitken advised that Scollard will be drilling on 01-30-046-01W5M in the new year. The Onyx lease on 07-25-046-02W5M will be tied in to the Scollard battery next week. Scollard will be operating this well on behalf of Onyx.</p>
<p><b><u>RESIDENT UPDATES:</u></b></p>	
Jim Stevens – MEC Water License	<p>Jim Stevens questioned if MEC as pursuing alternatives to fresh water or alternative fresh water sources. They were investigating alternatives to fresh water. Mr. Stevens advised that brackish water was being produced east of Wetaskiwin that could be used for these injection purposes. John Petty confirmed that MEC is attempting to contact Nexen to discuss this option. Jim suggested that there appears to be evidence that the water drawn from the aquifers is affecting the aquifers that feed Pigeon lake. He expressed concern with the company that had done the water consulting work.</p>
Terry Wildman MEC Water License	<p>Terry Wildman advised that he had sent a Statement of Concern on June 24 as he draws domestic water from this same aquifer. He had requested that a study be done with the prospect of a public meeting. He was interested in the economics of the alternatives. The sustainability of the aquifer was his main concern. He questioned the 15-year term renewal being requested by MEC. Terry expressed his concern that responses to his SOC were very late in coming. He felt that the serious nature of this request may require extension of the original permit to allow further study. He was concerned that if MEC used brackish water and there was a leak, it would contaminate land. He noted, however, that Alberta Environment was supposed to ensure that the operation was being run properly and in accordance with the conditions applied to the license. He noted that the land around the lake could be very dry as it was porous and this should be monitored. He suggested that the license should only be for 5 years to ensure that it could be monitored more closely. The studies showed that the draw-down has been minimal, but what were the climatic conditions for the future. He would like to have the relative economics addressed, rather than just the economics of using non-saline water.</p>
Coffee Break	<p>Paul recessed the meeting at 8:23 p.m. for a coffee break. The meeting reconvened at 8:35 p.m.</p>
Tim Belec MEC Water License	<p>Tim Belec read his statement of concern that had been forwarded to AENV regarding MEC's water license application and reiterated his concerns to AENV and MEC. A copy of Tim's letter is available by requesting one directly from him.</p>
Alberta Environment Response	<p>David Helmer advised that the application was still pending; no decision has been made at this time. AENV has met with representatives of MEC regarding the additional information they are seeking. AENV will provide</p>

	<p>a more formal letter to MEC identifying the issues brought out. Those who had filed SOCs will be advised when there is a decision. David clarified that "all deemed licenses expire on December 31". If no decision is made prior to that time, the license will expire. New water injection licenses are issued for two-year terms; however, renewals could be five-year terms. This application was considered a renewal, thereby only eligible for a five-year term. There are conditions applied to licenses including monitoring, reporting, and other aspects including purpose, location and depth. They limit the maximum draw down that can be realized and they specify where the pump location can be (always above the aquifer). All licenses using groundwater specify the maximum withdrawal rate so that it won't exceed the long-term yield. Oilfield injection licenses are limited to ½ of the long-term yield. An additional limit imposed by AENV is that the draw down at 150 meters can't be more than 50% of the available head, thus requiring a monitoring well.</p> <p>David advised that inspections are generally complaint-driven, but can be done without a complaint if AENV notices something peculiar in the monitoring or reporting submitted to AENV.</p>
MEC Response	<p>John Petty advised that MEC has been exploring the possibilities suggested by AENV and they feel they can meet the deadline with the limits imposed by AENV.</p> <p>MEC was requested to provide an update shortly after December 31 to the group.</p> <p><b>ACTION ITEM - MEC</b></p>
AENV	<p>David Helmer confirmed that when MEC's license expires, they will not be able to take water from that source without a new license. They could use other water, including saline sources, but not freshwater (without a license). They must cease or request a temporary diversion license. The ERCB would be consulted prior to a temporary diversion license being issued.</p>
Isaac Doble, Use of Salt Water	<p>Isaac Doble questioned what assurance he could get when the surface wells dried up and suggested that they should be using salt water.</p>
AENV	<p>David confirmed that all applications are reviewed to determine any adverse impacts to landowners or the environment. Pump tests are done to predict the drawdown and how it will impact other users. They won't issue water licenses if they think there will be any adverse impact. Water injection projects had been operating since the 1980's so there is substantial data to support the application on actual impacts.</p> <p>The policy of the Alberta Government is that all other sources of water should be evaluated before fresh water. They had suggested that the applicant needed to review this alternative.</p>

Defer Balance of Agenda – Consider MEC Application	It was agreed that that the remainder of the meeting be dedicated to the landowner concerns and that the balance of the agenda be deferred to the January meeting. Operators that had no interest in the MEC application were free to leave the meeting.
Ryan Bartlett's Commitments	The commitments made by Ryan Bartlett (ERCB) at the last meeting were circulated.
Finalize BMP's	The Best Management Practices would need to be finalized as soon as possible in the new year.
General Comments on MEC Application	<p>Ken Jenny felt that decisions made should be made on sound environmental science rather than economics.</p> <p>Tim Belec questioned if there was an aqua-tard layer between the two wells that MEC was currently drawing from.</p> <p>John Petty confirmed that they had tested the two wells and found the lower level wasn't producing the quantities they required. They could now cap the lower zone.</p> <p>David clarified that it is difficult to determine if a well is a multiple-aquifer completion based on the data in the one driller's report. They may be requested to recomplete the well to isolate the two aquifers.</p> <p>Tom Hegan concurred that time is limited. He hoped that there was sufficient time to review the alternatives properly. Perhaps the deadline could be extended in order to reduce pressure on MEC to push the application through.</p> <p>Verna questioned if MEC would be forced to shut down production at the site if the approval was not granted by Dec 31. It was AENV's understanding that MEC would shut in the oil wells if the water flood is halted.</p> <p>Verna advised that she was aware of sites where fresh water was being mixed with saline water before being pumped into injection wells. She questioned if this would negate the concern about spills noted in MEC's application. She also noted that they had only searched within a 10 km radius and Nexen's site was well beyond that.</p> <p>Tim Belec suggested that it wouldn't be fair to MEC to stop production as it may cause further problems.</p> <p>Michael Black requested that the applicants be given an opportunity to respond to the concerns raised at the meeting without pressure to complete the application by Dec 31. Perhaps their technical people could attend a meeting to answer the group's questions.</p>

Verna noted that this application this has been on-going for at least a year.

David Helmer suggested that the Synergy group shouldn't feel pressured by the Dec 31 deadline. AENV would look at the responses using a standard they always use.

Jim Stevens clarified that he was not trying to discredit MEC, he was just now starting to discover the substantial risks industry and the growing population is bringing to the Battle Lake and Pigeon Lake areas.

Bob suggested that MEC needed to seriously consider alternatives since they wouldn't always be around, but the residents would be if there was available water. Water was used very efficiently in the United States so perhaps MEC could take a lesson from them.

Tim clarified that the group was invoking the precautionary principle. Everyone needed to live by the Water for Life strategy.

Dave Doze noted that all other uses for water ensure that the water is returned back to the site. Exclusive of this is water injection which is never returned uncontaminated.

David Helmer advised that the Water Allocation and Conservation Policy and Guideline for Oilfield Injection identifies the circumstances when licenses can be issued. Once the license is issued, then conditions are imposed. If the cost to secure a saline water source was much higher than the expected revenue from the site, then a license would not be required. Regardless of costs, if there was a negative impact to the environment, it would not be issued. The hydrogeologic cycle was a different issue than what was being discussed here. That should be discussed when the policy is reviewed.

Tim suggested that there isn't an abundance of water in Alberta like there used to be, and we're not protecting it like we should be.

John Petty advised that MEC is clear regarding the process and he understands the resident's concerns about their water supplies. MEC would not be allowed to proceed if AENV and the ERCB weren't fully convinced that it wouldn't impact the area. They had done the reviews and this was a fully recharged well.

Verna advised that she had experienced a water shortage over the summer of 2008 on her property.

Next Meeting

Since the regularly scheduled meeting for January would fall on the 1<sup>st</sup>, consensus was reached to conduct the meeting on January 8.

Adjournment

Paul adjourned the meeting at 10:00 p.m.



**NEXT MEETING: January 8, 2009  
7:00 p.m. – Lakedell Hall**

In attendance:

Individual:	Representing
Mike Black	Resident
Isaac Doble	Resident
Dave Doze	Resident
Ken Jenny	Resident
Suzanne Thompson	Resident
Tom Hagen	Resident
Verna Phippen	Resident
Bob Whiteside	Resident
Tim Belec	Resident
Mike Todorow	Resident
Terry Wildman	Resident
Jim Stevens	Resident
Joanne Brodersen	Resident
David Noack	Resident
Chad Brodersen	Resident
Theresa Sacha	Advantage
Mike Downie	Advantage
Pat Schmaltz	Baytex
Dione McGuinness	ConocoPhillips
Jeff Grocock	ConocoPhillips
Leon Heck	ConocoPhillips
Darcy Allen	EnCana
Don Letwinetz	EnCana
John Riad	International Sovereign
John Petty	MEC
Mike Jenkins	MEC
Alan Browse	Penn West
Allan Gagne	Penn West
Raymond Karlson	Penn West
Myles Aitken	Scollard
Landon Whitlock	Trilogy
Larry Goulding	ERCB
Steve Harrington	ERCB
Meagan Schmidt	AENV
David Helmer	AENV
Paul McLaughlin	Facilitator
Debbi Raugust	Recording Secretary

**Sub-Committee Members:**

<b>Technical</b> (assist operators in coordination of oil and gas activities)	<b>Communications</b> (Share information within the Battle Lake community)	<b>Recommended Practices</b> (identify and document recommended practices for Synergy Group consideration)
<i>Lead – Darcy Allen</i>	<i>Lead – Ken Jenny</i>	<i>Lead – Michael Black</i>
<i>Lead –</i>	<i>Lead –</i>	<i>Lead – Archie Ruggles</i>
		<i>Terry Wildman</i>
		<i>Paul McLaughlin (Facilitator)</i>
		<i>Darcy Allen (EnCana)</i>

**Action Items**

<b>#</b>	<b>Action</b>	<b>Recommended Date</b>	<b>Person Responsible</b>	<b>√</b>
	<b>From April 2 Meeting</b>			
63	Determine items to be posted to Website	Each meeting	All in attendance	
	<b>From May 1 Meeting</b>			
68	Create flow-chart to accompany BMP	Future meeting	Paul & Dione	
	<b>From June 5 Meeting</b>			
74	Arrange for Angela Fulton to attend future meetings on behalf of AENV	For future meetings	Dave Helmer	
	<b>From September 3 meeting</b>			
78	Determine if wellsite reclamation is being done to current specs	January 8	Dave Helmer	
	<b>From October 2 meeting</b>			
81	Industry discuss possibility of burying lines 2.5 metres deep with its technical people to determine if there were other factors that needed to be taken into consideration.	January 8	All industry reps	
	<b>From November 6 meeting</b>			
85	Review Acknowledge form prepared by Darcy Allen for review at Dec meeting	January 8	All in attendance	
87	Continue to review "Pipeline Design & Construction" section of BMP	Prior to January 8	All in attendance	
89	Get information for fresh-water injection wells for Isaac Doble	January 8	Paul	
	<b>From December 4 meeting</b>			
91	Amend Nov 6 meeting notes to read "some" residents	Prior to Jan 8/09	Debbi	
92	Sub-Committee leads and rep from ERCB review administration of Group	Prior to Jan 8/09	Leads and ERCB	
93	Provide overhead map of Battle Lake area for use during industry updates	Prior to Jan 8/09	Paul	
94	Check into wireless technology for the next meeting	Prior to Jan 8/09	Paul	
95	Review "Protocol for Respectful & Cooperative Behavior" with a view to final adoption at Jan 8 meeting	Prior to Jan 8/09	BMP Sub-Committee and all in attendance	
96	Provide an update of MEC application shortly after Dec 31 deadline	After Dec 31	John Petty	