

(DRAFT ONLY)

BATTLE LAKE WATERSHED SYNERGY GROUP

November 4, 2010

A meeting of the Battle Lake Watershed Synergy Group was held on Thursday, November 4, 2010 at the Lakedell Ag. Centre with Paul McLauchlin acting as Facilitator.

CALLED TO ORDER:

Paul called the meeting to order at 7pm.

ATTENDANCE:

There were 28 residents, industry representatives and government officials. Please see attached list.

INTRODUCTIONS:

After welcoming the other members and introducing himself, Paul explained that tonight's meeting would emphasize the Better Management Practices (BMP), as well as, show how the regular meetings are run and how the group works together. Then he read the BLWSG mission statement. It is as follows: *To provide an effective and proactive forum to allow Community, Industry and Government to communicate and share information respectfully and cooperatively, to aid in an integrated approach to developing and planning oil and gas activity in a manner that protects and preserves the Battle Lake Watershed.*

He explained that the group formed in 2005 because of the unique watershed area. The group allows the local residents to participate in discussions and to work cooperatively with industry and government to protect the Battle Lake watershed area.

Each member introduced themselves and stated how long they had been with the group. Their answers will be shown on the attendance list attached.

SEPTEMBER & OCTOBER MINUTES:

Copies of September's minutes were handed out prior to approving them. Because there were last minute changes to the October minutes, which will be discussed later, those minutes will be approved next month.

BLWSG BROCHURE:

Carolyn of Conoco-Phillips showed the brochure that they produced (a copy of that will be added to these minutes).

ACTION ITEMS UPDATE:

#155 – Paul expected that all approved minutes would be posted on the website.

#156 - Steve Harrington (ERCB), Cliff Ellis (PennWest) and Ken Jenny (Resident) volunteered to be on the Communications Sub-Committee. They agreed that they will update the smaller brochure that the BLWSG had previously published. **ACTION ITEM # 160.**

#159 – Steve announced that Susan Hahlar (ERCB) will possibly speak at the January 6th, 2011 meeting.

ERCB UPDATE:

Steve said he spoke to Marta Darwent regarding the Pilot Project Review and she said that they are still some edits to be done but that she thinks she will be ready to speak about it in January.

ALBERTA ENVIRONMENT:

Dave Helmer stated that he didn't have any updates however he was open to answer any questions that the other members/guests had.

INDUSTRY UPDATES:

BAYTEX:

Shane announced that at site 7-27-46- , they were electrifying the site (meaning they were swapping the gas engine for an electric engine). They are waiting on a budget for the horizontal belly drill that they have spoke about before. Shane also reported an Incident Report in which a power pole was hit, and power was out to the Belecs, Blacks and Todorows homes. The incident may have happened because the driver didn't have

a spotter when he came out. The homes were without power for about 4 hours. And only the power pole suffered any damage.

TRILOGY:

Landon Whitlock reported on their current application at 16-22-46-2 (well location). He said that they have secured a surface location on the SE section of 2-27-46-2. He said that Trilogy had 4 different surface locations to choose from and the landowner chose the one in the SE section. He answered "no" to Mike Todorow's question as to whether Trilogy had considered drilling on anyone else's property other than the current landowner.

Some residents at the meeting inquired as to whether Trilogy planned on holding a meeting so that residents could participate. Landon agreed to that if people were interested in that, and that anyone interested should call him. Mike Black announced that he had made arrangements with Landon to walk the property and to discuss options that could lessen the impact and welcomed anyone else that wanted to join them. Landon's only concern that the landowner might need to be spoke to prior if the group was quite large. Mike Black thought it might only be half a dozen people. Anyone interested should contact Landon for details.

ADVANTAGE:

Monte announced that they made an application for 25 + 23- 46-2. The application is for sub-surface spacing approval; they want to have 2 wells at each site. They are waiting for approval. When asked if they had an application for 1-27-46-1 (surface location), Monte answered "no".

SCOLLARD:

Myles Aitken said that sites: 3-24, 3-30, and 13-30 are on hold; they are looking at other opportunities. Currently site 4-25 is under discussion. Myles said that they have been doing some gravelling in and around the area. When Mike Black mentioned that there was an area near Johnson's that desperately needed gravel, Myles responded by saying that he was already over budget.

He also explained how Scollard had acquired the mineral rights that had previously belonged to Sovereign International but that had already reverted back to the Crown. They didn't actually buy the mineral rights from Sovereign International as was originally stated in previous minutes.

PENNWEST:

Stacy Hunchek commented on the new well that a geologist had proposed drilling in the Battle Lake area. She stated that the well has been cancelled at this time because of the sensitivity of the area. She had been away on holidays when the initial planning took place and that as soon as she heard about it, she made sure the team was educated about the area and that for the short to medium term, it is cancelled.

Dave Doze questioned if it was typical to survey an area before a location has been decided. Stacy agreed that Corporate had "jumped the gun"; more planning needed to be done before that point. Also, that no one should have contacted the residents at this point in the project when she was told that Michael Ward (an in-house land agent with PennWest) had approached some landowners. Arnold felt that Michael Ward misrepresented himself because he said he was with PennWest. Arnold also stated that Mr. Ward only disclosed the bottom hole location to some of the landowners and as a result when the residents discussed the situation between themselves, they felt that they didn't get full disclosure. Arnold also mentioned that the quarter section that was being looked at was one of the last forested areas and that it had 3 creeks running through it. Arnold owns half of that property.

Stacy explained that because she is aware of how unique and special this area is, she would want to handle any proposed drilling herself. She also made a sincere apology to everyone for what had happened.

MEC OPERATING CO.:

Ed Kryger said that there was a new operator at Pembina-Knob Hill who was working with Bryan Rychman. He also said that all of their staff had successfully passed the Normal Occurring Radioactive Materials course. He mentioned that all leases are regularly monitored for odours and sounds.

CONOCO-PHILLIPS:

Carolyn explained that the well abandon she mentioned before is still in the planning process and that she'll keep us posted on it. They have sold all assets in Section 26 to Raven Wood Resources but that they will maintain the Battle Lake Pipeline and they will keep the compressor and 7 or 8 wells that are south of the lake.

The residents asked her to encourage Raven Wood to participate in the meetings.

BREAK:

Paul announced a short break at 8pm.

LANDOWNER UPDATES:

Dave Doze said that he had nothing more than the PennWest situation that had been discussed earlier.

Arnold Renschler didn't have anything else except for the PennWest situation. However, he did want to commend them for the work they had done on their compressors. They are less noisy.

Michael Black complimented the Thorsby Bakery for the delicious donuts and thanked Ken Jenny for picking them up for the Open House. Mike also said that he wanted to talk further with Trilogy.

Mike Todorow stated that he had talked with Shane during the break regarding the environmental clean-up (or lack of) and that Shane had said that the situation has been sent to personnel that are "higher up".

Karl Zajes of the Pembina Surface Rights Group in Warburg reminded the group of their meeting on the 2nd Tuesday of each month. This month's meeting would discuss the issues of Carbon Capture and Storage and the problems with the Genossee Power Plant. It seems that Genossee doesn't want to do what they had initially agreed to do.

Steve (ERCB) stated that there was to be a Mine Expansion Open House at the Genossee Power Plant from 2pm – 8pm.

Also, Karl said that the new Environmental Reclamation Criteria would be discussed at the Camrose meeting.

Verna Phippen sent a letter to the meeting that Paul read aloud. The letter is as follows:

Hi Paul,

Could you please ask the following questions for me at the Nov. 4, 2010 Synergy meeting and include any responses/discussion in the minutes;

1. *“On October 28, 2009, in it’s decision in the matter of Kelly et al v. ERCB and Grizzly Resources Ltd., the court determined that residents within a Protective Action Zone (PAZ) could directly and adversely affected by applications to which a PAZ relates. The Court also stated that applicants must include these residents in the participant involvement programs. “Could residents that were previously in the PAZ but denied directly affected status now appeal that decision by the board or request a review and variance of the license?”*
2. *Regarding Trilogy’s proposal for drill to bottom hole 16-22 (46-2W5) as referred to in the Oct 7, 2010 Synergy minutes, I request a response please from Trilogy and Advantage if, in the spirit of sharing leases, infrastructure, and pipeline and also to save Tier 1 lands both on the proposed 2-27 lease and completely eliminate the need to clear trees and the proposed pipeline from 2-27 to 1-27, if the proposed drill by Trilogy could not be completed from surface 1-27 in the same manner that Advantage has proposed in their resource application date Oct. 13, 2010, (#1663973), under “development plans”...”the type of drill will be a pad drill from an existing well site and would be preferably a vertical drill, but would actually be a deviated well bore to hit the target.” In other words I am asking if Advantage & Trilogy would consider working together to drill both Trilogy’s 16-22 and Advantage’s 7-23 bottom hole targets from surface location 1-27? Also, could the (now three sour wells) share the same facility infrastructure that currently exists on 1-27?*
3. *Do egress issues still exist from the existing Advantage 1-27 lease that over lap tsp road 464?*

*Thank you,
Verna Phippen*

Dave Helmer (AENV) responded by saying the original PAZ had an error in it. He said that Bulletin 2009-41 on the ERCB website discusses her letter. Here is the address:

<http://www.ercb.ca/docs/documents/bulletins/bulletin-2009-41.pdf> . The following is from Bulletin 2009-41 and addresses the error in the original PAZ.

The model was incorrectly calibrated to calculate the PAZ to an endpoint of 10 parts per million (ppm) concentration of H₂S averaged over a 3-minute exposure time (10 ppm endpoint). This endpoint is incorrect. The calculation should have been based on anticipated impacts of exposure based on 130 ppm for a 60-minute exposure time. The ERCB recognizes that it made an error in adopting an endpoint for the PAZ that did not correspond to the definition in Directive 071 and did not reflect the ERCB's intent. The Court's decision has assisted the ERCB in reevaluating and correcting Directive 071 to reflect its actual intent. Parties in the vicinity of a 10 ppm endpoint are not expected to suffer life-threatening or serious and possibly irreversible health effects, as contemplated in the PAZ definition. For example, Alberta's worker safety rules provide that people may work safely in an environment of up to 10 ppm H₂S for eight hours.

Monte responded to Verna's letter stating that he didn't know if there would be a 2nd well but he would consider coming off of 1-27 (there is no bottom hole location). Advantage is open to considering all options; they would consider working with Trilogy.

Landon from Trilogy responded that their land location is Tier 2 but a portion of the pipeline is Tier 1. They are not building a pipeline to Conoco-Phillips line at 1-26. They are sharing some of the infrastructure to lessen their environmental footprint.

BETTER MANAGEMENT PRACTICES (BMP):

Copies of the completed BMP were distributed at tonight's meeting, in either paper or disk form. Paul said that he would email the final document out to all members. And he reminded the group that changes can still be made on it.

Michael Black informed everyone that they had been working on the BMP document for 3 years. And that it is a "living document", which means changes throughout the coming years, can be made as necessary. He mentioned that other topics that needed to be added such as: "seismic" and "containment at the site". Mike thanked and acknowledged the many people who helped to create the document. And the committee will stay together.

Terry Wildman inquired if a cover letter would accompany the BMP's when they were distributed. The letter would explain that the BLWSG created the document and what

their purpose was and also that they were to act as a guideline only; best practice only and that the final decision is between industry and landowner.

Shane (Baytex) wondered it stated in the document itself that there were “recommended practice only”. Paul stated that in his experience, that in many instances as each project is done, everything can be tried and then exceed industry standards. Paul then suggested that the group draft a letter explaining that the BMPs would be looked at each year and that the most recent will be posted on-line and if it turns out that one of the suggestions in the BMPs just doesn’t work in the field, and then it can be changed or deleted because it is a living document.

Paul then read through some of the main points of the BMPs.

BI-MONTHLY MEETINGS:

Mike says that he has heard from some residents that most aren’t comfortable with the bi-monthly meeting idea. The residents feel that it will be too hard to keep up on all the updates and keep the communication going. Mike suggests keeping the monthly meeting going and Ken Jenny agreed. Monte said that he’d like to do a trial run of bi-monthly and industry could give updates to Paul on the months that they didn’t meet. Mike expressed concern that the continuity would get lost. Terry Wildman wondered about holding meetings only when industry is busy in the area and less meeting when they aren’t as busy. Are there months like that for industry.

Steve brought it to everyone’s attention that it be put to a vote because that is one of our principals is that the group is a democracy.

Dave Doze re-iterated that he preference was for monthly meetings (as stated in October’s minutes) in order to not lose the community communication.

It was decided to keep December’s meeting and to discuss the matter further and maybe not have a meeting in January because the date is so close to following New Year’s.

ADJOURNMENT:

Meeting was adjourned at 9pm.

NEXT MEETING WILL BE HELD ON THURSDAY, DECEMBER 2ND, 2010.

ACTION ITEMS LIST
November 4, 2010

#	ACTION	RECOMMENDED DATE	PERSON RESPONSIBLE	DONE
148	Invite "Water Balance Study" Guest Speaker	TBA	Jim Stevens	
154	Invite David Schindler (water expert) to speak to BLWSG	TBA	Arnold Renschler	
155	Post all accepted minutes on the Synergy Alberta website	By the end of November	Paul McLauchlin	
159	Invite Susan Hahler to speak to BLWSG on "drilling fluids"	Possibly January 2011	Steve Harrington	
160	Update one of the older brochures done be Conoco-Phillips	TBA	Communications Sub-Committee	

ATTENDANCE LIST
November 4, 2010

INDIVIDUAL	REPRESENTING	TIME IND. HAS ATTENDED
Monte Hurt	Advantage	5 or 6 years
David Helmer	AB Environment	2 years
Terry Kreese	Baytex	1 year
Shane Koss	Baytex	3 years
Pat Schmaltz	Baytex	1 year
Carolyn Nichols	Conoco-Phillips	3 rd meeting
Steve Harrington	ERCB	
Richard Sommer	ERCB	At the beg. & just returned
Ed Kryger	MEC Operating C.	2 nd meeting
Alan Browse	PennWest	3 years
Cliff Ellis	PennWest	2 years
Raymond Karlson	PennWest	3 years
Stacy Hunchek	PennWest	Occasionally over 3 years
Michael Black	Resident	Since the beginning
Joanne Broderson	Resident	
Dave Doze	Resident	Since the beginning
Ken Jenny	Resident	Since the beginning
Bob Kochan	Resident	
Ernest Kruetzfeld	Resident	
Shirley Kruetzfeld	Resident	
Arnold Renschler	Resident	Since the beginning
Mike Todorow	Resident	3 or 4 years
Anne Watson	Resident	1 st meeting
Dale Watson	Resident	1 st meeting
Terry Wildman	Resident	
Myles Aitken	Scollard	3 or 4 years
Karl Zajes	Surface Rights Consultant	A long time
Landon Whitlock	Trilogy	2 years
Don Whelen	Trilogy	3 or 4 year

Paul McLauchlin	Facilitator	5 years
Michelle Payne	Recording Secretary	Almost 2 years