

Flare and Venting
Can We Harmonize Provincial Definitions?
Industry Meeting April 17, 2012 – 8:00 am to 10:00 am – ERCB Office.

Presented By Jim Spangelo and James Vaughan, ERCB
and Kevin Parsonage M.A.Sc., P.Eng. BC Oil & Gas Commission

ATTENDEES:

James Vaughan, Jim Spangelo, Alessandra Alaia, Kevin Parsonage, Brad Wagner, Paul Molloy, Paul Slobodnik, Wayne Hillier, April Hauk, Brian Ross, Niall Gleeson, Andrew Higgins, Sean Nicholson

1. Introductions:

- James: Why we are here? What we are doing? Regulation of Flaring and Venting – Harmonization of definitions. Proposal to run by today.
- Look at possibly three meetings ahead. Just get things going today.

2. What is the Canadian Flaring and Venting Regulator's Forum?

- Formed in 2006. Representation consists of member from the BC Oil and Gas Commission, the ERCB, Alberta Environment and Water, Saskatchewan Energy and Resources, Manitoba Innovation, Energy and Mines, Newfoundland and Labrador Department of Natural Resources, Canada-Newfoundland and Labrador Offshore Petroleum Board, Government of Northwest Territories, National Energy Board, Environment Canada and Natural Resources Canada.
 - It's mandate is to discuss flaring and venting in the upstream oil and gas industry across Canada. To discuss issues of mutual concern. The sharing of information and data. Presenting a single point of contact within Canada for the Global Gas Flaring Reduction partnership.
 - o **Presentation of Flare and Vent Definitions:**
 - o The ERCB presented new definitions on flaring and venting after reviewing current provincial definitions. The reasons for the new definitions were explained in the presentation.
 - **IMPACTS:**
 - o Costs to change production accounting and change reports and computer systems. Consolidation effort – get everyone education on new reporting. Extra cost for measurement/estimating.
 - **Types of Flaring – Diagram.** Acid gas and fuel gas are treated differently across the provinces. Alberta treats fuel to flare as fuel ... other jurisdictions as flare. Similarly Alberta (and BC) treats continuous acid gas flared as acid gas shrinkage and others treat as flared.
 - **Fuel purge – how it is reported at the ERCB? – QUESTION.**
- Kevin** – Cases where smaller flaring sources – add-up. Differences on how it is treated.

3. What is proposed for the harmonization of flaring/venting/fuel definitions?

- It was suggested that the acid gas to the sulphur plant incinerator be termed “tail gas” not “acid gas” given the difference in composition between tail gas and acid gas.
- **Flaring Includes:**
 - o Flared fuel gas (*fuel gas directed to flare to enhance dispersion and to improve combustion efficiency, purge gas, flare pilot gas*),
 - o Flared waste gas, and;
 - o Flared acid gas continuously or intermittently flared.
- **Flared fuel gas, flared waste gas and flared asset gas should be separately reported.**
- **WHY:**
 - o Easy to understand and recognize. See it flared, it needs to be reported as flared.
 - o Brings more attention to fuel gas to flare – helps with conservation when we are focused on this.
 - o More consistent with other jurisdictions.
 - o More discussion on expectations on measurement and estimation – next meeting.

Vent Definition

- **VENTING:** Is the direct emission from the intentional release to the atmosphere of hydrocarbon or CO₂ gas.
- **Venting Includes:**
 - o **Vented fuel gas**
 - o **Vented waste gas**
 - o **Vented CO₂ where the stream is primarily CO₂. In the past,** industry has been unclear on how to report CO₂ and has inflated vented numbers by reporting it as vented rather than acid gas shrinkage.
- **Each of the above streams should be reported separately.**
- Reporting fugitives (unintentional leakage) as vented will be considered optional.
- Where gas contains CO₂ because of the nature of operation – **such as well fracturing operations or underground combustion these vented amounts should be split between CO₂ reported as CO₂ and hydrocarbon reported as waste gas.**
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4. Initial Feedback from Presentation:

- Generally all parties agreed the definitions proposed. Questions remained around measurement and estimating expectations. Value in having additional clarity.
- Government participants and measurement experts involved in the discussion.
 - Todd: We think this is a worthwhile venture to harmonize definitions. Joined Petroleum Registry (beginning of this month). Same data into the same system in a consistent manner.

- Todd: Flaring & venting group – venting into other gases – broaden the scope – equivalent to other industries such as forestry and transportation. Getting too detailed CO2 levels?? – Just a suggestion.
- Kevin: Anything we can do to harmonize definitions is a big benefit for everyone, as well as industry reporting. Supportive of common definitions.

Industry comments:

- April: Reporting under BC ministry and environment – beneficial for them to be involved in a discussion like this – value in having a standard definition across the provinces.
- Paul: Harmonization is good, technically the best thing to do. Standardization of measurement – needs further work.
- Sean: We are too early in the process to look at costs for measurement and reporting changes to the Petroleum Registry.
- Andrew: Clearer definitions are a good idea. There are hard costs for additional metering. More discussion will be worthwhile.
- Wayne: need to capture comments, need to capture cost and value of change.

- PATH FORWARD – James:

- o We knew coming into this that still needs work and need some input from industry as far as what we think is fair. Would like to remain open around this. The ERCB has permission from Board to explore this – however, no endorsement. Very early in the process – input from around the table.
- o Preliminary thoughts – do we think it's a good idea? Outline timing?
- o What should expectations be in terms of reporting? Meet again to get further feedback on today's meeting. Next meeting we plan to have measurement and reporting representatives to discuss.

5. Next steps & Next Meeting:

- Wayne suggested that we have looked in detail at a few facilities including fuel/flare/vent. He would be prepared to share this information in the next meeting.
- Andrew suggested there may be value in looking at 3 or 4 types of facilities and looking at what changes would be required, for example: well sites, compressors and gas plants (sweet and sour). It was suggested that a table or figures showing the effects that the changes in definitions would have on D17 would be useful.
- A question was raised as to what impact would these new definitions for fuel, flare and vent have, if any, on royalties? Government representatives to look at impact before next meeting.
 - o Kevin suggested that no royalties on fuel or flare is paid in BC.
 - o Brad suggested no royalties on flare, unsure about fuel in Saskatchewan.
 - o Paul will look at Newfoundland.
 - o Jim thought no royalties on fuel or flare in Alberta.

- James to e-mail group to poll everyone for the next meeting date to be set within the next 4 – 6 weeks.

6. Proposed Agenda for Next Meeting:

1. Comments from Last Meeting
 - Feedback on definitions (All)
 - Feedback on Measurement/Estimating
2. Analysis of fuel/flare/vent at facilities (Wayne)
3. Changes that would be required for Measurement Directive D17 (ERCB)
4. Confirmation of Definitions
5. Confirmation of measurement and estimation expectations
6. Next steps.