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National Energy
Board

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*Canadian Flaring and Venting Regulators
Forum*

Yellowknife, NWT
June 19, 2009

Outline

- ❖ NEB in the North
- ❖ Northern Synopsis
- ❖ Northern Regulation of upstream flaring and venting
- ❖ In Closing



NEB in the North

- An independent federal energy regulatory agency
- **Main functions are established in the *National Energy Board Act***
- **Most northern regulatory responsibilities fall under the *Canada Oil and Gas Operations Act***





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NEB
in the
NORTH

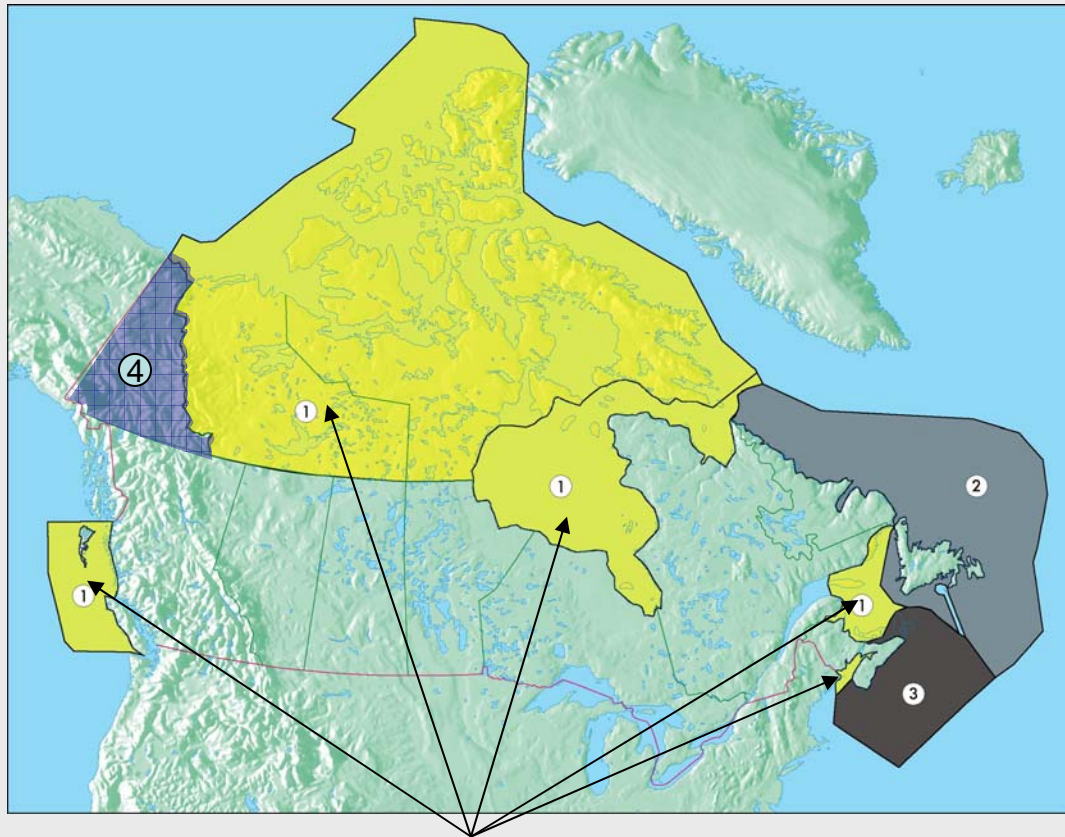


The NEB regulates oil and gas activities in Canada's North and in offshore areas not under the jurisdiction of a federal/provincial shared management agreement

NEB Responsibilities

- Regulate exploration, development and production, pipelines, tolls and tariffs
- Enhance worker safety
- Protect the environment
- Ensure conservation of oil and gas resources

Frontier Lands



Non-Accord Frontier Lands

- 1. NEB**
- 2. CNLOPB
- 3. CNSOPB
- 4. Yukon

Non-Accord Frontier Lands



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Northern Synopsis – General Trends

- Overall reduction in flaring in 2008
- No new producing areas - general reduction in production
- Limited exploration drilling (MGM West Delta)



Operating Fields

- Production at Ikhil and Paramount Cameron Hills continuing, no new wells
- Paramount Resources Ft. Liard Operations have been suspended since early 2008
- Production declined in Norman Wells resulting in decrease in volume flared from 2007- planned waste heat recovery project will further reduce flaring and GHG emissions – continual production decline



Northern Synopsis – Exploration 2008-09

- Very limited flaring in the exploration stage
- MGM West Delta Drilling Program (2008/2009 drilling season) – only one out of 3 wells were tested
- Imperial Oil drilled 1 additional oil well in the Proven Area in the summer of 2008 (no flaring reported) & 1 well in 2009
- Offshore licences have seen significant seismic exploration in 2008 & 2009
- New interest in eastern Arctic seismic exploration



Northern Regulation of Upstream Flaring and Venting

- Onus is on the companies to develop, implement and demonstrate methods for reducing flaring
- The COGOA allows for the cessation or suspension of the production of oil or gas if a waste of resource is occurring (waste includes the escape or flaring of gas that could be economically recovered and processed or economically injected into an underground reservoir)



New Drilling and Production Regulations



- Expected to be promulgated this fall
“Regulation continues to be required to ensure that activities related to the drilling for, or production of, oil and gas are carried out in a manner that is safe, protects the environment and ensures that resources are not wasted.”



New Drilling and Production Regulations

- Amalgamation and modernization of existing *Drilling Regulations* and the *Production and Conservation Regulations*
- Administered by 3 regulators: CNLOPB, CNSOPB and the NEB
- Goal oriented style
- Provide improved flexibility to develop regulatory process efficiencies
- Guidance documents coming (D & P regs, EPP)



New Drilling and Production Regulations

- Requires applicants to develop a Management System that shall include...*the processes for ensuring and maintaining the integrity of all facilities, structures, installations, support craft and equipment necessary to ensure safety, environmental protection and waste prevention...*



New D & P Regs - Gas Flaring and Venting

- No operator shall flare or vent gas unless...
 - It is otherwise permitted in the Authorization or Approval...
 - It is necessary to do so because of an emergency situation....



Canada Oil and Gas Operations Act

Other Regulations:

- *Geophysical Operations Regulations*
- *Oil and Gas Occupational Safety and Health Regulations*
- *Spills and Debris Liability Regulations*
- *Diving Regulations*
- *Installations Regulations**
- *Certificate of Fitness Regulations**

** will require amendments as a result of new D & P regs*



In Closing

- NEB is supportive of the CFVRF
- NEB regulates upstream O&G activities and flaring in northern & non-Accord Frontier areas
 - O&G exploration and production & flaring declining
 - Increasing exploration interest in eastern & western Arctic offshore
 - Drilling and Production Regulations, with management system requirements, being readied
- NEB looks forward to other regulators taking a lead role in CFVRF

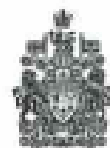


Thank You



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