

# Regulatory Bulletin for the Oil & Gas Industry

## October 2019



WATER | WASTE | ENERGY

## International

### Managing Produced Water in the Permian Basin

Maintaining profitability requires sensible management of water, especially with Water Oil Ratios (WOR) as high as [15:1](#), as seen in the Permian Basin. Year end produced water (PW) volumes for 2018 in the Permian were estimated at 17,500,000 barrels per day (bpd)<sup>1</sup>, which has caused an increase in competition for saltwater disposal (SWD) injection wells. New regulations by the [Texas Railroad Commission \(RRC\)](#) has limited licencing of SWD capacities, thereby increasing water handling costs for operators.

The new regulation changes imposed by the RRC were based on historical data collected by the [Bureau of Economic Geology \(TexNet\)](#) which revealed a significant increase in [seismic activity in the Permian](#). As such, operators must adapt to these challenges and focus on recycling strategies or new technologies (e.g. evaporation) to reduce their water handling costs.

## ALBERTA

### Alberta Energy Regulator Review and Application Timelines

Following a review of the Alberta Energy Regulator (AER), which was announced in [September 2019](#), the provincial government has removed additional [AER executives](#) from the organization. No other results of the AER review have been announced at this time. Furthermore, target timelines for [AER application reviews](#) were reduced prior to the resignation of Jim Ellis, former Chief Executive Officer of the AER, in [November 2018](#).

AER application target timelines and statistics for AER reviewers meeting their timelines can be [viewed by application type](#). Examples of current AER review timeline targets include:

- Alternative Storage (e.g. D55 addendum for AWSSs): 30 business days (71%)
- Waste Facility/Component (e.g. D58, or D58 Component): 50 business days (78%)
- Water Act with additional review: 80 business days (95%)
- Water Act Licence (e.g. Term Licences): 130 business days (53%)
- Water Act TD: 10 business days (98%)

### Updates to Directive 056 and Well Application Submission

The AER has released a new edition of [Directive 056: Energy Development Applications and Schedules](#) (Directive 056) which comes into effect on 03 November 2019. Updates to [Section 7.8 of Directive 056](#) include:

- The Lahee classification system has been superseded with a new system that distinguishes between exploration and exploitation activity while considering other unique well types drilled in Alberta.
- Applicability of the “confidential below” designation will now only be assessed after a well is drilled.
- Drill cutting sample requirements have been updated to align with the new classification system.

Furthermore, the AER announced all applications for [new well licences](#) will need to be submitted through the OneStop Tool as of 07 November 2019. To facilitate the transition to OneStop, the Digital Data Submission (DDS) system will stop accepting new well applications as of 5:00 p.m. on 31 October 2019 and OneStop will be [unavailable](#) from 8:00 am 06 November 2019 to 8:00 am 07 November 2019.

<sup>1</sup> EIA, *Drilling Info*, Baker Hughes, Raymond James (source available upon request)





## BRITISH COLUMBIA

### Aerial Leak Detection Survey Results

During the [2019 aerial leak detection survey](#), methane was detected at four well sites located east of Fort Nelson, British Columbia (BC). 104 wells were randomly surveyed including open-hole abandonments, cased-hole abandonments and wells with a history of surface casing vent flows. Permit holders with wells emitting methane were notified, requested to investigate the source and repair as required under the [Drilling and Production Regulation](#). The aerial survey will be conducted on an annual basis and results will be used to inform inspection programs and lead improvements to well decommissioning practices.

### British Columbia Tables Legislation to Adopt United Nations Indigenous Rights Declaration

On 24 October 2019, British Columbia tabled Bill 41 (the Bill), a piece of legislation to implement the [United Nations Declaration on the Rights of Indigenous Peoples \(UNDRIP\)](#). The Bill, which is expected to pass, will set a framework to align provincial laws with the standards of UNDRIP. The legislation is a "[commitment to respect, promote and advance the rights of Indigenous people](#)," and requires that all Indigenous peoples are included in all decision making that impacts their rights. UNDRIP requires all projects that touch on traditional or current Indigenous territories must receive consent from those communities.

### Did You Know?

Alberta Environment and Parks (AEP) will be developing timelines for mandating compliance of existing dams. Updates released in late 2018 to dam safety provisions under the [Water Ministerial Regulation](#), mean that many existing fresh-water reservoirs in Alberta would now technically fall under the definition of a dam. To determine if an existing reservoir now qualifies as a dam, and whether subsequent steps need to be taken to manage liability, the first step is to assess the consequence of failure and provide a recommended classification.

Integrated Sustainability can support through a desktop consequence of failure classification report, and assist with associated documentation and potential subsequent monitoring requirements.



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