WATER AND LAND USE FOR THE OIL AND GAS INDUSTRY

A Regulatory and Strategic Summit

Oil Sands • Coalbed Methane • Regulatory Updates & Strategic Planning Reclamation & Remediation • Water Conservation and Management

PROGRAM CO-CHAIRS

Ron Kruhlak Partner McLennan Ross LLP

Peter Miller
Barrister and Solicitor
Imperial Oil Ltd.
Legal Committee
Canadian Association
of Petroleum Producers

OFFICIAL PUBLICATION



Meeting Your Evolving Information Nee

November 14-15, 2005 • The Metropolitan Centre • Calgary

Attend this conference to get the latest information on:

- Alberta's new regulatory landscape for water: the next phase of "The Water for Life Strategy" and its implications for industry
- How will economic instruments and incentives be employed for water management and conservation? What will be their impact on industry?
- What are the risks for companies that fail to comply with the new incentives for conservation?
- A full in-depth analysis of the Instream Flow Needs (IFN) number and its impact on the oil sands industry
- Who bears the costs of changes in water use and how will industry respond in managing risk, and in dealing with potential constraints on water?
- How can industry strategically plan to be one step ahead of the regulators with regard to water management, conservation and use, as well as land development?
- · New technologies for water conservation and management for the oil sands
- Update on provincial legislation on water usage and CBM exploration
- · Recent AEUB decisions and their implications for industry and development in Alberta
- Analyzing the hearing and consultation process introduced by the AEUB and how companies can best approach these new regulatory hurdles

and much more...

OPENING KEYNOTE ADDRESS

Land and Water Reclamation: The Looming Crisis in Alberta

Jim Byrne, Professor of Geography and Environmental Science

University of Lethbridge

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WHO SHOULD ATTEND

From Oil and Gas, Energy and Other Resource Sectors:

- Presidents, Vice-Presidents, Directors and Senior Managers of:
 - Environment, Health and Safety
 - Regulatory and Government Affairs
 - Sustainable Development
 - Land Use and Planning
 - Project Development
 - Risk Management
 - Business Development

AND

- Production and Exploration Engineers
- Environmental Consultants
- Hydrologist/ Hydrogeologists
- Petroleum Geologists
- Environmental Lawyers
- Corporate Counsel
- Regional and Municipal Planners
- Municipal, Provincial and Federal Regulators
- Urban Planners
- ADR Specialists
- Aboriginal Groups

Dear Colleague:

When the province released its "Water for Life Strategy", it raised several significant challenges for industry. Today, almost two years later, industry awaits the next phase of its implementation, which may well include the introduction of economic incentives for conservation and a price tag on use. Will the province view water as a commodity or a resource?

These impending regulatory changes are occurring in the midst of increased drilling activity, population growth and rising industrial development throughout the province. In the midst of all this growth, public reaction to industry development continues to gain momentum, as various interest groups throughout the province demand more involvement in the regulatory process.

This is the third in a series of conferences which **Insight Information** has produced in the last two years addressing these issues: *Water and Land Issues for the Oil and Gas Industry* (March 2004) and *Community Consultation and Land Development* (February 2005). Join us at this conference as the issues and polices continue to unfold – the story is far from over. At this two-day comprehensive conference some of the issues which will be explored include:

- Comparing Alberta's regulatory framework for CMB produced water with other jurisdictions: B.C., Wyoming and others
- · An in-depth examination of the AEUB hearing and application process
- Looking ahead: planning for the new reclamation and remediation legislation
- Working with First Nations and Metis: strategies for developing win-win relationships
- Maximizing stakeholder relations: developing models for engagement that work!
- Understanding the concerns of landowners: the rights of landowners and industrial water use

Insight Information has assembled leading environmental lawyers, industry leaders and respected water experts to assist you in understanding the unfolding developments and help you gain insights into their implications for the industry. This conference combines the latest regulatory developments and legislative changes with best practices in environmental and conservation management for the oil sands and oil and gas industry. This information is a must in order to develop strategic business plans that will enable you and your company to be one step ahead of the regulator.

We look forward to seeing you there!

Sincerely,

Ron Kruhlak Partner

McLennan Ross LLP

Peter Miller Barrister and Solicitor Imperial Oil Ltd.

Legal Committee, Canadian Association of Petroleum Producers

MONDAY

NOVEMBER 14, 2005

8:15 Registration and Continental Breakfast

9:00 Welcoming Remarks from Insight Information

9:05 Co-Chairs' Opening Remarks

Ron Kruhlak

Partner

McLennan Ross LLP

Peter Miller

Barrister and Solicitor

Imperial Oil

Representative, Legal Committee

Canadian Association of Petroleum Producers

9:15 Opening Keynote Address — Land and Water Reclamation: The Looming Crisis in Alberta

Jim Byrne

Professor of Geography and Environmental Science

University of Lethbridge

10:00 Alberta's Water for Life Strategy: Looking Ahead — What Industry Can Do to Prepare for the Future Regulatory Landscape

Bernard J. Roth

Partner

Fraser Milner Casgrain LLP

- Update on the next phase of the "Water for Life Strategy" – the issues that industry must consider to prepare itself for the implementation of the policies outlined in the "Water for Life Strategy"
- How likely it is that the province will amend the Water Act and introduce legislation that forces industry to comply with the policies outlined in the "Water for Life Strategy"?
- What type of market measures will likely be introduced? Will water become a commodity in the future that must be licensed? Who will be responsible for the cost of these licenses?
- How likely is it that the province will introduce economic instruments and incentives for the use of water between 2008-2011? How will this work?
- Will there be economic incentives for those companies that increase their conservation of water?
 What happens to companies who do not comply?
- Will there be grandfather clauses for companies with existing operations?
- How can companies mitigate the risks inherent in the uncertainty of regulatory reform?

10:45 Coffee Break

11:00 Regulating Produced Water in the Coalbed Methane Industry

Allan Ingelson

Associate Dean
Undergraduate Programs
Haskayne School of Business
University of Calgary

The presentation will review the legislation and regulatory approaches to the management of water produced from CBM wells in Wyoming, Montana, Colorado, Alberta, and British Columbia. The similarities and differences in the regulatory requirements for the production and use of produced water in the different jurisdictions will be analyzed. Water quality standards will be discussed along with emerging water use and disposal issues.

11:45 Addressing the Need for Energy Related Water Use Technologies

Richard Nelson

Research Manager, Environment and Alternative Energy Alberta Energy Research Institute Department of Innovation and Science Alberta Government

With the western Canadian sedimentary basin under increasing strain, the issue of water management raises several questions: Who owns it? Who has access to it? These issues are of increasing concern for many in the province of Alberta, where the southern basins are prone to drought and the northern basins are prone to flooding. In Alberta as elsewhere in Canada, many Canadians are concerned about the quality and availability of fresh drinking water. This presentation will focus on some of the these issues including:

- The need for the energy industry to develop technology which will reduce the use of fresh water – progress to date
- Managing competition for water with the agricultural industry and other users
- Meeting the need for cost-effective water purification technologies

12:30 Networking Luncheon

1:30 Luncheon Address – The Pekisko Grassland Watershed: A Landowner's Perspective

John Cross The Pekisko Group

2:00 Industry and Water Scarcity: Conservation and the Aquatic Ecosystem

Arlene J. Kwasniak

Assistant Professor Faculty of Law **University of Calgary**

Water scarcity is a fact in the South Saskatchewan River Basin, so much so that most of the Basin might be closed to new allocations. Local and public interest stakeholders are concerned that industrial water needs wrongly compete with more pressing water needs including those relating to aquatic ecosystems restoration and protection. The session will provide an overview of the problem and set out potential beneficial approaches for industry to make it part of the solution— and to be seen as part of the solution.

- Scarcity, conservation, and aquatic ecosystem concerns
- Growing local and public interest stakeholder concerns over industrial impacts on water and aquatic resources
- Paradigm shift for industry and making it part of the solution
- · Benefits to industry as well as local and public interests
- Specific solutions and approaches that industry can champion or take part in

2:45 Refreshment Break

3:00 The Changing Regulatory Landscape for Water Use in the Oil Sands — Industry Implications

Calvin Duane

Manager, Regulatory and Environmental Affairs Canadian Natural Resources Ltd.

The water flowing in the Athabasca River has become a very controversial issue in recent years as various stakeholders, including industry, Aboriginal groups and government officials, have been debating the acceptable use of the river. Both the federal and provincial governments have been involved. The Horizon Joint Panel Hearing issued a report which recommended that the federal and provincial governments should set an IFN number independently if the Cumulative Environmental Management Association (CEMA) was not able to do so by the end of 2005. In this session, the speaker, an expert on regulatory and environmental affairs, who is also a member of CEMA's Surface Water Management Task Group, will discuss the following issues:

- Who owns the water?
- · Who decides on priority of use?
- What level of use is acceptable; which impacts are acceptable?
- Who should bear the costs of changes in water use?
- For the oil sands, where all the resources are public, (the bitumen, the water, the land, the wildlife), who decides on the trade off of uses and developments for Alberta, for Canada?
- How will industry respond in managing risk, and in dealing with potential constraints on water?
- How will a management framework for water be implemented and what are the benefits to long term management of water resources?

3:45 Practical and Novel Approaches for Water Management in the Oil Sands

Les F. Sawatsky

Principal, Director of Water Resources Golder Associates Ltd.

- Offstream storage to fully mitigate winter withdrawals
- Tailings disposal techniques that minimize water consumptive use and storage
- Closure drainage that replicates natural systems
- Economical erosion and sediment control systems
- Minimizing environmental impacts
- · Mitigating loss of fish habitat

4:30 Conference Adjourns for the Day

TUESDAY

NOVEMBER 15, 2005

8:30 Continental Breakfast

9:00 Co-Chair's Opening Remarks

Peter Miller

Barrister and Solicitor
Imperial Oil
Representative, Legal Committee
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9:05 The Alberta Energy and Utilities Board (AEUB) Application and Hearing Process

Doug LarderGeneral Counsel

Alberta Energy and Utilities Board

10:00 Coffee Break

10:15 Latest Alberta Environmental Appeals Board (EAB) Decisions on Public Consultation

Gilbert Van Nes

General Counsel and Settlement Officer
Alberta Environmental Appeals Board

This presentation will provide a brief overview of the regulatory framework for public consultation in Alberta, with a particular focus on the application of the process to the oil and gas industry.

- · Use for water for oilfield injection
- Contaminated land
- · EAB decisions on public consultation
- Identify opportunities for public consultation
- Development and evolution of public consultation
- Benefits of public consultation to date

11:00 EUB Applications, Environmental Concerns and Surface Rights Access: How Industry is Responding to the Needs of All Stakeholders

Peter Miller

Barrister and Solicitor Imperial Oil Representative, Legal Committee Canadian Association of Petroleum Producers

- How industry is responding to the needs of Stakeholders
- Landowner Consent (EUB): the new negotiating strategy for surface compensation
- Interveners and Area Landowner Agreements: a benefit or a curse?
- Legal rights and regulatory processes: are they a match for organized landowners?
- Landowner consultants, special terms and conditions and open-ended costs – where is the industry going?

11:45 Gaining Multiple Well Approvals – Better; Faster; Smarter

Peter Jalkotzy

Project Director, Natural Sciences EBA Engineering Consultants Ltd.

- Reducing the costs associated with one-off applications and adding value to the bottom line
- Current business realities meeting ever shorter time frames demanded by petroleum business managers
- Minimizing regulatory hang-ups streamlining the approvals process
- · Eliminating "re-work" the essence of quality
- Maximizing stakeholder relations engagement that really works!
- Focusing on what is really important to the approval process
- · Relieving approval headaches

12:30 Networking Luncheon

1:30 Lessons Learned From Representing Landowners: Surface Rights and Water Use

Richard Secord

Partner

Ackroyd, Piasta, Roth & Day LLP

Water has been called the oil of the 21st century. The World Bank predicts that by 2025, two-thirds of the world's population will not have enough drinking water. It has become increasingly precious for landowners in Alberta. Landowners are becoming more vigilant when oil and gas companies wish to operate in their backyards. Occasionally, aquifers have been harmed by oil and gas activity, with negative consequences for the landowners involved. In 1998, Richard Secord represented landowners who were concerned that nearby oil extraction activity was increasing the levels of arsenic in their groundwater supply. Richard Secord, who has represented several landowner groups before the EUB, has found that the protection of groundwater has become an important issue in Alberta. In one hearing in 2002, the EUB denied an oil company permission to drill an oil well in the recharge area of a shallow unconfined aguifer with springs located downgradient and in close proximity to the landowners' water supply. In one EAB hearing in 2004, he represented ranchers who were opposed to Capstone Energy withdrawing fresh water from the Red Deer River. This session will touch on some of the lessons learned from representing landowners in these and other cases.

2:15 Refreshment Break

2:30 Site Contamination: Developments Arising from Lynnview Ridge

Ken Mills

Office Managing Partner, Calgary Blake, Cassels & Graydon LLP

- The significance of Lynnview Ridge for the industry
- · Effectively advocating your position before AEUB
- What do companies need to do to be in compliance with the regulations under the current Reclamation and Remediation program?
- What are the consequences and penalties for non-compliance?

3:15 Working With First Nations, Metis and Other Rural Communities: Strategies for Developing Win-Win Relationships

Robert Nowosad

Executive Director

Cumulative Environmental Management Association (CEMA)

CEMA is a multi-stakeholder initiative formally established and registered as an Alberta Society in the spring of 2000. The initial CEMA objective was to develop management recommendations on how best to minimize potential long-term cumulative environmental impacts caused by oil sands development in the Wood Buffalo Region. The Association provides a forum for regional stakeholders to facilitate discussion and make consensus-based decisions on the adaptive management actions required to protect the environment while allowing industrial development to continue in a sustainable manner. Recommendations are forwarded to the appropriate Alberta Government Department, the regulators, for further consideration and the possible inclusion into development approvals and environmental protection standards for the Wood Buffalo Region.

- With the Athabasca oil sands development intensifying in recent years, how should the environmental concerns be addressed that result from increasing development?
- How does the Cumulative Environmental Management Association (CEMA), a multi-stakeholder initiative, operate? CEMA has representatives from industry, all levels of government, First Nations, Metis and ENGOs and was established to address regional cumulative environmental concerns
- How does CEMA arrive at a consensus when developing its recommendations on environmental management?
- How does CEMA integrate both western science and traditional environmental knowledge when making its recommendations?

4:00 Co-Chair's Closing Remarks and Conference Ends



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November 14-15, 2005 • The Metropolitan Centre • Calgary

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