

Province's shale gas regulations 'amongst the best in Canada,' says president of U.S. consulting firm

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Only New Brunswick and Alberta have baseline groundwater sampling requirements as part of its shale gas rules, according to a new report detailing the state of the shale gas industry in Canada.

The report, entitled Modern Practices of Hydraulic Fracturing: A Focus on Canadian Resources, provides a comprehensive overview of hydraulic fracturing in Canada, detailing each of the country's shale gas fields while also laying out each province's regulatory regimes.

Its lead researcher says New Brunswick's regulations have the advantage of coming after the shale gas industry has spent the last decade honing its practices.

"The benefit that New Brunswick has is that it's 2012 and not 2000," said Dan Arthur, president of a United States-based consulting firm contracted by the Petroleum Technology Alliance Canada to complete the report. "What has happened is that the industry is now bringing in a wealth of knowledge, best management practices, and a history of everything that North America and other countries are concerned about.

"That has been brought to and implemented in New Brunswick."

The report outlines the Fredrick Brook shale, which includes the McCully Gas Field, near Sussex, already home to 30 natural gas wells.

It states that "additional development of the resource in the future is likely."

Under a chapter entitled regulatory comparisons, the report states that "protection of groundwater is a priority for the regulatory agencies, citizens, and oil and gas operators alike."

It urges baseline water testing as a "prudent measure" in order to decipher between naturally occurring groundwater contaminants and potential contamination from hydraulic fracturing.

But it then states that only two provinces mandate that procedure.

"Currently, only Alberta and New Brunswick have baseline sampling requirements but many operators sample nearby domestic water wells prior to drilling," reads the report. "Subsequent testing could identify changes and allow the operator to compare the groundwater constituents to those in the stimulation and to determine whether changes have occurred and possibly what sources may have caused the changes."

"New Brunswick is sitting amongst the best in Canada," Arthur said. "Because it is such a late-discovered play there, you are seeing the best because of what you are asking about there from a regulatory perspective in terms of environmental protection and human health."

In a section detailing New Brunswick, the report notes that SWN Resources Canada has entered into a unique collaboration with environmental groups.

"Its parent company, Southwestern Energy of Houston, has been working with the Environmental Defense Fund on a set of model standards for safe drilling that they have suggested be considered by the government

of New Brunswick to decide whether a new energy business can be developed while protecting the landscape," reads the report.

The report concludes that "while the risks associated with hydraulic fracturing are very small due to government regulations and advanced technology, the use of best management practices by industry reduces and mitigates those risks that remain."

The Petroleum Technology Alliance Canada is not-for-profit association with a board of directors consisting of government, industry and consulting firm representatives.

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