



## **EnCana Corporation**

**Review of Requirement to File Thermocouple Data  
Established in Decision 2003-023  
Chard Area and Leismer Field**

**May 10, 2005**

**ALBERTA ENERGY AND UTILITIES BOARD**

Decision 2005-042: EnCana Corporation, Review of Requirement to File Thermocouple Data  
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# **ALBERTA ENERGY AND UTILITIES BOARD**

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Calgary Alberta

## **ENCANA CORPORATION REVIEW OF REQUIREMENT TO FILE THERMOCOUPLE DATA ESTABLISHED IN DECISION 2003-023 CHARD AREA AND LEISMER FIELD**

**Decision 2005-042  
Application No. 1391160**

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### **1 DECISION**

Having considered the evidence submitted at the hearing, the Alberta Energy and Utilities Board (EUB/Board) denies the request of EnCana Corporation (EnCana) to omit some of the thermocouple data in the annual resource management report for its Christina Lake Thermal Project or to provide all the data on a confidential basis. However, the Board will continue to accept on a confidential basis, for the period April 1, 2004, to September 30, 2006, the thermocouple data for the experimental horizontal producer and for the four temperature observation wells associated with the experimental well-pair. These wells are identified in Section 5.2 of this report.

### **2 BACKGROUND**

In *Decision 2003-023*<sup>1</sup> the Board required four oil sands leaseholders in the Chard-Leismer area, including EnCana, to submit annual reports on the management of the resources on their oil sands leases. The decision specified the required content of the reports, which included thermocouple data. On October 18, 2004, EnCana filed an application pursuant to Section 46 of the *Alberta Energy and Utilities Board Rules of Practice* for a review of the requirement to include thermocouple data in the annual resource management report for its Christina Lake Thermal Project. On December 20, 2004, the Board granted EnCana's request for a review.

### **3 HEARING**

A public hearing to consider EnCana's application was held on March 22, 2005, in Calgary, Alberta, before Board Member J. R. Nichol, P.Eng., and Acting Board Members C. A. Langlo, P.Geol., and R. N. Houlihan, Ph.D., P.Eng. The participants at the hearing are listed in the appendix.

### **4 ISSUES**

The Board considers the issues respecting the application to be the need for and the confidentiality of the thermocouple data for EnCana's Christina Lake Thermal Project.

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<sup>1</sup> *Decision 2003-023: Chard Area and Leismer Field, Athabasca Oil Sands Area—Applications for the Production and Shut-in of Gas*, March 18, 2003.

## 5 CONSIDERATION OF THE APPLICATION

### 5.1 Views of EnCana

EnCana submitted that the purpose of the annual resource management report was to ensure the provision of information and data relevant to an assessment of the effect that the pressure of overlying gas zones had on the recovery of bitumen by steam-assisted gravity drainage (SAGD) in the Chard-Leismer area. EnCana argued that the thermocouple data were not required to assess the effect of top gas pressures on SAGD performance with respect to its Christina Lake Thermal Project. EnCana submitted that piezometer data provided a better indication of steam contact with the top gas zone than did thermocouple data, since piezometer data could identify pressure communication over a significant areal extent. The thermocouple data could only show potential steam-gas contact at a discrete point. EnCana also argued that the thermocouple data showed there was a minimum 30 metre separation between the top of the steam zone and the bottom of the gas zone. Hence, the entire depth of thermocouple data was not relevant to an assessment of issues related to the production of gas associated with bitumen.

EnCana also submitted that the thermocouple data from its Christina Lake Thermal Project were confidential to EnCana. Requiring the public disclosure of the thermocouple data would be prejudicial to EnCana, as it would result in the confiscation of valuable proprietary information acquired by EnCana at its significant expense. Public disclosure would also harm EnCana's competitive position in acquiring and divesting oil sands leases in the competitive Christina Lake area and in developing economic and efficient SAGD operating practices. Public disclosure could further harm EnCana's competitive position if the thermocouple data were to assist a competitor in developing a successful oil sands project at a time when there was a supply-demand imbalance due to limited upgrading capacity for heavy oil. EnCana stated that it would not have made the financial investment to acquire the thermocouple data had it known it might be required to disclose such data to its competitors. EnCana stated that as of December 7, 2004, it had discontinued collecting most of the temperature data from the wells that did not have experimental status. For these wells, pending the outcome of the hearing, temperature data were only being recorded at the gas-bitumen interface. Although EnCana considered the thermocouple data to be important, it believed the data was more valuable to its competitors than it was to EnCana. EnCana submitted that it would have no objection to making public the thermocouple data in the immediate vicinity of the bitumen-top gas contact. It was also prepared to share with the Board the entire depth of thermocouple data if the data were kept confidential by the Board. EnCana stated that it believed a reasonable confidentiality period would be 6 to 7 years.

EnCana stated that requiring it to make the thermocouple data public may cause a reporting issue with the Securities and Exchange Commission (SEC), as EnCana could be disclosing data on a basis incompatible with the SEC's reporting regime and could be jeopardizing its reporting position with Canadian and U.S. regulatory authorities.

EnCana argued that requiring the public disclosure of thermocouple data by only those oil sands operators affected by the gas-over-bitumen issue would result in an unfair playing field. Although EnCana was not advocating that all oil sands operators be required to publicly disclose their thermocouple data, it stated that such a requirement would provide a fair playing field.

## 5.2 Views of the Board

The Board finds it important to highlight that the Christina Lake Thermal Project is a commercial scheme. Section 15 of the *Oil Sands Conservation Regulation* (OSCR) sets out the framework for whether information submitted to the Board will be publicly available or be accepted as confidential. Section 15 (1) of the OSCR clearly states that the Board must make available to the public data submitted to it or acquired by it unless it has been accepted by the Board as confidential under Section 15(2). Under this framework, the EUB has determined that unless otherwise approved, operations reports, special studies, and laboratory, experimental or cost information relating to a commercial oil sands scheme will be available to the public.

This provision reflects the Board's view that the free exchange of information will accelerate the pace of resource recovery improvements in the industry, maximizing the recovery of the resource. The collection and dissemination of all relevant information in the public domain is clearly a public interest issue. While commercial schemes may involve the development of new technologies or operating techniques, they are more intended to optimize production operations from the approval holders' lands. If confidentiality is not granted at the time the commercial scheme is approved, there should be no expectation on the part of the approval holder that any information relating to the scheme will be accepted by the Board on a confidential basis.

The Board believes that the purpose of the annual resource management report is broader than interpreted by EnCana. *Decision 2003-023* states that the Board will require EnCana and three other oil sands leaseholders to submit annual reports on the management of the resources on their oil sands leases, including an assessment of the effect that the pressure of the overlying gas zone has on the recovery of bitumen by SAGD. Also, Appendix 2 of *Decision 2003-023* states that the resource management report is to include interpretations and conclusions regarding the extent of the steam chamber development for each well pair and the overall success of the scheme. These statements indicate that the purpose of the annual resource report goes beyond just assessing the effect that the pressure of the overlying gas zone has on SAGD recovery; it also deals with the overall management of the resources on the oil sands leases. EnCana stated that thermocouple data played a vital role in optimizing reservoir development strategy, injector and producer completion designs, and steam-oil ratios, as well as in planning economic exploitation and assessing bitumen reserves. This statement indicates to the Board that thermocouple data are an important part of the resource management reports. As a result, the Board is not prepared to change its previous decision to require the filing of thermocouple data as part of the resource management report.

On the issue of the confidentiality of the thermocouple data in question, EnCana is seeking a confidentiality determination either under Section 15(2) of the OSCR or Section 12 of the *Rules of Practice*. Although EnCana argued that it was academic whether a scheme was experimental or commercial, the Board does not share this view and draws distinctions between an experimental scheme and a commercial scheme and whether the data are public or confidential. EUB rules and regulations make it clear that when an experimental scheme is applied for, a request for confidentiality, with a justification for the request, is a part of the application, as the experimental scheme may relate to the development or application of a novel technology or improved operations. When the Board grants an approval for an experimental scheme, it grants confidentiality for a period of time for the information related to the scheme. However, in general, commercial scheme applications do not contain requests for confidentiality of the

information relating to the scheme. If confidentiality were to be requested, it would be at the time of the application, with supporting information respecting the confidentiality of specific information. As previously stated, the Christina Lake Thermal Project is a commercial scheme.

In an application under Section 15(2) of the OSCR, the Board must determine whether the granting of confidentiality is in the public interest in light of the need for public information about existing commercial SAGD projects for use in the conservation of the bitumen resource and the gas-over-bitumen conflict. The Board recognizes that the thermocouple data do provide some competitive advantage to EnCana. However, the Board must weigh the competitive advantage of the data to EnCana against the public interest of disclosing the data so that they can be used to deal with resource conservation issues. While the Board could deal with resource conservation issues if the data were kept confidential, confidentiality would make it less amenable to getting participation in resource conservation issues from interested parties not privy to this information and limit the ability of the Board to disseminate the basis of its decisions to all interested parties. Additionally, the Board finds that the legislative scheme of Section 15 makes it clear that other than information concerning the development or application of a new or existing technology or improved operations, data for commercial schemes should not be confidential.

Although EnCana stated it had always considered Phase 1 of its Christina Lake Thermal Project to be a pilot, EnCana agreed the project was applied for and approved by the Board as a commercial scheme. The Board considers the thermocouple data to be fundamental information needed to understand the performance of thermal schemes. As EnCana stated, the thermocouple data indicate where the injected steam has gone, which in turn indicates how much bitumen is going to be produced.

The Board is also concerned that providing data confidentiality for EnCana's project would be inconsistent with its decision regarding ConocoPhillips' Surmont project, which provides thermocouple data in its annual resource management report on a nonconfidential basis.

The Board is of the view that Section 12 of the *Rules of Practice* cannot be used to grant confidentiality to information filed on an ongoing annual basis. Section 12 addresses the granting of confidentiality to information filed in a proceeding, as opposed to an annual report. This applies to information filed in the review hearing but not for information supplied as a result of or subsequent to the proceedings. Even if the Board were to take the view that Section 12 is applicable in these circumstances, the Board finds that EnCana has not shown that the disclosure of the information could reasonably be expected to result in undue financial loss to EnCana or significantly harm EnCana's competitive position. Furthermore, the Board finds that EnCana's interest in confidentiality does not outweigh the public interest in the disclosure of the thermocouple data for the reasons set out above in relation to the need for public information on SAGD projects in the Chard-Leismer area.

For these reasons, the Board is not prepared to grant EnCana's request to keep confidential the thermocouple data for its commercial scheme. However, the Board notes that it has previously approved an experimental scheme to use solvent and steam injection for one of the SAGD well pairs at EnCana's Christina Lake Thermal Project, with the data to be kept confidential from April 1, 2004, to September 30, 2006. The Board will continue to keep confidential, for the period April 1, 2004, to September 30, 2006, the thermocouple data for the experimental

horizontal producer and the four temperature observation wells associated with the experimental SAGD well pair. The horizontal producer is 06/10-16-076-06W4/0 and the four temperature observation wells are 103/05-16-076-06W4/0, 100/06-16-076-06W4/0, 100/11-16-076-06W4/0 and 106/11-16-076-06W4/0.

The Board is disappointed that, pending the outcome of this hearing, EnCana has decided to stop collecting most of the thermocouple data. Considering the value of the data, the Board encourages EnCana to reconsider its decision.

The Board notes EnCana's argument that requiring the public disclosure of thermocouple data by only those oil sands operators affected by the gas-over-bitumen issue would result in an unfair playing field. While this matter is beyond the scope of this hearing, the Board intends to consider it further, since it believes thermocouple data to be fundamental information that is needed to understand the performance of thermal schemes.

Dated in Calgary, Alberta, on May 10, 2005.

#### **ALBERTA ENERGY AND UTILITIES BOARD**

*<original signed by>*

J. R. Nichol, P.Eng.  
Board Member

*<original signed by>*

C. A. Langlo, P.Geol.  
Acting Board Member

*<original signed by>*

R. N. Houlihan, Ph.D., P.Eng.  
Acting Board Member

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**APPENDIX HEARING PARTICIPANTS**

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**Principals and Representatives**  
(Abbreviations used in report)**Witnesses**

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EnCana Corporation (EnCana)  
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H. S. Chhina, P.Eng.  
S. D. Gittins, P.Eng.

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