



# New Fracking Regulations in Alberta

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## BACKGROUND

- ✿ Hydraulic fracturing, also known as “fracking,” involves blasting pressurized water, chemicals and sand into the ground in order to create cracks in the rocks to release natural gas and oil.
- ✿ The process has been in practice since the late 1950s, but has only been used extensively in the past decade.
- ✿ Canadian Association of Petroleum Producers (CAPP) reported that roughly 167,000 hydraulic fracturing procedures have taken place over the past 40 years.

## PROJECT OVERVIEW

- ✿ On July 4, 2014 the Alberta Energy Regulator (AER) announced new regulation on fracking. This will reduce the industry’s environmental footprint of pipelines and roads on landscapes.
- ✿ The Duvernay shale reservoir near Whitecourt, Alberta will be the pilot project for the new regulation.

## WHAT IS EXPECTED

- ✿ The current approach approves each company’s application separately. The new regulation will have the companies involved producing an overall regional plan demonstrating collaboration on roads, pipelines, and water usage.
- ✿ New rules require plans for an entire region, not individual wells. This replaces the old system with minimal requirements.
- ✿ The emerging regulations encourage or require early disclosure of exploitation plans for large shale or tight geological formations, up to the scale of regional drilling plays. AER’s goals through this are to maintain straightforward, efficient regulatory proceedings for the industry and ensuring transparency throughout the community.
- ✿ Disclosure is also a new element of the new regime. Full data on use of chemicals including fracking fluid recipes are being collected which will be followed by an official report of the records.
- ✿ Along with the new regulations, the CAPP also introduced guiding principles for fracking. CAPP members are now obligated to ensure sound wellbore construction, seek fresh water alternatives, recycle where feasible, report water use voluntarily, disclose fracturing fluid, and pursue technical advancement and collaboration.

## SIZE AND SCOPE

- ✿ AER wants regulations to be in effect by 2015. It will take longer to apply new regulations to oil sands mining projects.
- ✿ It was reported by AER that the regulator is keen to move quickly as shale play in west central Alberta is about to begin. Extracting oil and gas out of shale requires many more wells, pipes and water usage than conventional oil production and that impact needs to be managed better.

## BEST PROSPECTS

- ✿ The plan relies on industry self-reporting on how well it is living up to its commitments. Auditing will be required, opening opportunities for auditing and consulting firms.



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### FOR MORE INFORMATION

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