

MEMORANDUM

FROM: Lee Gribovicz, WRAP Air Quality Project Manager
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SUBJECT: O&G GHG Technical Workgroup Kick Off Call

Summary

On September 11, 2008 the Technical Workgroup (TWG) for the Exploration & Production and Natural Gas Gathering & Processing Greenhouse Gas (GHG) Accounting Protocol project held their initial call to kick off their work on this effort. Participants on this call included:

<u>Name</u>	<u>Organization</u>	<u>Name</u>	<u>Organization</u>
Tom Moore	WRAP	Lee Gribovicz	WRAP
Mike Schneider	New Mexico Env Dept	Brad Musick	New Mexico Env Dept
Mary Uhl	New Mexico Env Dept	Byard Mosher	Calif Air Resources Board
Mike D'Antoni	British Columbia	Tim O'Connor	Environmental Defense Fund
Stephen Russell	World Resources Institute	Karin Ritter	American Petroleum Institute
Jill Gravender	The Climate Registry	Mark Nordheim	Chevron Corporation
Jennifer Knowlton	Yates Petroleum	Reid Smith	British Petroleum Company
Mark Fesmire	New Mexico Oil Cnsrvtn	Craig Bock	El Paso Explr & Production
Rock Zierman	Calif Ind Petroleum Assc	Jim Tangeman	Williams Production Co.
Bill Winkler	Calif O&G Conservation	Arun Naik	Shell Global Solutions
Greg Monson	Shell Global Solutions	Tom Singer	Nat. Resource Defense Cncl
David Stewart	Encana Company	Suzanne Holland	Chevron Corporation

Prior to the call Tom Moore had E-Mailed all TWG participants a copy of an Agenda for today's call, as well as a September 9th Final Draft of the "Oil & Gas Exploration & Production and Natural Gas Gathering & Processing Greenhouse Gas Accounting Protocol – Project Plan" and a Roster of TWG Members. The call generally proceeded according to the Agenda.

Since this was the first call of the group, not all members knew one another. Thus the first item on the Agenda was the introduction of TWG members. All members were present for the call with the exception of Roger Fernandez of the EPA Natural Gas STAR program and Terry Snyder, an expert at O&G leak detection with the Santa Barbara County (California) Air Pollution Control District. Tom noted that the TWG members were appointed by the Project Steering Committee, all as having been recommended as experts in some phase of O&G field operations. The Steering Committee is still pursuing appointment of two additional members; one to represent PEMEX, Mexico's state-owned petroleum company and one to represent Canadian Oil Sands producers. The attempt is to include as many regulatory, industry and public points of view on the questions of quantifying GHG emissions from the field production and processing sector of the O&G industry.

The next order of business was to go through the September 9th Project Plan, to familiarize TWG Members with the project goals, products and resources. It was pointed out that the project was sponsored and funded by the New Mexico Environment Department and the California Air Resources Board, with oversight participation by the California Climate Action Registry and The Climate Registry. The Western Regional Air Partnership (WRAP) was selected by these organizations to manage the project due to its history of working with western regional air quality issues and its extensive network of contacts within state and local air management agencies, Federal Land Managers, the EPA, industrial and private stakeholders. Staff from these five organizations make up the Project Steering Committee.

The project will hire a Technical Contractor to prepare three major products: 1) a **Background and Scoping Paper** to describe the specific sector of the O&G industry under consideration in the project and the GHG emissions associated with this sector; 2) a **Review of “High-Tier” [high accuracy] GHG Emissions Quantification Methods** to prioritize sources to be included in mandatory reporting regulations and to identify methodological deficiencies, along with possible sampling or analytical alternatives; and 3) the actual **GHG Reporting Protocol**, a comprehensive guidance to companies to quantify and report their emissions from O&G exploration & production and gas processing.

Under the “High-Tier” product bullet to identify reporting methodological deficiencies and propose alternative sampling and/or analytical methodologies, there was discussion that proposers need to quantify the effort of the required for these alternatives.

It was pointed out that the WRAP will maintain a page for the project on the WRAP website at:

<http://wrapair.org/ClimateChange/GHGProtocol/index.html>

This page has an “About” link with the overall description of the project. And there are two membership links taking you to listings of the Steering Committee and the Technical Workgroup. There is a “Meetings & Calls” link to take you to a summary of the project meeting and call activities. And finally the “Documents” link will be where the Background Paper, “High-Tier” review, drafts of the Protocol and other background documents are stored.

The Project Plan contains a proposed Timeline beginning now in September ‘08 and leading to completion of the project by mid-2009. The three project products will all be reviewed first by the TWG in a successive development sequence, released to a Protocol Advisory Group (PAG) of interested parties and to the public for Public Notice review, revised per comments and finalized by the TWG. The actual GHG Reporting Protocol is to be taken before the Board of The Climate Registry for official adoption into their suite of approved GHG reporting protocols.

Tim O’Connor of EDF raised the question of whether the protocol would embrace Carbon Capture & Sequestration (CCS) activity emissions. He noted that for enhanced oil recovery,

companies are injecting CO₂ into the production formations. It was explained that such carbon credit should be reflected in the facility's net emission inventory. And Tim also asked about non-traditional O&G production such as oil sands and oil shale. He wanted to know if we would be including activities such as mining operations. Byard Mosher noted that with limited funding, the Steering Committee hoped to focus on traditional extraction methodologies first. And Jill Gravender added that we have asked for some sense of what was involved in quantifying these non-traditional types of O&G production by including this as an optional task in the RFP.

Questions were also raised about how New Mexico and California plan to use this protocol in their mandatory reporting. Byard explained that California will evaluate the High-Tier report to see where they go in development of those rules. Mike Schneider noted that New Mexico intended to make this protocol part of their review of methodologies for affected sources in their state. Brad Musick noted that the Western Climate Initiative (WCI) is looking to put into place rules by the end of 2009 for beginning reporting in 2010. This would take additional rulemaking on the part of WCI project, and it was emphasized that this rulemaking process was not part of our protocol project.

Regarding TWG roles and responsibilities, it was emphasized that the TWG was purposely kept small to make the committee more efficient. But TWG members should keep in mind that they are representatives of the individual organizations and were expected take the information back for vetting among their stakeholder groups. It was explained that we envisioned using a decision making process similar to the consensus approach used successfully over the years by the WRAP. Tom Moore explained that the WRAP was similar in that it had lots of federal, state & private stakeholders who may not completely agree on a particular question, but work together towards the ultimate goal of the effort. It is intended that everyone attain a complete understanding of the technical findings and give "informed consent" to issues decided under the project. Ground rules are to keep the TWG to the appointed personnel, but knowing that occasionally the TWG may need additional expertise in understanding and evaluating certain aspects of the project. In such cases additional expertise would be in the form of a "presenter" level, and such experts would not be formally joining the TWG, itself.

It was noted that in addition to the appointed TWG, there were over a hundred "interested parties" that would form the Protocol Advisory Group. The PAG would be kept informed of the project progress and solicited for review of the products after being produced by the contractor under TWG supervision.

And it was explained that the WRAP would provide overall project management, meeting and phone call organization, facilitation services and documentation via call notes and the aforementioned webpage.

The RFP for the project has been sent out to over 50 potential bidders, with proposals due back by October 7, 2008. The Steering Committee will select a contractor from the submittals and bring that company on board by the end of October. The next TWG call was therefore scheduled

for early November introduce this contractor and begin work on the various project products.
The date settled upon was Thursday, November 6, 2008 at 12 Noon Mountain Time.