

Mist Mountain Coalbed Gas Project



The Mist Mountain Coalbed Gas Project is a proposal by BP Canada Energy Company (BP) to assess whether natural gas in BC's Crowsnest Coalfield can be produced in a safe, economic and environmentally responsible manner. Our proposal includes up to five years of environmental studies, technical research and consultation prior to a decision on commercial development.



Our Commitment

At BP we accept our responsibility to produce and consume energy in ways that respect both people and the natural environment: demonstrating environmental leadership, delivering breakthrough solutions and continually looking for a better way of doing things.

We are committed to a long-term, full life-cycle approach to project planning:

- We will identify and understand our environmental and social impacts.
- We will consult with others.
- We will design the project to avoid, reduce and manage adverse impacts.
- We will employ the best coalbed gas practices in North America.

Why is this project needed?

North American consumer demand for cleaner, more environmentally responsible energy options, such as natural gas, is increasing. As conventional reserves of natural gas decline, the development of non-conventional sources, such as coalbed gas, is increasing.

Project Location and Resource Potential

The Crowsnest Coalfield covers approximately 500 square kilometres near the communities of Fernie and Sparwood. The region offers tremendous prospects for natural gas development.

Production over the life of the proposed project could equal 40 years of current demand in BC's Lower Mainland.

Tenure Issuance

BP submitted a proposal to the BC government to acquire publicly-held petroleum and natural gas tenure rights in the region in response to a December 2003 government-issued Call for Proposals.

On December 5, 2008 the government of BC issued tenure within the Crowsnest Coalfield. Tenure means that BP has been awarded Crown petroleum and natural gas rights within specific areas of the Crowsnest Coalfield. Any proposed activity will still require regulatory approval. This tenure award excludes the Flathead River Basin and Dominion Coal Blocks.

In addition, in December 2006, BP entered into a commercial agreement with Teck Coal Limited to evaluate CBG opportunities on Teck-owned land.



The BC government estimates a CBG resource potential of 12 trillion cubic feet in the Crowsnest Coalfield.

SOURCE: CBG Opportunities in Crowsnest Coalfield - Nov.12, 2003





Appraisal and Design

We are currently in the appraisal stage which is expected to last up to five years, costing upwards of \$100 million. The purpose of this stage is to assess the viability of CBG production by proving technologies and practices that will allow for the design of an environmentally sustainable commercial project.

These activities will include:

- Ongoing public consultation, including open houses, meetings, opening local offices
- BP-mandated environmental baseline studies and assessments, including water, wildlife, air emissions
- Technical activities, including drilling and production testing of five to 10 appraisal wells per year, and
- Design of a potential development program that integrates feedback from public consultation, environmental studies and the technical activities.

While there is no drilling planned for 2009, we will continue our environmental studies and consultation activities.

Development Stage

If the project moves from appraisal and design to development, BP anticipates being part of your community for 50-plus years.

Commercial development could require approximately 100 – 150 multiple-well pads, with the potential for up to 10 wells per pad. The appraisal stage will determine the technical feasibility of using multiple-well pads to produce gas from this formation. We expect cash outlay over the life of the proposed project to reach more than \$10 billion.

Long-term Benefits

BP believes that wherever we operate, our activities should generate economic benefits and opportunities for the local area. Should the project proceed to commercial development, benefits could include diversification of the local economy, employment and local business opportunities and a broader tax base for provincial and local government.

The Mist Mountain Coalbed Gas Project could potentially contribute more than \$2 billion in royalties to the BC government and generate more than \$2 billion in corporate taxes over the life of the project.



Building Relationships

BP believes in early and ongoing dialogue with communities. Our commitment to consultation is based on a simple philosophy. We listen to what communities have to say, we seek their input and we respond. It is important that we listen to stakeholder concerns and demonstrate how we have integrated their feedback into project decision-making. This is evident in BP's decision to defer drilling activities for three years while focusing on further environmental studies.

Through BP-hosted open houses, presentations to interested groups, one-on-one meetings and contact through our local Fernie and Sparwood project offices, BP representatives have had over 1,000 documented interactions with stakeholders in the local communities in 2007/2008. Our interactions include presentations at 17 large public meetings to-date.

BP believes information exchange is key to building and maintaining relationships with communities. BP continues to benefit from the advice and feedback from local communities. We are interested in hearing from you.

