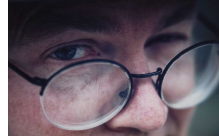


# FRACK EU: UNCONVENTIONAL INTRIGUE IN POLAND



## A Preliminary Investigation of the Fracking Assault on Poland



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(For the complete report chapters index, refer to the B.C. Tap  
Water Alliance website, under *Stop Fracking British Columbia*)

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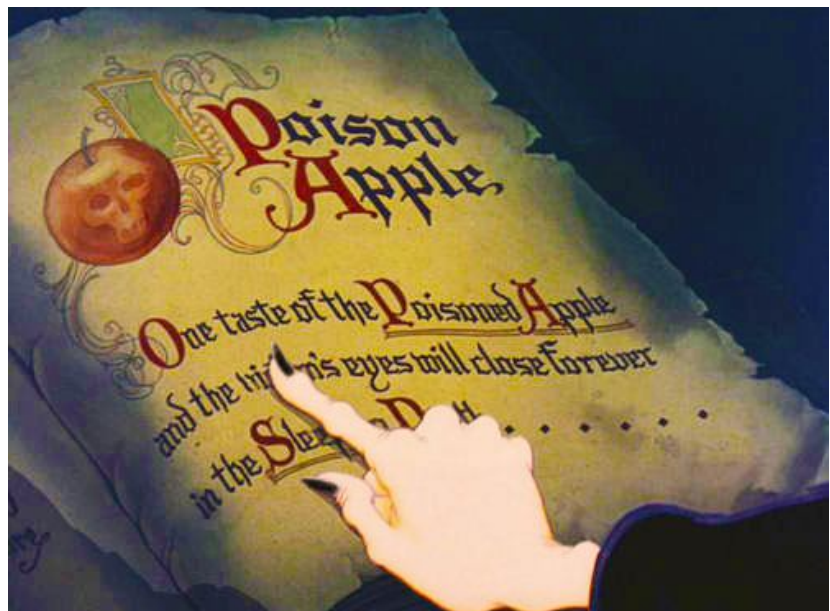
## 12. OPERATION SYNERGY: FRACKING THE WORLD, POISONING OUR MINDS AND HEARTS - the Emerging Global Dilemma of Petroleum Sponsored Strategic Messaging



*Marek Karabula, vice-president of the Polish Oil and Gas Company (PGNiG), used a technical term from shale gas development, saying that there was a need to “**crack the minds of people**” with respect to shale gas.<sup>1</sup>*

Historians, political scientists, sociologists and investigative researchers will look back at the Hydrocarbon Era and acknowledge that the period of pushing global unconventional shale fracking was unprecedented in the privateers' thirst and lust for hydrocarbons. Due to the damaging, contentious and intensive nature of this unconventional fracking period upon the earth and human societies by energy companies out to scrape the bottom of the proverbial hydrocarbon barrel, they will unravel both the psychological warfare component unleashed by the petroleum conglomerate upon societies to approval-implement the extraction of natural gas and oil, and the complex strategies in which governments were infiltrated, controlled and influenced to do so.

As citizens and societies around the world wrestle with the onslaught of shale gas dilemmas, they must inevitably battle with another emerging monster: the sleazy realms of public relations and synergizing. The forecast intensity of this integrated public messaging - anchored by an arsenal of wealthy petroleum pockets - is meant to numb the world to hypnotic acceptance, in part, of a new unprecedented order, the assault on unconventional (shallow and deep) shale energy resources and our diverse philosophies. A twisted diversified human energy created in order to tap another energy.



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<sup>1</sup> *Poland takes lead as EU's shale gas promoter*, published by EurActiv.com, May 9, 2011, commenting on the May 6th shale gas conference in Brussels.

## 12-(1). Back at the Ranch: The Leaked Alberta Ministry Fracking Briefing Note and the Public Relations Messaging Agenda about Fracking

A leaked copy of an internal August 3, 2011 Alberta ministerial briefing note and a directive document called *New West Partnership Collaboration and Information Sharing, Industry Water Use and Hydraulic Fracture Technology Project Charter*, were sent in a plain brown envelope to Alberta's two sole opposition-New Democratic Party elected parliament members and to the Alberta Federation of Labour, which they received around August 10, 2011.<sup>2</sup> It was a fortuitous thing someone leaked the documents, because it helped draw attention to a number of critical and intriguing issues surfacing within western Canada, including a thematic connection to an upcoming petroleum industry conference on fracking in late September, 2011 in Calgary, the headquarter hub and capital of Canada's petro state.



According to the leaked documents, three representatives from the **Canadian Association of Petroleum Producers (CAPP)**, a very prominent and powerful national lobby group, participated in a number of secret energy meetings in mid-2011. The meetings were coordinated by three Energy Ministries from the western Canadian provinces of Saskatchewan, Alberta and British Columbia concerning the development of unconventional shale resources for gas and oil. Through the recommendations of the CAPP members, the inter-government *Water and Technology Collaboration Working Group* advised the government of Alberta<sup>3</sup> to develop tax-payer funded public relations/advertisement schemes to ‘rapidly develop’ shale gas developments in western Canada on behalf of the petroleum industry. The recommendations were based on CAPP’s concerns claiming, in the leaked documents, that environmental ENGO’s were misdirecting the public:

*Stated in the **Project Charter**, the proposal to “enhance communication of stakeholders and the public with consistent water use messages” is apparently based on “misinformation in the public media and communities facing shale gas development pressure” and “environmental ENGOs supporting a ill-informed campaign on hydraulic fracturing and water related issues in **British Columbia and other jurisdictions**.”<sup>4</sup>*

Two of the three identified CAPP representatives were from **Encana Corporation: Richard Dunn**, vice-president of regulatory and external relations, Encana’s registered provincial and federal lobbyist; and **Lara Conrad**, Encana’s regulatory & government relations team leader. Ottawa City’s Hill Times reported Richard Dunn’s role and prominence as a federal government lobbyist has a “key voice in shaping the debate about Canada’s environment and climate change strategy”.

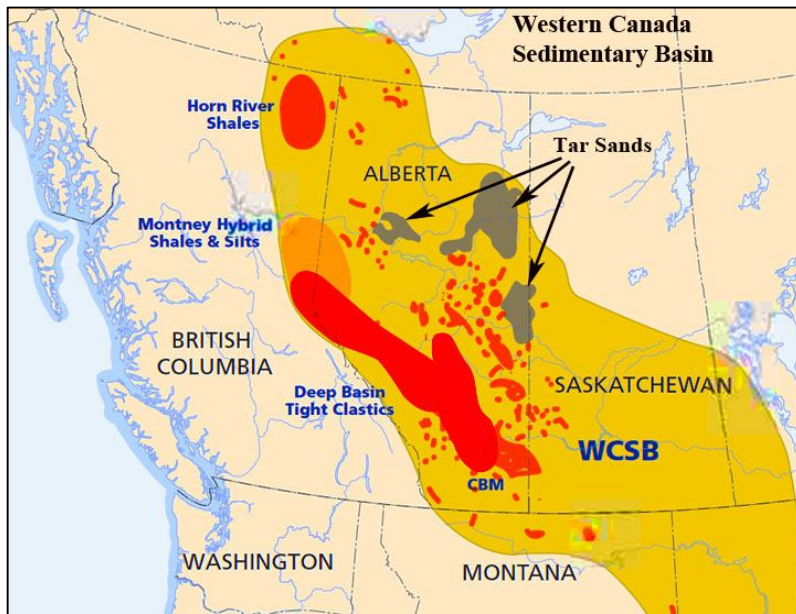
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<sup>2</sup> See Appendix , for the September 6, 2011 B.C. Tap Water Alliance news release, *Western Canadian Energy Ministries “Collaborate” in Secret with Influential Petroleum Cartel on Development of Controversial Fracking Policies*. The news release includes a link to a background document.

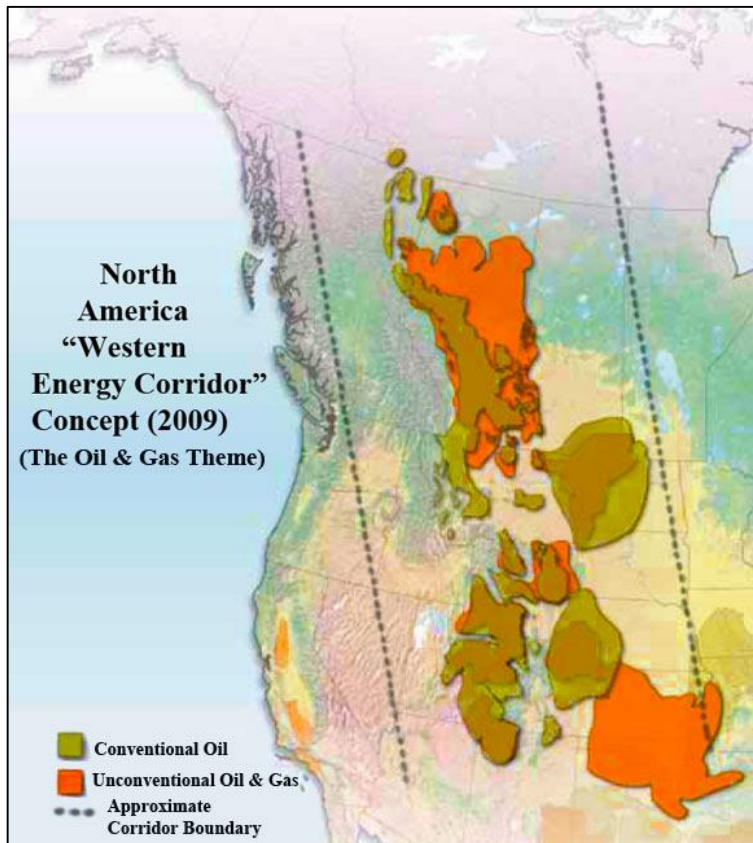
<sup>3</sup> The other two Briefing Notes for British Columbia and Saskatchewan have not been seen or reported on, and assumedly they include the same or similar recommendations stated in the Alberta Briefing Note.

<sup>4</sup> B.C. Tap Water Alliance September 6, 2011 news release.

The other CAPP representative was **Christa Seaman**, a registered political lobbyist for both **Canadian Natural Resources Limited** and **Shell Canada**.



The *Water and Technology Collaboration Working Group* was created under a gathering of initiatives from the *New West Partnership* agreement between the three western Provinces. The agreement sets into motion a number of deregulatory and streamlining directives. Lobbying efforts from big business and allied



politicians have so far failed to entice other Provinces, like Manitoba, to join in with the new game plan, one which includes seriously challenging and disrupting environmental and public interest legislations in two of the three partners, British Columbia and Saskatchewan. As described in the previous chapter, the petroleum sector has over the last three years influenced Alberta's Conservative Party legislators to decimate public and land rights in Alberta through some of the most reprehensible legislation ever witnessed in Canada, if not in the western world. The aim, most likely, through the *New West Partnership*, is to create an inter-provincial sympathetic administration and thereby disrupt and Alberta-harmonize the legislative frameworks of other provincial jurisdictions: "western separatism" redefined by petro politics concerning the geologic borders of the

Western Sedimentary Basin common to the three provincial jurisdictions. In a very real sense the *New West Partnership* could be nicknamed *The New Western Sedimentary Basin Partnership*. And, it is possibly part of a bigger plan, the 2009 integrated concept of a U.S.-Canadian *Western Energy Corridor*.

## 12-(2). September 21-22, 2011 Calgary “Water” Conference and the Synergy Shadow

Though the title of the September 21-22, 2011 conference, *Determining the Optimal Strategies for Managing Water Resources Used for Shale Gas Production in the Montney, Horn River & Beyond*, held in Calgary, Alberta, had the impression of sounding like another ho-hum fracking meeting, the discussion of controversial issues related to fracking and what to do about controlling the public were anything but. The Montney and Horn River fracking zones are located in northeast British Columbia (B.C.).

The issue of voluminous fresh water use and its toxification, treatment and disposal in fracking of unconventional shales for gas and oil (among other serious cumulative environmental effect issues not addressed at the conference) was beginning to get serious attention in water-rich B.C., lagging behind the public attention it was getting in the United States and in eastern Canada. The inattention was primarily related to the remoteness of B.C.’s fracking fields from the larger population and urban centres in southern B.C., the lack of attention by environmental-based organizations and conscientious researchers on petroleum energy issues, and the lack of corresponding investigative, in-depth independent reporting by the media. In the drier petro state, Albertans’ problems were of a different nature, some of which had to do with its populace being subjected to years of ‘synergy’ or ‘synergizing’ operations by the petroleum sector, strategic sheep herding efforts that helped muffle and stifle public concerns and opposition applied and developed since the early 1990s.



Most of the two-day Calgary conference was devoted to technical and policy themes of water use by the frackers in western Canada. CAPP’s vice president of policy and environment **Tom Huffaker** led a session on *Shale Gas Water Strategy* during the first afternoon. The conference biography on Huffaker states that before his assignment to CAPP in March 2009: “he was a **United States Foreign Service Officer** for 23 years;” “from 2006-2009 he was **U.S. Consul General in Calgary;**” and was assigned previous duties in “Moscow, Ottawa, Belgrade, Mumbai and Washington D.C.,” where he “focused on energy and environment policy and transition economies.” It also states that Huffaker’s other responsibilities include being a director of the right wing think tank **Canada West Foundation** and of the **Petroleum HR Council of Canada**. According to the conference description on Huffaker’s panel discussion, CAPP, heavily funded and influenced by Encana Corporation, shows its “commitment to responsible water use”, by “addressing stakeholder concerns regarding the protection of surface and groundwater quality & quantity,” by “addressing stakeholder concerns regarding preserving the integrity of the surface water environment/ ecosystem.” The irony of CAPP’s program-worded intentions was that the government of Alberta had largely removed “public interest” rights from within its four far corners in recent anti-democratic legislations. What did or could Alberta possibly matter to CAPP in this context in which it had invested years of efforts and funds to pacify and numb the public? Was Alberta largely a foregone conclusion? It’s concerns lay with the other two provincial jurisdictions, B.C. and Saskatchewan, CAPP’s next big chess move, jurisdictions which lie within and share the Western Sedimentary fracking Basin.

At least Alberta’s western neighbour B.C. Minister of Energy, Rich Coleman, came through for one of CAPP’s member corporations, **Talisman Energy**, and **Canbriam Energy** (not a registered member of CAPP), by granting them a 20-year water withdrawal license of 7.3 billion combined litres annually without conducting a public review process which the Minister promised to do in B.C.’s Legislature on April 30, 2011. That shameful incident was reported on by Global national television on November 5, 2011, *Untested Science*. Although it promised Global television an



interview at its headquarters in Calgary, Talisman later refused to be interviewed about the scandal. After the television broadcast, the B.C. Tap Water Alliance issued a press release on November 7th calling for Coleman's resignation. And, the almost free water diversion license gifted to the two energy corporations was one of the last services that former Canfor corporation chief forester **Alex Ferguson** accomplished as the Commissioner of the B.C. Oil and Gas Commission before he jumped ship to work

for **Apache Canada** in Calgary, the corporation which is in a fracking partnership with Encana in the Horn River Basin in northeast B.C. With regard to the Talisman/Canbriam scandal, it put a serious wrinkle on CAPP's and Huffaker's integrity on "addressing stakeholder concerns."

Talisman's manager of global environmental affairs/regulatory compliance manager, **Pam Sbar**, was on the conference's concluding panel presentation, *Determining Strategies for how the Canadian Shale Gas Industry can Work Together to Better Communicate with the Public to Minimize Concern over Groundwater Contamination*. The conference biography states that Sbar had served with the Environmental Protection Agency (EPA) in the United States in the hazardous waste regulatory enforcement program, and was "in-house counsel for the Atlantic Richfield Company." The two other panel members were **Tamboran Global Resources** ceo **Richard Moorman**, and **Kevin Heffernan**, the vice president of **CSUG** or **Canadian Society of Unconventional Gas** (since renamed as **Canadian Society of Unconventional Resources, CSUR**). Moorman's biography states that before his appointment to Australian-based Tamboran, he was manager of "strategic analysis in the economic planning and acquisitions division of Southwestern Energy, a public US-based independent shale gas company." Prior, Moorman was vice president of corporate development at Leor Energy "a private US-based unconventional natural gas explorer in the Deep Bossier trend of East Texas," a company "sold to Encana in 2007."

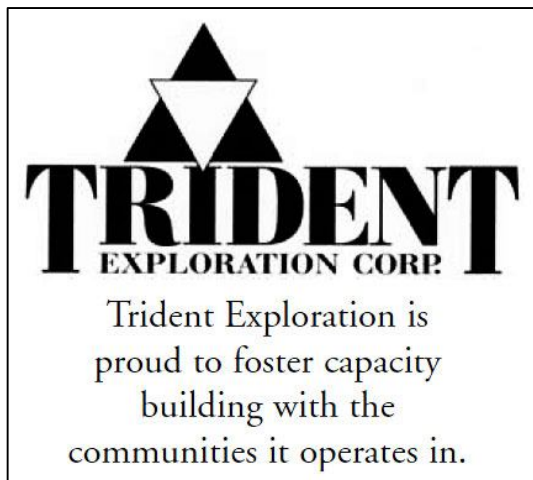
Un-coincidentally, the theme of 'managing the public' by the fracking fraternity was not the only unconventional conference to do so in September 2011. Two other conferences held half way across the world in the Northern Hemisphere in Krakow, Poland were devoted to the problem and application of public relations. The only scheduled Canadian speaker on the first Krakow conference was **Encana's** lead public relations enforcer and political schmoozer, **Richard Dunn**, one of three panellists addressing *Business / Local Communities / Governments* (see 12-(9), below).

### **12-(3). Heffernan and Trident**

The intrigue about the last panel discussion in Calgary on September 22nd on "how to better communicate with the public" was Kevin Heffernan's participation. His conference biography states that prior to his September 9, 2008 appointment as CSUR's vice president he:

*was Director, Government and Regulatory, at a private company developing unconventional gas resources including coalbed methane, tight sand and shale gas in western Canada. During his tenure with the company he also held management positions with various responsibilities, including environment and stakeholder engagement, as the company grew from start-up in 2001 to more than 1,000 unconventional gas wells in 2008.*

Though the biography continued by revealing his previous employment with **Nova Gas Transmission** from 1990-2000 (renamed as **TransCanada Pipelines**), it skirted identifying the name of the corporation he was a government and regulatory director of from 2001-2008. Why did the conference biography specifically avoid mentioning **Trident Resources Corp. / Trident Exploration Corp.**? Too sensitive or a hot-button issue? Too many ogres at the door?



Trident had filed for creditor and bankruptcy proceedings with the Alberta Court in Calgary on September 9, 2009.<sup>5</sup> It was one of the early companies to strategically acquire assets and develop Alberta's unconventional coalbed methane (CBM) from 2001 following through partnerships and farm-ins with **Nexen** and **Husky**, with significant share purchase and board membership by **Red Willows**, owned by a native American company with the Ute Tribe.<sup>6</sup> Trident also acquired shale gas holdings in British Columbia and had a partnership agreement with **Encana** (Encana bought out **Kerogen Resources**).

Trident included an organization diagram of company and affiliates ownership to the court in president and ceo Todd A. Dillabough's lengthy affidavit of September 8, 2009. It is/was composed of the following entities registered in both Canada and the U.S.A.: **(TEC) Trident Exploration Corp. ULC (USA)**; Fort Energy Corp. ULC; Fenenergy Corp. ULC; 981384 Alberta Ltd.; 981405 Albert Ltd.; 981422 Alberta Ltd.; **(TRC) Trident Resources Corp.**; Trident CBM Corp.; Aurora Energy LLC; NexGen Energy Canada Inc.; Trident USA Corp. It's CBM operations were spread over three jurisdictions: the province of Alberta, Washington and Oregon States.

*Trident's business was founded in 2000 with the acquisition of certain working interests in lands in Alberta and British Columbia. TRC's primary subsidiary, TEC, was formed in September, 2001 and capitalized in October, 2001 when the then-owners of certain working interests contributed their interests in exchange for common and preferred shares of TEC. At the end of 2003, Trident recorded its first **Horseshoe Canyon** proved CBM reserves. It booked its first **Mannville** proved CBM reserves at year end 2004, and in July, 2005, it announced the commerciality of the Corbett project in the Mannville play. This was the first commercial Mannville CBM field on the trend in Canada and remains the largest producing field developed to date. In mid-2009, Trident achieved a significant drilling milestone having operated the drilling of greater than 900,000 metres (or 3,000,000 feet) of horizontal and multi-lateral horizontal drilling in the first commercial Mannville CBM field in Canada. Currently, Trident targets CBM in its core producing areas in the Mannville and Horseshoe Canyon CBM plays in Alberta. In 2009, development in the emerging Montney Shale play in British Columbia has become a more significant portion of Trident's capital expenditures program. Trident also has an ownership in certain exploratory land positions in the Northwestern United States.*

*TEC is the largest producer of natural gas in the Mannville formation in Central Alberta,*

<sup>5</sup> All of the court documents are found at: <http://cfcanada.fticonsulting.com/trident/motions.htm>

<sup>6</sup> Trident bought out Red Willow's assets in October 2005 for \$175 million (U.S.).

*wherein it has leasehold acreage of over 551,000 acres acquired through joint venture earnings, farm-ins, and Crown land purchases. TEC operates greater than 70% of the total producing Mannville CBM assets in Canada, which comprises about 58% of Trident's average daily net production for the second quarter of 2009.... TEC operates the majority of its currently developed interests in the Mannville CBM play through its joint venture with **Nexen Inc.**... TEC operates five gas processing plants, in which it holds an average 67% ownership interest, in the Greater Corbett Creek area.*

*Trident is one of the five largest producers of natural gas in the Horseshoe Canyon CBM play. This play is currently the most successful commercial CBM play in the WCSB (Western Canada Sedimentary Basin). The majority of these lands were acquired through joint venture earning with **Husky Oil Operations Limited**. Production from the Horseshoe Canyon play accounted for approximately 42% of Trident's average daily net production for the second quarter of 2009. TEC has been active in the Horseshoe Canyon CBM project since 2002.*

*TEC acquired the majority of its interest in the Horseshoe Canyon CBM play through a participation and farm out agreement with Husky Oil Operations Limited. TEC is presently preparing applications for approval from the Alberta Energy Resources Conservation Board ("ERCB") to down space from four to eight wells per section, on approximately 475 sections of land in this play, which would increase the current approved 400 drilling locations to a total of approximately 1,500 evaluated drilling locations. In the Horseshoe Canyon CBM play, TEC has an approximate 55% ownership interest in 11 processing plants and operates six of them.*

*TEC (through its various subsidiaries and affiliates) owns and operates a land block with a 70% working interest in the heart of the emerging Montney Shale gas trend, which stretches from Northeast British Columbia into Northwest Alberta. This was acquired by Trident in 2006. The use of new techniques has recently resulted in production opportunities that were previously unavailable. In 2008 TEC entered into an exploratory joint venture with **Kerogen Resources Canada, ULC**, since purchased by **Encana Corp.**, to work these lands under a joint operating agreement.*

*Trident, through Trident USA, also owns significant natural gas and oil interests in the Columbia River Basin area, which encompasses a thick basalt-capped sedimentary basin on the southern border of Washington with Oregon, and the Snake River Basin area, an inter-bedded sedimentary and basalt basin on Oregon's eastern border with Idaho. Each of these areas is generally characterized as being exploratory in nature.<sup>7</sup>*

Trident reported that it had borrowed \$770 million, "granted by a syndicate of U.S. lenders", and another \$130 million from Canadian creditors, and had a "trade debt estimated at \$34.4 million as of August 31, 2009." In section 43 of Dillabough's affidavit, he reported that **the company incurred debts of \$1.2563 billion** (Canadian funds). According to accounts in the business media, Trident's problems were due to the low price of natural gas. The affidavit stated: "over the past 15 months, natural gas spot market prices have been extremely volatile, reaching \$11.96/mcf (CDN) in July 2008 and dropping to \$ 1. 89/mcf (CDN) on September 3, 2009, a range of \$10.07 or over 500% of recent levels. The average price for the first 6 months of 2009 is \$4.22/mcf (CDN)."

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<sup>7</sup> Todd A. Dillabough affidavit, sections 12-26, September 8, 2009. Court registry No. 0901-12483.



*Trident has forecasted that, as a result of the decline in gas prices and the fluctuations in currency exchange rates, among other factors beyond its control, it risks being in default of its PV -10 ratio under TEC Second Lien Credit Agreement and will be exposed to acceleration of the total debt under its credit facilities. In addition, the global economic crisis and the sharp drop of the price of natural gas has had a substantial negative impact on Trident's ability to generate revenue and maintain a consolidated EBITDA level consistent with the leverage ratio (the "Leverage Ratio") mandated by the TEC Second Lien Credit Agreement and the TRC 2006 Credit Agreement.*<sup>8</sup>

|   |  |
|---|--|
|  Office of the Commissioner of Lobbying of Canada    Commissariat au lobbying du Canada                            |  |
| Organization:   | Canadian Society for Unconventional Gas  |
| Responsible Officer:  | Mr. F. Michael Dawson  |
| Position Title:   | President  |
|   | Organization's membership or classes of membership:  |
| Petroleum focused producing and service sector companies. We have approximately 100 member companies. Ninety percent of which are oil and gas producer members and the remainder service companies. |  |
| <b>List of Government Funding</b>   |  |
| <b>Government Institution</b>   | <b>Funding Received in Last Financial Year</b>   |
| Government of Alberta   | \$61,000.00  |
| <b>B. Lobbyists Employed by the Organization</b>  |  |
| Name:   | Kevin Heffernan  |
| Position title:   | Vice President   |
| <b>C. Lobbying Activity Information</b>   |  |
| Federal departments or organizations which have been or will be communicated with during the course of the undertaking:   | Environment Canada (EC), Finance Canada (FIN), Health Canada (HC), Industry Canada (IC), National Energy Board (NEB), Natural Resources Canada (NRCan), Prime Minister's Office (PMO), Senate of Canada, Transport Canada (TC) |



Kevin Heffernan departed from TransCanada Pipelines and joined Trident in 2001 where he became its regulatory, environmental and governmental relations director during the controversial, turmoil-laden, carpet bombing boom years of unconventional CBM fracking in Alberta. As a professional geologist, Heffernan expanded his portfolio by entering the political arena and became a negotiator of sorts - he met with government regulators, government officials, and the public. His involvement continued beyond his corporation's domain, and into his professional association's politicking, where he also became a registered federal

lobbyist for the Canadian Society for Unconventional Resources, or CSUR (formerly CSUG). There were a number of other players like him who were directors or managers of other corporations, some of whom, like Michael Gatens with Quicksilver Resources (who formed another company, **Unconventional Gas Resources**), would take on prominent political roles over the next ten years in promoting the extensive development of unconventional CBM and shales in Alberta and throughout Canada. For the petroleum sector operating in Alberta alone, in the early CBM days there was a lot to accomplish in modifying legislations, regulations and the public in preparation for its intensive and extensive carpet bombing plans.

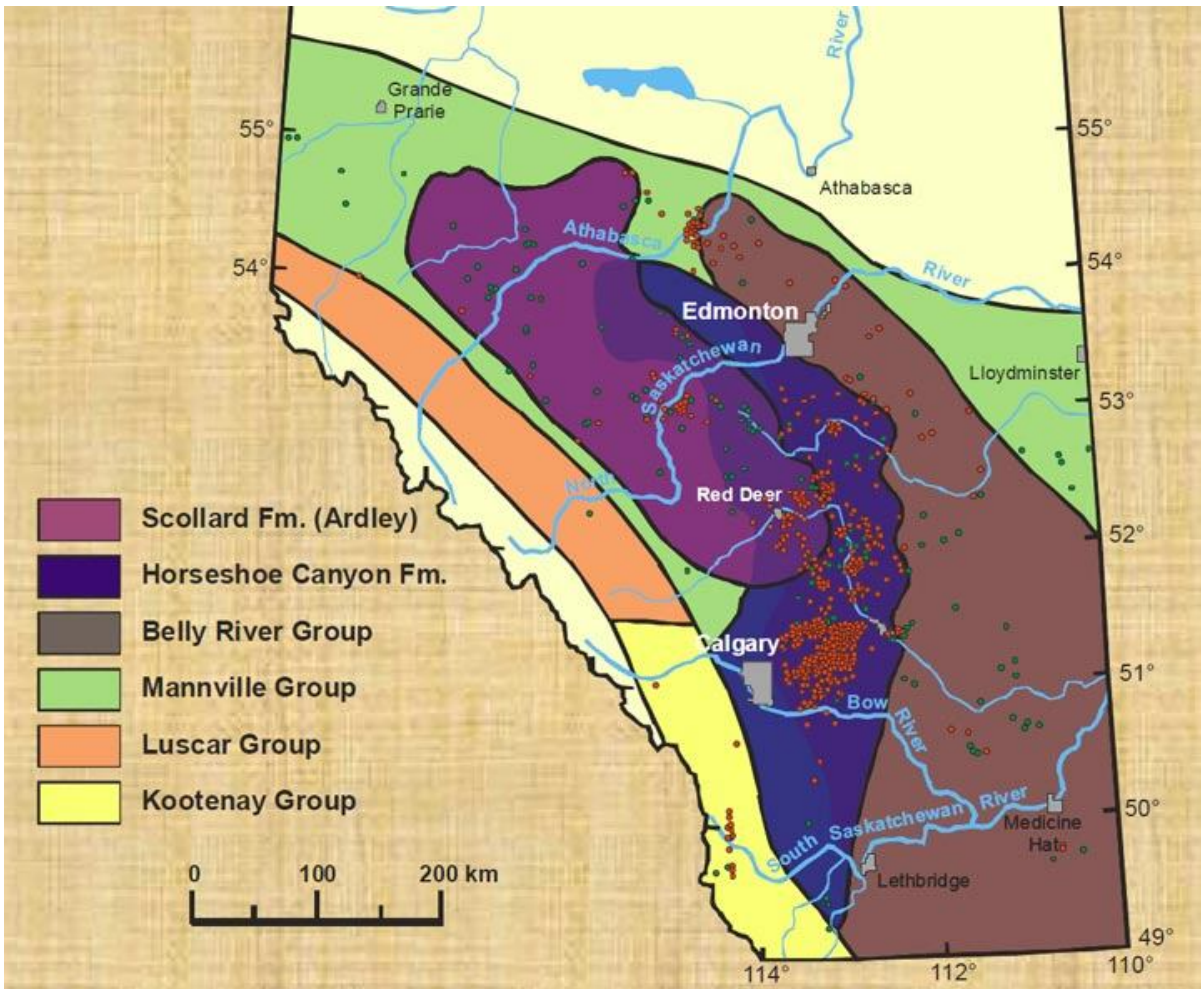
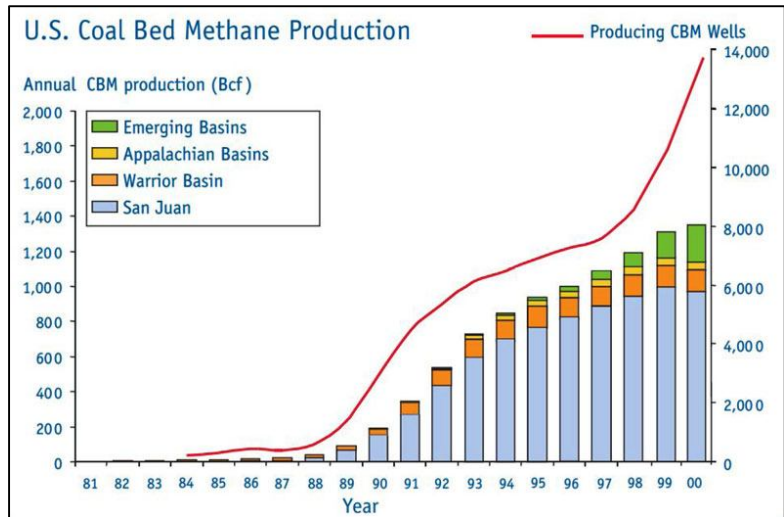
As the Alberta CBM frackers set up shop in 2000-2002, they joined forces to strategize on how to develop a public relations strategy on their biggest obstacle: how to manage and control the landowners who were going to be effected by thousands and thousands of wells about to be developed over the next fifty or more years. The commercial developments related to CBM had been evolving in the United States since the mid-1980s, where some ten thousand wells had been drilled and fracked by the end of 1998. U.S. Energy companies had amassed years of reports,

<sup>8</sup> Ibid., sections 62-63.

correspondence and internal legal records on landowner and environmental conflicts and disputes concerning CBM. They also negotiated an unknown number of confidentiality agreements with landowners concerning the ruination of drinking well water sources and related matters, one of the primary reasons why the George W.

Bush/Dick Cheney administration later passed the Halliburton Loop-Hole in 2005, the fracking exemption from the *Safe Drinking and Clean Water Acts*. All of that background noise, baggage and public relations expertise was marching northward across the 49th Parallel into Alberta. The National Energy Board reported at the time that Canada's

conventional gas reserves were in decline, and the CBM frackers arrived just in time to save Canada's methane future. Unfortunately, provincial and federal agencies had not been promoting the conservation of Canada's fossil gas fuels, and heralded the new CBM sapling into the capitalism fold.



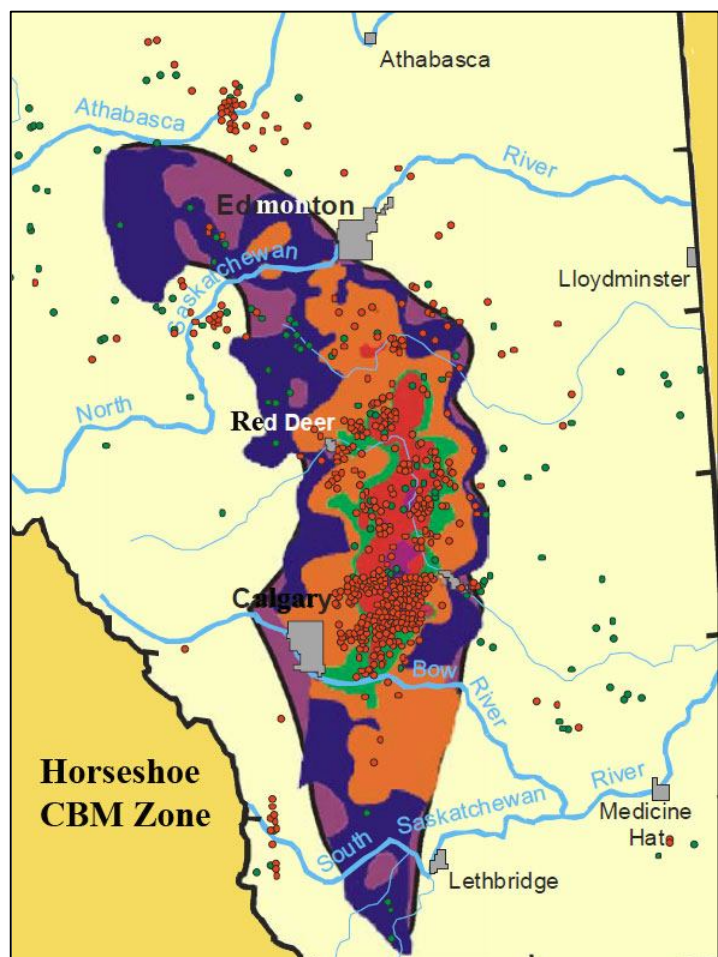
The coalbed methane, coal zones of Alberta.



By the end of 2004, during the initiation of the CBM era in Alberta, the frackers drilled about 3,500 wells over a three year period. These were the first such commercial developments in Canada. Alberta landowners, much like landowners for years previous in the U.S., became distraught and vexed by the cumulative onslaught - the manifold activities, developments and operations on their lands, and impacts on their aquifers - and demanded the government deal with

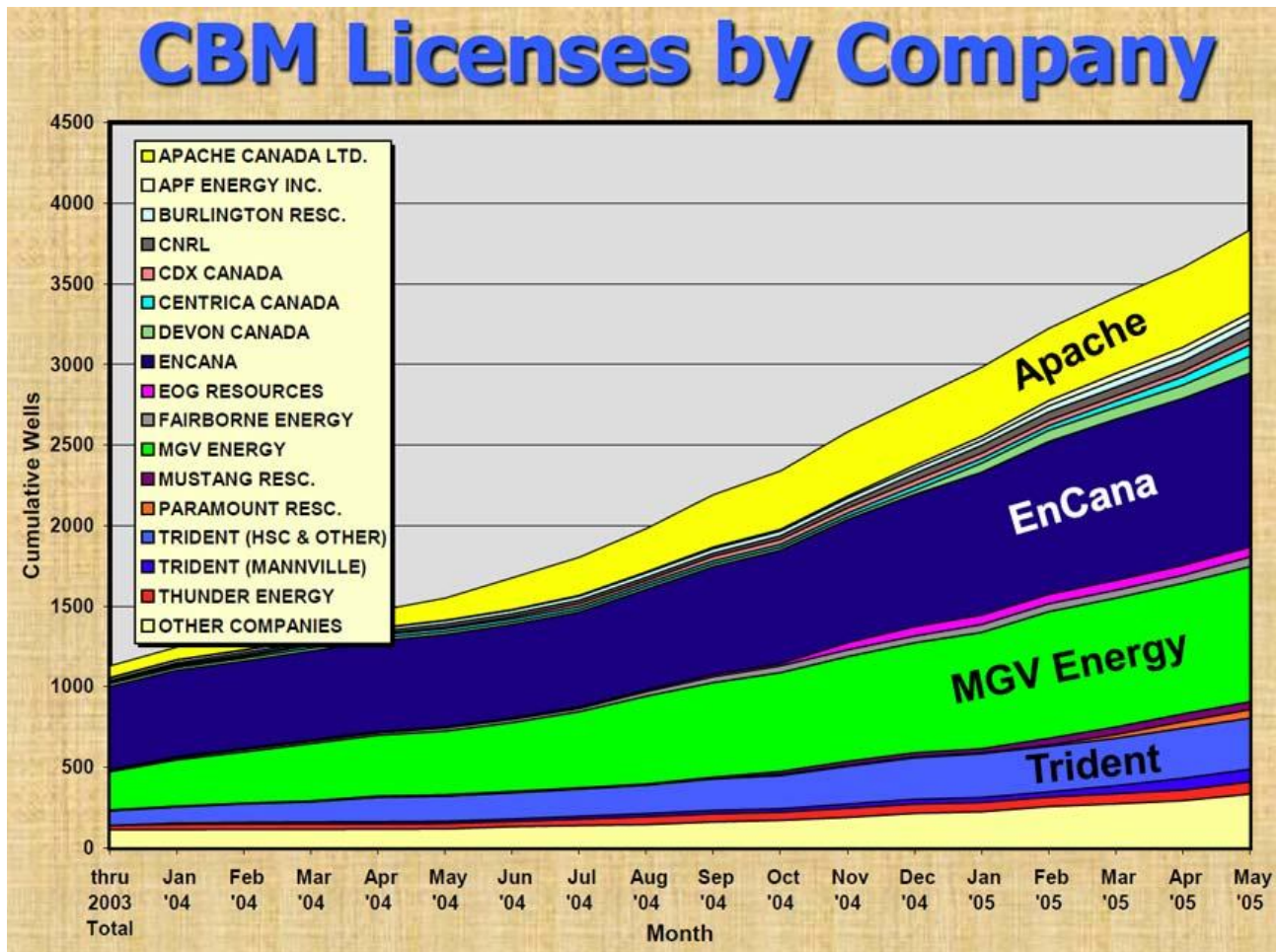
their concerns. Unfortunately, Alberta's mining laws, as with most mining laws in other North American state and provincial jurisdictions, grant many sub-surface use rights to state administrations and corporations, often making landowners little more than surface occupants. Other landowners, tempted by profits, welcomed the new source of revenues offered by the professional landmen and energy companies. 2,500 wells were drilled in 2004 alone, and some 3,000 more wells were going to be drilled in 2005.

Following internal stakeholder meetings with landowners and NGO representatives who had to sign confidentiality agreements (see MAC meetings below), Alberta's Canadian Energy Research Institute (CERI, formed in 1975) released a report in November 2006, *Socio-Economic Impact of Horseshoe Canyon Coalbed Methane Development in Alberta*. The report was produced when EUB chair Neil McCrank served on CERI's executive. It was a long-term forecast of CBM development in Alberta, based on data collected from the Horseshoe Canyon coals, one of Alberta's five CBM zones. Trident's Heffernan was acknowledged as one of the report's contributors, who provided the report's steering committee with data on Alberta's Mannville coals.



The report noted that by the end of 2005, "there were about 7,764 CBM wells in Alberta," 96 percent of which were in the Horseshoe Canyon

coal zone, and that the joint venture between **Encana** (previously, PanCanadian) and **Quicksilver Resources Canada** (previously, MGV Energy Inc. - MGV = Mike Gatens Ventures) was responsible for initiating the “CBM exploration program in Alberta.” In 2001, these partners drilled the first CBM experimental wells northeast of Calgary near the hamlet of Rosebud where Jessica Ernst - who later launched a \$33 million lawsuit against Encana and the ERCB - has her property. The energy partners were not only experimenting with the gas below ground, but also experimenting with the human zone above ground - landowners, community and County officials - drilling and fracking two domains simultaneously. The shifty frackers were collecting data on methane molecule potential and on the psychology of rural Albertans.



The CERI report said that about half of the CBM wells expected to be drilled over an area of 31,854 sections of land (20.4 million acres, or 8.26 million hectares) would be developed in the first CBM phase “under current economic conditions.” Depending on the depth of the CBM drilling, the report said that the development footprint could vary between 2 to 8 wells per section of land, and that the projected numbers of CBM gas wells drilled annually could vary between a staggering 2,500 to 5,000. CERI estimated that the projected investments by the petroleum industry in the Horseshoe Canyon CBM zone alone were about \$10 billion, one tenth the total investments made in the Tar Sands within the “2000 to 2020 time frame.” If everything was developed accordingly, the Horseshoe Canyon was projected to run out of gas by the year 2065, during which time, and depending on the market price of natural gas, the petroleum sector would walk away with eight to ten or more times their investments in total profits.

The 50-page report devoted one mere, vague and pathetic sentence (highlighted in bold lettering below) to the concerns of Alberta's landowners in its so-called "socio-economic" analysis, with nothing whatsoever referenced or discussed concerning the cumulative impacts to lands and water:



*Another significant difference between the oil sands and the HC (Horseshoe Canyon) CBM development is the size of the geographical area being impacted. The oil sands are being developed in a relatively small area, with comparatively intense activity in the Ft. McMurray region. The HC development covers a much larger area, over 15,000 square miles, from south of Calgary to Edmonton in south central Alberta (see Figure 2.1). The intensity of this HC development is similar to that of the earlier shallow gas development in southeast Alberta, with more than 1 well per section. This is much less intense than oil sands, but in many cases, more than was previously experienced for conventional gas development in the affected region. As a result, **stakeholders in this large development area are often unaccustomed to this type and level of activity and significant stakeholder interest and involvement is accompanying this development.***

Following some three years of sporadic private talk-and-frack stakeholder meetings and many external public complaints to the government, the report's focus was only on jobs, revenues, royalties and the GDP, not on the severe and degrading impacts the CBM carpet bombing plan would have on Alberta's groundwaters, the environment, and on landowners, and who would end up paying for the future mess. And CERI's projections would ultimately influence the ever-more, petroleum industry-controlled ERCB to approve an amendment that evicted provincial well-spacing regulations the day before Alberta's new Premier, Allison Redford, was sworn into office on October 7, 2011. In other words, the spacing formula of 2 - 8 wells per section of land forecast in CERI's report could be increased without limitations and be unfettered, thereby reaping even more profits to the frackers. There were no protests in front of Alberta's legislature after the ERCB's reprehensible amendment, a clear indication of how well the sheep were happily grazing in the petro pen.

#### **12-(4). Hanky McCranky Panky and the Synergy Love-In**

How did the petro government of Alberta, mantra-mandated to purportedly serve "the (never defined) public interest," respond to the public's fears and concerns when the CBM developments were just getting underway? In early 2002, the ERCB (formerly EUB, Alberta Energy and Utilities Board) became a strategic partner with the petroleum sector to influence and control landowners/public through the initiation of something called **Synergy Alberta**.





In 2002, EUB Chairman Neil McCrank articulated his vision for a “fundamental cultural shift” grounded in relationships and improved communications among the active players of Alberta’s energy industry: the public, the energy companies, and the EUB.

**MAKING SYNERGY REAL**  
 What happens if 250 people from communities, oil and gas companies, and the EUB come together for two days to talk about energy development challenges in their local areas? Synergy happens!



In February 2002, the EUB, the Canadian Association of Petroleum Producers, and Alberta synergy groups joined forces and resources in Making Synergy Real. Twenty-eight multistakeholder groups of an estimated fifty active in the province met for the first time to share stories, tips, and best practices. Their focus was on the process of building relationships.

Synergy groups are made up of the public, industry, and government representatives to collaboratively address local issues and improve communication.



Collection of images and cut outs from the ERCB’s (formerly, EUB) annual report of 2002, and the Alberta Synergy conferences of 2002 and 2003, with the synergy logo to left. 2002 marks a new shift in ‘open’ government and petroleum industry collaboration to ‘manage’ the public with the *Synergy Alberta* formula.

**Synergy Groups: A Model for Industry and Community Working Together**  
 Ray Woods, Senior Operating Officer, Resources, Shell Canada Limited, Chairman, Canadian Association of Petroleum Producers (CAPP)

In the EUB's 2002 annual report, *Working for Albertans, 2002 Year-End Review*, were numerous pages on the EUB's accountability to the public and to the environment, and a section called *Inspiring Public Confidence Through Mutual Learning*. In it, EUB chair Neil McCrank announced his "vision for a **"fundamental cultural shift"** grounded in relationships and improved communications among the active players of Alberta's energy industry: the public, the energy companies, and the EUB." McCrank's "vision" was the beginning of a perilous political journey, not only for Alberta, but for Canada.

### SYNERGY GROUPS MAKE COLLABORATIVE DECISIONS

One of the ways that the EUB stays abreast of the issues and concerns of Albertans is through participation in provincial synergy groups. A synergy group is an ongoing collaboration of diverse stakeholders (usually citizens, industry, and government) that undertake to resolve issues in a nonadversarial manner at the local level. It is within these multistakeholder processes that citizens have the greatest opportunity for influence in the decision-making process about resource development.



Each synergy group is shaped by those issues that affect its particular community. In other words, the development concerns of one area of the province will be distinct from another. Currently there are over 50 synergy groups in Alberta. EUB Field Surveillance staff are active participants in the synergy groups within their communities, providing indispensable technical and advisory support as they

explore the current issues. As well, the EUB was cosponsor of a provincial conference for synergy group members and is undertaking research into the different groups' information needs.



"We must monitor our organization to ensure that we are not only good at what we do, but that what we do is important and meaningful to society—that we are adding value."

Neil McCrank (photo and caption from Ministry of Energy 1998 annual report)

The new love-in era began with a "provincial conference for synergy groups" held in Red Deer, Alberta on February 25-26, 2002, a forum for the EUB to "renew and expand its commitment to mutual learning

with communities, youth, and industry." The town of Red Deer is located in the middle of the Horseshoe CBM development or 'fairway'.

*What happens if 250 people from communities, oil and gas companies, and the EUB come together for two days to talk about energy development challenges in their local areas? Synergy happens!*

*In February 2002, the EUB, the Canadian Association of Petroleum Producers, and Alberta synergy groups joined forces and resources in Making Synergy Real. Twenty-eight multi-stakeholder groups of an estimated fifty active in the province met for the first time to share stories, tips, and best practices. Their focus was on the process of building relationships.*

*Although the EUB maintains the largest energy database in the world, much of it is difficult for the public to understand. The EUB strives to improve public access to information by providing information in user-friendly formats. The new EnerFAQs question and-answer*

*publication series has been very popular with both the public and industry. Current EnerFAQs deal with such issues as electricity, flaring, setbacks, and critical sour wells, with several more in development. Additionally, extensive stakeholder consultation was conducted in 2002 and a set of questions was developed to assist landowners in their conversations with energy companies proposing development.*<sup>9</sup>

The initiation and convergence of Synergy Alberta with the start-up of the unconventional CBM era occurred in the mix of a larger public relations problem for both the energy industry and the Alberta government. Serious public safety and sour gas incidents became disturbing and vexing issues for powerless landowners for a good decade or more previous, stories and accounts documented in Andrew Nikiforuk's 2001 book, *Saboteurs - Wiebo Ludwig's War Against Big Oil*. The early 1990s marked the beginning of the synergy psychology applied to Alberta's rural communities, and over a period of some ten years leading up to the 2002 conference, Albertans were getting a good dose of it. The 2002 conference was merely the metamorphosis of the ten-year-long synergy cocoon.

Sour gas development has become a significant issue within the province of Alberta. In one of the great ironies of natural resource reserves, Alberta is blessed with an abundance of high-quality coal, which contains very little sulphur. However the province is also blessed, or cursed, depending upon your point of view, with another abundance of a natural resource known as "sour gas," which contains large amounts of sulphur. This sulphur is found in natural gas containing a toxic component known as hydrogen sulphide, or H<sub>2</sub>S.

The sour gas industry has been active in Alberta for more than 40 years. Over one-third of Alberta's produced gas is classified as sour, and Alberta accounts for about 85 per cent of Canada's total sour gas production. Sour gas is very toxic to humans and animals at relatively low concentrations. Therefore, the exploration for and production of sour gas must be undertaken with special equipment and safety procedures to assure both worker and public safety. As the continental demand for natural gas increases, both so-called "sweet" natural gas (gas without any H<sub>2</sub>S) and sour gas exploration and production are increasing. And as sour gas activity levels have increased, so have public concerns.

The development of Synergy Alberta, a provincial support network for Synergy Groups, began in Red Deer in 2002 with the "Making Synergy Real" conference.

Synergy was defined as "the catalyst to achieve a principled, balanced and sustained approach to resource development for Albertans. By working together we can achieve more."

A Mission Statement was also established for "fostering and supporting mutually satisfactory outcomes in Alberta communities by providing information, mutual learning, communication, skill development, facilitation and resources."

In 2003, people came together again at the Synergy Supporting Synergy roundtable to determine if there was a need and a desire to develop a plan for a synergy umbrella group in the Province. After hearing from representatives of communities, industry and government the decision was made by the participants that there was a great deal of value in having a central supporting organization.

In the fall of 2004 participants convened again in Red Deer to determine the needs and development of a structure of what Synergy Alberta would look like. Five action teams were formed with the intent of creating the structure for Synergy Alberta, what it would look like and how it could be used.

There are now over eighty different synergy groups from various communities in the Province of Alberta and as the pace of resource development continues to grow, these community groups play an extremely important role in achieving a "principled, balanced and sustained approach to resource development for Albertans"

Further work is now occurring to open a Synergy Alberta office, establish a Board of Directors and to hire an Executive Director. Funding has been secured for the first year of operation.

<sup>9</sup> EUB 2002 annual report, *Working for Albertans, 2002 Year-End Review*.



According to the Sundre Petroleum Operators Group's (SPOG's) website, SPOG was formed in 1992 as an association later made up of 13 local petroleum companies and members of the Sundre and Caroline area communities. The SPOG area covers an area of some 600 square miles in mid-west Alberta. The "community" started the association, concerned about gas developments and accidents in the area, which sprouted into a cooperative arrangement between the companies and the community. 19 years later, SPOG was made up of: 19 "communities" members, a category that included the local Chamber of Commerce; 8 petroleum service companies; and 17 petroleum companies, such as Apache, Bonavista Petroleum, ConocoPhillips, ExxonMobil, Penn West, Shell Canada, and TAQA North. Through the years, SPOG helped implement "Best Practices" for the petroleum industry.



The Summer issue of SPOG's 2001 newsletter, *IMPACT*, included a guest editorial by Derrde Maht. She had "worked with a variety of Native Energy Bands across North America," and in January 2001 was "hired on contract by Pogo Canada Ltd.," a subsidiary of Houston, Texas-based Pogo Producing Company, as its "compliance, liability and landowner relations" officer. Maht wrote:

*It only took attendance at one of the SPOG community meetings to see why it had become the template for community action groups across the province (and soon North America I am sure). The concept of win / win, the dedication of community members, those working in the Oil and Gas industry and those not. Focuses on communication, working relationships and team asset building are shining examples to not only community action groups but industry partners as well.*

Maht's advertisement of SPOG as a "template for community action groups" was exactly the problem, a problem spreading roots out to other North American jurisdictions, and undoubtedly a big emerging problem for Poland.

**Upcoming Event: Making Synergy Real**  
 A conference for community, industry, and regulatory groups working in Alberta's oil and natural gas areas, brought to you by the Canadian Association of Petroleum Producers (CAPP), the Alberta Energy and Utilities Board, and Alberta's Synergy Groups.

**When:** February 25 & 26, 2002  
**Where:** Red Deer, Alberta

To request an information package or for further information, contact  
 Telephone: (403) 398-8899, Fax: (403) 686-9694  
 E-mail: synergy.alberta@shawbiz.ca



## Committed to responsible resource development

### What is Stewardship?

In June 2002, the *Making Synergy Real* conference organizers published a *Conference Proceedings* document, which summarized the conference events. CAPP chairman Ray Woods, the senior operating officer for **Shell Canada**, said in his presentation, *Synergy Groups: A*

*Model for Industry and Community Working Together*, that “SPOG became the vehicle that re-established a positive relationship between companies working in the area,” and that “SPOG is one example of a synergy group that has been successful in resolving issues in productive ways.”

#### Publications

**January 21:** Alberta Drilling Activity Monthly Statistics (ST-59) for November 2002

**January 16:** EUB Synergy Group Survey: The EUB is creating a database of active community groups in the province. We believe that such a listing will help to connect groups and to maintain an ongoing dialogue with communities that share their land base with energy development. *Survey submission deadline: February 14, 2003*

*Over the past few years, the number of synergy groups in the province grew from a handful to over 50.*

*Shell has used this approach of bringing all stakeholders together in its exploration activities in southern Alberta. It established the **Waterton Roundtable** in the early '90s to share information about its development plans in the Waterton field with a number of*

*different stakeholders, including community representatives, environmental groups, the EUB, and Alberta Forestry.*

*In recent years, increased exploration and development activity, concerns about cumulative effects of this activity, land-use conflicts, and a growing rural population have put a strain on the relationship between companies and communities. It is important to have nonconfrontational mechanisms to discuss questions related to potential impacts of oil and gas activity on the land, land values, aesthetic values, and health and safety.*

*A lot of people have a stake in oil and natural gas development in Alberta. By bringing these stakeholders together to discuss and understand each other's viewpoints, synergy groups work towards finding solutions that benefit everyone—in other words, win/win solutions.*

*The industry also benefits from this cooperative approach. Oil and gas companies share the use of land and its resources with a number of stakeholders. Conflict can jeopardize the value of oil and gas reserves by delaying or preventing access to*

The EUB's mission is to ensure that the discovery, development, and delivery of Alberta's resources take place in a manner that is fair, responsible, and in the public interest. And while “public interest” encompasses many things—social, economic, environmental—let there be no mistake, public safety is our first priority. Energy resources and energy revenues are important to the people of Alberta, but for the Board to find that any energy development is in the public interest, it must be convinced that public safety can be adequately protected.

# a c r o s s t h e b o a r d

## Synergy Groups Sitting at a Common Table Before Development

*reserves and increasing costs to do business. Conflict can also damage a company's corporate reputation, which makes consultation on future project applications more difficult.*

*By helping to foster good relationships between the industry and other stakeholders, synergy groups can help to bring clarity and certainty to exploration and development and encourage continued investment in Alberta.*

*In 1999, CAPP established the **Stewardship initiative**. The concept of stewardship means industry considers how its actions affect others and conducts its business in responsible way. The goal of the Stewardship initiative is to enhance the sustainability of the petroleum industry by balancing the three pillars of sustainable development: the environment, economy, and society.*

*To date almost half of producer members are participating in this program, and CAPP is working towards getting 100 per cent participation.*

At the conference were representatives from **51** petroleum energy and service industry companies:



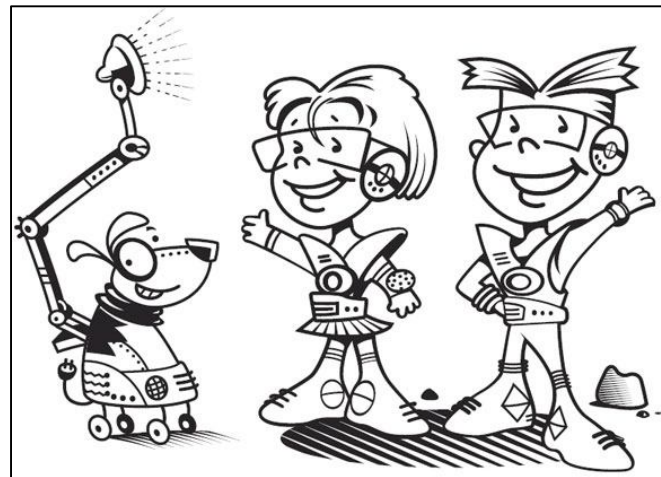
**Alberta Energy Company (Encana), Alliance Group, Anadarko Canada Corporation, APF Energy Inc., ARC Resources Ltd., ATCO Gas, Atlas Energy Ltd., Border Midstream Services Ltd., BP Canada Energy Company, Burlington Resources Canada Inc., Calpine Canada Resources Ltd., Canadian 88 Energy Corporation, Canadian Natural Resources Ltd., Canadian Waste Services Inc., Centria Canada, Conoco Inc., Consultation & Compliance Inc., Compton Petroleum Corporation, Devon Canada Corporation, D.R. Hurl & Associates Ltd., EPCOR Generation Inc., Epic Unisource Inc., Exxon Mobil Canada Ltd., Gibsons Petroleum Company Ltd., Hunt Oil Company of Canada Inc., Imperial Oil Resources Ltd., Jasaac Land and Environmental Services, KeySpan Energy Canada Inc., Newalta Corporation, Nexen Inc., Nexen Balzac Gas Plant, Northrock Resources Ltd., Mancal Energy Inc.,**

**Marathon Canada Ltd., Murphy Oil Company Ltd., PanCanadian Energy Corporation, Penn West Petroleum Ltd., Petro Canada Oil & Gas, Petrovera Resources, Proactive Group of Companies, Rife Resources Ltd., Rio Alto Exploration Ltd., Shell Canada Ltd., Sparks and Associates Inc., Shaker Petroleum Inc., Stampede Oils Inc., Summit Resources Ltd., Suncor Energy Inc., Talisman Energy Inc., VECO Canada Ltd., Williams Energy Inc.**

The proceedings revealed that “Although **almost half of the attendees represented oil and gas companies**, 58 people involved in 28 synergy groups ensured solid representation from communities and landowners. The EUB sent 38 staff, including 5 Board Members, the Chairman, and many field staff.” In other words, almost 80 percent of conference attendees were from industry and government, and perhaps a few more representatives from the synergy groups were also from industry - a synergized stacked deck. The document also said that evaluations from “114 participants” said “there is an active interest in forming a “federation of synergy groups,” most of which were no doubt comments made by industry. Thanks to the EUB/ERCB, four years later in 2006, following two more conferences in 2003 and 2005, and a strategy conference meeting in 2004, Synergy Alberta became a non-profit society with a board of directors, an executive director, and an office in Calgary.

Incredibly, as reported in the September 2006 edition of the EUB’s newsletter *Across the Board*, when Synergy Alberta received its non-profit status, in August 2006 the EUB won the Institute of Public Administration of Canada’s (IPAC’s) annual *Award for Innovative Management* for having developed Synergy Alberta, a competitive category award out of Canada-wide 71 separate entries from municipal and provincial agencies and departments.

*“Business can no longer be conducted in the same old way, whether it is the business of developing resources, the business of regulating, or simply the business of living,” said EUB Chairman Neil McCrank. “Winning this award reflects*



## **Youth and Energy Development Initiative is educating and entertaining Alberta kids**

(November 2002)

**T**HE EUB’S YOUTH AND ENERGY Development Initiative (YEDI), made up of three entertaining and interactive learning components, is now helping to educate Alberta’s kids about oil and gas.

Deborah Eastlick, YEDI’s project coordinator, says, “Initial feedback for YEDI has been

extremely positive, with kids and teachers across the province telling us they’re having fun and learning about Alberta’s oil and gas industry at the same time.”

Each component of the YEDI program uses hands-on activities to teach kids about various oil and gas issues, such as the history of the industry, sour gas development, flaring and venting, field inspections, health and safety issues, career opportuni-

**Log onto <[www.eubkidzone.gov.ab.ca](http://www.eubkidzone.gov.ab.ca)> and encourage your kids to start exploring the world of oil and gas.**

- **Petroleum Play Activity Booklets** - In the *Petroleum Play Activity Booklet*, RO-VR the EnerBot and Enerbuddies Emmy and Nick take kids on a journey through time to show the amazing world of petroleum. Whether it’s by making a sedimentary sandwich or figuring out the best route to lay a pipeline, kids will learn without even realizing it!
- **Children’s Web Site** - Many of the exciting exercises developed for the *Petroleum Play Activity Booklet* are also available on Children’s Web site. That’s right: just log onto <[www.eubkidzone.gov.ab.ca/main.html](http://www.eubkidzone.gov.ab.ca/main.html)> and encourage your kids to start exploring the world of oil and gas.

the EUB's commitment to finding unique solutions to the challenges we face everyday as we work to serve the public interest."

Gary Redmond, executive director of Synergy Alberta, credits EUB innovation for helping to establish the organization and advancing what he calls the "synergy movement" in the province.

"There's no question that ... if it weren't for the EUB, Synergy Alberta wouldn't be here today to promote the sharing of best practices, allowing the groups to learn from one another, and pursuing input from the community," Redmond said.

# across the board

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February 2005

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## Synergy conference brings people and ideas together

Cooperation and understanding were qualities demonstrated by industry, community, and government representatives recently at the *Synergy in Motion* conference held in Edmonton February 6 to 8 by Synergy Alberta. Synergy Alberta provides a variety of information, services, and tools to support the work of local community groups.

"Synergy is about creating open lines of communication," said Deborah Eastlick, EUB Community Relations Advisor Specialist and a *Synergy in Motion* organizer. "The conference allowed industry, communities, government, and the EUB to talk openly about their views on synergy and, specifically, how everyone can best use the new office to its full potential."

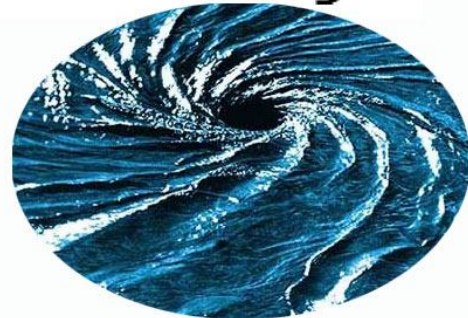
## Synergy in Motion Conference 2005

Date: February 6, 7, and 8, 2005

Location: Ramada Hotel and Conference Centre  
11834 Kingsway  
Edmonton, AB

A synergy group is a community-based group of people, usually comprising representatives of the public, local industry, and government, who meet to identify and address issues related to oil and gas development. The next step in the evolution of synergy groups is the development of a framework for a centralized information centre and synergy support system. Learn where this exciting initiative is at and where it's going at the *Synergy in Motion Conference 2005*. Register at <[www.synergyalberta.ca](http://www.synergyalberta.ca)>.

## Synergy in Motion 2005



Synergy has become a movement. Groups are connected, and many are looking to make a contribution not only at the *local* level, but at a *provincial* level and beyond the oil and gas sector.

## Synergy Supporting Synergy: (January 2004) EUB-sponsored synergy roundtable a success

If you see a turtle atop a fencepost, chances are that he had some help along the way. This was one of the bits of folk wisdom that emerged during Synergy Supporting Synergy, a two-day roundtable of synergy groups held in Red Deer in late October 2003. The point is that if you're going to think outside the box and go where no turtle has gone before, you need a little help from your friends and neighbours.

*In order to achieve the desired and necessary cooperation and communication, people (industry, synergy groups, regulators, and others) need to physically come together at the local level to address local issues.*

As understood by the EUB and stakeholders synergy is a generic term used by the EUB to describe a community-based group of people representing landowners and residents, local industry operators, and the EUB. Increasingly, membership is being broadened to include such groups as municipal governments, Chambers of Commerce, and industry people from other sectors. These people meet to

Cosponsored by synergy groups, the Canadian Association of Petroleum Producers, and the EUB, Synergy Supporting Synergy was the second provincial gathering of synergy groups, and it was quickly apparent that we've come a long way in eighteen months.

Nearly 200 people rolled up their sleeves to develop a collective vision and action plan to move synergy forward in a more effective and supportive fashion.

Guided by the three strands of synergy; cooperation, communication, and convergence, participants took a look ten years into the future with their vision, then looped back to the present to find a way to make that vision happen.

The consensus at the roundtable was that synergy works! By 2013, participants envision a "synergy province," a well-established network of relationships. This will occur through the

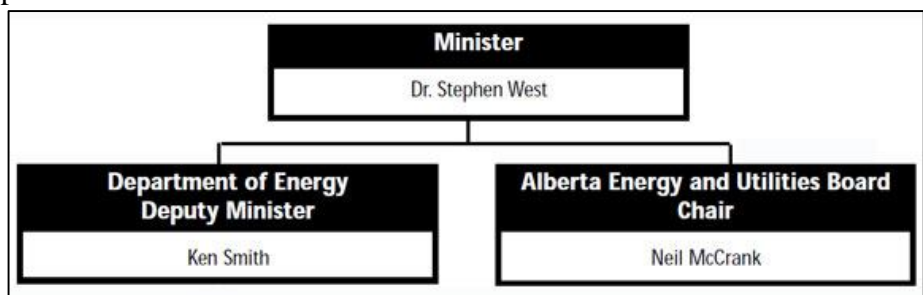
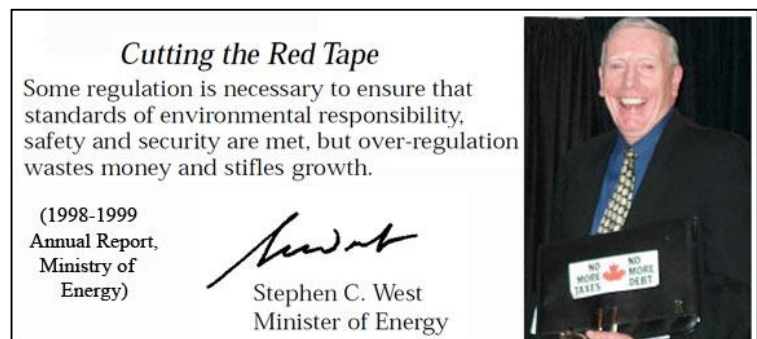
Some of the many speakers at the February 2002 conference included:

- **Dr. Blaine Lee**, an American and founding vice-president of **Franklin Covey** (originally, **Covey Leadership Center**), gave an 'inspirational' half-day 'teamwork' workshop on *Getting To Synergy*. He was the author of *The Power Principle*, and passed away in February 2009. According to Lee's company document, *Success Stories*, Franklin Covey Canada Ltd. is a subsidiary of Salt Lake City Utah-based **Franklin Covey Co.**, and has "6 retail locations across Canada: Cambridge, Toronto, North York, Ottawa, Calgary, and Vancouver. Internationally, Franklin Covey has 44 offices in 33 countries, with training products "printed in 28 languages" and "distributed in 170 countries." It "trains more than 750,000 people annually" and "holds public workshops in more than 400 cities throughout the world." Franklin Covey "consults with more than 80 of the Fortune 100 companies, more than two-thirds of the Fortune 500 companies, thousands of mid-sized and smaller companies, governments, educational institutions, communities and families." The

conference proceedings didn't include a summary of Lee's presentation "due to copyright agreements."

- Roger Gibbens**, president and ceo of the western separatist public policy think tank **Canada West Foundation**, gave a presentation, *Alberta's Changing Landscape - The Context of Synergy*. The conference biography states he was a professor of political science with the University of Calgary, he published 19 books, and was co-editor of the *Canadian Journal of Political Science* from 1990-1993. The summary about Gibbens' presentation on the new dynamics of "globalism" and "localism," had the following weird commentary: *if the cities are becoming more important and the world is becoming more important, something must become less important. And, probably, the things that are becoming less important are Alberta and Canada. This is a gradual change, but the direction is clear. If you have Calgary and you have the world, and you have good Internet and air connections between Calgary and the world, it's not clear you need Alberta.*

- Neil McCrank**, chair of the EUB (now, ERCB). McCrank obtained a law degree from Queens University in 1969. He arrived in Alberta in 1979, became a member of the Law Society of Alberta, the Law Society of Upper Canada, and the Canadian and Calgary Bar Associations, and was a special prosecutor with Alberta's Attorney General. From 1989 to 1998, he served as Deputy Attorney General and Deputy Minister of the Justice Department, and was appointed to chair the EUB in July 1998, an appointment made by the Ministry of Energy. At the time, Stephen West was the Minister of Energy, who had a reputation of being Premier Ralph Klein's "axe man" - i.e., in deregulating electricity and privatizing liquor stores - and was also nicknamed *Dr. No.* (After West left



government in 2001, he became a director and vice president of an oil supply company, Corlac Inc.) As chair of the EUB, McCrank reported directly to the Minister of Energy, the same high ranking duty as the Deputy Minister of Energy, and the beginning of his appointment occurred when Alberta's tar sands were being considered for massive developments, and petroleum corporations were in need of regulatory approvals for their many controversial schemes. McCrank was also on the *leaders board* of the not-for-profit University of Calgary **Institute for Sustainable Energy, Environment and Economy** (ISEEE), where, in 2003, the likes of **Gwyn Morgan** (president of Encana), **James Gray** (chair of the Canada West Foundation), and **Charlie Fischer** (president and ceo of Nexen Inc.) also served beside him. During his term with the EUB, McCrank was also on the executive of the Canadian Energy Research Institute (CERI) as its vice chair and chair.

McCrank was also with the policy think tank Van Horne Institute, and the Petroleum Technology Alliance of Canada (PTAC).

McCrank's conference presentation was called *Building on Today's Success - The Challenge for Tomorrow*. The conference proceedings summarized his presentation:



*In this new reality more people are moving to the country in search of “the good life.” At the same time, an increasing demand for oil and gas has resulted in the proliferation of energy facilities and pipelines in these very same areas. Competing visions for the use of the land are often the result.*

*In the new reality the public also expects industry and regulators to be more open and accountable. That is why the EUB's vision states that we “will continue to*

*build a regulatory framework that inspires public confidence.” It is important to note the word “inspires,” not “seeks” or “demands.”*

*Another aspect of the new reality that is linked to a shift in public perception is an increase in community activism. People have legitimate concerns about things like human and animal health and safety, environmental impacts, and the sustainability of resource development. They want to have meaningful influence on those decisions that directly affect their lives.*

*The public has a right to demand influence and accountability, as Albertans own the resource and share it with the industry. That's why permission to develop is given, by the people's elected government, in the form of leases—not outright sales.*

*The regulator, entrusted with the public interest, must ensure that discovery, development, and delivery of Alberta's energy resources take place in a manner that is fair and responsible. Development may only occur under strict regulation and vigilant surveillance, with consequences for noncompliance.*

***The Energy Resources Conservation Act** clearly directs the actions and decisions of the EUB when determining the public interest. It says that we must “give consideration to whether the project is in the public interest, having regard to the social and economic effects of the project and the effects of the project on the environment.” Note that the act demands that the EUB consider not just the economic benefit, but the social and environmental effects as well.*

*Synergy groups work because there is an understanding that along with the rights of participation come responsibilities. Whether participants represent the community, the industry, or the regulator, each has a responsibility to become informed and to focus on*



*interests, not on entrenched positions. Participants must make a commitment to the time and the effort required so that there is ownership of both the process and the outcomes.*

*Another responsibility of participation is action. Every effort must be made to work together to produce outcomes that have substance and make a positive difference.*

*Open and transparent communication, every day, at every stage, with every member is key to success.*

*The final level, Empowerment, places final decision-making in the hands of citizens. In the context of resource development in Alberta, this level isn't possible because Alberta law places final decision-making power solely in the hands of the EUB. The EUB is an independent body and cannot be directed by any other party. That said, however, the EUB is committed to working with both communities and industry to constantly improve the quality of our policies and practices.*

The EUB/ERCB failed to define “the public interest,” and, given its chairman’s prestigious and lengthy office with Alberta’s Attorney General, it was perhaps disingenuous for legal-minded McCrank not to have carefully defined the term, either voluntarily or involuntarily, as he was eminently qualified to so do. Was his failure to disclose and enunciate this definition in “the public interest?”

Because of the manner in which the ERCB had been pushing the petroleum industry’s agenda, university law students and professors in Alberta took an interest in researching and defining “the public interest.” Andrew Nikiforuk’s October 2002 article in the National Post Business Magazine, *Flare Up*, may have helped evoke examining the conundrum:

*Funded largely by industry, the EUB has a mandate to regulate the province’s 1,000 oil and gas companies “in a manner that is fair, responsible and in the public interest.” Known as the Energy Resources Conservation Board during the era of former premier Peter Lougheed, it once earned respect with fair and toughminded decisions. But during the 1990s the board took conservation out of its name and now generally interprets the public interest as anything that helps sustain government revenue from the oilpatch. And with a shift to selfregulation and cuts to staff, the EUB left landowners to fend for themselves,” explains Roger Epp, a political scientist at Augustana University College in Camrose. The EUB, now largely staffed by oilpatchers, approves as many as 8,000 wells a year. It rarely says no to industry. But in the fall of 1998, the board*

*Lately, the EUB has found itself in unfamiliar territory ... on the front page of newspapers across Alberta and across the country. High utility rates, landowner/ industry conflict, and the potential dangers of sour gas have led us to a place that is squarely in the ‘eye of the storm’. 30 years ago, these confrontations rarely occurred. Today, confrontations between landowners and energy companies occur every day. In the past 3 years, there have been over 40,000 wells drilled in Alberta, that is more than were drilled in the province in the 55 years from 1915-1970. There are now 1,500 companies in the patch ... new companies are being formed every day ... many of these companies are unknown to the Regulator and the public. Energy development is also moving closer to populated areas. People are moving to the country to live ‘the good life.’ The public is more aware of energy development than ever before, and they are asking questions. And the public has a right to get answers to these questions.*

**Neil McCrank, March 6, 2003, *In the Eye of the Storm*, speech for the Calgary Chamber of Commerce.**

*belatedly identified landowner concerns as “an emerging issue” after \$10 million worth of industrial sabotage in Peace River and the murder of an oil executive in Bowden, Alta., by a disgruntled rancher.*

One of the few emerging legal reviews of the ERCB’s mystery mandate was published in August 2008 in the Journal of Environmental Law and Practice, “*The Public Interest*”: *Can it Provide Guidance for the ERCB and NRCB?* It included the following:

*“The public interest” is the standard that guides many government authorities and boards in their decision-making. In the environmental context, the public interest is the common test and justification for deciding how and when to develop natural resources that are located on public land or are owned by the Crown on behalf of all citizens.*

*The appeal of the public interest is its familiarity; intuitively, every person thinks he or she knows what the term means. The problem arises when a person tries to define this “deceptively familiar” concept. Little agreement exists about whether the term has any meaning at all, or, if it has, what that meaning is. Despite this confusion, the term continues to persist as the general formula for the exercise of discretion by decisionmakers, particularly with respect to decisions over natural resource use and development in Alberta.*

*In Alberta the public interest is expressly included within the legislative mandates of two boards: the Energy Resources Conservation Board (ERCB) and the Natural Resources Conservation Board (NRCB). The ERCB regulates the development of fossil fuel projects in Alberta, many of which occur on public land and involve the use of publicly owned energy resources. The NRCB reviews certain non-energy projects relating to forestry, recreation and tourism, mining and water management.*

*However, the term “the public interest” is not defined in either Board’s governing legislation and, as a result, these Boards have faced ongoing challenges in articulating and applying this concept in their decisions.*

*The difficulty in considering the public interest has been exacerbated by Alberta’s economic boom, which has placed increased pressures on the land base. Continuous and rapid economic growth has meant a larger number of interests are competing to access the province’s finite land and natural resources. The pace and scale of development has also led to the difficult problem of managing cumulative effects, the phenomena which is sometimes called “death by a thousand cuts.” All of these factors in Alberta have, in turn, heightened the number and intensity of viewpoints that come before these Boards, particularly the ERCB.*

*The public interest has been referred to as “**an empty vessel, to be filled at different times with different content.**” It is at times considered synonymous with terms such as “public good,” “common good,” “general welfare,” or “well being of general public” but these terms themselves are capable of varying interpretations. Academics, judges, administrative board members and legislators have attempted to define the public interest with varying degrees of success.*

On March 31, 2007, McCrank, nearing the age of 65, “retired” from the Alberta government, but not from private sector opportunities. In a February 21, 2007 ERCB media release announcing his departure, McCrank was quoted saying:

*I am most proud of how the EUB has become more open to the public we serve. The EUB has played a significant role in increasing the public’s awareness of energy and utility issues. Albertans are more engaged and better informed than they have ever been. I have great respect and admiration for the staff and Board members I have served with at the EUB. We are widely regarded as a world-class regulator, and our people are the reason why.*



As Andrew Nikiforuk wrote in his October 22, 2007 article, *Not in Our Backyard! - A Controversial Electricity Transmission Line and Charges of Spying Zap the Reputation of Alberta’s Energy Regulator*, the timing of McCrank’s departure occurred during “one of the most explosive political scandals in Alberta history.” A proposed electrical transmission line - to be built by AltaLink Management Ltd., largely owned by SNC-Lavalin Group Inc. - down the middle of Alberta through landowner properties was almost approved without landowner notice and input. Joe Anglin, a determined landowner and former New Hampshire policeman, forced the EUB in August 2006 to halt the proposal until a proper public hearing was held, to adhere to the EUB’s “public interest” mandate. Anglin compared the EUB to a “kangaroo court,” and after the EUB ruled against a public hearing, landowners “marched to the Alberta Court of Appeal, where they argued the EUB had failed to uphold the *Transmission Regulation*, the *Electric Utilities Act*, the *Hydro and Electric Energy Act* - and its own mandate to be impartial.” Court documents later revealed that the EUB hired four private investigators to mingle with and spy on landowners. “It didn’t take long for Anglin, a former cop, to spot ex-RCMP types sitting among six to seven grandmothers. “They were the guys eating all the cookies,” he says.”

After receiving interventions to the application, the EUB conducted a public hearing in Calgary, which sat for 11 days beginning on December 9, 2004. Interested parties agreed that the transmission development was necessary and focused on two different concepts: AESO’s preferred 500 kilovolt (kV) alternative and a 240 kV alternative.

The EUB examined the two concepts and concluded that AESO’s preferred 500 kV development concept is the appropriate means by which to address the need identified. The EUB found this concept superior from the perspective of transmission system planning and performance, routing considerations, and economics.

Two weeks before McCrank's 'retirement', the Alberta government issued a news release on March 15, 2007, *Task force to examine government agencies, boards and commissions*, in which McCrank was appointed chairman to make recommendations for the government of Alberta on improving "the transparency, accountability and governance of its agencies, boards and commissions." After the fox left the henhouse, other foxes asked for expert advice on how to improve the henhouse situation. Of interest, McCrank's attached biography stated that he already was serving as vice chairman of the **World Petroleum Congresses (WPC) Canadian Association**. He would soon be further elevated as the Congresses' chair. McCrank, along with a large contingent of Canadian representatives, attended the December 4-8, 2011, 20th World Petroleum Congress held in Doha, Qatar, where almost 4,000 international petroleum delegates converged, almost half of which were Qatar-based, the first gala affair and inauguration of Qatar National Convention Centre. The Congresses (first Congress, 1933, London; third Congress, 1951, the Hague; 12th Congress, 1987, Houston) have more recently convened triennially, and have often been touted by its own as the "Olympics" of the petroleum industry. The 16th World Petroleum Congress was held in Calgary in 2000, just as Alberta's controversial tar sands companies were gearing up production.

When McCrank became the vice president of the WPC Canadian Association, it was chaired by David J. Boone, the co-founder of **Marathon Oil Corporation**. Boone, the president and director of **Escavar Energy Calgary**, had been president of **Encana Corporation's** Offshore and International Operations. Members of the WPC Canadian Association in 2010 included: the government of Alberta, the ERCB, Borden Ladner Garvail law firm, Barrick Gold, Chevron, Petrobank Energy and Resources Ltd., Golder Associates, etc.

In late 2007, the federal Conservative administration gifted McCrank two assignments: to sit as a member of Prime Minister Harper's **Advisory Council on National Security**, and as the Minister of Indian Affairs and Northern Development, Chuck Strahl's, Special Representative to lead the **Northern Regulatory Improvements Initiative**, to outline proposed recommendations on a northern Canadian energy regulatory regime. On November 21, 2007, the Northwest Territories Board Forum<sup>10</sup> wrote McCrank to congratulate him on his appointment and gave him the following advice:

*We encourage you to be as transparent as possible in carrying out your review. Your review represents a unique opportunity for all interested parties to the northern regulatory system to explain and clarify problems, issues and possible solutions from their perspective and to similarly learn from the perspective of others. This will achieve a more comprehensive understanding of the scope of the improvements that may be possible.*

In the end, "in-the-public-interest"-McCrank apparently failed the transparency test requested of him by Northwest Territories stakeholders in his special northern federal assignment. The September 14, 2008 issue of Petroleum News article, *It's hot-button time in Canada*, reported the following:

*Alternatives North, a social justice coalition based in Yellowknife, Northwest Territories, has made the case for environmental safeguards in the North in a recent response to special*

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<sup>10</sup> NWT Board Forum members: the Mackenzie Valley Environmental Impact Review Board, the Mackenzie Valley Land and Water Board, the Sahtu Land and Water Board, the Wek'eezhii Land and Water Board, the Gwich'in Land Use Planning Board, the Inuvialuit Game Council, the Inuvialuit Settlement Region, the Sahtu Renewable Resources Board, the Wek'eezhii Renewable Resources Board, and the Gwich'in Renewable Resources Board.

*recommendations from Neil McCrank to the federal Department of Indian Affairs and Northern Development on ways to improve the NWT regulatory system.*

*Speaking for the coalition, Doug Ritchie said northerners “don’t want the uncontrolled and unsustainable development that is happening in Alberta and that’s the model put forward in the (McCrank) report.”*

*He said the recommendations fail to address the “real issues with the northern environmental management system” including the federal government’s failure to implement and fund the process.*

*Ritchie also objected to **the exclusion of submissions from non-governmental organizations and northern boards from the McCrank report**, while industry submissions were cited, including those by the **Conference Board of Canada** and the **Fraser Institute**, both promoters of “unfettered resource development.”*

*“The Alberta-type model is so appealing because people don’t have much control over it,” he said.*

*Ritchie said the report reflects the growing oil and gas industry and the fact that there is limited monitoring of the industry’s activities.*

*He said there is no desire by any aboriginal groups to “substantially change” the Mackenzie Valley Resource Management Act by lessening community involvement.*

*“We have a good system that aboriginal people fought for at the negotiating table,” he said.*

McCrank, as with numerous other Alberta high ranking civil servants, bureaucrats and politicians, entered the ‘revolving door’ and almost took off its hinges. From late 2007 onwards, McCrank became: director of both **AltaGas Income Trust**<sup>11</sup> and **AltaGas General Inc.**; director of **Petrobank Energy and Resources Ltd.**; director of **Gravis Oil Corp.** (formerly, **MegaWest Energy Corp.**); director of **TSO Energy Corporation**; co-chair of **CDN Energy Inc.** His numerous appointments beg the obvious question: why was McCrank appointed to serve a 9-year term as chair of the ERCB?

In mid-2008, McCrank joined the law firm of Borden Ladner Gervais, where his responsibilities were focussed on oil, gas and energy litigation. The firm’s website states of his background expertise: “Mr. McCrank brings a wealth of insight into the province’s regulatory regime as it relates to large oil sands and electricity projects. He provides strategic advice on some of the most important, large energy projects this province is facing such as northern development and the oil sands, major electricity generation and transmission projects.”

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<sup>11</sup> Myron Kanik, a former Deputy Minister of Energy, also became a director of AltaGas Income Trust.

## 12-(5). The Big MAC Meetings

*There's no need to overhaul Alberta's natural gas development rules to accommodate increasing coalbed methane development, say the province's energy regulator and industry players.*

*Members of the public, however – including rural landowner, agricultural, municipal and environmental groups – say the adequacy of current gas-development regulations is their biggest concern about the expanding industry.*

*Existing regulations “provide the protection that we believe is required for the development of coalbed methane (CBM),” says Neil McCrank, chairman of the Alberta Energy and Utilities Board (EUB).*

*The EUB is prepared to adjust some rules if necessary as the industry grows, McCrank told the fifth annual Unconventional Gas and Coalbed Methane Conference, held in Calgary last week.*

*While the province has “very good regulations,” there is a need for closer co-operation among the industry, government regulators and all stakeholders, says **Michael Gatens**, chairman of the Canadian Society for Unconventional Gas, the industry group that presented the conference.*

*“We as an industry, we as a community . . . need to work more closely together to try to harvest that resource for the greater community in a way that works better for everybody,” said Gatens, who's also the chief executive of **MGV Energy Inc.**, a CBM developer in Alberta.*

*Conference co-organizer **Mike Simpson**, CBM manager at **Nexen Inc.**, says Alberta's framework for regulating development of hydrocarbons “is probably the best in the world.” Alberta Energy is leading a cross-department government team that is reviewing existing provincial policies and regulations to ensure they will protect the environment while allowing responsible CBM development.*

*In advance of a province-wide public consultation, the team met last month in Calgary with various groups. These stakeholders identified the adequacy of current provincial regulations as their chief concern about CBM development.<sup>12</sup>*

Not long after the February 2002 Synergy Alberta conference, the government of Alberta received telephone calls and letters of complaint by as-yet-un-synergized landowners concerning unconventional CBM developments that were sprouting up like alien weed species over the prairie. The emotional intensity of landowner concerns got louder and more frequent by late 2003. Following a September 12, 2003 pre-consultation meeting with



<sup>12</sup> *Coalbed methane development raises concerns - EUB prepared to adjust rules as industry grows, Calgary conference told, Business Edge, October 30, 2003.*

'stakeholders,' the petroleum industry and the government's petroleum regulator, the EUB, implemented the *Coalbed Methane / Natural Gas in Coal (CBM/NGC) Multi-Advisory Stakeholder Committee (MAC)* meetings beginning in November 2003 to 'address' the numerous concerns. The meetings, which continued for about two years, were little more than "talk and frack" sessions: while the meetings occurred, industry kept on drilling and fracking at increasing rates. That was the condition of the meetings specified in the Terms of Reference document: "*development of NGC (Natural Gas in Coal) will continue during the consultation process.*" Instead of landowners 'taking on' government in the old-fashioned, open confrontational, and demanding style, they were sidelined and diffused in synergy-style meetings. In addition to being sidelined politically, MAC participants had to sign confidentiality agreements, so any sensitive information presented at the meetings by government, industry and landowners could never be divulged publicly. That turned out to be frustrating and demoralizing for some landowners and even for a few government representatives.

In the Spring of 2004, the EUB conducted seven CBM "public information and consultation sessions" in Alberta. According to the EUB's April newsletter *Across The Board*, "at each session, the presenters from Alberta Energy, Alberta Environment, Alberta Geological Survey, the EUB and ASRD (Alberta Sustainable Resource Development) made short presentations followed by open questions from the audience. Between 70 and over 180 landowners, local residents, local media, and government representatives attended each of the sessions." It also said that the public's concerns raised at the seven meetings would be summarized in a forthcoming document. The concerns, however, were never transcribed or audio recorded.

**across**

**THE BOARD**

March 2006 **Busting the myths behind CBM**

**A**mong the many reality shows currently running on television is one called Mythbusters, in which commonly held perceptions are tested and usually proven false. Given the complexity and pace of oil and gas development in Alberta, the EUB often finds it necessary to engage in its own version of Mythbusters by supplying information, responding to questions or correcting the record when misinformation is purposely or inadvertently circulated.

It can be frustrating to deal with communities or landowners in areas where myths have propagated, but most landowners are intelligent, reasonable people who know the difference between good and bad information. By providing the best available information and taking time to answer questions, the EUB has discovered that mythbusting provides an opportunity not just to tell the truth, but also to build trust and relationships with the landowners and industries that we serve.

Because CBM is in its infancy in Alberta, there are many things about it that are not well understood in the public arena. A lack of understanding can lead to mistrust or suspicion, which in turn fosters the propagation of misinformation, or myths.

At best, the prospect of large-scale development of a resource that isn't well understood causes suspicion among the public. At worst, it creates fear and anger, providing an audience for those willing to promote misinformation and mistrust. This is how myths are born.

## 12-(6). Enter Ernst

*The MAC heard from the EUB that there is no scientific evidence to demonstrate that current Alberta drilling fluid practices result in groundwater contamination. Some MAC members believed that there was not enough information to prove it one way or the other. The MAC agreed that the following recommendations should be adopted as a precautionary measure.*<sup>13</sup>

The March 2006 issue of the EUB's *Across the Board* newsletter ran a special feature called *Busting the Myths Behind CBM*. Though it didn't name names, it was largely directed at Jessica Ernst and a few un-synergized landowners and groups who were speaking out and getting media attention. Ernst and others posed a serious threat to the EUB and the CBM frackers because they were challenging the information and spins the EUB and frackers were dishing out during the in-house MAC meetings, information they were about to publish in a final CBM/EUB recommendation report. It wasn't until April 2011, after years of preparation with her lawyers, that Ernst - the first Albertan to do so - filed a lawsuit and went public against a major CBM company fracker, Alberta government's ERCB (EUB), and Alberta Environment for allegedly poisoning her, and her community's, drinking well water.

From March 7 - 9, 2006, Jessica Ernst, Tweety Blancett (Aztec, New Mexico Rancher), and Gwen Lachelt (director of the U.S. Oil & Gas Accountability Project, in Durango, Colorado) went on three-day *CBM Alberta Tour*. The tour was sponsored by the Alberta Surface Rights Federation, Warburg-Pembina Surface Rights Action Group, Butte Action Committee, Livingstone Landowners Group, the Pekisko Group, the Parkland Institute, and the Land Advocate (published by the Livingstone Landowners Group). The women made a variety of presentations: the Norseman Inn in Camrose; the Ma Meo Beach Hall in Pigeon Lake; Room 106 in the University of Alberta's Education Building; the Trochu Community Hall in Trochu; and the University of Calgary (Mount Royal). The tour theme, *Hear the Real Truth about CBM's Impact on Farm Lands, Water and Quality of Life*, reflected the un-synergized stories, not the stories being told in synergized and controlled meetings. They were telling the un-gullible truth from their own experiences, and Ernst was trying to get answers from the government and the fracking industry about what they had done to her property and community. As Ernst states, the meeting at Pigeon



The AEUB, which has the unusual distinction for a public agency of being mostly funded by the industry it oversees, has in recent years approved 97% of drilling applications as being "in the public interest." Although landowners receive compensation for wells on their land, the sheer intensity of drilling has created a volatile atmosphere. In particular, the almost total lack of regional planning (the AEUB approves one gas-well permit at a time, without regard for the eventual size of a project) has angered municipal planning councils and residents of new subdivisions. One town, Bonnyville, is about to have a gas well drilled beneath its water supply, Moose Lake, despite protests by hundreds of residents. In a recent annual report, the AEUB pointed out that in the 1970s it dealt with 70 companies, between 2,000 and 5,000 wells a year and a population of 1.6 million. As of 2003, 1,600 companies were drilling 18,000 wells annually on a landscape inhabited by three million people. Alberta, the report concluded, faces "some interesting, almost contradictory challenges."

(*Life Inside a Science Project*, Andrew Nikiforuk, published in the *Globe and Mail*, April 29, 2005.)

<sup>13</sup> *Coalbed Methane / Natural Gas in Coal, Preliminary Findings*. Prepared by the CBM/NGC Multi-Stakeholder Advisory Committee, July 2005, page 25.



Lake was apparently the “only meeting where I presented where I did not see Darin Barter of the ERCB (then EUB) pacing at the back with great agitation as I spoke.”<sup>14</sup> Barter was the EUB’s communications officer and spokesman.



EUB’s Darin Barter (above), and Jessica Ernst at the Trochu Hall on the CBM Tour. It was full-house attendance in Trochu, with Andrew Nikiforuk, a Pincher Creek landowner, as master of ceremonies.



Ernst’s story about her fire-breathing methane-contaminated water now emanating out of her rural-fracked water well became national news by late 2005. What gave her story a punchy and saucy flavour was that she was not only an oil-patch consultant, familiar with the ways and workings of the petro state, but she was a reputable-conscientious and determined woman. In the midst of her horrible plight, she reached out to others and became absorbed in the conflicts and concerns that other Canadians and Americans were experiencing. She was invited for a speaking tour in the Yukon in late 2005, and went to the

This month members of the Alberta Environment and the Energy and Utility Board tried to reassure rural Albertans that massive coal bed methane projects involving up to 50,000 wells over a 20-year period pose no threat to groundwater. Or to 600,000 Albertans dependent on country water wells.

Now, government types told audiences in Strathmore and elsewhere that the province’s groundwater is in good shape. But here’s the truth. Budget cuts put an end to groundwater mapping and research in the province in the 1990s and for the last three years Alberta Environment hasn’t even entered digital data on more than 20,000 new water wells. Alberta now knows less about the state of its groundwater than it does about gas and oil reserves. Manitoba, which has no oil patch, maintains 600 monitoring groundwater station; Alberta operates a paltry 200. (Yet the government called this number “comprehensive.”) Mexico, which maintains 15,000 groundwater inspection wells, has better monitoring than either Canada or Alberta combined. In short Ralph Klein has ignored our real buried treasure: groundwater.

Then the government guys said that the contamination of water wells by leaking CBM wells was a nonevent. “Don’t worry,” they said. But methane from conventional wells and pipelines is already leaking into groundwater throughout the province. A 1993 study by Husky Oil found that 40% of 1300 wellbores were leaking gas. A 1996 study by the Canadian Association of Petroleum Producers reported that methane leaked more in areas where the density of exploration drilling increased. A 2002 groundwater study by the Canadian Council of Environmental Ministers, a pretty status quo group, concluded that the threat to groundwater from existing oil patch operations “represents a major challenge to governments and industry.” Last year Alberta Environment even asked local hydrogeologist Kathleen Rich to investigate groundwater contamination. But her “Study of the Migration of Natural Gas Into Ground Water From Leaking Oil and Gas Wells” hasn’t been highlighted any of the meetings.

At their dog and pony shows the government boys didn’t talk much about hydraulic fracturing either. Yet coal bed methane requires five to 10 times more fracturing than conventional gas. Fracturing involves blasting chemicals into a coal formation to loosen it up so itty-bitty volumes of gas can flow out. The US Environmental Protection Agency notes that fracturing fluids often include acids, diesel fuel, nitrogen, biocides, foamed gels, sand, and methanol: most haven’t been studied for their environmental implications. Given that 40% of the fluids are never retrieved, they represent a formidable threat to groundwater for decades. (Alberta doesn’t regulate fracturing fluids but Alabama does.) To date no CBM company has disclosed the chemical contents of its fracturing fluids.

*The Groundwater Debate*, By Andrew Nikiforuk, October 2006.

<sup>14</sup> Information provided by Jessica Ernst. Tweety Blancett’s tragic testimony is summarized in a six minute video of the San Juan CBM basin ([www.catskillmountainkeeper.org/node/501](http://www.catskillmountainkeeper.org/node/501)). In 2004, the U.S. Campaign to Protect America’s Lands (CPAL) published a report, *Cash, Connections, and Concessions: The Yates Family, the Bush Administration, and the Selling of Otero Mesa*, about the political intrigue concerning the fate of public lands that were leased off to intensive CBM developments in New Mexico’s San Juan Basin.

southwest U.S. where she toured the CBM carpet bombing zones of Texas and New Mexico. In the United States she witnessed the ugly fracking face of CBM, and more fully realized the destiny and fate of Alberta. She became an independent, self-employed, and un-synergized lightning rod for reform and action, confronting the industry and government on their cunning and mischievous ways. That's because she refused biting into the witch's poisoned apple. (See Appendix F)



# Coalbed Methane [CBM] in the Yukon?

by CPAWS-Yukon. Visit [www.cpawsyukon.org](http://www.cpawsyukon.org).  
 Email: [info@cpawsyukon.org](mailto:info@cpawsyukon.org). Phone: 867.393.8080 x. 3.  
 Excerpts from High Country News reprinted with permission.

Methane gas wells at a 20-acre-spacing test area along I-70 near Rifle, Colorado (Rebecca Clarren photo)

- What is Coalbed Methane [CBM] and how is it extracted? — Read on.**
- What does Coalbed Methane development look like on the land? — Look on.**
- Have we ever had this kind of development activity in the Yukon before? In the North? — No.**
- Do we know its impacts? ... in the North? ... with permafrost? ... in hard-to-reach, pristine places? — No.**
- Do we have any laws or regulations for Coalbed Methane [CBM]? — No.**
- What are the risks and dangers to the health of humans, wildlife, land and water? — Read on.**
- Do we want Coalbed Methane [CBM] extraction in the Yukon? — That's for you to decide.**

## Out of Control

by Rebecca Clarren

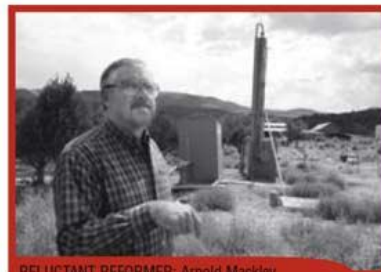
GARFIELD COUNTY, Colorado — Arnold Mackley is a patient man. For nearly 40 years, he cooperated with oil and gas companies that drilled 11 methane gas wells on his 263-acre ranch near Rifle. He cooperated, he explains, because he's a mining consultant and believes in the development of natural resources.

So when the oil and gas companies cleared dirt roads on his property and created traffic, noise and dust, he didn't complain. When a gas company left a deep pit on his land, he cleaned it up. When a gas well exploded, when 300-year-old trees were logged, and when his water well was contaminated with methane, he worked it out quietly with the gas companies. But things are different now, he

the power to determine where gas wells could be drilled on his ranch and how many of them there could be. Almost 40 years ago, gas companies were allowed to drill one well every 640 acres. On Mackley's property, that meant just one well.

In the last four decades, Colorado repeatedly liberalized that rule to allow one well every 320 acres, 160 acres, and then 40 acres. Now, one gas company, Barrett Resources, says 20-acre spacing should be permitted. Since each well requires up to 5 acres for a road, gravel pad and pipeline, more than a quarter of Mackley's land could be eaten up with gas development. While some ranchers say they want methane wells on their property because oil and gas companies pay rent, Mackley says the \$30 he gets "on a good month" isn't fair compensation.

"If we have gas wells every 20 acres, we're



**RELUCTANT REFORMER:** Arnold Mackley stands near a methane gas rig on his ranch in Rifle. (Christopher Tomlinson photo)



# Unnatural Disaster

Coalbed Methane pollutes water, scars the earth and steals away control of the land

by Hal Clifford

Bigger than Vermont and New Hampshire combined, the 20,000-square-mile Powder River Basin spreads east from the Bighorn Mountains to Thunder Basin National Grassland and laps north across the border into Montana.

The entire basin is underlaid by multiple coal seams in the rough shape of a bowl. In the center, around the broken hills of the Powder River Breaks, the seams are 1,200 feet deep and join to form a massive coal deposit known as Big George.

As of mid-August 2001, private companies had drilled 10,538 coalbed methane wells in the Powder River Basin, with projections of 139,000 wells, one every 80 acres, to essentially cover the entire basin.

Coalbed methane critics recite a litany of problems with the technology. Drilling a coalbed methane well typically disturbs four acres on each 80-acre parcel. Noisy well pumps and compressor stations spew nitrous oxide and other pollutants into the air. Wyoming officials acknowledge many of these emissions are unregulated and may violate air quality standards. Heavy vehicle traffic damages roads and throws up dust.

But water disposal is the big problem. Water is removed from underground to free the gas to flow to the surface. As of March 2002, well operators in the basin were pumping 1.85 billion gallons of water to the surface every day, causing an ironic problem: how to dispose of water in an arid landscape. In many places, the wastewater contains sodium, calcium, magnesium and benzene, and cannot be used for irrigation or dumped in waterways.

Once coal deposits are dewatered, says Walter Merschat, president of Scientific Geochemical Services in Casper, gas migrates to the surface in any direction it can, not just up well bores. It is odorless, colorless, tasteless. It can accumulate in buildings. The potential result? "Boom!" says Merschat, throwing up his hands.

A more mundane but widespread problem



Rancher checks a water-belching well for contamination by methane gas (Kevin Moloney photo)

The prospect of energy ranchettes blanketing the Powder River Basin horrifies many who live here.

"This will turn into an industrial site," says Dale Ackels, a 60-year-old retired Army officer who raises hay on 100 acres along Lower Prairie Dog and is surrounded by wells. "And with the way the state has allowed it, there's no way to stop it."

## Terms of Endearment

**Aquifer depletion:** because of the large number of wells involved, CBM extraction can deplete entire aquifers which can: cause loss of ponds, seeps and springs; alter stream and lake characteristics; cause land and rockslides; alter what trees, shrubs and other plants can grow; and, increase the likelihood of dewatered coal beds catching fire underground.

**Flaring and venting:** flaring is the burning of gases released during drilling, well

contamination of water and soil from leaks and spills of harmful lubricants and fluids.

**Methane migration and seepage:** when shallow coal seam aquifers are pumped, methane will travel underground to areas of low pressure, primarily the gas wells. But if there are other areas of low pressure, methane will move towards them. This can lead to contaminated water wells and soils, causing trees, plants and wildlife to die.

**Noise and dust:** drilling and associated processes produce periods of jet-engine-level concentrated large-engine noise for drilling and stimulation. Once wells are operational, they may require water-pumping and compressor equipment to operate continuously for the life of the field. Compressors can produce high levels of low-frequency noise, which is often felt rather than heard – with physical, emotional and psychological impacts on people and wildlife. Noise and dust are created through construction of well pads and roads. CBM is an industrial activity that covers a large area, so it requires the steady movement of equipment and trucks. This affects air quality.

After Ernst found out that **Encana Corporation** - the company she was consulting for in northeast B.C. and northwest Alberta - had refused to consult with her community about trying to get her neighbours to sign inappropriate blanket-approval-type letters, she tendered her resignation. Encana is one of Canada's largest and influential petroleum companies, with the largest assets and developments in Alberta's CBM fields, with large holdings in Alberta's tar sands, with many fracking assets and properties in British Columbia and the United States. It wasn't until years later, after hundreds of volunteer hours of research, that Ernst found out that Encana had illegally fractured her community's drinking water aquifers, with the regulators, including Alberta Health, covering it up. She had every reason imaginable to be angry and outraged at her big boss, Gwyn Morgan, who retreated from big Encana in 2006 during the public outrage about CBM fracking in Alberta. Morgan moved on to become chair of mighty SNC Lavalin, and later received the Order of Canada in 2011 (see Chapter 10-1, and Appendix D). The elements of Ernst's reality were so surreal, they were almost like an extended episode version of television's *The Twilight Zone*.

On top of it all, the “public interest” mandated EUB was putting up so many roadblocks to Ernst’s inquiries demanding information about government and industry fracking data, it formally banished Ernst on November 24, 2005. Ernst began to suspect that there was something seriously amiss, and it appeared as though the EUB/ERCB and industry were silent partners in a big public liability conflict and cover-up, the very disturbing and dark liability themes behind the Bush/Cheney administration shale gas gangster “Halliburton Loop-Hole” passed just months earlier in 2005.

Two months previous to her banishment she made a seven-page submission through her company, Ernst Environmental Services, to the MAC meeting process on September 30, 2005, *Preliminary Findings Report of the CBM/NGC Multi-Stakeholder Advisory Committee*.

*Adequate baseline data collection on groundwater quality, predicting and mitigating adverse impacts caused by CBM, has already been seriously neglected in the field. The CBM proponents, notably the giants, are drilling in a rush, have been for over two years already, with no CBM water protection plans in place.*

*EES concludes that the MAC work to date is not sufficient and is incapable of protecting Alberta’s aquifers or landowner water resources. The CBM giant in the Rosebud community stated at its Oct 26, 2004 Open House, that surface water is not used to prevent possible contamination of aquifers by bad or rushed drilling contractors. Seven months later, EES observed and photo documented the same giant CBM proponent using surface water for drilling. Worse yet, the statement made and later action by this proponent happened after area water wells had already shown contamination following a CBM well drilled with surface water. The proponent also made the false statement that the Horseshoe Canyon Play coals are dry; previous to making this statement the proponent had experienced an area CBM well produce fresh water causing some landowner water wells to go either dry or produce so little water livestock could not be watered. Some water wells during testing produced contaminated water – one with high levels of nitrogen; some of the contamination problems have still not yet been corrected.*

Ernst had also made inquiries with Alberta’s top medical health official in September 2006. This was the official charged with the responsibility of ensuring the safety of Albertan’s health. That door was also later slammed shut.

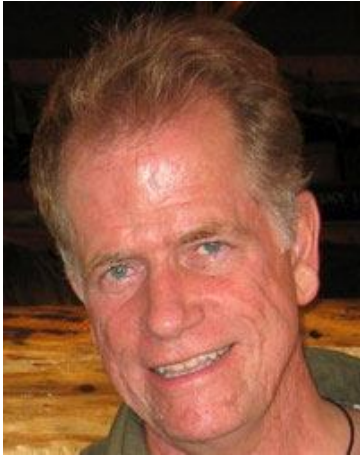
## **12-(7). Synergy’s Savage: The Sin-In-Us-Energy and Un-Holy Gas**

Founder and president of **Savage Management Ltd.**, David Savage, credits himself in numerous internet sites, including his own website, for being the founder of Synergy Alberta as a non-profit in 2006. A claim such as this merits attention into Mr. Savage. There are numerous and diverse biographies on Savage, all of which help to define his career background.

The **Mobius Executive Leadership** website describes Savage as a “coach and organizational change agent:”

*David Savage specializes in executive coaching, conflict management, negotiation, public consultation and management consulting. At the core of his work, Dave helps clients build better business relationships and more powerful, authentic, open and successful leadership teams. His approach can be simply stated as ‘energy, exploration and encouragement.’ He*

*is President of Savage Management Ltd., and contributes his expertise directly to clients and through innovative partnering with pioneering organizations. Dave has dedicated thirty-three years of his career to management in the Canadian petroleum industry in negotiations and business development, fifteen years to appropriate dispute resolution and more recently executive coaching.*



*As a founding member and executive with the **Global Negotiation Insight Institute (GNII)**, Dave explores **modern applications of deeper wisdom** to high-level negotiations and disputes. The essence of the GNII mission is to use the Harvard Program on Negotiation's foundation of interest-based negotiation and move towards an approach based on insight. Dave was trained by the **Coaches Training Institute** and continues to be an active member of CTI. He practices co-active coaching with executive clients moving from success to significance in their careers and lives. He is also a member of **International Coaching Federation, the Association of Conflict Resolvers, and Mediators Beyond Borders.***

*Dave served as Vice President at a number of small Canadian petroleum, natural gas and diamond exploration firms including **BXL Energy, Westar Petroleum** (where he was the Chief Operating Officer and Board member), **TriQuest Energy, Sebring Energy, Sommer Energy, and Marmac Mines**. Dave is the founder and Chair of the **Company to Company ADR Council**, a founding member of the **Energy and Resources Conservation Board ADR Committee, Synergy Alberta** founding Board member, past President of the **Petroleum Joint Venture Association**, and past **Small Explorers and Producers Association of Canada (SEPAC)** Board member. Dave is an active member of the **Canadian Association of Petroleum Landmen, the Petroleum Joint Venture Association, the Kootenay Rockies Work Force Council, Calgary Chamber of Commerce, and founder of the Cranbrook Round Table**. He has an Economics degree from the University of Calgary.*

The Savage Management website provides a few more details of his career timelines, that Savage: is vice president and co-founder of Marmac Mines Ltd.; a former vice president of Sebring Energy (2005-2007); former vice president of TriQuest Energy (2002-2005); former vice president and co-founder of Sommer Energy (2001-2002); former vice president of BXL Energy (1996-2001); former coo and director of Westar Petroleum (1980-2001); and was with **Total Petroleum, Ashland Oil, Bank of Montreal, and the Bank of Commerce** (1974-1980). He was the former chair of the Alberta Roundtable on Interprovincial Trade (Chamber of Commerce), and former chair of the Calgary Chamber of Commerce Dispute Resolution Committee. He was the Alberta Executive Policy member of the **Canadian Association of Petroleum Producers**.

The *Linked-In* website that profiles individuals adds a few more details: member of the **Canadian Association of Professional Speakers**; president at **Negotiation Mastery Circle**; former board member of **Trails BC**; founding member of the **Professional Enneagram Association of Canada**; former member of the **Calgary Association of Professional Coaches**; a director of **Rosen Lake Ratepayers Association**; a convener of **World Cafe**; a participant in the **Kootenay Rockies Regional Economic Alliance**. Linked-In also includes Savage's "groups and associations:" **ACR; Associations Plus; Beyond Yes; Bluepoint Leadership Development; Conflict Coaching Guild; Exceptional Webinars; Executive Roundtable; Harvard Business Review; KAST** (community for

science, technology and entrepreneurs in the West Kootenay); Kootenay Business Council; **Learning Organization Practitioners; Linked 2 Leadership; Linke:Energy** (energy industry expertise); **Margaret Wheatley; Mediators and Peacemakers; Negotiaton Know-How; SPANS** Negotiations Forum; **Speaking of IMPACT; TEC Canada** (executive committee); **Tech Village** (Kootenay Digital Medial Community); the **Leadership Strategies Facilitation & Leadership Community**; the **Program on Negotiation; Upstream Professionals**. It also states that Savage was given the 2003 Distinguished Citizen of the Year award by the Canadian Association of Petroleum Landmen, and the 2010 Honoured member by the Petroleum Joint Venture Association.

The **Hemisphere Energy Corporation** website states that Savage is one of its advisors.

The **Spiritual Directions Centre** website, “a personal and spiritual development centre in Calgary,” has a profile on Savage, who is one of the Centre’s associates. The Centre includes a section called “Sustainability and Community Development”, and a descriptive of a “Building a Sustainable Future Conference.”

Savage’s biography on the Synergy Alberta website also says he was the chair of the **Company-to-Company (C2C) Dispute Resolution Task Force** (2002-2004). As someone meshed within the petroleum complex community, David Savage emerged as having a key role in inter-corporate, inter-corporate-government, and inter-corporate-government-public dispute resolution and mediation. As early as February 2000, Savage was on the EUB’s Steering Committee on the *Alternative Dispute Resolution Process as it Applies to Alberta Upstream Petroleum Applications*, representing the Small Explorers and Producers Association of Canada (SEPAC). The February 2000 EUB Terms of Reference document for this process states that with the

*vast majority of the thousands of facility applications (wells, pipelines, batteries, and gas plants) received each year ... approximately 5 per cent of the developments involve some form of dissatisfaction, unresolved issues, or conflict which the applicant must address..... disputes between residents and petroleum companies appear to be increasing in numbers and intensity in recent years. The impact of disputes is significant in that it has the potential to have a negative impact on landowner-industry relationships.*

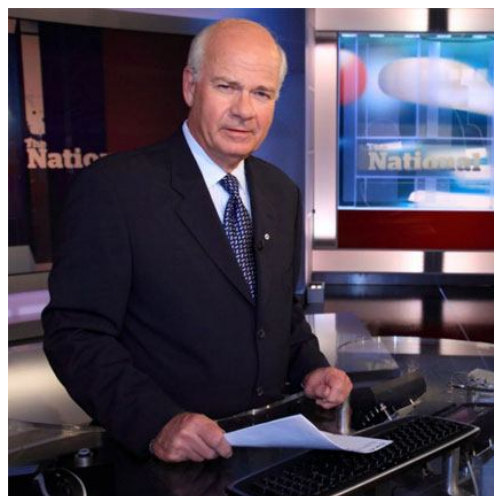
It’s likely that Savage may have had a hand in getting the EUB to become a partner in the Synergy Alberta conference and petroleum industry synergy agenda in early 2002. As a professional landman on a committee with the Canadian Association of Petroleum Landmen (CAPL), public relations was always a primary concern, issues often featured in CAPL’s monthly magazines, *Nexus* and the *Negotiator*. In the March 2000 edition of the *Negotiator*, Savage is featured in CAPL’s national director of field acquisition and management Glenn Kruyssen’s message to members about Savage’s “front line” experience with landowners on the **Field Acquisition and Management Committee** (FAM) as a member of SEPAC. In the October 2000 issue of *Negotiator*, under *Oilpatch Stakeholders Help ADR Come True*, was a quote from CAPL’s Bob Garies: “Resource access has become the number one issue facing industry today and it is hopeful that ADR (Alternative Dispute Resolution) will aid and facilitate in the resolution of disputes that previously led to lengthy hearings, costly delays and damaged relationships with affected parties.” The May 2003 edition of *Negotiator* credits Savage as having “initiated and chaired the Industry Task Force on Alternative Dispute Resolution” with the EUB.

The ‘Landmen’ are the professional contractual brokers on petroleum development deals and issues for the petroleum industry, and there is big money in it, particularly now in the rush to obtain land

rights for shale gas fracking. However, the landmen are not always revered by landowners in North America. For instance, in the U.S. State of Ohio's Utica shales, a landman apparently and accidentally dropped something which fell on the driveway near the home of a landowner. It was later found by the owner who was spell-bound and astonished by its conniving, toxic contents. The professional landmen and the petroleum industry later distanced themselves and refuted the information found in the five page document marked "Proprietary - Do Not Disclose". It was laced with disinformation tactics and strategies, a real eye-opener into the behind-the-scenes motivations of the synergy frackers. It was soon and appropriately nicknamed *Landman-Gate*. (See Appendix E for the full document and an explanatory.)

The Canadian Association of Professional Landmen (CAPL) recently held their annual conference in Montreal, Quebec on September 25-28, 2011, at the Fairmont Le Chateau Frontenac. It was called *Anything But Conventional!*, and was sponsored by **Cenovus Energy, Encana, Qwesterre Energy, Apache Canada, Devon, Petrobakken, Talisman Energy, Baytex, Canadian Natural Resources Ltd., ConocoPhillips Canada, Quicksilver Resources, Nexen Inc., TAQA North, Synergy Land Services Ltd.**, etc. Quebec has become a serious problem for the Canadian and international frackers because of organized public resistance and a provincial quasi-moratorium on fracking. The petroleum industry has been diligently and carefully trying to crack the Quebec nut.

In the forum's promotion of fracking Canada and Quebec, Alberta tar sands company **Cenovus Energy** sponsored Canadian Broadcasting Company's national chief news correspondent and television anchor **Peter Mansbridge** as the keynote luncheon speaker on September 26th. A few Canadians raised their Canuck eyebrows over a year earlier when they learned that Mansbridge attended the four-day secretive annual Bilderberg Conference held in Spain. According to a June 9, 2010 article by Canadian parliamentary bureau reporter Bryn Weese, *Canadians take part in secretive Bilderberg conference*, neither the CBC nor federal taxdollars funded Mansbridge's visit.



On the final conference day, **Heenan Blaikie**, the Canadian law firm that sponsored the conference title, also sponsored the keynote luncheon speaker, former Prime Minister **Jean Chretien**, a colleague of the law firm. Heenan Blaikie was the primary sponsor of the conference, and its name appeared on the conference website beside the conference logo of a water droplet with a vertical line cutting the droplet in two: one side showing half of the Quebec flag symbol, the other half showing an oil derrick, and written below, *Anything But Conventional*. In its Calgary branch, Heenan Blaikie just rented the top two floors of the 20-story Penn West Plaza. Stated in the conference information set about the law firm:



*We believe strongly in CAPL's pursuits and initiatives to continually improve and build strong foundations and relationships within the petroleum industry in Canada and abroad. When we heard this year's conference was being held in Québec City and that the theme was "Anything but Conventional" we felt this was an excellent opportunity for Heenan*

*Blaikie to offer its support and build an even stronger relationship between our firm and CAPL. Heenan Blaikie has become one of the leading law firms in Canada, with over 550 lawyers, in nine Canadian offices located in Alberta, British Columbia, Québec and Ontario and two international offices in Paris and Singapore.*

*At Heenan Blaikie we take pride in the unconventional legal advice we have developed and continue to provide to our clients. In particular, our Calgary office has built strong relationships within the oil & gas industry by providing legal advice and structuring transactions in unconventional ways, including: structuring of the exploreco spin-out, participating in the first trust-on-trust merger through plan of arrangement, managing large asset acquisitions with multiple purchasers and structuring several recapitalization transactions. As the petroleum industry continues to develop in unconventional ways, Heenan Blaikie continues to provide innovative legal services and advice to help lead the industry.*

The firm's partner, Marie-Claude Bellemare, gave a presentation called *What are the Implications for Industry and the Future of Shale Development in Quebec* at the Eastern Canada Shale Gas Symposium on March 29, 2011 held at the Mont-Royal Hotel in Montreal. Bellemare joined the firm in 2009 after serving with forest company Tembec Industries Inc. as lead in-house counsel. The conference was hosted by **The Canadian Institute** and sponsored by **Questaerre Energy, Junex and Gastem**. On May 4-6, 2011 at IGUA's (**Industrial Gas User's Association's**) Spring Seminar in Gatineau, Quebec, firm partner Guy Sarault spoke under the session called *Gas Buyer Political & Regulatory Issues*.

The 'synergy' concept got to be so popular in Alberta that in 2007 the **Petroleum Synergy Group** was even formed using the name. It's website states that it "is comprised of five asset management associations: CAPL (Canadian Association of Petroleum Landmen), CAPLA (Canadian Association of Petroleum Land Administration), CAPP (Canadian Association of Petroleum Production Accountants), PASC (Petroleum Accountants Society of Canada) and PJVA (Petroleum Joint Venture Association)." Its mission is "to maximize the member associations' efficiencies by pooling resources and ideas in order to enhance members' education, development and influence."

## **12-(8). Synergy on the Loose - 2008 and Beyond**

In its goal to make Alberta a synergized province by 2013, Synergy Alberta launched its 2008 conference in Red Deer, Alberta on October 27-29, called *Elements of Life*. The conference's four "gold sponsors" were ConocoPhillips, Encana, Nexen and Shell. It was a love-in and a 'spiritual' shindig at a new level of psychology, fusing together a wider net on Albertans. The conference opener was by ConocoPhillips's Rick Anderson who spoke on *The Value of Synergy*. David Savage gave a talk in the late afternoon of the first day called *Negotiation Mastery from the Inside Out*.

Alec Blyth, a hydrogeologist with the Alberta Research Council (now called Alberta Innovates: Technology Futures), spoke on *Potential Effects of Oil & Gas Development on Groundwater and Water Wells*. The conference descriptive on Blyth's talk emphasized a "holistic" approach for landowners to complain about possible contaminated water wells:



*Conventional Oil & Gas activities have been occurring in Alberta since the early 1900's. Coalbed Methane/Natural Gas in Coal activity has grown very quickly in the last few years. Public concern has been expressed over the increased potential for high CBM well densities, production in zones shallower than most other gas or oil plays in Alberta, and the negative experiences of landowners with CBM in the United States. **Several recent, high profile cases have been making news in Alberta, with land owners complaining that CBM operations have caused an increase in methane gas in their wells. Consultant investigations into these complaints have generally indicated that CBM operations did not impact the water wells, but the results were not entirely conclusive.** There are unique aspects, characteristics, and conditions which present challenges to understanding the potential effects (both quantity and quality) of Oil & Gas development on groundwater and aquifers. This presentation will examine the potential effects of energy resource activity on groundwater and will describe an holistic approach to water well complaint investigations.*



The 2011 Synergy Alberta conference, *Working Together*, held in Red Deer, Alberta on October 24-26th, master of ceremony'd by David Savage, had a new focus: how to work together to start up a nuclear power plant for Alberta's tar sands. The president of CAPP, David Collyer, spoke on ensuring the petroleum industry's "social licence to develop and operate is maintained." Mike Dawson, the president of the **Canadian Society for Unconventional Resources**, advocated shale gas exploration and development, and addressed concerns about "public anxiety" and "groundwater protection." Dawson, a former researcher with Natural Resources Canada, became a keen industry advocate on the development of CBM in Alberta and Canada.

Patrick Moore, the chair of **GreenSpirit Strategies Ltd.**, a consultant for the nuclear industry, gave the keynote address on the final day, *Searching for a Sustainable Energy Future*. Moore was involved a similar type of synergizing in British Columbia in the 1990s. When the B.C. Council of Forest Industries hired international public relations giant Burson Marsteller in 1991 to help solve its strident public relations problems concerning the clearcutting rape, pillage, and slaughter of B.C.'s old growth forests, Patrick Moore was hired to facilitate COFI's objectives and ran the B.C. Forest Alliance alongside former IWA president Jack Munro, a front operation for the forest industry captains, which was affiliated with the umbrella 'community' operations of SHARE B.C. By the late 1990s and following, Moore was hired by the nuclear industry to help it sort out its beaten image, and began promoting nuclear energy development. In the conference biography, it states that Moore has developed "a more sensible, science-based approach to environmentalism."



## 12-(9). The September 2011 Krakow Conferences

### **SHALE GAS IS CONTROVERSIAL**

*Poland, newly in the seat of the EU Presidency, appears oblivious to protests by environmentalists on shale gas. That government says the development of shale gas across the EU should obtain the status of a common EU project and says it intends to promote this development. The gas industry is swiftly stepping in to any gap in energy supply that may occur from moves away from nuclear power.*

*Environmentalists insist there is a risk of contamination of groundwater from shale gas extraction as a result of usage of chemicals for fracturing the rocks. This is in addition to landscape decimation, and there is a strong campaign developing against the exploitation of shale gas in the EU, particularly since one of the most influential Members of the European Parliament has called for a directive on the subject.*<sup>15</sup>

The city of Krakow is located in Poland's southern-most province or voivodeship of Lesser Poland near the northern toe of the Carpathian mountains. It is one of Poland's oldest cities and was its former capital for five and half centuries. Since the new era of western democracy and capitalism in Poland from about 1990 onward, about 50 multinational companies are now operating within Krakow. In 2005, foreign direct investment in Krakow was reported to be in the neighbourhood of \$3.5 billion U.S.<sup>16</sup>

When the Nazis invaded Poland, Krakow became its General Government, and "more than 180 university professors and academics were arrested and sent" to concentration camps. When Stalin's Soviets arrived after the second world war "the intellectual and academic community of Krakow was put under total political control."<sup>17</sup> Another sort of invader arrived in Krakow in September 2011 heralding a new synergy order to frack Poland's lands and people.

Two unconventional shale gas conferences with themes on public relations were held in Krakow within ten days of each other. The first on September 17-18th, was called *Communities - Environment - Law: The Case for Unconventional Gas Exploration in Poland*. The second, held from September 27-29th, was the **European Unconventional Gas Summit**. An earlier conference was held on September 5-8th in the city of Gdansk in Poland's northern province of Pomerania, called the **South Baltic Gas Forum**. The blitz of the September conferences were mostly likely planned as political prelude promotional mechanisms in anticipation of Poland's general election in early October 2011. With the re-election of Prime Minister Donald Trump, de-regulatory and tax concessions were promised for the frackers. A final 2011 international shale gas conference was planned for late November 2011 in the capital City of Warsaw to most likely celebrate the end of Poland's helm at the EU Presidency, a gala unconventional petroleum event that was pre-empted by protesters who mounted an invasion of their own. (See Chapter 13, *The Warsaw Incident*.)

### 12-(9-a). Krakow One

About a week after the news media hailed the entry of **Encana Corporation** in Poland, Encana International vice president Alastair Nichol appeared on the first panel of Saturday September 17, 2011. On the same panel were **Shell International's** vice president Graeme Smith, **Chevron's** John

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<sup>15</sup> Anita Pollack, European Consultant, *EU Report for EAC*, July 25, 2011.

<sup>16</sup> Wikipedia, Krakow.

<sup>17</sup> Ibid.

P. Claussen, PNGiG’s vice chair Marek Karabula, and **Gaz-System**’s chair Jan Chadam. The second panel, *Opportunities and Challenges for Local Communities*, included Krokowa mayor Henryk Doering, Slupsk City Prefect Slawomir Ziemianowicz, and Lublin City mayor Krzysztof Zuk.

Peggy Williams reported on Encana’s Alastair Nichol on June 16, 2010 in the Oil and Gas Investor, *Challenges to Production of European Unconventional Gas Outlined*. Nichol made summary comments about the “challenges” for fracking Europe at the 2010 Global Unconventional Gas conference in Amsterdam, June 15-17th. If Europeans want what Encana wants, then things will have to change concerning: restricted surface access; “high water usage” and the “development of nonpotable water supplies will be a strategy to overcome this objection to shale drilling;” and the “regulatory environment,” which “will be addressed if Europe’s citizens decide that they need and want shale-gas development within their borders.”

Delegates and speakers at the September 17-18, 2011 Krakow conference. The conference was held in the Siemiradzki Room of the Sukiennice Museum (also known as the Gallery of 19th Century Polish Art at Sukiennice) in Krakow’s Old Town.



Henryk Siemiradzki’s (1843-1902) collection of paintings and frescoes are seen here surrounding the delegates. Siemiradzki was recognized in 1873 for his Tolstoy-inspired painting *Christ and a Sinner*, an apt spiritual theme for the Krakow shale gas conference.

In the photo to the bottom right are the first panel members. Professor Brian Horsfield, with the **German Research Centre for Geosciences**, GFZ, Potsdam, is standing at the podium. Other panelists: Mikolaj Budzanowski (Poland’s deputy minister of State Treasury); Jan Chadam (chair of Gaz-System S.A.); John P. Claussen (Chevron); Marek Karabula (PGNiG); Alastair Nichol (Encana); and Graeme Smith (Shell).



On the second day, September 18th, Ian Walker, the manager of the **Windsor Energy Group**, moderated a panel on *Community Perspective Abroad*. On that panel was councillor Peter Argyle from Aberdeenshire in Scotland; Dr. Kent Moors, on sabbatical from Catholic-based Dufresne University in Pittsburgh, U.S.; Mariusz Wawer from **Galubicz Garwolinska Consultants**; and Jakub Pawlaszek from **Fair Recruitment**. Given the backgrounds of the panel members, the meaning of “community” probably had more to do with the concerns of the petroleum ‘community.’

The Windsor Energy Group (WEG), a focus component of **MEC International Limited**, examines energy geopolitics within a business intelligence framework. Its name originates from WEG’s

annual meetings at the Windsor Castle, and its honorary chair is Lord Howell. Based in London, MEC helps its clients through “political risk analysis”, whereby its “directors and senior consultants” have “contact with a wide



range of key decision makers in politics and business” so as to provide “high level information and strategic advice in many areas including policy, relationship building, government relations, problem resolution and crisis management.”<sup>18</sup> Four of MEC’s seven board members are former British ambassadors and diplomats. MEC’s managing director, Ian Walker, a political journalist, is a “specialist in corporate communications” and “worked for a number of governments, UK departments and leading multinational companies operating at board level.”<sup>19</sup> MEC Board member John W. Wood has a lengthy and intriguing portfolio. It includes: being chairman of the communications strategy company **WBNR Ltd.**; emeritus chairman of the international arm of the U.S. Republican Party, **Republicans Abroad**; former special advisor to the U.S. Department of State on **Arms Control and International Security**; former director of the Oxford think tank, **Oxford Analytica**; former chair of the **Petersburg Development Corporation**; former director of **Lydgate Investments Ltd.**; and is the chairman of **Trilateral Group Ltd.** MEC also has another focus forum called the **Global Nuclear Initiative** (GNI), which is chaired by Lady Barbara Judge, former chair of the **UK Atomic Energy Agency**.

Dr. Kent Moors is a political science professor in the Graduate Center for Social and Public Policy at the **University of Dufresne** in Pittsburg, a Catholic research institution.<sup>20</sup> In September, 2005, Moors founded the **Energy Policy Research Group** at the Graduate Center to provide recommendations on energy issues.<sup>21</sup> From an array of biographies, Moors is president of **ASIDA Inc.** (international oil & consulting company), a partner of **Risk Management Associates International LLP**, the editor of **The Oil and Energy Investor**, the editor of the **Energy Advocate**.



According to the Keppler Speakers website biography of Moors, he “joined the DOS (U.S. Department of State) **Global Shale Gas Initiative**, providing advisory services on the policy implications from unconventional gas development.” In other words, Moors was in deep with **David Goldwyn**’s international initiative with the U.S. State Department, however, there is nothing mentioned about Moors’ activities on the U.S. State Department’s website. The same biography states:

*Moors has advised seven world governments (U.S., Russia, Kazakhstan, Iraq, Kurdistan, Bahamas and Uganda), governors of several states, premiers of two Canadian<sup>22</sup> provinces and has been a consultant to private companies, financial institutions, civic movements/organizations and law firms in 27 countries.*

<sup>18</sup> MEC International Limited website, Expert Services.

<sup>19</sup> Ibid., Ian Walker biography.

<sup>20</sup> The University states on its website that the “Office of Mission and Identity maintains and promotes the Catholic and Spiritan mission of the University and the values it espouses”, and that the “development of programs and initiatives” are an “understanding of the religious identity of the University and its commitments.”

<sup>21</sup> *Duquesne Launches New Energy Policy Research Unit*, September 27, 2005, Duquesne archives.

<sup>22</sup> From Moors’ discussion pages on promoting LNG export from western Canada, he most likely advised the Premiers of B.C. and Alberta.

*In addition to conventional oil and gas, he has advised shale gas, coal bed methane, tight gas, shale oil and oil sands projects in the Marcellus, Barnett, Haynesville, Woodford, Fayetteville, Powder River, Piceance and Monterey basins in the U.S., the Athabasca, Alberta Bakken, Horn River and Montney basins in Canada, and unconventional gas projects in Poland, Germany and Morocco. His clients have included six of the world's top ten oil companies as well as leading oil and natural gas producers throughout Russia, the Caspian Basin, the Persian Gulf, North Africa, Europe and North America.*

Moors is a contributor to internet sites *The Money Map Press* and *Money Morning*, where he is known as a “Global Energy Strategist”, someone who can guide anyone so interested into investing in his “Energy’s Inner Circle.” In the following quote, he is an intrepid shale gas salesman and quarterback:

*I cut my energy teeth working backwater channels for the U.S. State Department in some of the most remote, energy-rich, and politically dangerous places on earth.*

*I've been smuggled in and out of Cold War Russia... I've been on the wrong end of the KGB... I've faced down African war lords... I've trudged the frozen tundra of arctic oil fields...*

*I've published over 750 articles on energy-related topics, lectured in 44 different countries, and have appeared as a commentator and analyst on over 1,500 radio and TV programs worldwide...*

*And along the way my global energy expertise has helped make many companies and many governments very, very rich.*

*Over the past 30 years, I've become energy consultant to multi-billion-dollar hedge funds, personal advisor to 6 of the top 10 oil companies on earth, and confidant to the people on the planet who control the majority of the world's energy.*

*My access to those who control 90% of the world's energy... and my ability to simply and clearly explain how to use that information... has rewarded many Energy Inner Circle readers with gains in just the last 6 months that trounced the S&P over the same time period by...*

*The LNG revolution – transforming the gas into a liquid and shipping in tankers, turning it back into a gas on the receiving side, and then injecting it into existing pipeline networks for delivery to retail customers – is already becoming one of the most important developments in hydrocarbons worldwide.*

*And it's poised to grow exponentially with the coming NG super shift as natural gas is transported around the world.*

*So for a very limited time, you'll have the inside track to energy super gains with a full year of my Energy Inner Circle for only \$2,999.*

*But I must warn you. This exclusive Special Invitation offer will definitely expire within a short time. And it's not something we may ever be offering again.*<sup>23</sup>

In his *Money Morning* site, Moors wrote on November 30, 2011, *An Early Look at Things to Come*, about a recent trip he took to Frankfurt, Germany on “how to fund an expanding number of energy projects in Poland: Not just any projects, remember, but the exploitation of major unconventional shale gas basins that could literally change the energy face of Europe,” which includes “gas from shale deposits, coal bed methane, and tight gas.” Moors rambled on to say: “in September, Polish

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<sup>23</sup> The Money Map Press. *The Energy Inner Circle: The U.S. Government to Spark a Massive Super Shift in Energy*.

Prime Minister Donald Tusk interrupted one of my presentations to a government commission meeting in Krakow to make this policy announcement!”

In another posting on *Money Morning* on November 23, 2011, *An Inside Look at Europe’s Energy Challenges*, Moors gives away his game plan (the strategy discussed in chapter 12 of this report, *the Poland Portal Party*) whereby Poland is seen as the key to fracking the rest of Europe:

*Now reinvigorating the Polish picture is not going to do this on its own. Here is where it gets very interesting.*

*What takes place in Poland will expand elsewhere into Western Europe. There are shale gas reserves in Germany, Hungary, Austria, France, the Baltic countries, Sweden, and even the U.K.*

*Political opposition has suspended activities in France, and the Greens in Germany have given notice that they intend to target shale gas operations after their successes in phasing out the country’s nuclear power stations.*

*Poland, however, has no significant opposition to drilling. At least, not at the moment. But as I advised the government in September, that situation is likely to change as the number of wells increases. In order to combat any opposition, the country is going to need to access to drilling technologies developed in the Western Hemisphere, technologies that address the primary concerns about hydrofracking and horizontal drilling.*

In a series of summary reports in *Money Morning* from September 14 to September 29, 2011, Moors writes about his trip to Poland, and about a proposal for **a new LNG terminal in northern Poland**, to “export” shale gas:

*I am leaving for Krakow, Poland, early this morning.*

*During this trip, I will present what we have learned thus far in North American shale gas development before a meeting organized by the Polish government and chaired by President Bronisław Komorowski. What will take place in that room, however, is more than a simple exchange of data.*

*The government in Warsaw is about to open up these shale plays to major investment.*

*Before they do so, however, the authorities must set regulations for drilling, determine what environmental impact will take place, weigh the potential economic benefits and problems, and discuss how this newfound energy wealth is going to change lives.*

*Turns out that’s pretty much my job in Krakow; I will be advising on the policy challenges in each of these areas.*

*As I met with the Polish officials last Friday in Krakow to begin government sessions on shale gas policy, and European Union (EU) ministers met in the southwestern city of Wrocław, Poland, thoughts turned once again to oil pricing.*

*For one thing, the projections of how much unconventional gas Poland possesses keep increasing.*

*The government is now convinced the country will become self-sufficient in energy and begin exporting gas to the rest of Europe.*

*Yet the implications hardly stop there.*

*Several of the ministers at our meetings are talking openly about using a new liquefied natural gas (LNG) terminal under construction on the Baltic to move product into the broader global market.*

*Moreover, the **rapid development of shale gas** will require the creation of an entirely new technical sector to service the fields, process the gas, and apply the newfound largess. This means a significant upgrading of the national gas network, and the laying of major new stretches of pipelines and pumping stations, along with a concerted move to employ the gas as feeder stock for the petrochemical industry.*

*It is, therefore, hardly surprising that among the audience in Krakow were representatives from such field service powerhouses as Halliburton Co. (NYSE: HAL) and Schlumberger Ltd. (NYSE: SLB), European offices of international drilling companies, consulting agencies, research centers, and law firms.*

*And there will be plenty of work for all of them.*

According to the conference program, **Canada's Minister of Natural Resources, Joe Oliver**, was scheduled to give an address to the conference on September 18th. It's not known if the Minister appeared there in person, or simply appeared through a live video feed. Prior to his election in May, 2011, Oliver, now 70 years of age, spent about 35 years in the investment business world. Almost all of his simple current biographies state that he began his career as an investment banker at Merrill Lynch Canada, and state that he served in senior portfolios with "other investment dealers" without disclosing the identity of those dealers - **Nesbitt Thomson** and **First Marathon Securities Limited**. He served with Merrill Lynch until 1982, then became a senior partner at Nesbitt Thomson (now BMO Nesbitt Burns Inc), and in 1991 became the executive director of the **Ontario Securities Commission**, and then chair of the **Investment Dealers Association of Canada** from 1995 - 2007. He was the vice president and director of investment banking at First Marathon Securities, 1993-1995.



Oliver also chaired the **Financial Services Council of Canada**, was the president and ceo of the **Mutual Fund Dealers Association**, a board member of **RS Inc.**, a board member of the **Canadian Capital Markets Association**, a board member of **CSI Global Education**, former chair of the **Advisory Committee of the International Council of Securities Associations**, former chair of the **Consultative Committee of the International Association of Securities Commissions**. Under his recent appointment by Canadian Prime Minister Stephen Harper, the president of the Canadian Association of Petroleum Producers David Collyer expressed his satisfaction in Oliver's appointment. The Minister was responsible for selling off the Atomic Energy of Canada Ltd to SNC-Lavalin Group which is chaired by Gwyn Morgan, the former ceo of Encana Corporation. The Minister has also attracted a lot of media and internet attention to his forthright advocacy of Alberta's tar sands and the Enbridge oil pipeline proposal from Alberta west to Kitimat, B.C.

On the last panel on September 18th, *Business, Local Communities, Government*, was **Encana's** vice president Richard Dunn; Piotr Wozny from **Grynhoff Wozny Partners at Law**; and Jakub Kostecki from **Newgaz S.A.** Encana has a glaring track record on environmental charges in the United States and elsewhere, and is currently facing a \$33 million lawsuit in Alberta filed by Jessica Ernst for allegedly poisoning her water well and aquifer.

## 12-(9-b). Krakow Two

At a conference fee of \$2,700 Euros (not including accommodation) for the three day event at the Hotel Novotel in Krakow, September 27-29, 2011, the European Unconventional Gas Summit, *Overcome Challenges - Unlock Potential*, was held some ten days before Poland's general election. In the conference program's opening statement by Zara Nathan, the conference director with *The Energy Exchange* responsible for organizing another shale gas conference, said:

*As operating companies move towards pilot projects and edge closer to commercial unconventional gas production, the bottlenecks are increasingly being identified as non-technical.*

*Environmental concerns about water handling, storage, and disposal and aquifer contamination are entering the public arena, attracting widespread attention, aided by mainstream media coverage. How will the industry overcome the communication challenges in order to move forward? What needs to be done to foster public acceptance of unconventional gas? How can we prove that unconventional gas drilling is safe and the risks are negligible?*

*These questions have shaped the agenda of the European Unconventional Gas Summit, and we will look forward to hearing your thoughts and watching the debate develop when we meet in Krakow.*

Conference and public relations strategists engineered an aggressive angle for the event, whereby the petroleum industry would spar and pit itself against the evil U.S. Josh Fox documentary: "In answer to Gasland, and the associated media hype, we will examine a similarly powerful movie which will demonstrate the positive effect that unconventional gas development can have on local communities. Following the close of the afternoon session on conference day one Wednesday 28th September, we are proud to announce that we will be screening the award winning Haynesville."

The public relations oriented conference began with a 44-page power-point co-presentation by London-based Patrick d'Ancona and Chris McMahon, *Earthquakes, elections and environmentalists: communications shock and awe in the unconventional gas sector*.<sup>24</sup> McMahon was hired by **M:Communications** (M:Comm) in June 2011 after being an advisor to energy companies at **Buchanan Communications**. D'Ancona is the director or head of M:Comm's energy and renewables practice wing.



Bloomberg describes London-based M:Comm (current subsidiary of **DF King Worldwide**) as "an independent financial communications consultancy:"

*The company offers advice on corporate reputation, mergers and acquisitions, and financial market communications. It offers services and experiences in the areas of long-term reputation building, sentiment turnaround and reputation development, senior executive counseling, media relations, investor relations, IPOs and ADR/GDR listings, crisis handling and litigation support, employee communications, public affairs and regulatory,*

<sup>24</sup> The pro-fracking website, Natural Gas Europe, published an article on M:Communications' presentation in Krakow, *Communications Challenges in the Unconventional World*, September 28, 2011.



*restructuring, and online/social media. M Communications (London) Limited was founded in 2002 and is based in London, the United Kingdom. The company has locations in Dubai, New York, London, Stockholm, Tokyo, Seoul, and Hong Kong. As of February 11, 2008, M Communications (London) Limited operates as a subsidiary of Sage Holdings, LLC.*

**Sage Holdings LLC** changed its corporate name to DF King Worldwide in November 2009. Bloomberg states that DF King “provides corporate and financial communications, and stakeholder management services. Its services include integrated media and investor relations, global media strategy, crisis planning, public affairs and regulatory, M&A and capital markets event management, IPO and equity-raising activity, senior management coaching, and CSR positioning.”

Nick Miles and Hugh Morrison co-founded M:Comm in 2002. Bloomberg states that one of Mile’s specialities is in crisis communications, and that Morrison is “recognized as the world’s leading transaction communications adviser.” During the 1990s, M:Comm director Stuart Leasor “managed public awareness campaigns facilitating structural and fiscal reform in Bulgaria, Moldova, Poland, Romania, Russia, Slovenia and Ukraine.” According to information in PR Week, M:Comm acquired a head hunter to entice Patrick d’Ancona away from **Aquila Financial** which he co-founded with Peter Reilly in 2002,<sup>25</sup> an oil and gas public relations specialty company. Both co-founders were previously employed with **Enterprise Oil PLC** in charge of its public relations department, a company previously known as the UK’s largest independent oil exploration and production company. D’Ancona, as former head of its worldwide public relations, is attributed as having played a key role in **Royal Dutch Shell**’s \$6.2 billion acquisition of Enterprise Oil in February 2002, before he and Reilly formed Aquila Financial. One of M:Comm’s unconventional clients includes Norway’s **Statoil**, which has significant assets in shale gas in the United States and interests in Alberta’s tar sands, and the **Great Eastern Energy Corporation** with coalbed methane interests in India.

## How can the industry make the unconventional conventional?

After evaluating which countries were and were not pro-fracking, and after making generalizations on media coverage in the United States and Europe on fracking, M:Comm’s public relations experts advised conference delegates in Krakow about the “semantic challenge for operators”, namely the negative connotations from the petroleum term “unconventional.” M:Comm said that because fracking, as a technology, is now fifty or more years old, “**it should be conventional by now!**”, that “it can in no way be called novel.” The presentation material underlined the following: “The industry’s attempts to ‘normalize’ fracking use will in large part depend upon the success of its communications strategies in general and stakeholder programme in particular.” In other words, the petroleum industry has two fracking fronts: advertising campaigns and synergizing the public.

Then came an analysis of the Gasland documentary, with main interpretive points on how “the Gasland effect” had swayed the public. The very fact that M:Comm decided to focus on Gasland is a tribute to its significance internationally. Gasland was reinforcing and awakening the ‘image’ problem for the petroleum industry: “generates instinctive lack of trust in oil companies;” “portrays big business in worst possible light;” “pro-fracking spokespeople presented as untrustworthy.”

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<sup>25</sup> PR Week, June 3, 2005, *City & Corporate: D’Ancona Walks from Aquila.*

M:Comm said that Gasland failed “to engage in a sensible debate with the industry,” and in response industry should have a “neutral, soothing, female voice for reassuring maternal feel, not ‘big, bad oilman.’ “ The industry should counter by showing video reels “of unspoilt landscapes and happy families” with “footage of families with young children,” emphasizing that “natural gas provides energy security, 2.8 million jobs in the sector,” and how “fracking is the obvious route to employment, energy security and clean energy.”

|                                     |   |
|-------------------------------------|---|
| Fear and loathing                   | <ul style="list-style-type: none"> <li>• Highlights Gasland’s refusal to engage in a sensible debate with the industry</li> <li>• Neutral, soothing, female voice for reassuring maternal feel, not ‘big, bad oilman’</li> </ul>  |
| Presumption of environmental impact | <ul style="list-style-type: none"> <li>• Dispels ‘myths’ and focusses on ‘facts, facts, facts’</li> <li>• Natural gas portrayed and the route to a reduced environmental footprint</li> </ul>   |
| Plucks the heart strings            | <ul style="list-style-type: none"> <li>• Video reel of unspoilt landscapes and happy families</li> <li>• Natural Gas will benefit every one of us – families and suburban houses</li> <li>• It is a ‘gift’ and an ‘opportunity’ and we have a ‘responsibility’ to embrace it</li> <li>• Footage of families with young children – Natural Gas will help future generations</li> </ul> |
| Focus on ‘Joe Six-pack’             | <ul style="list-style-type: none"> <li>• Takes the patriotic high ground by referring to people’s ‘rights to opinions and beliefs’</li> <li>• Natural gas provides energy security</li> <li>• 2.8 million jobs in the sector</li> <li>• Fracking is the obvious route to employment, energy security and clean energy</li> </ul>  |

Another slide called *Earthquakes* stated “there have been concerns about the impact that fracking can have on the geology of an area - **no proof has been offered.**” About a month before the conference, the *News from Poland* website published an article on August 30, 2011, *Shale gas fracking ‘does not cause earthquakes.’* Poland’s deputy Environment Minister, and one of Poland’s leading geologists, Henryk Jezierski stated that his ministry was in the middle of “a special monitoring programme” to investigate “all environmental aspects of shale gas prospecting,” and alleviated public concerns saying that the Ministry’s “tests in Pomerania” do “not cause seismic events.” Large reoccurring seismic events recorded in northeast British Columbia in the Horn River and Montney shale fracking zones were demonstrating the relationship between fracking and earthquakes. Studies in the United States since the 1960s were also showing the same.

When Cuadrilla Resources (55 percent owned by Australian-based mining service company **AJ Lucas**), the first energy company to frack the UK for shale gas, started to brute-force frack its 3 wells located 8 kilometres east of Blackpool City on England’s Lancashire coast, the British Geological Survey’s seismic equipment registered minor earthquake activities in the immediate area. On April 1st, a 2.3 magnitude quake, and on May 27th a 1.5 magnitude quake, epicentres within 500 metres of the drilling site. 48 smaller additional “induced seismicity” events also occurred during Cuadrilla’s fracks.

Enticed by profits in Europe’s high-end world gas prices, Sydney-Australia Allan Campbell, chair and ceo of AJ Lucas, founded Cuadrilla Resources in 2007 together with U.S. Denver geology professor Chris Cornelius, and obtained shale gas concessions in the UK - the only company licensed to develop shale gas in the UK. When the earthquake news hit the media fan, Cuadrilla was forced to shut down its operations until things got sorted out by way of a report. On June 1, 2011, the Sunday Morning Herald reported, *UK gas drilling halted after quakes*, that Cuadrilla Resources and the British Geological Survey suspended Cuadrilla’s fracking operations. *The Australian* business news journal reported on October 11, 2011, *Mining Services company AJ Lucas holds*

*55pc stake in UK's huge gas discovery*, that Cuadrilla intends to drill some “800 holes in the area, assuming production drilling is allowed to go ahead.” The company “suspended drilling after the completion of five of 12 planned “fracs” “ in its Preese Hall well. Campbell admitted that “while the risk in the oil business was in exploration, the risk in unconventional gas was mainly political.”

The earthquake events created other sorts of tremors. It caused great anxiety with pro-fracking British MP’s on the Commons Energy and Climate Change Committee who had just approved fracking in the UK following a six month review process on fracking. The incident also created a big stir in the EU’s fracking community which was in the middle of pushing fracking in Poland, which no doubt produced added workload for the numerous public relation firms already under contract.

An August 8, 2011 article, *Communications key to energy company survival*, posted on the internet’s *The Every Curious PR Guy*, related the public relations problems confronted by Cuadrilla’s ceo Mark Miller. The Wall Street Journal reported on July 28, 2011, *Fracking Pioneers Pierce Europe*, that Miller, “an oil-industry veteran from Pennsylvania,” “began a series of public meetings to try to calm local jitters,” and how Miller “didn’t expect to be quite so much in the public eye.” The PR article suggested adopting “the new-school energy industry mentality,” by “instilling confidence” with “the myriad people.”

About 2 weeks after the M:Comm presentation in Krakow aimed at reassuring the public about the earthquakes, the *Gas Strategies* website reported on October 18, 2011 that on October 15th - some two weeks before a report on the earthquakes was released - the British Geological Survey stated “that correlations can be drawn between the earthquakes reported earlier in 2011 and Cuadrilla’s fracking operations, located close to the site of the tremors.” On the day the British Geological Survey released its report, November 2nd, *Geomechanical Study of Bowland Shale Seismicity*, a report financed by Cuadrilla Resources, international media reported on how Cuadrilla’s fracking was most likely responsible for creating the earthquakes.



Protesters demonstrating outside of secret Cuadrilla meeting at the Law offices of SNR Denton LLP, November 21, 2011.

Lawyers with UK’s King & Spalding announced on December 1, 2011, *Focus on shale gas in the UK: current developments and regulatory considerations*, that the earthquake report “is likely to re-open the debate in the UK about “fracking” and its potential environmental effects, a debate that has already seen France ban the process entirely. The UK Government’s Department of Energy and Climate Change (DECC) is now due to review the implications of the report in consultation with key regulators and independent experts before it makes any final decision on the resumption of shale gas operations:”

*A licencee must also acquire planning permission to develop a drill site from the relevant Local Government Authority before any shale gas exploration activity can commence. Shale gas developers in the UK face more complex planning issues than US counterparts. The UK is considerably smaller and more densely populated than the US, with one of the world’s most regulated planning regimes. There are no hydrocarbon or shale specific planning laws*

*and the Town & Country Planning Acts of 1990, 2004, and 2008 apply to shale developments as they do to any other commercial or residential development. A separate application is required for each stage: exploration; appraisal; and full development. Generally, only the application for full development must be accompanied by an environmental impact assessment, but a planning officer may require additional information at any stage if there are specific concerns. In its deliberations, the Local Authority must consult with certain groups such as the Environment Agency and any site-specific interested groups, such as Natural England or the Royal Society for the Protection of Birds. A licensee must also evidence that it has informed and consulted the local public on the development. If granted, the planning permission may contain conditions, such as restrictions on drilling hours, or a requirement to prepare and implement plans for site restoration or waste and water management.*

India's news agency, *The Hindu*, reported on October 24, 2011, *Expert says quakes in England may be tied to gas extraction*, that the British earthquake study was forcing American seismologists to pay closer attention to data in the United States:

*Fracking is now widespread in the United States, and has been blamed by some landowners, environmentalists and public officials for contaminating waterways and drinking water supplies. Some critics have also said that the technology could cause significant earthquakes. But Stephen Horton, a seismologist at the University of Memphis, said, "Generally speaking, fracking doesn't create earthquakes that are large enough to be felt." Even so, Mr. Horton said that after looking at the British Geological Survey's analysis of the Blackpool earthquakes, "the conclusions are reasonable."*

*Mr. Horton and others investigated a swarm of earthquakes in 2010 and 2011, including one of magnitude 4.7, in an area of central Arkansas where fracking was being conducted. The scientists found that the earthquakes were probably caused not by fracking but by the disposal of waste liquids from the process into other wells. Those wells have since been shut down.*

The global discussion and attention evoked some investigators in the United States to source out similar problems that occurred in Oklahoma. A November 2, 2011 article by Joe Romm, *Shale Shocked: "Highly Probable" Fracking Caused U.K. Earthquakes, and It's Linked to Oklahoma Temblors*", stated that "a previously **unreported study** out of the Oklahoma Geological Survey has found that hydraulic fracturing may have triggered a swarm of small earthquakes earlier this year in Oklahoma." Austin Holland's August 2011 Oklahoma Geological Survey report, *Examination of Possibly Induced Seismicity from Hydraulic Fracturing in the Eola Field, Garvin County, Oklahoma*, said that the majority of the 50 earthquakes, measuring between 1.0 to 2.8, occurred within a 24-hour period nearby the Picket Unit B well 4-18, "about seven hours after the first and deepest hydraulic fracturing stage." A Garvin County resident reported "feeling several earthquakes throughout the night" from January 17-18, 2011, who reported the incident to the Oklahoma Geological Survey. Holland reported that similar reports related to fracking occurred in June 1978 and sometime in 1990.

Hydraulic fracturing operations began on Monday January 17, 2011 at approximately 6 AM (CST), 12:00 UTC. The hydraulic fracturing of the well consisted of a four-stage hydraulic fracturing operation with frac intervals of 9,830'-10,282', 8,890'-8326', 7,662'-8,128', and 7,000'-7,562', with the last frac stage completed on January 23, 2011. The well

was then flushed until February 6, 2011. Because the earthquakes began after the first frac stage we will primarily consider this stage. The first frac stage had an average rate of injection of 88.5 bpm and an average injection pressure of 4850 psi. This stage also included an acid stimulation. There was a total of 2,475,545 gallons of frac fluid injected and 575,974 lbs of proppant. The Picket Unit B well 4-18 is a nearly vertical well located at 34.55272-97.44580, elevation 277.4 m, with an API number of 049-24797. The first frac occurred in the interval between 9,830' (2,996.2 m), and 10,282' (3,134.0 m).

**Round table two: what needs to happen to change the stalemate in France?**

- Understand how to prove the safety of fracking and overcome public and political concerns
- Overcome the challenges of densely populated areas in order to increase energy security
- Demonstrate the and socio-economic benefits of unconventional gas
- Understand how public support can translate to political support and gain insight into how to effectively communicate your message
- Hear how to avoid Paris becoming the new Pennsylvania by ensuring clear, transparent communication is maintained with the public and the politicians

**Bertrand Montembault**, Partner, **Herbert Smith Mark Katrosh**, President, **Hess Oil France**

**Round table three: Ukraine: second generation unconventional gas in Europe**

- Hear the latest developments in government support for unconventional gas projects in Ukraine
- Gain insight into the opportunities for investment and land acquisition
- Hear about the next stages in the licensing agreements

Cut outs from the Krakow unconventional gas conference program, September 27-29, 2011.

**13:00** Lunch and networking

**14:00** Panel discussion: how will unconventional gas in Poland really play out?

- Understand how to work with the regulators to optimise your position in Poland
- How will infrastructure scale up as unconventional gas commercialisation approaches?
- How will national and international legislation tie in as Poland works with the EU?
- Understand the implications for Poland's low carbon economy as a result of developing unconventional gas – could Poland become the pioneer of Europe's energy future?
- With increasing pressure to move away from coal, what does a shale gas fuelled power generation market look like?
- Hear latest results from test drilling in Poland and forecasts for upcoming pilot projects
- Hear the view from the ground: landman activities in Poland and public perception of shale gas development



**10:30** Morning coffee and networking

**11:00** Panel discussion: how does Europe really feel about unconventional gas?

- What will the Polish Presidency of the EU Council mean for unconventional gas development?
- Aligning regional, national and international policies to facilitate the smooth establishment of an unconventional gas market
- Foster inter-agency support by in order to prepare for pilot project and eventual commercial stage unconventional gas deployment
- What will it take for governments to grant licences?
- Understand what the regulators need in order to overcome political pressure and expedite unconventional gas development
- Where to next for German unconventional gas?: assessing the basins in Lower Saxony and North Rhine-Westphalia – what is really in the ground and what are the estimates for recoverable reserves?
- Translating recoverable reserves into socio-economic benefits

**09:10** Understand how to communicate your message effectively to optimise your unconventional gas project

- Hear best practices from leading operators who are actively working with the public to foster understanding and tolerance for unconventional gas projects in Europe
- Understand how to achieve political support for your project by working with the policy makers and regulators
- Gain insight into how to work with your solution providers to ensure an open, transparent path through test drilling to pilot project stage
- Pave the way for full scale commercialisation by understanding the requirements across the value chain both horizontally and vertically

**Jim Johnston**, Board Member, **ExxonMobil Exploration & Production Poland**

**Wieslaw Prugar**, President of the Management Board, **OPPPW, Orlen Upstream**

**16:00 Understand the legal implications for unconventional gas development**

- Shale gas exploration in Poland: is it safe for people and environment?
- Shale gas financing: raising capital in London
- Shale gas environmental management issues: legal and regulatory lessons from recent US shale gas plays

Tomasz Dobrowolski, Partner, K&L Gates

Paul Tetlow, Partner, K&L Gates

Timothy Weston, Partner, K&L Gates

## 12-(10). PsyOpsGate: Unconventional Public Relations at Halloween Houston

*“The issue of transparency is that of being proactive with that transparency.”* (Matt Pitzarella, Director of Corporate Communications & Public Affairs, Range Resources, vice chairman of America’s Natural Gas Alliance, and chair of the Marcellus Shale Coalition’s Communications Subcommittee, October 31, 2011, Houston, Texas.)

Six and a half years after the petroleum sector complex got the Republican Bush/Cheney administration to implement the reprehensible and scandal-laden Halliburton Loop-Hole exemptions from the federal *Safe Drinking Water* and *Fresh Water Acts* in mid-2005 to legally justify the indiscriminate carpet-frack-bombing of the U.S., and following thematic conferences in Alberta and Poland in September 2011 on problems about managing the public, came the shocking revelation at an unconventional public relations gas conference in Houston, Texas that U.S. petroleum companies were implementing military strategies and hiring military personnel experienced in Psy-Ops to infiltrate and treat American citizens concerned or opposed to shale gas developments as “insurgents,” and advising the public relations industry at the conference to do the same for their clients in the petroleum sector! It wasn’t enough that America’s federal laws were bent to frequent-frack the United States, but now U.S. energy companies were openly admitting through their shameless communications officers that they had been spying on and infiltrating the American public who were apparently interfering with something called ‘energy security.’

The irony of it all was that it happened on Halloween day, of all days, at the October 31-November 1, 2011 conference, *Working Together as an Industry to Leverage Mass Media, Social Media & Community Support - To Overcome Public Concern Over Hydraulic Fracturing*, held in Houston, Texas at the Hyatt Regency Hotel. As reported in the media afterwards, Sharon Wilson - alias *Texas Sharon*, known for her ongoing work on monitoring unconventional fracking developments in Texas on her website, *BlueDaze Drilling Reform* - paid the \$1,300 to get into the conference and audio-taped the proceedings. She then handed over the juicy bits to U.S. news agency CNBC which posted the story on the internet on November 8, 2011, *Oil Executive: Military-Style ‘Psy Ops’ Experience Applied.*



The web-linked audio clips spread like wild fire. It should have been video taped,<sup>26</sup> and then shared with the rest of the world.

Steve Horn, who runs a reporting blog page on the website *DeSmogBlog*, was granted an advanced press pass to the conference and flew across the southern U.S. only to discover at the conference foyer registration table that he had been barred entry. Is this the exclusionary zone of the “transparency” theme that the fracking communications officers keep talking about, and was this, as stated in the conference title, the way “to overcome public concern over hydraulic fracturing?”

On September 19th, six weeks before the conference, Horn published a short summary of the upcoming conference, *Natural Gas Media and Stakeholder Relations Professionals to Head to Houston*. Maybe Horn got too close to the horns of the PR fracking beast when he disclosed the following in his blog about the conference:

*Many have claimed that the fracking process has contaminated their water, and the natural gas industry has been the subject of sharp scrutiny as of late, most recently at a protest called “**Shale Gas Outrage**,” which took place outside of the Philadelphia Convention Center, where the **Shale Gas Insight Conference** was taking place. On the heels of this most recent outburst, Public Relations, Stakeholder Relations, Community Relations, Crisis Management, Social Media, and Government Relations professionals, among others, will host a conference titled, “**Media and Stakeholder Relations: Hydraulic Fracturing Initiative 2011.**”*

*In an email blast written to prospective attendees of the conference, **Michael Basile**, Media and Stakeholder Relations Hydraulic Fracturing Initiative Co-Chair and Managing Member of **Spilman Thomas & Battle, PLLC**, outlined the overarching goal of the conference, stating:*

***Despite considerable efforts** by individual companies and trade groups alike to analytically educate and inform the public as to both the process of fracking and the tremendous economic upside associated with shale drilling, there **continues to be misinformation force fed to the public leading to distrust and hostility toward the industry**. In short, it is clear that we need more effective, cohesive and coordinated media and communication strategies. **The opportunities presented at the upcoming conference truly represent a new communication dynamic - a new set of tactics and points of engagement. [This] is the first step toward reshaping a new communications paradigm and thus an event you cannot afford to miss.***

Was Michael Basile - a speaker at the Houston conference - referring, in part, to a new aggressive military, psy-ops style, communications paradigm?

According to DeSmogBlog Brendan DeMelle’s post-conference account on November 9, 2011, *Gas Fracking Industry Using Military Psychological Warfare Tactics and Personnel in U.S. Communities*, Horn, who “wasn’t welcomed,” eventually gained entry later the first day of the conference after many discussions with conference organizers, and after the some of the most

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<sup>26</sup> According to Sharon Wilson, the conference organizers taped the conference. The entire audio clips of two presenters, Matt Pitzarella (Range Resources) and Matt Carmichael (Anadarko Petroleum), are on the BlueDaze website, [www.texassharon.com](http://www.texassharon.com), which were analyzed for this report - P.S.: Thank you Texas Sharon for doing it!

controversial panel episodes on the first day of the conference. Could it be that Horn was being specifically excluded to allow some speakers to speak ‘more freely’?

The following was stated on the conference website about the theme of the Houston Halloween conference:

*As the shale gas and tight oil boom continues apace, one of the key obstacles threatening these resources as long term contributors to North American energy security is increasing public concern over hydraulic fracturing.*

*The unconventional oil & gas industry now faces scrutiny on a daily basis from the media, NGOs and the public on issues relating to claims about the impact of hydraulic fracturing on water resources. Additionally, the power of social media is allowing misinformation and the environmentalist agenda to be spread at an increasingly rapid rate. **The need for a united front to project a transparent and accurate account of the process has never been more important to ensuring the sustainability of the industry and protect it from calls for intrusive regulation.***

*Because of this, **devising a comprehensive media and stakeholder relations strategy, leveraging mass media, social media and grassroots community support to overcome public concern over hydraulic fracturing has become of central importance to the commercial viability of unconventional oil & gas operators.***

***Media & Stakeholder Relations: Hydraulic Fracturing Initiative 2011** will bring together senior communications professionals from leading unconventional oil & gas operators, including social media industry pioneers and media and stakeholder relations specialists to drive proactive media relations strategies, stakeholder engagement plans, employee and stakeholder advocacy and crisis communications strategy to determine best practices for engaging the public on a positive image for the shale gas industry.*

Whatever the possibilities for a “positive image for the shale gas industry” could have been were negated and forever lost because of what at least two of the public relations presenters said to the delegates, and, to the world. And, after their taped comments hit the internet, one of them even suggested that Sharon Wilson was herself to blame for doctoring the tapes she gave to CNBC. As ‘professional’ communications officers employed by some of the top U.S. fracking companies, they made the biggest of all boo-boos. They should have known better than to dig themselves and their companies into a hole deeper and darker than all the deepest and darkest holes drilled by the frackers to date, namely the intrigue of PsyOpsGate!

## **12-(10-a). Darko Anadarko**

**Matt Carmichael**, the manager of external affairs at **Anadarko Petroleum**, was on the first conference panel on October 31st with two other panelists, **Chesapeake Energy**’s vice president of strategic affairs and public relations **Michael Kehs**, and **Norse Energy**’s executive vice president of regulatory and public relations **Dennis Holbrook**. The panel theme was called *Understanding how Unconventional Oil & Gas Operators have Successfully Developed a Comprehensive Media Relations Strategy to Engage Stakeholders and Educate the Public.*

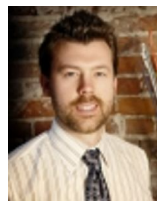


## CONFERENCE SPEAKERS - PRIVATE INDUSTRY COMMUNICATIONS OFFICERS



**Chesapeake Energy Corp.**  
Michael D. Kehs  
Vice President for Strategic  
Affairs and Public Relations  
(May, 2011)

28 years as a public affairs consultant for several of the leading global public relations agencies. Former General Manager of the Washington Office, and Head of U.S. Public Affairs for **Hill & Knowlton, Inc.** He worked for **Porter Novelli, Inc.** from 2003 to 2008, **Goddard Claussen** from 1999 to 2003 and **Burson-Marsteller, Inc.** from 1987 to 1999. He began his career in public affairs consulting at **Wagner & Baroody, Inc.** in 1983.



**Chesapeake Energy Corp.**  
Blake Jackson  
Social Media Coordinator

Former multimedia journalist at Webby Award nominee **NewsOK.com.** He leads a national social media team of eight from the company's corporate headquarters in Oklahoma City. Chesapeake's industry-leading social media program is comprised of more than 20 presences across various online communities such as Facebook, Twitter, YouTube and LinkedIn, among others.



**Range Resources**  
Matt Pitzarella  
Director of Corporate Communications  
& Public Affairs

Manages a staff of professionals who work with landowners, policy makers, local businesses, conservation groups, and other engaged stakeholders on responsible natural gas development in Pennsylvania, while serving as the company's primary spokesperson. Matt has more than a decade of public affairs, regulatory, legislative, and outreach experience in the Commonwealth and abroad. Prior to joining Range, he held similar roles with **NiSource**, **Duquesne Light** and **Burson-Marsteller** as a Senior Associate and worked extensively on energy matters. In addition to his role at Range, he chairs the **Marcellus Shale Coalition Communications Subcommittee** and as the sub-chairman for **America's Natural Gas Alliance** in Pennsylvania.



**Encana Oil & Gas (USA)**  
Doug Hock  
Director of Public &  
Community Affairs

He has worked in public relations for 25 years, the majority of it in the oil/gas and mining sectors. He is a past president of the **Colorado Chapter of the Public Relations Society of America (PRSA).** Mr. Hock serves on the board of **Florence Crittenton Services**, a Denver-based non-profit that helps teen parents raise healthy families and on the board of the **American Lung Association-Colorado.** He currently chairs the **Resource Allocation Committee** for Denver's Road Home, the city's ten-year plan to end homelessness.



**Anadarko Petroleum**  
Matt Carmichael  
Manager of External Affairs

He is involved in government affairs and grassroots stakeholder engagement in the U.S. He has worked in the media relations, policy, government and public affairs sector in the oil and gas industry for more than a decade. Matt has combined his early work in politics and government in Louisiana with his knowledge of the oil and gas industry to assist in his current role. Matt began his career in the industry in the mid-1990s as a drilling technician at **Ocean Energy** and eventually moved on to **Chevron, USA** where he worked in domestic and international policy, government and public affairs roles. Matt joined Anadarko in 2008. Served in the **United States Marine Corps.** He has worked on policy and public affairs issues on four continents.



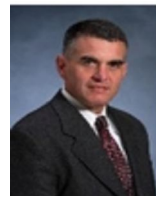
**Anadarko Petroleum**  
Brad Miller - General Manager,  
Regulatory Affairs

Since 1985 in operations and management for Anadarko. Mr. Miller has managed Anadarko assets in complex regulatory environments including areas located on federal lands in the Rocky Mountain region since 1999. Miller was promoted to Asset General Manager in 2006 and most recently to General Manager of Regulatory Affairs in 2011. Miller also serves as Vice President of Western Energy Alliance an Oil and Natural Gas Industry trade organization focused on Public Land Advocacy.



**Norse Energy**  
Dennis Holbrook  
Executive Vice President  
Regulatory and Public Relations  
(October 2008)

Over 35 years experience in the energy industry, focusing on legal, public policy, contractual and regulatory matters. He has a B.A. in political science from Bucknell University, a Juris Doctorate from the Columbus School of Law, Catholic University and is also a graduate of the Executive Development Program of the University of Michigan, Graduate School of Business Administration. Serves on the board of directors of both public service and industry organizations, including the **Independent Oil & Gas Association of New York**, on which he has served as a director for over 25 years.



**EQT Corporation**  
Kevin West  
Managing Director of  
External Affairs  
(March, 2009)

Served as the Vice President of Legislative and Regulatory Affairs for EQT's production subsidiary. He joined EQT in June, 2007 as Vice President and General Counsel of the production subsidiary. For the twenty one years prior to joining EQT, he was a partner in the Lexington, Kentucky law firm of **McCoy, West, and Franklin** where the primary focus of his practice was energy law and litigation. He has given presentations for the Energy & Mineral Law Foundation and a number of other energy related organizations. He serves on the Board of Directors of the **Kentucky Oil and Gas Association** and **Virginia Oil and Gas Association**.



**Apache Corporation**  
Anne Hedrich  
Manager e-Communications  
& International Affairs

She manages Apache's portfolio of websites including the corporate, project and crisis communications sites, as well as the employee communications on the company intranet. Mrs. Hedrich also leads the company's social media activities on Facebook, LinkedIn, YouTube, Twitter, and StockTwits, and in social media policy development. Mrs. Hedrich has over 20 years of experience in public and investor relations with specialization in web communications. She holds a bachelor's degree in computer information systems from Our Lady of the Lake University. She is a member of the **Public Relations Society of America**.



**CONSOL Energy**  
Lynn Seay  
Director of Media Relations

Lynn is responsible for developing and implementing the company's strategic objectives with regard to media and public relations. She has 25+ years of experience in a variety of marketing disciplines including public relations planning and execution, media and analyst relations, executive visibility programs, employee relations, B2B and consumer brand or product launches, and positioning/launching of early stage companies. Co-founder and Partner of **prwerks, LLC**, Lynn built and grew a successful public relations agency that was ranked in the Top 20 PR agencies by The Pittsburgh Business Times. At **Ketchum/Pittsburgh**, Lynn served as a Senior Account Executive and helped build its technology practice; promoted to Vice President, she led several national and regional account teams. Before returning to her native Pittsburgh in 1996, Lynn was employed at several major publications in New York City and Texas in the public relations, promotion/marketing, and advertising departments, including Rolling Stone, US, and Texas Monthly.



**Williams**  
Nicole Nascenzi  
Corporate Communications

She works in corporate communications for Williams, a Tulsa-based integrated natural gas company focused on exploration and production, midstream gathering and processing, and interstate natural gas transportation. Nicole worked as the public relations coordinator for Oklahoma's fastest-growing university and as a beat reporter for Tulsa's largest newspaper.

Excerpts from the Houston shale gas public relations conference program on speaker photos and biographies. A number of the biographies lack background information on naming previous company employment histories.

## CONFERENCE SPEAKERS - PETROLEUM ASSOCIATION COMMUNICATIONS OFFICERS



**America's Natural Gas Alliance**  
Dan Whitten  
Vice President of  
Strategic Communications

Dan comes to ANGA after serving for three years as **Bloomberg News'** energy reporter in Washington, where he covered legislative, regulatory and financial aspects of U.S. climate and energy policy debates. Through his work, Dan established strong relationships with the national and trade press following these issues, as well as the industry and policy players from both parties who are shaping the nation's efforts to embrace cleaner, smarter energy choices. Prior to working at Bloomberg, Whitten spent four years as the primary congressional correspondent for **Platts**, a **McGraw-Hill Co. energy publisher**. At Platts, his news analyses probed the regional and partisan alignments that dictate energy policy, and he spoke frequently to energy secretaries, congressional chairmen and caucus leaders about policies to boost domestic energy supplies, ease global warming and raise vehicle fuel economy. Dan's previous experience includes a decade of reporting on policy issues for trade publications in the transportation and chemical industry sectors. He has won numerous awards from the American Society for Business Publication Editors.



**Colorado Oil & Gas Association**  
Tisha Conoly Schuller  
President & CEO

Ms. Schuller is responsible for leading the industry in Colorado legislative, regulatory, and public relations matters. Previously, Ms. Schuller served as a Principal and Vice President with **Tetra Tech**, a national environmental consulting and engineering firm. In addition to running business operations, Ms. Schuller spent 15 years conducting environmental permitting for oil and natural gas projects across the country.



**American Petroleum Institute**  
Tara Anderson  
Director of External Mobilization

She brings more than a decade of public affairs and state and federal director of external mobilization at the American Petroleum Institute (API). Anderson currently manages the development and execution of API's mobilization initiatives. Working with facility employees, allied stakeholders, regional associations and vendors, she manages the integrated advocacy efforts for grassroots and grasstops programs, including API's Energy Nation and Energy Citizens groups. Prior to joining API, Anderson served as the director of public affairs for the **National Association of Manufacturers (NAM)** between 2003 – 2011. There, she managed grassroots and grasstops lobbying efforts, providing advocacy strategies for NAM member companies to cultivate relationships with elected officials. Previously, Anderson led the **Coalition Against Bigger Trucks** as its state director, a role in which she managed lobbying efforts for local, state and federal government officials in Alabama, Arkansas and Florida. Anderson also served as a constituent services representative in the U.S. Senate for **Sen. Gordon H. Smith**, and occupied legislative assistant roles for **The Legislative Strategies Group, LLC**, and **Deere & Company**, where she was responsible for monitoring and reporting on legislation and coordinating events with Congressional members.



**Western Energy Alliance**  
Jon Haubert  
Manager of Communications

Manages internal and external communications for Western Energy Alliance, a trade association representing over 400 companies engaged in all aspects of exploration and production of oil and natural gas in the West. Jon specializes in congressional legislative and communications strategies relating to western energy and environmental policy issues. Prior to Western Energy Alliance, Jon worked in Washington DC at a private sector lobbying firm and congressional aide to Representative Richard Pombo (R-CA), former Chair of the House Resources Committee.



**American Petroleum Institute**  
Linda Schoumacher Rozett  
VP of Communications

She combines a dozen years as an **ABC News producer**, covering a range of business and political news, with more than a dozen years as a communications expert, managing complex and high visibility campaigns for four business organizations, serving as a strategic adviser to CEO's, policymakers, and a presidential campaign. As vice president for communications at the American Petroleum Institute, Ms. Rozett is responsible for analyzing issues of importance to the U.S. oil and natural gas industry, and identifying communications messages, audiences, priorities and goals. Previously, Ms. Rozett ran her own public relations company, **FirstWord Strategies**, where she developed and executed successful communications strategies on issues of public concern, including: immigration, energy, trade, piracy and counterfeiting, and government regulation. Ms. Rozett served as communications director for **Senator Fred Thompson's presidential exploratory committee in 2007**, where she established communications capabilities for the nascent campaign committee, including media, research, and web-based outreach. Prior to serving with Senator Thompson, she was **chief of staff and senior vice president of communications for the U.S. Chamber of Commerce**, the world's largest business federation. She worked for two national energy trade associations before joining the Chamber: the **Edison Electric Institute** and the **Natural Gas Supply Association**.



**Independent Petroleum Association of America**  
Jeff Eshelman  
Vice President of Public Affairs and Communications

The Independent Petroleum Assn. of America is the national trade association representing the companies that drill 95 percent of America's oil and natural gas wells. At IPAA for 15 years, he is responsible for media relations, public policy communications, grassroots outreach, reputation management, marketing, publications and member communications. Jeff helped create and currently manages the industry's environmental issues coalition, **Energy In Depth**. He has also worked at **global public affairs firms, the White House, Defense Department and U.S. House of Representatives**.



**Energy In Depth**  
Chris Tucker  
Spokesperson

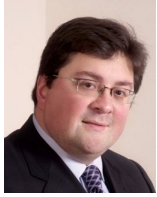
He is a Senior Vice president at **Financial Dynamics (FD)** and team lead for the national shale gas education and advocacy initiative known as Energy In Depth. As part of his duties, Chris serves as the chief spokesman for more than 30 individual shale gas operators and affiliated trade associations, regularly appearing in national, local and international media. Over the past 18 months, Chris has participated in more than two dozen conferences, summits and issue forums across North America focused on the long-term proposition of unconventional natural gas. Chris holds a degree in philosophy from Johns Hopkins University.

## CONFERENCE SPEAKERS - LAWYERS AND PR 'SOLUTIONS' MEN



**Spilman, Thomas & Battle PLLC**  
Michael J. Basile  
Managing Member

Spilman is a full service law firm with offices located in Pennsylvania, West Virginia, Virginia and North Carolina. Mr. Basile's primary areas of practice are state and local government and community relations, business, land use planning and administrative law. Prior to Spilman, Mr. Basile was Associate General Counsel, General Counsel and Deputy Chief of Staff to the Office of West Virginia Governor Gaston Caperton. He is a graduate of West Virginia University and University of Pittsburgh School of Law. Mike has been recognized by **The Best Lawyers in America** (Government Relations Law and Mergers and Acquisitions Law), **Chambers USA** (America's Leading Lawyers for Corporate/Commercial Law) and **Super Lawyers** (West Virginia, Business/ Corporate and Government/ Cities/ Municipalities).



**Spilman Thomas & Battle PLLC**  
 Ronald S. Schuler  
 Counsel

Ron is a corporate, securities and commercial transactions lawyer with extensive experience in mergers and acquisitions, public offerings, private placement financings, and numerous types of contracts for clients within the energy, software, biotechnology and telecommunications industries. Prior to Spilman, he served as chief administrative and senior operations executive for a \$100+ million Appalachian oil and gas production company, developing an intimate knowledge of oil and gas transactions, joint ventures, leasing and land matters, and energy derivatives. (The unnamed “Appalachian” company is **PGMT Energy**, where he was senior vp of corporate development. He is a member of the **Independent Petroleum Association of America.**)



**Spilman Thomas & Battle PLLC**  
 Michael S. Garrison  
 Member

Mike’s primary areas of practice are general and labor and employment litigation, government relations, corporate governance, and business and economic development with a special emphasis in the Marcellus Shale and energy industries. Prior to his position at Spilman, he was **President of West Virginia University, Chief of Staff to WV governor Bob Wise** and held a number of other administrative government positions.



**Davies**  
 John Davies  
 Founder & CEO

He is one of the most respected communication strategists and an expert on building grassroots public support for controversial projects and issues. John has provided strategic counsel and executed highly integrated grassroots and community relations programs for a myriad of clients in the oil & gas, conventional and alternative energy, mining, real estate, and pharmaceutical industries in 47 states. John clearly understands the art and science of public persuasion and how to shape public opinion and leverage public support into the politically influenced regulatory review and public approval processes. He applies his lifelong study of human behavior and effective communications strategies to influence decision makers to help his clients to achieve their strategic business goals.



**Gregory FCA**  
 Greg Matusky  
 President and founder

Gregory FCA is a top 50 national public relations and investor relations firm, serving private and publicly traded companies throughout the country. A former business writer, whose work has appeared in Inc., Forbes and Newsweek magazines, Mr. Matusky began his career in public relations working for **Conoco**, which at the time was the world’s eighth largest energy company. During his career, Mr. Matusky has worked for a range of energy companies and utilities. For the past two years, his company, which is based in Pennsylvania, has been benchmarking public sentiment in traditional and social media for Marcellus Shale and natural gas development against a range of alternative energy options. **Mr. Matusky has worked on a range of highly sensitive public opinion issues**, including eminent domain, carbon containment, energy management and infrastructure development. His firm has worked with and for a number of Global 1,000 companies, including Unisys, EQT, SAP, Mitsubishi Electronics, FedEx, and Kimco.



**Jurat Software**  
 Aaron Goldwater, founder & CEO

Jurat has established itself as a respected global leader in its field. Jurat Software Inc., is the developer of SRM a software package that documents, tracks and reports on all interactions with stakeholders as well as commitments, funds provided and more. Jurat also runs both public and private training courses on the process of Stakeholder Engagement. Jurat’s service excellence is delivered in conjunction with select professionally accredited partners, utilizing their many years of experience in geographic and vertical markets. In partnership, **Jurat Software Inc., have provided solutions to some the world’s largest minerals and resource extraction companies, governments at various levels, and numerous other sectors on various continents.**

Chesapeake Kehs' conference biography states that he was the former head of U.S. public affairs in Washington D.C. with the U.S.-based international public relations firm **Hill & Knowlton Inc.** He also served for 12 years with international public relations giant **Burson-Marsteller Inc.**, and formerly with U.S.-based **Porter Novelli**. The 2011 *Holmes Report* on the *Top 250 Global Rankings* of public relations companies internationally, states that out the top 20 PR companies ranked by 2010 earnings, 13 are based in the U.S., which together collected a total of \$3.7 billion in fees. In 2010: Burson-Marsteller was ranked fourth with \$435 million in fees; Hill & Knowlton as sixth with \$375 million; and Porter Novelli at fifteenth with \$120 million. Another conference speaker on the following panel, Matt Pitzarella, had also served with Burson-Marsteller.

Last year, on March 15, 2011, I published a report, *Backgrounder on Shale Gas & Oil Companies in Quebec* (available on the B.C. Tap Water Alliance's website, *Stop Fracking British Columbia*). In it are a number of references to Hill & Knowlton, identifying that the company "appears to be a handler of deep shale gas energy issues in Europe, the United States, and in Quebec." The WPP Group headquartered in London, "the world's largest advertising company," owns both Hill & Knowlton and Burson-Marsteller. With the ties to Chesapeake's Michael Kehs, there seems to be a strong connection between the shale gas fracking domain and two of the top 20 world public relations companies. (For an interesting and critical, dated account of WPP, see Appendix G)

| The Holmes Report |                | Top 250                           |                |               |
|-------------------|----------------|-----------------------------------|----------------|---------------|
| Rank              | Rank Last Year | Agency Name                       | Headquarters   | 2010 Fees     |
| 1                 | 3              | Edelman                           | USA            | \$531,548,517 |
| 2                 | 1              | Weber Shandwick Worldwide         | USA            | \$525,000,000 |
| 3                 | 2              | Fleishman-Hillard                 | USA            | \$505,000,000 |
| 4                 | 4              | Burson-Marsteller                 | USA            | \$435,000,000 |
| 5                 | 5              | MSL Group                         | France         | \$418,000,000 |
| 6                 | 7              | Hill & Knowlton                   | USA            | \$375,000,000 |
| 7                 | 6              | Ketchum Pleon                     | USA            | \$355,000,000 |
| 8                 | 8              | Ogilvy Public Relations Worldwide | USA            | \$250,000,000 |
| 9                 | 9              | EuroRSCG Worldwide                | France         | \$205,000,000 |
| 10                | 10             | FD                                | United Kingdom | \$193,100,000 |
| 11                | 13             | Brunswick Group                   | United Kingdom | \$170,000,000 |
| 12                | 11             | Cohn & Wolfe                      | USA            | \$150,000,000 |
| 13                | 12             | Grayling                          | United Kingdom | \$145,000,000 |
| 14                | 15             | GolinHarris                       | USA            | \$130,000,000 |
| 15                | 14             | Porter Novelli                    | USA            | \$120,000,000 |
| 16                | 23             | MEDIA CONSULTA                    | Germany        | \$113,568,548 |
| 17                | 18             | APCO Worldwide                    | USA            | \$113,400,000 |
| 18                | 16             | Waggener Edstrom Worldwide        | USA            | \$111,910,000 |
| 19                | 17             | Ruder Finn                        | USA            | \$97,059,000  |
| 20                | 19             | Dentsu Public Relations           | Japan          | \$80,000,000  |

Matt Carmichael, with a slight southern U.S. drawl, stated that his company, **Anadarko Petroleum** - in contrast to other petroleum companies with large fleets of communications personnel - is a quiet company, with only four communications personnel, a company which has a "great reputation in the Rockies and other places where we operate." He spoke about company values, passing on these values to company personnel, training all personnel to be media savvy. He then spoke about "the dreaded rig tours," his "talk about FracFocus," and how Anadarko was "leading in the number of wells put into FracFocus."<sup>27</sup>

He then told the delegates about "how we executed our media plan:"

*If you are a PR representative in this industry, in this room today, recommend you do three things. These are three things that I've read recently that are pretty interesting:*

<sup>27</sup> A December 2, 2011 *Colorado Oil and Gas Conservation Commission* document on changes to the Commission's Rules and Regulations, states that "two intergovernmental groups, the **Ground Water Protection Council** and the **Interstate Oil & Gas Commission** developed a website for the public disclosure of hydraulic fracturing chemicals, [www.FracFocus.org](http://www.FracFocus.org). As of November 21, 2011, 81 operators had registered to participate in FracFocus."

1. Download the *U.S. Army/Marine Corps Counterinsurgency Manual* (in the audio one can hear some of the delegates instinctively chuckling after he said this, and there follows a slight pause by Carmichael who hears them) ... *because we are dealing with an insurgency. There's a lot of good lessons in there and coming from a military background, I found the insight in that extremely remarkable.*

2. With that said there's a course provided by Harvard and MIT, twice a year, it's called *Dealing with an angry public*. Take that course. And tie that to the Army/Marine Corps Counterinsurgency Manual. A lot of the officers in our military are attending this course. It gives you the tools, it gives you the media tools on how to deal with ... a lot of the controversy we as an industry are dealing with.

3. Thirdly, I have a copy of *Rumsfeld Rules* (a few more chuckles from the audience). If you are all familiar with Donald Rumsfeld. That's kind of *my bible* by the way I operate.



Rumsfeld? Now that's really scary, even by Halloween standards! After labelling Americans opposed to fracking as "insurgents," Carmichael continued on in his presentation to give key tips on how to properly engage the public and the media, and how to build on the "trust" relationships.

## U.S. GOVERNMENT COUNTERINSURGENCY GUIDE

Insurgency is the organized use of subversion and violence to seize, nullify or challenge political control of a region. As such, it is primarily a political struggle, in which both sides use armed force to create space for their political, economic and influence activities to be effective. Insurgency is not always conducted by a single group with a centralized, military-style command structure, but may involve a complex matrix of different actors with various aims, loosely connected in dynamic and non-hierarchical networks. To be successful, insurgencies require charismatic leadership, supporters, recruits, supplies, safe havens and funding (often from illicit activities). They only need the active support of a few enabling individuals, but the passive acquiescence of a large proportion of the contested population will give a higher probability of success. This is best achieved when the political cause of the insurgency has strong appeal, manipulating religious, tribal or local identity to exploit common societal grievances or needs. Insurgents seek to gain control of populations through a combination of persuasion, subversion and coercion while using guerrilla tactics to offset the strengths of government security forces.

## 12-(10-b). Way Out of Resource Range

The second conference session on the morning of October 31st was called

*Providing a Case Study on Designing a Media Relations Strategy to Overcome Concerns Surrounding Hydraulic Fracturing.* It had only one speaker, Matt Pitzarella, Houston-based **Range Resource**'s director of corporate communications and public affairs. He was introduced to conference delegates as the company's "primary spokesperson."

Pitzarella's responsibilities as a public relations man move well beyond his company's singular aspirations, and through the blessings of Range Resources they take on a much wider synergistic scope. Pitzarella not only chairs the **Marcellus Shale Coalition**'s subcommittee on communications, he is also the vice chair of **America's Natural Gas Alliance** (ANGA). This is where it gets interesting.

### MULTINATIONAL CORPORATIONS

Multinational Corporations usually become involved in counterinsurgency when their corporate interests (financial interests, foreign based personnel, or infrastructure, etc.) are threatened, or when a financial advantage is perceived.

In particular, firms in extractive sectors (oil, mining, etc.) have large initial investment and long production cycles, which mean that withdrawal from a country could result in significant financial cost. For such companies, investment in local stabilization activities (from micro-loans to security sector reform activities) makes economic sense.

The Marcellus Shale Coalition (MSC) was founded in 2008 as the controversial-laden fracking opportunities got going in northeast U.S. Among the many entrenched and evolving political 'activities' of the MSC in the

Marcellus shales in northeast U.S., the MSC is a strong and persuasive lobbyist at community, county, state and federal levels. The Harrisburg Times reported on July 3, 2011, *Natural gas industry spent \$3.5 million on lobbying in 2010*, that the MSC, the Pennsylvania Independent Oil and Gas Association, and "22 companies" "spent more than \$3.5 million last year to lobby lawmakers and state officials on a range of issues concerning Marcellus shale extraction:"

*The lobbying disclosure reports document the industry's growing presence at the statehouse and reflect the ways that public debate over development of the deep pockets of natural gas in the Marcellus Shale formation - its economic potential, environmental protection risks and impact on local governments - casts a wide net over state public policymaking.*

*Tallying gas industry spending, the Marcellus Shale Coalition founded in 2008 led the pack in 2010 spending at \$1.1 million.*

*The other top five spenders are Range Resources-Appalachia, \$392,000; Chesapeake Energy, \$382,000; PIOGA, \$247,000; East Resources Management, \$225,000; and Chief Oil and Gas, \$186,000.*

*The gas lobbying continues this year in a Republican-controlled statehouse. MSC spent \$407,000 from January through March, according to Department of State reports. Range Resources spent \$136,000 and PIOGA \$14,000 in the same period.*

*That the MSC is the top spender is not surprising.*

*The coalition has about 200 full and associate members and is continually adding more, said Mark Holman, a partner with Ridge Policy Group, the coalition's lobbyist. The*

## Chapter 1

# Insurgency and Counterinsurgency

*Counterinsurgency is not just thinking man's warfare—it is the graduate level of war.*

Special Forces Officer in Iraq, 2005

This chapter provides background information on insurgency and counterinsurgency.



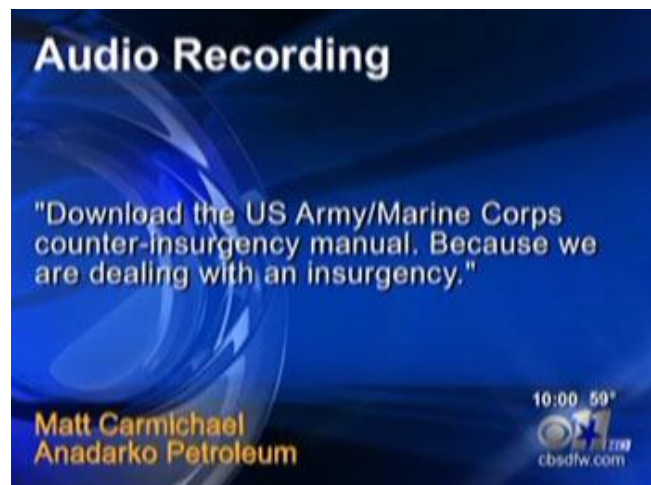
*membership includes a diverse list of companies specializing in gas exploration and production, engineering, construction, pipelines, water treatment and hydraulic fracturing. A number of MSC members like Range Resources and Chesapeake Energy also run their own lobbying operations.*

*“Our industry is fully committed to transparency not only in our operational activities, but across the board, including our government advocacy, engagement and outreach efforts,” said MSC Vice President David Callahan in a statement. “The legislative and regulatory issues facing our industry are countless. And while Marcellus development is still in its relative infancy, we recognize that **common-sense policies** - at all levels of government - are imperative.”*

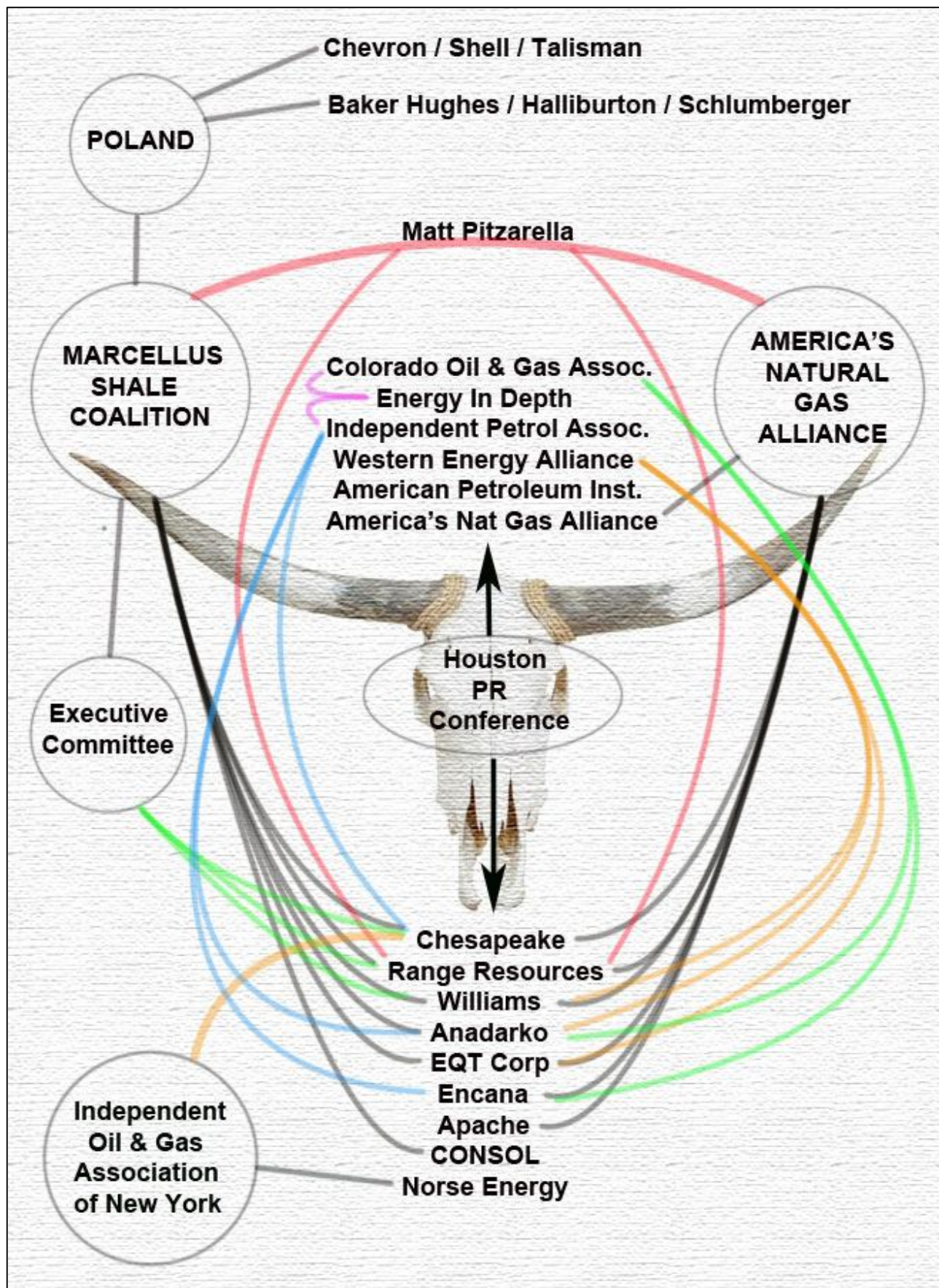
MSC has an office in Canonsburg, Pennsylvania, and currently has 41 companies registered as full members, which includes Range Resources. Range’s senior vice president, **Ray Walker**, is chairman of the MSC. Range Resources is also a member of ANGA.<sup>28</sup> ANGA’s vice president of strategic communications, **Dan Whitten**, was also a guest speaker at the conference, who coincidentally confides with Matt Pitzarella from Range Resources. Six of the nine companies with representatives at the Houston conference are full members of the MSC, three of which are members of the MSC’s executive committee. Six of the nine companies with representatives at the Houston conference are members of ANGA. Three full member fracking companies of MSC which did not have representatives at the conference have unconventional fracking concessions in Poland (Chevron, Shell, and Talisman), and three associate members of MSC (Halliburton, Baker Hughes, and Schlumberger) serve the frackers in Poland and in the EU.

In examining the cross-connections or political linkages between company and association representatives at the Houston conference (see the attached drawing below), it almost appears as if the whole conference was no more than one big PR love-in. It is probably fair to comment that what was said and contemplated by the companies with their communications representatives at the Houston conference is what is being contemplated elsewhere, i.e. Poland.

At the beginning of Pitzarella’s presentation, after making a passing joke about being a typical bad-ass PR boy working for the evil gas company, he asked if there were any reporters in the audience. One hand went up (the other reporter, Steve Horn, was barred, until later, from that part of the conference). That led Pitzarella to comment by way of an obvious jab that he would have to “delete a number of my slides after this where I’m going to say a bunch of terrible things about him,” something that didn’t prevent or control him from dishing out his inner thoughts to his fellow professional PR kind about, for instance, how “misinformed” and “negative” the press media is.



<sup>28</sup> Other members of ANGA are: Anadarko Petroleum, Apache, BG Group, BHP Billiton, Bill Barrett Corporation, Cabot Oil & Gas, Chesapeake, CIMAREX, Devon, El Paso, Encana Corp., ENERGEN, EOG Resources, EQT, EXCO, LAREDO, Linn Energy, Newfield, Noble Energy, Pioneer Natural Resources, PXP, QEP Resources, SENECA Resources, SM Energy, Southwestern Energy, Talisman Energy, Ultra Petroleum, Williams, and XTO Energy.



After going through his routines about having “a seat at the table,” being a “walking encyclopaedia,” and “understanding your audiences,” he said something interesting, followed by something sinister, where at one time Range Resources “didn’t have a hundred people that work in the community ... to engage and educate landowners:”

**Chapter 3**  
**Intelligence in Counterinsurgency**

*Everything good that happens seems to come from good intelligence.*

General Creighton W. Abrams Jr., USA, 1970

Effective, accurate, and timely intelligence is essential to the conduct of any form of warfare. This maxim applies especially to counterinsurgency operations; the ultimate success or failure of the mission depends on the effectiveness of the intelligence effort. This chapter builds upon previous concepts to further describe insurgencies, requirements for intelligence preparation of the battlefield and predeployment planning, collection and analysis of intelligence in counterinsurgency, intelligence fusion, and general methodology for integrating intelligence with operations.

*One thing that we’ve worked a lot on at Range is just getting more proactive in the community. It’s not something that we’ve done before.... In other parts, in Pennsylvania, we have several - I think Matt (Carmichael) raised the issue of looking to other industries, in this case **the army and the marines** - **We have several former psy ops folks that work for us at Range because they’re very comfortable in dealing with localized issues and local governments.** Really all they do is spend most of their time helping folks develop local ordinances and things like that. But very much **having that understanding of psy ops in the Army and in the Middle East has applied very helpfully here for us in Pennsylvania. I think we have to think differently.** We can see all these things coming, right.... we have to be more proactive on our own.*

*I wanted to talk about this concept of taking the tours out. The two guys in the front there that are also with Range, Mike and Mark. Mike, whether he wanted it or not, he is now director of all tours at Range. We’ve had more than 1,500 people out just in Washington County, Pennsylvania this year. Most of them are from all over the world and they want to learn more about this process. ... If you think about it this way. If you are a salesperson, what more do you want? You want to get that \_\_\_ down on the golf course, because you’ve got four hours alone with him. It’s the same thing with tours.*

**Devon Energy**

**"Very applicable and practical topics; good speakers"**

The remaining themes of the conference were as follows in chronological program order:

- Understanding How Social Media can be Utilised Effectively by Unconventional Oil & Gas Companies to Engage Stakeholders and Drive Public Education;
- How to Protect an Unconventional Oil & Gas Brand Online and Mitigate the Threat of a Negative Social Media Campaign to Minimize the Potential for Brand Damage;
- Providing a Case Study on How Social Media can be Used to Positively Influence the Public and Inform the Debate on Hydraulic Fracturing;

- Waking the Silent Majority: Evaluating How to Practically Transpose Grass Roots Industry Support into Stakeholder Advocacy to Drive Public Acceptance of Unconventional Oil & Gas Projects;
- Identifying Successful Strategies for Gaining Trust in Communities Where Hydraulic Fracturing is Occurring to Become Better Corporate Citizens;
- Providing Case Studies on Re-Building Trust in Communities After an Event to Minimize Negative Press and Protect Company Image;
- Understanding How Individual Unconventional Oil & Gas Operators can Work Together to Create a United Industry Front to Engage Stakeholders on the Issues Surrounding Hydraulic Fracturing;
- Educating Employees on Key Issues to Encourage Advocacy and Brand Management Within an Unconventional Oil & Gas Company;
- Evaluating the Influence of NGOs and Outlining the Most Productive Strategies for Dealing with them;

**ExxonMobil**  
 "The topics were good and everyone has a sense of camaraderie that is fun to see"

**El Paso Corporation**  
 "Great topics and speakers"

- Discussing How the Dialogue can be Adjusted from a Defensive to a More Proactive Approach when Debating the Industry Case;

- Hearing from Key Media Representatives, NGO's and Community Stakeholders to Better Understand Concerns and Drive an Informed and Factual Discourse;
- Developing A Comprehensive Crisis Communications Strategy Specific to Unconventional Oil & Gas to Respond and Drive Quick Resolution;
- Providing Case Studies to Understand the Best Methods for Using the Internet and Social Media as Part of an Effective Crisis Communications Strategy;
- Understanding the Most Effective Ways to Stay Current with Regulations and Framing them in a Way to Relay to the Public.

**Encana Oil & Gas**  
 "I thought the conference was great. It was very well organized and I felt the content was superb"

Brenden DeMelle's DeSmogBlog November 9th piece on PsyOps states that the "use of PSYOPs by active military personnel on U.S. citizens is illegal and a violation of the *Smith-Mundt Act* of 1948, as Michael Hastings of *Rolling Stone* explained in his February 2011 investigative story uncovering the fact that U.S. military generals had used PSYOPs on members of Congress:"

*The Smith-Mundt act “was passed by Congress to prevent the State Department from using Soviet-style propaganda techniques on U.S. citizens.” Hastings wrote in Rolling Stone: “According to the Defense Department’s own definition, psy-ops – the use of propaganda and psychological tactics to influence emotions and behaviors – are **supposed to be used exclusively on “hostile foreign groups.”** Federal law forbids the military from practicing psy-ops on Americans, and each defense authorization bill comes with a “propaganda rider” that also prohibits such manipulation. “**Everyone in the psy-ops, intel, and IO community knows you’re not supposed to target Americans,**” says a veteran member of another psy-ops team who has run operations in Iraq and Afghanistan. “**It’s what you learn on day one.**”*

*Range Resources’ Local Government Relations Manager in Pennsylvania is **James Cannon**, a former Marine and Army Reservist whose unit conducted PSYOPs during Operation Iraqi Freedom. According to his personal website and LinkedIn page, Jim Cannon says he is still an active reservist with the 303rd Psychological Operations Company, who served under the US Army Special Operations Command (USASOC) as part of Operation Iraqi Freedom.*

Anadarko Petroleum Corporation  
"Good cross selection of the industry"

*What if the same techniques that the Army used to weaken the insurgency in Iraq and Afghanistan are being used by the gas industry to intimidate U.S. citizens in Pennsylvania? Of course they wouldn’t need the Black Hawk helicopters, the U.S. Postal Service can drop letters just fine. But the tactics of using financial incentives and disseminating propaganda designed to pit neighbor against neighbor?*

*Jim Cannon’s company Range Resources has deployed these PSYOP-inspired tactics in Pennsylvania, sending threatening letters to the citizens of Mt. Pleasant Township in hopes of dividing the community, and attempting to sway the township supervisors to do industry’s bidding.*

*As [best documented by This American Life](#), Range has sent threatening letters to residents of Mount Pleasant, PA, where citizens were concerned about the impacts of natural gas drilling on their community. The Pittsburgh Post-Gazette also covered the [Range Resources letters controversy](#), and included PDFs of the actual letters sent by Range to Mt. Pleasant residents.*

*Range sent a second letter around the same time, but only to property owners with gas leases. It appears to seek to divide the community, by threatening that the company might pull out of the town if it didn’t get its way, essentially striking fear into residents that such a decision would hurt their lease income and encouraging them to pressure local leaders to keep Range happy.*

The Dallas Observer’s November 10, 2011 article, *Local Anti-Gas Drilling Activist Catches Execs Pushing PSYOP to Deal with “Insurgency,”* states that when the newspaper tried to contact Anadarko Petroleum’s Matt Carmichael via “email,” John Christiansen (who Carmichael replaced at the last moment as Anadarko’s conference speaker) responded in his stead, saying: “The reference (to “insurgents”) was not reflective of our core values. Our community efforts are based

upon open communication, active engagement and transparency, which are all essential in building fact-based knowledge and earning public trust.”

Pittsburgh’s Post-Gazette published an article on November 13, 2011, *Drillers using counterinsurgency experts - Marcellus industry taking a page from the military to deal with media, resident opposition*, said that Anadarko Petroleum “has nearly 300,000 acres of Marcellus Shale gas holdings under lease in central Pennsylvania.” It also reported the following on Matt Pitzarella:



*“To suggest that the two comments made at unrelated [conference sessions] are a strategy is dishonest,” Mr. Pitzarella said. “[Range has] been transparent and accountable, and that’s not something we would do if we were trying to mislead people.”*

*But despite repeated questions, **Mr. Pitzarella would not name the Range attorney with a psyops background.** The company does employ **James Cannon**, whose LinkedIn page lists him as a “public affairs specialist” for Range and a member of the U.S. Army’s “303 Psyop Co.,” a reserve unit in Pittsburgh.*

*Mr. Cannon could not be reached for comment.*

*Dencil Backus of Mount Pleasant, a California University of Pennsylvania communications professor who teaches public relations, once had Mr. Pitzarella in his class. Mr. Backus said it’s “obvious we have all been targeted” with a communications strategy that employs misinformation and intimidation, and includes homespun radio and television ads touting “My drilling company? Range Resources”; community “informational” meetings that emphasize the positive and ignore potential problems caused by drilling and fracking; and recent lawsuits, threats of lawsuits and commercial boycotts.*

*“There’s just been a number of ways in which they’ve sought to intimidate us,” said Mr. Backus, who has been a coordinator of a citizens committee that advised Mount Pleasant on a proposed Marcellus ordinance. “It’s one of the most unethical things I have ever seen.”*

*Canon-MacMillan Patch’s reporter Amanda Gillooly’s piece on November 9, 2011, **Range Resources Says it has Military Psych Ops Specialists on Staff in PA**, included a lengthy interview with Pitzarella. In it, he includes a completely different spin on what actually occurred as audio recorded by Sharon Wilson in his full presentation. He said that his “remarks were in response to a comment on how to prepare scientists and other technical experts to answer emotional questions, particularly in other parts of the country.” Not that it makes any difference in the final analysis, but that’s not what happened, because no one asked him any questions when he made his controversial statements during his unbroken conference presentation. “Editing and swapping my response with an unrelated comment from someone else isn’t really honest,” he said.*

## 12-(11). The Synergy Ranch

Given the preceding and lead-up conferences organized on the themes of managing the public that were held in Calgary, Alberta, - shadowed by the leaked Alberta government Briefing Note where the **Canadian Association of Petroleum Producers'** representatives wanted provincial and federal governments to help industry control-advertise on their behalf - and in Krakow Poland, there seems little doubt that the Houston conference was a coordinated and crowning rallying event about managing the public internationally.

The unfolding of a mass elaborate communications ploy is attributed to the deep investment pockets of the petroleum industry which finance-pools the complex web of these public relations undertakings (all tax deductible?). Certainly the former masters of this sort of social controlling application in pre-World War Two Germany would be proud, and no doubt envious, of the recent activities and advanced achievements!

An important question for political scientists and researchers out to dissect and understand the history and intrigue of the petroleum sector's message-management and general manipulation of governments and the public is: in the big North American petroleum ranch picture frame, which synergy cart came before which PR horse first? For instance, what is the connection between the Synergy Alberta public relations movement history and methodology to the public relations methodologies generally applied in the United States by the petroleum sector and governments? Is Synergy Alberta simply a home-grown product, which was exported elsewhere, or was it imported from the United States as a hybrid? Because the majority of the larger petroleum companies are co-operatively operating in both Canada and United States, and are mostly headquartered in the United States, therefore communication policies may be tied to the headquarter locations.

Whatever the origins, there is a controversial, strong, and growing public relations culture in the petroleum complex, a creepy culture worming its way into Poland.