

Although I'm sure that some of you have these rules memorized from previous CLU-IN events, let's run through them quickly for our new participants.

Please mute your phone lines during the seminar to minimize disruption and background noise. If you do not have a mute button, press *6 to mute #6 to unmute your lines at anytime. Also, please do NOT put this call on hold as this may bring delightful, but unwanted background music over the lines and interupt the seminar.

You should note that throughout the seminar, we will ask for your feedback. You do not need to wait for Q&A breaks to ask questions or provide comments. To submit comments/questions and report technical problems, please use the ? Icon at the top of your screen. You can move forward/backward in the slides by using the single arrow buttons (left moves back 1 slide, right moves advances 1 slide). The double arrowed buttons will take you to 1st and last slides respectively. You may also advance to any slide using the numbered links that appear on the left side of your screen. The button with a house icon will take you back to main seminar page which displays our agenda, speaker information, links to the slides and additional resources. Lastly, the button with a computer disc can be used to download and save today's presentation materials.

With that, please move to slide 3.



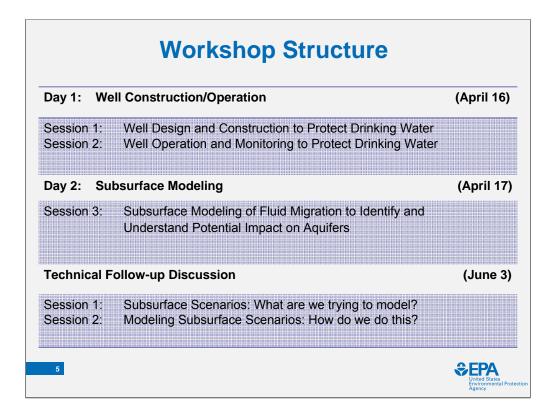


Web Conference Summary of April 16-17 and June 3, 2013 Technical Workshops on Well Construction/Operation and Subsurface Modeling

> Jeanne Briskin & Steve Kraemer July 16, 2013







April 16-17 Technical Workshop

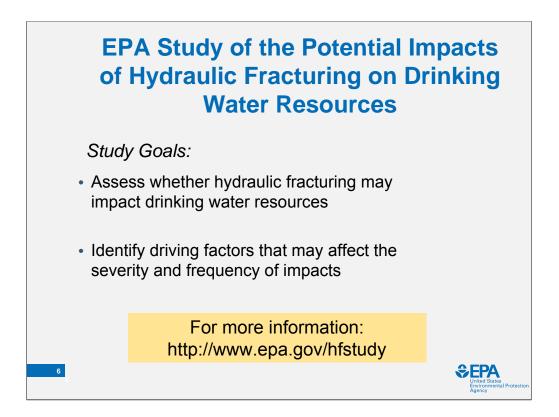
•52 participants from EPA, DOE,USGS, states, industry, academia and non-governmental organizations

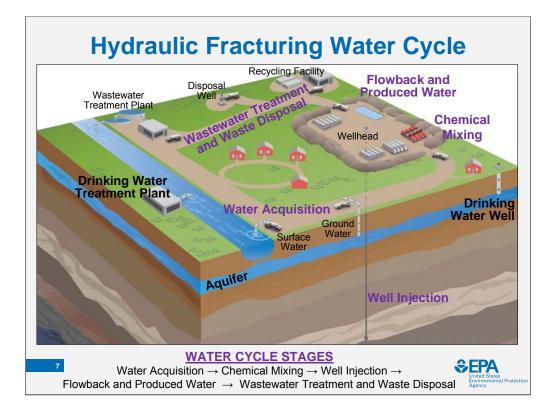
•14 technical presentations (5 industry, 3 DOE, 3 academia, 2 EPA, 1 USGS)

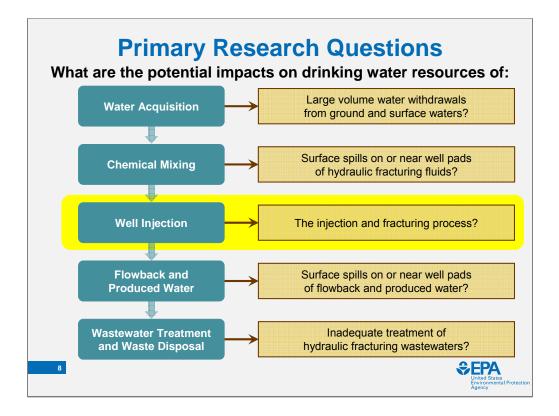
June 4 Technical Follow-up Discussion

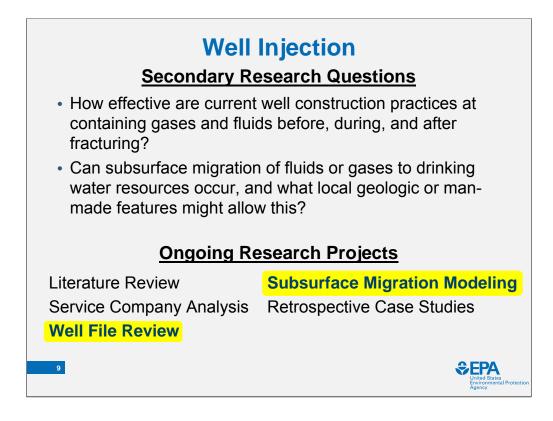
•34 participants, (30 of whom also attended the Technical Workshop in April)

•Presentations by EPA and Lawrence Berkeley National Laboratory (LBNL)









Note that Well File Review information applies to all 5 primary research questions, but that during this workshop we are focusing on these two secondary research questions.

The questions not included in slide:

Water Acquisition

How much water is used in hydraulic fracturing operations, and what are the sources of this water?

Chemical Mixing

What is currently known about the frequency, severity, and causes of spills of hydraulic fracturing fluids and additives?

What are the identities and volumes of chemicals used in hydraulic fracturing fluids, and how might this composition vary at a given site and across the country?

If spills occur, how might hydraulic fracturing chemical additives contaminate drinking water resources?

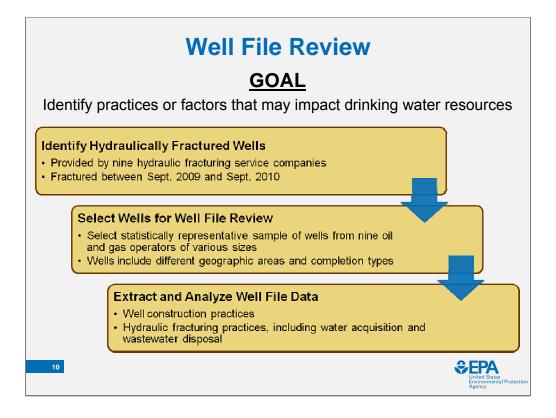
Flowback & Produced Water

What is currently known about the frequency, severity, and causes of spills of flowback and produced water?

What is the composition of hydraulic fracturing wastewaters, and what factors might influence this composition?

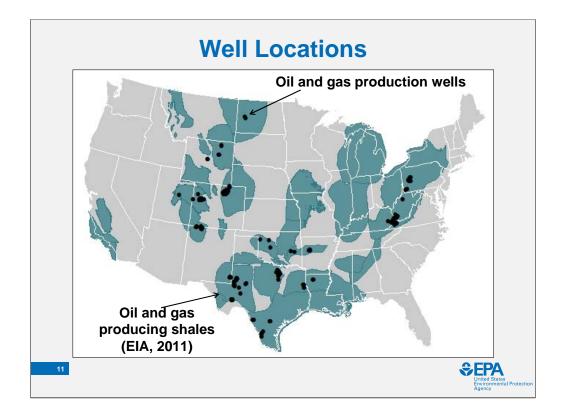
Wastewater Treatment & Waste Disposal

What are the common treatment and disposal methods for hydraulic fracturing wastewaters, and where are these methods practice?



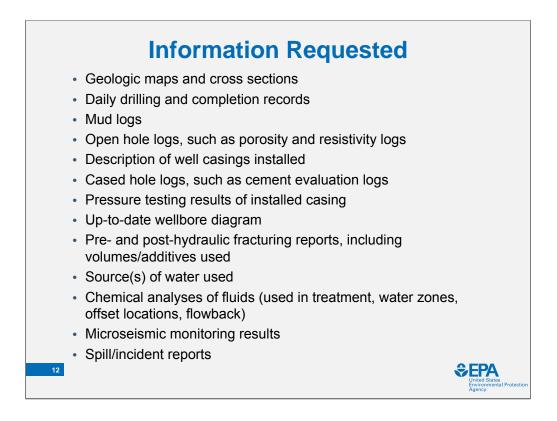
To best represent actual occurrences of hydraulic fracturing, without the bias of selecting sites where allegations of a problem took place, EPA requested files from nine different operators whose wells were hydraulically fractured on-shore between August 2009 and September 2010 in the lower 48 states. These operators and their requested wells were selected using a stratified random process, designed to sample diversity in geography and operator size.

EPA used the list of wells supplied by nine hydraulic fracturing service companies from which to draw the wells subject to the well file review.



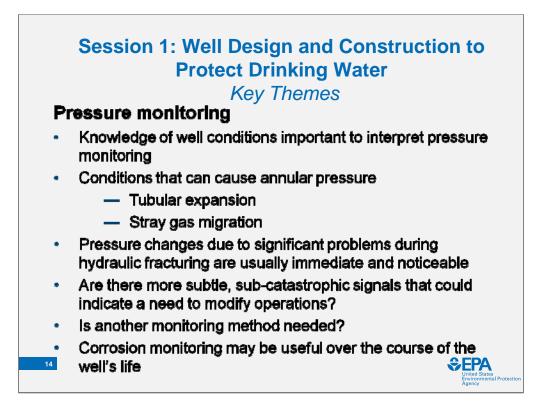
This map shows the locations of the wells whose files EPA requested. The black dots are the symbols representing each well. Note that many of the dots overlap due to the scale of the illustration.

The teal shaded areas are the mapped basins with significant shale gas, per the U.S. Energy Information Agency

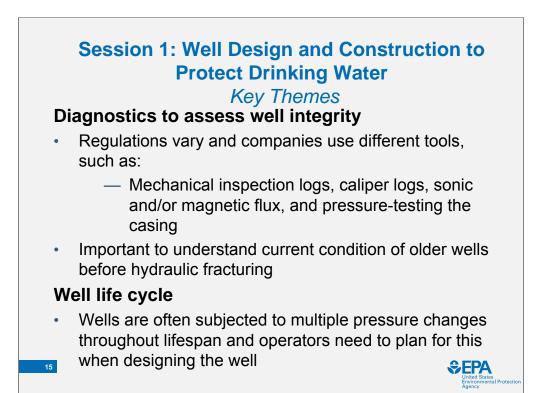


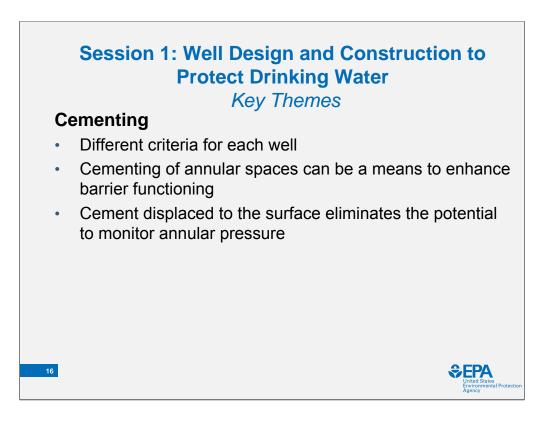
This is a summary of the information EPA requested from nine operators.





•Any pressure on an annulus not related to reservoir conditions indicates that some type of failure occurred- Nathan noted that, "The important point here is that annulus pressure can be attributable to a number of things and warrants investigation to understand its origin."





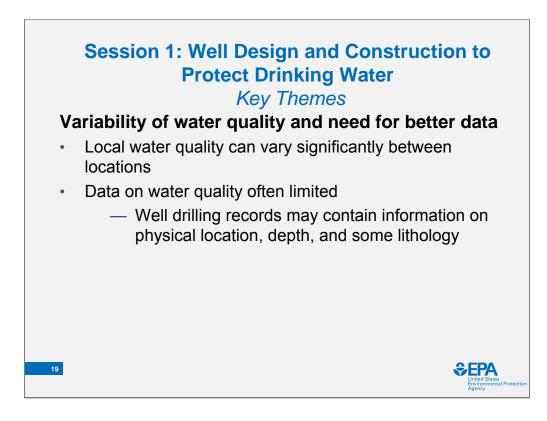
Session 1: Well Design and Construction to Protect Drinking Water Key Themes Cementing, cont. When refracturing in a new zone, examine the initial • completion and work to ensure zonal isolation Cement bond log evaluations have potentially subjective • interpretations Foamed cement formulations are difficult to evaluate • using cement bond logs Alternative technologies Emerging and future technologies • - High-strength resin used for small fractures are not affected by water, acids, or bases

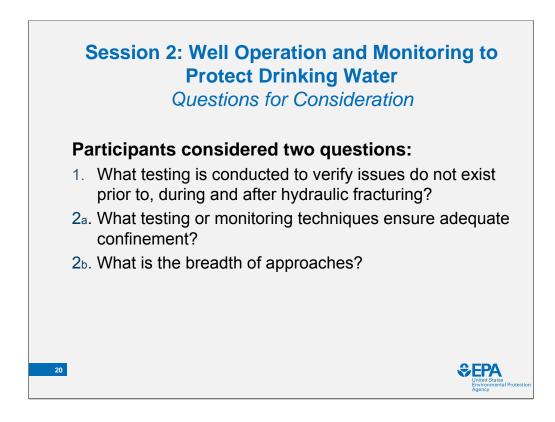
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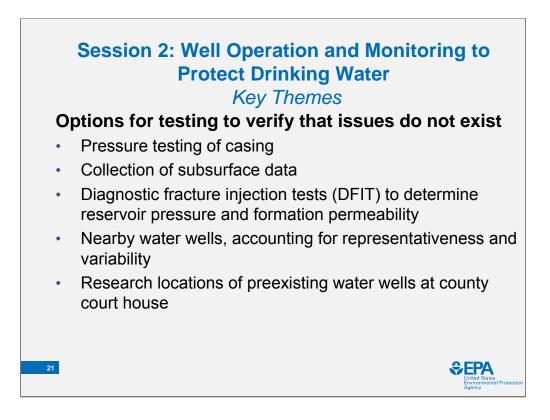
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Session 1: Well Design and Construction to Protect Drinking Water Key Themes Definition of protected water Definition of "protected" or "useable" groundwater varies • by state Options for identifying ground water resources Petrophysical evaluation • Talk with local geologists or water well drillers and verify • with samples and logging Water resource board data • **Resistivity logs** • 18 **€PA**







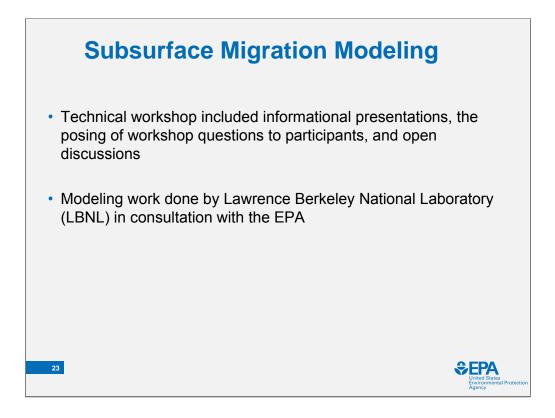
Session 2: Well Operation and Monitoring to Protect Drinking Water Key Themes Options for testing/monitoring to ensure adequate confinement Collect cores samples to access permeability Test rock mechanics Model geology of each play Use radioactive tracers to identify vertical fracture growth

- Collect baseline ground water quality data
- Install pressure monitors above fractures
- Conduct microseismic monitoring

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Quality control/quality assurance

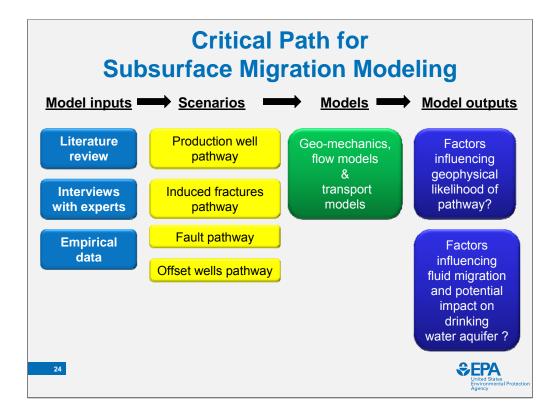




The discussion of the EPA subsurface modeling project occurred during a half-day technical workshop on April 17 in Research Triangle Park, North Carolina (referenced as Session 3) and then a full day followup session on June 3 in Arlington, Virginia.

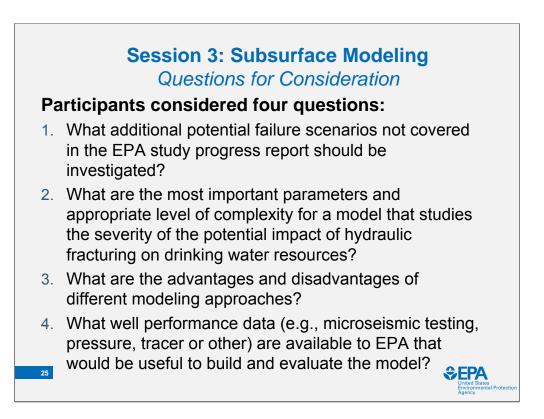
At each technical workshop, we had a series of informational presentations, the posing of questions to be considered by workshop participants, and then open discussions.

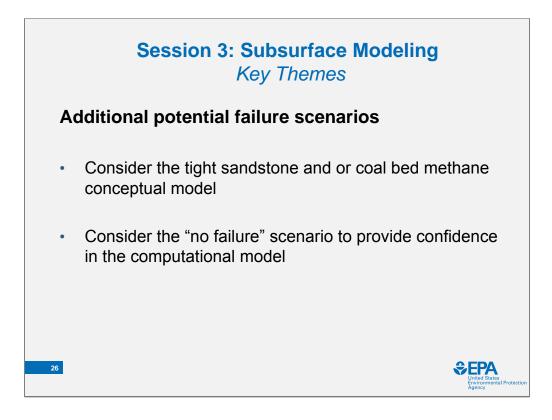
The modeling work in this project is being conducted by the Lawrence Berkeley National Laboratory in consultation with the EPA.



The critical path for subsurface migration modeling includes conceptual design of the potential failure scenarios or pathways connecting the unconventional oil and gas reservoir with a drinking water aquifer, the selection and parameterization of the computational models representing linked geo-mechanics and flow and transport, and the analysis of model outputs for impact. We are investigating an envelope of potential failures along two separate and concurrent research tracks: (1) an investigation of factors influencing the geophysical likelihood of a pathway; and (2) an investigation of factors influencing fluid migration (gases such as methane, and liquids such as brines) given a pathway.

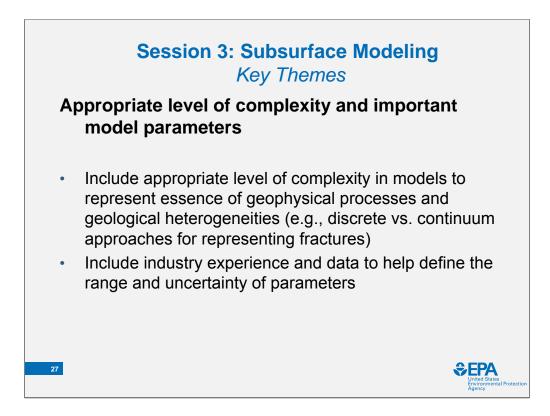
The LBNL ream review the literature and data and interviewed experts in academia and industry to nominate a finite number of potential failure scenarios. These included the production well as a potential pathway; offset wells, including nearby abandoned oil and gas wells, as a potential pathway, induced fractures in the overburden as a potential pathway; and reactivated nearby faults as a potential pathway.





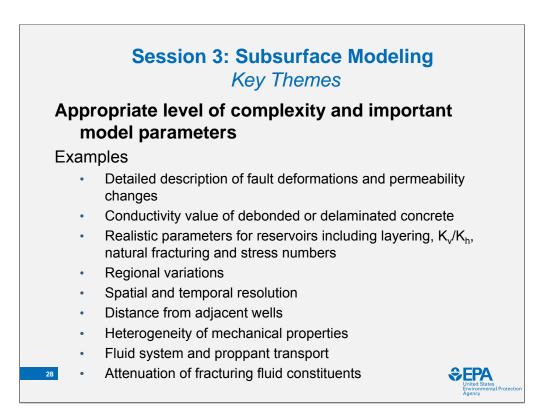
Regarding the question about additional potential failure scenarios, it was suggested by a number of participants that EPA should recognize that the current conceptual model is "shale" centric, and that the tight sands and coal bed methane scenarios should also be considered, given that they have the potential for the HF stimulation to occur in closer proximity and with smaller separation distances to drinking water aquifers and wells.

It was also suggested that EPA should include the "no failure" scenario. This would provide confidence that the computational model represents the pre-fracturing condition without significant leakage of methane gas or brine, and that the stimulated well with intact cement performs as expected.

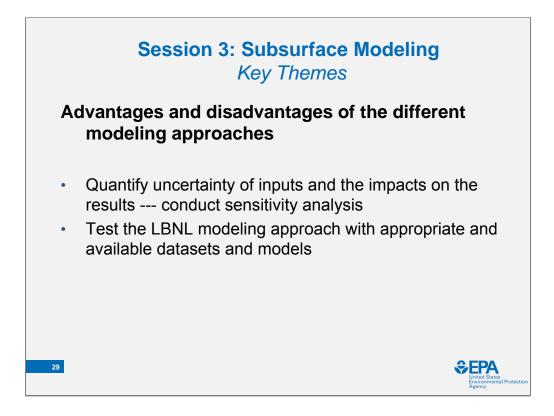


Another key theme concerned the appropriate level of model complexity and the data to support. Model complexity includes both conceptual model uncertainty and parameter uncertainty. For example, how should we represent fractures in the models; using discrete fracture methods? or multiple interacting continuum methods? And which method is appropriate at which spatial scale of resolution?

It was suggested that EPA could benefit from industry experience and data to help define the range and uncertainty associated with various parameters used in the computer modeling study.

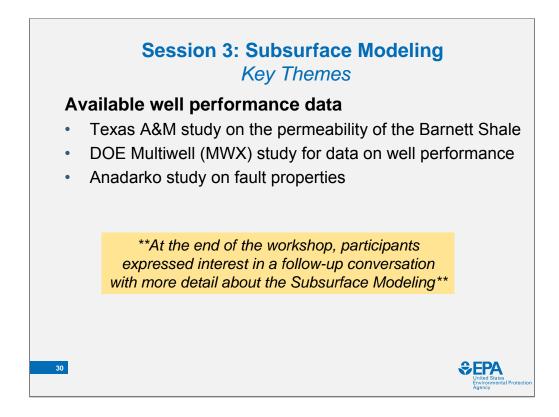


Workshop participants nominated examples of important model parameters to consider, including these examples.



During the discussion of the advantages and disadvantages of the different modeling approaches, a key theme emerged recognizing the importance of quantifying the uncertainty of input parameters and the resulting uncertainty of model outputs. A formal sensitivity analysis was suggested.

It was also recognized that insights would be gained in terms of model validation if the LBNL simulations could be benchmarked against other well accepted computational models.



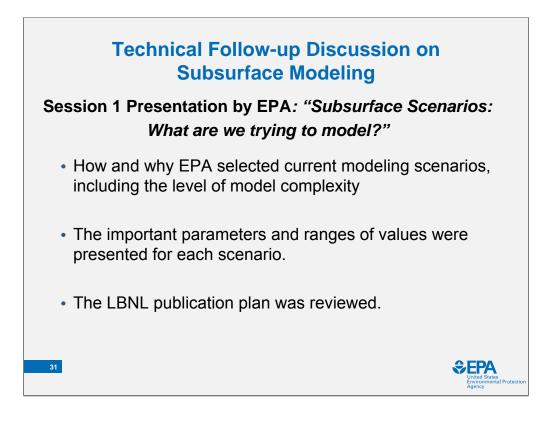
During the discussion of potential well performance data sets that might be available to EPA, a few were nominated, including:

The Texas A&M study on the permeability of the Barnett Shale.

The DOE multiwell performance data in the tights sands of the Piceance Basin in Colorado.

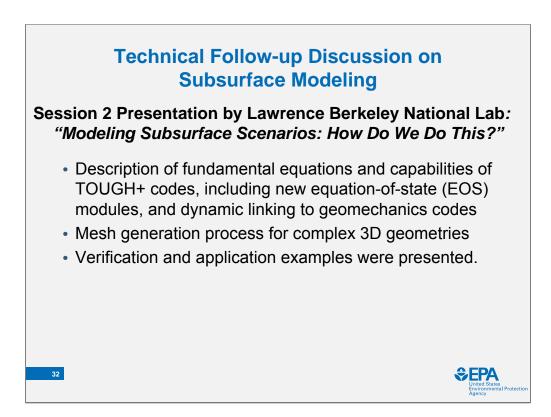
The Anadarko study on fault properties.

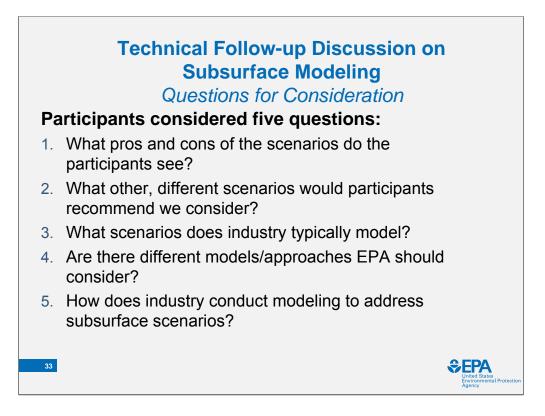
At the end of this half-day workshop participants expressed interest in a followup technical workshop on subsurface modeling.

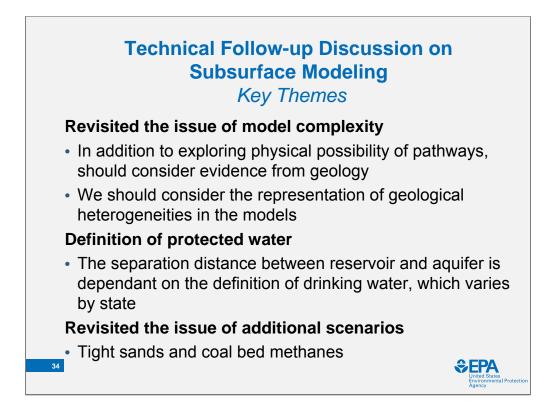


A full-day followup technical workshop was held on June 3 in Arlington Virginia. The workshop followed a similar structure with introduction presentations, review of the questions for the participants to consider, and facilitated discussions.

The workshop had two sessions. The first session was initiated by an EPA presentation on the subsurface scenarios and how and why EPA selected the current set of modeling scenarios. Also presented was the EPA approach to keep the scenarios as simple as possible but realistic enough to capture the essence of the problem being addressed. Each scenario was presented with the associated range of parameter values for flow properties of subdomains (aquifer, overburden, shale, fractures and faults, wells and boreholes, and geomechanical property sets). The LBNL publication plan was reviewed as a series of 10 journal manuscripts that cover modeling foundations, physics of pathways, and gas migration and fluid transport.







The issue of model complexity was revisited, and several participants agree that the study should not just filter the pathways for physical possibility, but should also look to geological realities of whether the pathway is known to exist.

Another participant noted that shale units and overburden units are heterogeneous with perhaps thousands of deformed horizontal layers, and those should be considered in the geologic conceptual model.

Several participants noted that there are differences between state definitions of freshwater/drinking water and the federal definition of underground sources of drinking water (USDWs). It was stated that this could be important because, if the USDW definition is used, there might be a vertical separation distance of only a few hundred feet or less between the hydraulic fracturing level and the drinking water source, and this scenario is not reflected in EPA's study.

A participant asked whether tight sandstone formations and coalbed methane (CBM) were modeled, stating that CBM was potentially the highest risk scenario (injecting directly in or in close proximity to aquifers). This is related to how the study defines protected drinking water.

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