

PROJECT
CANARY

PROJECT CANARY CASE STUDY

SHOWCASED CLIENT: BAYSWATER



**Value-Creation
Through Validation
of Strong ESG
Performance**



BAYSWATER

Company Description:

Bayswater is a privately-operated producer with \$2.2Bn assets under management in top-tier positions in the Permian & Denver Julesburg (DJ) Basins. Founded in 2004, the Company's commitment to safe operations, best technical and operational practices, and leading Environmental, Social, and Governance (ESG) principles have made it a highly respected enterprise.

Operating under the nation's most stringent environmental standards and regulations, Bayswater recognized the value of being an organization committed to sustainability in all areas, from the field to the boardroom. As premier Colorado producers, they play an essential role in contributing to the state's economy, its people, and the energy industry. Their commitment to meeting and exceeding state and local regulations has positioned them as a leader in the ESG space. It has allowed them to benefit from multiple operational, commercial, and financial improvements and opportunities.

BAYSWATER

2020 SUSTAINABILITY REPORT

DENVER BUSINESS JOURNAL

FEBRUARY 24, 2020

DENVER BUSINESS JOURNAL

A second Denver oil company adopts
continuous emissions monitoring

PR Newswire

Colorado Energy Organizations Launch Pilot to 'Responsibly' Produce Natural Gas

March 16, 2021

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DENVER
BUSINESS JOURNAL

March 25, 2021

Colorado oil company's aggressive
emissions tracking helps attract investors,
exec says

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Value-Creation through Partnership with Project Canary

Partnering with Project Canary allowed Bayswater to meet objectives in:

- Improving its Social License to Operate and ESG performance
- Enhancing Access to Capital
- Exceeding Regulatory Compliance
- Improving Operational Efficiency
- Opportunities to Participate in Differentiated Product Markets

Bayswater deploys innovative technologies to improve its geological models, drilling and completion practices, and production performance—air quality monitoring and holistic operational integrity are no exceptions. To remain current with the ever-changing regulatory, political, and social landscapes, coupled with the pressure of the energy transition, Bayswater looked to Project Canary to improve its understanding of operations by collecting high-fidelity and granular ESG data in alignment with its sustainability initiatives.

SOLUTION

IMPROVING ITS SOCIAL LICENSE TO OPERATE AND ESG PERFORMANCE

Deployment of continuous emissions monitoring and achievement of TrustWell™ Certification—a comparative scoring metric utilizing 600 data points measuring an operator's performance record for localized land, water, air, and community categories—validates Bayswater's role as a responsible producer.

Utilizing Project Canary technology, these practices assure community stakeholders that Bayswater does not only make ESG performance promises, but they also have trusted, 3rd party proof. It illustrates engagement and integrity at every level of Bayswater's operations and helps guide management decision-making for producing valuable energy responsibly. The high-fidelity emissions data demonstrate commitment to reducing and eliminating fugitive emissions. Together with independent environmental certifications and data, these operational records prove Bayswater's Health, Safety, Environment & Regulatory (HSE&R) leadership.

Exceeding Regulatory Compliance

As an early adopter of continuous emissions monitoring, Bayswater was ahead of the curve when Colorado implemented a requirement for air quality monitoring as part of SB21-181. Field-wide deployment of Canary devices meant Bayswater could quickly meet the first-of-its-kind regulatory framework that mandated emissions monitoring before a well-pad was built through drilling, completions, and the first six months of production. While regulations allow producers to simply tick the box on newly drilled wells, as mandated, they didn't stop at that. Instead, Bayswater implemented field-wide monitoring on legacy and newly developed assets, equating to 99% of total production.

Improving Operational Efficiency

Eliminating flaring, minimizing truck traffic, and installing air pneumatic valves are significant ways Bayswater has improved its overall emissions attributable to operations. The implementation of high-fidelity continuous emissions monitoring allows operators to detect and mitigate fugitive emissions with real-time precision and validate what they already know about their operations (normal activities like blowdowns, wireline operations, and well maintenance generate permitted emissions), and operationalize the data for continuous improvement. For example, by observing concentration spikes generated by data modeled in Project Canary's online dashboard, Bayswater recognized that a third-party contractor was not following company protocol and generating unwanted emissions. Revising standard operating procedures and closely watching the contractor's future work mitigated the issue and provided an easy way for Bayswater to reduce unwanted emissions.

Opportunities to Participate in Differentiated Product Markets

Strong ESG performance does not just validate a company's commitment to environmental stewardship. As the industry evolves, operators who are on the leading edge have an opportunity to monetize their sustainability initiatives and generate a return on their investment (ROI) through access to new commercial markets. In May 2021, Bayswater announced a landmark deal to provide responsibly sourced gas (RSG) to a local Colorado municipal utility. Certifying natural gas production as RSG, enabled by high marks received in the TrustWell rating assessment, assures end-users that their energy has been produced in the most environmentally responsible manner. Premiums paid by buyers seeking RSG help incentivize further ESG improvement. It also provides companies like Bayswater an opportunity to generate returns accretive to their general business practices while delivering low carbon energy to benefit the people, communities, and businesses around which they operate.



ROI

- As investors "high-grade" their dollars to energy producers, they consider being low-risk, environmentally responsible operators.
- Potential RSG premiums are not disclosed publicly; therefore, it is not easy to calculate an accurate ROI on the commodity.
- The incremental cost of undergoing TrustWell Certification and deploying emissions monitoring is insignificant per unit of production (mcf/d)—operational insights and opportunities for improvement can be significant.
- Ongoing validation of a company's ESG performance can generate future ROI through RSG and other opportunities.

CONCLUSION

Bayswater's incorporation of Project Canary's services into its commitment to sustainability provided them with an opportunity for differentiation in a challenging operational and capital markets environment. As the momentum behind the energy transition and regulatory bodies and financial institutions ratchet up the pressure on producers, operators that implement innovative technologies to demonstrate strong ESG principles will continue to be rewarded for their work at a rate higher than those that do not.

TRUSTWELL

TrustWell by Project Canary is the most comprehensive and trusted certification program across the energy value chain.

ESG performance matters more than ever before. The trusted, independent TrustWell analysis certifies best-in-class operations on a well-by-well basis, enhances ESG profiles, and enables access to differentiated, responsibly sourced gas markets.

TrustWell applies unique local risk factors to every certification and reviews the most operational categories and potential events to create the industry's most thorough certification standard.

- Evaluate, monitor, and mitigate operational risks with real-time, dynamic metrics
- Assess engineering controls that prevent industry-specific events
- Demonstrate ESG integrity, values, and action with the industry's most comprehensive certification
- Access differentiated natural gas markets

The Most Trusted and Independent Certification

TrustWell is the operational performance certification standard. A TrustWell rating demonstrates the most comprehensive certification and ongoing monitoring process available.

600+ Data Points

TrustWell certifications evaluate the highest number of data points within 24 operational categories, including 12 dynamic scores for continuous performance improvement.

Engineering Rigor

TrustWell is grounded in oil and gas engineering standards and built with end-to-end industry expertise. Go from basic to best practices.

GET IN TOUCH WITH US

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CASE STUDY

Denver-based Project Canary is a SaaS-based data analytics company that provides environmental assessments and continuous monitoring solutions at the facility level to enable companies to measure and improve their operations and emissions profiles. The firm's solutions enable users to assess factors such as methane, water, and other climate-related energy supply chain risk factors, allowing commodity buyers to track the environmental performance for intensive industries.

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