

BY E-MAIL ONLY

December 10, 2015

Mr. & Mrs. Mike & Fay Partsch

**APPLICATIONS No. 1823491 & 1834249 FROM TERADO GAS STORAGE
CORP. (TERADO)**

STATEMENT OF CONCERN NO. 29960

Dear Mr. & Mrs. Partsch,

You are receiving this letter because you filed a statement of concern (SoC) against the subject applications. The Alberta Energy Regulator (AER) has reviewed the SoCs submitted by you, along with the applications, the applicable requirements, and other submissions or information about the applications and has decided that a hearing is not required under an enactment or otherwise necessary to consider the concerns outlined in your SoC.

In its review of your concerns, the AER considered the following:

- The applied for facility will utilize an existing depleted sweet natural gas reservoir, the Dimsdale Paddy A Pool, for underground storage of sweet natural gas;
- Terado has previously received AER approval of its scheme for storage of sweet natural gas in the Dimsdale Paddy A Pool;
- You do not own the lands upon which the project has been proposed;
- The proposed pipeline would at its closest be located approximately 450m east of your lands; the proposed facility would be located approximately 1.2 km east of your lands.
- Regarding your concerns about safety in the event of an incident, the AER has numerous requirements with which Terado must comply that are protective of human health and safety. The AER has confirmed that Terado's facility will meet or exceed these requirements, and it is satisfied that these requirements address

your safety concerns. The incidents that you have cited do not relate to the subject gas storage reservoir and are outside of the scope of the subject applications.

- Terado must comply with number of operational requirements and technical specifications in the design, construction, and operation of its pipeline. This includes the *Pipeline Act*, the *Pipeline Regulation*, the Canadian Standards Association *CSA Z662: Oil and Gas Pipeline Systems, Directive 056: Energy Development Applications and Schedules* and *Directive 077: Pipelines—Requirements and Reference Tools*. The AER is satisfied that these requirements address your concerns about the proposed pipeline.
- Your concerns about impacts from odours and emissions are addressed to the AER's satisfaction by the following:
 - The facility will employ vapour recovery systems to capture gas and minimize emissions. There will be no flaring or venting at the facility during normal operations.
 - The project relates to the injection of sweet natural gas and no H₂S is associated with the facility;
 - Terado is required to apply for a registration for the facility under the *Environmental Protection and Enhancement Act* in advance of carrying out operations at the project site. As part of that application, Terado must conduct dispersion modelling in accordance with the Government of Alberta's *Air Quality Model Guideline* that demonstrates that NO₂ concentrations will meet the Alberta Ambient Air Quality Guidelines (AAAQO). During operations, Terado must ensure that the facility continues to meet the AAAQO.
 - In accordance with AER *Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting*, venting and/or fugitive emissions from Terado's operations must not result in any offensive hydrocarbon odours outside the lease boundary that are unreasonable either because of their frequency, their proximity to surface improvements and surface

development (as defined in Directive 056), their duration, or their strength. Complaints about odours may be registered at the local AER field center and any odours off lease must be dealt with in a timely manner.

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- Regarding your concerns about noise from facility operations, noise associated with the construction of the project will be temporary in nature. Terado must also design its facility to operate in accordance with the requirements of *Directive 038: Noise Control*. Throughout the operation of the facility Terado must continue to assess and mitigate noise that exceeds the limits of the directive. Terado has indicated that the facility will employ a high-grade noise suppression system on the turbine-driven compressors which will meet or exceed *Directive 038*. Complaints about noise may be registered at the local AER field center. Once a licensee becomes aware of a specific complaint about noise, *Directive 038* requires the licensee to make contact with the complainant to understand the concerns, to set a time frame for action to resolve the issue, and, to make every reasonable attempt to resolve any noise-related complaint in a timely manner. Accordingly, your concerns about noise have been addressed to the AER's satisfaction.
- Your concerns about groundwater impacts are outside of the scope of the subject applications, as the construction and operation of the proposed pipeline will not impact groundwater sources and no new wells will be drilled as a result of the approval of the applications. Any additional wells to be drilled will require future applications to the AER. Any impacts from future applications would be assessed at the time of those applications, and notice of applications would be published on the AER website with a deadline for parties to file a statement of concern with the AER.
- Your concerns regarding the safety and integrity of the reservoir and are addressed to the AER's satisfaction by the following:
 - The requirements pertaining to gas injection and storage in Directives 051, 055, and 065, which Terado has met or is required to meet.
 - The AER has previously assessed and approved the reservoir for the storage of natural gas.

- The gas storage approval includes limits on injected volumes of gas and reservoir pressures, as well as monitoring and reporting requirements.

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- You have not provided information to support your assertion that the value of your property will or may be impacted by the applications.
- The AER has reviewed the applications and submissions and has determined that the applications meet the regulatory requirements.

Based on the foregoing, you have not demonstrated that you may be directly and adversely affected by the applications.

The AER has issued the applied-for licences and approvals and this is your notice of that decision. Copies of the licences are attached. Under the *Responsible Energy Development Act* an eligible person may file a request for a regulatory appeal on an appealable decision. Eligible persons and appealable decisions are defined in section 36 of the *Responsible Energy Development Act*. If you wish to file a request for regulatory appeal, you must submit your request in the form and manner and within the timeframe required by the AER. You can find filing requirements and forms on the AER website www.aer.ca under Applications & Notices: Appeals.

If you have any questions, please contact Mr. David Miles at _____ or e-mail _____

Sincerely,

<original signed by>

Shelley Youens

Director, Infrastructure Authorizations
(Oil and Gas)

Enclosure (1): Licence

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cc: Duane Thompson, Terado Gas Storage Corp.
AER Grande Prairie Field Centre