

BY E-MAIL ONLY**December 10, 2015**

Ms. Holleen Holler
Ms. Deborah Rycroft
Ms. Sharon Gagnon

**APPLICATIONS No. 1823491 FROM TERADO GAS STORAGE CORP.
STATEMENT OF CONCERN NO. 29719**

Dear Ms. Holler, Ms. Rycroft & Ms. Gagnon,

You are receiving this letter because you collectively filed a statement of concern (SoC) on the application listed above. The Alberta Energy Regulator (AER) has reviewed your SoC along with the application, the applicable requirements, and other submissions or information about the application 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 lands upon which the facility and pipeline have been proposed (the project);
- Your concerns regarding the safety and integrity of the reservoir, including the potential for gas leaks, 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.
- Your concerns about the environment, including 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.
 - 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.
- Regarding your questions and concerns about future wells and facility infrastructure at the site, this 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.

- Concerns about planned provincial highways and municipal zoning requirements are outside of the AER's jurisdiction. The AER notes that Terado has advised Alberta Transportation of the applications and that neither the County nor the City of Grande Prairie have raised concerns about zoning in relation to the project.
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- The AER has reviewed the applications and submissions and has determined that the application would meet the regulatory requirements; and
- The project would be located approximately 2km to the south of your lands.

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

inquiries 1-855-297-8311
24-hour
emergency 1-800-222-6514

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