

Waterton Advisory Group Notes of Meeting – May 30, 2013

Attendees

Name	Organization
David Green	SASCI
Fraser Stewart	Castle Mountain
Brent Barbero	Castle River Stock Association
Phil Hazelton	Resident
Connie Simmons	Oldman Watershed Council
Dave Cox	Pincher Creek Emergency Services
Nora Manners	Waterton Biosphere Reserve Association
Stuart McDowall	Resident
Darryl Carlson	Resident
Terry Ostrom	MD of Pincher Creek
Tom McGee	ERCB
Rhonda Busch	ERCB
Rick Anderson	Shell Waterton Ombudsman
Erin Elford	Shell (Waterton Public Consultation)
Jen Platman	Shell (Waterton Public Consultation)
Craig Hallden	Shell (Shell Environmental Coordinator)
Dale Schneider	Shell (Southern Foothills Development Mgr)
Glen Sine	Shell (Foothills Development Manager)
Rick Mykitta	Shell (General Manager Foothills)
Jim Little	Shell (Waterton Operations Manager)
Rod Sinclair	Shell (Waterton – Community Affairs)
Kerry Brown	Moving Forward Ltd.

1. Introductions and Good-byes:

- WAG welcomed two new members from Shell:
 - Rick Mykitta – Rick is the new General Manager Foothills. Rick is a native of Tennessee and has worked for Shell for over 30 years. Welcome Rick!
 - Jen Platman – Jen will be the new Public Consultation lead for the Waterton region. Jen comes to WAG, having spent the last few years in the same role in the Groundbirch region of N.E. British Columbia. Welcome to Jen!
 - Erin Elford, who has been the Public Consultation lead for the Waterton region for the last two years has been asked to fulfill this role for Shell

in the Oil sands region. We will very much miss Erin, her professionalism, and always positive disposition. Best of luck, Erin!

2. Shell Operations Report:

- Jim Little reviewed operations for the field and the Waterton Complex for the five months January to May, 2013.
- There have been no pipeline integrity incidents in 2013.
- No traffic complaints have been received in 2013.
- Three odour complaints were received.
 - During the first quarter, a call was received with respect to an odour north on the Burmis Road. This odour was investigated and found to be caused by an ATCO gas line that was leaking.
 - One odour notification was received in April 2013. This was caused by the Shell Enersol Sulphur facility. A scrubber in that facility was not functioning properly and therefore, a sulphur odour was given off.
 - May 18, a call was received from the Gladstone Valley. The smell was described as a “burnt match smell”. Shell investigated, yet could find no concrete evidence of the cause. There were brush piles being burned in the area, which could have resulted in the smell. No SO₂ or H₂S was present.

3. Shell Supervisory Control and Data Acquisition (SCADA) Project:

- Shell is updating its SCADA system, which monitors and controls operations in the field. The current system, while functional is dated and Shell plans to enhance the system with current technology.
- In order to support the new system, the telecommunications infrastructure will need to be updated.
- Please see the attached presentation for details on the tower upgrades that will be undertaken to support the SCADA project. Shell is looking for options that minimize the number of new towers required, such as using fibre optic cable on power poles owned by electrical transmission companies.

4. Shell Sulphur Project:

- A product developed by Shell, called “Thiocrete” will be used to encapsulate Sulphur Contaminated Soil at the Waterton Complex.
- This soil cannot be remediated and Alberta Environment will not allow it to be taken to landfills. Encapsulating the soil with this product will also eliminate the dust that exists due to the sulphur contaminated soil.
- The project will commence in mid-July. Shell will be implementing mitigation measures to ensure the process poses no harm to people or the environment. These measures include:
 - Groundwater monitoring;
 - Installation of two additional groundwater monitoring wells down gradient of the site;

- Installation of a leachate collection system;
- Storm water management via the existing surface run off collection system;
- Engagement with the regulator
- The biggest impact to residents around the complex during the project will be trucking. However, the trucks will operate during alternate hours and off peak times to minimize the impact.
- Wind will be monitored and the operation will be shutdown at 30Km/hr or if any dust is being transported off site.
- Shell was asked how durable the Thiocrete product is and replied that it has been used to line tailings ponds in the oil sands development.
- Please see the attached presentation for details on the project.

5. Screwdriver Creek Valley RWDI Air Study Update:

- RWDI made nine recommendations to improve air monitoring in the Screwdriver Creek Valley. Shell has committed to implement all of the RWDI recommendations.
- Please see the attached presentation for the status update on all of the recommendations.

6. Shell Development Update:

- Shell has received approval from the ERCB for the construction and operation of a pipeline to tie into the Waterton 68 well site. The approval came with some conditions and Shell is currently evaluating when it can meet the conditions. Additionally, there is an outstanding appeal action that will need to be resolved prior to construction activities commencing in the field. Due to this, timing of actual construction activities is uncertain but Shell is committed to communicating with residents and stakeholders as plans progress.
- There are two potential new wells that Shell is interested in drilling in 2014. One is in the north end of the field, close to Waterton 65 and the other is further south, close to Waterton 67. In both cases, Shell will be using existing surface locations and there will be no new linear disturbance (i.e. pipelines).
- Shell will also be looking to optimize the current well stock by using compression to increase production volume and optimize liquids production.
- Shell is planning to sell its interest in the Del Bonita [not sure of spelling] field as the asset does not fit into Shell's core business plan. Shell will continue to operate and maintain the existing leases until a sale is complete.

7. Synergy Alberta Update:

- Fraser Stewart gave an update on Synergy Alberta actions over the last several months.
- Synergy Alberta has been focussed on its five and ten year plans and what role it sees for the organization over the mid to long term. The organization has not

been and is not interested in becoming a lobbying group, and sees its main role as continuing to “get people together”.

- There are Synergy groups all over Western Canada.
- The last Board meeting was held at Castle Mountain in February 2013. The annual Synergy Conference will take place in late October in Red Deer.

8. Alberta Energy Regulator (AER) Discussion:

- Tom McGee and Rhonda Busch gave an update on the development of the Alberta Energy Regulator and answered questions from the group.
- The provincial government decided to form the AER as it was looking to create efficiencies within the agencies and processes that regulate oil and gas development in the Province. The AER will combine the functions and roles of the ERCB, Alberta Environment, and Alberta Sustainable Resource Development. The idea is to create a regulatory process that will deal with development from “cradle to grave”.
- The new legislation that will govern the AER is called the Responsible Energy Development Act (REDA) and will be proclaimed in mid-June 2013.
- The new Chair of the AER is Gerry Protti, who was the first Chair of the Canadian Association of Petroleum Producers (CAPP) and has also held senior positions in energy companies, such as Encana.
- The CEO of the AER is Jim Ellis, who had a long military career and has also held Deputy Minister positions in the departments of Energy and Environment.
- The governance Board, which will guide the functioning of the AER will be appointed prior to June 24. Additionally, the group of Commissioners, who will preside over AER hearings will be named in June.
- The AER is looking to expand the Appropriate Dispute Resolution process within its processes. It is interested in using community facilitation more broadly than it has in the past.
- The organization is currently in a state of transition and much more will be known in September when the new regulations start to be implemented.
- A question was asked regarding whether hearings will still take place and who will receive notification of hearings. This will become more clear as the new regulations begin to take effect.
- A question was asked with respect to the opportunity for land owners to bring issues forward to the regulator. Historically, the time and costs associated with participating in the hearing process have been prohibitive for many potential participants. Tom and Rhonda replied that the Minister is looking for more opportunities for the public to become involved in the process, and this will also become more clear with the implementation of new regulations. However, it has been made clear by the new Chair and CEO that they want Albertans to be connected to the AER and to really understand how to be involved.
- The following link provides more information regarding (REDA):

- <http://www.energy.alberta.ca/Initiatives/RegulatoryEnhancement.asp>

9. ERCB Update:

- DRAFT Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting issued for feedback, deadline date July 10, 2013
- Directive 083: Hydraulic Fracturing – Subsurface Integrity has been published along with the “Stakeholder Feedback and ERCB Responses”
- Third Party Pipeline Review of ERCB Pipeline Regulations has been completed and is now with the Minister of Energy for review.
- A reminder to conduct safe farming around oil and gas infrastructure. We continue to see strikes to wellheads with farm equipment. It’s concerning this happens and never want to see public safety compromised.

10. Ombudsman Report:

- Jim Little made the following comments regarding the Ombudsman pilot year:
 - The pilot project is coming to an end in June.
 - Louis Auger had wanted the Ombudsman Committee to provide input to the evaluation process, which is still requested by Shell.
 - Rick Anderson, the Ombudsman will also prepare a report, which Shell and the Ombudsman Committee will review.
 - Shell has distributed a survey to the community, asking for input regarding the Ombudsman program. The results of that survey will also be included in the evaluation process.
 - A decision regarding the program will be made in July.
- Rick Anderson gave the following update regarding Ombudsman work:
 - Rick relayed that the program has been well received and that he has had a steady amount of work.
 - He will be compiling a report of the pilot year and the report will be available as a public document. Because of the need for the Ombudsman to be neutral, independent, and confidential, the report will contain information, which the Ombudsman deems to be appropriate. This will likely include the types of issues he has been asked to work on, and the outcomes, presented in an aggregate fashion.

11. Potential Operations Metrics Committee:

- Shell put forward the idea of creating a new WAG committee, which would work on metrics or performance measures for the operations of the Waterton field.

- The committee would operate in much the same fashion as the New Development Committee and would look to learn from the work that other existing groups have in this area – SPOG and PAG.
- Following were some suggestions for operations that could be included:
 - Visual impacts
 - Traffic
 - Noise
 - Flaring
 - Linear disturbance
- It was agreed that this topic would be discussed more fully at the next WAG meeting.

12. Other Topics:

- The group suggested that the following topics should be explored within WAG:
 - Development of a WAG Communication Strategy – this would look at how to effectively reach more people in the community and share the information that is discussed at WAG meetings. It also would likely include the creation of a WAG web site.
 - Possible community sessions – bring WAG to the community for discussion on topics of interest to a broader group.
 - Positive impacts – have a discussion regarding the positive impacts that the energy sector and Shell in particular have on the community. Examples of this that were mentioned were – economic benefits to the community and the contributions to science that Shell has made within the Waterton region.
 - WAG Terms of Reference should be reviewed and updated as required.

13. Next WAG Meeting:

- The next meeting will be near the end of September, 2013 – more information to follow.