

Waterton Advisory Group

Meeting Notes - October 24, 2013

Attendees

Name	Organization
Kim and Patricia Hardy	Residents
Conni Simmons	Oldman Watershed Council
Phil Hazelton	Resident
David Green	SASCI
Dave and Jean Shephard	Residents
Nora Manners	Waterton Biosphere Reserve Association
Colin Duncan	Pipeline integrity consultant
Elaine and Ron Schmidt	Residents
Leo Reedyk	MD of Pincher Creek
Fraser Steward	Castle Mountain
Ron and Bernice Schmidt	Residents
Karen and Drew Rendall	Residents
Dave Cox	Pincher Creek Emergency Services
Cliff Elle	Resident
Tom McGee	Alberta Energy Regulator
Russ Deacon	Alberta Energy Regulator
Dave Gryzb	Alberta Energy Regulator
Luc Simon	Shell (Inspection Group)
Reg MacDonald	Shell (Maintenance Integrity Group)
Glen Sine	Shell (Development Manager – Greater Foothills)
Jim Little	Shell (Waterton Operations Manager)
Rod Sinclair	Shell (Waterton Community Affairs)
Jen Platman	Shell (Waterton Public Consultation)
Karla Reesor	Moving Forward Ltd.

The following text is proposed to be included on all future meeting notes to clarify the purpose for the notes:

What follows is an informal summary of the topics and perspectives shared at a Waterton Advisory Group meeting. Waterton Advisory Group meetings are intended to supplement and not replace Shell's obligation to consult directly with affected stakeholders under the Alberta Energy Regulator's Directive 56. These Meeting Notes are a public document and the views shared within are the views of individuals and are not necessarily the consensus views of participants.

1. Introductions and Welcome

- Karla Reesor noted that Shell has made some adjustments to the WAG meeting plan to allow more time to hear from the community; participants

were invited to consider the new approach and to offer feedback at the end of the meeting.

2. Shell Operations Update

- Jim Little reviewed operations for the field and the Waterton Complex for the nine months from January to September 2013.
- As a result of flood damage, Plains Midstream has discontinued the use of the condensate pipeline that had been used by the Waterton plant; since July, Shell has been trucking out the condensate (7-12 trucks per day); there have been some issues with odours from the trucks that are being addressed; Shell is inviting community members to let Rod or Jim know if they see issues with the trucks.
- Product in the trucks is a light crude, similar to diesel fuel (generally used as diluents).
- The use of trucks will be permanent; parts of the pipeline were damaged during the June 2013 flooding and it was not economically viable to rebuild the pipeline; Shell was the only producer using the pipeline.
- Trucks go on Hwy 6 to 505 to Blue Trail to Fort McLeod, and then north on Hwy 2; this route was selected to minimize traffic in urban areas.
- There have been no Shell pipeline integrity events in 2013.
- Odour notifications:
 - Q3 – 24 notifications (21 confirmed as a Shell source)
 - 7 odour complaints with a flaring event on August 12; an electrical storm resulted in power loss at the plant; the inverter failed and controllers went to fail-safe positions; at that point the incinerators and boilers shut down; all product went up the flare; some incomplete combustion and low cloud cover resulted in odours; there was no danger associated with the release of the product.
 - 7 complaints over a 2-week period related to stack odours; Shell adjusted the stack top temperature and has not had any additional issues.
 - 2 complaints related to trucks; some thief hatches were not sealing properly; Shell worked with Plains to replace the bladders on the thief hatches and the issue has now been resolved.
 - 5 complaints from Enersul operations; Shell is working with Enersul to improve their emissions abatement.
- Traffic notifications – 3 dust complaints in Q3 on Riviere Road; now have dust suppression applied to Riviere Road; continuing to work with residents on Seven Gates Road and working with the MD on the use of a new product (modified polymer) for dust suppression; AER would like to hear about the results of the test of the new product as dust suppression is an issue across Alberta.
- To respond to interest within WAG, Jim also provided information about Emergency Response Planning:
 - Shell staff participated in 16 mock ERP scenarios this year.

- 24 training exercises will be done by year end, including the 16 mock ERP scenarios noted above.
- Annual major mock (tabletop) exercise planned for November 2013.
- Major mutual aid exercise with partners will be in spring 2014.
- Final edit on ERP with Mutual Aid partners took place in August 2013.

3. Pipeline Technical Subcommittee

Overview

- Reg MacDonald provided an update from the Pipeline Technical Subcommittee (PTS).
- The PTS was formed under the WAG umbrella.

Monitoring and Inspection Results

- Up to 4.5 years of service since restarts in 2009.
- Overall, the inspection and monitoring programs in place have shown no significant corrosion activity or wall loss.
- Russell inline inspection has shown the ability to detect corrosion before it is a threat to pipeline safety and that the lined pipelines are in a safe condition.
- Bell hole inspection has shown a lower corrosion rate than 2007 Screwdriver Creek (SC) incident.
- Shell has been able to effectively manage the annulus pressures.
- Annulus samples have shown minimal methanol.
- 2 real time corrosion monitors have shown very low corrosion activity.
- Strain gauges – on CA-8in have shown no threat of flange fatigue failure.

Extending the Russell Inspection Interval

- 3-8 Russell inline inspections per pipeline over 4 to 4.5 years.
- Limited corrosion activity – only 3 corrosion areas.
- Pipeline integrity verified and lower corrosion rate than SC pipeline.
- Bell hole inspection - intermittent corrosion at only few locations.
- Corrosion rate $\leq 0.25\text{mm/yr}$ vs $\sim 1.2\text{mm/yr}$ (SC).
- Lower corrosion rate requires less frequent inspection.
- The PTS has reviewed and approved extension of the Russell inspection interval to 2yr (except 1yr for WT65 to Jct7-20).

Next Steps

- Remain the Same or 'Status Quo':
 - Bellhole inspection – continue with 6 month intervals.
 - Sample Analysis – capture of liquid/solid samples during manual vent maintenance.

- Changes to HDPE Lined:
 - Extend Russell inspection interval to 2yr (except WT65) on per pipeline basis.
 - WT-65 has discontinued status; Russell inspection when re-start.
 - Next Russell inspection is scheduled in June 2014.
 - Stagger the Russell inspections – Castle River one year, Carbondale in the alternate year.
- Changes to Rilsan Lined:
 - Guided Wave Ultrasonic Testing (or Equiv) Inspection on 2yr interval; evaluate TX A3-04.
 - Extend shadow shot radiography inspection on pipeline risers to 1yr interval.
- Submit proposal/request to AER based on above and discussions at PTS meeting.

4. Potential Shell Development Plans

Overview

- Glen Sine provided an overview of Shell's potential new development plans.
- Boundary Conditions for Shell development include:
 - Goal Zero – safety
 - Location of gas
 - Technically feasible
 - Economic – look for opportunities to extend the life of the field and the plant
 - Other operators in Alberta – joint venture constraints
 - Mineral rights expiry
 - Commitments, e.g. no net increase in public motorized access to backcountry, adherence to wildlife restrictions.
- A question was raised on whether or not Shell would shut down roads that they no longer need. Glen indicated that they would, and Butcher Creek is one example. When access is no longer needed, a road will be shut down. To meet the commitment of no net increase in public motorized access, if Shell needed a new road, they would have to shut down another road.
- Values for development include, in no particular order:
 - Quality of life
 - Safety and health
 - Community
 - Environment
 - Socio-economic
 - Services
 - Engagement
 - Trust.
- Preferences include, in no particular order:

- Use existing sites and infrastructure
- No flare testing of new wells
- Maximize recovery from existing wells
- Drill only for incremental reserves
- Reclaim sites and facilities that Shell has no further use for.

Waterton 68 Update

- Shell received regulatory approval in May 2013 to build a new 1.2km sour gas production pipeline, a fuel gas pipeline and new production facilities in the North Waterton area.
- Shell has decided to begin construction in the spring of 2014 so that construction will be completed in one season and to comply with the objectives of the Key Wildlife and Biodiversity Zones; this timing is preferred rather than starting in fall 2013, stopping over the winter and restarting in the spring of 2014.
- Shell is committed to working through the project and fulfilling the permit conditions, commitments and recommendations in a timely and efficient manner.

Proposed Future Waterton Wells

- Following is tentative timing for future development:
 - V4 – 2014? (WATERTON 77)
 - V5 – 2015?
 - CB71 - 2016? (CB = Carbondale)
 - ND6i – 2017? (ND = New Drill)

Waterton 77 – Why?

- Currently producing wells (WT59 and WT69) are not able to effectively drain the pool due to the impermeable nature of the subsurface rock.
- New well WT77 to be drilled from WT67 surface location to allow for further drainage of the existing producing pool with no additional footprint.
- Estimated production date is the first half of 2015.

Waterton 77 – When?

- Early in planning stage now; public consultation will happen in the next few weeks and months.
- Well license may be applied for early in 2014; approval could follow in 3 months or later.
- No physical activity would happen until June or July 2014; rig could be on site from July to December; finish tie-in in February 2014.
- Schedule is tentative and could shift.

Waterton 77 – Access Routes

- May be concerns about traffic on Riviere Road.
- Will be a lot of traffic when rig is moved in and out – not continuous traffic.

- Need ESRD approval to use loop road for this activity; Shell's current preference is to try to avoid Riviere Road.

Project Questions and Concerns

Glen invited the WAG participants to raise any questions or concerns they may have about the possible new development. Following were the points raised:

- The MD of Pincher Creek asked to be kept informed of any road defects if they arise.
- Shell was asked to keep the community informed about what is happening using the newspaper and other media, e.g. dates, goals, current activity happening in the community. Shell Community Affairs will continue to notify and communicate with local stakeholders as required.
- Questions were raised about the New Development Sub-Committee (NDSC); Shell confirmed that the role for the NDSC is to provide input to performance measures for new development and committed to arranging a meeting with the NDSC members.

ACTION: Shell will arrange a meeting with the NDSC.

- The Oldman Watershed Council would like to work collaboratively with the NDSC and Shell to see what can be done going forward regarding fish species and linear features.
- A question was asked about Shell's role for the South Saskatchewan Regional Plan (SSRP). Glen confirmed that he is the issue lead for Shell for the SSRP, and he also sits on an SSRP committee for the Canadian Association of Petroleum Producers. Shell will be submitting a workbook for the SSRP process.
- A request was made to include information on SSRP meeting dates and how to access the SSRP report in the WAG notes:
 - For a copy of the draft plan and more information about the consultations, go to:

<https://landuse.alberta.ca/Newsroom/Pages/PublicConsultations.aspx>

- SSRP public meeting dates (additional dates and locations are shown on the website):
 - Crowsnest Pass – November 5
 - Lethbridge – November 14
 - Fort Macleod – November 20
 - Pincher Creek – November 26
- A question was asked about new technologies being applied to the development of Waterton 77, and about the use of fracing. Shell noted that the well stimulation method has not been decided; they may use a form of fracing, but it would not be new as it has been done in Waterton for the past several decades; some newer technology would be used related to the direction of drilling.

- A question was raised about how much water is being used, and the source of the water. Shell committed to providing more information about water use.

ACTION: Provide information to WAG about the anticipated source and volume of water to be used for Waterton 77.

- Participants noted that the road from the plant to Hwy 6 is already heavily used; Shell was asked to watch it carefully and to monitor impacts.
- Shell noted that they are currently confirming the Emergency Planning Zone (EPZ) for Waterton 77 and the plan for heavy haul traffic before beginning public consultation.
- The MD of Pincher Creek requested to be included on every EPZ notification.

5. WAG Terms of Reference

- Karla Reesor provided copies of the WAG Terms of Reference with some possible updates. The Terms of Reference were last reviewed in June 2009.
- Most of the updates were to reflect a change in the name of the regulator and to clarify the role for the facilitator.
- Questions were raised about the purpose for the WAG meeting notes, and about approval of the notes.
- If the notes are to be used as part of Shell's evidence in proceedings, then perhaps the notes should be formally approved.
- Shell confirmed that the intention of the notes is to provide an informal summary of the topics discussed at each meeting; the notes are considered to be public; any views expressed by participants and included in the notes are interpreted as the views of individuals and not necessarily the consensus view of WAG participants, or the community.
- It was proposed that Shell ask for a legal opinion on the best way to confirm the intention of the notes, both in the Terms of Reference and as an explanatory note on each set of meeting notes.

ACTION: Shell will seek legal input on the best way to appropriately reflect the intention for the meeting notes and report back to WAG.

6. WAG Communication Strategy

- As a follow up from the previous WAG meeting in May 2013, Jen Platman provided ideas on a possible WAG Communication Strategy.
- As a starting point, she shared the feedback of the survey from the recent Open House; results indicated that community members' preference in tactics were open houses, town hall meetings, newspaper, and the Shell newsletter.
- Communication objectives could include:
 1. To increase WAG membership and attendance
 2. To increase broader community awareness about WAG

3. To share the WAG meeting notes and discussion topics beyond attendees to the broader community.
- Tactics could include: an article about WAG in the Shell Waterton Newsletter; a mail out to the broader community; WAG member presence at a Shell Open House; and use of the Synergy Alberta website.
- Feedback from WAG participants was as follows:
 - It would be a good idea to reactivate the “Did you know...” in the newspaper.
 - Some community members indicated that they would like Shell to share the information about WAG and current Shell activities so that residents do not have to take on that role.
 - Some people would like to have updates on a website, or a phone call or email about current activity at different sites.
 - Emails to and from Rod Sinclair work well and provide a record of the discussion.
 - Shell indicated that they have new options to consider for sending broadcast phone or text messages.
 - Shell will continue to engage residents about their preferred methods in information sharing.
 - In any communication approach, some participants indicated they would like to hear more about the good news (e.g. reclamations completed) rather than just issues.
 - Jen noted that it may be possible to elaborate in the newsletter about the good news stories.
 - Some participants indicated that more frequent newsletters would be beneficial, e.g. quarterly; Shell could also consider an on-line version of a newsletter.
 - Some people would prefer shorter and more frequent newsletters.
 - Shell was asked to find a way to share the WAG meeting notes with the broader community, and to let people know how to join.
- Jen indicated that she would consider the feedback and return to WAG with a recommended communications approach.

ACTION: Shell will assess the communication options and report back to WAG with proposed next steps.

7. Air Monitoring Update

- Rod Sinclair provided an update on air monitoring in the Screwdriver Creek Valley.
- A siting study was completed and Shell is currently working on land agreements for the proposed location of the trailer.
- Pending the agreements and set up of access and electrical to the site, the new station should be installed by the end of 2013.
- The utility of the station will be evaluated after one year.

- Shell is planning to invite WAG participants and Screwdriver Creek residents on a tour of the air monitoring station and the control room to demonstrate monitoring and alarm systems.
- The tour will be planned for the spring of 2014.
- A question was raised about the feedback mechanism to residents when there is an alarm. Shell indicated that they typically would not contact all residents if there is an alarm; Shell does not have contact info for residents outside the EPZ; Shell is now collecting a “courtesy contact” list to be able to provide information to a wider circle of residents.

8. WAG Participant Updates

Alberta Energy Regulator (AER) – Tom McGee

- Tom noted that the AER is absorbing staff from Alberta Environment and Sustainable Resource Development; community members may see some changes (growth) in the AER regional offices; the AER is also hiring more inspectors.
- The AER Mission is to be best in class.
- See Attachment 1 for the full update provided by the AER following the meeting.

Synergy Alberta – Fraser Stewart

- Fraser is on the Board of Directors for Synergy Alberta; he noted that they are going through growing challenges and, similar to WAG, Synergy Alberta is looking at communication options.
- Synergy Alberta supports Synergy groups across the province and is funded by CAPP, AER and Alberta Energy.
- The Synergy Alberta conference is being held on October 28-30, 2013; Fraser indicated that he has found the conferences to be very valuable and he recommended that WAG participants consider attending a Synergy Alberta conference in future years.

Waterton Biosphere Reserve Association – Nora Manners

- The Association is looking at how extractive industries work within a sustainable community.
- Some of Shell’s operations are within a buffer zone and a transition zone for Waterton National Park.
- Nora asked whether Waterton Biosphere should plan to work directly with Shell or through WAG? She left the question for the group to consider.

Oldman Watershed Council – Conni Simmons

- The Council has been working on a Headwaters Action Plan as part of a larger Integrated Watershed Management Plan to address key issues along the Eastern Slopes of the Oldman watershed.

- The draft plan focuses on 3 indicators of headwaters health: native fish, linear features density, and aquatic invasive species.
- WAG participants were encouraged to look at how they can be involved with the Headwaters Action Plan.
- Information about public meetings in Cardston, Springpoint, Nanton, Cowley and Lethbridge is available at the following website:
<http://oldmanbasin.org>

Additional Updates

- Colin Duncan indicated how pleased he is to see the positive development of the WAG group since the Carbondale incident. He encouraged the community to continue the dialogue and to keep working together. NOTE: Following the meeting, Colin shared his view that his work is now complete. He further indicated that he is still available for questions or discussion with community members and with Shell.
- Following the conclusion of the meeting, one participant indicated that he would appreciate hearing Shell report on their efforts in moving toward renewables, reducing greenhouse gases and minimizing climate change.

9. Feedback on New Meeting Format

- Karla Reesor invited participants to provide feedback on the new meeting format that included more time to hear from the community, a working dinner, and time for participant updates at the end of the meeting.
- Several participants indicated that they liked the new approach.
- WAG participants are welcome to provide further feedback to Karla or a Shell representative at any time.

Attachment 1 – Update from the Alberta Energy Regulator

Rhonda Busch provided the following information for inclusion with the WAG meeting notes:

Contacting the AER

Energy and Environmental 24-Hr Response Line: 1-800-222-6514

- If you witness an energy or environmental emergency or have a complaint about the operation of an energy development call this number.
- The AER and ESRD use this number/Coordination Information Centre (CIC) for all complaints and emergencies related to the environment and energy development in Alberta.
- Previously, the Field Centre numbers were advertised as the number to call for ERCB related emergencies/complaints, but in the effort to

streamline response and contact numbers as we transition to the AER, we are using the ESRD “hotline”

- There are trained Compliance Officers at CIC (ERCB used this number for after hour calls)
- All Field Centre numbers will continue to be forwarded to CIC in the even stakeholders call the local field centre instead of the 1-800 number

General Inquiries Number: 1-855-297-8311

- AER Customer Contact Centre

Public Notice of Incidents now on AER Website (as of June 25)

The AER’s public incident reporting helps to ensure Albertans are better informed about energy incidents in Alberta

The incidents posted here meet the following criteria:

- any reportable incident that involves a sour product, whether on or off lease.
- any reportable incident that impacts a water body, whether on or off lease.
- any reportable oil and gas related incidents involving the release of hydrocarbon or produced water that migrates off lease, including on pipeline right of ways.

The information is searchable by LSD, Town/City, and Company.

AER Implementation Update

- Work functions specific to Public Lands and Water Act will be transferred as of December 1, 2013.
- In the process of recruiting - up to 23 inspectors will be hired and 50 plus authorizations staff. Recruitment selection has been given priority to ESRD staff as we need their expertise.
- Landowner Agreement Registry will also be ready to implement December 1st. Details are still being ironed out. This will not be a grandfathered implementation; only new agreements can be registered.
- Structure – still being decided.
- Management Messaging:
 - “Efficient, Responsive, transparent”,
 - “We recognize trust must be earned; we will work to earn trust and build confidence by demonstrating internal and external performance improvements with clear measurements and monitoring:
 - “We recognize stakeholders want clear, transparent, timely processes”

Stay tuned for further communications as these new functions are rolled out!