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July 30, 2014

Janet Stewardson, Authorizations Infrastructure
Alberta Energy Regulator
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**Re: Shell Canada Report on Action Plan for ERCB Decision 2013-009
Waterton 68 Applications for Pipeline and Facilities Licences**

Shell Canada Limited (Shell) received approval from the Alberta Energy Regulator for the Waterton 68 pipelines and facilities on May 28, 2013 in ERCB Decision 2013 ABERCB 009. Appendix 4 to the Decision set out an Action Plan with action items and requirements for follow-up. Shell reported on the status and evidence of completion of the Action Plan items on May 27, 2014. The following is an update to that report.

1. RWDI Recommendations: Partially Complete, Actions Ongoing

The AER directed Shell to install the first perimeter monitor at the Waterton 68 well site before producing the Waterton 68 well, with the other perimeter monitors being installed after the start of production and testing of the initial perimeter monitoring system. The first perimeter monitor is currently being installed and will be operational prior to the expected production of the Waterton 68 well in October 2014.

The following *Table 1: RWDI Recommendations Report* provides the most recent status of each of the nine RWDI recommendations, with updated information noted in red. Shell will continue to provide regular updates on these initiatives through the Waterton Advisory Group (WAG) meetings.

2. RWDI Recommendations Progress Updates: Ongoing

The progress of implementation of the RWDI Recommendations have been discussed at all WAG meetings since the approval of the Waterton 68 pipeline and facility on May 28, 2013.

Attached please find the following WAG Meeting Minutes and presentations from the May 1, 2014 meeting:

Appendix A: WAG May 1 2014 Meeting Notes.pdf

Appendix B: WAG Meeting Slide Pack- May 1 2014.pdf

The next WAG meeting will be held in the Fall of 2014.

Table 1: RWDI Recommendations Report

RWDI Recommendation Number	Recommendation Description ^a	Shell Update (As of July 30, 2014)	Status
#1	A new meteorological station, properly sited with respect to fetch and exposure, is recommended for the Screwdriver Creek Valley (SCV). The utility of this station should be evaluated after one year. This station could be part of the continuous ambient air quality monitoring station in Recommendation #2.	<ul style="list-style-type: none"> Shell has retained AGAT Laboratories to setup and maintain the new station. Shell and RWDI met with SCV residents in July, 2013 to ground-truth site options for the new station, and a siting study was completed by RWDI in the fall of 2013 (RWDI report entitled "Ambient Air Monitoring Siting Study: Screwdriver Creek Valley" (dated September 27, 2013)). Shell secured land agreements for the chosen site and completed site access upgrades and associated civil earthworks in early 2014. The new station began operation in March, 2014. 	Complete
#2	Install a permanent continuous ambient station that monitors H ₂ S and SO ₂ and meets all ERCB/AESRD AMD measurement and reporting requirements. The utility of this station should be evaluated after one year. This station could include the meteorological station in Recommendation #1.		
#3	Four perimeter H ₂ S monitors should be installed at each of the following six well sites: WAT junction, 6-16-6-2 W5M; TX-5-20, 5-20-6-2 W5M; TX-6-17, 6-17-6-2 W5M; WT-61, 10-7-6-2 W5M; WT-68, NE-1-6-3 W5M; and CA 6-12, 6-12-6-3 W5M.	<ul style="list-style-type: none"> The perimeter monitors are currently being installed at the Waterton 68 well site. The new perimeter monitors will be up and running within a pilot test program at the Waterton 68 well site before production begins. 	Ongoing
#4	Consider relocating the existing DAP unit to locations in the SCV that are downwind of sites where flaring activities are taking place in order to self-monitor and evaluate the downwind concentrations from these activities, or not use the units at all.	<ul style="list-style-type: none"> Rather than removing the existing DAP unit, Shell will keep the unit operating as-is in its current location at the resident property within SCV until the utility of the new station is evaluated after one year of operation. 	No Further Action Required At this Time
#5	Shell's participation in any future regional ambient air and environmental monitoring networks is recommended.	<ul style="list-style-type: none"> Shell will be open to support airshed initiatives in the future as the Palliser Airshed Society (PAS), federal, and/or provincial governments are ready to move forward. 	No Further Action Required At this Time

RWDI Recommendation Number	Recommendation Description ^a	Shell Update (As of July 30, 2014)	Status
#6	Post any new continuous H ₂ S, SO ₂ and meteorological measurements from the SCV to a shared website for public internet access based on averaging periods of 15-minutes, 1-hour and 24-hours and have the ability to generate summary reports.	<ul style="list-style-type: none"> Shell provided a Data Summary Report from the Screwdriver Creek Valley (SVC) Air Quality Monitoring Station to WAG members in June 2014. Please see attached Appendix C. In that Summary Report, a link was provided to the online data websites where people can go to see live raw data from the unit. 	Complete - with ongoing reporting
#7	Summarize and make public the results of historical ambient monitoring readings in the Screwdriver Creek Valley area, including meteorological and continuous air quality data from 2008 onwards.	<ul style="list-style-type: none"> Shell's historical data was compiled and made available via a public website hosted by RWDI. The website was advertised at the June, 2013 WAG meeting. 	Complete
#8	Provide a public tour of the Shell Waterton Complex ambient station(s) and Control Room with demonstration of monitoring and alarm systems.	<ul style="list-style-type: none"> Shell held a public tour of the SCV Air Monitoring Trailer on July 2, 2014. Several local stakeholders attended. Staff from AGAT were also in attendance to answer technical questions. There were no additional questions or follow up actions after the public tour was completed. 	Complete
#9	Undertake a one-time ambient survey of common VOC's such as BTEX compounds at the Texaco 5-20, Texaco 6-17 and WT-61 well sites in the Screwdriver Creek Valley, at upwind and downwind locations on the lease boundaries, and compare the measured levels to their respective AAAQO and typical published levels.	<ul style="list-style-type: none"> Shell retained RWDI to conduct the VOC survey (RWDI report entitled "Shell Waterton Ambient Air Quality Monitoring Survey: Ambient Air Sampling and Assessment of Volatile Organic Compounds" (dated February 1, 2013)). All measured values were much lower than their applicable AAAQO (including BTEX, hexane, styrene; several other VOCs were also evaluated by Maxxam, most of which were found to be non-detectable). Results were shared at the June, 2013 WAG meeting. 	Complete
NOTE: ^a For full details on the recommendations outlined herein, refer to the RWDI report entitled "Ambient Air Monitoring Program Design: Screwdriver Creek Valley" (dated December 5, 2012).			

We trust that this information meets your current needs. If you would like to further discuss the information contained herein, please do not hesitate to contact Glenda Prudom by phone at 587-233-4508 or via email at glenda.prudom@shell.com.

Sincerely,

A handwritten signature in blue ink, appearing to be 'G. Prudom', with a stylized flourish at the end.

Glenda Prudom, M.Sc.
Senior Regulatory Specialist
Shell Canada Limited