

BY E-MAIL ONLY

June 27, 2017

Judy Anderst

STATEMENT OF CONCERN NO. 30456

APPLICATION NO. 1872212 FROM VESTA ENERGY LTD.

Dear Judy Anderst:

You are receiving this letter because you filed a statement of concern about Application No. 1872212. The Alberta Energy Regulator (AER) has reviewed your statement of concern, along with the application, the applicable requirements, and other submissions or information about the application. The AER has decided that a hearing is not required under an enactment, or necessary, to consider the concerns outlined in your statement of concern.

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

- You do not own property on which the well is proposed.
- Your lands are located approximately 720 m from the proposed well location and your residence is located approximately 840 m away. There will be no setbacks or other impacts associated with the well that will restrict the use of your lands.
- Regarding your concern about the impacts of fracturing on water sources, the AER has numerous requirements with which Vesta Energy Ltd. (Vesta) must comply which are protective of the environment, including water bodies and wetlands as well as ground and surface water sources.
- *Directive 083: Hydraulic Fracturing – Subsurface Integrity* has specific requirements which address the protection of non-saline groundwater aquifers and water wells, as well as the surface environment. Licensees' hydraulic fracturing operations must not cause surface impacts, and must not have an adverse effect on non-saline aquifers or on a water well's water quality or quantity. As Vesta has noted, surface casing must be set below the base of groundwater protection to isolate the wellbore from groundwater aquifer's, in accordance with the requirements of AER *Directive 008*:

Surface Casing Depth Requirements. In addition to these requirements, Vesta has committed to testing your water prior to drilling the well and after completion operations.

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- The diversion and use of water by Vesta in its fracturing operations is regulated by the AER. Vesta has indicated in its application that it does not plan to use freshwater sources for its fracturing operations, and any water use or diversion from a local source must be applied for and decided by the AER having regard for a number of factors, including impacts on landowners and the environment.
- Regarding your concern about consultation, the AER notes that Vesta has met the *Directive 056: Energy Development Applications and Schedules* consultation and notification requirements for the proposed well.
- Concerns about the impact of traffic on municipal or provincial roads are not within the AER's jurisdiction. However, the AER notes that Vesta has committed to posting signs for its employees and contractors to travel at reduced speed limits on the local roads, as well as working with the school divisions to regulate oilfield traffic to the proposed site outside of school bus schedules. Vesta has also indicated that it has a road use agreement with the County of Lacombe which addresses the maintenance of County roads. Any concerns with municipal roads should be raised the County.
- Regarding your concern about noise and lights at the site, Vesta must adhere to *Directive 038: Noise Control* during production operations. During drilling operations, which are temporary in nature, Vesta has committed to noise mitigation measures which exceed AER requirements, including soil berm noise barriers and strategic placement of temporary equipment to re-direct noise. Vesta has committed to ensuring that lighting on the site will be directed away from residences during temporary drilling and completion operations, and there will be no permanent lighting on site during regular operations.
- Regarding your concerns about air pollution, Vesta's drilling and production operations must comply with the requirements of *Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting* and the *Alberta Ambient Air Quality Objectives and Guidelines* which is intended to provide protection of the environment and human health. There should not be an increase in odours with this proposed well, and Vesta must comply with *Directive 060* requirements which prohibit offensive hydrocarbon odours from leaving the lease site. Please contact Vesta and the AER Red Deer Field Centre at 403-340-5454 in the event that you have a concern about odours.
- Concerns about Vesta's future needs for a pipeline or other energy infrastructure are outside the scope of this application. As a person with concerns about this type of infrastructure, Vesta must notify you of any future pipeline application related to the

proposed well. If filed, the AER would conduct a fulsome technical review of the pipeline application on its merits together with any statements of concern received.

- You have also indicated that your property value may be depreciated by the well. The AER notes again that your lands are approximately 720 m away from the well, and that oil and gas wells and other energy infrastructure are not uncommon in rural Alberta, including oil and gas infrastructure that is within a similar proximity to you as this well. As a result, and without further information to substantiate your concern, the AER does not accept that the value of your property will be adversely impacted by the proposed well.

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Based on the above, you have not demonstrated that you may be directly and adversely affected by approval of the application. The AER has issued the applied-for licence and this is your notice of that decision. A copy of the licence is 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* and section 3.1 of the *Responsible Energy Development Act General Regulation*. 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, <http://www.aer.ca/applications-and-notice/appeals>.

If you have any questions, contact LaiLoni Boswell at 403-297-2450 or e-mail lailoni.boswell@aer.ca, or Lonny Olsen at 403-297-3513 or email lonny.olsen@aer.ca.

Sincerely,

<Original signed by>

Rob Borth

Director, Oil & Gas

Attachment (1): Well Licence

cc: Dermot O'Connor, Vesta Energy Ltd.
AER SOC Coordinator, SOC@aer.ca
AER Red Deer Field Centre, RedDeer.FieldCentre@aer.ca