

BY E-MAIL ONLY

October 31, 2017

Debbie Kerluke

**TIDEWATER MIDSTREAM AND INFRASTRUCTURE
SUBSURFACE APPLICATION NO. 1882581
INFRASTRUCTURE APPLICATIONS NO. 1882589 and 1882653
STATEMENTS OF CONCERN NO. 30719 and 30720**

Dear Debbie Kerluke:

You are receiving this letter because you filed statements of concern about the above applications. The Alberta Energy Regulator (AER) has reviewed your statements of concern, along with the applications, the applicable requirements, and other submissions or information about the applications. The AER has decided that a hearing is not required under an enactment, or necessary, to consider the concerns outlined in your statements of concern.

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

Application 1882589

- As you noted in your statement of concern, this is an amendment to a previously approved facility licence, and will result in a decrease to the gas inlet rates and will replace the 3 licensed gas and 3 licensed electric compressors with 3 smaller gas and 2 smaller electric compressors. No further land will be disturbed and no additional emissions would result from the approval of the application.
- The concerns raised in your statements of concern relate generally to Tidewater's gas storage project, are outside the scope of and do not relate specifically to the facility amendment application. You have not indicated whether or how you will be impacted by this application.

Applications 1882653 & 1882581

- You do not own the subsurface rights or the lands on which the project is located. Your lands are located about 1.2 km west of the lease boundary of the proposed wells (Application 1882653) which are the nearest part of the project.

- AER technical staff has reviewed the geological characteristics of the reservoir, the injection pressures, and the well designs, and regard the safety risks as minimal. The Dimsdale Paddy A reservoir into which sweet natural gas will be injected is approximately 1,300 meters below the surface. It is an approximately 10 m thick porous rock formation. Gas is injected and stored within the porous rock. Prior to being used for injection, natural gas had been produced from the reservoir. Prior to being depleted due to production, the original reservoir pressure was 10,485 kPa. Tidewater's existing storage approval (12203C) prohibits the average reservoir pressure from exceeding the initial reservoir pressure, and limits the volume of gas that can be injected. The well meets all *Directive 051* requirements for injection operations, including requirements for well integrity. Further, injection at a well must not exceed the maximum wellhead injection pressure prescribed in Tidewater's scheme approval, determined through the application process. The amendment that is required to add this well will not result in any changes to the approved operating conditions of Scheme Approval No. 12203C.
- In addition, Tidewater has committed to testing and inspecting all injection and observation wells in the approval area of their disposal scheme, and assessing the integrity of existing wells that penetrate the storage zone. Tidewater has indicated that this will include working with third party owners of these wells to ensure proper inspection and required remediation takes place.
- The AER has numerous requirements with which Tidewater must comply to ensure that groundwater sources are protected. Tidewater has gone beyond AER requirements by committing to perform baseline and follow-up tests of your water. Given the nature and depth of the reservoir into which injection will occur, and the AER's numerous requirements which are protective of groundwater sources, it is very unlikely that your well water will be impacted.
- The decision to approve an energy activity, including injection of gas into an underground formation, assumes operational compliance with all AER requirements and approval conditions. Tidewater must operate in accordance with the terms and conditions of its approval as well as all AER operating requirements. It is a contravention of AER requirements to impact ground water sources due to energy activities. Any such contravention would be subject to AER enforcement action, which may include suspension of operations and other remedial action. As has been indicated to you in previous correspondence from the AER, to report any impacts to your well water which may be caused by energy resource activity, please call the AER's Energy and Environmental 24-hour Response Line at 1-800-222-6514.
- There is no fracturing associated with any of Tidewater's applications. To the extent that your concerns relate to the fracturing operations of other operators, such operations must comply with the requirements of AER *Directive 083: Hydraulic Fracturing – Subsurface Integrity*, including requiring operators to take steps to minimize the chance of communication with offset wellbores. The AER is not aware of any instances of induced seismic events occurring in the Dimsdale Paddy A reservoir, or this same formation elsewhere in Alberta.

- In addition, Tidewater has committed to testing and inspecting all wells all injection and observation wells in the approval area of their disposal scheme, and assessing the integrity of existing wells that penetrate the storage zone. Tidewater has indicated that this will include working with third party owners of these wells to ensure proper inspection and required remediation takes place.
- The examples of incidents you have provided are the same as provided in previous applications relating to Tidewater's Gas Storage Project. As indicated in previous AER decisions, these are not relevant to the AER's consideration of whether you may be impacted by Tidewater's storage scheme and related facilities because these incidents relate to different operators in separate jurisdictions, operating under different requirements.
- Regarding your concerns about the use of the wells once they are 'no longer what Tidewater needs', please note that a licensee remains responsible for the care and control of a well, including abandonment and reclamation of its well and facility sites.
- The applications are part of the Dimsdale Gas Storage project, which was approved in January, 2014. The applications are in compliance with AER directives and regulations that ensure the components of the project (wells, pipelines, facility) are constructed and operated with minimal risk to residents and the environment.
- Your concerns about vandalism, terrorism, increased taxes, power bills, construction costs, water delivery, permits, living expenses, are outside of the scope of the applications and outside of the AER's jurisdiction. Further to your concerns about impacts to air quality and emissions, Tidewater must comply with the requirements of *Directive 060: Upstream Petroleum Industry Flaring, Incinerating and Venting*, and Alberta Ambient Air Quality Objectives (AAAQO). Moreover, Tidewater has committed to completing a baseline air quality test and post-operational follow-up, with results made available to residents. If you have any concerns regarding odours or emissions once the project is in operation, please contact the AER's 24 hour response line.
- In addressing your concerns about noise, the AER notes that drilling and construction are temporary activities. Tidewater has committed to installing continuous noise monitoring equipment when the facility is operational, and will share data with residents. Tidewater is also required to meet the requirements of AER *Directive 038: Noise* in its production and injection operations. Any concerns about noise once the project is operating should be communicated to the AER's 24 hour complaint line.
- Tidewater has met the *Directive 056* consultation and notification requirements for the infrastructure applications, and must continue to notify all persons with known concerns on future applications. The infrastructure and subsurface applications are being considered as a project in its entirety.

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

The concerns you have raised in your statement of concern have also been previously raised by you and adequately dealt with or addressed by AER decisions on previous applications, and by decisions of the AER on regulatory appeal requests filed by you in

relation to those applications. For example, you have re-stated your concerns about impacts to property value but have provided no information that might support your claim of impacts to your property value. The AER reiterates that you are approximately 1.3 km away from the nearest proposed infrastructure, and there is pre-existing oil and gas infrastructure located in similar proximity to your lands.

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

Based on the above, you have not demonstrated that you may be directly and adversely affected by approval of the applications or that the AER should hold a hearing before making its decision on the applications. The AER has issued the applied-for approvals, and this is your notice of that decision. Copies of the approvals 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* 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 Lonny Olsen at 403-297-3513 or e-mail Lonny.Olsen@aer.ca.

Sincerely,

<original signed by>

Lane Peterson

Director, Pipeline Authorizations

Enclosure (3): **(1 approval, 2 licences)**

cc: Clark Dickson, Tidewater
AER SOC Coordinator,
AER Grande Prairie Field Centre