

BY E-MAIL ONLY

October 31, 2017

Laura Hancharuk

**TIDEWATER MIDSTREAM AND INFRASTRUCTURE
SUBSURFACE APPLICATION NO. 1882581
INFRASTRUCTURE APPLICATIONS NO. 1882589, 1882591, 1882653, 1884135
STATEMENTS OF CONCERN NO. 30722 and 30723**

Dear Laura Hancharuk:

You are receiving this letter because you filed a statement of concern on behalf of Mark Duperron 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:

- The Pipelines proposed in application 1884135 are located approximately 17.4 km from Mr. Duperron's property and will transport sweet natural gas.
- The Pipeline proposed in application 1882591 is a 70 m sweet natural gas pipeline that will connect the existing Tidewater facility at 5-36-71-7W6M with a pipeline to be constructed in the future. It would be located approximately 1.27 km from Mr. Duperron's property.
- With the exception of concerns over property values, concerns raised in your statement of concern do not relate specifically to the pipeline applications, and you have not indicated whether or how you may be impacted by these pipelines. Mr. Duperron does not own the subsurface rights or the lands on which the project is located. Mr. Duperron's lands are located about 900 meters west of the lease boundary of the proposed wells, which are the nearest part of the project.
- 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, facilities) are constructed and operated with minimal risk to residents and the environment.

- Regarding Application 1882589, 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 statement of concern on Application 1882589 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.
- Regarding your concerns about the safety of a gas storage reservoir, 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 wells all storage 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 safety or emergency incidents you have provided are not relevant to the AER's consideration of whether you may be impacted by Tidewater's storage scheme and related facilities. These incidents relate to different operators in separate jurisdictions, operating under different requirements.
- Regarding your concerns about water, the AER's 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.

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- 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. 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.
- You have asserted that there will be negative impacts to local property values due to noise, air quality and safety concerns associated with facility, well and pipeline activity. However, you have provided no information that might support your claim of impacts to property value. The AER notes again that Mr. Duperron is approximately 0.9 km away from the nearest proposed infrastructure, and that there is pre-existing oil and gas infrastructure located in similar proximity to his lands.
- 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 response line. The commitments that Tidewater has made with respect to minimizing noise and sharing noise monitoring information appear to address your concerns.

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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 (5): **(1 approval, 4 licences)**

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

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