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**Re: Shell Canada Report on Action Plan for ERCB Decision 2013-009  
Waterton 68 Applications for Pipeline and Facilities Licences**

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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. The following is Shell's reporting on the status and evidence of completion of the Action Plan items.

**1. Internal Inspections: Complete and Ongoing**

On January 21, 2014 Shell received approval from the AER to extend the inspection intervals for the Carbondale and Castle River pipelines. Please see attached *Appendix A: Shell Waterton Extended Inspection Intervals.pdf*. As requested in this approval, Shell will provide an annual update to AER on the findings of the ongoing monitoring in a meeting in October or November of 2014. This meeting is planned but is not yet scheduled.

**2. Revised Emergency Response Plan: Complete**

Emergency Response Plan 2219 was revised and submitted to the AER on December 2, 2013 and again on May 26, 2014. The ERP is therefore current and up to date. The pipeline is expected to be active for in-line well testing on or after July 26, 2014. Therefore, the requirement of the Action Plan to provide a revised ERP to the AER two months prior to start-up of the pipeline and facility has been met.

**3. Conduct ERP Exercise: Complete**

A blind major ERP exercise for the Waterton 68 pipeline and facilities was completed on April 16, 2014. Please see attached *Appendix B: Waterton 68 ERP Exercise Final Report.pdf* for the final report on this exercise. The AER has indicated satisfaction with all components of the exercise.

**4. RWDI Recommendations: Partially Complete, Actions Ongoing**

In the Waterton 68 AER Decision Report 2013-009, the AER directed Shell to implement the nine recommendations outlined in the RWDI Air Inc. (RWDI) report entitled "*Ambient Air Monitoring Program Design: Screwdriver Creek Valley*" (dated December 5, 2012). The AER specified that all recommendations were to be implemented before production of the Waterton 68 well, with the

exception of the perimeter H<sub>2</sub>S monitors identified in RWDI Recommendation #3. For this recommendation, 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 scheduled to be installed on or around July 15, 2014, before the expected production of the Waterton 68 well in October 2014.

The following *Table 1: RWDI Recommendations Report* for an update on the status of each of the nine RWDI recommendations. Shell will continue to provide regular updates on these initiatives through the Waterton Advisory Group (WAG) meetings.

**Table 1: RWDI Recommendations Report**

| RWDI Recommendation Number | Recommendation Description <sup>a</sup>  | Shell Update<br>(As of April 8, 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"> <li>Shell has retained AGAT Laboratories to setup and maintain the new station.</li> <li>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 “<i>Ambient Air Monitoring Siting Study: Screwdriver Creek Valley</i>” (dated September 27, 2013)).</li> <li>Shell secured land agreements for the chosen site and completed site access upgrades and associated civil earthworks in early 2014.</li> <li>The new station began operation in March, 2014.</li> </ul> | Complete                                |
| #2                         | Install a permanent continuous ambient station that monitors H <sub>2</sub> S and SO <sub>2</sub> 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 <sub>2</sub> S monitors should be installed at each of the following six well sites:<br>WAT junction, 6-16-6-2 W5M;<br>TX-5-20, 5-20-6-2 W5M;<br>TX-6-17, 6-17-6-2 W5M;<br>WT-61, 10-7-6-2 W5M;<br>WT-68, NE-1-6-3 W5M; and<br>CA 6-12, 6-12-6-3 W5M.   | <ul style="list-style-type: none"> <li>Shell has retained Boreal Laser to supply the perimeter H<sub>2</sub>S monitors.</li> <li>The new perimeter monitors will be up and running within a pilot test program at the Waterton 68 well site before production begins.</li> </ul>  | 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"> <li>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.</li> </ul>   | 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"> <li>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.</li> </ul>  | No Further Action Required At this Time |



| RWDI Recommendation Number  | Recommendation Description <sup>a</sup>   | Shell Update<br>(As of April 8, 2014)   | Status   |
|---|---|---|----------|
| #6  | Post any new continuous H <sub>2</sub> S, SO <sub>2</sub> 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"> <li>Shell will ensure AGAT Laboratories makes data from the new continuous station public via a website.</li> <li>Shell will also ensure that summary reports are available through WAG.</li> </ul>  | Ongoing  |
| #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"> <li>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.</li> </ul>  | 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"> <li>Shell plans to hold a public tour before production begins at the Waterton 68 well.</li> <li>The public tour will be advertised via the WAG email distribution list.</li> </ul>  | Ongoing  |
| #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 AAAAQO and typical published levels. | <ul style="list-style-type: none"> <li>Shell retained RWDI to conduct the VOC survey (RWDI report entitled "<i>Shell Waterton Ambient Air Quality Monitoring Survey: Ambient Air Sampling and Assessment of Volatile Organic Compounds</i>" (dated February 1, 2013)).</li> <li>All measured values were much lower than their applicable AAAAQO (including BTEX, hexane, styrene; several other VOCs were also evaluated by Maxxam, most of which were found to be non-detectable).</li> <li>Results were shared at the June, 2013 WAG meeting.</li> </ul> | Complete |
| NOTE:<br><sup>a</sup> For full details on the recommendations outlined herein, refer to the RWDI report entitled " <i>Ambient Air Monitoring Program Design: Screwdriver Creek Valley</i> " (dated December 5, 2012). |   |   |          |

## **5. Perimeter H2S Monitors: Ongoing**

The other perimeter monitors will be installed within one year of producing the Water 68 well. The Air Monitoring Technical Subcommittee of WAG will be further engaged at the time of completion of the Screwdriver Creek Valley air monitoring station pilot study.

## **6. 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 30, 2013 meeting:

*Appendix C1: WAG Notes May 30 2013.pdf*

*Appendix C2: WAG Air Update 14May13.pdf*

Attached please find the following WAG Meeting Minutes and presentations from the May 30, 2013 meeting:

*Appendix D1: WAG Oct 24 2013 Meeting Notes.pdf*

*Appendix D2: WAG Air Update 16Oct13.pdf*

A subsequent WAG meeting was held on May 1, 2014. Minutes for that meeting will be provided as soon as available.

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](mailto:glenda.prudom@shell.com).

Sincerely,



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