

BY E-MAIL ONLY

November 1, 2018

Michael D. Sawyer

**Hayduke & Associates Ltd.**  
[sawyer@hayduke.ca](mailto:sawyer@hayduke.ca)

**SHELL CANADA LIMITED (SHELL)  
PIPELINE LICENCE APPLICATION NO. 159466  
LOCATION 10-07-006-02W5M TO 07-07-006-02W5M  
STATEMENT OF CONCERN NO. 31004**

Dear Mr. Sawyer:

You are receiving this letter because you filed a statement of concern (SOC) on behalf of Michael Judd about Application No. **159466**. The Alberta Energy Regulator (AER) has reviewed the statement of concern on behalf of Mr. Judd, along with the application, and Shell's response to the SOC on behalf of Mr. Michael Judd. In addition, the AER also took into consideration the following decisions:

1. *Decision 2000-17;*
2. *Decision 2011 ABERCB 007;* and
3. *Decision 2013 ABERCB 009.*

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

- Mr. Judd does not own the lands on which the project is proposed. Shell has obtained a non-objection from the landowner.
- Your client raised concerns related to wildlife and vegetation, in particular the grizzly bear population, Limber Pine and Whitebank Pines. The AER notes that Shell conducted an EA as required per IL 93-09 and has put forth the position in the study that the potential effects of the project on wildlife appear to be minimal. Shell cites independent scientific research that documents grizzly bear activity in the Bear Management Area and indicates the grizzly population in the area has increased. Shell also notes that the routing of the pipeline will create no new

access is created and the location of the project is behind located gates, thereby restricting public access.

- With respect to the proposed pipeline, Shell has stated that no Limber Pine or Whitebank Pine trees have been identified along the proposed pipeline right-of-way.
- Your client raised concerns regarding flaring. Shell has stated that the proposed pipeline will not require a flare stack to be installed at JCT-J junction and no additional changes will be required at JCT-J. If flaring is required it will be conducted at existing flare stacks which Shell identified in its response to your client's SOC. Shell has also stated that the pipeline design for this proposed segment minimizes the need to flare. Where flaring may need to occur, due to operational matters, Shell has committed to meeting the requirements set out in *AER Directive 60: Upstream Petroleum Industry Flaring, Incineration and Venting*.
- Your client has raised issues a number of issues regarding the operations of the Carbondale System. The AER notes that Mr. Judd was an active participant in the 2010 and 2013 hearings which addressed this issue (see Decisions 2011 ABERCB 007 & 2013 ABERCB 009). His present concerns are similar in nature and the AER believes that these have been adequately addressed by both Shell's ongoing pipeline integrity management work and AER's operational and regulatory monitoring of the pipeline system. The AER notes that Shell has implemented recommendations from the previous hearings including the review of its pipeline integrity management plan by a third party selected by local stakeholders. Furthermore, a Pipeline Technical Subcommittee was formed as part of the Waterton Advisory Group which reviews pipeline integrity results annually. The AER continues to monitor Shell's pipeline integrity operational work. In 2017, the AER conducted its latest evaluation and was satisfied with Shell's pipeline operations of the Carbondale system
- The AER notes that the proposed pipeline will be built, constructed, operated and maintained as per the AER *Pipeline Rule* and the latest version of *Z662 Oil and Gas Pipeline Systems*.
- Your client also raised concerns regarding Shell's operations and development planning. The AER notes that the application was filed in accordance with participant involvement requirements set out in *Directive 056: Energy Development Application and Schedules*. The AER notes that Shell has an extensive engagement process in the area for local residents and that Shell's representative has engaged with you directly on multiple occasions conveying energy development information to you. Shell has committed to its ongoing engagement efforts with the local community.

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- Although, Mr. Judd's lands and residence fall within the EPZ for the proposed pipeline, concerns about the ability of emergency planning to protect him have been fully considered previously by the AER, in Decisions 2011 ABERCB 007 and 2013 ABERCB 009, which confirmed that shelter-in-place is an appropriate measure. Furthermore, *Directive 071: Emergency Preparedness and Response Requirements for the Petroleum Industry* stipulate that sheltering indoors is a viable public protection measure. The AER further notes that Shell has worked extensively on ERP response, procedures and exercises. Furthermore Shell has worked with Mr. Judd on conducting several rounds of sealing in areas of potential air leakage as identified by the blower door tests conducted by Shell.
- Mr. Judd raised concerns about the noise generated by Shell's existing compressor at the 6-12-06-3W5M location. All upstream oil and gas facilities must comply with the AER's *Directive 038 Noise Control requirements*. The AER notes that Shell conducted a noise impact assessment (NIA) in 2017 and that a copy was provided it to your client. The NIA results indicate that the facility is in compliance. As a result, the AER is satisfied your client's noise concerns have been appropriately addressed by Shell.
- Your client also raised compressor noise impacts on Castle Park. Shell has committed to operating the facility in accordance with *Directive 038: Noise Control*. Furthermore, Shell has also notified Alberta Environment and Parks and received non-objection from AEP. The AER notes that the compressor is situated approximately 12.25 kilometres from the boundary of the Park.
- Your client has raised concerns regarding potential future development. The AER notes that the application was filed in accordance with participant involvement requirements set out in *Directive 056: Energy Development Application and Schedules*. The AER notes that Shell has an extensive engagement process in the area for local residents and that Shell's representative has engaged with you on multiple occasions conveying energy development information to you. Shell has committed to its ongoing engagement efforts with the local community. The AER notes Shell's ongoing commitment that "*all relevant stakeholders and Indigenous Peoples will be kept apprised of proposed development activity as per our good neighbor consultation program which includes the new development sub-committee of the Waterton Advisory Group.*"

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Mr. Judd is invited to contact the local AER Midnapore Field Centre at 403-297-8303 or via email at [Midnapore.FieldCentre@aer.ca](mailto:Midnapore.FieldCentre@aer.ca) with any outstanding concerns related to the existing oil and gas infrastructure.

The AER is satisfied that your concerns have been addressed. As a consequence, the AER has decided that it does not need to hold a hearing to further consider Mr. Judd's concerns before the AER makes its decision on the application. The AER has issued the

applied-for licence and this is Mr. Judd's notice of that decision. A copy of the licence is attached.

All AER regulated parties must comply not only with the conditions of their authorizations, but with all of the AER's regulatory requirements. To ensure industry compliance the AER has developed its *Integrated Compliance Assurance Framework*, which embodies the three main components of all effective compliance assurance programs, those being education, prevention, and enforcement. You can find out more about how the AER verifies industry compliance and responds to noncompliance here: <https://aer.ca/regulating-development/compliance/compliance-assurance-program>.

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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, <https://www.aer.ca/regulating-development/project-application/regulatory-appeal-process>

If you have any questions, contact Julia MacPhee at 403-297-6873 or e-mail [Julia.MacPhee@aer.ca](mailto:Julia.MacPhee@aer.ca)

Sincerely,

<original signed>

Paul Ferensowicz  
Senior Advisor, Industry Operations

Enclosure (1): **(Pipeline Licence)**

cc: Molly Minuk, Shell Canada Limited, [Molly.Minuk@shell.com](mailto:Molly.Minuk@shell.com)  
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