

BY MAIL ONLY

June 27, 2017

Murray and Candace Ebeling
Proudash Cattleliners Inc.

STATEMENT OF CONCERN NO. 30488
APPLICATION NO. 1872212 FROM VESTA ENERGY LTD.

Dear Murray and Candace Ebeling:

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 230 m from the proposed well location and your residence is located approximately 540 m away. There will be no setbacks or other impacts associated with the well that will restrict the use of your lands.
- The well will produce oil from a formation that does not contain H₂S, so there will be no sour production from the proposed well.
- During drilling operations, the wellbore will be drilled through a sour formation before reaching the sweet target production zone. During this temporary phase of drilling operations the Emergency Planning Zone will be 50 m, which does not extend beyond the lease site.
- Regarding your concern about the impacts of fracturing on your well water, 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.
- The diversion and use of water by Vesta in its fracturing operations is regulated by the AER, and you have not explained how water volumes used by Vesta might adversely impact you. In any event, 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 concerns about seismicity, a cluster of seismic events in Alberta possibly related to hydraulic fracturing operations was observed in 2015 in the Fox Creek area, more than 350 km away from the site of the proposed well. Residents in the Fox Creek area reported feeling some of the seismic activity, but there were no reported impacts to public safety or infrastructure. As a result of the events in the Fox Creek area, the AER adopted special measures and requirements in the area relating to hydraulic fracturing. The AER continues to investigate and monitor seismicity in the Fox Creek area as well as across the province through a network of more than 40 seismic monitors throughout Alberta.
- In the highly unlikely event of an earthquake associated with fracturing operations at the well, based on information collected to date, it would not be of sufficient magnitude to adversely impact you.
- Your statements regarding the banning of fracturing operations in other jurisdictions relates to policy decisions of the Government of Alberta, and is also a matter that is beyond the scope of the application.
- 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

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road use agreement with the County of Lacombe which addresses the maintenance of County Roads. Any concerns with municipal roads should be raised with the County.

- Concerns about temporary oilfield workforce personnel in the area are vague and speculative in nature, and not within the scope of the application or the AER's jurisdiction.
- Regarding your concerns about chemicals and emissions from drilling and fracturing, these activities are temporary in nature, and 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. Please also note that the AER requires licensees to report amounts and sources of water and chemicals used in every hydraulic fracturing operation. Summary information is available at www.fracfocus.ca.

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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 enclosed. 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

Enclosure (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