

BATTLE LAKE WATERSHED SYNERGY GROUP

<http://synergyalberta.ca/group/battle-lake-watershed-synergy-group>

A meeting of the Battle Lake Watershed Synergy Group was held on Thursday November 1, 2018 at the Lakedell Ag. Centre (Hall B) with Paul McLauchlin acting as Facilitator.

CALLED TO ORDER:

Paul called the meeting to order at 7:00 pm.

Agenda

- Introductions
- Review of Minutes
- AER Updates
- Industry Updates
- Community Updates
- Next Meeting

ATTENDANCE:

In attendance were {9} residents, {9} industry representatives and government officials. (See the attached list.)

Review of Minutes:

AER Update: Darcy Allen

Announcement - October 31, 2018

Updated Joint Operating Procedures

The Alberta Energy Regulator (AER) has worked with the Aboriginal Consultation Office (ACO) to update the Joint Operating Procedures for First Nations Consultation on Energy Resource Activities and the Joint Operating Procedures for Métis Settlements Consultation on Energy Resource Activities, which are on the AER's Aboriginal Consultation webpage. These [procedures](#) set out the processes of the ACO and the AER on matters related to First Nation and Métis settlements consultation.

This review updated all tables and diagrams and revised the processes to make them more clear. These changes were made as part of the AER's and ACO's shared commitment to review and update the procedures as needed two years after their implementation.

Bulletin 2018-31 - October 31, 2018

Changes to the Public Lands Administration Regulation

[Bulletin 2018-27](#) - October 11, 2018

New Edition of Directive 054: Performance Presentations, Auditing, and Surveillance of In Situ Oil Sands Schemes

[Bulletin 2018-28](#) - October 18, 2018

New Edition of Directive 056: Energy Development Applications and Schedules and New Manual

[Bulletin 2018-29](#) - October 24, 2018

New Edition of Directive 020: Well Abandonment

[Bulletin 2018-30](#) - October 25, 2018

New Edition of Directive 013: Suspension Requirements for Wells

[Public Statement](#)

Building a Competitive Energy Industry in Alberta: AER President and CEO Jim Ellis

[Public Statement](#)

Reported Liability Estimates

Documents attached.

Comments/Discussion:

Dave Doze: Industry (oil sands) should not be expanding faster than they are reclaiming so as not to run into issue of well abandonment.

Darcy Allen: Calculations and ability under current regulations are flawed in comparison to what is currently happening in the economy. Something needs to be changed. Industry and General Public needs to be onboard with AER creating more stringent rules while also finding balance. Industry Progressive Reclamation- new footprint disturbance at the same time as reclamation. Development is out pacing reclamation. Very fair comment/criticism.

Dave Doze: Records acquired through FOIP Act

Darcy Allen: As a regulator everything is considered a record with AER. Members of public can make a request through general inquiries. Is it publicly available through libraries, etc.? If not, follow FOIP request. Privacy Commissioners will look at request and may redact personal or confidential information. Provincial Legislation that government entities must follow.

Dave Doze: Regarding the mind-boggling numbers released, would they have been made public by AER had someone not gone through these venues?

Darcy Allen: Rigid guidelines for who can release or provide records. Would have been reviewed within FOIP process for confidential information. Must follow records request legislation. Information regarding numbers released were two presentations made public.

Mike Black: Sequoia filed this week. Rent was paid for well site by a division of Sequoia.

Darcy Allen: There are multiple operating companies under the same name, operating separately, one has gone into receivership while one has not.

Paul McLauchlin: Update: 5 Industry

Regarding Sifton letter to Dave Doze. Asked Sifton to send directly to Dave.

Dave Doze: Only received letter from Paul. No correspondence from Sifton directly. Letter mislabeled Battle Lake Watershed Group as Preservation Society. Attendance to Battle Lake meetings.

Paul McLauchlin: Emailed Sifton to inform them of the BLWSG, meetings, BMP's.

Dave Doze: Letter mentioned BMP's are the Preservation Societies rather than Synergy Group's.

Paul McLauchlin: Did email Sifton to correct the information on BLWSG vs Preservation Society, as well as BMP's attached.

Darcy Allen: Industry/General Public not familiar with local area commonly mistake the two groups as being one in the same as naming convention is so close.

Industry Updates:

InPlay Oil: Lance Chorney

Dave Doze: Heard of a recent pipeline breach near Battle/Pigeon Lake

Paul will email Lance to follow up.

AER has no information but will follow up.

Baytex: Shane Koss

Baytex would like to inform you that it will be commencing the completion operations on the existing 5-25-46-2 W5 pad on approximately November 3rd. Before this date, there will be an increase in traffic to and from the site via highway 771 and range road 21. These operations should take approximately three weeks to complete.

During the completion, speed limit signs will be installed. When required; equipment will be staged on a predetermined site until cleared to enter the lease. Additional signage will be installed prohibiting Baytex traffic from parking on the county roads.

Lay flat lines have been incorporated into our operations. By utilizing this method, it will keep a tremendous amount of traffic off the county roads.

Sound mitigation barriers have also been installed to minimize noise.

This summer, calcium was applied in front of the residences on the route to the 5-25-46-2 W5 pad. The route will be refreshed with water as required during operations. Baytex's field staff will continuously monitor all road conditions and work proactively to minimize the impacts.

Baytex encourages consistent and meaningful communication between our employees, suppliers, and contractors in the communities which we operate. Open lines of communication between our stakeholders and us are critical to the success of the program. Should there be any questions or concerns please do not hesitate to call.

Portion of oil will be shipped via existing infrastructure as well as new pipeline to minimize truck traffic hauling oil to the battery. Integrity work was done on exiting infrastructure. New line through

existing ROW. Larger pads minimize the amount of pads necessary for operations. Also looking at staggering operations so not as intense.

Questions:

Dave Doze: How much water goes down these holes?

Barret Henschel: Depends on the wells, between 30,000-50,000 cubes

Sarah Salter Kelley: Where does flow back (produced water) go?

Barret Henschel: Disposal well. Some is stored for reuse according to criteria set for this purpose.

Sarah Salter Kelley: Where is water sourced? Creek on corner of Phippen Land that goes into Pigeon Lake?

Baytex: Not from Battle Lake Watershed, River Basin Watershed. Produced water from existing well sites, or recycling from 5-9 well. Possible to use produced water from other companies' productions. Produced water must be trucked. Only fresh water is pumped through lay flat lines.

Resident: Timeline for bigger plan?

Barret Henschel: In progress, should have information in the next month or so.

Dave Doze: No fresh water used is returnable to the water table. How long can we sustain this fresh water usage without affecting fresh water supply?

Baytex: The license is issued then the water is there to be allocated.

Darcy Allen: Policies governed by the Province allow for that use. Allocations are set up for multiple use by multiple industry for multiple end uses. Companies are required to do a number of technical work-ups in their applications when applying for any water dispositions (term license or temporary diversion license). Regulator (Environment and Parks or AER depending on end use) do a desktop review - adverse affect to those water sources. Larger term license, there may be more stringent requirements for doing those water allocation approvals.

Number of both technical and forecasting from historical data that the regulators use to either approve or deny those applications.

Mike Black: How many are denied typically?

Darcy Allen: No stats available, but no uncommon to deny or suspend a water use license depending on environmental conditions of flow or drought conditions.

Baytex: Just had an existing license suspended this fall.

Darcy Allen: AER expectation is that Industry reviews and tries to find alternate sources of water to limit the use of high quality no saline water. Some recycled, some lower quality water. Due diligence to find alternate sources of water.

Tyler Smith: Water metering. All water usage is recorded daily to ensure we are not exceeding limits.

Barret Henschel: Each TDL license, List of 20+ criteria to meet for water usages, audited, checked, upload data into the system, it all has to match, shows any discrepancies. Checked thoroughly across the board.

Dave Doze: Last winters procedure for transferring water through ditches (lay flat lines), where is the current water source coming from in comparison to last winter?

Barret Henschel: Same place. Poplar Creek, dugouts on land-owner's properties that will allow access.

Dave Doze: Do you T-off on that line?

Barret Henschel: There are a couple of t-offs (valve) to access the water sources on route. No additional lines.

Dave Doze: Measuring criteria?

Barret Henschel: Meter on pump at each source, it all has to coincide. Record each source, as each source has its own license, its own volume, and criteria specific for that source. Record and report specific to each license.

Dave Doze: Do you ever anticipate on running short for operational requirements, or do you return to regulatory procedures, how does that work?

Barret Henschel: If we run short, the process has to start all over again. Is there water left to be allocated from that source. The whole process starts again.

Dave Doze: Sound wall installation- are you there for the winter?

Barret Henschel: Fracking 10 days +/-, Completions are expected within a few weeks. Wall was erected based on conversations at BLWSG and with landowners to minimize/suppress noise.

Compressors have a HP requirement for licensing or not licensing. Sound insulating buildings and mufflers are integrated in mitigation of noise.

Tyler Smith: Considering BMP's, gone above and beyond financially in mitigating impact of operations on landowners. Water is near to oil-patch's hearts. Work through strict regulations, offices work towards sourcing produced waters rather than fresh. Based on conditions, water sources become suspended during operations. Constantly being metered and monitored.

Mike Black: Length and duration of use for temporary ditch lines?

Barret Henschel: Typically, 1 week to lay out prior to frack, 1 week to roll up upon completion. Approximately a month.

Mike Black: Concern for safety regarding reels proximity to road, winter especially, for graders to move snow, slippery roads, etc.

Kathy Rooyakkers: Road Use Agreement with public works (County). DOT would have stipulations on measurements from the centerline.

FOIP regulations apply to access to of documents. According to what Privacy Commissioner decides, information may be provided, redacted or not provided.

Shane Koss: Darcy's explanation of FOIP regulations is the best one I've heard.

Darcy Allen: Designed to protect parties, Company, individual, corporation.

If concern for breach of agreement, County has responsibility to follow up to ensure their interests are being protected.

Kathy Rooyakkers: Agreement templates are available on website. Bylaw officer can check for compliances. Road Use Agreements are the only thing regulated by the County, everything else falls under AER.

Darcy Allen: Compliance issues can be dealt with directly with companies, AER, or County respectively depending on the issue.

Ken Jenny: Process of overseeing activity?

Kathy Rooyakkers: Complaint based.

Dave Doze: No exit sign was never replaced from 2.5yrs ago.

Kathy Rooyakkers: Request was put in.

Mike Black: No parking signs? During fracks, multiple trucks on road?

Shane Koss: No, signs were put up after a truck was parked on a road for under an hour, educated workers, issues were addressed.

Mike Todorow: Well site Consultant/Supervisor (Sven) was not aware of Shane's name at all. Maybe there should be a meeting as there seems to be a lack of communication.

Barret Henschel: Sven doesn't know Shane?

Mike Todorow: Supervisor was unaware of concerns and issues of residents. Should be a more symbiotic relationship.

Barret Herschel: Were you the person who drove onto site and was hollering at him?

Mike Todorow: No, I wasn't hollering at him. Had a conversation that ended well.

Resident: Worked for oilfield. Tight lipped protocol at well sites.

Mike Black: Unsure of what the issue is?

Mike Todorow: The Road Use Agreement. Side conversation

Kathy Rooyakkers: Road Use Agreement in place, Shane follows up with public works. Many contractors are hired. Understood that a contractor had vehicle issues, unhooked trailer. Issue was addressed with no parking signs.

Shane Koss: We want to be good neighbors, so we address issues, gravel roads and grade several times, added signs. In our interest to have good roads.

Shane Koss: Pictures shared by Mike. When gravelling roads and approaches, the trucks have to unhook the pup, and then clean out so as not to shoot rocks out. Meet with individual landowners and BL groups to understand concerns and mitigate them on an ongoing basis.

Mike Todorow: Are you planning on a non-synergy type meeting with landowners who have questions so as not to use up time at this meeting?

Shane Koss: Right now, if there are people that you are aware of please just tell them to give us a call and we'll be happy to meet with them.

Mike Todorow: Rather than on an individual basis is there a planned meeting in regard to future plans (big picture).

Shane Koss: As we come to the Synergy meetings we will provide that information.

Mike Todorow: Have there been other private meetings with landowners?

Shane Koss: Lots of landowners will give us a call and we've had meetings with people inside this room and with people outside this room.

Mike Todorow: I wasn't aware of certain landowners being given certain information.

Shane Koss: We are not giving anyone more information than others. If people ask questions we provide the information.

Mike Todorow: Seems piece-mealed to me.

Shane Koss: That's why I invited you to come. You and I have talked a couple of times on the phone and I have shared information and answered questions.

Mike Todorow: I wasn't informed at the beginning of this project, it was by mistake that I found out about it. Certain people knew, certain people didn't know, and certain people still don't know about it. Not everybody chooses to come to this meeting.

Shane Koss: I would be happy to speak with anyone, ask them to give us a call.

Dave Doze: Well Site 2-27, 46-2-W5: Concern of Methane is 30x a devastating greenhouse gas as CO2. Venting?

Darcy Allen: Depending on source, there are requirements for industry to have to address any methane, or flaring, or venting volumes.

Barret Herschel: 5-25 temporary unit which takes the vent off the vent, capturing the gas and sends it to Cenovus facility then to Keyera. Gas and oil are separated and sent to different locations.

Dave Doze: At Sept meeting, no information for activity. Since then a package was delivered on a 10-hole operation south of my property. Some holes will be directly through my land at depth. There has been no mention of that proposal at the meeting tonight. BMP is to bring forward the full scope of work proposed for resident understanding of cumulative effect. The 4 holes drilled last year by Raging River (acquired) went on all summer. Package states that the 10-hole operation will be complete in 30 days. How can that possibly be?

Shane Koss: Proposed project at 9-7 near 5-9 pad.

Barret Herschel: Being looked at being defined for next year. Speaking with landowners to address concerns prior to operations. Taking feedback and addressing for future plans, takes time to formulate and will be glad to share. 10 well pad. Minimize surface impact with one pad, extending wells where possible. Q1 2019. Will not be back to back.

Graham Gilchrist: What is Community Consultation pre- application vs Post

Shane Koss: Integrative Decision approach. January meeting is a good time to discuss plans. Providing information but want to provide the correct information.

Dave Doze: Package stated work would beginning in Q4 2018, which is now.

Shane Koss: That was what was planned at the time of package delivery, plans have since changed. It's a problem we face as Industry, we provide plans and they do change. What would the group like to see? This is a good place to discuss.

Dave Doze: I would have expected to hear of plans and discuss at the September meeting rather than have notification dropped off at the time construction might start.

Shane Koss: Fair comment, but we did meet with you in person shortly after the meeting.

Dave Doze: We met about a different location. Access is at my mailbox. Timeline on license?

Ken Jenny: Fracking at 5-25 directional?

Barret Herschel: Yes 8000ft

Ken Jenny: Increase in volume of noise with fracking.

Barret Herschel: Yes, the reason for the sound wall to mitigate the noise. Hospital grade mufflers, insulated buildings as well. 24hours/day. Monitoring noise as well.

Dave Doze: Well Site 2-27, 46-2-W5: Document states continuous venting.

Barret Herschel: There is a small amount of continuous venting since the original license. Venting requirements are included in licensing procedures and checked/followed up. If venting exceeds AER license it is inspected.

Mike Black: For January follow up: AER Methane reduction strategies to drop by 45%. Share if Baytex is meeting those strategies.

Mike Black: Regarding reclamation is there a test to request to see if methane is leaking from a well that is cemented

Shane Koss: Gas migration testing is required. Directive 79 applies as well to future construction set backs.

Shane Koss: 6-22 abandoned injection well?? We'll (Baytex) will follow up on our planned reclamation schedule.

Clive Buckley: Missing water for future generations is not of a concern to you personally?

Shane Koss: Yes, highly regulated industry that we work in. Utilize these venues to mitigate. Look into different avenues to sources unusable water to reserve fresh water. That is why I come to these groups.

Ken Jenny: Are you looking at sharing salt water with other companies rather than using fresh water.

Barret Herschel: Testing for compatible water with other companies. No timeline available.

Dave Doze: When speaking with Davin Chandler of Sifton Petroleum in July, they were sourcing water from County of Wetaskiwin gravel pit and trucking in...why not use flowback from Baytex? Davin Chandlers response was they use so much more than us it doesn't matter.

Barret Herschel: Baytex is using its own flow back. Flow back usage was not compatible between two companies' wells.

Ken Jenny: What does the salt water refer to?

Barret Herschel: Produced water which has a saline content than fresh water.

Resourceful Petroleum: Bill Dolan

Oct 29, 2018

Maintaining existing production. No new activity planned for Q4 2018.

Journey Energy: Dale Guidi

Sifton Petroleum: Davin Chandler

Oct 29, 2018

Activity: surface wellsite 16-8-46-2w5 (downhole 2/3-15-46-2w5)

We are currently installing surface equipment, pumpjack, tank and separator, on the site. Power is expected to be run to the site within the next few weeks. Until power is installed, we will be using an electric generator which should minimize any noise from the site.

Pipeline operations will be commencing this week (Oct 29th) and will last about 2 weeks. We are pipelining to Cenovus's 8-8-46-2w5 site to the south. The majority of the line is being bored which will minimize ground disturbance.

We expect to place the well on production within the next week

Other:

We will be licensing a second well, 16-17-46-2w5, from the 16-8-46-2w5 surface location, within the next few weeks. We will not be drilling this well until 2019 and that will probably be about the extent of our activities in the area for next year

County of Wetaskiwin: Dale Woitt

N/A

Land Consultant: Graham Gilchrist

Graham Gilchrist: Multi Stakeholder Group for AER: Briefing on Directive 67, License to operate. Movement to daily Bloomberg report to be more efficient. 8000 well going into Orphan well system. From Discussion of 3 counties – parts of Alberta are in a declining basin. At some point those basins will run out.

Dave Doze: Why in such a hurry to get a declining product out with prices so low?

Graham Gilchrist: Not my area of expertise. SOC process: Old system -one well one SOC = must show directly and adversely affected.

As the AER moves to area-based regulation, how does the community interact and have input into the life cycle of the facility. All phases. How does the SOC work?

Changes to reclamation process. Got rid of 30-day process. Prepared to address the 30 days. Burden is on license holder to show application is correct rather than the landowner.

Community Updates:

Ken Jenny: Question to Darcy Allen: Elderly neighbor fallen victim to Schollard.

Darcy Allen: Falls into who is in receivership or not. Not uncommon for only partial payments made or none at all. Depends on where company is at in receivership process.

Ken Jenny: How long can lease go untouched?

Darcy Allen: Typically, 25-year lease, can automatically renew depending on lease agreement. Notice of default needs to occur.

Graham Gilchrist: Surface rights Board processes complaint. Must wait until bankruptcy filing is completed. Letter goes to treasury board to pay, and letter goes to AER because the license has been killed which triggers shut in process.

Ken Jenny: What is the most expedient process to rid land of caviet?

Graham Gilchrist: It is not quick, must file arrears. Someone will take over lease and pay or Orphaned-Treasury will continue to pay on annual basis until the reclamation certificate has been issued. License will be shut down, caviet off the system wait until reclamation certificate is issued.

Darcy Allen: Currently no requirement for industry to abandon or issue reclamation within a certain time period. Industry just needs to meet requirements on an inactive well for it to stay on the landscape indefinitely.

Ken Jenny: What happens when someone else sells land and issue is not with land titles.

Darcy Allen: When SRB cancels access with exception for Orphan Well Assoc. to do reclamation. No recourse for landowner other than to file arrears with SRB to recover annual fees.

Graham Gilchrist: Example of POA with sons of landowner. Arrears filed on her behalf, then again through estate after passing. Inheritants apply annually to Treasury for payments.

Darcy Allen: Encumbrance follows the land title.

Graham Gilchrist: Caviet with the land with go from him to new owner. Choice of any buyer through land title search.

Darcy Allen: Register that instrument on your land title. Only place to track that caviet. Survey must be filed not necessarily the Surface lease agreement.

Graham Gilchrist: AER now has Land owner registry for new leases going forward.

Darcy Allen: Surface lease agreement if registered does become a public document. AER may be able to make an order to comply.

Dave Doze:

Tuesday, November 13, 2018 Warburg Surface Rights Group meeting/presentation at Warburg Community Hall.

Fisheries, Hydrology, Manager Sciences.
AER employees from Edmonton Office.
Water use by the Industry.

Recommended to attend.

Mike Black:

Change signs from Raging River to Baytex.

Meeting Dates:

Jan 10, May 2, Sept 5, Nov 7, 2019

To be confirmed with Ag Society.

Industry Fees 2019:

\$1670.00 + GST

ATTENDANCE LIST

INDIVIDUAL	REPRESENTING
Paul McLauchlin	Facilitator
Dave Doze	Resident
Michael Black	Resident
Clive Buckley	Resident
Ken Jenny	Resident
Sarah Salter-Kelly	Resident
Carriann Davison	Resident
Mike Todorow	Resident
Bob Kochan	Resident
Bill Blackmore	Resident
Kathy Rooyakkers	County of Wetaskiwin
Dale Woitt	County of Wetaskiwin
Darcy Allen	AER
Graham Gilchrist	Consultant
Dale Guidi	Journey Energy
Tyler Smith	Baytex
Barret Henschel	Baytex
Shane Koss	Baytex