

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 September 6, 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
- Water Quality Discussion
- Next Meeting

ATTENDANCE:

In attendance were {2} residents, {8} industry representatives and government officials. (See the attached list.)

Review of Minutes:

AER Update: Darcy Allen

September 6, 2018

Bulletin 2018-14

- The Alberta Energy Regulator (AER) announces the release of the updated edition of Directive 039: Revised Program to Reduce Benzene Emissions from Glycol Dehydrators (Directive 039), effective immediately. This edition replaces the Directive 039 published on January 22, 2013

Bulletin 2018-15

- The reclamation certificate application tool is being moved to OneStop effective July 26, 2018

Bulletin 2018-16

- Clarifying the Difference between the Transfer of an AER Licence and the Sale or Transfer of the Contractual Right to Operate Wells and Facilities. The Alberta Energy Regulator (AER) has become aware that some

companies incorrectly believe that a transfer of the contractual right to operate wells and facilities entitles them to a transfer of the associated AER licences. The purpose of this bulletin is to clarify that contractual agreements purporting to sell or otherwise transfer the right to operate wells or facilities do not transfer the associated AER licences unless a licence transfer application is submitted to the AER and approved.

Bulletin 2018-17

- Change to the Reclamation Application Pre-submission Requirements. The Alberta Energy Regulator (AER) has released a new edition of Application Submission Requirements and Guidance for Reclamation Certificates for Well Sites and Associated Facilities (SED 002). The main change is to landowner notification requirements. These changes are consistent with our process under the Responsible Energy Development Act and Alberta Energy Regulator Rules of Practice.
- Applicants no longer need to provide affected parties a copy of the application package a minimum of 30 calendar days before they intend to submit the application to us. Instead, as described in section 6.2.3 of SED 002, **the same day** an application has been submitted to us, the applicant must also provide all affected parties with a copy of the application package, including a copy of the public notice of application from our website.
- Question: Clive Buckley - Soc-Entry on Land- no notification
 - Timing for Statement of Concern is missed.

Bulletin 2018-18

- New Alberta Environment and Parks Directive About Scour Protection for Pipelines. Effective March 1, 2018, Alberta Environment and Parks (AEP) issued Directive on Use of Approvals to Allow Riverbed Armouring to Provide Scour Protection for Pipelines (AEP 2018 Conservation #1). Under this new directive, operators can apply for a Water Act approval to “armour” pipeline crossings that meet the criteria outlined in the directive. Operators of AER-regulated pipelines must submit their applications to us.

Bulletin 2018-23

- Release of the Area-Based Closure Program Mapping Tool. A mapping tool for the area-based closure program is now available in OneStop for companies to collaborate on proposed area-based closure projects.

News Release

Guilty plea leads to \$460 000 penalty for Nexen Long Lake pipeline spill

- Calgary, Alberta (July 13, 2018)...Nexen has been ordered to pay \$460 000 as a result of a July 2015 spill from a pipeline associated with the company’s Long Lake oil sands facility.
- The company pleaded guilty in provincial court to one count under the Environmental Protection and Enhancement Act (EPEA). The spill released 5000 cubic metres of bitumen emulsion (made up of 20 per cent bitumen and 80 per cent produced water) over a 21 900-square-metre area about 45 kilometres southeast of Fort McMurray.

Question: Dave Doze - What was the reason for spill?

- Improper construction per manufacturers recommended specification for pipe in pipe thermal expansion.

Federal Fisheries Act - \$290,000

Creative sentencing – community members provide statements of impact, crown works with communities and companies to allocate fines to community programs/institutions/education etc.

Question: Dave Doze -Will this be effective as a return to the communities? Just a cost of doing business? Consumer pays for broad gap in crude to refined oil price, producer capitalizes, government says as long as you pay it's okay.

- Tax - Agriculture got a pass, exempt
- Surcharges on home heating
- Look at incident, forensic investigation, present to crown findings and previous history -make recommendations to crown to prosecute in civil court. Companies do not want to get themselves on that list. Third party capital – drives industry, investors seek rate of return on investment – will not invest in poor track/compliance record.

Industry Updates:

Sifton Petroleum: Dan Braund, Regional Director, Central Division Manager, Midstream SYNERGY Land Services Ltd. On behalf of Sifton Petroleum.

Via Email - August-08-18 1:08 PM 403-651-6574

Davin Chandler, VP Engineering

Paul,

I got your email from Dave Doze who I met with a couple of weeks ago regarding our well near Battle lake, at the 16-8-46-2w5 surface location (3-15-46-2w5 bottomhole).

He had suggested that I can get a copy of the best practices of the battle lake preservation group. If possible, can you email me what you can. I have a copy of the minutes from the last meeting.

Dave had also mentioned that the next meeting for the group was early September which unfortunately I will be away at that time. I could send someone else in my absence but seeing as we are a smaller operator and haven't met with your group formally (I've spoken with both Dave and Michael), I think it best for myself to come to the first meeting.

Not sure when the next meeting is but I plan on coming back up there in August and could meet with yourself if that helps. Just to keep you up to speed, we are in the process of completing our well and expect fracing operations to happen late next week. We have drilled into the cardium and have plans for this one well and possibly a follow up next summer if this one works and then that's about it.

- Update – Q4 - 8-8 to 16-8 surface, land owner requested to have it bored to limit surface impact. Access on South portion from East. Notification on access when time comes. Results of Testing on 2-15 will determine if there may be another well possible for 2018 or 2019.

Dave Doze: Feb 14, 2018, informed Sifton of BLWSG, learn BMP's for the area. May 2018 stakes were put in for site developed. Only had 3 days notice, unable to come to Synergy meeting. 2 months notice was given for Synergy meeting. Well being drilled within 1 mile of his home, under his property with no notification. Regardless of regulations, it is common courtesy to notify people of access to land. Water was tested due to Michael Black notifying Dave of drilling. Contact with AER July 6, 2018.

- Dan Braund: Would like to commit to communication moving forward.

Dave Doze: Requested that Davin Chandler acknowledge BMP's in writing, no letter received. July 6, 2018 Trinidad pulled in on site with a rig, without notification. Contacted Energy Board, spoke with Cindy Stewart at Drayton Valley, filed a complaint, license had been issued therefore could only be under review. Rig down on July 27, 2018, still did not have a letter, well already drilled. Followed up with Davin and since Dan, still do not have a letter.

- Dan Braund: committed to attending meetings. Davin has notes of meeting with Dave in his office and will write letter upon his return. Did not permit Dan to submit a letter on his behalf. Apologize on their behalf for lack of follow up.

Dave Doze: Davin stood in his yard and said he understood the BMP's, then later said he has not written a letter acknowledging the BMP's as he had not read them yet. Raised trust issues.

- Dan Braund: Would like opportunity to earn that trust.

Question to Darcy Allen: When companies were making applications for the area, they would be made aware of BLWSG and their BMP.

Directive 56 has a special section for Battle Lake Preservation Society, so there is no excuse for industry not to know of the provisions for this area. BMP's are not outlined in Directive 56. Recommended that companies engage with BLWSG.

Baytex: Shane Koss/ Berry Herschel/ Tyler Smith

Raging River – August 21, 2018 merger with Baytex

Drilled a couple of wells over the summer, finishing up in another week give or take. 5 - 9.

5-25 pad- 2 more wells beginning this weekend (Saturday Sept 15) 15 days per well, 30 days total, for October completion. No more activity for the remainder of the year. January- meet to determine work for 2019.

By 5-25, Lease construction, gravel, and moving burms, no fracing.

Question Dave Doze - Gas in water line suddenly. 188' well. Not sure what problem is yet. Drier summer.

Are you retesting water prior to drilling?

- Tested prior to drilling, testing again when completed. Have not found any changes.

A few residents noticed changes in water this summer.

Michael Black- unable to make meeting, Lease is on his land. Has anyone made him aware that work is not happening. Have been in contact, will follow up with him.

Ashton dam (Poplar Creek) reservoir owned by Baytex, acquired from Journey. (SE 19 & NE 18). Same AER approvals are necessary.

Ken Jenny: No public access to campground/fishing now?

- Locked gate. Not aware of campground being present.
- Two separate parcels of land, same body of water, Journey still owns where the campground is.

Same set up as last winter for water activities?

- Report to AER,

- 150,000 cubes- may not be able to use that amount due to conditions.

Water usage? How much more is needed compared to last winter?

- 36,000 cubes approx.

32km of hose, 6 pumps in middle of winter, impressive operation. How are you measuring water usage?

- Flow meters at the source of water, each pump, frac equipment. All gets tracked in data system. Calfrac. Volumes are submitted to AER. AER was out August 24, during commencement or 5-9 drill.

Share information about water licensing process for next meeting.

Dave Doze: Concern of water not staying in the water cycle, difference between using water and disposing of water.

5-25/ 5-9 –Produced water volumes of water being used. Flowback water is going to C – ring then reuse water to fracture 5-9.

Dave Doze: Baytex was good about notification prior to entry of property, would like water reports.

Dave Doze: Discussion with Rig manager regarding night traffic (2 am), coming by the house. Rig manager was affable to issue, however, stated that once the drivers leave the site, they do not have much control. Dave pointed out that the traffic would not exist if not for the work being done, therefore responsibility for the subcontracts should come back to Baytex.

- Anyone working for their organization is a representative of Baytex, therefore concerns should be shared so they can be addressed. Baytex can improve operations, planning routes, and have drivers maintain routes so as not to be disruptive. That should not happen and will be followed up on and addressed.

InPlay Oil:

N/A

Resourceful Petroleum: Bill Dolan

September 4, 2018

Maintaining existing production. No new activity planned for Q3 2018.

Journey Energy: Dale Guidi

N/A

County of Wetaskiwin: Dale Woitt

N/A

Land Consultant: Graham Gilchrist

Orphan Wells – 9 months behind in processing prior to getting a number.

Compensation paid by AB treasury is surpassed 5 Million in volume. 3500 owed last year, 3500 owed this year.

Question: Are land owners being disadvantaged by that backlog with SRD? Timing issue?

- Depending where the company is in its bankruptcy process.
- Not disadvantaged in funds, as considered small creditor while bankruptcy is in process, but may be disadvantaged in waiting on process.

Municipalities have lost 1.8 million non-refundable.

3 decisions of interest:

- Landowner successful to increase compensation.
- Landowner self represented- awarded decrease in compensation.

Multi-stakeholders – for the record Graham does not work for AER.

SOC cannot deal with Compensation.

Question: Differential on expropriation of process between wind power industry and surface industry.

- Oil and gas industry have the right of surface
- Wind industry does not have the right of surface. Private agreements only therefore enforcement relies on the courts. Reclamation changes have been in the works with Alberta Parks.

Crown owns minerals assets. Nobody owns the wind?

- Property rights in surface and above surface to the point where you can no longer use them economically. Air craft regulations come in after that. Buyer beware of regulatory process for wind power development, but depending on where development process is, you may have given pre-development permission to access if you have signed a development agreement for a test prop.

Most activity in Fox Creek area.

Community Updates:

Clive Buckley:

Dave Doze:

Ken Jenny

Water Quality Discussion:

Sarah Skinner
Watershed Planning Coordinator
Battle River Watershed Alliance

Attached is the most up-to-date water quality info we have for the two long-term monitoring stations on the Battle

River. The index scores are posted at this website when they become available:

<http://aep.alberta.ca/water/reportsdata/alberta-river-water-quality-index.aspx>

I was also able to find 3 Battle Lake water quality monitoring reports completed by the Alberta Lake Management Society in 2002, 2003, and 2012 (attached, and also available here: www.alms.ca/reports). You could contact Brad Peter (ALMS Executive Director) for more info about the reports, or to put in a request to have Battle Lake monitored in future years (780-702-2567, programs@alms.ca).

Also, I was mistaken on the phone - the Government of Alberta does undertake some lake monitoring, but it can be fairly patchy depending on the lake. You can access GOA water quality data for Battle Lake here (select Battle Lake from the drop-down menu and then click "View Report"):

<http://environment.alberta.ca/apps/EdwReportViewer/DetailedLakeWaterQuality.aspx> ALMS data is also now uploaded to this database.

- Paul will speak with director to get new water data on Battle Lake for 2019.
- Gap in data, got rid of beaver dams, drop in water level.
- Battle Lake Preservation Society raised \$27,000 for lake study. Michael Black has a copy.
- Follow up in November

Meeting Dates: November 1, 2018

ATTENDANCE LIST

INDIVIDUAL	REPRESENTING
Paul McLauchlin	Facilitator
Ken Jenny	Resident
Dave Doze	Resident
Clive Buckley	Resident
Graham Gilchrist	Consultant
Dan Braund	Synergy Land/Sifton
Dale Woitt	County of Wetaskiwin
Darcy Allen	AER
Shane Koss	Baytex
Tyler Smith	Baytex
Barry Herschel	Baytex