



This report provides an update on how the Alberta Energy Regulator (AER) is delivering on the panel recommendations from the proceeding to examine odours and emissions from heavy oil operations. More detailed information about the recommendations and the AER's response can be found at www.aer.ca.

Air Monitoring and Modelling Progress Report

Since the *Report of Recommendations on Odours and Emissions in the Peace River Area* was released March 31, 2014, the AER has been working towards creating a new air quality monitoring program that provides credible and comprehensive data that will help respond to odour and emissions related issues.

As recommended in the report, the AER has been building on the efforts of the existing Three Creeks Multistakeholder Air Monitoring Subcommittee.

This subcommittee operates two continuous-monitoring stations in the Three Creeks area. The stations monitor total hydrocarbons, nonmethane hydrocarbons, and total reduced sulphur to indicate whether emissions are present. When hydrocarbons exceed a threshold, canister sampling is employed to detect the presence of volatile organic compounds.

The new air quality monitoring program will be directed by a new committee, which will operate collaboratively and transparently. The intent is to include representation from industry, the AER, government agencies, residents of the Three Creeks and Reno areas, and environmental nongovernmental

organizations.

New Committee Governance

Progress has been made toward establishing the governance framework for the new air quality monitoring program.

The AER has met with the existing subcommittee and other stakeholders to explore governance options.

The governance framework for the new air quality monitoring program includes vision, mission, goals, objectives, strategies, and operations. The proposed name is the Peace River Air Monitoring Program (PRAMP).

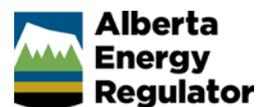
The AER also met with the Alberta Environmental Network in Red Deer and will be meeting with the Peace Airshed Zone Association board of directors to solicit feedback on the program.

Monthly meetings with the new committee are planned to validate the governance framework and to develop and implement an operations plan.

Characterizing Odour and Emissions

Studies done by Stantec and Clearstone and commissioned by the existing subcommittee were

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released in May and June.

The Stantec report is available on the Northern Sunrise County website. The report includes the air quality monitoring data collected in the Three Creeks area. The existing subcommittee reviewed the report and has implemented some of the recommendations to improve odour- and emissions-monitoring in the area. The new committee will review the remaining recommendations and determine an appropriate implementation plan.

A draft of the Clearstone interim technical report on emissions in the Three Creeks area was presented to the existing subcommittee in June. The final report is expected in December. When complete, the report will be posted on the Northern Sunrise County website. The new committee will review the recommendations from the Clearstone final report and determine an appropriate implementation plan.

A consultant will be hired to conduct a refined air monitoring network assessment of heavy-oil-related odours. The consultant will propose a scientifically credible air monitoring plan for consideration by the new committee.

Other Efforts

Once the governance framework is approved, the Peace River Air Monitoring Program will be expanded to include the Reno area. Baytex will install a monitoring station in the area by December 1, 2014.

The new committee may operate additional monitoring stations in the future, in the Walrus and Seal Lake areas, if facilities are located near residents who may be exposed to emissions and odours.

The new committee will give stakeholders timely access to data and information in a manner that is readily understood. The AER has met with stakeholders to get their feedback on how to best communicate air quality data and information to them.

The new committee will take this work through the next steps.