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BY E-MAIL ONLY

May 29, 2018

Ken Webb

REPSOL OIL & GAS CANADA INC.

APPLICATION NO. 001-00411215

STATEMENT OF CONCERN NO. 31119

Dear Ken Webb:

You are receiving this letter because you filed a statement of concern about application no. 001-00411215. 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 the land on which the project is proposed.
- You are upstream of the point of diversion and it does not appear that you are directly and adversely affected by the applied-for diversion.
- The licence is temporary in nature. The Temporary Diversion Licence (TDL) is valid until March 2019 and includes a clause that will immediately terminate the TDL once a decision has been made on the term licence.
- The AER acknowledges your concerns regarding the use of the water for hydraulic fracturing. Hydraulic fracturing is an industrial use, which is a permitted use under the *Water Act*.
- The AER acknowledges your concerns expressed regarding the impact of hydraulic fracturing (rather than the diversion of water that is the subject of this licence application) on residential water wells. These concerns may be relevant to any hydraulic fracturing activities which would be the subject of any future well

applications involving hydraulic fracturing. As per Directive 056, Repsol is required to include the SOC filers in its participant involvement notification program for any future infrastructure applications in the area, and to notify you when those applications are submitted.

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- Your concerns regarding the health of the aquatic system, effect on resident water wells and the quality of water were reviewed by an AER hydrogeologist. The hydrogeologist has no concerns with the proposed diversion. There is very little to no risk of adverse effects occurring on water wells completed in the region due to the diversion from Clearwater River. The TDL contains conditions that require Repsol to investigate any complaints of surface water or groundwater interference that are accepted by the Director.
- All of your other concerns respecting the impact of the diversion on the Clearwater River are addressed by the existing regulatory requirements and conditions that have been placed on the licence 00411215 as detailed below.
 - The requested allocation is within surface water allocation limits set by the Government of Alberta (GoA).
 - The licence contains conditions that require Repsol to stop diversion of water when river flow rates are at or below seasonally low flow thresholds. Seasonal low flow thresholds are established for the protection of the aquatic environment and are recommended and specified by GoA policies and guidelines.
 - The licence contains monitoring conditions that require Repsol to monitor or measure the rate of flow of water in the Clearwater River at regular intervals during diversion.
 - The licence contains reporting conditions that require Repsol to report to the AER the total volume of water diverted on a monthly basis.
 - The licence contains conditions that require Repsol to investigate any complaints of surface water or groundwater inference that are accepted by the Director.
 - The AER's fisheries biologist is satisfied with the fish screen plans provided in the application. Furthermore, the licence conditions ensure that Repsol follows design and installation criteria set in Department of Fisheries and Oceans Canada's *Freshwater Intake End of Pipe Fish Screen Guideline*.
- Respecting your concerns about monitoring and enforcing Repsol's compliance with regulatory requirements including the licence conditions, enforcement of requirements is done in accordance with the AER's Integrated Compliance Assurance Framework. More information on the AER's compliance program, inspections, audits and enforcement can be found at: <http://www.aer.ca/regulating-development/compliance/compliance-assurance-program>

Based on the above, you have not demonstrated that you may be directly and adversely affected by approval of the application or that the AER should hold a hearing before making its decision on the application. The AER has issued the applied-for licence and this is your notice of that decision. A copy of the licence is attached.

If you have any questions, contact Kimberley Andrade at 780-642-9169 or e-mail kimberley.andrade@aer.ca.

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Sincerely,

<Original signed by>

Rob Borth

Director, Oil & Gas Authorizations

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

cc: Sarah Barcelo, Repsol Oil & Gas Canada Inc.
AER SOC Coordinator
AER Red Deer Field Centre