

BY E-MAIL ONLY

January 24, 2019

Ackroyd LLP

REPSOL OIL & GAS CANADA INC.

APPLICATION NO. 001-00411930

STATEMENT OF CONCERN NO. 31145

Dear Sir/Madame:

You are receiving this letter because you filed a statement of concern about application no. 001-00411930. 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:

- The proposed project will be located on an existing clearing.
- The concerns about recreational use of the river, and noise are all general in nature, and there is insufficient information to determine that they would be negatively affected. Where more specific information was provided, the AER is satisfied that these concerns are addressed by:
 - The mitigation measures proposed by Repsol.
 - Conditions on the licence.
 - *Directive 038: Noise Control Guidelines*.
- The licence contains conditions that satisfactorily address your concern regarding the release of unused water diverted pursuant to this licence.
- The concern regarding impact on real estate value is outside of the AER's jurisdiction.
- Your concerns in respect to the storage of water, construction and noise are outside the scope of this application, as this application does not include storage ponds or reservoirs.
- Your concerns in regards to traffic are not within the AER's jurisdiction.

- 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 concerns regarding the effect on residential water wells 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 licence contains conditions that require Repsol to investigate any complaints of surface water or groundwater interference that are accepted by the Director.
- Your concerns regarding the health of the aquatic system and fisheries in the Clearwater River were reviewed by an AER fisheries biologist. The fisheries biologist has no concerns with the proposed diversion. The project presents low risk to fish and fish habitat given the mitigation measures proposed by Repsol.
 - 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*.
- All of the 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 00411930 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.

inquiries 1-855-297-8311
 24-hour
 emergency 1-800-222-6514

All AER regulated parties must comply not only with the conditions of their approval, but with all of the AER's regulatory requirements. To ensure industry compliance the AER has developed its Integrated Compliance Assurance Framework, which embodies the three main components of all effective compliance assurance programs, those being education, prevention, and enforcement. You can find out more about how the AER verifies industry compliance and responds to noncompliance here:

<https://aer.ca/regulating-development/compliance/compliance-assurance-program>.

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*.

You may file a regulatory appeal on the AER's decision to issue the licence if you meet the criteria within section 36 of the *Responsible Energy Development Act*. You can find filing requirements and forms on the AER website, <http://www.aer.ca/regulating-development/project-application/decisions>.

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If you have any questions, contact Brittney Goudreau at 780-641-9038 or by e-mail Brittney.Goudreau@aer.ca.

Sincerely,

<Original Signed By>

Rob Cruickshank
Director, Business Process

Enclosure (1): (Licence)

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