

BY E-MAIL ONLY

February 27, 2019

Mike and Faye Partsch

**TIDEWATER MIDSTREAM AND INFRASTRUCTURE LTD.
APPLICATION NO. 1911321
STATEMENT OF CONCERN NO. 31283**

You are receiving this letter because you filed a statement of concern in response to Tidewater Midstream and Infrastructure Ltd. (Tidewater) Applications No. 1911321. The Alberta Energy Regulator (AER) has reviewed your statement of concern, along with the company's application, and all applicable requirements and other submissions or information about the applications. The AER has decided that a hearing is not required to consider the concerns outlined in your statement of concern.

In its review of your concerns, the AER considered the following:

- The application is an amendment to rescind a condition on the Approval No. 12203D for the maximum gas injection rate limit only. The net gas volume and the average reservoir pressure conditions on the approval remain unchanged.
- Tidewater must operate in accordance with the terms and conditions of its amended Approval No. 12203E as well as all AER operating requirements. Any such contravention would be subject to AER enforcement action, which may include suspension of operations and other remedial action.
- The Dimsdale Paddy A reservoir into which sweet natural gas will be injected is approximately 1,300 meters below the surface. Gas is injected and stored within the porous rock which is an approximately 10 m thick porous rock formation. Prior to being used for injection, natural gas had been produced from the reservoir. Prior to being depleted due to production, the original reservoir pressure was 10,485 kPaa.
- The relevant gas storage reservoir scheme is not itself a "pressure vessel". The existing scheme approval (12203D) has a maximum allowable reservoir pressure which is lower than the initial pressure of the reservoir, and the gas storage scheme will not be pressured up to or beyond the initial pressure of the pool. Any risk of fracturing the reservoir rock is mitigated by the Maximum Wellhead Injection Pressure (MWHIP) assigned to the approval.
- Tidewater provided details to you about the tests required that the well and associated storage reservoir has undergone, in order to ensure both reservoir integrity and wellbore

integrity would not be compromised. These included zonal isolation and injectivity tests along with casing and cement integrity.

- Regarding your water well concern, Tidewater conducted water well testing pre- and post-drilling of its 13-25-071-07W6M (05-36 surface) well, as agreed to, and results from the testing showed there was no resulting material impact to the water well's quality or flow rate.
- Your concerns have been adequately addressed through AER requirements, mitigations proposed by Tidewater, and the characteristics of the depleted gas storage reservoir.

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

Based on the above, the AER has issued the applied-for approval and this is your notice of that decision. A copy of the approval is attached.

All AER- regulated parties must comply not only with the conditions of their authorizations, 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>.

You may file a regulatory appeal on the AER's decision to issue the approval if you meet the criteria within section 36 of the *Responsible Energy Development Act*. Filing instructions and forms are on our website under Regulatory Appeal Process.

Sincerely,

<original signed by>

Rob Cruickshank

Director Business Process, Authorizations

Attachment: Approval No. 12203E

cc: Ryan Connery, Tidewater
AER GrandePrairie FieldCentre
Fiona Leblanc, ADR