

June 25, 2024

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By Email Only

Hung Huynh
NuVista Energy Ltd. (NuVista)**Statements of Concern No. 32466**
Shell Canada Limited (Shell)
Applications No. 1950041

Dear Hung Huynh,

You are receiving this letter because you filed a statement of concern (SOC) about Application No. 1950041. The Alberta Energy Regulator (AER) has reviewed your SOC, along with the application, and all applicable requirements and other submissions or information about the application. The AER has concluded that it is not necessary to hold a hearing before making a decision on the application. The AER has issued an approval, and this is your notice of that decision.

The AER has decided that a hearing is not required to consider the concerns outlined in your SOC. In our review of your concerns, we considered the following:

- The approval of the Acid Gas Disposal (AGD) scheme does not allow for the disposal of fluids into the Leduc Formation. Prior to applying for approval to dispose of fluids at the 00/14-34-066-07 W6/0 well, Shell is required to meet the conditions of the approval and submit an application to amend its licence under *Directive 065: Resources Applications for Oil and Gas Reservoirs (D065)*.
- The conditions of the approval require that Shell provide updated geological and geographical interpretation, of the target and bounding formations, prior to applying to dispose of fluids into the formation. Additionally, it is required that Shell secures a valid Crown Agreement(s) or authorization(s) to sequester CO₂ from Alberta Energy and Minerals prior to the submission of the *D065* amendment application.
- Should Shell elect to submit an amendment application for further activities under *D065*, Condition 7 requires that it conduct a review of the mineral rights ownership and well licensees in the area and notify any existing and new holders and licensees prior to submitting an application. In addition, Shell

must ensure that NuVista is notified before the application is submitted. If NuVista believes it may be potentially directly and adversely affected, it will have the opportunity to submit a Statement of Concern (SOC) regarding the amendment application at that time.

- The AER recognizes your concern regarding Shell's documentation of NuVista's concerns within the application. The AER notes that Shell has met the application requirements as per *D065*. Furthermore, the AER has now completed a review of your concerns through the SOC process.
- The AER recognizes the concerns regarding reservoir capacity and the potential impacts of AGD on the NuVista's operations. The approval of the current application would only allow Shell to complete step rate injectivity testing to determine the safe maximum wellhead injection. The current application would not allow for the disposal of fluids into the Leduc Formation therefore, these concerns are considered to be out of scope of the current application. NuVista's concerns may be raised should Shell file an amendment application.
- The AER notes that in your April 19, 2024 response to Shell, that you have no issues with Shell drilling the 14-34 well to conduct a step-rate test and collect pressure data. As the conditions of this approval only allows Shell to conduct a step-rate test and collect pressure data, the approval conditions are considered by the AER to address your concerns.

Based on the above, the AER has concluded you have not shown that you may be directly and adversely affected by the subject application and that it is not necessary to hold a hearing before making a decision on the application. 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 located here: <https://www.aer.ca/regulating-development/project-application/regulatory-appeal-process>.

If you have any questions please contact SOC@aer.ca.

Sincerely,

<Original signed by>

Steve Thomas
Director, Oil and Gas Subsurface, Waste and Storage
Regulatory Applications
/jg

Attachment (1): Approval

cc: Tanya Goertzen, Shell Canada Limited
Byron Lee, AER
SOC Inbox, AER
Field Operations Northwest, AER