

Via Email

July 27, 2017

Canadian Natural Resources Limited

Mike-Ro Farms Ltd.

Attention: Nelson F. Lord**Attention: Glen Goertzen**Calgary Head Office
Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4
Canadawww.aer.ca

Dear Sirs:

**RE: Request for Regulatory Appeal by Mike-Ro Farms Ltd.
Canadian Natural Resources Limited (CNRL)
Application No.: 18743437; Licence No.: 30451
Location: 05-20-079-12W6M
Regulatory Appeal No.: 1884107 (Regulatory Appeal)**

The Alberta Energy Regulator (AER) has considered Mike-Ro Farms Ltd.'s (MRF) request under section 38 of the *Responsible Energy Development Act* (REDA) for a regulatory appeal of the AER's decision to approve the Licence 30451. The AER has reviewed MRF's submissions and the submissions made by CNRL.

For the reasons that follow, the AER has decided that MRF is not eligible to request a regulatory appeal in this matter. Therefore, the request for a Regulatory Appeal is dismissed.

The applicable provision of REDA in regard to regulatory appeals, section 38, states:

38(1) An eligible person may request a regulatory appeal of an appealable decision by filing a request for regulatory appeal with the Regulator in accordance with the rules. [emphasis added]

The applicable definition of "appealable decision" is in section 36(a)(iv) of REDA, which states:

36(a)(iv) a decision of the Regulator that was made under an energy resource enactment, if that decision was made without a hearing,

The term "eligible person" is defined in section 36(b)(ii) of REDA to include:

a person who is directly and adversely affected by a decision [made under an energy resource enactment]...

Reasons for Decision

MRF is seeking to appeal the decision to issue licence No. 30451, which amends an existing multi-well gas battery by permitting the installation of an additional 298kW gas compressor, increase maximum licenced inlet rates, increase maximum continuous sulphur emissions, increase H₂S content and add a new flare/incineration stack to a multi-well gas battery located on MRF's lands. This decision was made pursuant to an energy resources enactment, the *Oil and Gas Conservation Act*,¹ and without holding a hearing and therefore is an "appealable decision" as required by s. 38(1) of REDA.

¹ REDA section 1(j)

However, the information before the AER does not demonstrate that MRF is directly and adversely affected by issuance of the Licence and therefore MRF is not eligible to request a regulatory appeal.

You have outlined concerns with respect to drainage, traffic, weeds and the expansion of the Emergency Protective Zone (EPZ) associated with the site.

With respect to drainage, you expressed concerns about how the existing facility has resulted in diversion of water onto MRF's lands which has had adverse impacts on MRF; however, neither this information nor any other information before the AER demonstrates that the additions to the site which are permitted by the appealed-from decision will cause impacts to MRF related to water flow or drainage. All these concerns relate to the existing facilities.

In regard to traffic and weeds, the information you have provided relates to existing conditions and does not demonstrate the work permitted by the appealed-from decision will increase the risk of contamination from weeds. Increased traffic for construction will occur for only a very limited construction period and its presence is not in and of itself a direct and adverse effect as contemplated by REDA. The information regarding traffic spreading weeds is very speculative and CNRL has indicated it will follow good oil field practices which the AER considers will effectively remove any risk of the introduction of noxious weeds onto MRF's lands.

You have also submitted that there "must be" direct and adverse impact to MRF because the H₂S content of inlet gas is increasing as is the EPZ. The H₂S content of inlet gas is increasing from 35 mol/kmol to 55 mol/kmol. The EPZ is expanding from .35 km to .55 km. You have not indicated how this change will affect MRF, only that it "will certainly have a negative effect on the operations" of MRF. The AER notes that the EPZ associated with the facility prior to the licence being approved extended onto MRF's lands. It will now extend a further 200 meters further onto MRF's lands. You have not explained how this is or will result in a direct and adverse effect on MRF and none of the information before the AER demonstrates this increase will result in a direct and adverse effect to MRF. Similarly, no information is provided and the AER is not aware of any information that demonstrates a direct and adverse impact to MRF from the proposed increase in sulfur emissions or the presence of the further flair stack.

No information supporting the allegations of increased cost and decreased value related to the site is provided. The conditions alleged to cause the increased costs and reduced values/revenues are existing and not the result of the amendment.

The AER does not find that MRF is directly and adversely affected by the appealed-from decision and therefore it is not an "eligible person" and is not eligible for a regulatory appeal of the decision.

Conclusion

Given the foregoing, the AER dismisses MRF's request for regulatory appeal of the decision to approve CNRL's application and issue the subject licences.

In light of the AER's denial of the request for regulatory appeal, it is not necessary to consider whether the decision to issue licence No. 30451 should be suspended.

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

Enquiries regarding AER facilitated ADR may be made to the AER's ADR team at 1-855-297-8311. You may also wish to view the AER ADR page which is on the AER website www.aer.ca.

With regard to information about clubroot and weeds, you may contact Alberta Agriculture and Forestry at www.agriculture.alberta.ca.

In relation to your question regarding power transmission to the compressor that matter is under the jurisdiction of the Alberta Utilities Commission.

If you have any operational concerns during the construction or operational phases of this matter, you may contact the Grand Prairie Field Centre at 780-538-5138 or via email at [grandeprairie.fieldcentre@aer.ca](mailto:grandeprairie.fieldcentre@ aer.ca) and for emergencies the 24 Hour Response Line 1-800-222-6514.

Sincerely,

<original signed by>

K. Fisher, Manager
Regulatory Effectiveness, Industry Operations

<original signed by>

V. Henkel
Advisor, Pipelines, Authorizations

cc: CNRL