

Via Email

January 19, 2022

Calgary Head Office
Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4
Canada

Public Interest Law Clinic

Pieridae Alberta Production Ltd.

www.aer.ca

**Attention: Drew Yewchuk, Counsel
Shaun Fluker, Counsel**

Attention: Thalia Aspeslet

Dear Sirs and Madam:

**RE: Request for Regulatory Appeal by Michael Judd
Pieridae Alberta Production Ltd. (Pieridae)
Application No.: 31097955; Licence No.: 62559
Location: NE 6-6-2-W5M
Regulatory Appeal No.: 1934303 (Regulatory Appeal)**

The Alberta Energy Regulator (AER) has considered Michael Judd's request under section 38 of the *Responsible Energy Development Act* (REDA) for a regulatory appeal of the AER's decision to approve the Licence. The AER has reviewed Mr. Judd's submissions and the submissions made by Pieridae.

For the reasons that follow, the AER grants the request for regulatory appeal.

Background

On February 19, 2021, Pieridae Alberta Production Ltd. (Pieridae) submitted an application to the Alberta Energy Regulator (AER), under Part 4 of the *Pipeline Act*, and in accordance with *Directive 056: Energy Development Applications and Schedules* (Directive 056), for a two-year licence to construct and operate a pipeline on private land from an existing wellsite located at 10-07-006-02W5M to an existing pipeline tie-in-point at 07-07-006-02W5M (Application No. 31097955). The proposed pipeline is approximately 0.64 km long with a maximum outside diameter of 168.3 mm and would transport sour natural gas with an H₂S concentration of 320 mol/kmol (32%). The maximum calculated EPZ for the project is 0.7 km, with the nearest resident approximately 0.6 km SE located at SW-08-006-02W5M.

On March 20, 2021, Michael Judd (Mr. Judd) filed a Statement of Concern (SOC) in relation to Pieridae's Application No. 31097955. Mr. Judd's SOC was registered by the AER as SOC No. 31920, and submitted concerns related to the pipeline's EPZ boundary, H₂S release, Flaring, Noise and Future Applications.

On August 16, 2021, the AER dispositioned SOC No. 31920, and Application No. 31097955 was approved and Pipeline Licence No. 62559 (Licence) was issued to Pieridae.

On September 12, 2021, Mr. Judd submitted a Request for Regulatory Appeal of the AER's decision to issue the Licence to Pieridae. The Request argued that the approval posed a risk to Mr. Judd's health and that there was the possibility that the pipeline would not be reclaimed if Pieridae became insolvent. Mr. Judd also asserted that the pipeline approval was granted in violation of his rights to procedural fairness. More specifically, Mr. Judd's safety concerns were as follows:

- “[His] land should have been included in the Emergency Protection Zone for the pipeline. When Shell applied for the same pipeline in 2018 (Application No. 159466) the EPZ was larger and included [his] home. Pieridae has re-calculated the size of the EPZ for their new application and reduced the size of the EPZ, without providing any explanation for why.”
- Further, if a sour gas release from the pipeline required an evacuation, Mr. Judd's only route of egress would pass through the EPZ. Thus, his only option would be to shelter in place.

On September 16, 2021, Regulatory Appeals issued correspondence to the parties requesting comments on the merits of Mr. Judd's RRA.

On September 29, 2021, Pieridae responded to the Request for Regulatory Appeal arguing that Mr. Judd's concerns could be viewed as vexatious and that they had already been considered by the AER when it issued its SOC disposition letter. Responding to Mr. Judd's claims that an explanation was not given for the reduction in the size of the EPZ, Pieridae noted that it had made multiple attempts to provide an explanation for the reduction of the EPZ to Mr. Judd and his representative.

Addressing Mr. Judd's safety concerns, Pieridae noted that “...in the unlikely event of an emergency that Mr. Judd is affected, sheltering in place is an approved protection measure for residents...”.

On October 14, 2021, Mr. Judd's counsel reiterated that he has never been provided with an explanation for the reduced size of the EPZ, noting that Pieridae had only communicated the following to Mr. Judd's representative:

- “The only difference is that the EPZ has been reduced from a 1.58 km radius and now it is 0.70 km.”
- “The EPZ was calculated with the refined inputs from detailed engineering completed since last application. These inputs include the lined pipeline specification and well site emergency shutdown trip setpoint.”

It was argued that, to deny Mr. Judd a regulatory hearing would mean that Mr. Judd would not even be given an explanation as to why the EPZ changed, a change which directly impacts his personal safety and indirectly impacts his procedural rights.

Reasons for Decision

The applicable provision of *REDA* regarding 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 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]...

The term “appealable decision” is defined in section 36(a)(iv) of *REDA* to include:

a decision of the Regulator that was made under an energy resource enactment, if that decision was made without a hearing...

Section 38(1) creates a three-part test for a regulatory appeal. First, the requester must be an eligible person as defined in section 36(b) of *REDA*. Second, the decision from which the requester seeks regulatory appeal must be an “appealable decision” as defined in section 36(a) of *REDA*. Third, the request must have been filed in accordance with the *Alberta Energy Regulator Rules of Practice (Rules)*.

Appealable Decision

The granting of the pipeline license is an appealable decision, as the licence was issued under the *Pipeline Act* – an energy resource enactment – without a hearing.

In Accordance with The Rules

The request for regulatory appeal was filed in accordance with the time requirements under the rules.

Eligible Person

For Mr. Judd to be eligible for a regulatory appeal, he must demonstrate that he may be directly and adversely affected by the AER’s decision to issue the approvals. The AER is satisfied that Mr. Judd has demonstrated that he may be directly and adversely affected by the decision to issue the approval for application 31097955.

In reaching this conclusion, the AER was guided by the Court of Appeal’s decision in *Kelly v Alberta (Energy Resources Conservation Board)*, 2011 ABCA 325. In this decision, the Court examined whether a landowner who falls outside of the EPZ (EPZ was 2.11 km and the landowners resided 6.5 km and 5.4

km from the well site) could still be directly and adversely affected. The Court concluded that the landowners were directly and adversely affected. The Court found that the "...the very fact that a plan is required which contemplates evacuation in some circumstances must demonstrate that there is some lurking risk. It is the lurking risk which is "adverse", not the evacuation plan itself." Thus, in Mr. Judd's circumstance, where there exists the possibility that he may have to shelter-in-place – as his residence is approximately 1.02 km from the project location, and the EPZ is 0.7 km – there is a "lurking risk" sufficient to make a finding of directly and adversely affected.

The Court also went on to state that:

... At some point the Board must decide whether the magnitude of the risk is such that the applicant has become "directly and adversely affected". But the applicant need not demonstrate that the perceived risk is a certainty, or even likely. Nor need the applicant prove an adverse effect greater than that suffered by the general public, nor that any adverse effect would be life-threatening. Those in the tertiary evacuation area may not have an absolute right to standing in all cases, but they have a strong *prima facie* case for standing. The right to intervene in the Act is designed to allow those with legitimate concerns to have input into the licensing of oil and gas wells that will have a recognizable impact on their rights, while screening out those who have only a generic interest in resource development (but no "right" that is engaged), and true "busybodies". [emphasis added]

In Mr. Judd's unique case, the fact that he would have to shelter-in-place should an emergency come to pass, highlights that he has more than a generic interest in resource development.

Peridae argues that sheltering in place is an approved protection measure for residents under Directive 071. However, "sheltering indoors" under Directive 071 is intended to be a temporary protection measure and it may be that evacuation would ultimately be required for Mr. Judd. As indicated by Mr. Judd, his evacuation route passes through the EPZ which may put him in harm's way in the event of a release.

In Directive 071, Section 3.1 Emergency Planning Zone, it is stated that the EPZ must ensure that the actual size and shape of the final EPZ reflect the following:

- site-specific features of the area,
- information gathered during the public involvement program, and
- factors such as population density, topography, and access/egress routes, which may affect timely implementation of emergency response procedures in the EPZ. [emphasis added]

To ensure that Mr. Judd's lack of egress was considered, the final EPZ should have been modified to include Mr. Judd's residence.

Further, Section 4.3 Table 3 also indicates that permanent and part-time residents, including those residing on dead-end roads beyond the EPZ where occupants are required to egress through the EPZ, are required to be notified and consulted.

All the foregoing factors indicate that Mr. Judd may be directly and adversely affected and accordingly, is an eligible person for the purpose of appeal.

Mr. Judd's Request is not Vexatious

Pieridae submitted that Mr. Judd's request could be viewed as vexatious, noting that:

- Shell had applied for the project as far back as 2017;
- Mr. Judd appealed the project in 2018, only for the project to be withdrawn in 2020; and
- Pieridae reapplied in 2021 with an extensive Public Involvement program, technical review and audit.

Mr. Judd responded to Pieridae's assertion that his claim was vexatious by noting that there is no basis in law for finding that Mr. Judd's request was vexatious. Mr. Judd noted that he was not re-litigating Shell's project, as Shell's previous regulatory appeal was cancelled.

Under section 39(4)(a) of *REDA*, the AER has discretion to dismiss all or part of a request for regulatory appeal if it considers the request to be frivolous, vexatious, or without merit. The AER treats these as high standards for the party alleging the deficiency to meet.

The AER is satisfied that Mr. Judd's request is not vexatious. While Mr. Judd submitted a wide range of issues, Mr. Judd's safety concerns about potentially having to shelter--in-place and the fact that his only route of egress is covered by the pipeline's EPZ, raise an arguable issue that supports the granting of the request for regulatory appeal.

Conclusion

In conclusion, the AER grants the request for regulatory appeal as it relates to the AER's approval of Application No. 31097955. Accordingly, the AER will request the Chief Hearing Commissioner to appoint a panel of hearing commissioners to conduct a hearing.

Sincerely,



Sean Sexton
Vice President, Law



Elizabeth Grilo
Senior Advisor, Regulatory



Gary Neilson
Senior Advisor, Crown Liaison