

Alberta Energy Regulator  
Shell Canada Limited - Pieridae Energy License Transfer in the Waterton Field  
Statement of Concern of Michael Judd  
Applications: 1925373, A10100930, A10100929, A10100927, A10100926, A10100925, 00413432-002, 00413352-002, 00413351-002, 00011668-004

**ALBERTA ENERGY REGULATOR**  
**Statement of Concern of Michael Judd**  
**Re: Proposed Transfer of Shell Canada Limited's Licenses in the Waterton Field to**  
**Pieridae Energy.**  
**November 13, 2019**

***EXPLANATORY NOTE***

This statement of concern was previously submitted in relation to applications 1925403, 1925399, 1925400, 1925404, 1925405, 1925406.

As the concerns described relate to the entire transfer from Shell Canada Limited to Pieridae Energy, this is a follow up statement of concern for the applications submitted by Shell after the initial Statement of concern was submitted on November 6<sup>th</sup>, 2019: Applications 1925373, A10100930, A10100929, A10100927, A10100926, A10100925, 00413432-002, 00413352-002, 00413351-002, 00011668-004. The content of the SOC is the same.

**INTRODUCTION**

Shell Canada Limited has applied to transfer their licenses to operate all of Shell's midstream and upstream assets in the southern Alberta Foothills area – including the Waterton Field, the Jumpingpound field, and the Caroline Field to Pieridae Energy. The potential transfer from a subsidiary of one of the world's largest companies to a 'pea-sized' energy company<sup>1</sup> massively increases the possibility that a bankruptcy or insolvency situation will slow or completely prevent the multi-billion dollar environmental cleanup of the Waterton Field that will ultimately, and possibly imminently, be required. I am directly and adversely affected by the risks created by the proposed transfer and feel the proposed transfer requires a hearing.

**THE IMPACT OF THE TRANSFER, AND MY OBJECTIONS TO THE TRANSFER**

I reside in the Screwdriver Creek Valley at NE 6-6-2-W5M. I have lived at this location since 1974, before Shell arrived to this region. I have been found directly and adversely affected by a number of projects in the Waterton field, most recently a planned level 3 gas pipeline carrying gas exceeding 10 mol/kmol of hydrogen sulphide (H<sub>2</sub>S): Pipeline License PL23800-99 in May 2019.

In the region where I live, failures in the Waterton Field would risk releasing a fatal dose of H<sub>2</sub>S. My residence is located within a number of emergency protection zones for Waterton field wells and pipelines. Attached is a map recently generated by Shell showing the Emergency Protection Zones in which I either reside or would have to pass through in an evacuation scenario. The only access road to and from my residence is the Seven Gates Road, which leads down Screwdriver Creek valley and through the Emergency Protection Zones that would be impassable in the event of many potential blowout situations.

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<sup>1</sup> Ken Schaefer, "A Pea-sized Company with a Huge Natural Gas Vision" July 17, 2019, Oil and Gas Investment Bulletin

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The Waterton Field, as partially shown on the attached map, contains a massive amount of infrastructure, including roads, pipelines, wells, compressors and other installations that will need to be abandoned and remediated at great cost. The full environmental liabilities for the system likely run into the billions of dollars. Sufficient security to ensure this cleanup is necessary, and there is a serious possibility the field is not going to be profitable for much longer, and that cleanup and remediation will be required in the near future. The gas reserves in the Waterton Field have already been heavily exploited by Shell, and the global economy is unlikely to see large increases in the price of gas during the remaining life of the Waterton Field.

Shell Canada Limited intends Pieridae Energy to assume the licenses all of Shell's midstream and upstream assets in the southern Alberta Foothills area – including the Waterton Field, the Jumpingpound field, and the Caroline Field. All three are hazardous sour gas fields with massive environmental liabilities. I am concerned Pieridae Energy will not be able to cover the abandonment and reclamation costs for all of these fields. I suggest all the proposed license transfers for the fields should be combined for a single hearing.

I am directly affected by the health risks of the existing and unreclaimed installations, and I have a direct interest in the natural beauty of the area surrounding my land being restored at the closure of the Waterton Field. I am aware of the growing problem of orphaned oil and gas equipment in Alberta, and I am concerned the transfer of the Waterton Field licenses to a small operator is the first step towards my home being surrounded by dangerous orphaned oil and gas equipment that may never be reclaimed.

## **DESIRED OUTCOME**

My initial desired outcome is for the AER to hold a public hearing to calculate and consider the full extent of abandonment and reclamation costs associated with the assets to be transferred, determine if Pieridae possesses sufficient security, and whether it is in the public interest to transfer the licenses in question without special terms and conditions for the reclamation liability.

My desired outcome from the hearing is that the AER not transfer of any licenses for the Waterton Field, the Jumpingpound field, and the Caroline Fields to Pieridae Energy unless Shell either posts full security or remains liable for the full abandonment and reclamation of the pipelines, wells, and equipment in the likely event the much smaller Pieridae Energy fails to fulfill their environmental obligations and enters receivership.

## **Contact Details of Michael Judd**

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