

For Immediate Release:

Over 20 Groups call for inquiry into in-situ technology following ongoing CNRL Primrose bitumen blow-outs

CALGARY, August 13, 2013: Over 20 organizations are calling upon the Alberta Energy Regulator (AER) to take action following the recent and on-going bitumen releases at the Canadian Natural Resources Ltd. Primrose operation. The groups today asked the AER to conduct a public inquiry into the safety of oil sands CSS and SAGD in-situ operations.

Earlier this year, CNRL reported bitumen releases at four separate locations at its Primrose cyclic steam stimulation or CSS operations. In CSS operations, steam is injected at high pressure to heat and mobilize the bitumen deposits. CNRL has indicated that the releases were related to the mechanical failures of wellbores in the vicinity of the releases, although the AER has stated that the cause remains unknown.

The recent CNRL incidents are not the first time that in-situ operations have suffered unexplained failures. Similar releases have occurred in the past at Total's Joslyn Creek SAGD operation in 2006, at Devon Canada's Jackfish SAGD operation in 2010 as well as a previous release at CNRL's Primrose operation in 2009. The most recent releases at the CNRL Primrose operation, as of August 5, have released over 7,300 barrels of bitumen emulsion, killed over 120 animals and impacted 20.7 hectares, including an open water wetland.

"While the AER has suspended and restricted steam injection operations at the CNRL Primrose operations in response to the most recent events, it is unacceptable to have long fissures in the ground that will continue to spill toxic heated bitumen to surface, and to further risk our water and groundwater resources from these activities. The time has come for a broader inquiry into CSS and SAGD steam injection operations", said Carolyn Campbell, Conservation Specialist with the Alberta Wilderness Association.

In response to the 2009 CNRL release, the Energy Resources Conservation Board, predecessor to the AER, said that it would review and assess its requirements with respect to both caprock and wellbore integrity issues in steam injection operations. The ERCB issued a draft directive in 2012 dealing with wellbore integrity issues but has not implemented those new rules.

"It is time for a broader discussion of the safety and regulation of steam injection given these recurring events", said Mike Hudema, Climate and Energy Campaigner for Greenpeace. "The AER needs to reassure the Alberta public and other stakeholders that it has the regulations in place to prevent similar incidents from occurring in the future. A broader inquiry into in-situ tar sands technology is needed to do that."

"In situ oil sands projects currently account for about half of Alberta's oil sands production, with the other half coming from oil sands mines. But in situ production could

eventually be used to access 80 percent of the oil sands resource. Therefore, it's important that we get this right", said Campbell.

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For More Information contact:

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Letter sent to AER:

Tuesday, August 13, 2013

Mr. Jim Ellis
Chief Executive Officer
Alberta Energy Regulator
Suite 1000, 250 – 5th Street SW
Calgary, Alberta T2P 0R4

Dear Sir:

Re: Public inquiry into the safe operation of SAGD and CSS operations in Alberta

The undersigned organizations request that the Alberta Energy Regulator (AER) conduct a public inquiry pursuant to section 17 of the *Responsible Energy Development Act* RSA 2000, c R-17.3 into the safe and environmentally responsible operation of steam-assisted gravity drainage (SAGD) and cyclic steam stimulation (CSS) operations in Alberta.

As you are aware, incidents involving the uncontrolled release of steam and bitumen from SAGD and CSS operations have occurred in the past, including the surface steam release from the Total E&P Canada Ltd. Joslyn Creek SAGD thermal operation on May 18, 2006, the steam release from the Devon Canada Corporation Jackfish SAGD operation on July 10, 2010 and the bitumen emulsion release from the Canadian Natural Resources Ltd. (CNRL) Primrose East CSS operation on January 3, 2009.

The recent and ongoing releases from the CNRL Primrose East and South operations confirm that the issue of uncontrolled releases associated with SAGD and CSS operations remains unresolved. These events dictate that the AER must take steps to ensure the safe operation of SAGD and CSS operations in Alberta and to reassure the public and other stakeholders that the AER has taken the necessary steps to prevent future occurrences of such events.

We recognize that the AER has suspended and restricted steaming operations at the CNRL Primrose sites in response to the most recent events. We understand that these suspensions and restrictions will remain in place until CNRL has:

- (a) provided factual technical information identifying the cause of the releases;
- (b) determined what is necessary to prevent future occurrences; and
- (c) demonstrated that measures are in place to prevent similar incidents from occurring in the future.

We request that the AER keep the public fully informed as CNRL plans and implements these remedial measures and that details of these investigations be provided for public information and review on an ongoing basis.

While the AER's actions address the immediate concerns with CNRL's Primrose operations, we believe that the history of releases from SAGD and CSS operations call into question the effectiveness of the current regulatory framework for steam injection operations. We believe that this calls for a more comprehensive review of the regulation and safety of SAGD and CSS steam injection operations.

In its report on the January 3, 2009 release at the CNRL Primrose East project, released on January 8, 2013, the Energy Resources Conservation Board stated:

On a broader scale that encompasses all steam injection operations in Alberta's oil sands, the ERCB continues to review and assess its requirements with respect to both caprock and wellbore integrity issues.

In light of the recent releases at the CNRL Primrose operations, we believe that there is now greater urgency to review and assess the safety of SAGD and CSS steam injection operations and that an inquiry pursuant to the *Responsible Energy Development Act* is the appropriate vehicle by which to conduct that review and assessment.

We are aware that the Energy Resources Conservation Board released *Draft Directive 051: Wellbore Injection Requirements* on August 14, 2012 which addresses, in part, certain wellbore design, integrity and monitoring requirements for Class V steam injection wells. While *Draft Directive 051* would provide some improvement if implemented, we believe that *Draft Directive 051* does not address the full range of issues with respect to the safety of SAGD and CSS steam injection operations.

An inquiry pursuant to section 17 of the *Responsible Energy Development Act* should review the existing Government of Alberta and AER policies and technical and regulatory standards that apply to SAGD and CSS projects. The inquiry should explore technical and regulatory solutions to the risks associated with SAGD and CSS operations and, at a minimum, should assess and develop regulations and standards for:

- (a) wellbore design for Class V steam injection wells;
- (b) enhanced cementing across both porous and non-porous formations;
- (c) the assessment and monitoring of the integrity of the injection and producing wellbores;
- (d) the assessment and monitoring of active, inactive and abandoned wellbores in the vicinity of the steam injection operation;
- (e) procedures for the investigation of caprock strength and integrity;
- (f) monitoring of caprock integrity during steam injection operations;
- (g) limiting steam injection pressure below the fracture pressure of the target formation;
- (g) minimum well spacing for Class V steam injection wells; and
- (h) enhanced groundwater protection and monitoring requirements.

An inquiry dealing with this full range of issues with respect to SAGD and CSS steam injection operations would provide the AER the opportunity to ensure that measures are in place to prevent similar incidents from occurring in the future and to assure the public and other stakeholders of the safety of SAGD and CSS operations in Alberta.

We look forward to a timely reply to this request and welcome an opportunity to discuss this request with you in further detail.

Sincerely,

Alberta Surface Right Group

Alberta Wilderness Association

Association québécoise de lutte contre la pollution atmosphérique (AQLPA)

Canada's Citizen Climate Lobby

Canadian Association of Physicians for the Environment (CAPE)

Canadian Voice of Women for Peace

Canadian Youth Climate Coalition (CYCC)

Central Athabasca Stewardship Society

Change Alberta

Clearwater Foundation

Equiterre

Environmental Defence

For our Grandchildren (4RG)

Greenpeace Canada

Keepers of the Athabasca

Peace River Environmental Society

Pipe Up Network

Public Interest Alberta

Sierra Club Prairie Chapter

Springvale Surface Rights Group

United Landowners of Alberta

Wilderness Committee

Yinke Dene Alliance Chiefs

Cc: Premier Alison Redford

Hon. Ken Hughes, Minister of Energy