



Canadian Environmental Assessment Agency – Project Description Summary

Hardisty Rail Terminal Expansion
(Interim, Phase 2 and 2A)

USD Terminals Canada II ULC

Hardisty, Alberta, Canada
November 9, 2015



1 General Information

USD Terminals Canada II ULC (USD Terminals Canada) pursuant to the Alberta Energy Regulator (AER) under the requirements of *Directive 056: Energy Development Applications and Schedules* and other relevant directives and regulations, plans to expand its existing USD Hardisty Rail Terminal, which began operating in 2014 (the Project). The general location of the Project is shown on Figure 1.

The purpose of the proposed expansion projects is to expand product handling of the facility to include propane, butane, and heavy crude oil and improve the ability of USD Terminals Canada to be able to respond to both the short term and long term market demands of its customers. The Hardisty Rail Terminal expansion phases (Interim, Phase 2 and 2A) are needed to continue to provide a supplemental method to the use of pipelines for delivering products to market and to reduce transportation constraints of oil products in a cost effective and environmentally responsible manner. The expansion involves three phases:

1. An Interim expansion which will include the installation of a mobile truck to rail loading area and two tracks on the west side of the existing facility, that would be used to load propane, butane and heavy crude from trucks to rail cars. This has been identified as an interim project designed to address short-term commercial needs for material transport. Tracks constructed for this Phase will be modified to become part of the tracks required for the full build-out in Phase 2A and operation of the Interim expansion would cease.
2. The Phase 2 expansion to double the capability of the Phase 1 facility to handle and ship light crude oil from pipeline to rail within the existing facility footprint.
3. The Phase 2A expansion will expand the capability of the Phase 1 facility to handle and ship heavy crude oil, with an expanded footprint.

The Project Description has been submitted to the Canadian Environmental Assessment (CEA) Agency to describe the Project in relation to the requirements of the *Canadian Environmental Assessment Act (CEAA), 2012*. At this time, there are no regional environmental studies, as defined by the CEA Agency, which have been or are being conducted for this area.

Proponent and Contact Information

Proponent	Project Contact
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2 Project Information

The proposed expansion of the Project would increase the loading capacity of the facility from two to four 120-car trains per day for transportation of a wider spectrum of products.

The Interim expansion will allow the facility to receive and load from truck to rail up to one train per week with heavy crude and one with propane or butane. The Phase 2 and Phase 2A expansions will increase the capacity of the facility to receive and load railcars, as well as load heavy crude. Currently, the train traffic along the Hardisty/Wetaskiwin CP Rail line is approximately one train every three hours, at full build-out this would increase to approximately one train every two to three hours.

USD Terminals Canada maintains a formal Safety Management System (SMS) for the Hardisty Rail Terminal dictating how environmental and safety matters are to be managed throughout the operation, defines responsibilities, and describes the processes and procedures that will protect the safety of all of USD Terminals Canada's employees, contractors, the community and environment around the terminal facilities. Through the planned expansion projects, USD Terminals Canada will update the SMS and Emergency Response Plan for the facility and will continue to communicate with the Municipal District of Provost #52 emergency and fire department contacts.

Employee access to the office and operations facility will be from the existing access road off of Range Road 92. Propane trucks will access the propane transload staging/loading area via a new entrance from Range Road 92, and will exit via the existing access road back to Range Road 92. Crude trucks will access the crude transload staging/loading area via a new entrance from Township Road 424, and will exit via the same point on Range Road 92 used for propane truck access. The majority of all traffic to the site is anticipated from the west or east along Hwy 13, north on Range Road 92, and into the site. At peak operation, the expanded facility will expect 40 trucks per day, and 70 single passenger vehicles per shift change (35 arriving, 35 departing), 2 shifts per day, 7 days per week. No modifications are required to Hwy 13. Alberta Transportation has issued approvals for Phase 2 and 2A.

Potable water will continue to be provided using a drilled well located to the east of the existing utility building. This is a deep well, with on-site treatment for disinfection and hardness. Phase 1 is currently served by a septic tank located to the west of the existing CP crew building; however a sewage lagoon system designed in accordance with the Alberta Private Sewage System Standards, will be constructed as part of the proposed expansion.

The facility will fully comply with all applicable laws and regulations in regards to prevention of unauthorized entry. The terminal is staffed 24 hours a day, 7 days a week, and will be fully fenced with locked gates.

The existing facility and proposed expansions (Interim, Phase 2 and 2A) are shown on Figures 2 and 3, and are described below.

Interim Phase

The Interim expansion (Figure 2) will occur within the previously disturbed Phase 1 facility footprint. Site preparation activities will be minimal, and the majority of the site

preparation activities will include grading and excavation in previously disturbed areas. This phase will involve the addition of:

- Two additional tracks totalling 3,600 track feet (approximately 1.1 km) within the NW and NE $\frac{1}{4}$ section of 23-42-9W4M. These tracks will be modified to become part of the Phase 2A tracks as discussed below;
- Mobile loading positions for 9 crude railcars and 10 propane rail cars along the west side of the loop tracks;
- Space for loading of 9 crude railcars, and 10 propane rail cars at a time;
- Integrated vapour control within the mobile loading units;
- A small staff building to accommodate operators;
- New access/egress points for trucks on Range Road 92 and on Township Road 424, as well as truck staging areas, capable of handling up to 40 trucks per day.

The Interim expansion will cease operations upon development of the Phase 2A expansion.

Phase 2 Expansion of Existing Facility

The Phase 2 (Figure 3) expansion will occur within the previously disturbed Phase 1 facility footprint. Site preparation activities will be minimal, and the majority of the site preparation activities will include grading and excavation in previously disturbed areas. This phase will involve the addition of:

- Three additional tracks totalling 15,880 track feet (approximately 4.8 km) within NW and NE $\frac{1}{4}$ sections of 23-42-9W4M.
- Thirty additional loading positions on the fixed railcar loading rack within the existing structure that covers the rack for inclement weather protection. Additional modifications include adding three enclosed stair towers, adding a new pipe rack on the north side of the building, constructing a spill containment pad under the new loading positions similar to what exists on-site, and constructing new foundations for a prover and sampler.
- One additional vapour control unit to control emissions from the expanded loading rack;
- An expansion to the operations facility to accommodate 20 additional staff. Includes an additional staff building, additional parking and modifications to the existing private sewage system on the site.
- Other new structures include: pipe rack; sampler skid pad; strainer pad; lift station and valve vault; vapour combustion unit pad; and HVAC and duct support concrete pad.

Phase 2A Expansion

The Phase 2A (Figure 3) expansion will expand the footprint of the facility both within the existing Phase 1 facility footprint, and in the $\frac{1}{2}$ section north of TWP 424 which will require vegetation removal and grading to accommodate the rail track and a new access

road. In general, the site will be graded to minimize the amount of earthworks. This expansion will require the construction of an integrity return system, the addition of industrial railway components to the existing facility site and the USD-owned property located north of Township Road 424, and at-grade crossings between the two sites. The expansion will include:

- Constructing six additional staging/holding tracks, each having the capacity to hold one unit train, and connecting tracks between the northern and southern components totalling 48,801 track feet (approximately 14.9 km). The work would involve modifying the Interim expansion tracks to accommodate the Phase 2A track configuration;
- Constructing of two at-grade signed level crossings across Township Road 424 designed and constructed in accordance with Transport Canada's Grade Crossing Standards (2014);
- Installing an integrity return system including tankage (less than 10,000 m³ - one 10,000 barrel [1,590 m³] tank) to facilitate the shipment of both heavy and light crude oil, including a small steam boiler house to support the loading of heavy crude. A 2 m lined berm has been proposed for containment purposes. The integrity return system will be located within the existing facility just to the north of the loading rack inside the loop tracks.
- Closing two existing access points to Phase 2a Project area from Township Road 424, and constructing a new access point providing access to the interior of the north loop track;
- Modifying an existing small water body south of Township Road 424 and constructing stormwater retention ponds within the Project area north of Township Road 424 to contain surface water runoff and recharge local groundwater resources.
- Building a heavy crude area to the north of the existing loading rack, including a crude oil tank, pump pad and associated containment area, as well as the steam boiler house. The steam boiler house will be required to support loading of heavy crude, and has proposed dimensions of 15.24 m by 15.24 m. Similar to other structures on the site, this building would utilize prefinished metal wall and roof panels with windows, man doors, and overhead doors. Although the location and general dimensions of this structure have been determined, the detailed design of this structure and other components for Phase 2A have not yet been completed.
- Installing perimeter fencing around the Phase 2A expansion to restrict public access.

Incidental Project Activities

The Interim, Phase 2 and 2A expansions include installation and connection of utilities, including natural gas and electricity. This would include supplying project features such as lighted crossing signals at the at-grade crossings along Township Road 424 with power.

Gibsons Energy is responsible for delivering crude oil by pipeline to the facility from its Hardisty Terminal. The existing pipeline, and expansion of the pipeline required for Phases 2/2A, and associated permitting, are the responsibility of Gibsons Energy. The

planned pipeline expansion would result in the twinning of the existing pipeline within the existing pipeline ROW.

CP Rail will continue to be responsible for delivering the rail cars to the expanded Hardisty Rail Terminal. USD Terminal Canada staff will oversee the arrival and departure of the rail cars and will follow CP site operating procedures.

The Natural Gas Co-op 52 Ltd. owns and operates three natural gas line right-of-ways (ROW) within the Phase 2A expansion area north of Township Road 424. USD Terminals Canada is currently negotiating with the Natural Gas Co-op 52 Ltd. to relocate these gas lines to a new ROW along the boundary of the USD owned lands. The Co-op would be responsible for obtaining approval from the AER under Directive 056 for the relocation of the lines.

Penn West owns and operates two well bores and a pipeline within the area of the Phase 2A expansion. USD Terminals Canada is currently negotiating with Penn West to assign its entire interest in the two wellbores and associated pipeline to USD Terminals Canada. Upon the assignment, USD will make a determination regarding abandonment of the wellbores and pipeline.

Regulation Designating Physical Activities

The Canadian Environmental Assessment Agency may require a federal environmental assessment pursuant to the *Canadian Environmental Assessment Act, 2012* (CEAA 2012) for certain rail projects. The following paragraph of the *Regulations Designating Physical Activities* is applicable to this project:

25. The construction, operation, decommissioning and abandonment of a new railway yard with seven or more yard tracks or a total track length of 20 km or more.

The Phase 2 and 2A expansions include a total of 9 tracks with an overall length of 19.7 km.

The existing facility and expansions are not located within wildlife areas or migratory bird sanctuaries.

Applicable Acts and Regulations

In addition to the possible requirement for an environmental assessment for a designated project under CEAA, 2012, the following Acts are applicable to the Project:

- *Migratory Bird Convention Act*. Impacts to migratory birds will be avoided by clearing vegetation outside of the breeding season (all phases). Assessments and biological field studies completed to-date indicate that there is minimal habitat or species that would be affected by the expansion in this area. Supporting documentation is available regarding the wetland assessment and field studies undertaken for the Phase 2A expansion area;
- *Canadian Environmental Protection Act* regulations do not apply (all phases).
- *Fisheries Act*. Water bodies within Project area are part of a closed system, and do not support fish or fish habitat (Phase 2A).

- *Species at Risk Act*. No listed species have the potential to occur within the Project area (all phases). Assessments and biological field studies completed to-date indicate that there is minimal habitat or species that would be affected by the expansion in this area.

Provincial and municipal environmental assessment and regulatory requirements applicable to the Project include:

- *Alberta Wildlife Act*. Alberta Environment and Parks (AEP) was contacted regarding species-specific surveys for the sharp-tailed grouse. No permit was required (Phase 2A).
- *Heritage Resources Act*. No historical resources are present within the Project area (Phase 2A)
- *Alberta Water Act* application was submitted to the AER for proposed impacts to 19 Class I-IV wetlands (Phase 2A). These water bodies have not been identified as fish habitat and have no hydraulic connection off the site. The following will be required for these water bodies:
 - An application to the AESRD for confirmation of a Crown claim of ownership which has been submitted;
 - An application for compensation of wetland impacts to be submitted to Ducks Unlimited Canada;
 - Pending the decision from the AESRD to confirm which water bodies are crown claimable, an application for a License of Occupation through the AER under the Public Lands Act;
- *Alberta Environmental Protection and Enhancement Act (EPEA), (Environmental Assessment (Mandatory and Exempted Activities) Regulation and the Activities Designation Regulation)*. No approvals are required as the expansion does not meet any of the requirements for designation under this Act (all phases).
- AER Directive 56. Consultation with the AER has determined that the expansion of the Project would be exempt from requiring a routine application for a License. No objections or statements of concern have been received from adjacent landowners who might trigger a non-routine application (Phases 2 and 2A).
- AER Directives. The design of the expansion phases meet all applicable requirements for a loading/unloading terminal, including all applicable CSA Z662 design requirements and AER Directives including directives related to noise and air emissions (all phases).
- Alberta Transportation. USD Terminal Canada applied for and was granted a Roadside Development Permit on August 17, 2015. Approval to Construct the industrial railway expansion was issued on August 17, 2015 (Phase 2 and 2A). An application for the Interim expansion will be submitted. A submission for Approval to Operate will be submitted in 2016.
- Municipal District of Provost #52. USD Terminal Canada will apply for a development permit for additional structures and for an approach consent required for two new site entrances for the Interim expansion. Building and other

permits will be applied for as required (all phases). USD Terminals Canada applied to the Municipal District of Provost #52 for an Approach Consent for access to the Phase 2A site, a development permit for additional structures, as well as for an agreement to occupy the right of way for Township Road 424 with the two level railway crossings and the toe of the railway embankment, both of which were approved as of July 14, 2015. No concerns or issues were raised during the public comment period on this application or by the municipality.

- *Pipeline Act.* Consultation with the AER indicates that an application for a license under the Pipelines Act is not required with the addition of the integrity return system and tankage (Phase 2A).

Schedule

The development timeline for the Interim expansion of the Project is (as of September 2015):

Task/Milestone	Timeframe
Design / Engineering	October 1, 2015 to December 31, 2015
Approvals / Permitting	October 1, 2015 to November 13, 2015
Construction Start	January 1, 2016
Construction Completed	May 31, 2016
Operations Commence (start up and commissioning)	May 1, 2016

The anticipated development timelines for Phase 2 and 2A of the Project is (as of September 2015):

Task/Milestone	Timeframe
Design / Engineering	September 1, 2014 to October 31, 2015
Approvals / Permitting	September 1, 2014 to October 31, 2015
Phase 2 Earthworks	January 1, 2016
Phase 2 Construction Start	January 1, 2016
Phase 2 Construction Completed	August 31, 2016
Phase 2 Operations Commence (start up and commissioning)	September 1, 2016
Phase 2A Clearing and Earthworks	February 1, to March 31, 2016
Phase 2A Construction Start	April 1, 2016
Phase 2A Construction Completed	December 26, 2016
Phase 2A Operations Commence (start up and commissioning)	December 11, 2016

The decision by USD Terminals Canada to proceed with the three proposed phases of the Project will be contingent upon the result of discussions and development of commercial agreements with product shippers. The anticipated dates for the

construction and commissioning of the Interim Expansion, Phase 2 and 2A are based upon consideration of when commercial agreements could be in place.

Hardisty Terminal Decommissioning

At the end of life of the facility, the Hardisty Terminal would be decommissioned in an environmentally sound manner to ‘a condition similar to what existed prior to the activity on the land’. This would include removal of tracks and other infrastructure (such as access roads and buildings) and remediation, where necessary. At the time of decommissioning, the site would be assessed to determine the best reclamation approach that would cause the least negative effects to the environment. The project developer would not be bound by specific reclamation criteria; however, they may use the 2010 Reclamation Criteria for cultivated lands as guidance and use adjacent lands as a representative control to return the site to an appropriate level of pre-development condition.

3 Project Location Information

The Project is located approximately 10 km southeast of the Hardisty area, within the Rosyth Area Structure Plan, in the Municipal District of Provost #52.

The coordinates of the Project are as follows:

Interim and Phase 2 expansion:

- NE/NW ¼ Sections of 23-42-9W4M
- Latitude: 52°38'1.8240" N
- Longitude: 111°11'32.9928" W

Phase 2A expansion:

- SE/SW ¼ Sections of 26-42-9W4M
- Latitude: 52°38'29.2020" N
- Longitude: 111°11'33.9216" W

The project is located on lands designated “Agricultural Reserve” in the Rosyth Area Structure Plan. Land use in this area is dominated by agricultural lands used for crop production and pasture land. Discretionary uses of lands designated as “Agricultural Reserve” includes “Natural Resource Processing”. The USD Hardisty Rail Terminal facility is classified as Natural Resource Processing.

The proposed expansion area is approximately 320 acres in size. The site is bordered by cultivated cropland to the north, cattle rangeland to the east, Township Road 424 to the south, and Range Road 92 to the west. The eastern portion of the Phase 2A Project site is rolling and is being used for cattle grazing, while the western portion is relatively flat and is cultivated, most recently producing canola. In addition to the open areas that are being grazed and used for crop production, there are copses of aspen and shrubs.

The surface rights are owned by USD Terminal Canada II ULC, while the mineral rights are owned by the Crown. Immediately adjacent lands to the Project area are privately

owned, and 16 private property owners area located within 1.5 km of the Project site. The nearest residence is located approximately 0.6 km southeast from the existing Hardisty Terminal buildings, on the south side of Hwy 13.

The Project is located within the area of Treaty 6. The closest First Nations reserve, considered federal lands as defined by CEAA 2012, is located 89 km northeast of the Project.

The closest large block of federal land to the Project is Canadian Forces Base (CFB) Wainwright, located approximately 30 km northeast of the Project. There is a small block of provincial Crown land and some small parcels of non-patent land located around one km to southeast of the Project.

The Project occurs within the Eastern AB Plains physiographic region, and falls within the Aspen Parkland Region and Central Parkland sub-region. No Environmentally Significant Areas of Alberta occur within the vicinity of the Project.

The AEP (formerly AESRD) listed three sensitive species as having potential to occur on the Project site: Least Flycatcher, Sora and Swainson's hawk, and identified Sharp-tailed Grouse habitat. Wildlife observations in October 2014 included song birds, stick nests, ungulate tracks and fur-bearing mammals. One species of conservation concern from the Alberta Sensitive Species list was observed, the Northern Harrier. No fish were observed. No sensitive or at-risk species were observed on the Project site during site visits.

Drainage in the Project site is characterized by numerous localized depression areas which form wetlands with temporary or permanent water features, depending on the contributing catchment, overland flow from upstream areas and the potential spill elevations. Overland runoff is being stored on-site within the localized depression areas, and that surface runoff is infiltrated to the underlying aquifers and depletes over the season through evaporation and evapotranspiration. There is no surface connection to any off-site water bodies. The closest off-site (unnamed) water bodies are located approximately 1.5 km to the south east of the Project. The closest major water body is the Battle River, over 6 km to the west of the Project.

No sites of historic resource value (HRV) are located within the Project. The closest HRV site, a site believed to contain a historic resource, is located approximately 0.8 km east of the Project.

The Project site is underlain by deposits of Quaternary age glacial ice contact, moraine, and advance outwash deposits. Groundwater was generally not observed except in one borehole location at approximately 9 m below ground indicating that the static groundwater table may be located relatively deep at the site. No groundwater resource management or conservation plan is required for the Project.

Public records available on-line for other energy developments in the Hardisty Area and near the Project location, were reviewed to identify if traditional or current land-use or occupancy has been identified in proximity to the Project location. Some Aboriginal communities have identified sites and areas of interest west of Hardisty including spiritual/historical sites or plant and wildlife sites. Heritage resource sites have been identified in the Battle River Valley just to the east of Hardisty. The Battle River lies approximately 7.5 km to the west of the USD Terminals Canada Project location. To-

date, no information has been identified that indicates that there is traditional or current land-use or occupancy within or in the immediate vicinity of the Project location which is approximately 10 km east of Hardisty Alberta.

4 Federal Involvement

The expansion project is a private project and does not involve the use of federal funds or federal lands. No other federal permits, licences or other authorizations are required to carry out the Project. There are no anticipated changes to the environment, as a result of carrying out the designated project, on federal lands, in a province outside of Alberta, or outside of Canada.

5 Environmental Effects

Potential environmental effects of the Project will be mitigated through the implementation of various measures to be employed during construction and operation of the expansion project. Dust and exhaust emissions from construction equipment are anticipated to occur during normal working hours throughout the construction of the Phase 2 and 2A expansions and will be temporary in nature. If required, mitigation of on-site dust emissions associated with earth moving and construction roads will be addressed through appropriate dust suppression measures.

During operations of the Interim expansion, there is potential for emissions of dust from transport trucks. Range Road 92 from the intersection with Hwy 13 to the intersection with Township Road 424 will be paved under agreement with the MD of Provost, which will minimize road dust emissions. As necessary, mitigation of on-site dust emissions associated with truck movement on internal access roads will be addressed through appropriate dust suppression measures.

In general, soil stratigraphy consists of surface vegetation with associated topsoil, and underlain by deposits of Quaternary age glacial ice contact, moraine, and advance outwash deposits. Best management practices for the conservation and management of topsoil within the Project area will be implemented during grading and construction. Topsoil will be conserved and stored on-site and re-seeded with native vegetation, to be salvaged and used for restoration activities.

USD Terminals Canada has entered into an agreement with the Municipal District of Provost #52 for hardening the surface of Range Road 92 from the intersection with Hwy 13 to the intersection with Township Road 424. This work would be completed prior to the start of the Interim expansion construction to mitigate potential changes in road conditions during construction of the Interim and Phase 2/2A expansions, as well as emissions of dust from road transport during operation. As necessary, mitigation of on-site dust emissions associated with truck movement on internal access roads will be addressed through appropriate dust suppression measures.

The proposed Project occurs within the Eastern AB Plains physiographic region, and falls within the Aspen Parkland Region and Central Parkland sub-region (Natural Regions Committee, 2006). Vegetation, in general, is comprised of patches of aspen clones

interspersed with open grassland dominated by plains rough fescue. No *Environmentally Significant Areas of Alberta* occur within the vicinity of the Project (Fiera Biological Consulting, 2014).

The eastern portion of the Phase 2A Project site is currently being used for cattle grazing. The topography is rolling, with high points and low points dotting the entire site. The western portion of the Phase 2A Project site is cultivated and most recently producing canola. The topography is relatively flat. In addition to the open grassland areas that are being grazed and active crop production on the Project site, there are copses of aspen and shrubs. Typical shrub species in the region include: saskatoon, prickly rose, beaked hazelnut, hay sedge, creeping juniper, and a variety of forbs and grasses.

A wildlife and habitat assessment was completed to address the potential presence of species identified under the Federal Species at Risk Act (SARA), the federal Migratory Birds Convention Act, 1994 (MBCA) and the Alberta Wildlife Act. No species listed under SARA or the Wildlife Act will be impacted. Potential habitat for the sharp-tailed grouse occurs within the Project area. Spring lek surveys were conducted in 2015 during the breeding season, and no sharp-tailed grouse were detected.

Habitat for species protected under the MBCA occurs within the project site; however, species specific surveys were not conducted since impacts to migratory bird species will be avoided by clearing vegetation outside of the breeding bird nesting season. If vegetation removal is not completed outside of the nesting/breeding season, a pre-vegetation clearing survey will be conducted to flag and avoid the location of nests of species protected under the Act.

The Interim and Phase 2 expansions will be constructed within Phase 1 area, and no changes to surface water management ponds are required, but will require some modifications to drainage swales. The drainage plan is designed to direct overland flows into depression area or wetlands within the site for the Phase 2A expansion. Within Phase 2A, approximately 99.6% of the site runoff will be retained on-site for infiltration and evapotranspiration as per existing conditions, and there would be no changes to the volume or quality of surface water discharge to or from the site. Eighteen wetlands north of TWP RD 424 will be impacted and will be replaced by retention basins to capture flows. One wetland south of TWP RD 424 will be impacted and will be replaced by a retention basin to capture water in a depression area off of the roadway. Impacts will be mitigated in the form of replacement compensation to Ducks Unlimited Canada. Wetlands on the Project site are within a closed system and are not fish bearing; therefore will not have an effect on fish or fish habitat as defined in the Fisheries Act. Impacts to aquatic vegetation will occur where Class III or Class IV wetlands will be modified. No marine plants, as defined in the Fisheries Act, occur within the Project area.

During operation, there is the potential for emissions from rail cars when they are uncapped for loading, and from loading rack operations. The vapour recovery and thermal destruction system will be expanded to address potential emissions from the rail cars and from loading rack operations. Modeling has been completed to demonstrate compliance with the Alberta Ambient Air Quality Objectives.

There may be short-term temporary noise increases during construction and decommissioning. USD Terminals Canada is continuing to observe the facility for operational noise, and will examine additional mitigation options if an issue is detected.

Within the USD Terminals Canada facility, short train whistles are used at certain points in the train movement, which would include crossing the level crossings on TWP RD 424. Operational procedures focus the use of whistles to meet operational requirements, and to limit the unnecessary use and/or length of time that the whistles are blown.

The rail facility is currently in operation and will continue to generate recyclable and non-recyclable solid waste proportionately to the number of staff working at the facility. All wastes will be disposed of according to the Waste Control Regulation and the requirements for each waste classification outlined in the Alberta Waste Users Guide for Waste Managers. During construction, construction debris will be removed from the site by a licensed hauler and disposed at a licensed facility.

No hazardous waste is generated under normal operations. In the event that a spill occurs on the facility, it will be addressed through the spills and containment procedures for the facility and the resulting waste will be disposed through a licensed hauler at a licensed facility. The USD Hardisty facility has been registered as an Alberta hazardous waste consignor in the event that disposal of any hazardous residues is required.

No federal lands will be used for the purpose of carrying out the Project, including easements, right of ways, or transfers of ownership. No changes will occur as a result of carrying out the Project on federal lands.

The closest First Nation community is located approximately 89 km from the project area. The majority of First Nation and Métis communities are located over 130 km away. No sites of historic resource value occur on the Project site.

The Project will not require access to, use of or the exploration, development and production of resources or lands that have been publicly identified at this time as being used for traditional purposes by Aboriginal peoples. To-date, no information has been identified that indicates that there are traditional or current land-use or occupancy within or in the immediate vicinity of the Project location. The private land tenure and agricultural land use limit the possibility of traditional activities being practiced on the Project lands in recent history.

The effects of the Interim expansion, and Phases 2 and 2A will be similar to impacts from the construction and operation of the existing rail terminal, with minimal short term effects on plants and wildlife on the Project Site and no identified off-site effects.

Any changes to the environment are unlikely to effect the health and socio-economic conditions, physical and cultural heritage, the current use of lands and resources for traditional purposes or on any structure, site or thing that is of historical, archaeological, paleontological or architectural significance.

6 Proponent Engagement and Consultation with Aboriginal Groups

The Project does not require access to, use or occupation of, or the exploration, development and production of lands and resources that have been publicly identified at this time as being used for traditional purposes by Aboriginal peoples.

No consultation has been undertaken with Aboriginal peoples regarding this Project to-date as it relates to municipal approvals, provincial approval of the industrial railway, or AER licensing given the distance to any First Nation's reserves or Métis communities, considering potential impacts to crown land and as this land has no recognized historic resource value potential.

A request for a pre-consultation assessment has been initiated through the Aboriginal Consultation Office (ACO) to determine if First Nations Consultation for the License of Occupation & Water Act approvals will be required.

In the event that an Aboriginal interest in the Project is identified, USD Terminals Canada will develop and implement a Consultation Plan to ensure that open and meaningful communication and engagement is established between all involved parties.

7 Consultation with the Public and Other Parties

Public consultation included face-to-face meetings with residents and landowners from the Project vicinity, an open house, project mailings, consultation with utilities and energy companies, and regulatory agencies (municipal and provincial regulators). Consultation with the AER indicated that consultation is not required under Directive 056 for the Interim Expansion, as the extent is contained within the footprint of Phase 2/2A and as the proposed activity is exempt from requiring a license from the AER. Consultation and Public Disclosure for Phase 2 and 2A of the Project was combined.

Comments and concerns raised in discussion with landowners regarding the Project related to: removal of topsoil and a fence during Phase 1 construction which has been resolved with the adjacent landowner; comments regarding positive employment opportunities and operations at the current facility; comments from one landowner regarding their ability to subdivide properties in proximity to facility (unrelated to action); potential noise and light impacts (addressed through design and operational provisions); potential delays if access is blocked along Township Road 424 (addressed through design and operational provisions).

In response to access and blockage concerns along Township Road 424, a second mail-out was sent to address questions and describe operations of the at-grade crossings. USD Terminals Canada has voluntarily proposed the use of lighted signage at key intersections on Township Road 424 to provide advanced warning of that the at-grade crossings ahead may be occupied by a train, signage which is not warranted under the provincial requirements for industrial railways.

Outreach with local residents will continue in order to maintain good relations within the community. The Hardisty Rail Terminal encourages an open-door policy with local property owners if they have any questions or concerns.

USD Terminals Canada held multiple meetings and/or teleconferences as well as mail and email contact with applicable regulatory authorities including: the Municipal District of Provost #52 regarding municipal approvals/agreements; Ducks Unlimited Canada regarding wetland mitigation; the AER to confirm licensing requirements, crown claim for the Class IV wetlands and disposition process and Alberta Water Act approvals; and the AEP regarding the sharp-tail grouse surveys. There are no unresolved matters related to these authorities.

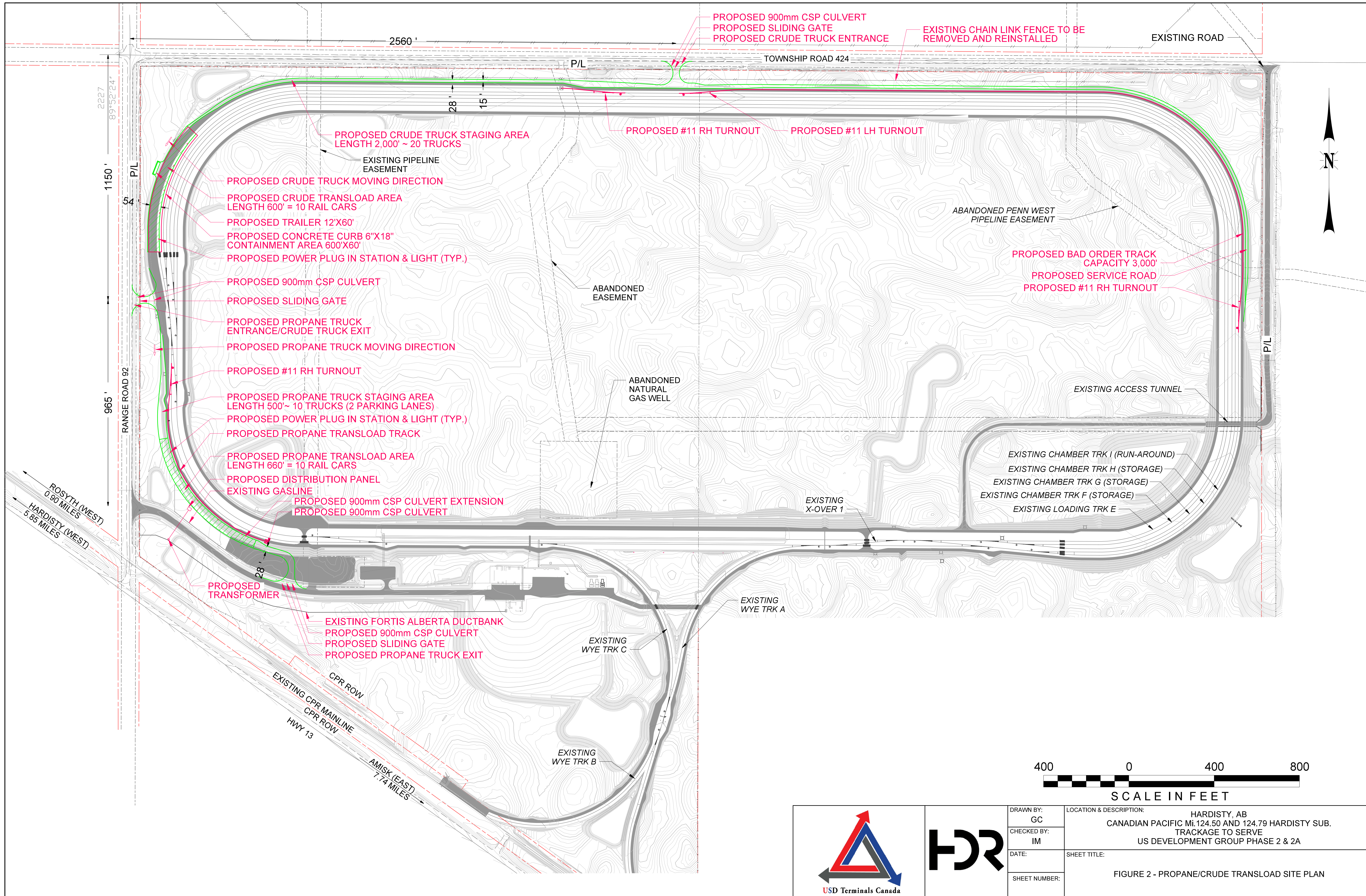


ATTACHMENTS

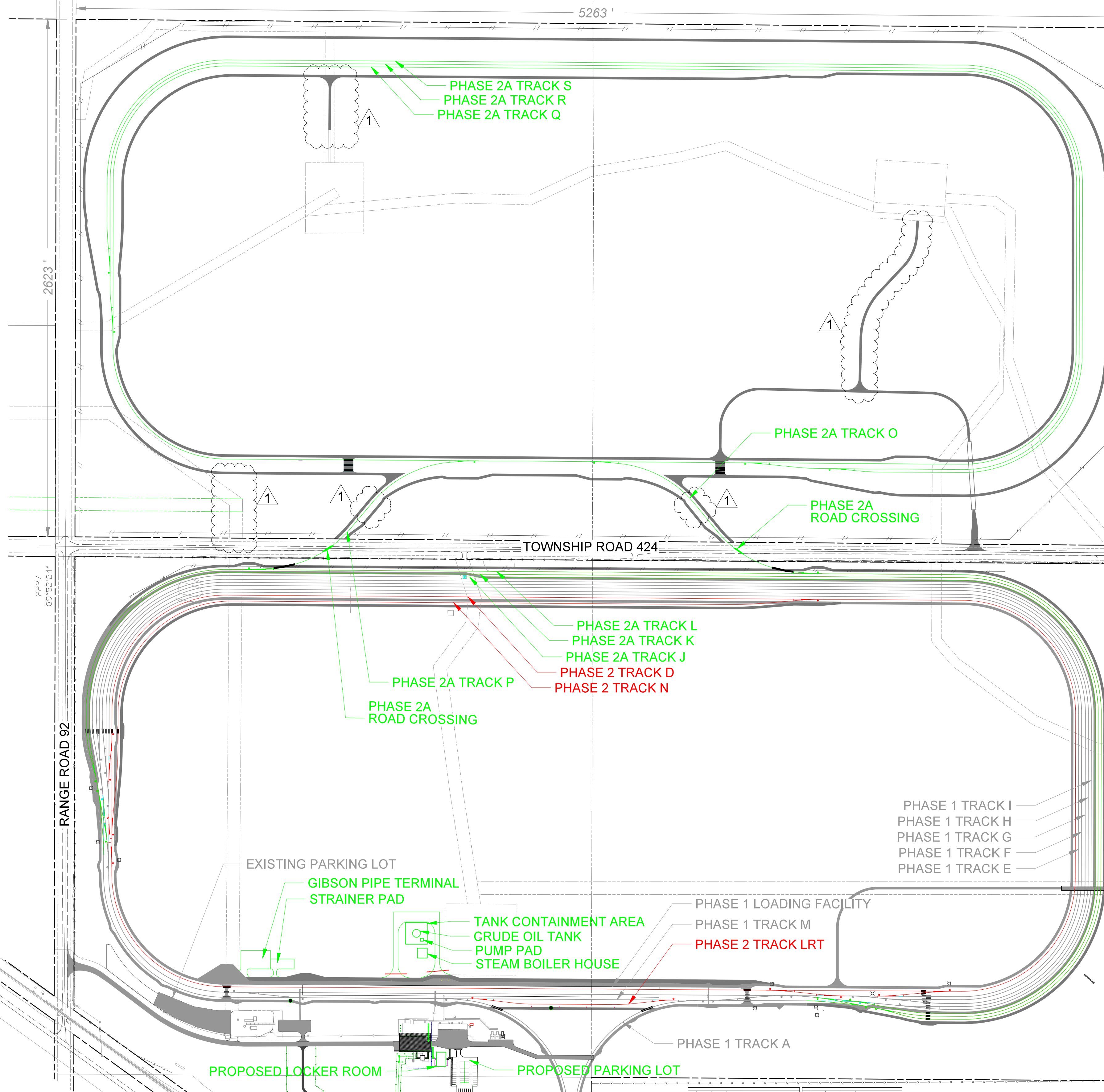




Figure 1 Hardisty Rail Terminal Expansion General Project Location



ASSUMPTIONS
 - ALL TURNOUTS USE NO. 11
 (EXCEPT TRACK LRT - NO. 9)
 - MAXIMUM CURVE RADIUS 10°



UNIT TRAIN CONSIST
 2 LOCOMOTIVES = 180 TF
 BUFFER CAR = 60 TF
 60 TANK CARS @ 60 FT = 3600 TF
 DISTRIBUTIVE POWER = 90 TF
 60 TANK CARS @ 60 FT = 3600 TF
 BUFFER CAR = 60 TF
 1 LOCOMOTIVE = 90 TF
 BLUE FLAG CLEARANCE = 100TF
 LENGTH = ~7800 TF

PHASE 2 CAPACITIES
 TRACK D = 11766 TF = 1 UNIT TRAIN
 TRACK N = 4114 TF

PHASE 2A CAPACITIES
 TRACK J = 8373 TF = 1 UNIT TRAIN
 TRACK K = 8216 TF = 1 UNIT TRAIN
 TRACK L = 8288 TF = 1 UNIT TRAIN
 TRACK Q = 8043 TF = 1 UNIT TRAIN
 TRACK R = 8000 TF = 1 UNIT TRAIN
 TRACK S = 7882 TF = 1 UNIT TRAIN

LEGEND:

- PHASE 1
- PHASE 2
- PHASE 2A

PHASE 1 TRACK I
 PHASE 1 TRACK H
 PHASE 1 TRACK G
 PHASE 1 TRACK F
 PHASE 1 TRACK E



REV	DATE	AMR	PROJ. ENGR.	DESCRIPTION	BY	CKD	APP
1	7/24	-	-	ACCESS ROAD REVISED	HW	GC	IM
0	2/23	-	-	ISSUED FOR CONSTRUCTION	-	-	-



DRAWN BY:
WCL
 CHECKED BY:
KRW
 DATE:
 SHEET NUMBER:
G-05

LOCATION & DESCRIPTION:
 HARDISTY, AB
 CANADIAN PACIFIC MI. 124.50 AND 124.79 HARDISTY SUB.
 TRACKAGE TO SERVE
 US DEVELOPMENT GROUP PHASE 2 & 2A
 SHEET TITLE:
 FIGURE 3 - MASTER PLAN