

MAGA Energy Ltd.

Application for a Common Carrier Order

**LSD 10-33-059-27W4M to
LSD 01-26-054-25W4M**

**CMG Pool 001-Viking, Lower
Mannville AB09460800160**

June 3, 2026

Alberta Energy Regulator

Decision 2026 ABAER 004: MAGA Energy Ltd., Application for a Common Carrier Order,
LSD 10-33-059-27W4M to LSD 01-26-054-25W4M, CMG Pool 001-Viking, Lower Mannville
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2026 ABAER 004

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LSD 10-33-059-27W4M to LSD 01-26-054-25W4M

CMG Pool 001-Viking, Lower Mannville AB09460800160

Application No. 1949628

Decision

[1] After carefully considering all the evidence, the Alberta Energy Regulator (AER) denies MAGA Energy Ltd. (MAGA Energy)'s application no. 1949628 (application) for a declaration of a common carrier order for the delivery of gas from the Westlock CMG Pool 001-Viking, Lower Mannville AB09460800160 pool to Tidewater Midstream and Infrastructure Ltd. (Tidewater)'s Integrated Gas System (IGS) pipeline at Legal Subdivision 10, Section 33, Township 59, Range 27, West of the fourth Meridian (LSD 10-33-059-27W4M) through to the Sturgeon Common Stream Operator (Sturgeon CSO) at LSD 01-26-054-25W4M. The reasons are outlined in this decision.

[2] In reaching this decision, we, the AER hearing panel presiding over this proceeding, considered all relevant materials properly before us, including each party's evidence and argument. Accordingly, references in this decision to specific portions of the evidence are intended to assist the reader in understanding our reasoning on a particular matter and do not mean that we did not consider all relevant portions of the evidence.

Introduction

Application

[3] MAGA Energy applied in accordance with sections 48(2) and 48(4) of the *Oil and Gas Conservation Act (OGCA)* and section 1.3 of *Directive 065: Resources Applications for Oil and Gas Reservoirs (Directive 065)* for a declaration of a common carrier order between MAGA Energy and Tidewater for gas produced from the Westlock Field, CMG Pool 001-Viking, Lower Mannville AB09460800160 pool.

[4] The application proposes the delivery of sweet gas from MAGA Energy's Westlock 10-33-059-27W4M compressor station and multiwell gas battery (Westlock Facility) for transportation through the Tidewater gas gathering system from LSD 10-33-059-27W4M to the Sturgeon CSO at LSD 01-26-054-25W4M.

Hearing Procedures

[5] On June 17, 2024, the AER determined that the application should be set down for a hearing.

[6] On August 2, 2024, the AER issued a notice of hearing for proceeding 446. The notice stated that the AER would hold a hearing to consider the application. Tidewater applied to participate in the hearing on August 15, 2024, and was granted participation rights on September 5, 2024.

[7] On November 7, 2024, MAGA Energy and Tidewater filed an agreed statement of facts.

[8] Two adjournment requests were granted in 2025 to allow for the parties to continue with negotiations.

[9] The public hearing was held at Govier Hall in Calgary, Alberta, on March 10, 2026, before hearing commissioners Shona Mackenzie (presiding), Harold Robinson, and Tracey Stock. The hearing participants are listed in appendix 1.

Regulatory Framework

Responsible Energy Development Act

[10] In deciding whether to approve the application before us, we must consider certain factors in our governing legislation, including the AER’s mandate. Section 2 of the *Responsible Energy Development Act (REDA)* states that the AER’s mandate is to “provide for the efficient, safe, orderly, and environmentally responsible development of energy resources in Alberta.”

[11] As set out in section 3 of the *REDA General Regulation*, in considering an application in respect of an energy resource activity under an energy resource enactment, we must consider “(a) the social and economic effects of the energy resource activity, (b) the effects of the energy resource activity on the environment, and (c) the impacts on a landowner as result of the use of the land on which the energy resource activity is or will be located.”

Oil and Gas Conservation Act

[12] MAGA Energy’s application was filed under section 48 of the *OGCA*. The *OGCA* affords each owner the opportunity of obtaining its share of the production of oil or gas from any pool and provides for economic, orderly, and efficient development in the public interest. Accordingly, the AER may issue a declaration of a common carrier of oil, gas, or synthetic crude oil under section 48 of the *OGCA*, which states that:

(1) On application the Regulator may from time to time declare each proprietor of a pipeline in any designated part of Alberta or the proprietor of any designated pipeline to be a common carrier as and from a date fixed by the order for that purpose, and on the making of the approved declaration the proprietor is a common carrier of oil, gas or synthetic crude oil or any 2 or all of them in accordance with the declaration.

(2) No proprietor of a pipeline who is a common carrier shall directly or indirectly make or cause to be made or suffer or allow to be made any discrimination of any kind as between any of the persons for whom any oil, gas or synthetic crude oil is gathered, transported, handled or delivered by means of the pipeline.

(3) No common carrier shall discriminate in favour of the common carrier's own oil, gas or synthetic crude oil or oil, gas or synthetic crude oil in which the common carrier is directly or indirectly interested either in whole or in part.

(4) On application the Regulator, in order to give effect to a declaration under subsection (1), may direct

(a) the point at which the common carrier shall take delivery of any production to be gathered, transported, handled or delivered by means of the pipeline, or

(b) the proportion of production to be taken by the common carrier from each producer or owner offering production to be gathered, transported, handled or delivered by means of the pipeline.

[13] The AER does not have the jurisdiction to grant tariffs for a common carrier pipeline. That authority is with the Alberta Utilities Commission in accordance with section 55(3) of the *OGCA*:

If the Regulator has declared the proprietor of a pipeline to be a common carrier and agreement cannot be reached between the proprietor and a person desiring to have the person's gas carried in the pipeline as to the tariff to be charged for the carriage, either party may apply to the Alberta Utilities Commission to fix the tariff.

[14] In considering MAGA Energy's application, we also had regard for the purpose of section 4 of the *OGCA*:

(a) to effect the conservation of, and to prevent the waste of, the oil and gas resources of Alberta;

(b) to secure the observance of safe and efficient practices in the locating, spacing, drilling, equipping, constructing, completing, reworking, testing, operating, maintenance, repair, suspension and abandonment of wells and facilities and in operations for the production of oil and gas or the storage or disposal of substances;

(c) to provide for the economic, orderly, efficient and responsible development in the public interest of the oil and gas resources of Alberta;

(c.1) to provide for the responsible management of a well, facility, well site or facility site throughout its life cycle;

(d) to afford each owner the opportunity of obtaining the owner's share of the production of oil or gas from any pool;

(e) to provide for the recording and the timely and useful dissemination of information regarding the oil and gas resources of Alberta;

(f) to control pollution above, at or below the surface in the drilling of wells and in operations for the production of oil and gas and in other operations over which the Regulator has jurisdiction.

Oil and Gas Conservation Regulation

[15] Section 15.005 of the *Oil and Gas Conservation Regulation (OGCR)* applies to a common carrier application made under section 48(4) of the *OGCA*. The *OGCR* states that the application must be filed in accordance with *Directive 065* and must include any information required when making an application

under section 48(4) of the *OGCA* for a declaration that the proprietor of a pipeline is a common carrier, and the terms and conditions of such a declaration.

Directive 065: Resources Applications for Oil and Gas Reservoirs

[16] An order under section 48 of the *OGCA* obliges each common carrier, among other things, to transport production without discrimination among any of the owners for whom transportation is provided. A common carrier order allows an owner to share in the existing capacity of the pipeline.

[17] *Directive 065* provides the following example of a typical situation that warrants the filing of an application for a common carrier order:

An owner of a capable well has a market for its gas and has made arrangements to have the gas processed at a nearby plant. The owner's analysis shows the existing gathering system to be the only economically feasible way, the most practical way to transport the substance in question, or clearly superior environmentally for transporting its gas to the processing plant. However, the owner has been unsuccessful in negotiating an agreement on reasonable terms to use the existing pipeline. The well owner has recourse to apply for the declaration of a common carrier in order to obtain its share of gas from the pool.

[18] When deciding an application under section 48 of the *OGCA*, we must consider section 1.3.4 of *Directive 065* and determine if the applicant has demonstrated that

- producible reserves are available for transportation through an existing pipeline,
- there is a reasonable expectation of a market for the substance that is proposed to be transported by the common carrier operation,
- the applicant could not make reasonable arrangements to use the existing pipeline,
- the proposed common carrier operation is the only economically feasible way, the most practical way to transport the substance in question, or clearly superior environmentally, and
- where application is being made under sections 48(4)(a) or 48(4)(b) of the *OGCA* for the designation of a delivery point or the proportion of production to be delivered to the pipeline the applicant could not make reasonable arrangements on these matters.

[19] The detailed requirements for a common carrier application are outlined in section 1.3.5 of *Directive 065*.

Preliminary Matters

[20] At our direction, MAGA Energy and Tidewater filed an agreed statement of facts, stating that:

- MAGA Energy owns and operates its Westlock gas field consisting of 13 Viking sweet gas wells, a gas gathering system, and the Westlock Facility. The Westlock Facility ties into the Tidewater's IGS pipeline.
- MAGA Energy historically delivered sales gas at a discharge pressure that met the IGS pipeline specifications. Tidewater accepted the gas at the inlet to its IGS pipeline under a gas handling

agreement (GHA), effective August 1, 2018. The 2018 GHA allowed for the receipt, transportation, compression, processing, and final delivery of MAGA Energy's natural gas by Tidewater. It specified the commercial terms for these services. Under the 2018 GHA, MAGA Energy's gas was transported through the IGS pipeline to the Sturgeon CSO, then flowed through the Bittern Lake pipeline to Tidewater's Fort Saskatchewan ethane extraction plant (FSEEP) for gas processing to remove the entrained natural gas liquids (NGLs). These NGLs were purchased by Tidewater under the commercial terms of the 2018 GHA.

- Apex Utilities Inc. (Apex) owns and operates a utility gas system that supplies users in the area. Apex ships its gas from its own meter station at the Westlock Facility to Tidewater's meter station at the facility. This gas is subject to transportation fees only, as it is delivered off the IGS pipeline or the Bittern Lake pipeline to individual properties. These delivery points are prior to Tidewater's FSEEP. Historically, MAGA Energy's gas was not delivered upstream of Tidewater's FSEEP and was therefore subject to transportation and processing fees.
- The 2018 GHA included a termination clause allowing either company to cancel it with thirty days' notice. On October 31, 2023, Tidewater notified MAGA Energy that it was in default of the 2018 GHA and cancelled the agreement effective November 30, 2023. Since the end of November 2023, Tidewater has not received MAGA Energy's gas from the Westlock Facility on the IGS pipeline.
- In December 2023, MAGA Energy requested that Tidewater provide a gas transportation-only agreement to deliver natural gas from its Westlock Facility through the IGS pipeline to the Sturgeon CSO.
- On January 4, 2024, MAGA Energy filed their common carrier application with the AER.
- In March 2024, Tidewater provided a new GHA for the transportation and processing of MAGA Energy's Westlock natural gas, subject to the requirement that the gas requires processing at the FSEEP.

[21] Since this time, the parties have failed to resolve their contract negotiations.

Discussion of Gas Gathering Infrastructure

[22] During the oral hearing there was a lot of discussion regarding the configuration of the infrastructure in question and the location of specific meter stations. The schematic below illustrates the key infrastructure components between the Westlock Facility and the royalty sales meter downstream of the FSEEP.

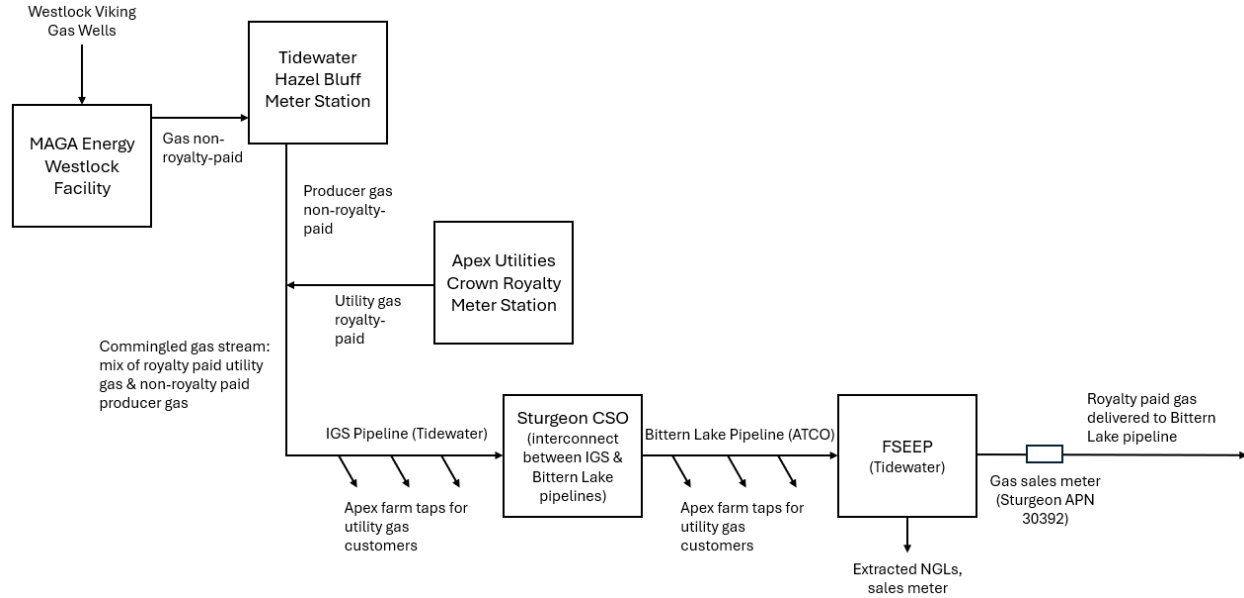


Figure 1. Key infrastructure components

[23] Tidewater is the 100% owner and operator of the IGS pipeline. The Sturgeon CSO is the interconnection between the IGS pipeline and ATCO’s Bittern Lake pipeline. There is no active meter at the Sturgeon CSO.

[24] MAGA Energy and Apex each deliver natural gas into the IGS pipeline at the same physical location. However, the two gas streams are metered differently before commingling:

- MAGA Energy’s gas enters the IGS pipeline through Tidewater’s Hazel Bluff¹ meter station. The Hazel Bluff meter is a gas measurement station and not a Crown royalty meter. When MAGA Energy gas enters the IGS pipeline it is non-royalty-paid gas.
- Apex gas goes through a Crown royalty meter before commingling with the gas from MAGA Energy. This means Apex’s utility gas is delivered to the IGS pipeline as royalty-paid.

[25] Apex’s utility gas exits the IGS and Bittern Lake pipelines at farm tap offtake points along this pipeline route. The utility gas is delivered to customers to heat homes, barns, and other buildings.

[26] All the other gas in the pipeline system flows to the FSEEP. In oral evidence, Tidewater explained that when natural gas enters the IGS pipeline it contains entrained NGLs. The FSEEP is a straddle plant designed to remove NGLs from the gas stream. The residue gas that exits the FSEEP is

¹ Throughout this proceeding the LSD locations 10-33-059-27W4M and 15-33-059-27W4M were used interchangeably by the parties. MAGA Energy explained that the Westlock Facility is located between four LSDs and therefore can be referred to differently. To avoid confusion we have used the terminology Hazel Bluff to identify the Tidewater meter station and Westlock Facility to identify the MAGA Energy facility.

predominantly methane. Due to the removal of the NGLs, the heating value of this residue gas is lower than the heating value of the gas entering the FSEEP. The extracted NGLs flow separately out of the FSEEP on a different pipeline from the residue gas.

Is There a Need for a Common Carrier Order?

[27] In our view, the main dispute between the two parties is whether a market for MAGA Energy's natural gas exists at or before the Sturgeon CSO, or whether the gas must be transported beyond this point, processed at the FSEEP, and sold at the plant gate. Because the parties' opinions differ about the location of the gas market, there is a disconnect between MAGA Energy's request for a transportation-only GHA and Tidewater's insistence that any GHA must include processing at the FSEEP.

Position of MAGA Energy

[28] MAGA Energy submits that a common carrier order is required because, without one, approximately 53.5 thousand cubic metres (10^3m^3) of gas per day will remain shut-in. MAGA Energy's position is that it has been unable to make a reasonable arrangement with Tidewater for a gas transportation-only agreement between the Westlock Facility and the Sturgeon CSO. This arrangement would enable MAGA Energy to find a market for their gas somewhere along this section of the IGS pipeline.

[29] MAGA Energy identified several possible markets for its gas:

- Another party that could take custody of its gas at the Westlock Facility (e.g., a gas utility company like Apex or another party).
- A cryptocurrency mining operation at the Westlock Facility, which would eliminate the need for a GHA.
- Finding a new purchaser along this segment of the IGS pipeline.

[30] In response to MAGA Energy's request for a gas transportation agreement, Tidewater offered an agreement inclusive of gas transportation and subsequent processing at the FSEEP. MAGA Energy submitted that the new GHA fees, in combination with commodity pricing, would result in uneconomic gas production.

[31] MAGA Energy does not believe that Tidewater is treating all potential users of the IGS pipeline equitably with respect to the fees and contracts that it offers. It is aware that Apex has a gas transportation-only contract with Tidewater. In March 2024, MAGA Energy initiated discussions with Apex to sell its gas directly to the utility company at the Westlock Facility. Apex reviewed the offtake potential at their utility locations between the Westlock Facility and the Sturgeon CSO and agreed to acquire MAGA Energy's gas at the Westlock Facility. However, in April 2024, Tidewater informed Apex and MAGA Energy that it would not accept any gas delivery from the Westlock Facility if Apex were the

purchaser. Tidewater continued to insist that MAGA Energy must accept a gas processing agreement at the FSEEP facility in order to access the IGS pipeline.

[32] MAGA Energy's view is that Tidewater "cannot use control of the system to impose discriminatory treatment and block practical alternatives, including Apex's offer to purchase MAGA gas."

[33] MAGA Energy submitted that without a common carrier order, there are financial implications for the company, as the Westlock production remains shut-in and the gas reserves are stranded. Tidewater's IGS pipeline is the only practical egress for the gas. The remaining gas reserves do not support the economics of constructing a new gas plant or new pipeline to tie into another delivery point. The economic effects of the gas being shut-in are summarized as follows:

- 15 billion cubic feet of reserves that cannot be produced
- loss to Alberta of gas royalties
- loss of corporate cash flow
- loss of employment opportunities in the area
- inactive wells
- inability to reinvest in the area
- unable to potentially expand operations to include other development opportunities in the area

Position of Tidewater

[34] Tidewater submitted that MAGA Energy is not entitled to a common carrier order because it has not satisfied the factors outlined in section 1.3.4 of *Directive 065*. Tidewater maintains that MAGA Energy has not demonstrated that:

- there is a reasonable expectation of a market for the gas that is proposed to be transported by the common carrier operation;
- it could not make reasonable arrangements to use the existing pipeline; and
- the proposed common carrier operation is the only economically feasible way or the most practical way to transport the gas.

[35] Tidewater's position is that transport of MAGA Energy's gas from the Westlock Facility to the Sturgeon CSO cannot occur because there is no sales point at or before this location. To reach a sales meter where Crown royalties are calculated, the gas must flow from the Sturgeon CSO through ATCO's Bittern Lake pipeline and on to Tidewater's FSEEP for processing. The sales point for the gas is downstream (or after) the FSEEP. This sales location is where the royalties are calculated. Historically, MAGA Energy's gas was purchased by Suncor at the FSEEP outlet. The naming convention for this

meter station is Sturgeon APN #30392. Based on the configuration of the gas gathering system and the meter station locations, a new GHA with MAGA Energy must include both transportation and processing. This arrangement aligns with the 2018 GHA, which was cancelled on November 30, 2023.

[36] Tidewater submitted that MAGA Energy's natural gas cannot bypass the FSEEP. The FSEEP is configured so that either all gas bypasses the plant or it all goes through the plant. There is no ability to select a specific company's gas and allow it to bypass the plant.

[37] Tidewater stated that there are three sources of gas transported by Tidewater through its IGS pipeline. Each source has a different commercial arrangement:

- 1) Producer gas, such as MAGA Energy's gas. This is transported through the IGS pipeline for subsequent processing at the FSEEP or Tidewater's Villeneuve ethane extraction plant (VEEP). The other companies that transport producer gas through the system have gas transportation and processing agreements with Tidewater. Producer gas is non-royalty-paid when it enters the pipeline. After processing, the gas is metered at the FSEEP outlet and the royalties are determined. Tidewater reports gas receipts at this meter location as Sturgeon APN #30392. This is a reporting convention only and does not indicate that the meter is located at the Sturgeon CSO. The recovered NGLs are measured separately to determine royalties.
- 2) Apex royalty-paid utility gas. This is transported to farm taps on the IGS and Bittern Lake pipelines. All Apex gas is designated for delivery to its utility gas customers. The utility gas does not reach Tidewater's FSEEP and so does not need processing at the plant. Therefore, Tidewater's contract with Apex is for gas transportation only.
- 3) ATCO gas delivered for processing at the FSEEP or VEEP, for the purpose of NGL extraction. The ATCO gas volumes are royalty-paid.

[38] Tidewater told us that it was aware that MAGA Energy had discussed selling its Westlock gas to Apex. Tidewater's concern was that neither company "was able to confirm that all MAGA's gas shipped on the IGS and Bittern Lake pipelines would be delivered to Apex's customers." Tidewater went on to state, "we also knew that the volumes of gas that MAGA was shipping at Hazel Bluff exceeded the average daily volumes that Apex delivers to its farm customers. So it was clear to us that MAGA would be shipping excess gas on the IGS that would flow to FSEEP and require processing even it had an agreement to sell some of its gas to Apex, and that's where we maintain that MAGA would still require process arrangement at FSEEP."

[39] Tidewater elaborated on this by explaining that MAGA Energy's gas production volumes at the Westlock Facility exceeded the daily volumes that Apex delivered to its utility customers in 2025, by approximately "650-plus GJs a day difference." Tidewater was concerned that this excess gas would "need to flow to FSEEP because there's no other means for that gas to leave the system."

[40] Tidewater submitted that if we approved the common carrier order, it would introduce inconsistencies in the existing commercial arrangements with other producers using the system and with Apex. This would affect Tidewater's business processes, as making more adjustments to the different gas sources would increase risk and complexity around the allocation required for a variety of contracts and differing treatments of royalty-paid and non-royalty-paid gas. In addition, issuing a common carrier order on the IGS pipeline would not resolve Tidewater's processing concerns, as any excess gas in the system must flow to the FSEEP for processing.

Panel Analysis and Findings

[41] A decision to order a common carrier is a significant regulatory action, as it has the potential to override contractual arrangements established through normal business practices. MAGA Energy bears the burden of establishing that the relief it seeks should be granted. This means that MAGA Energy must demonstrate on a balance of probabilities that the AER should declare Tidewater to be a common carrier over the requested portion of the pipeline under section 48 of the *OGCA*. This is a discretionary decision. To make our decision, we must consider the overall legislative purpose outlined in *REDA* and the *OGCA*, section 3 of the *REDA General Regulation*, the *OGCR*, and *Directive 065*. Section 1.3.4 of *Directive 065* requires us to consider whether MAGA Energy has demonstrated that

- producible reserves are available for transportation through an existing pipeline,
- there is a reasonable expectation of a market for the substance that is proposed to be transported by the common carrier operation,
- the applicant could not make reasonable arrangements to use the existing pipeline,
- the proposed common carrier operation is the only economically feasible way, the most practical way to transport the substance in question, or clearly superior environmentally, **and** [emphasis added]
- where application is being made under sections 48(4)(a) or 48(4)(b) of the *OGCA* for the designation of a delivery point or the proportion of production to be delivered to the pipeline the applicant could not make reasonable arrangements on these matters.

[42] We have carefully considered the overall legislative framework and all of the above. For the reasons that follow, we find that MAGA Energy has not demonstrated that there is a reasonable expectation of a market on the requested pipeline segment, nor has it demonstrated that it is unable make reasonable arrangements to use the existing Tidewater pipeline. We are not persuaded that the relief sought is the most practical way to transport MAGA Energy's natural gas, as it does not ensure that the gas reaches a metered sales point.

Are Producible Reserves Available for Transportation Through the Pipeline?

[43] We accept the uncontested evidence that MAGA Energy has producible gas reserves available for transportation. MAGA Energy's application meets this requirement of section 1.3.5 of *Directive 065* and the considerations outlined in section 1.3.4.

Is There a Reasonable Expectation of a Market for MAGA Energy's Gas?

[44] *Directive 065* requires MAGA Energy to demonstrate on a balance of probabilities that there is availability or a reasonable expectation of a market for the gas it delivers to Tidewater for transportation by the common carrier operation.

[45] Tidewater does not dispute that the IGS pipeline has the capacity to transport MAGA Energy's gas. However, its view is that the only market for MAGA Energy's gas is downstream of the FSEEP. For MAGA Energy gas to reach this sales meter, it must go through the FSEEP, and therefore, any GHA must include transportation and processing.

[46] MAGA Energy's market proposal appears tied to the possibility of a future arrangement with Apex to access gas utility customers on the IGS pipeline. It was not clear to us if this means substituting Apex's current gas needs with volumes from the Westlock pool or if MAGA Energy is proposing to develop new utility gas customers. As MAGA Energy is regulated by the AER and is not a gas utility company, we conclude the former.

[47] It is unclear to us the relevance of this market proposal with respect to MAGA Energy's application for a common carrier. Under this hypothetical scenario, it is Apex that requires a GHA with Tidewater, and it is Apex's responsibility to ensure sufficient utility customers for MAGA Energy gas. Although this is a private business arrangement, we understand Tidewater's concerns regarding the potential for excess gas volumes ending up at the FSEEP and appreciate why Tidewater would require assurances regarding this matter.

[48] MAGA Energy did not provide any other evidence regarding alternative markets for the gas along the IGS pipeline.

[49] We conclude that, at present, the only readily available market for MAGA Energy's gas is downstream of the FSEEP. We acknowledge that it may be possible to make equipment modifications and potentially enter into alternative contractual arrangements that might result in the development of a market somewhere along the IGS pipeline between the Westlock Facility and the Sturgeon CSO. However, this market does not currently exist. Under these circumstances, we find it unreasonable to expect Tidewater to provide a transportation-only GHA between these two locations.

[50] MAGA Energy has not persuaded us that there is a reasonable expectation of a market for its natural gas proposed to be transported by the common carrier operation.

Could MAGA Energy Make Reasonable Arrangements to Use Tidewater's Existing Pipeline?

[51] *Directive 065* requires that an applicant "should have made substantial efforts to negotiate a resolution to the matter prior to filing an application with the AER. The application should be a last resort. You should also continue your efforts to resolve the matter on a voluntary basis after filing the application

with the AER.” It is evident from the record that the parties tried to resolve the matter before MAGA filed its application. Negotiations continued after the application was filed, and we granted adjournments to allow further negotiations between the parties and provide an opportunity for MAGA Energy to pursue an alternative solution with a third party. However, evidence of some negotiation, ultimately leading to the parties reaching an impasse, does not necessarily mean that reasonable arrangements could not be made.

[52] Tidewater offered MAGA Energy a new GHA. This draft contract was provided at the hearing and, under cross-examination, both parties confirmed the details of that offer.

[53] MAGA Energy had the following concerns about the GHA offered by Tidewater:

- 1) The proposed fee does not consider the price volatility of the Alberta natural gas market.
- 2) The GHA does not consider that MAGA Energy’s gas already meets pipeline and sales specifications. We take this to mean that the shipped gas contains very few NGLs, is predominantly methane, and therefore, plant processing is not strictly necessary to meet sales gas specifications.
- 3) Tidewater’s ongoing refusal to offer MAGA Energy a gas transportation contract similar to that of Apex.

[54] MAGA Energy’s view is that a reasonable arrangement “is something that turns a dollar - a positive dollar. And with the current gas pricing in Alberta, average pricing in the last few years, having to process gas that’s already been processed is a doubling up of operating expense.”

[55] We understand MAGA Energy’s concerns about the cost of processing lean gas and can appreciate that the economic benefits of extracting NGLs may be minimal. However, there is no selective gas bypass available at the FSEEP and MAGA Energy’s gas must be processed through the plant. It is unreasonable to expect Tidewater to provide this plant-processing service at no cost. The proposed GHA includes a purchase agreement for NGLs, indicating that MAGA Energy will be compensated for any liquids extracted from the gas stream.

[56] We find that Tidewater’s offer to provide transportation through the IGS and Bittern Lake pipelines, and subsequent processing at the FSEEP, is a reasonable arrangement. This offer restores the contractual status quo to that in place up until November 2023. However, while the GHA offers the same services as the previous agreement, it does not offer the services at the same fee. Tidewater told us that “the earlier rates being paid by MAGA were uneconomic to Tidewater in relation to its other options and more pointedly, were being offered to MAGA at a net loss to Tidewater.” In accordance with section 55(3) of the *OGCA*, the authority to grant tariffs lies with the Alberta Utilities Commission, and we are unable to comment on the competitiveness of Tidewater’s proposed fee.

[57] We do not find that Tidewater's offer of a combined transportation and processing agreement is discriminatory towards MAGA Energy. MAGA Energy did not provide any evidence that other operators with producer gas were charged a different fee or had a different type of contract. We find that Tidewater's explanation of the different commercial arrangements on the IGS pipeline to be reasonable. Tidewater also confirmed that all companies delivering producer gas are subject to transportation and processing contracts.

[58] Email communications from early 2026 show that MAGA Energy and Tidewater have continued their negotiations, with MAGA Energy stating that "[a]t a high level, the GHA terms appear commercially workable for MAGA, and we believe this is something we could proceed with, subject to a few clarifications and technical adjustments that should not affect the overall economics." We take this as an indication that Tidewater's proposed charge for transportation and processing is such that economic gas production is possible and that gas reserves would not be stranded.

[59] We were not persuaded by MAGA Energy that this application is truly the last resort. We are reluctant to interfere in private commercial matters, especially when it appears that a reasonable resolution between the two parties is possible without regulatory action on our part.

[60] We find that MAGA Energy did not demonstrate that it was unable to make reasonable arrangements to use Tidewater's pipeline.

Is a Common Carrier the Only Economically Feasible or Practical Way to Transport the Gas?

[61] The existing Tidewater IGS pipeline is the only economically feasible and practical means for MAGA Energy's gas to be transported, as the Westlock Facility is tied into the IGS pipeline via the Hazel Bluff meter station. However, we cannot consider the IGS pipeline in isolation as it is only the first part of the transportation system that MAGA Energy needs to get its gas to a sales meter.

[62] The oral evidence is clear that the existing measurement meters at the Westlock Facility and Tidewater's Hazel Bluff are not royalty trigger points. Therefore, the gas must flow through the Bittern Lake pipeline and then be processed at the FSEEP before it reaches a sales meter, and royalty payment is determined at the plant gate.

[63] Without a sales meter station on the IGS pipeline, it is not possible for MAGA Energy's gas to exit the system at or before the Sturgeon CSO, and ensure that royalties are paid. MAGA Energy did not address this measurement concern or provide details on how it would meet the requirements for royalty trigger points as per *Directive 017: Measurement Requirements for Oil and Gas Operations*. We acknowledge that it may be possible to make equipment modifications or enter into contractual arrangements to ensure that its gas is either royalty-paid before entering the IGS pipeline or before exiting it. We also appreciate that if such changes did occur, there may be a market for the gas along the IGS

pipeline. However, the existing infrastructure is not configured to do this, and MAGA Energy did not provide evidence to support this scenario.

[64] Currently, the only economically feasible and practical way for MAGA Energy to transport its gas to a sales meter is to go through the FSEEP. We do not find it economically feasible or practical to approve the common carrier order for a pipeline segment that does not lead to a sales meter. Therefore, we are not persuaded that MAGA Energy's application meets this consideration of section 1.3.4 of *Directive 065*.

Is it Necessary to Designate the Delivery Point and Gas Volume to be Transported?

[65] MAGA Energy's common carrier application states that it is being made under section 48(4)(a) and (b) of the *OGCA*. MAGA Energy requested that Tidewater be ordered to take "100% of MAGA's production (53.5 e³m³/d, or 4% of carrier pipeline capacity)" at the Westlock Facility, as it is unable to make reasonable arrangements with Tidewater on this matter.

[66] The legislative framework requires us to use our discretion to provide for the efficient, safe, orderly, and environmentally responsible development of energy resources in Alberta. In this case, we have a specific regard for the social and economic effects of the common carrier order as an exceptional remedy used as a last resort when reasonable arrangements cannot otherwise be made.

[67] We are not persuaded that MAGA Energy demonstrated that it has a reasonable expectation for a market for its natural gas between its Westlock Facility and the Sturgeon CSO, nor that it is unable to make reasonable arrangements with Tidewater to deliver its natural gas to a market downstream of the FSEEP.

[68] Because we are denying MAGA Energy's application, it is not necessary for us to address the details of the common carrier order, such as the delivery point and the volume of natural gas to be transported by the common carrier.

Conclusion

[69] We have considered the relevant legislation and regulations, the need for the common carrier order, the social and economic effects of this potential order on MAGA Energy and Tidewater, and the impacts of this order on the pipeline owner.

[70] We find that MAGA Energy's application did not demonstrate that it met all the regulatory considerations detailed in *Directive 065* and is inconsistent with the efficient, safe, orderly, and environmentally responsible development of Alberta's energy resources.

[71] We conclude the following:

- MAGA Energy did not demonstrate that there was a market for its gas on the IGS pipeline between the Westlock Facility and the Sturgeon CSO.
- MAGA Energy did not demonstrate that it was unable to make reasonable arrangements to use Tidewater's IGS pipeline.
- It is not economically feasible or practical to approve a common carrier order on a pipeline segment that does not lead to a sales meter.

[72] For these reasons, we deny MAGA Energy Ltd.'s application for a declaration that Tidewater Midstream and Infrastructure Ltd. should be a common carrier.

Dated in Calgary, Alberta, on June 3, 2026.

Alberta Energy Regulator

Shona Mackenzie, CDir, PEng
Presiding Hearing Commissioner

Harold Robinson, LLB
Hearing Commissioner

Tracey Stock, KC, FEC, FGC (Hon), PEng, PhD
Hearing Commissioner

Appendix 1 Hearing Participants

Principals and Representatives

(Abbreviations used in report)

Witnesses

MAGA Energy Ltd.

M. Ross

B. Mele

M. Tian

Tidewater Midstream and Infrastructure Ltd.

J. Gurevitch

N. Ettinger

J. Kulsky

D. Wood

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S. Gibbons, AER Counsel

G. Wong, AER Counsel

E. Arruda

D. Parsons

A. Stanislavski

J. Malangen
