

BY EMAIL ONLY

February 11, 2019

Rose & Mark Zalasky

YANGARRA RESOURCES LTD.

APPLICATION NO. 001-00421376

STATEMENT OF CONCERN NO. 31342

Dear Mr. & Mrs. Zalasky:

You are receiving this letter because you filed a statement of concern about Application No. 001-00421376. The Alberta Energy Regulator (AER) has reviewed your statement of concern, along with the company's application, and all applicable requirements and other submissions or information about the application. The AER has decided that a hearing is not required to consider the concerns outlined in your statement of concern.

In our review of your concerns, we considered the following:

- You do not own the lands in which the project is proposed, and your lands are approximately 13 km away.
- The AER acknowledges your concerns regarding the use of water for hydraulic fracturing. However, hydraulic fracturing is an industrial use, which is a permitted use under the *Water Act*. The determination of which uses are permissible uses under the *Water Act* is a policy decision and is outside of the AER's jurisdiction. More information on policy development related to hydraulic fracturing can be found here: <http://aep.alberta.ca/water/water-conversation/hydraulic-fracturing.aspx>.
- The AER acknowledges your concerns regarding future well applications that may involve hydraulic fracturing. As per sections 3.2.1 (4) of Directive 056 *Energy Development Applications and Schedules*, Yangarra is required to include any parties with known concerns they are aware of in its participant involvement notification program for any future infrastructure applications in the area, and to notify those parties when those applications are submitted.

- Your concerns about the impacts on your recreational use of Mitchell Lake are general in nature, and there is insufficient information to determine if you would be directly and adversely impacted.
- With respect to your concerns respecting alternatives to water, Yangarra provided information on its consideration of alternative sources as required under the *Directive for Water Licensing of Hydraulic Fracturing Projects-Area of Use Approach*, which was considered by the AER in making the decision to issue the licence.
- You have not demonstrated how you may be directly and adversely affected by this application.

Based on the above, the AER has concluded that it is not necessary to hold a hearing before making a decision on the application. The AER has issued the applied-for licence and this is your notice of that decision. A copy of the licence is attached.

All AER- regulated parties must comply not only with the conditions of their authorizations, but with all of the AER's regulatory requirements. To ensure industry compliance the AER has developed its *Integrated Compliance Assurance Framework*, which embodies the three main components of all effective compliance assurance programs, those being education, prevention, and enforcement. You can find out more about how the AER verifies industry compliance and responds to noncompliance here: <https://aer.ca/regulating-development/compliance/compliance-assurance-program>.

You may file a regulatory appeal on the AER's decision to issue the licence if you meet the criteria within section 36 of the *Responsible Energy Development Act*. Filing instructions and forms are on our website under Regulatory Appeal Process.

If you have any questions, contact Megan Carfantan at 403-297-8415 or Megan.Carfantan@aer.ca.

Sincerely,

<Original Signed By>

Rob Cruickshank
Director, Business Process

Enclosure (1): **(Licence)**

cc: Lorne Simpson, Yangarra Resources Ltd.
Jim Evaskevich, Yangarra Resources Ltd.
Trish Olynyk, Yangarra Resources Ltd.
AER SOC Assessor
AER Red Deer Field Centre