

BY EMAIL ONLY

March 20, 2019

Larry Tanaschyk,
STATEMENT OF CONCERN NO. 31046
ZARGON OIL & GAS LTD. (ZARGON)
APPLICATION FOR RECLAMATION CERTIFICATE No. 377180
LOCATION: 14 (NW)-36-034-11W4M

Dear Larry Tanaschyk:

You are receiving this letter because you filed a statement of concern about Reclamation Certificate Application No. 377180. 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:

- The Detailed Site Assessment (DSA) completed on June 26, 2017 shows that all vegetation, soil and landscape parameters of the *2010 Reclamation Criteria for Wellstes and Associated Facilities for Native Grasslands* (Reclamation Criteria) were met.
- A site visit was conducted on May 10, 2018, and included you and a representative from the AER and Zargon. You explained how the drilling and abandonment equipment had operated under wet conditions in 2000, causing ruts (undulations or uneven terrain). You further indicated that this affects you when driving across the grazing lease to gather cattle.
- At the site visit, AER staff observed that the ruts noted were completely revegetated with native species. It was noted that the grazing lease had natural undulations both on and off site due to the ecological site type location (a Blowout Range site). The grazing lease was found to be healthy with excellent native species cover. The AER confirmed at the site visit that the site meets the Reclamation Criteria.

- Following the site visit, you concluded that moving the fence and rebuilding an approach to address rutting would cause more damage to the grazing lease in the long run, and that you did not want Zargon to conduct this work.
- This wellsite is located on a Special Areas grazing lease, which is administered by the Special Areas Board, as per the *Special Areas Act* and *Municipal Government Act*. No concerns regarding the condition of the site were raised by the Special Areas Board.
- The Reclamation Criteria are applied “to evaluate whether a site has met equivalent land capability.” Given that the site meets the Reclamation Criteria, the AER is satisfied that the site has met equivalent land capability and that your concerns have been addressed.

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 Reclamation Certificate and this is your notice of that decision. A copy of the Reclamation Certificate is attached.

You may file a regulatory appeal on the AER’s decision to issue the Reclamation Certificate if you satisfy the elements within sections 36 and 38 of the *Responsible Energy Development Act*. Filing instructions and forms are on our website under Regulatory Appeal Process.

If you have any questions, contact Tracy Kupchenko at 403-529-3727 or tracy.kupchenko@aer.ca.

Sincerely,

<Original Signed by>

Tania De Silva
Director, Oil, Gas and Pipelines, Closure and Liability

Enclosure

cc:
Veronica Millan, Zargon Oil & Gas Ltd.,
Nolan Ball, Special Areas Board,
Tracy Kupchenko, AER Reclamation Assessor,
AER Wainwright Field Centre,