

BY EMAIL ONLY

May 17, 2019

Valerie Veneziaie, Senior Exploitation Engineer  
**Gear Energy Ltd.**

**RKSMITH ENERGY CORP.**

**APPLICATION NO. 1918424**

**STATEMENT OF CONCERN NO. 31423**

Dear Valerie Veneziaie:

You are receiving this letter because you filed a statement of concern about Application No. 1918424 on behalf of Gear Energy Ltd. The Alberta Energy Regulator (AER) has reviewed the 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 its review of your concerns, the AER considered the following:

- The Gear source well, the 00/11-27-042-26W4/0 (11-27) well, is approximately 1.5 km away from the proposed RKSmith disposal well, the 00/04-35-042-26W4/3 (04-35) well.
- RKSmith has committed to accept only water with 0.0 mg/L of H<sub>2</sub>S for disposal into the 00/04-35-042-26W4/3 (04-35) well, hence addressing the concerns regarding H<sub>2</sub>S to the satisfaction of the AER.
- The approval has been conditioned so that the total cumulative volume injected by RKSmith must not exceed 1278 e<sup>3</sup>m<sup>3</sup> at the 04-35 well, thus creating an Area of Influence of approximately 725 m. Therefore, the chance of contamination and communication with the 11-27 and/or the Belly River RR Pool has been further minimized.
- Consequently, all of the concerns have been addressed to the satisfaction of the AER.

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 approval and this is your notice of that decision. A copy of the approval 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 approval 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](mailto:Megan.Carfantan@aer.ca).

Sincerely,

<Original Signed By>

Rob Cruickshank  
Director, Business Process

Enclosure (1): (**Approval**)

cc: John Feradi, RKSmith Energy Corp.  
Robyn Swanson, Benoit Regulatory Compliance Inc.  
AER SOC Assessor  
AER Red Deer Field Centre