

BY EMAIL ONLY

August 26, 2019

Greg Latimer and Marva Coltman

**SURGE ENERGY INC.  
APPLICATION NO. 1923172  
STATEMENTS OF CONCERN NO. 31555**

Dear Greg Latimer and Marva Coltman

You are receiving this letter because you filed a statement of concern about Application No. 1923172. 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 applications. 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 subsurface rights for the area where the spacing application is proposed.
- The concerns expressed are related to the surface impacts of the proposed development rather than the subsurface, which makes them not relevant and are outside the scope of this subsurface application.
- Public notification requirements still apply for surface facility applications and concerns regarding impacts of specific oil and gas developments on the surface will continue to be considered through the facility applications process.
- Should you have specific concerns about future related applications on or around your lands, you may file a relevant, complete and concise statement of concern that succinctly describes how you may be directly and adversely affected by the proposed surface development when those applications are filed with the AER.
- Well spacing defines the number of subsurface drainage points optimal to recover oil or gas from a specified pool and/or allow the resource to be recovered in a reasonable period of time. Approval of the special well spacing does not authorize the drilling of any wells nor the construction of any related facilities.

The information you have provided does not demonstrate to the AER that you may be directly and adversely affected by the proposed standard well spacing. The application relates solely to subsurface reservoir development. The concerns expressed in your statement of concern relate to surface infrastructure. Therefore, based on all the information before the AER, it does not appear that you may be directly and adversely affected by approval of the 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 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.

Sincerely,

<original signed by>

Rob Cruickshank

Director, Oil and Gas

Enclosure (1): (Approval)

cc: Wade Hein Surge Energy Inc.  
AER SOC Assessor  
AER Wainwright Field Centre