

BY E-MAIL ONLY

October 29, 2019

Jennifer Clee
Senior Reservoir Engineer
ISH Energy Ltd.

CANADIAN NATURAL RESOURCES LTD.
APPLICATION NO. 1923252
STATEMENT OF CONCERN NO. 31572

You are receiving this letter because you filed a statement of concern on behalf of ISH Energy Ltd. (ISH) in response to Canadian Natural Resources Ltd. (CNRL) Application No. 1923252. 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 its review of the concerns, the AER considered the following:

- Based on the AER's analysis of the technical information in the application and publicly available log information, there is no gas within the Wabiskaw formation in the drainage box of KNO7.
- CNRL must operate in accordance with all applicable requirements, a number of which address the concerns raised by ISH, including the terms and conditions of CNRL's Approval No. 11475HH.
- ISH's concern regarding the timing of a decision on Regulatory Appeal No. 1919287 is outside of scope for this application.
- The concern regarding notice and consultation was mitigated by the fact that ISH has filed a statement of concern and had an opportunity to have its concerns considered by the AER. In addition, *Directive 078: Regulatory Application Process for Modifications to Commercial In Situ Oil Sands Projects* states:

“Category 2 modifications are not, however, expected to directly and adversely affect the rights of stakeholders, including other mineral rights owners.”

And:

“Category 2 modifications do not require applicants to notify stakeholders, including other mineral rights owners, because such modifications, by definition, do not introduce any adverse effects that were not previously considered in the ERCB's original and/or amended project decisions.”

As noted above, the AER has found ISH will not be adversely affected because there is no gas in the drainage box of KN07.

Based on the above, the AER has issued the applied-for approval and this is your notice of that decision. A copy of the approval is attached.

inquiries 1-855-297-8311
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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 Business Process, Authorizations

Attachment: Approval No. 11475HH

cc: Tim Wozney, Canadian Natural Resources Limited
Mark Scrimshaw, P. Eng., Canadian Natural Resources Limited