

August 24, 2020

By Email Only

Kendall Dilling, Vice President
Health, Safety, Environment & Regulatory
Cenovus Energy Inc.

Statement of Concern No. 31762
Bellatrix Exploration Ltd. (Bellatrix) Licence Transfer to Winslow Resources Inc.
(Winslow)
Applications No. 1928783, 1928784, 1928787, 1928788, 1928789, 1928790, 1928791,
1928862 and 1928999

Dear Mr. Dilling:

You are receiving this letter because you filed a statement of concern (SOC) about Applications No. 1928783, 1928784, 1928787, 1928788, 1928789, 1928790, 1928791, 1928862 and 1928999. The Alberta Energy Regulator (AER) has reviewed your SOC, along with the applications, 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 SOC.

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

- The AER has reviewed the applications and is satisfied that Winslow meets the requirements of *Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process*.
- The assets were acquired through a credit protection process, where the company's assets are being transferred to a responsible licensee to operate, who will be required to eventually close the properties. The alternative to the transfer approval is the Orphan Well Association (OWA) designation of the assets.

- The post-transfer LMR of Winslow as transferee is calculated to exceed the 2.0 threshold as required by Directive 006.
- Winslow is bound by licence approval criteria, which includes the condition to adhere to an approved closure plan.

Based on the above, the AER has concluded that it is not necessary to hold a hearing before making a decision on the applications. The AER has issued the applied-for approval and this is your notice of that decision. Copies of the approvals are 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 approvals if you meet the criteria within section 36 of the *Responsible Energy Development Act*. Filing instructions and forms are located here: <https://www.aer.ca/regulating-development/project-application/regulatory-appeal-process>.

If you have any questions please contact SOC@aer.ca.

Sincerely,

<original signed by>

Ryan Bartlett
Acting Director, Transfers, SOC and Support
Regulatory Applications
/sl

Attachments (9): Approvals

cc: Craig Martin, Sparta Delta Corp.
Michelle Ouelette, Bellatrix Exploration Ltd.
Ender Cheung, Cenovus Energy Inc.
Nerissa Hymers, AER
SOC Inbox, AER
Medicine Hat Field Centre, AER