

November 29, 2021

By Email Only

Kristen Blanchette

**Statement of Concern No. 32008**  
**N7 Energy Ltd. (N7) to New Resources Ltd. (New Resources)**  
**Application No. 1933561**

Dear Mrs. Blanchette:

You are receiving this letter because you filed a statement of concern (SOC) about Application No. 1933561. The Alberta Energy Regulator (AER) has reviewed your SOC, along with the 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 SOC.

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

- The information you provided is general in nature and does not identify a direct and adverse impact to you or your lands as a result of the proposed transfer.
- You do not own the property on which the assets are located.
- The AER has reviewed the applications and is satisfied that New Resources meets the requirements of *Directive 006: Licence Liability Rating (LLR) Program and Licence Transfer Process*.
- The concerns in relation to flaring are out of scope of the current application, however, New Resources is required to adhere to all requirements of *Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting*.
- The AER acknowledges the concern regarding pipeline integrity. Under the AER's Industry Performance Program, an annual release of the Pipeline Performance Report is posted, which includes information about pipeline incidents between 2015 and 2020, highlighting information on classifying incidents and industry performance. This report can be found on the AER website at <https://www.aer.ca/protecting-what-matters/holding-industry-accountable/industry-performance/pipeline-performance>
- *Manual 013: Compliance and Enforcement Program* ensure a fair, protective, credible, effective, efficient, and risk-informed approach that balances the three compliance components: education, prevention, and enforcement. If the AER finds a company that is not following the rules or requirements, action is taken by applying one or more compliance and enforcement tools. The

tools used will depend on the noncompliance. The AER keeps a record of every company's compliance and enforcement history. If a company purposely (or repeatedly) fails to follow the rules, our enforcement actions will escalate, and penalties will become more severe. More information can be found here: <https://www.aer.ca/regulating-development/compliance/compliance-and-enforcement-tools>

- Your concerns regarding operational complaints are out of scope of the current application. The Applicant is required to address all complaints if any arise regarding application requirements and approval conditions. You may contact the AER Energy and Environmental Emergency 24-Hour Response Line 1-800-222-6514 to file any complaints.
- Your concerns regarding weed control on private land are outside the AER jurisdiction. The Applicant is required to follow the *Weed Control Act* and any concerns should be directed and addressed by the county or municipality.
- Your concerns regarding trucking operations, road use and traffic, are outside of the AER jurisdiction and should be directed and addressed by the appropriate Provincial or Municipal authority (Alberta Transportation or County).
- Repayment of tax arrears is not a criterion that is assessed as part of the AER Directive 006 license transfer approval process.
- New Resources has limited eligibility as a condition of D067. This limits it to only taking the licenses included in this transfer from N7 until at least July 31, 2023, at which point New Resources may reapply for general eligibility.
- New Resources is bound by licence approval criteria, which includes the conditions to achieve 75% or greater satisfactory field compliance. Once achieved, the Applicant will be required to maintain equal or greater than industry average compliance rates for 24 months. New Resources will also be required to demonstrate it is operating the assets in compliance with AER rules and regulations and accepted operating standards by providing third party inspection reports to the AER on a quarterly basis. This condition will remain in effect for a period of 24 months, at which time the licensee may request the condition be lifted.

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 located here: <https://www.aer.ca/regulating-development/project-application/regulatory-appeal-process>.

If you have any questions please contact [SOC@aer.ca](mailto:SOC@aer.ca).

Sincerely,

*<Original signed by>*

Trevor Gosselin  
Director, Transfers, SOC & Support  
Regulatory Applications  
/sl

Attachment (1): Approval

cc: Jason Schoenfeld, N7 Energy Ltd.  
Ira New, New Resources Ltd.  
Nerissa Hymers, AER  
SOC Inbox, AER  
Field Operations Central, AER