

December 12, 2022

By Email Only

Challenger Development Corp.
Brent Hepfner

Statement of Concern No. 32137
Bearspaw Petroleum Ltd.
Application No. 1939349

Dear Mr. Hepfner:

You are receiving this letter because you filed a statement of concern (SOC) in respect of Application No. 1939349 (Application) on behalf of Challenger Development Corp. (Challenger). The Alberta Energy Regulator (AER) has reviewed the concerns outlined in your SOC, along with the application, and all applicable requirements and other submissions or information about the application.

In our review of Challenger's concerns, we considered the following:

- The information provided in the SOC does not raise any concerns that are not addressed to the satisfaction of the AER.
- This application is under the *Oil and Gas Conservation Act* and the *Pipeline Act* for a regulator-directed transfer (RDT) of well licences and a pipeline licence for wells and a pipeline currently under the care and custody of the Orphan Well Association (OWA). The AER has reviewed the application and is satisfied that Bearspaw meets the requirements for an RDT, including under *Alberta Energy Regulator Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals* and under *Alberta Energy Regulator Directive 088: Licensee Life-cycle Management*.
- Challenger's concerns regarding land use and surface access to the pipeline right-of-way appear to relate to a dispute with the landowner that is administrative or contractual in nature and outside of the jurisdiction of the AER.
- In making the application, Bearspaw has declared that it holds valid surface access rights for the wells and pipeline included in the application. Additionally, Bearspaw has provided documentation of its surface access rights for the wells and pipeline.

- Regarding Challenger's concerns about liability, this application seeks to transfer licences for existing assets currently in the care and custody of the OWA. As a result of the licence transfer, Bears paw assumes the responsibilities and obligations of a licensee for the transferred licences.
- The AER acknowledges the concerns regarding notification; however, Bears paw has met the AER's stakeholder engagement requirements for this application. Additionally, the AER notes that the AER Public Notice of Application provides all stakeholders notice of an application that is before the AER and sets out the time period within which anyone who believes that they may be directly and adversely affected by the application may file an SOC. The SOC filer submitted its SOC in response to the Public Notice of Application. The AER is satisfied that the SOC filer was notified 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 approved the application, 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.

Sincerely,

<Original Signed by>

Trevor Gosselin
Director, Transfer, SOC & Support
Regulatory Applications
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Enclosure (1): Approval

cc: Paul Wright, Bearspaw Petroleum Ltd.
Nicole McCulloch AER
ADR Inbox, AER
SOC Inbox, AER
Field Operations Central, AER