

December 13, 2022

www.aer.ca

By Email Only

Ron Walter

**Statement of Concern No. 32138
Maga Energy Ltd. (Maga)
Application No. 1939473**

Dear Sir/Madam,

You are receiving this letter because you filed a statement of concern (SOC) about Application No. 1939473. 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 AER has reviewed the application and is satisfied that Maga meets the requirements of *Directive 088: Licensee Life-cycle Management*.
- This application seeks to transfer an existing licence held by an insolvent licensee Lexin Resources Ltd. (Lexin) and is administrative in nature. There will be no physical changes to the pipeline subject to the transfer. Furthermore, there will be no new impacts to any proposed commercial development, as the application will only transfer the existing pipeline license from Lexin who is insolvent and unable to carry out its obligations, over to Maga.
- The licence transfer reduces the burden to the Orphan Well Association and Orphan Fund by moving the inventory to an active party that is willing to address its regulatory and end-of-life obligations.
- The AER notes the concerns raised regarding operations, safety, and setbacks; however, these relate to a sour gas pipeline and consequently are out of the scope of this transfer application as the pipeline is not currently licensed for sour gas, any change in substance for this licence would require a

separate application in accordance with *Directive 056: Energy Development Applications and Schedules*. Furthermore, as a licensee, Maga must follow the requirements under the *Pipeline Act*.

- The AER acknowledges the concerns regarding potential pipeline resumption; however, this concern is also beyond the scope of this application. Maga would be required to apply for a licence amendment, in accordance with *Directive 056* and meet the Participant Involvement requirements. If an application for resumption were made, Mr. Walter would then have the opportunity to submit a statement of concern in relation to that application at that time.
- The AER acknowledges the concerns raised regarding the potential for interference with planned urban development, however, to the extent these concerns relate to setbacks and emergency planning they are outside the scope of current application. Broader issues regarding urban development lie outside the scope of the AER's jurisdiction and should be addressed by the local municipality.
- The concerns regarding Right of Entry and compensation, under the *Surface Rights Act*, are outside the AER's jurisdiction and should be addressed by the Land and Property Rights Tribunal.

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 licence, and this is your notice of that decision. A copy of the licence is attached.

All AER-regulated parties must comply not only with the conditions of their authorizations, but with all 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 licence 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 Assigned By>

Lane Peterson
Director, Oil & Gas Surface
Regulatory Applications
/bg

Attachment (1): Licence

cc: Mark Ross, Maga Energy Ltd.
Marnie Wildeman, AER
SOC Inbox, AER