

December 12, 2023

www.aer.ca

By Email Only

James Nixon
PrairieSky Royalty Ltd. (PrairieSky)**Statement of Concern No. 32302
Xenotime Energy Inc. (Xenotime)
Application No. 1948565**

Dear Sir:

You are receiving this letter because you filed a statement of concern (SOC) about Application No. 1948565. 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:

- Xenotime has applied under section 80 of the *Oil and Gas Conservation Act* for an amendment to pooling order No. P474 to change the legal subdivision (LSD) of the well from 13 to 14 in clause 1), which currently reads “... shall be operated as a unit to permit the production of oil from the surface to the base of the Mannville Group through a well to be drilled in Legal Subdivision 13”. Xenotime has also applied to amend clause 2) to extend the drilling and completion of the well until December 21, 2025.
- Since pooling order No. P474 was issued on June 22, 2023, PrairieSky has leased out its petroleum mineral rights located in the northwest quarter of Section 15, Township 50, Range 4, West of the 4th Meridian.
- Section 7(g) of the *Alberta Energy Regulator Rules of Practice* provides that the Regulator may consider “whether the application will result in minimal or no adverse effect on the environment” when deciding whether to conduct a hearing on an application. The subject application is

administrative in nature and an approval of the application will not authorize anything other than a change to the bottom hole location of the well from LSD 13 to 14 and extend the deadline for drilling and completing the well.

- Your concerns regarding the modifications to the order are general in nature and do not demonstrate how the approval of the application will directly or adversely affect PrairieSky.

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.

Sincerely,

<Original Signed By>

Steve Thomas
Director, Oil & Gas Subsurface, Waste & Storage
Regulatory Applications
/bg

Attachment (1): Approval

cc: Hanh Nguyen, Xenotime
XinXin Sun, AER
SOC Inbox, AER
Field Operations East, AER