

August 10, 2020

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By Email Only

Ruth Schwab, on behalf of Florian Schneider and Anina Wiedemann
Schwab & Schwab Lawyers & Notaries**Statement of Concern No. 31766
Perpetual Operating Corp. (POC)
Applications No. 30652696 and 30652789**

Dear Madam:

You are receiving this letter because you filed a statement of concern (SOC), on behalf of Florian Schneider and Anina Wiedemann (Mr. Schneider and Ms. Wiedemann), in regards to Applications No. 30652696 and 30652789. 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 proposed projects are not located on Mr. Schneider's and Ms. Wiedemann's lands at NW-01-057-18W4M, and they do not have a residence on their lands adjacent to the project.
- The concerns about impacts to health, property value, and farming operations are general in nature, and there is insufficient information to determine any specific impacts.
- The AER acknowledges the concerns regarding ground water contamination and impacts to Mr. Schneider's and Ms. Wiedemann's water well. POC has committed to conducting a pre and post-drill assessment of their water well during the drilling operations of the proposed projects.
- The proposed surface holes will be drilled with non-toxic fresh water-based material to below the base of groundwater. During drilling operations, surface casing will be set below the potable ground water formation to prevent infiltration into this zone. POC will ensure compliance with *AER Directive 008: Surface Casing Depth Requirement* and *AER Directive 009: Casing Cementing Minimum Requirements*.

- The AER acknowledges the concerns regarding impacts to topography. The applied for total vertical depths of each well of approximately 675m suggests that there will be no change in the surface topography.
- To mitigate the concerns regarding noise, POC will install an acoustically insulated building on the hydraulic driver along with a hospital grade muffler and will adhere to AER *Directive 038: Noise Control* requirements.
- The concerns regarding reclamation strategies are outside the scope of the current applications. POC is required to follow *2010 Reclamation Criteria for Wellsites and Associated Facilities for Cultivated Lands*. Mr. Schneider and Ms. Wiedemann will have the opportunity to submit a statement of concern at the time a reclamation certificate application is filed with the AER.
- The proposed applications are for the drilling of sweet wells and there is no indication that H₂S or Benzene will be present. Should H₂S develop, POC will conduct consultation and/or notification and install the required control measures as set forth by the AER *Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting* and *Directive 039: Revised Program to Reduce Benzene Emissions from Glycol Dehydrators*. There are no flaring operations associated with the drilling of the proposed wells.
- The majority of Mr. Schneider's and Ms. Wiedemann's concerns, including those regarding potential impacts to vegetation, wildlife and insects are beyond the scope of these applications as they are in relation to surface activities associated with the corresponding facility applications. The proposed projects are for the well licences which will allow POC to drill the applied for wells. However, in response to those concerns, POC must adhere to the requirements set out in the *Government of Alberta- Weed Control Act* to minimize the risks of spreading noxious weeds.
- The AER acknowledges the concerns regarding POC's financial capacity to properly reclaim these sites. Under Section 6 of AER *Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Process* a deposit would be required from an oil and gas company should their Licencee Liability Rating (LLR) falls below 1.0. As the LLR of POC at the time of these applications is 3.92, the deposit is not required. In addition, all AER regulated companies are required to pay into the Orphan Well Association (OWA) to cover costs for abandonment and reclamation from defunct companies.
- The concerns regarding road use are outside the AER jurisdiction, and should be directed to the appropriate provincial or municipal authorities.
- The concerns regarding the future development of Mr. Schneider's and Ms. Wiedemann's lands are out of the AER jurisdiction.
- The projects are not located within an approved land use region or environmental protection order area.
- POC is required to meet all environmental and regulatory requirements.

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 licences and this is your notice of those decisions. Copies of those licences 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 licences 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>

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

Attachments (7): Licence

cc: Darren Gramlich, Perpetual Operating Corp.
Steven Lee, AER
SOC Inbox, AER
Edmonton Field Centre, AER