

Via email only

June 22, 2023

Calgary Head Office
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Calgary, Alberta T2P 0R4
Canada

www.aer.ca

Free Rein Resources Ltd.

Alberta Energy Regulator – Regulatory
Applications

Attention: Natalie Heffernan

Attention: Danielle Brezina, Counsel

Dear Mesdames:

RE: Request for Regulatory Appeal by Free Rein Resources Ltd.
Alberta Energy Regulator – Regulatory Applications Branch (Regulatory Applications)
Conditional Approval of Licence Transfer from Maga Energy Ltd. to Free Rein Resources Ltd.
Licence Transfer Application No.: 1941829
Location: 12-24-051-127W4
Request for Regulatory Appeal No. 1942436

The Alberta Energy Regulator (AER) has considered the request of Free Rein Resources Ltd. (Free Rein), under section 38 of the *Responsible Energy Development Act* (REDA), for a regulatory appeal of the AER's March 13, 2023, decision to conditionally approve the licence transfer application on the basis that security be paid in the amount of \$311,280.48 (Decision). The AER has reviewed Free Rein's submissions and the submissions made by Regulatory Applications.

The AER concludes that Free Rein is eligible to request a regulatory appeal in this matter. Therefore, the request for a Regulatory Appeal is approved.

The applicable provision of REDA in regard to regulatory appeals, section 38, states:

38(1) An eligible person may request a regulatory appeal of an appealable decision by filing a request for regulatory appeal with the Regulator in accordance with the rules.

[emphasis added]

The term “eligible person” is defined in section 36(b)(ii) of REDA to include:

a person who is directly and adversely affected by a decision [made under an energy resource enactment]...

Reasons for Decision

Appealable Decision

The decision to require security is an appealable decision, as the Decision was issued under the *Oil and Gas Conservation Act* (OGCA) without a hearing. Although not expressly referenced in the Decision, the AER's ability to require a licensee to provide a security deposit before approving a transfer of a licence can be found in s. 1.100(2) of the *Oil and Gas Conservation Rules* under the OGCA.

Eligible Person

While Free Rein does not expressly address whether it is an eligible person in its Request for Regulatory Appeal (RRA), the fact that it is required to pay security as a condition of approval of the transfer is sufficient to conclude that it may be directly and adversely affected by the Decision. The impact of the Decision on Free Rein appears to be economic; however, a recent decision of the Court of Appeal supports that an economic impact such as the one in this case, may be enough to conclude that there may be a direct and adverse effect.¹

In Accordance with the Rules

The RRA was filed in accordance with the time limits under the Rules. Further, the AER has determined there is no justification to dismiss the regulatory appeal request at this stage, under section 39(4) of the *REDA*.

Sincerely,

<Original signed by>

Scott Heckbert
Principal, Environmental Scientist
Technical Science & External Innovation Branch

¹ *Normtek Radiation Services Ltd v Alberta Environmental Appeal Board*, 2020 ABCA 456

<Original signed by>

Evan Knox
Senior Advisor, Regulatory Effectiveness &
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Regulatory Enhancement Branch

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Scott Fallows
Senior Advisor, Business Intelligence &
Performance Reporting
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