

By email only

July 6, 2023

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HESC Energy Corporation

Alberta Energy Regulator – Regulatory
Applications

**Attention: Kevin Li
Dan Dou**

Attention: Danielle Brezina, Counsel

Dear Sirs and Madam:

**RE: Request for Regulatory Appeal by HESC Energy Corporation
Alberta Energy Regulator – Regulatory Applications Branch (Regulatory Applications)
Conditional Approval of Licence Transfer from Prairie Provident Resources Canada Ltd.
to HESC Energy Corporation
Licence Transfer Application No.: 1941484
Location: Tomahawk Field
Request for Regulatory Appeal No.: 1942595 (Regulatory Appeal)**

The Alberta Energy Regulator (AER) has considered the request of HESC Energy Corporation (HESC), under section 38 of the *Responsible Energy Development Act* (REDA), for a regulatory appeal of the AER's February 17, 2023, decision to conditionally approve the licence transfer application on the basis that security be paid in the amount of \$1,422,246.84 (Decision). The AER has reviewed HESC's submissions, and the submissions made by Regulatory Applications.

The AER concludes that HESC 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 HESC does not expressly address whether it is an eligible person in its Request for Regulatory Appeal (RRA), the information before us indicates HESC may be directly and adversely affected by the Decision.

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>

David Hardie
Director, Liability Management

<Original signed by>

Dustin Shauer
Senior Advisor, Closure Policy

cc: Amber Wright, Prairie Provident Resources