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April 2, 2026

Ackroyd LLP

Attention: Ifeoma M. Okoye
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Bennett Jones LLP

Attention: Daron K. Naffin

Dear Parties:

RE: Requests for Regulatory Appeal by Samuel Allen Musser and Theresa Marie Musser (Mussers) Paramount Resources Ltd. (Paramount)
Public Land Act Approvals Nos.: MSL250226, LOC250348 (the PLA Approvals);
Licence Nos.: 0519869; 0519870; 0519871; 0519872; 0519873; 0519874; 0519875; 0519876
(Well Licences) and 64391 (Line #10); 56998 (Line #14); 63292 (Line #47); and 63292 (Line #48)
(Pipeline Licences) (together, the Paramount Licences)
Location: SE 02-09-039-06W5M (Surface Location)
Request for Regulatory Appeal Nos.: 1958845 & 1959347 (Requests)

The Alberta Energy Regulator (AER) has considered the Mussers' request made under section 38 of the *Responsible Energy Development Act* (REDA) for a regulatory appeal of the AER's decision to issue the PLA Approvals to Paramount on June 3, 2025.

The AER has also considered the Mussers' request made under section 38 of REDA for a regulatory appeal of the AER's decision to issue the Paramount Licences on September 2, 2025 (RRA 1959347).

The AER has reviewed the Mussers' submissions and the submissions properly made by Paramount filed in relation to both Requests¹.

The submissions made in this matter are extensive, exceeding 1000 pages. Nonetheless, they have all been carefully considered in arriving at the decision. References in this decision to specific portions of the submissions are intended to assist the reader in understanding our reasons for the decision and do not mean that we did not consider all relevant portions of the submissions. For the reasons that follow, the AER has decided to grant the Requests.

¹ The panel decided not to consider the sur-reply submission filed by Paramount on November 26, 2025, as it was filed outside of the AER's process. As such, the panel did not receive or review the additional submission.

Background

On March 4, 2025, Paramount applied to the AER for approvals under the *Water Act*, for approval for the construction of works that will temporarily impact wetlands, and, under the *Public Lands Act* (PLA), for a new license of occupation (LOC) for an access road and a mineral surface lease (MSL) for the purpose of drilling and operating 8 sweet gas wells at a pad site to be located at SE-02-09-039-06W5M (Application No. 33326381).

On March 28, 2025, the Mussers submitted a statement of concern (SOC) to the AER in relation to Application No. 33326381 (SOC 32787).

On June 3, 2025, the AER issued correspondence to the Mussers advising them that the AER had determined a hearing was not required to consider the concerns raised in SOC 32787, and that the AER had issued the applied for approvals to Paramount.

On July 3, 2025, the Mussers submitted a request for a regulatory appeal in respect of the AER's decision to approve Application No. 33326381 and issue the following approvals to Paramount on June 3, 2025:

- LOC250348 and MSL250226; and,
- 1004198 and 1004199 (*Water Act* Approvals).

With respect to the *Water Act* Approvals, the request for regulatory appeal was filed late² (Preliminary Issue). After receiving and considering submissions from the parties on the Preliminary Issue, the AER decided not to allow the late filing of the request in relation to the *Water Act* Approvals on August 15, 2025.

The Mussers' request for regulatory appeal of the PLA Approvals was subsequently registered by the AER as Request for Regulatory Appeal No. 1958845 (RRA 1958845).

On May 1, 2025, Paramount applied to the AER under the *Pipeline Act* to construct and operate pipelines to convey natural gas, salt water, and fuel gas to and from the 2-9 pad site location. These applications were registered by the AER as Application Nos.: 33491061, 33491281, 33491253 and 33491127 (the Pipeline Applications).

On May 21, 2025, the Mussers submitted an SOC to the AER in relation to the Pipeline Applications. The Mussers' SOC raised concerns about cumulative impacts of the entire project on their land, residence, environment, health, safety, and quality of life; unresolved concerns they had raised in a previous SOC (No. 32787); lack of transparency related to the entire project; interference with emergency access; health and safety concerns; water flow disruptions; environmental and wildlife protections; disruptive document submissions; and concerns related to contamination of their water well. The Mussers' SOC was registered by the AER as SOC 32826 (SOC 32826).

² Section 30(3)(d) of the *AER Rules of Practice* provide that a request for regulatory appeal of an approval issued under s. 38 of the *Water Act* must be filed no later than 7 calendar days after notice of the order is issued.

On May 29, 2025, Paramount also applied to the AER under the *Oil and Gas Conservation Act* (OGCA) to construct and operate a sweet gas production well/multi-well pad. The applications indicated there would be a maximum hydrogen sulphide (H₂S) concentration of 15.7 mol/kmol that may be encountered during the drilling and completion of the wells. These applications were registered by the AER as Application Nos. 33517762 and 33524003 (Well Licence Applications).

On June 28, 2025, the Mussers submitted an SOC in relation to the Well Licence Applications. The Mussers' SOC raised numerous concerns including: proximity of the wells to their residence and water well; concerns relating to Paramount's use of the road the Mussers use to access their property; potential impacts to their water well from drilling and completion operations; noise, light, and visual impacts; air quality concerns; health impacts; adverse social and residential impacts; adverse environmental impacts; inadequate or unclear emergency planning and response; proliferation of oil and gas facilities; cumulative impacts; concerns regarding Paramount's participant involvement program; adverse economic impacts; and lack of clarity on the entire project that Paramount is proposing and incomplete information. The AER registered the Mussers' SOC as SOC 32840 (SOC 32840).

On September 2, 2025, the AER issued correspondence to the Mussers in relation to the SOC 32826 and SOC 32840, respectively, indicating that the AER had determined a hearing was not required to consider the Mussers' concerns, that the Well Licence Applications and the Pipeline Applications had been approved, and the applied for Licences had been issued to Paramount.

On October 2, 2025, the Mussers submitted a request for a regulatory appeal, under section 38 of REDA, of the AER's decision to issue the above noted Licences to Paramount on September 2, 2025 (RRA 1959347).

Legislative Framework

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]

Subsection 36(a) of REDA defines an "appealable decision". For the present purposes, the relevant definitions are contained in subsection 36(a)(iii) and (iv) and say that an appealable decision includes:

36(a)(iii) a decision of the Regulator in respect of which a person would otherwise be entitled to submit a notice of appeal under section 121 of the PLA, if that decision was made without a hearing,

36(a)(iv) a decision of the Regulator that was made under an energy resource enactment³, if that decision was made without a hearing

³ This includes: the *Coal Conservation Act*, the *Gas Resources Preservation Act*, the *Geothermal Resource Development Act*, the *Mineral Resource Development Act*, the *Oil and Gas Conservation Act*, the *Oil Sands Conservation Act*, the *Pipeline Act*, the *Turner Valley Unit Operations Act*, and a regulation or rule under those enactments.

Section 121 of the PLA states:

Notice of appeal

121(1) A notice of appeal of a prescribed decision may be submitted to an appeal body by a prescribed person in accordance with the regulations.

Sections 211 and 212 of the *Public Lands Administration Regulation* (PLAR) set out the test for eligibility to request an appeal of a decision issued under the PLA, and state in part:

Decisions that can be appealed

211 The following decisions are prescribed as decisions from which an appeal is available:

(a) the issuance, renewal, amendment or suspension of a disposition issued under the Act;

...

Who may appeal

212(1) The **following persons have standing** to appeal a prescribed decision:

(a) a person to whom the decision was given;

(b) a person, including a commercial user referred to in section 98, that is directly and adversely affected by the decision.

[Emphasis added]

Subsection 36(b) of REDA defines an “eligible person”. For the present purposes, the relevant definitions are contained in subsection 36(b)(i) and (ii) and say that an eligible person means (i) a person referred to in clause (a)(i), (ii) or (iii), and (ii) a person who is directly and adversely affected by a decision referred to in clause (a)(iv).

Reasons for Decision

There are three components to a regulatory appeal request under section 38:

(a) the decision must be an appealable decision; (b) the requester must be an eligible person; and (c) the request must be filed in accordance with the rules.

Appealable Decision

The PLA Approvals were issued pursuant to the PLA and are prescribed decisions under section 211(a) of the PLAR, made without a hearing, and are therefore, appealable decisions as per section 36(a)(iii) of REDA.

The Paramount Licences were issued pursuant to the OGCA and the *Pipeline Act*, energy resource enactments, without a hearing, and are therefore appealable decisions under section 36(a)(iv) of REDA.

In Accordance with the Rules

While the Requests were both initially filed with some deficiencies, the deficiencies were remedied by the Mussers within the timelines requested by the AER, and the AER finds that the Requests were otherwise made in accordance with the *Alberta Energy Regulator's Rules of Practice* (Rules).

Eligible Persons

For energy resource enactment decisions, under section 36(b)(ii) of REDA, an eligible person is a person who is directly and adversely affected by a decision made under an energy resource enactment without a hearing.

For the PLA Approvals, under section 36(b)(i) of REDA, an eligible person is a person who is referred to in section 36(a)(iii) of REDA. In order to be eligible to appeal the PLA Approvals, section 212(1) of the PLAR requires that the Mussers be either (a) a person to whom the decision was given; or (b) a person that is directly and adversely affected by the decision. In the AER's view, the Mussers are not a person to whom the PLA Approvals were given under Section 212(1)(a); the PLA Approval was 'given' to Paramount. Section 212(1)(a) of PLAR does not refer to a person who receives a copy of the decision or notice of the decision pursuant to s. 7.2(2) of the Rules. By way of comparison, section 91(1)(i) of the *Environmental Protection and Enhancement Act* (EPEA) specifies that a person who 'receives a copy of a [reclamation] certificate or amendment' [emphasis added] is entitled as of right to file an appeal under EPEA as well as under section 36(a)(i) of REDA in relation to energy resource activities. The difference in wording between these enactments is in the AER's view purposeful. If the intention was to allow for persons who receive copies or notices of the prescribed decision under section 212(1) of PLAR to have an automatic right of appeal, the legislation would have been drafted that way, similar to section 91(1)(i) of EPEA. Therefore, in order to be an eligible person, the Mussers must demonstrate that they are a person that is or may be directly and adversely affected by the PLA Approvals pursuant to section 212(1)(b) of the PLAR.

Directly and Adversely Affected

The AER's approach in cases such as this, where the development or activity in question has not yet occurred and therefore the actual impacts are not yet known, is to take the position that the phrases "is directly and adversely affected" or "is directly affected" do not require certain proof that the person will be affected. What is required is reliable information in the regulatory appeal request that demonstrates a reasonable potential or probability that the person asserting the impact will be affected.

Whether the Mussers may be directly and adversely affected by the decision to issue the PLA Approvals and the Paramount Licences is a principal question to be decided in relation to the Mussers' request for a regulatory appeal. In determining whether the Mussers are directly and adversely affected, the AER was guided by the following decisions:

In *Dene Tha' First Nation v Alberta (Energy and Utilities Board)*,⁴ the Court of Appeal of Alberta provided guidance on what a person must demonstrate in order to meet the factual part of the directly and adversely affected test.

⁴ 2005 ABCA 68.

Although the decision concerns the test under subsection 26(2) of the former *Energy Resources Conservation Act*, the AER considers it to be reliable guidance in the question of what information is needed to show that a person may be directly and adversely affected/directly affected, i.e., on the factual question that arises under section 36(b) of the REDA:

[14] It was argued before us that more recent case law on prima facie infringement of aboriginal or treaty rights changed things. But the Board still needed some facts to go on. It is not compelled by this legislation to order intervention and a hearing whenever anyone anywhere in Alberta merely asserts a possible aboriginal or treaty right. Some degree of location or connection between the work proposed and the right asserted is reasonable. What degree is a question of fact for the Board. (Emphasis added).

In *Court v Alberta Environmental Appeal Board (EAB)*,⁵ the Court of Queen's Bench (QB) examined the interpretation of "is directly affected" as it related to Linda Court's judicial review of the EAB's decision not to determine whether Ms. Court had standing in an appeal into Lafarge's approval for a gravel pit operation under EPEA prior to commencement of the appeal. The EAB said that it would allow Ms. Court to participate in the appeal by filing written submissions only and would decide whether Ms. Court was "directly affected" as part of the hearing of the appeal. When the EAB rendered its final decision, it found that Ms. Court was not directly affected by the Lafarge Approval and dismissed her notice of appeal.

The QB Justice determined that "to achieve standing under the Act, an appellant is required to demonstrate, on a prima facie basis, that he or she is "directly affected" by the approved project, that is that there is a potential or reasonable probability that he or she will be harmed by the approved project."⁶

In *Kelly v Alberta (Energy Resources Conservation Board)*,⁷ the Court of Appeal examined whether a landowner who falls outside of the emergency planning zone (EPZ) could still be directly and adversely affected. The EPZ was 2.11 km, and the landowners resided 6.5 km and 5.4 km from the well site. The Court concluded that the landowners were directly and adversely affected. Also, the Court stated that:

... At some point the Board must decide whether the magnitude of the risk is such that the applicant has become "directly and adversely affected". But the applicant need not demonstrate that the perceived risk is a certainty, or even likely. Nor need the applicant prove an adverse effect greater than that suffered by the general public, nor that any adverse effect would be life-threatening. Those in the tertiary evacuation area may not have an absolute right to standing in all cases, but they have a strong prima facie case for standing. The right to intervene in the Act is designed to allow those with legitimate concerns to have input into the licensing of oil and gas wells that will have a recognizable impact on their rights, while screening out those who have only a generic interest in resource development (but no "right" that is engaged), and true "busybodies"⁸.

⁵ 2003 ABQB 456.

⁶ Ibid at para 75.

⁷ 2011 ABCA 325.

⁸ Ibid at para 26 [emphasis added].

Summary of parties' submissions

The Mussers submitted that they would experience health impacts from the increase in noise, traffic, and dust levels, and the poor air quality arising from the activities that will be carried out by Paramount. The Mussers stated that Allen Musser has chronic obstructive pulmonary disease and asthma and Theresa Musser suffers from migraines. The Mussers submitted correspondence from Allen Musser's doctor confirming that Allen Musser has been diagnosed with severe bronchial asthma which is difficult to control with routine inhalation therapy and that he seems to react to other allergens, including smoke or changes in the environment.

Also, the Mussers submitted they have sleepless nights and ongoing stress that is impacting their health due to Paramount's proposed development.

Paramount submitted that the health risks alleged by the Mussers relating to H₂S are entirely speculative and unsupported and do not establish a reasonable probability of harm. The wells will produce sweet gas from the Duvernay formation, which does not contain H₂S in the subject area. While minor sour gas zones may be encountered during drilling operations, they will be isolated by intermediate casing in accordance with standard industry practices and AER's regulatory requirements.

Paramount also stated that the mere fact that it will use the same access road does not establish a reasonable probability that the Mussers' ability to access medical help during future potential emergencies may be impacted, let alone will be impacted. Similarly, Paramount submitted the Mussers' suggestion that the project will increase the noise levels at their residence and will generate significant levels of dust without providing any support for these assertions and notwithstanding that Paramount has made clear it will apply dust suppressants and install sound barriers if and when required, among other comprehensive mitigative measures, is a hyperbolic statement.

In response to Paramount's submission, the Mussers submitted that the health risks that they are exposed to cannot be said to be speculative and unsupported as incorrectly argued by Paramount when the fact remains that an H₂S concentration of 15.7 mol/kmol (i.e., 15,700ppm) is expected to be encountered in the wells and Allen Musser has a health condition that makes him vulnerable to poor air quality.

The Mussers further submitted that, on November 11, 2025, the dust and diesel exhaust fumes were so evident in the Mussers' yard that Allen Musser could not work outdoors because of his lung disease. Although Paramount has now informed the Mussers that it plans to arrange for calcium dust suppression, the fact that the Mussers had to remind Paramount of its own commitment to ensure dust control during construction activities and subsequently had to follow up with a complaint to the AER buttresses the Mussers' position that Paramount's bald assertions that it will comply with regulatory requirements is not sufficient, and is certainly not a sufficient basis to dismiss their Request as argued by Paramount.

AER Findings

Based on the submissions from the Mussers and Paramount, the AER is satisfied that the Mussers have demonstrated that they may be directly and adversely affected by the issuance of the PLA Approvals and the Paramount Licences.

Generally, the AER will not find that a landowner who does not use the public land is directly and adversely affected by the issuance of a PLA approval for that land, as it is the energy resource activity that may affect the landowner, not the PLA approval itself. However, in the Mussers' case, the PLA Approvals have approved the location of the well pads and Paramount's access road, which necessitates the increased use of the road the Mussers use to access their residence. Paramount's use of that road may lead to more dust and traffic in close proximity to the Mussers' residence and may create access issues for the Mussers, which is of particular concern given Allen Musser's health conditions. Having considered the specific evidence that the Mussers have provided in their submissions, the AER is satisfied that the Mussers may be directly and adversely affected by the PLA approvals.

With respect to the Paramount Licences, the AER has further concluded that the information provided by the Mussers establishes a degree of connection between the Mussers' health and the proposed project, such that there is a potential or reasonable probability that Paramount's project will have adverse impacts on the Mussers' health. The information the Mussers submitted in support of their claims of the impacts the approvals may have on their health demonstrates that the Mussers have more than a generic interest in Paramount's project.

Conclusion

For the foregoing reasons, the AER finds that the Mussers have demonstrated that they may be directly and adversely affected by the PLA Approvals and Paramount Licences and therefore are "eligible persons" as required by section 38 and defined in section 36(b)(ii) of REDA. Accordingly, the Mussers have met the requirements for a regulatory appeal, and the AER has decided to grant the requests for regulatory appeal of the PLA Approvals and the Paramount Licences.

Sincerely,

<Original signed by>

Isaac Amponsah

Senior Advisor, Regulatory

<Original signed by>

Jeffrey Moore

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