



Calgary Head Office

📍 Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4

tel 403-297-8311

aer.ca

By email only

October 19, 2026

MAGA Energy Ltd.

Attention: Biagio Mele

Alberta Energy Regulator – Regulatory Compliance

Attention: Maria Lavelle, Counsel
Krista Gibson, Counsel

Dear Parties:

RE: Request for Regulatory Appeal by MAGA Energy Ltd. (MAGA)

Alberta Energy Regulator – Regulatory Compliance Branch (Regulatory Compliance)

Enforcement Order issued to MAGA on April 22, 2026 (the Order)

Locations: Various

Request for Regulatory Appeal No.: 1961261

The Alberta Energy Regulator (AER) has considered MAGA's request under section 38 of the *Responsible Energy Development Act* (REDA) for a regulatory appeal of AER Regulatory Compliance's decision to issue the above noted Order to MAGA (Appeal Request). The AER has reviewed MAGA's submissions and the submissions made by Regulatory Compliance.

For the reasons set out below, the AER has decided to grant MAGA's Appeal Request in part.

I. Background

On April 22, 2026, Regulatory Compliance issued the Order to MAGA under the *Oil and Gas Conservation Act* (OGCA), the *Environmental Protection and Enhancement Act* (EPEA), the *Oil and Gas Conservation Rules* (OGCR), and the *Pipeline Act*. The Order requires, among other things, that MAGA suspend licensed wells and facilities, discontinue specified pipelines, abandon six wells for which MAGA does not hold mineral rights, pay outstanding Administrative Fee and Orphan Fund Levy balances, post security deposits for outstanding Mandatory Closure Spend Quota (MCSQ) security, and address other assessed non-compliances within the timelines set out in the Order.

On April 29, 2026, MAGA submitted its Appeal Request to the AER regarding the issuance of the Order.

MAGA's Appeal Request included a request for a stay of the Order as it relates to certain MAGA assets.

After considering the parties' submissions on MAGA's stay request, the AER issued its decision denying the requested stay on June 1, 2026.

📞 **Inquiries** 1-855-297-8311

📞 **24-hour emergency** 1-800-222-6514

📧 inquiries@aer.ca

Regulatory Compliance and MAGA filed additional submissions regarding the Appeal Request on June 23, 2026 and July 14, 2026, respectively.

II. Legislative Provisions

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]

Section 36(a) of REDA provides that an “appealable decision” includes an AER decision in respect of which a person would otherwise be entitled to submit a notice of appeal under section 91(1) of the EPEA, or an AER decision that was made under an energy resource enactment,¹ if the decision was made without a hearing.

Section 36(b) of REDA provides that an “eligible person” includes a person entitled to submit a notice of appeal under section 91(1) of EPEA or a person who is directly and adversely affected by a decision made under an energy resource enactment (section 36(b)(i) and (ii) of REDA). Section 91(1)(h) of EPEA provides that:

(1)(h) where the [Regulator] issues an environmental protection order, except an environmental protection order directing the performance of emergency measures under section 114, 151 or 160 and an environmental protection order referred to in clause (g) [environmental protection order under section 129], the person to whom the order is directed may submit a notice of appeal

In this circumstance, an “eligible person” therefore includes a person to whom an environmental protection order referenced in section 91(1)(h) of EPEA is directed without a hearing, and a person who is directly and adversely affected by a decision made under an energy resource enactment without a hearing.

Even if the above elements in section 38 of REDA are satisfied, section 39(4) of REDA provides the AER with discretion to dismiss all or part of a request for a regulatory appeal in the following circumstances:

- a) if the Regulator considers the request to be frivolous, vexatious, or without merit,
- b) if the request is in respect of a decision on an application and the eligible person did not file a statement of concern in respect of the application in accordance with the rules, or
- c) if for any other reason the Regulator considers that the request for regulatory appeal is not properly before it.

III. Reasons for Decision

1. Appealable Decision

Regulatory Compliance issued the Order under sections 22 and 27(3) of the OGCA, sections 113 and 241 of the EPEA, sections 1.120 and 3.012 of the OGCR, and section 23(2) of the *Pipeline Act*, without a hearing.

¹ 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*, or a regulation or rule under any of the enactments.

Further, the Order is directed to MAGA. Accordingly, we find that the decision to issue the Order is an appealable decision.

2. Eligible Person

MAGA submitted that it is directly and adversely affected by the decision to issue the Order and is therefore an eligible person. Additionally, MAGA is the person to whom the Order is directed. Having reviewed the parties' submissions and the Order, it appears the conditions of the Order are sufficient to determine that MAGA is an eligible person.

3. In accordance with the Rules

MAGA filed its Appeal Request within seven days of the issuance of the Order, in accordance with the timelines and information requirements set out in section 30 of the *Alberta Energy Regulator Rules of Practice*.

4. Section 39(4) of REDA

Regulatory Compliance submits that MAGA's Appeal Request raises certain grounds for appeal which are outside the scope of the Order, and therefore are not properly before the AER, pursuant to section 39(4)(c) of REDA. Regulatory Compliance submits further that some of the grounds raised by MAGA are the same as those that MAGA raised in its request for regulatory appeal of a December 4, 2025 Order (December Order), and which were dismissed as without merit and not properly before the AER in a December Order decision issued on June 9, 2026. Regulatory Compliance also submits that MAGA's request for a remedy that substitutes the Order with "an enforceable staged compliance framework" is outside the scope of the AER's authority to grant on a regulatory appeal, under section 41 of REDA.

MAGA disagrees with Regulatory Compliance. It argues that the Appeal Request raises issues specifically with the Order's timing, proportionality, procedural fairness, evidentiary basis, and compliance impact, and should not be dismissed under section 39(4) of REDA. MAGA argues that its requested relief is properly framed under section 41 of REDA as a request to vary, suspend, or revoke the Order. Further, MAGA submits that this Appeal Request is different from MAGA's earlier request for regulatory appeal of the December Order that was dismissed on June 9, 2026, as this Appeal Request identifies specific material facts and documents that should have been meaningfully considered when issuing the Order.

MAGA's Appeal Request identifies a list of concerns which include, among others, whether the issuance of the Order: properly considered MAGA's circumstances, including the loss of MAGA's production and cash flow following the shut-in of Tidewater Midstream Ltd. (Tidewater) controlled processing infrastructure, MAGA's ability to fund compliance work, and MAGA's attempts to get AER direction regarding the use of security or accrued interest for eligible closure work; properly considered the implications for MAGA's executed agreements to sell assets and petroleum and natural gas rights to third parties; included practically achievable timelines and conditions; provided MAGA with adequate notice and meaningful opportunity to respond before the Order was issued; and, considered less restrictive regulatory alternatives.

Matters not dismissed under section 39(4)

MAGA raised several lists of concerns and potential issues or grounds of appeal across its submissions. Not all these matters fall within the scope of the Order and are sufficiently supported by a relevant factual or legal basis.

However, having considered the submissions of both Regulatory Compliance and MAGA, the AER has determined that there is no basis to dismiss MAGA's Appeal Request in full under section 39(4) of REDA. We grant the Appeal Request on the overarching question that MAGA raises of whether, in the circumstances, the Order should be confirmed, varied, suspended, or revoked.

Matters dismissed under section 39(4)

The AER dismisses the following matters raised in MAGA's Appeal Request:

- These matters which relate to decisions other than the issuance of the Order under appeal, fall outside the scope of the Order (i.e., which requires that actions discussed generally above be completed on specified timelines to respond to assessed non-compliances), and have not been supported with sufficient relevant factual or legal basis to assess as appeal grounds on a request for regulatory appeal of the decision to issue the Order, as these matters are not properly before the AER and are without merit as matters on which there is little to no chance of success:
 - The alleged failure of the AER to previously intervene in a "lockout" of MAGA from a Tidewater facility.
 - The alleged failure of the AER to previously engage with MAGA regarding issues of measurement, allocation, records, and audit rights involving Tidewater.
 - The alleged delays of the AER in providing a hearing on a common carrier or common processing matter.
- The request for a hearing panel, as an alternative to confirming, varying, suspending, or revoking the Order, to "substitute an enforceable staged compliance framework". On a regulatory appeal, the AER may under section 41(2) of REDA confirm, vary, suspend or revoke an appealable decision (i.e., the issuance of the Order in question). However, section 41(2) does not provide for the AER on a regulatory appeal to grant relief in the form an entirely different regulatory enforcement "framework" or "regime". This requested relief is not properly before the AER and further is without merit as a general challenge to the AER's statutory regime, processes, and policies, rather than an appeal of a specific decision.

IV. Conclusion

For the above reasons, the AER grants MAGA's Appeal Request in part, as outlined above.

Sincerely,

<Original signed by>

Alexandra Robertson

Principal Engineer

<Original signed by>

Dustin Shauer

Senior Advisor, Closure Policy

<Original signed by>

Jason Brunet

Director, Science and Innovation