

Via Email

February 27, 2017

Wayne Green

Dear Sir:

Calgary Head Office
Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4
Canadawww.aer.ca

**RE: Request for Regulatory Appeal by Wayne Green (Mr. Green)
Petrus Resources Corp. (Petrus)
Application Nos.: 1861228; 1867410 (Applications)
Licence Nos.: 0481082; 0481083; 49411 (Licences)
Regulatory Appeal No. 1872809 (Regulatory Appeal)**

The Alberta Energy Regulator (AER) has considered your request under section 38 of the *Responsible Energy Development Act (REDA)* for a regulatory appeal of the AER's decision to issue the Licences. The AER has reviewed your submissions and the submission made by Petrus.

For the reasons that follow, the AER has decided that you are not eligible to request a regulatory appeal in this matter. Therefore, your request for a Regulatory Appeal is dismissed.

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.

Section 36(a) of *REDA* defines an "appealable decision". For the present purposes, the relevant definition is contained in subsection 36(a)(iv). It says an appealable decision includes:

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

"Eligible person" is defined in section 36 (b)(ii) as:

A person who is directly and adversely affected by a decision referred to in clause (a)(iv).

Analysis

This matter relates to your request for a regulatory appeal of the AER's decision to issue Licences to Petrus for two wells and a facility located at 01-08-039-08W5M ("1-8 site"). The decision to approve the Applications and grant the Licences was made pursuant to an energy enactment, the *Oil and Gas Conservation Act*, and without holding a hearing. Thus, you have satisfied the "appealable decision" component of s. 38(1) of *REDA*. However, the information before the AER does not demonstrate that you are directly and adversely affected by issuance of the Licences and therefore you are not eligible to request a regulatory appeal.

Eligible Person

You have outlined concerns with respect to Petrus' proposed wells being too close to existing residences. In addition, you submit that the 100 meter setback from the site extends onto your land, and that an alternate site is available one mile to the north and that the wells should be moved one mile to the north and drilled to the south. Another concern you have is that although you do not have immediate plans to develop, subdivide or sell your property the placement of the wells will impact the potential for such plans.

In response to your concern that the proposed development is too close to existing residences, Petrus notes that there are no residences within the minimum 200 meter public consultation requirement indicated in *Directive 056: Energy Development Applications and Schedules*. Regarding your concern about the 100 meter setback intersecting your land, Petrus states that the property is not adversely affected.

In response to your suggestion that the wells be moved further north, Petrus indicates that moving the wells to the north would create a negative build (cause Petrus to orient the horizontal segment of its wells downwards rather than upwards in the sloping formation once at depth), which is not ideal for well efficiency and resource conservation. Petrus states that it investigated the potential of relocating the development to 2-17-39-8W5M and determined it would create concerns from another landowner who would be directly affected and not interested in development on his land. In addition, Petrus submits that by moving the pipeline there would be significantly more land disturbance, increased pipeline length, and potential conflict with industry competitors and it argues this alternate location would have an unfair prejudicial effect on the landowner under the existing licenses.

The AER does not find that these submissions and the other information before it demonstrate that you are directly and adversely affected, and therefore you do not meet the requirements of an “eligible person” for a regulatory appeal. The proposed project is not located on your land and your submission does not demonstrate that the 100 meter setback radius around the proposed wells will adversely impact your use and enjoyment of your land. Your submission that the wells will impact the potential for plans to develop, subdivide or sell your property is not supported by any other information.

Your concerns are general in nature and are concerns only. You have not provided information supporting these concerns to establish that you are or may be directly and adversely affected by the issuance of the Licences.

Conclusion

Given the foregoing, the AER finds that you are not directly and adversely affected by the decision to issue the Licences and therefore not an “eligible person” under section 36(b)(ii) of the *REDA*. Accordingly, the AER dismisses your request for regulatory appeal.

Sincerely,

[*Original Signed by:*]

Kevin Parks, P.Geol.
Vice President, Reserves and Resources

[*Original Signed by:*]

Tom Byrnes, P.Eng.
Senior Advisor, Oil and Gas

[*Original Signed by:*]

K. Fisher
Manager, Regulatory Effectiveness