

Via Email

August 10, 2016

Simon and Tina Kostawich
Box 160
Fort Kent AB T0A 1H0

Calgary Head Office
Suite 1000, 250 – 5 Street SW
Calgary, Alberta T2P 0R4
Canada

www.aer.ca

Dear Sir and Madam:

**RE: Request for Regulatory Appeal by Simon and Tina Kostawich (Kostawiches)
Devon Canada Corporation (Devon)
Application Nos.: 1848948 & 1849138
Licence No.: 0478699
Location: 13-31-062-04W4
Regulatory Appeal No. 1851384 (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 approve License No. 0478699. The AER has reviewed your submissions and the submissions made by Devon.

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

The applicable provision of *REDA* in regard to regulatory appeals is section 38 which 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]...

The issue for the AER in determining your eligibility to request a regulatory appeal is whether you are a person who is directly and adversely affected by the decision to issue the Licence.

Reasons for Decision

In your request for a Regulatory Appeal, a number of concerns were raised by you, which include: increase in noise pollution, air pollution and large truck traffic on Township Road 630, a decrease in quality of lifestyle, and that you were not properly notified of the initial application and/or amendment application.

The AER notes that the subject well is not located on your lands and that Devon has complied with the notification and consultation requirements of *Directive 056: Energy Development Applications and Schedules (Directive 056)*. The AER finds that Devon fulfilled all related notification and consultation requirements by answering your initial questions when they were asked.

Devon indicated that although it was not required to personally consult with or provide notification to you in connection with the well, when it became aware of your concerns after the Licence was issued and the Amendment Application processed, it immediately undertook discussions with you. Devon further confirms that it has committed that it would notify you in respect of any future development they plan in the area.

In response to your concerns regarding noise and air pollution, the AER finds that Devon is required to comply with *Directive 038: Noise Control (Directive 038)* and *Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting (Directive 060)* regulatory requirements. In regard to your concerns about a possible decrease in quality of lifestyle and an increase in large truck traffic, the AER does not have jurisdiction over local county roads. However, the AER notes that Devon indicated it is prepared to engage in further discussions with you regarding your noise and air pollution concerns and has committed to restricting its haul traffic on the county road in question from 7:00 am to 7:00 pm.

Based upon all of the submissions provided by you and Devon, the AER finds that you will not be directly and adversely affected by the decision to issue the Licence for the subject well, and therefore you are not an "eligible person" under section 36(b)(ii) of the *REDA*. Accordingly, your request for a regulatory appeal is dismissed.

The AER notes that Devon has made a number of commitments related to notifying you of its future development in the area and engaging in further discussions regarding your noise and air pollution concerns and restricting its haul traffic on the road in question between 7:00 am and 7:00 pm. The AER expects Devon will follow through with those commitments. If you have any operational concerns with Devon or other operators in the area, you may contact the AER Drayton Valley Field Office at 780-542-5182.

Sincerely,

[original signed by:]

Nancy Barnes
Director Oil and Gas

[original signed by:]

Kevin Parks
VP, Reserves and Resources

cc: Blake Williams, Bennett Jones
Drayton Valley Field Centre