



March 29, 2017

AUDREY D TAYLOR  
PO BOX 11  
WARNER, AB T0K 2L0  
PH: 403-642-3881

Participant's Lands: **SE 8-3-18 W4M**  
Participant's Interest: **OCCUPANT WITH REGARD TO WELLSITE LOCATION**

**RE: PROPOSED WELLSITE PROJECT INFORMATION LETTER**  
**SURFACE LANDS: SE 8-3-18 W4M**  
**WELL NAME: GXO 2A-8 HZ WARNER 1-10-3-18 W4M**  
**GXO 2B-8 HZ WARNER 4-6-3-18 W4M**  
**LAND FILE: GOC 1262**

**Granite Oil Corp.** is proposing to drill two horizontal wells as shown on the attached survey plan. The wells will be constructed, drilled and operated in accordance with good oilfield practices as well as Alberta Environment and Alberta Energy Regulators regulations.

Specific information relative to this project is detailed below:

<b>General Inquiries and Contact Persons:</b>  <b>Emergency Contact:</b>	Company Representative Mike Kabanuk, CEO	Telephone No: (403) 984-6335 Cellular No: (403) 804-5743
	Consulting Land Agent Pro West Land Services Ltd.: Mike Craigie	Telephone No: (403) 264-1310 Cellular No: (403) 815-5186
	Field Operations Devon Ford, Lead Operator	Cellular No: (403) 878-9283
	<b>Granite Oil Corp.</b> <b>Emergency Line (24 hours)</b>	<b>Telephone No: (877) 919-5145</b>
<b>Facility / Location:</b>	GXO 2A-8 HZ WARNER 1-10-3-18 W4M GXO 2B-8 HZ WARNER 4-6-3-18 W4M	
<b>General Description of Project:</b>	<b>Granite Oil Corp.</b> proposes to drill and complete two (2) oil wells. Gas found in formations to be encountered in these wells may contain hydrogen sulphide gas (H <sub>2</sub> S). Note that these are exploration wells, and it is possible that the wells may encounter gas.  Once drilling is complete, a service rig and/or other well servicing equipment will be moved onto the location to complete and test the wells. The wells will be flow tested through production test equipment to determine the well's capabilities.	
<b>Category / Type:</b> <b>(From AER D-56 Table 7.1)</b>	<b>Category: C                      Type: 370</b> <b>Description:</b> Wells > 0.01 m <sup>3</sup> /s but < 0.3 m <sup>3</sup> /s H <sub>2</sub> S release rate	
<b>Need for Proposed Development, Existing and Future Plans:</b>	<b>Granite Oil Corp.</b> is in the business of exploring for, drilling, and producing hydrocarbons contained in its mineral rights. The proposed wells are part of <b>Granite Oil Corp.'s</b> ongoing drilling programs in the area to produce gas and oil.	
<b>Expected Substance Type:</b>	<input checked="" type="checkbox"/> Oil <input type="checkbox"/> Gas <input type="checkbox"/> CBM <input type="checkbox"/> ALL (please select)	
<b>On-Site Equipment Required:</b>	In the event that the wells are successful, production facilities will be installed. A pipeline to the existing pipeline gathering system would likely be required. Production facilities on the wellsite may include a wellhead, separator, associated surface piping, pump jack, and/or produced oil/water tank. Further notification will follow prior to construction of the pipeline and/or surface facilities.	
<b>Potential Flaring Operations:</b>	Following drilling of the wells, they will be completed and tested to determine its productive capability. Gas produced during the testing is flared on site. Flaring is an important safety measure as it disposes of the gas that must be flowed during the test. The necessary flaring will be kept to a minimum. Under AER Directive 60 <b>Granite Oil Corp.</b> is required to notify area residents of our flaring activities. If applicable, you will receive an additional notice prior to this test phase. Although not expected, further notification will follow if well results require flaring during the production phase.	
<b>Potential Emissions &amp; Odours:</b>	The only anticipated significant emissions are during the flaring operations as required to evaluate the wells. During the regular operation of this well during production phase, continuous flaring is not expected to be required. We do not anticipate any significant emissions or odours from this facility.	
<b>Proposed Project Scheduling and Duration of Drilling:</b>	This project is anticipated to commence between Q3 2017 to Q4 2017, keeping all activities within the August 15 <sup>th</sup> to December 15 <sup>th</sup> restricted activity period for the area, unless prior approval is granted to extend the restricted activity period. Drilling will take approximately 14 days per well, this will be followed by a completions crew who will complete and test the wells. Following testing, production facilities may be installed at the drilling location and the well may be tied in by pipeline to the existing gathering system in the area. We anticipate that these drilling, completion, and construction operations will be complete within 6 months from the start date.	

<b>Anticipated Noise:</b>	The noise associated with the drilling and completion operations will be temporary in nature and we will adhere to the regulations set out in Directive 38 (Noise Control Directive) that defines permissible sound levels for all activities associated with oil and gas operations. We do not anticipate any significant noise during the regular operation of this well during the production phase.
<b>Traffic Impacts:</b>	There will be an increase in traffic in the area during construction, drilling and completion phase of operations. Traffic during the production phase will include the occasional operator's pick-up truck.
<b>Emergency Response Plan:</b>	The proposed well is expected to encounter formations that may contain <b>H<sub>2</sub>S</b> natural gas. The Emergency Planning Radius during drilling operations is 70 meters. The Emergency Planning Radius during completion operations is 150 meters and during Production operations is 70 meters. <b>Granite Oil Corp.</b> will follow its Corporate Emergency Response Plan in the unlikely event of an emergency during the drilling, completion or operation of the proposed well. <b>Granite Oil Corp.</b> stands behind its reputation of drilling, operating and constructing high standard facilities designed to meet or exceed all AER, safety and environmental protection guidelines and regulations.
<b>H<sub>2</sub>S Concentration during Drilling:</b>	<u>40.00 mol/kmol</u> Emergency Planning Radius: <u>70 m</u> Release Rate: <u>0.0047 m<sup>3</sup>/s</u>
<b>H<sub>2</sub>S Concentration during Completion &amp; Workover:</b>	<u>40.00 mol/kmol</u> Emergency Planning Radius: <u>150 m</u> Release Rate: <u>0.0185 m<sup>3</sup>/s</u>
<b>H<sub>2</sub>S Concentration during Production:</b>	<u>40.00 mol/kmol</u> Emergency Planning Radius: <u>70 m</u> Release Rate: <u>0.0046m<sup>3</sup>/s</u>
<b>Setbacks:</b>	As with all oil & gas wells, pipelines and facilities there are setbacks put in place as a minimum distance between an energy facility and a dwelling, public facility, rural housing project or urban centre. Simply put, setbacks prevent populated areas from developing too close to energy facilities or energy facilities getting too close to people. As these wells are designated as a Category C Type 370, the setback distance is 100 meters.

The following is a list of information pamphlets of general interest that the AER has developed. **GRANITE** is required to supply these to you upon request. Should you wish to receive any of these pamphlets please contact either **GRANITE's** company representative or the consulting land agent:

- AER Brochure "Understanding Oil and Gas Developments in Alberta".
- EnerFAQs – What is the Alberta Energy Regulator?
- EnerFAQs – Having Your Say at an AER Hearing
- EnerFAQs – Inspections and Enforcement of Energy Developments in Alberta
- EnerFAQs – All About Critical Sour Wells
- EnerFAQs – Explaining AER Setbacks
- EnerFAQs – Flaring and Incineration
- EnerFAQs – Proposed Oil and Gas Development: A Landowner's Guide
- EnerFAQs – The AER and You: Agreements, Commitments, and Conditions
- EnerFAQs – All About Alternative Dispute Resolution (ADR)
- EnerFAQs – Oil Sands
- EnerFAQs – Expressing your Concerns – How to file a Statement of Concern about an Energy Resource Project
- Statement of Concern about an Energy Resource Project

These additional documents may also be downloaded from AER's website at:

<http://www.aer.ca/about-aer/enerfaqs>

Should further information be required regarding the construction or operation of this project, please contact one of the representatives listed above.

Sincerely,  
**Granite Oil Corp., by its agent**

**MIKE CRAIGIE**  
Land Agent

MC/wd

**Enclosures:**

- Letter from the CEO & AER Brochure - Understanding Oil and Gas Development in Alberta
- EnerFAQs - Proposed Oil and Gas Development: A Landowner's Guide
- EnerFAQs - Expressing Your Concerns – How to File a Statement of Concern About an Energy Resource Project
- Survey Plan, IOP or Radius Map

**PERSONAL INFORMATION**

Pro West Land Services collects and discloses personal information in order to conduct business on behalf of our clients. Under the *Personal Information Protection Act (PIPA)* we hereby advise that this information is required to collect, use, store and disclose your personal information. In order to conduct the required land service business functions, this information may be disclosed to related parties including oil & gas companies, engineering companies, regulatory authorities, environment health and safety consultants, land agents, surveyors, or as required or authorized by law.



**CONFIRMATION OF NON-OBJECTION AND  
ACKNOWLEDGEMENT OF RECEIPT OF PROJECT DESCRIPTION LETTER**

**GXO 2A-8 HZ WARNER 1-10-3-18 W4M  
GXO 2B-8 HZ WARNER 4-6-3-18 W4M  
GOC 1262**

Participant's Lands: **SE 8-3-18 W4M**  
Participant's Interest: **OCCUPANT WITH REGARDS TO WELLSITE LOCATION**

I/we **AUDREY D TAYLOR** understand the project as described in this **WELLSITE PROJECT DESCRIPTION LETTER** and I/we confirm that I/we have no objections to the proposed wellsite and have no objections to the AER issuing a licence for the same.

I/we acknowledge receipt of:

- Letter from the CEO & AER Brochure - Understanding Oil and Gas Development in Alberta
- EnerFAQs - Proposed Oil and Gas Development: A Landowner's Guide
- EnerFAQs - Expressing Your Concerns – How to File a Statement of Concern About an Energy Resource Project
- Survey Plan, IOP or Radius Map

I/We confirm I have been offered the AER Information package as noted above and choose to accept or decline the following:

- AER Information Package      \_\_\_\_\_ Accept      \_\_\_\_\_ Decline
- Other AER EnerFAQ's      \_\_\_\_\_ Accept (No.'s: \_\_\_\_\_)      \_\_\_\_\_ Decline

I/We also grant permission to Pro West Land Services to use, collect, store and disclose my personal information for the purposes of carrying out the required land services.

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 2017

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**AUDREY D TAYLOR**

Additional Comments: \_\_\_\_\_  
\_\_\_\_\_  
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