

**ALBERTA WILDERNESS ASSOCIATION**

May 24, 2017

Christyann Olson,  
Executive Director  
455 12 ST NW,  
Calgary AB  
T2N 1Y9

**Re: AER SOC number 30708 dated 2 May 2017 to Granite Oil Corp (Granite)  
Granite's response to AWA**

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Granite is in receipt of AWA's May 2, 2017 letter to the AER expressing concerns with Granite's Applications No. 1885437, 1885444 and 1885446. This letter has been registered by the AER as SOC 30708. In accordance with AER requirements, Granite writes this letter to attempt to address the concerns raised in AWA's SOC.

In your letter, the AWA expresses concern with Granite's proposal to drill oil wells "*within areas identified by the Government of Alberta for protection under the South Saskatchewan Regional Plan*".

Response: Granite notes, first, that the proposed 2-8 and 1-17 wellsites are located adjacent to, but not in, the Twin River Heritage Rangeland. Further, whether these lands will be added to the existing Heritage Rangeland is unknown at the time.

Your letter goes on to state that there are few large blocks of native grassland left in Alberta and discusses the ecological importance of native grassland. It reiterates that the lands on which Granite proposes to drill have been "designated for protection" and identified by the Government of Alberta "for expansion of the neighboring Twin River Heritage Rangeland".

Response: Granite has applied for approval to drill wells on two quarter sections only: the SE-8-3-18W4 and the SE-17-3-18W4. As noted above, whether these lands will be included in an expanded Twin River Heritage Rangeland is unknown. Granite notes that the South Saskatchewan Regional Plan discusses the possible expansion of the Heritage Rangeland as part of a strategy to "explore the potential for additional conservation areas". Further, the SSRP states that any expansion will only occur after "a collaborative process working with stakeholders". Granite reiterates that whether these lands will be added to the Heritage Rangeland is unknown.

Finally, Granite believes it is important to note that the SSRP states:

*"Existing petroleum and natural gas tenure will be honoured in these areas, consistent with existing government policy, if a conservation area designation is pursued."*

Even if the lands were, sometime in the future, added to the Heritage Rangeland, that would not preclude oil and gas development.

Returning to the two proposed wellsites, Granite will now discuss the environmental conditions of the 2-8 and 1-17 wellsites in greater detail.



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Granite would like to point out that the 2-8 wellsite is proposed to be located on previously cultivated land. The 1-17 wellsite is proposed to be located on native grass, but rough fescue is not present at the site; rather, it is dominated by a sedge-Kentucky bluegrass/forb plant mix. Further, the 1-17 wellsite has been assessed by a 3<sup>rd</sup> party environmental consultant. The site has been found to have lower ecological value than the surrounding rough fescue. In short, Granite believes it has selected locations which appropriately address the environmental significance of the lands.

Another concern expressed in your May 2, 2017 letter is that “Granite has not produced a land surface management plan that specifically addresses access, reclamation and wildlife” as required by the protective notation for the land.

Response: Since March 2013 Granite has worked diligently to develop a Land Management Plan. As noted above, the two proposed wellsites have been extensively reviewed, including by a leading 3<sup>rd</sup> party environmental consultant. Based on this review, Granite believes that even though the wellsites do not fall within the Twin River Heritage Rangeland, the work completed would meet the most stringent of requirements of the SSRP. The work completed is as follows:

Hydrological Evaluation (drilling)

Land Surface Management Plan

Wildlife Surveys

As these reports are exhaustive and comprehensive Granite has posted these reports on its website to view at [www.graniteoil.ca](http://www.graniteoil.ca).

Your letter also expresses the concern that “For well over three years now Granite has known there was opposition to its plans to drill and it has not taken any meaningful steps to have an AER hearing held before the leases expire.”

Response: For several years Granite has been working with stakeholders to try to advance its project. This culminated with Granite applying to the AER for well licences in March 2017. Unexpectedly (to Granite), the AER closed the application. When this happened, Granite acted expeditiously to find out why the applications were closed and to submit new applications that will be considered by the AER. Granite has no intention to let its mineral rights expire.

In conclusion, Granite remains open to respectful dialogue with the AWA as we have previously noted. However, Granite needs to access its mineral rights and asks the AER to proceed with our applications and render a decision.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tyler Klatt", is written over a horizontal dashed line.

Tyler Klatt, VP Exploration  
Granite Oil Corp.  
Calgary, AB

cc: SOC@aer.ca