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Via Email Only

BCC: Statement of Concern Filers and Interested Parties

31 January 2022

Subject: Proceeding 410 – Licence Transfer Withdrawal

To all Interested Parties,

On October 16, 2019, Shell Canada Limited (Shell) completed the sale of the Waterton, Jumping Pound and Caroline gas plants and the gas fields which supply them (the Foothills Assets) to Pieridae Alberta Production Ltd. (Pieridae), a subsidiary of Pieridae Energy Limited.

Since the sale closed, Shell has remained the licensee of record, and Pieridae has owned and operated the Foothills Assets while the companies have sought approval from the Alberta Energy Regulator (AER) to transfer the licences and environmental approvals for the Assets to Pieridae. On January 4, 2021, Shell submitted an application to the AER to transfer all the licences and approvals for the Foothills Assets to Pieridae. The AER advised Shell and Pieridae in May 2021 that the application would be sent to public hearing.

On July 20, 2021, at Shell's request, the AER hearing panel paused the Foothills Asset licence transfer application in a Notice of Adjournment. Shell and Pieridae sought an extension of the adjournment on September 28. The AER formally granted the adjournment extension and directed Shell and Pieridae to provide an update to the hearing panel by January 31, 2022.

On December 1, 2021 the AER released new guidance documents as part of its revised Liability Management Framework. After reviewing these documents, Shell and Pieridae have jointly decided to withdraw the licence transfer application to allow time to evaluate the implications of the new regulatory framework. Future applications related to the Foothills Assets will address these new regulatory requirements. Shell and Pieridae remain focused on finding a successful outcome for all parties and the community and will continue to examine options.

We understand and recognize that many of the residents and landowners around these Assets have spent significant time and effort to participate in this process to date. We are committed to keeping interested parties informed on future updates.

Pieridae continues to own the Foothills Assets and has responsibility for their continued safe operation. Shell remains the licensee of record.

If you are interested in receiving more information please submit a request to FoothillsQandA@shell.com.

More Information on the Foothills Asset divestment can be found here: www.shell.ca/foothills.

Sincerely,

Tara Barnett
External Relations Manager, Upstream Canada
Shell Canada Limited

CC: Yvonne McLeod, Pieridae Alberta Production Ltd.
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