

BY E-MAIL ONLY

January 9, 2017

Leonard Van Betuw
Quattro Exploration and Production Ltd.
Suite 4110, 825 – 8th Avenue S.W.
Calgary, AB T2P 2T3

REGULATORY DIRECT TRANSFER APPLICATIONS
CANADIAN COYOTE ENERGY LTD. TO PISMO ENERGY LTD.
STATEMENT OF CONCERN NO. 30458

Dear Mr. Van Betuw:

You are receiving this letter because you filed a statement of concern about applications submitted for Regulator Directed Transfers (RDT) of licenses from Canadian Coyote Energy Ltd. (Canadian Coyote) to Pismo Energy Ltd. (Pismo). The Alberta Energy Regulator (AER) has reviewed your statement of concern on behalf of Quattro Exploration and Production Ltd. (Quattro), along with the applications, the applicable requirements, and other submissions or information about the applications and has decided that a hearing is not required under an enactment or otherwise necessary to consider the concerns outlined in your statement of concern.

In its review of Quattro's concerns, the AER considered the following:

- Quattro has working interests in some of the well and facility licenses being sought for transfer by Pismo;
 - In the licenses that Quattro has a working interest in, its interest is less than 20% and less than the interest that Redondo Resources Ltd./Pismo acquired through the Approval and Vesting Order dated May 10, 2016, for the sale of Canadian Coyote Holdings Ltd. (Holdings) working interest in CCEL properties to Redondo Resources Ltd.
- In reviewing a transfer application, the AER considers whether the proposed transferee will be able to meet their obligations throughout the life cycle of energy development in accordance with *Bulletin 2016-21: Revision and Clarification on*

*Alberta Energy Regulator's Measures to Limit Environmental Impacts Pending
Regulatory Changes to Address the Redwater Decision;*

The AER finds that Quattro has not demonstrated that it may be directly and adversely impacted by the applications as its working interest will not be impacted by the transfers of the licenses, and has no entitlement to the licenses. As Pismo meets all of our requirements to become licensee, the AER has approved Pismo's applications. This is your notice of that decision. A copy of the license transfer will be provided to all parties in due course. Under the *Responsible Energy Development Act* an eligible person may file a request for a regulatory appeal on an appealable decision. Eligible persons and appealable decisions are defined in section 36 of the *Responsible Energy Development Act* and section 3.1 of the *Responsible Energy Development Act General Regulation*. If you wish to file a request for regulatory appeal, you must submit your request in the form and manner and within the timeframe required by the AER. You can find filing requirements and forms on the AER website www.aer.ca under Applications & Notices: Appeals.

inquiries 1-855-297-8311
24-hour
emergency 1-800-222-6514

If you have any questions, contact Jolene McKendrick at 403-297-5377 or e-mail Jolene.McKendrick@aer.ca.

Sincerely,

Jan Rempel
Acting Director, Business Process & Insolvency

cc: Brian Smart, Pismo Energy Ltd., bsmart@topangaresources.com
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