

November 10, 2016

Nexen Energy ULC
c/o Registered Office
807 – 7 Ave SW
Calgary, Alberta

Order under section 29 Pipeline Act

To Whom It May Concern:

On August 28th, 2015, the Alberta Energy Regulator (“AER”) issued an order to Nexen Energy ULC (“Nexen”) to immediately suspend operations relating to pipeline license numbers 39427, 39428, 39429, 43961, 51055, 51056, 52719, 52773, 52775, 52777, 53285, 53287, 54531, 54599 and 54769 located at its Lake Long Facility (the “Order”).

On September 6, 16 and October 22, 2015, the AER amended the Order lifting the suspension of operations under certain pipeline licenses and ordering Nexen to operate the licenses under the following terms and conditions including:

- Conducting 30 day, 90 day, and long term actions designed to identify and mitigate risks in relation to and ensure safe operation of the pipelines;
- Conduct increased inspections relating to the pipelines;
- Conduct a third party assessment that categorize the overall risk of the pipelines; and
- Increase its frequency of reporting to the AER on its pipeline operations associated with its Long Lake Facility.

On or about July 22, 2016, Nexen provided a copy of its updated Pipeline Integrity Program Manual related to the Long Lake Facility (the Manual). Updates in the Manual included:

- A requirement for specific pipeline hazard identification and risk assessment processes for any new pipeline projects associated with the facility;
- Creating new reliability targets for critical elements of pipeline operations, such as leak detection;

- Developing pipeline operation and maintenance manuals during the project phase for all new pipelines, detailing identified hazards;
- Improving the competency requirements for operational personnel responsible for the maintenance, inspection, operation of pipelines, including training with respect to potential hazards and processes and procedures intended to manage those associated risks; and
- Utilizing of third party independent contractors to validate safety aspects of pipeline operation and design at the facility.

Pursuant to sections 7 and 9 of the *Pipeline Rules*; and *Canadian Standards Association Z662*, Nexen must comply with its updated Pipeline Integrity Program Manual. Accordingly the AER is satisfied that Nexen has fulfilled the requirements of the Order as amended and hereby rescinds the Order and all amendments thereto.

Take notice that the rescission of this Order in no way precludes the use of any future compliance and enforcement tools being used pertaining to this matter or any other matter relating to Nexen.

Sincerely,

<original signed by>

Erin Maczuga

Director, Compliance and Enforcement
Environment and Operational Performance
Alberta Energy Regulator

Cc: Tilak Nithiyaswaran, Nexen Energy ULC
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