
Made at
Medicine Hat, in the
Province of Alberta, on
March 5, 2023

ALBERTA ENERGY REGULATOR

The Alberta Energy Regulator (AER) orders, under sections 22, 26.2, 27 and 104 of the *Oil and Gas Conservation Act (OGCA)*, sections 22.1 and 23 of the *Pipeline Act*, and section 113 of the *Environmental Protection and Enhancement Act (EPEA)*

Everest Canadian Resources Corp.

2080, 222 3rd Avenue SW
Calgary, AB T2P 0B4

(Everest, or the Licensee)

Alberta Oil and Gas Orphan Abandonment and Reclamation Association o/a Orphan Well Association

(the Orphan Well Association)

WHEREAS on March 3, 2023, the Alberta Energy Regulator (AER) issued an Order to Everest and to the Orphan Well Association;

WHEREAS there is physical infrastructure associated with the Licenses (the Sites) and whereas Everest operates a Steam Assisted Gravity Drainage (SAGD) operation to recover bitumen at the Sites (the McKay Facility);

WHEREAS the lease piping and tanks at the McKay Facility contain produced water, process water, diluent, chemicals associated with SAGD operations, and bitumen (the Substances);

WHEREAS on Sunday, March 5, 2023, the AER was notified by a representative of the Orphan Well Association that an escape and release of Substances (Escape and Release) had occurred from Injector #2 on Pad #102 located at the McKay Facility (Well);

WHEREAS Heath Matthews, Manager of Field Operations South (the Manager), has the authority to impose terms and conditions under section 22, and issue orders under sections 26.2, 27 and 104 of the *OGCA*, sections 22.1 and 23 of the *Pipeline Act*, and section 113 of *EPEA*;

WHEREAS the Manager has reasonable grounds to believe that the Substances escaped from the Well;

WHEREAS the Manager is of the opinion that it appears that the escaped Substance may not otherwise be contained and cleaned up forthwith;

WHEREAS the Escape and Release must be dealt with on an expedited basis;

WHEREAS under section 104 of the *OGCA* the AER or its authorized representative may enter on the area where the escaped substance has escaped and conduct any operations the Regulator or its authorized representative considers necessary to contain and clean up the escaped substance and to prevent further escapes and ensure the safety of the public and the environment;

WHEREAS the Orphan Well Association is a delegated authority under Part 11 of the *OGCA*, and is the AER's authorized representative for the purposes of this Order to conduct any operations considered necessary as described above;

THEREFORE, I, Heath Matthews, Manager, under sections 22, 26.2 27 and 104 of the *OGCA*, sections 22.1 and 23 of the *Pipeline Act*, and section 113 of *EPEA*, do hereby amend the order as follows:

1. The Order is amended to add section 104 of the *OGCA*.
2. Section 2 of the Order is struck and replaced with the following:
 - “2. The Orphan Well Association shall ensure any released Substances are immediately contained and measures are taken to prevent the further release or migration of the Substances to the environment.
 - a. In the event the OWA must take action under this Order in respect of 2 (above) Everest shall, until the operations to be conducted by the Regulator or its authorized representative are completed, obey the orders and directions concerning those operations given by the Regulator or the OWA as its authorized representative.”

Dated at the City of Medicine Hat in the Province of Alberta, the 5th day of March, 2023.

<original signed by>

Heath Matthews
Manager, Field Operations South
Alberta Energy Regulator

In complying with this order, the party or parties named must obtain all approvals necessary, notwithstanding the above requirements.

This order in no way precludes any enforcement actions being taken regarding this matter under the sections 22, 26.2, 27 and 104 of the *OGCA* sections 22.1 and 23 of the *Pipeline Act*, and section 113 of the *EPEA*, and any other provincial or federal legislation, or by any other regulator with jurisdiction.

All enforcement actions issued by the AER may be subject to a follow-up review to confirm previous commitments have been completed and measures have been implemented, to ensure similar

noncompliances are prevented in the future. The AER may request any information that demonstrates steps have been taken to prevent repeat noncompliances from occurring.

Under the *Responsible Energy Development Act*, an eligible person may appeal decisions that meet certain criteria. 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 according to the AER's requirements. You can find filing requirements and forms on the AER website, www.aer.ca, under Regulating Development: Project Application: Regulatory Appeal Process.