
Made at
Medicine Hat, in the
Province of Alberta, on
March 9, 2023

ALBERTA ENERGY REGULATOR

The Alberta Energy Regulator orders, under sections 22, 26.2, 27 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, or the Regulator) 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 Everest holds Commercial Bitumen Scheme Approval No. 11461I (the Scheme Approval) under the *Oil Sands Conservation Act*;

WHEREAS in the Scheme Approval, Everest is required to obtain approval from the AER prior to shutting-in operations at the McKay Facility;

WHEREAS Everest failed to obtain approval from the AER prior to shutting-in its operations at the McKay Facility;

WHEREAS on February 24, 2023, Everest communications indicate that it directed its staff to shut -in pad 2 at the McKay Facility;

WHEREAS on March 1, 2023, an AER inspector observed that the wells at the McKay Facility had been shut-in;

WHEREAS in a meeting held with the AER on March 8, 2023, Everest confirmed that it had shut-in its wells at the McKay Facility;

WHEREAS under section 26.2(3) of the *OGCA*, if reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site are not being provided in a manner satisfactory to the Regulator, the Regulator may order a delegated authority under Part 11 to provide reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site and may impose any terms or conditions that the Regulator determines are necessary in the order;

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;

WHEREAS an amendment is required to provide greater clarity regarding roles and responsibilities for actions related to reasonable care and measures assigned to the Orphan Well Association and to Everest;

THEREFORE, I, Heath Matthews, Manager, under sections 22, 26.2 27 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. Section 11 of the Order is struck and replaced with the following:

“Everest is required to provide personnel with the necessary expertise as requested by the Orphan Well Association to support the provision of reasonable care and measures by the Orphan Well Association at the McKay Facility, and that additional services are available if on-site support is required for safe work conditions.”

2. Section 13 of the Order is struck and replaced with the following:

“The Orphan Well Association shall monitor and inspect equipment daily at the McKay Facility to ensure reasonable care and measures are provided and any issues are identified and remedied.”

3. Section 18 of the Order is struck and replaced with the following:

“On or before 4:00 p.m. each day, the Orphan Well Association shall submit to the Manager a daily report (Daily Report) summarizing the current operational status of the McKay facility and any work completed in the last 24 hours.”

4. Section 20 of the Order is struck and replaced with the following:

“Everest must maintain persons in control of the company in order to support the Orphan Well Association's actions to ensure reasonable care and measures of Everest's assets.

a. Everest shall confirm in writing the names, titles and contact information of all persons in

direct or indirect control of Everest no later than **five (5) calendar days** from the date of this Order.

- b. Everest must immediately inform the AER in writing of any changes to the persons in direct or indirect control of the company.
- c. Everest must inform the AER immediately if it enters into insolvency proceedings per *Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals*.

Dated at the City of Medicine Hat in the Province of Alberta, the 9th 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 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.