
Made at Edmonton, in the
Province of Alberta, on
November 27, 2024

ALBERTA ENERGY REGULATOR

Pursuant to sections 22, 26.2 and 27 of the *Oil and Gas Conservation Act (OGCA)*, sections 22.1 and 23 of the *Pipeline Act*, section 1.100(2) of the *Oil and Gas Conservation Rules (OGCR)*, and sections 140 and 241 of the *Environmental Protection and Enhancement Act (EPEA)*;

Pismo Energy Ltd. (A7BP)

1150, 707 - 7 Avenue SW

Calgary, AB T2P 3H6

(Pismo, or the Licensee)

WHEREAS the Licensee is the holder of Business Associate (BA) Code A7BP, and the well, facility, and pipeline licences granted by the Alberta Energy Regulator (AER) under the authority of the *OGCA* and *Pipeline Act*, listed in Appendix 1 (collectively, the Licences);

WHEREAS there is physical infrastructure associated with the Licences, including wells, well sites, facilities, facility sites, pipelines (the Sites);

WHEREAS Pismo was licensed or otherwise authorized by the AER to operate the Licences on the land legally described in Appendix 1 (the Lands);

WHEREAS Pismo is an “operator” as defined in section 134(b)(i) of the *EPEA*;

WHEREAS the Lands are “specified land” as defined in section 134(f) of the *EPEA* and section 1(t) of the *Conservation and Reclamation Regulation*;

WHEREAS on September 19, 2024, the AER issued an order (the September Order) to Pismo under sections 22 and 26.2 of the *OGCA*, section 22.1 of the *Pipeline Act*, and section 1.100(2) of the *OGCR* due in part to concerns that Pismo was not providing reasonable care and measures to prevent impairment or damage in respect of the Sites, and to mitigate the risks of Pismo’s assessed lack of capability to meet its regulatory and liability obligations throughout the energy life cycle;

WHEREAS clause 1 of the September Order required Pismo to conduct right-of-way (ROW) surveillance as required, demonstrate that cathodic protection is being maintained, and register all of its licenced pipelines with USP no later than October 4, 2024;

WHEREAS clauses 2 and 3 of the September Order required Pismo to submit a Reasonable Care and Measures plan (the RCAM Plan) to the satisfaction of the Director to demonstrate its ability to provide reasonable care and measures at its Sites, to be provided no later than October 19, 2024, and to implement the RCAM Plan once approved;

WHEREAS clause 4 of the September Order required Pismo to post a security deposit in the amount of \$412,286.00, representing 10% of Pismo's inactive liability, to offset the estimated costs of abandoning and reclaiming a well or facility and of carrying out any other activities necessary to ensure the protection of the public and the environment no later than November 3, 2024;

WHEREAS clause 4 of the September Order also required Pismo to post security deposits for the full outstanding amounts of the 2022 and 2023 Mandatory Closure Spend Quota (MCSQ) no later than November 3, 2024;

WHEREAS clause 5 of the September Order required Pismo to pay in full, all outstanding debts to the AER for the 2023 and 2024 Administration Fees, and to the AER on behalf of the Orphan Fund all outstanding debts for the 2023 and 2024 Orphan Fund Levies, no later than October 19, 2024;

WHEREAS clause 6 of the September Order required Pismo to submit a plan to the satisfaction of the Director, that detailed all actions Pismo would take to ensure its 2024 MCSQ would be met, to be submitted no later than October 19, 2024;

WHEREAS on October 7 and October 11, 2024, the AER requested Pismo provide records to verify compliance with clause 1 of the September Order;

WHEREAS Pismo provided an RCAM Plan on October 21, 2024, and the AER issued a letter to Pismo on October 25, 2024, requesting additional information to address deficiencies with the RCAM Plan, including plans to remediate contamination at two of its Sites, more details as to its incident response capability, plans to address methane emissions reporting, and copies of inspection reports for its assets;

WHEREAS on October 10, 2024, Pismo requested an extension to the deadline to pay its outstanding debts to the AER as required under clause 5 of the September Order;

WHEREAS on October 15, 2024, the Director informed Pismo that he had declined to exercise his discretion to extend the deadline for compliance with clause 5 of the September Order;

WHEREAS on October 17, 2024, the AER issued a letter advising Pismo that it had failed to fully comply with clause 1 of the September Order and that it was required to immediately come into compliance;

WHEREAS on October 18, 2024, Pismo requested an extension of 45 days for clauses 4 and 5 of the September Order and submitted a proposal to the AER that included a sale of all of its assets to partially fund activities related to fulfilling its regulatory obligations;

WHEREAS on October 21, 2024, Pismo requested an extension of 45 days to the deadline for clause 5 of the September Order;

WHEREAS on October 25, 2024, the AER issued a letter to Pismo advising that it had failed to fully comply with clauses 1(b), 1(c), 1(e), 2(a), 2(b), 2(c), 2(d), and 5 of the September Order;

WHEREAS the AER met with Pismo on October 28, 2024, to discuss Pismo's proposal for the sale of all of its assets;

WHEREAS on October 30, 2024, Pismo submitted further information following the October 28, 2024, meeting;

WHEREAS Pismo provided an amended RCAM Plan on October 31, 2024, which continued to be deficient;

WHEREAS on November 5, 2024, the AER issued a letter to Pismo advising that Pismo had failed to fully comply with clauses 1(b), 1(c), 1(e), 2(a), 2(b), 2(c), 4, 5 of the September Order and that it was required to immediately come into compliance;

WHEREAS on November 5, 2024, the Director advised Pismo that he declined to exercise his discretion to extend the deadlines related to clauses 4 and 5 of the September Order and intended to escalate enforcement action due to Pismo's failure to comply with the September Order;

WHEREAS, as of the date of this Order, Pismo has failed to fully comply with clauses 1, 2, 4, 5, and 6 of the September Order;

WHEREAS the September Order stipulated that failure by Pismo to fulfil the requirements of the September Order to the satisfaction of the Director would result in a suspension and/or abandonment order;

WHEREAS Tyler Callicott, Director of Enforcement and Orphaning, (the Director) has the authority to issue orders and impose terms and conditions pursuant to sections 22, 26.2, and 27 of the *OGCA* and sections 22.1 and 23 of the *Pipeline Act* and sections 140 and 241 of the *Environmental Protection and Enhancement Act (EPEA)*;

WHEREAS the Director has the authority to require a licensee to provide a security deposit at any time where the Director considers it appropriate to do so to offset the estimated costs of abandoning and reclaiming a well or facility and of carrying out any other activities necessary to ensure the protection of the public and environment pursuant to section 1.100(2) of the *OGCR*;

WHEREAS the Director has reasonable grounds to believe that the Licensee has contravened Acts, regulations, or rules under the jurisdiction of the AER and that it is necessary and appropriate to order the Licensee and to impose terms and conditions on the Licensee to address those contraventions;

WHEREAS the Director finds that, based on the factors leading to the September Order and Pismo's failure to address those obligations by completing the actions required in the September Order, that

reasonable care and measures are not being taken to prevent impairment or damage at, or associated with, the Sites;

WHEREAS based on Pismo's failure to comply with the MCSQ security requirement, and failure to comply with the outstanding debt to the AER in respect of the Administration Fees and the Orphan Fund Levies, the Director is of the opinion that Pismo has demonstrated to the AER that it is not able to manage its financial obligations;

WHEREAS, based on the factors leading to the September Order and Pismo's failure to address those obligations by completing the actions required in the September Order, the Director is of the opinion that Pismo is unable to meet its regulatory and liability obligations throughout the energy lifecycle, and it is appropriate to require Pismo to provide a security deposit to offset the estimated costs of abandoning and reclaiming a well or facility and of carrying out any other activities necessary to ensure the protection of the public and environment;

WHEREAS the Director considers it necessary to order that Pismo's wells and facilities be suspended or abandoned and that Pismo's pipelines be discontinued or abandoned in order to protect the public or the environment;

WHEREAS section 137 of the *EPEA* states that an operator must conserve and reclaim specified land, and unless exempted by the regulations, obtain a reclamation certificate in respect of the conservation and reclamation;

WHEREAS reclamation certificates have not been issued for the Lands under section 138 of the *EPEA*;

WHEREAS section 140 of the *EPEA* permits the AER to issue an environmental protection order directing the performance of any work if the AER is of the opinion the work is necessary to conserve and reclaim specified land;

WHEREAS the Director is of the opinion that the performance of the work described in this Order is necessary to conserve and reclaim the Lands;

Therefore, I, Tyler Callicott, Director of Enforcement and Orphaning, pursuant to sections 22 and 26.2 of the *OGCA*, section 22.1 of the *Pipeline Act*, and section 1.100(2) of the *OGCR*, do hereby order and direct the following:

Immediate Actions

1. Pismo shall maintain for all its Sites:
 - a. Emergency response number is posted at each Site, will remain active, and will initiate an immediate response when called,
 - b. Adequate insurance for its Sites in accordance with section 4.2(10) of *Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals*,

- c. Membership in good standing with a spill cooperative.

Suspension

2. All wells, facilities, and pipelines listed in Appendix 1 are hereby suspended.
3. Pismo must, at a minimum, conduct the following suspension activities for the wells, facilities, and pipelines in Appendix 1:
 - a. Within 14 calendar days from the date of this Order, Pismo must ensure its wells are suspended, sealed, locked, and chained in a manner acceptable to the AER.
 - b. Within 14 calendar days from the date of this Order, Pismo must ensure its pipelines are discontinued pursuant to the *Pipeline Act* and *Rules* and in a manner acceptable to the AER.
 - c. Within 14 calendar days from the date of this Order, Pismo shall ensure that any containment devices or equipment including, but not limited to, tanks, vessels, pipelines, lease piping, sumps, drains, tubs, containers, pits or containment rings on any of the Sites are depressurized, emptied and rendered safe and acceptable to the AER.
 - d. Pismo must immediately report any hazards on the Sites that present a risk to public safety or the environment and must address the hazards in a manner acceptable to the AER no later than fourteen (14) days from the date of this Order or as otherwise specified by the AER in writing.
4. Within 14 calendar days from the date of this Order, Pismo shall provide written confirmation and supporting documentation to the Director verifying that its Sites have been suspended pursuant to this Order and AER rules and regulations. Supporting documentation may include, but not be limited to, photographs with location data and descriptions which adequately demonstrate compliance with the relevant components of this Order.

Maintenance

5. Pismo shall ensure that, no less than once each 30-day period, each of its Sites is inspected to ensure that the Site remains safe and that any impacts or potential impacts to public safety or the environment are addressed. Inspections must be documented and contain sufficient information to verify inspections are conducted in compliance with this Order and AER regulations.

Abandonment

6. Within 30 calendar days of the date of this Order, Pismo shall submit a plan for the orderly abandonment of its Sites (the Abandonment Plan). The Abandonment Plan must include, at minimum:

- a. Timelines for implementation and expected completion of abandonment of its wells and facilities
 - b. Timelines for implementation and expected completion of abandonment of its pipelines.
 - c. Timelines for remediation of the 12-27 Well Site and the 15-27 Well Site.
7. The Abandonment Plan must be implemented as approved by the Director.
8. Abandonment work, including surface abandonment and removal of cement pads, debris and produced liquids associated with the wells, must be completed in accordance with AER requirements no later than 6 months from the date of this Order.

Reclamation

9. Within thirty (30) calendar days from the date of this Order, Pismo must submit a Reclamation Plan for AER approval for the conservation and reclamation of the Lands (the Reclamation Plan).
10. The Reclamation Plan shall include the actions Pismo will take to reclaim the Lands and obtain reclamation certificates as required under section 137 of the *EPEA*. The Reclamation Plan shall include:
 - a. A list of all actions to be taken in obtaining a reclamation certificate (such as Environmental Site Assessments, Detailed Site Assessments, reclamation certificate applications), and
 - b. A schedule of implementation for each step in the Reclamation Plan.
11. If any changes occur to the Reclamation Plan, Pismo must immediately inform the AER in writing.
12. Pismo must implement the Reclamation Plan, as approved by the AER. The AER will advise Pismo if the Reclamation Plan is complete or requires changes.
13. Pismo shall apply for a reclamation certificate for each Site once that site is fully reclaimed in accordance with section 137(2) of the *EPEA*.

Reporting

14. Beginning 7 days from the date of this Order, Pismo must provide written updates every (1) week to the Director with details on the progress of the work required under this Order;
15. All plans and information required in this Order shall be submitted to Tyler.Callicott@aer.ca and ComplianceAssurance@aer.ca;

16. If requested by the Director, Pismo shall submit, within two (2) business days, any records pertaining to this Order.

General

17. All submissions of work related to requirements in this Order shall be submitted in the format, and to the appropriate AER system, as required by AER regulations;

18. Where a deadline or reporting frequency has been specified in this Order, the Director may authorize in writing a different deadline or reporting frequency as applicable;

19. In carrying out the requirements of this Order, Pismo shall obtain and comply with all required federal, provincial, or municipal permits and governing legislation and provide to the AER all authorizations obtained upon request by the AER;

20. All applicable regulatory requirements are to be followed and complied with in the undertaking of any actions or directions prescribed under this Order.

Dated at the City of Edmonton in the Province of Alberta, the 27th day of November, 2024

<original signed by>

Tyler Callicott
Director, Enforcement and Orphaning
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 *Oil and Gas Conservation Act (OGCA)*, the *Pipeline Act*, and the *Oil and Gas Conservation Rules (OGCR)* or 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.

Appendix 1

Licences held by the Licensee

Table 1 Wells

Licence	Surface Location	Well UWI
W0079369	16-19-049-01W4	A0-16-19-049-01W4/0
W0085416	09-19-049-01W4	00-09-19-049-01W4/0
W0097129	01-36-040-13W4	02-01-36-040-13W4/0
W0098261	15-10-040-13W4	02-15-10-040-13W4/0
W0099511	11-11-040-13W4	02-11-11-040-13W4/0
W0108864	14-11-040-13W4	02-14-11-040-13W4/0
W0119748	14-22-048-01W4	00-14-22-048-01W4/0
W0123511	08-11-040-13W4	00-08-11-040-13W4/0
W0123578	15-10-040-13W4	03-15-10-040-13W4/0
W0128093	14-08-052-12W5	00-14-08-052-12W5/0
W0132072	08-08-052-12W5	00-08-08-052-12W5/0
W0133777	11-11-040-13W4	05-14-11-040-13W4/0
W0133877	09-10-040-13W4	05-16-10-040-13W4/0
W0134506	08-16-040-13W4	06-08-16-040-13W4/0
W0135927	13-29-040-13W4	02-13-29-040-13W4/0
W0136325	10-10-040-13W4	02-10-10-040-13W4/0
W0145417	07-11-040-13W4	B0-07-11-040-13W4/0
W0146455	06-11-040-13W4	03-06-11-040-13W4/0
W0148414	16-26-040-13W4	00-16-26-040-13W4/0
W0150461	15-32-040-13W4	00-15-32-040-13W4/2
W0218675	16-09-040-13W4	02-16-09-040-13W4/0
W0221990	15-11-040-14W4	02-15-11-040-14W4/0
W0225626	02-16-040-13W4	00-02-16-040-13W4/0
W0227250	02-16-040-13W4	02-02-16-040-13W4/0
W0227459	08-36-040-13W4	03-09-36-040-13W4/0
W0274757	01-06-041-13W4	00-01-06-041-13W4/2
W0280546	09-20-040-13W4	00-09-20-040-13W4/0
W0306279	02-36-040-13W4	03-02-36-040-13W4/0
W0316496	11-31-048-01W4	00-11-31-048-01W4/0
W0411533	16-27-048-01W4	00-16-27-048-01W4/0
W0411593	05-27-048-01W4	00-05-27-048-01W4/0
W0415598	14-11-048-01W4	00-14-11-048-01W4/0
W0421386	15-27-048-01W4	00-15-27-048-01W4/0
W0421451	08-27-048-01W4	02-08-27-048-01W4/0
W0421452	10-27-048-01W4	03-10-27-048-01W4/0
W0422178	16-11-040-13W4	02-13-11-040-13W4/0
W0422945	15-14-048-01W4	00-15-14-048-01W4/0
W0423216	08-22-048-01W4	00-08-22-048-01W4/2
W0423407	16-13-040-14W4	00-09-18-040-13W4/0
W0424402	16-10-052-13W5	00-08-14-052-13W5/0

W0424417	13-12-040-14W4	00-13-11-040-14W4/0
W0424947	01-10-040-13W4	00-01-11-040-13W4/0
W0425089	09-27-048-01W4	00-09-27-048-01W4/0
W0425147	05-27-048-01W4	02-05-27-048-01W4/0
W0425261	16-03-040-13W4	00-15-02-040-13W4/0
W0425763	12-27-048-01W4	00-12-27-048-01W4/0
W0426107	06-27-048-01W4	00-06-27-048-01W4/0
W0429562	16-03-040-13W4	00-09-02-040-13W4/0
W0430078	13-15-040-13W4	02-12-16-040-13W4/0
W0430659	14-14-048-01W4	00-14-14-048-01W4/0
W0431280	01-13-040-14W4	00-01-18-040-13W4/0
W0431828	16-15-052-13W5	00-09-14-052-13W5/0
W0433694	05-09-052-12W5	02-06-08-052-12W5/0
W0434880	15-19-049-01W4	02-15-19-049-01W4/0
W0434881	14-27-048-01W4	00-14-27-048-01W4/0
W0434918	11-14-048-01W4	00-11-14-048-01W4/0
W0434919	14-14-048-01W4	02-14-14-048-01W4/0
W0435710	01-13-040-14W4	00-08-18-040-13W4/0
W0437457	08-22-048-01W4	02-08-22-048-01W4/0
W0437463	14-22-048-01W4	02-14-22-048-01W4/0
W0445823	16-14-048-01W4	02-16-14-048-01W4/0
W0445824	09-14-048-01W4	00-09-14-048-01W4/0
W0445825	14-14-048-01W4	00-13-14-048-01W4/0
W0445948	04-27-048-01W4	00-04-27-048-01W4/0
W0445972	13-27-048-01W4	00-13-27-048-01W4/0
W0446114	08-22-048-01W4	03-08-22-048-01W4/2
W0446115	01-22-048-01W4	00-01-22-048-01W4/0
W0446143	14-22-048-01W4	03-14-22-048-01W4/0
W0449232	08-22-048-01W4	04-08-22-048-01W4/0
W0459281	09-03-048-01W4	02-09-03-048-01W4/0
W0460363	15-15-048-01W4	00-15-15-048-01W4/0
W0460382	12-14-048-01W4	00-12-14-048-01W4/0
W0465391	11-27-048-01W4	02-11-27-048-01W4/0
W0465415	12-14-048-01W4	00-09-15-048-01W4/0
W0468395	11-02-048-01W4	00-11-02-048-01W4/0
W0468577	01-30-049-01W4	02-09-19-049-01W4/0
W0470612	05-02-048-01W4	00-06-02-048-01W4/0
W0470972	08-03-048-01W4	00-08-03-048-01W4/0
W0474795	01-11-048-01W4	02-01-11-048-01W4/0

Table 2 Facilities

Licence	Surface Location
F8049	07-10-040-13W4
F8083	02-36-040-13W4
F12170	02-18-052-12W5

F42542	05-27-048-01W4
F43444	14-14-048-01W4
F43553	01-13-040-14W4
F47295	12-14-048-01W4

Table 3 Pipelines

Licence	Segment	From Surface Location	To Surface Location
P16735	6	10-18-052-12W5	02-18-052-12W5
	7	02-18-052-12W5	02-18-052-12W5
	8	04-17-052-12W5	02-18-052-12W5
	9	12-08-052-12W5	04-17-052-12W5
	15	06-08-052-12W5	10-08-052-12W5
P20725	2	01-36-040-13W4	02-36-040-13W4
	4	16-26-040-13W4	16-26-040-13W4
	3	16-26-040-13W4	02-36-040-13W4
P31952	1	16-09-040-13W4	01-16-040-13W4
	2	01-16-040-13W4	05-15-040-13W4
P33505	1	14-20-040-13W4	04-21-040-13W4
P40227	1	01-06-041-13W4	04-06-041-13W4
	2	13-31-040-13W4	04-06-041-13W4
	3	01-10-040-13W4	07-10-040-13W4
	4	08-11-040-14W4	13-12-040-14W4
	5	16-03-040-13W4	01-10-040-13W4
	6	13-15-040-13W4	09-16-040-13W4
P40260	1	09-20-040-13W4	10-20-040-13W4
P43783	1	09-19-049-01W4	16-19-049-01W4
P46660	1	02-18-052-12W5	02-18-052-12W5
P53255	1	16-15-052-13W5	10-15-052-13W5
	2	16-10-052-13W5	10-15-052-13W5
	3	10-15-052-13W5	02-18-052-12W5
P55865	1	02-36-040-13W4	01-36-040-13W4
	2	07-10-040-13W4	11-11-040-13W4
	3	11-11-040-13W4	02-14-040-13W4
P58685	1	10-11-040-13W4	11-11-040-13W4
	2	11-11-040-13W4	11-11-040-13W4
	3	08-11-040-13W4	11-11-040-13W4
	4	11-11-040-13W4	02-36-040-13W4
	5	11-11-040-13W4	11-11-040-13W4
	6	09-16-040-13W4	10-16-040-13W4
	7	07-10-040-13W4	11-11-040-13W4
	8	07-11-040-13W4	08-11-040-13W4
	9	10-10-040-13W4	07-10-040-13W4
	10	04-15-040-13W4	07-10-040-13W4
	11	10-11-040-13W4	08-11-040-13W4
	12	08-16-040-13W4	05-15-040-13W4
	13	14-11-040-13W4	11-11-040-13W4

	14	03-10-040-13W4	07-10-040-13W4
	15	02-16-040-13W4	05-15-040-13W4
	16	02-16-040-13W4	05-15-040-13W4
	17	08-36-040-13W4	08-36-040-13W4
	18	08-36-040-13W4	02-36-040-13W4
	19	01-36-040-13W4	02-36-040-13W4
	20	11-11-040-13W4	09-10-040-13W4
	21	10-16-040-13W4	08-16-040-13W4
	22	16-11-040-13W4	15-11-040-13W4
P58686	1	15-11-040-14W4	07-11-040-14W4
	2	13-12-040-14W4	15-11-040-14W4
	3	01-13-040-14W4	03-13-040-14W4
P9892	3	04-17-052-12W5	04-17-052-12W5