

Administrative Penalty Director's Decision

Named Party: CEPro Energy & Environmental Services Inc. **BA Code:** A7DK

File No. 2023-047

Preliminary Penalty Assessment

Number of Contraventions Identified	Base Assessment Amount	Factor Variance(s)	
Contravention 1-146	\$1500	(a) +\$75 000	
Contravention 147-150	\$2500	(b) +\$77 000	
		(c) +\$75 000	
Total Contraventions: 150	Total Base Assessment: \$229 000	Total Variance:	\$227 000

Director's Decision Summary

On April 29, 2025, I, Greg Jones, Manager, Major Investigations, Regulatory Compliance for the Alberta Energy Regulator (AER), made multiple attempts to contact Ms. Lian Zhao, President of CEPro Energy & Environmental Services Inc. (CEPro), to discuss discussing the Preliminary Administrative Penalty Assessment (PA). Ms. Zhao is listed in the Corporate Registration System as the “Primary Agent for Service” for CEPro.

Attempts were made via two separate telephone numbers, one associated with Ms. Zhao and the other with CEPro. Despite repeated efforts, Ms. Zhao and CEPro could not be contacted by telephone.

The AER also issued physical copies of the PA by using courier requiring proof of delivery to CEPro to the two addresses on file. One of these mailings was reported as signed for and successfully delivered by the courier, while the other was returned as undeliverable.

CEPro were advised through electronic and physical letter that any response or submission of additional information relevant to the PA must be provided by May 15, 2025.

As of the date of this decision, the AER has received no response from either CEPro nor Ms. Zhao despite repeated attempts to contact them (as detailed above). I believe that reasonable efforts have been made to contact CEPro and provide them with an opportunity to respond.

The PA identified the following contraventions and penalty assessments.

CONTRAVENTION 1-146

On May 25, 2023, the AER became aware that reclamation certificate applications numbered 32180091, 32121254, 32172688, 32124887, and 32182692 that were submitted on or about February 17, 19, 22, 23, and 27, 2023, in the Province of Alberta, CEPro Energy & Environmental Services Inc. failed to provide the required information throughout these applications, thereby contravening section 227(c) of the *Environmental Protection and Enhancement Act*.

Administrative Penalty Regulation				
BASE PENALTY TABLE				
Potential For Adverse Effect				
		Major	Moderate	Minor
	Major	5000	3500	2500
	Moderate	3500	2500	1500
	Minor to	2500	1500	1000

Type of Contravention: Moderate

The *Environmental Protection and Enhancement Act* is designed “to support and promote the protection of the environment, enhancement and wise use of the environment.” The AER, in administering the Act, monitors activities that may impact the environment, ensuring that all operations comply with the requirements to ensure environmental safety and sustainable resource use. Providing complete application information for reclamation certificates is a fundamental requirement of the reclamation certificate process. The application contains essential details that enable the AER to assess and verify that any disturbed land has been properly restored and returned to an equivalent land capability.

Failure to provide the required information is considered a “Moderate” type of contravention in this case as the unprovided information disrupts efforts to enforce environmental requirements and ensure proper reclamation for equivalent land use.

Potential for Adverse Effect: Minor to None

Failing to provide the required information for a reclamation certificate application increases the potential for adverse effects. Without complete information, the AER cannot verify whether a site has been properly reclaimed, increasing the risk that contaminated soil, residual pollutants, or improperly restored land may go undetected. This can lead to long-term environmental degradation, such as soil erosion, water contamination, and habitat destruction, which may negatively impact local ecosystems, wildlife, and future land use.

In this case, there are 146 contraventions with diverse types of information not provided by CEPro, comprising a broad spectrum of potential adverse effects. Given this, to streamline the assessment, each contravention was not individually assessed for potential adverse effect. While a range of potential adverse effects are possible in this case, the potential adverse effects are unknown. Given the number of contraventions and the type of information missing, the potential for adverse effect is classified as “Minor to none”.

Base Assessment: \$1500 x 146 occurrences = \$219,000

CONTRAVENTION 147-150

On May 25, 2023, the AER became aware that reclamation certificate applications numbered 32121254 and 32172688 submitted on or about February 17 and 22, 2023, in the Province of Alberta, CEPro Energy & Environmental Services Inc. provided false or misleading information in these applications, thereby contravening section 227(b) of the *Environmental Protection and Enhancement Act*.

Administrative Penalty Regulation			
BASE PENALTY TABLE			
Potential For Adverse Effect	Major	Moderate	Minor
Major	5000	3500	2500
Moderate	3500	2500	1500
Minor to	2500	1500	1000

Type of Contravention: Major

The *Environmental Protection and Enhancement Act* is designed “to support and promote the protection of the environment, enhancement and wise use of the environment.” The AER, in administering the Act, monitors activities that may impact the environment, ensuring that all operations comply with the standards set to protect environmental safety, and sustainable resource use. Truthful and accurate reporting, including the submission of information for reclamation certificates, is critical to this process, as it confirms that any disturbed land is properly restored and brought back to equivalent land capability.

Providing false or misleading information is a “Major” type of contravention in this case. Such actions compromise regulatory oversight and prevent the protection of the environment by obstructing the AER's ability to ensure, in this case, that land reclamation is conducted properly and restored to equivalent land use.

Potential for Adverse Effect: Minor to None

Providing false or misleading information for a reclamation certificate application could increase the potential for adverse effects and goes against the principles of the *Environmental Protection and*

Enhancement Act. By providing false or misleading information, the AER cannot verify whether a site has been properly reclaimed, increasing the risk that contaminated soil, residual pollutants, or improperly restored land may go undetected. This can lead to long-term environmental degradation, such as soil erosion, water contamination, and habitat destruction, which may negatively impact local ecosystems, wildlife, and future land use.

In this case, the false or misleading information provided by CEPro in applications 32121254 and 32172688 goes against the requirement to restore land affected by resource development to its equivalent use. Each contravention was not individually assessed for potential adverse effect. While potential adverse effects are possible and could be of significance, in this specific case the potential adverse effects are unknown. Given the type of information provided in the reclamation applications, the potential for adverse effect is classified as “Minor to none”.

Base Assessment: \$2500 x 4 occurrences = \$10 000

Factors Applicable to this Case

Factor from above	Amount Varied	Description/Comments
(a)	+\$75 000	Ensuring required information is provided in applications is a cornerstone of the regulatory scheme. \$500 is applied for contraventions 1-146. \$500 is applied for contraventions 147-150 of providing false or misleading information. Providing trustworthy and truthful information to the AER is fundamental to the regulatory scheme
(b)	+\$77,000	\$500 is applied for all 150 contraventions due to the numerous instances of contraventions, indicating broader, systemic issues with compliance with AER requirements. \$500 is applied for contraventions 147-150 for submitting false or misleading information to the AER and not taking steps to inform or correct the submission.
(c)	Neutral	Factor not applied in this case.
(d)	Neutral	Factor not applied in this case.
(e)	+\$75 000	CEPro was issued a Warning Letter on November 27, 2020 for contravening section 12(1)(a) of the <i>Conservation and Reclamation Regulation</i> for not providing information within reclamation certificate applications. \$500 is applied to all 150 contraventions due to the history of noncompliance.

(f)	Neutral	Factor not applied in this case.
(g)	Neutral	Factor not applied in this case.

Discussion

The AER has made multiple attempts to engage with CEPro throughout the course of its investigation and during the issuance of the PA. Despite these efforts, CEPro has failed to respond or provide any additional information relevant to the matters under review.

The AER last successfully communicated with CEPro on June 21, 2023. Since that date, CEPro has not returned any subsequent calls or voicemails. Additionally, attempts to contact CEPro have been further hindered by the disconnection of known telephone numbers or the disabling of voicemail functionality, thereby preventing the AER from leaving messages.

On May 2 and May 5, 2025, the AER issued the PA to CEPro via both electronic mail and physical delivery. Hard copies were sent to two addresses on record. One of these mailings was returned as undeliverable, indicating that CEPro may no longer be reachable at that location.

As no response or submission has been received in relation to the PA, the AER has not been provided with any new or relevant information that would warrant further consideration prior to making a final determination.

Final Penalty Decision

I, Greg Jones, Manager, Major Investigations, Regulatory Compliance for the AER, have fully considered all of the information collected in the investigation.

I am of the opinion that the contraventions described above did occur and are supported by the evidence. I find that there was a lack of due diligence on the part of CEPro. CEPro did not respond and did not provide any additional information to dispute the investigation findings or the PA.

I find the total base penalty amounts reasonable and they remain the same. I also find the amounts applied in the variance factors reasonable and they remain the same.

FINAL PENALTY ASSESSMENT: \$456 000

Date: May 22, 2025

Director's Signature: <Original Signed By>
Greg Jones, Manager, Major Investigations, Regulatory Compliance, AER