

April 23, 2020

Enforcement File: 20-024FSJ

Shanghai Energy Corporation
PO Box 1830, Station M
Calgary, AB T2P 2L8

Attention: Mr. Lyle Veillet, Operations Superintendent

RE: Warning: Fail To Comply With Condition Of An Authorization

Dear Mr. Veillet,

Shanghai Energy Corporation (Shanghai) holds numerous authorizations issued under the Water Sustainability Act. Each authorization contains a standard condition as follows:

The permit holder must maintain accurate records of all water withdrawal activities throughout the term approved. Water withdrawal records for each diversion point, including "0" values for months where no water was withdrawn, must be recorded monthly. Water withdrawal records must be submitted to the Commission on a quarterly basis via eSubmission. Quarterly reports are due on or before April 25th, July 25th, October 25th, and January 25th.

This condition provides the company three weeks to compile its water withdrawal data and to submit a report to the Oil and Gas Commission (Commission). A report for AD 100104100, WU 4877, AD 100104099, WU 4876 and AD 100104101, WU 4878 for the months of October, November and December 2019, were due no later than January 25, 2020.

On January 31, 2020 the Commission received the required report, 6 days past the due date.

Given the circumstances, Shanghai is hereby issued a warning only for the following:

Shanghai, on or about January 26, 2019, did fail to comply with the condition of an authorization contrary to Section 106(3)(k) of the Water Sustainability Act.

If Shanghai has any questions about this matter please feel free to contact the undersigned.

Sincerely,

<original signed by>

Oil and Gas Commission