

April 27, 2018

Enforcement File: 2017-252FSJ

Nexen Energy ULC
801- 7th Avenue SW
Calgary, Alberta T2P 3P7

Attention: Megan Valvasori, BSC, P.Ag, Environment

Re: General Order 2017-106

Dear Megan Valvasori,

On November 3, 2017, the Oil and Gas Commission (Commission) issued General Order 2017-106 to Nexen Energy ULC (Nexen).

Nexen has satisfied all the requirements of the Order.

Please be advised that pursuant to section 49(8) of the *Oil and Gas Activities Act*, General Order 2017-106 is hereby terminated.

If you have any questions or concerns, please do not hesitate to contact the Commission.

Sincerely,



Patrick Smook
Director, Compliance & Enforcement
BC Oil and Gas Commission

GENERAL ORDER 2017-106
Section 49 *Oil and Gas Activities Act*

Issued to:

Nexen Energy ULC
801- 7th Avenue SW
Calgary, Alberta T2P 3P7

Attention: Megan Valvasori, BSC, P.Ag, Environment

Order:

Pursuant to section 49(1)(b) of the *Oil and Gas Activities Act* (the Act), I, Lance Ollenberger, order that Nexen Energy ULC (Nexen) must:

1. On or before December 15, 2017, remove all the live storage water (i.e. all water stored in the structure that is above the native grade elevation) from Nexen's fresh water storage structures located within c-76, d-77, b-86, a-87-H/94-O-8, within c-71, b-81-G/94-O-8, within C-2-J/94-O-8 and within C-7-I/94-O-8 (the Structures) and subsequently maintain the water level in the Structures at or below that level.
2. On or before December 15, 2017, submit a plan (the Plan) satisfactory to the BC Oil and Gas Commission (Commission) that identifies how Nexen will either reclaim the Structures that are no longer required or, for those Structures that are required, how Nexen will apply for the requisite water licenses through Front Counter BC. The timelines included in the Plan must be as soon as practicable for the completion of the reclamation work or submission of applications. The Plan must be submitted to the Commission electronically at C&E@bcogc.ca.

Conditions:

- A. This order shall remain in effect until amended or terminated in whole or in part by the Commission.

Reasons:

I make this order for the following reasons:

- i. Nexen is the holder of the *Land Act* authorization for the structures located at c-76, d-77, b-86, a-87-H/94-O-8, C-2-J/94-O-8 and C-7-I/94-O-8.

General Order 2017-106

- ii. Nexen has a license of occupation for the structure located at c-71, b-81-G/94-O-8.
- iii. The Structures are dams under the *Water Sustainability Act (WSA)*.
- iv. On May 13, 2016 Nexen was issued a “Requirement to Provide Information” requesting Nexen to provide designs, drawings or specifications, etc., that detail total storage volume, live storage volume, berm height, water source (including NCD, stream and groundwater inflow), location and dam classification, and further, if Nexen assessed the Structures as dams and they are currently impounding water, to provide an assessment by a qualified Professional Engineer as to the structural integrity of the dam, the construction of the dam in relation to minimum design requirements, and any risk to public safety or the environment associated with a failure of the dam.
- v. On August 3, 2016 Industry Bulletin 2016-26 was published detailing Crown Land application requirements for freshwater storage sites.
- vi. On December 29, 2016 Higher Ground Consulting, a third party company hired by Nexen, recommended that Nexen register the Structures as fully registered dams subject to the *Dam Safety Regulation (DSR)*.
- vii. During a field assessment conducted by the Commission on July 5, 2017, Justin Anderson, Dam Safety Officer, observed features that create concern about the integrity and stability of the Structures, namely:
 - a. The structures located within c-76, d-77, b-86, a-87-H/94-O-8 displayed slumping and surface erosion.
 - b. The structure within c-7-I/94-O-8 displayed slumping and surface water channel erosion.
- viii. On October 23, 2017 the Commission received information from Nexen indicating that its plan was to declassify the Structures from dams to dugouts beginning the week of November 1, 2017 and to complete the work by the middle of December, 2017.
- ix. Nexen has not provided information as requested to allow the Commission to assess the structural integrity of the Structures and whether they meet minimum design requirements.
- x. The Structures are currently not registered per the WSA and the DSR as required.
- xi. In the absence of such information or regulatory licensing, there is concern that the Structures may pose a risk to public safety or the environment.
- xii. I am of the opinion that this order is required for the protection of the environment and to mitigate a risk to public safety.

Review and Appeal

Nexen may request a review of this order under section 70 of the Act by submitting a request for review to: ogc.determinationreviews@bcogc.ca.

General Order 2017-106

Nexen may appeal this order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals may be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 4925 Stn Prov Govt
Victoria, BC V8W 9V1

A handwritten signature in black ink, appearing to read 'Lance Ollenberger', written in a cursive style.

Lance Ollenberger
Vice President, Operations
BC Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 3rd day of November 2017.