

COURT FILE NUMBER 1901-14615
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 APPLICANT ORPHAN WELL ASSOCIATION
 RESPONDENT HOUSTON OIL AND GAS LTD.

CLERK OF THE COURT
 FILED
 OCT 22 2019
 JUDICIAL CENTRE
 OF CALGARY

DOCUMENT **AFFIDAVIT**
 ADDRESS FOR SERVICE MILES DAVISON LLP
 AND Barristers and Solicitors
 CONTACT INFORMATION 900, 517 - 10th Avenue SW
 OF PARTY FILING THIS Calgary, Alberta T2R 0A8
 DOCUMENT **Attention: Terry L. Czechowskyj**
 Telephone: (403) 298-0326
 Fax: (403) 263-6840
 File: 47280 TLC

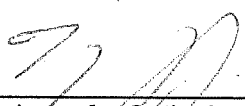
SUPPLEMENTAL AFFIDAVIT OF LARS DE PAUW

SWORN OCTOBER 22, 2019

I, Lars De Pauw, of Calgary, Alberta , SWEAR AND SAY THAT:

1. I am the Executive Director with the Orphan Well Association ("OWA"). As such, I have personal knowledge of the matters herein deposed to except where stated to be on information and belief, in which case I believe same to be true.
2. Further to my affidavit of October 15, 2019 filed in the within proceedings I am advised by Amy Woo that the Alberta Energy Regulator ("AER") on October 17, 2019 orphaned a facility of the Respondent due to public safety concerns as a battery tank facility had not been properly suspended. The AER letter of October 17, 2019 is attached as Exhibit "A" hereto.
3. I swear this affidavit as further support of an application by the OWA for the appointment of a receiver and manager over the Respondent and for no other purpose.

SWORN BEFORE ME at Calgary, Alberta, this)
22day of October, 2019.)


 _____)
 Commissioner for Oaths in and for Alberta
 TERRY L. CZECHOWSKYJ - LAWYER
 Notary Public
 A Commissioner for Oaths in and for Alberta


 _____)
 Lars De Pauw

- Clause 2 of AD 2019-012 directed 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 Houston sites must be depressurized, emptied, and rendered safe in a manner acceptable to the Director no later than October 16, 2019 .
- On October 9, 2019, Houston notified the AER that they are no longer able to provide care and custody of its properties, including the Orphan Property, and therefore cannot meet the requirements of the August 30 Order.
- On October 10, 2019, the AER designated 7 wells as orphan for purposes of abandonment.
- On October 15, 2019, an AER field inspector advised that a battery tank facility, licence F1239, is showing evidence that is not properly suspended and poses an unacceptable levels of risk if unaddressed. There is indication that tanks have not been emptied, and lines have not been depressurized. Furthermore, there is an audible sound of gases entering and exiting at least one tank on site. AER field inspectors recommend immediate action is taken to safely suspend the site and its infrastructure.
- Based on the AER inspection of the Orphan Property, Clause 2 of AD 2019-012 has not been met, and the Orphan Property has not been suspended in accordance with the direction of the Regulator.
- AER records indicate Houston is 100% working interest participant in the Orphan Property.
- The AER may designate additional Houston wells, facilities, and pipelines, as orphan in the near future.

In accordance with the *Orphan Fund Delegated Administration Regulation (OFDAR)* and the Memorandum of Understanding between the AER, Alberta Environment and Sustainable Resource Development and the Alberta Oil and Gas Orphan Abandonment and Reclamation Association (OWA) (MOU), the OWA is directed and authorized as follows:

- To carry out suspension and abandonment operations at the Orphan Property in accordance with Parts 6 and 11 of the *OGCA*;
- To seize and sell equipment where appropriate, in relation to the processes of suspending and abandoning the Properties as authorized by section 102 of the *OGCA* and sections 3(1)(b)(ii) and (iii) and 3(2) of *OFDAR*;

For the purposes of carrying out the above, the OWA is entitled to have access to and enter on the land and any structures on the land pursuant to section 101 of the *OGCA*. Should entrance onto the land be

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denied to the OWA following reasonable prior written notice, the OWA may apply to the Alberta courts for an order authorizing access.

Regards,



Amy Woo
Acting Manager, Orphaning & Closure

Enclosures: Schedule A: List of Licences to be Designated Orphan for Purposes of Abandonment

cc: Marcia Baker, Orphan Well Association, Ken Willis, Orphan Well Association

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Schedule A

Houston Oil & Gas Ltd.

List of Licences to be Designated Orphan for Purposes of Abandonment

List of Facility Licences

Licence Number	Surface Location	Working Interest Participants	Facility Status
F 1239	00/15-22-013-22W4	Houston Oil & Gas Ltd. (100%)	Issued