



**Alberta
Energy
Regulator**

IOGCC International Committee

The Future of End of Life Obligations Following Redwater Energy Corporation

Jil Macdonald, VP Closure and Liability

Oct 3, 2016

Presentation Overview

- › Who is Redwater Energy Corp?
- › What happened?
- › Impact
- › Next steps

**Redwater
Energy Corp**

- 》 130 wells and facilities
- 》 Entered into receivership and bankruptcy proceedings
- 》 LMR of 1.06 prior to entering receivership
- 》 Substantial abandonment and reclamation obligations

- 》 Receiver attempted to disclaim certain assets and closure obligations
- 》 The AER disputed if Receiver was entitled to disclaim assets and obligations
- 》 Is the AER required to transfer licenses to purchasers when licensee has a deficient LLR and was in non-compliance?

- » Application to require Receiver / Trustee to take possession of wells and comply with Abandonment Orders was dismissed by the Court.
- » Application of the Receiver / Trustee to commence a sales process to dispose of the assets of Redwater was approved

- » The Court found that the usual order of priority in bankruptcy would have been rearranged to the detriment of other creditors.
- » The Court also held that the Trustee was entitled to disclaim some of the assets.

**AER's Current
and Future
Steps**

- » *Bulletin 2016-16: Licensee Eligibility – Alberta Energy Regulator Measures to Limit Environmental Impacts Pending Regulatory Changes to Address the Redwater Decision*
- » Appeal decision
- » Interprovincial involvement

**Redwater
Appeal**

- » The Appeal is to be heard October 11, 2016
- » Alberta, Saskatchewan, British Columbia, Canadian Association of Petroleum Producers and the Canadian Association of Insolvency Restructuring Professionals are all participating

**Redwater
Appeal – The
Grounds of
Appeal**

- » The Court interpreted section 14.06 of the BIA incorrectly
- » The Court erred in finding that the AER's orders are monetary claim
- » The Court erred in failing to apply previous Alberta case law that required compliance with AER abandonment orders in the insolvency context

Protecting what matters

www.aer.ca



[@aer_news](https://twitter.com/aer_news)



**[www.youtube.com/user/
ABEnergyRegulator](http://www.youtube.com/user/ABEnergyRegulator)**



**[www.linkedin.com/company/
alberta-energy-regulator](http://www.linkedin.com/company/alberta-energy-regulator)**