

808	<p style="text-align: center;">THE ALBERTA ENERGY REGULATOR PROCEEDING ID NO. 434</p> <p style="text-align: center;">IN THE MATTER OF the Regulatory Appeal of the Reasonable Care and Measures Order dated March 30, 2023 (Regulatory Appeal 1943516)</p> <p style="text-align: center;">AND IN THE MATTER OF the Regulatory Appeal of the Suspension Order dated June 5, 2023 (Regulatory Appeal 1943521)</p> <hr/> <p style="text-align: center;">AER PROCEEDING VOLUME 6</p> <hr/> <p style="text-align: center;">Calgary, Alberta November 30, 2023</p>	809
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812	<p>1 Proceedings taken at Govier Hall, Calgary, Alberta.</p> <p>2 _____</p> <p>3 November 30, 2023 Morning Session</p> <p>4</p> <p>5 C.L.F. Chiasson Hearing Commissioner</p> <p>6 M.A. Barker Hearing Commissioner</p> <p>7 S.F. Mackenzie Hearing Commissioner</p> <p>8</p> <p>9 A. Huxley Counsel for the Panel</p> <p>10 A. Doebele Counsel for the Panel</p> <p>11 C. Ross AER Counsel - CLM Branch</p> <p>12 M. Lavelle AER Counsel - CLM Branch</p> <p>13 D. Parsons AER Staff</p> <p>14 E. Arruda AER Staff</p> <p>15 A. Stanislavski AER Staff</p> <p>16</p> <p>17 G. Stapon For AlphaBow Energy Ltd.</p> <p>18 K. Cameron For AlphaBow Energy Ltd.</p> <p>19</p> <p>20 R.M. Johanson, CSR(A) Official Court Reporter</p> <p>21 A. Porco, CSR(A) Official Court Reporter</p> <p>22 _____</p> <p>23 (PROCEEDINGS COMMENCED AT 8:35 AM)</p> <p>24 Opening Remarks</p> <p>25 THE CHAIR: Mr. Stapon, have a seat. I</p> <p>26 have some opening comments.</p>	813	
814	<p>1 a reminder, and I'm going to emphasize that -- that</p> <p>2 this is important here. We've referenced a few times</p> <p>3 in relation to referencing documents, and so providing</p> <p>4 the document -- and this is for everyone in the room,</p> <p>5 including the Panel. So in terms of referencing</p> <p>6 documents, provide the exhibit number if you -- and the</p> <p>7 page number if you -- if you -- ideally you've got it,</p> <p>8 so provide the exhibit number and the page number.</p> <p>9 Then take a pause so that our hearing services staff</p> <p>10 have the chance to bring it up. Once they've brought</p> <p>11 it up, please take a moment to check what's on the</p> <p>12 screen and make sure that what you've asked for is</p> <p>13 what -- what you expect and if not, to correct it.</p> <p>14 And, counsel, I realize, you know, you're going to</p> <p>15 be back and forth in questioning, but you have a</p> <p>16 colleague, so I ask that you rely on your colleagues,</p> <p>17 then, to confirm that you're where it's at. It should</p> <p>18 not be on our staff to try and figure out if it doesn't</p> <p>19 look like it's the right spot where you should be, and</p> <p>20 our concern is as well for making sure that the</p> <p>21 transcripts, which are the official record and also the</p> <p>22 public record, accurately affect -- or reflect what's</p> <p>23 being looked at throughout the proceedings. So if we</p> <p>24 can ask everyone to -- or remind everyone to make the</p> <p>25 effort to do that, that would be greatly appreciated.</p> <p>26 So otherwise -- just so that today -- so today,</p>	<p>1 Good morning, everyone. We are -- it's</p> <p>2 November 30th. We are back to Day 4 of the hearing.</p> <p>3 One thing that I neglected to remind everyone of</p> <p>4 yesterday morning, but I will today, is that the</p> <p>5 hearing is being audiocast on the internet, and so</p> <p>6 anyone in the hearing room, regardless of whether</p> <p>7 you're sitting at a mic or not, may be picked up on the</p> <p>8 audiocast, and so if you have concerns about that,</p> <p>9 please approach our hearing services staff.</p> <p>10 A couple of points just to revisit on procedural</p> <p>11 matters. So the first day we mentioned that when</p> <p>12 you're using the mics, once you're done, turn them off.</p> <p>13 That's particularly important for us today, because we</p> <p>14 have fewer hearing services staff available today to</p> <p>15 support us. The system will only support three mics on</p> <p>16 at one time. So for cross-examination, we recognize</p> <p>17 that that's -- that's the case, but once you're done --</p> <p>18 so for the witnesses in particular, once you're done --</p> <p>19 once you're done answering the question, turn your mic</p> <p>20 off. It helps -- helps us to make sure the flow works</p> <p>21 and -- and helps us with -- avoiding having problems</p> <p>22 with people talking over each other or having mics --</p> <p>23 mics blocked, because once three are on, any other mics</p> <p>24 are -- are blocked. So if we could go with that, that</p> <p>25 would be the -- the piece.</p> <p>26 The other piece -- and, again, this is -- this is</p>	815

<p style="text-align: right;">816</p> <p>1 this question to, the panel can consult with themselves</p> <p>2 to determine who might have the most expertise to</p> <p>3 address that issue. Otherwise, I will be addressing my</p> <p>4 questions to a specific individual.</p> <p>5 THE CHAIR: Okay. And so, Mr. Stapon,</p> <p>6 just so that we're -- I got confused yesterday on that.</p> <p>7 I'm assuming going forward when you're referring to</p> <p>8 "the panel", you're referring to the witness panel; if</p> <p>9 you're going to be referring to us sitting up here,</p> <p>10 you'll speak to us. You -- I know you were referring</p> <p>11 to us yesterday as "commissioners". I just want to</p> <p>12 have it clear in my mind going forward today.</p> <p>13 MR. STAPON: Yes.</p> <p>14 THE CHAIR: Thank you very much.</p> <p>15 MR. STAPON: It would be my intention,</p> <p>16 unless I slip, to refer to you as "the commissioners"</p> <p>17 and to the witnesses as "the panel".</p> <p>18 THE CHAIR: Thank you very much for that</p> <p>19 clarification. I appreciate it.</p> <p>20 JASON DAHLGREN, LONNY OLSEN, ANITA LEWIS, RYAN GREEN,</p> <p>21 Previously Sworn</p> <p>22 KARA LANGLOIS, TYLER CALLICOTT, Previously Affirmed</p> <p>23 Mr. Stapon Cross-examines Compliance and Liability</p> <p>24 Management Branch</p> <p>25 Q MR. STAPON: Mr. Callicott, yesterday at</p> <p>26 the conclusion of the evidence, I gave you the evening</p>	<p style="text-align: right;">817</p> <p>1 to consider a response to a question as to what your</p> <p>2 anticipated expectation was in connection with the</p> <p>3 issuance of your order and, in particular, with respect</p> <p>4 to the \$15,375,000 security deposit and what you</p> <p>5 anticipated the outcomes to be and what probability</p> <p>6 ranking you gave to each of those prospects. You've</p> <p>7 had the evening to consider it. Could you please</p> <p>8 answer.</p> <p>9 A MR. CALLICOTT: During making my decision, I</p> <p>10 did consider the potential outcomes of that decision.</p> <p>11 I -- I did consider that one of the potential outcomes</p> <p>12 could be that AlphaBow complied; I considered that a</p> <p>13 potential outcome could be AlphaBow could cease</p> <p>14 operations; however, that didn't change my assessment</p> <p>15 of why the order was required or what was required in</p> <p>16 the order. I felt that the requirements of the order</p> <p>17 to prevent the impact to public health and safety, to</p> <p>18 prevent impairment or damage of the sites was necessary</p> <p>19 regardless of an outcome like ceasing operations.</p> <p>20 Q And you haven't quite answered my question,</p> <p>21 Mr. Callicott. Did you consider the probability, for</p> <p>22 example, that AlphaBow would not be able to meet the</p> <p>23 criteria in the order and what the likelihood of that</p> <p>24 was with the result that you were fundamentally causing</p> <p>25 the insolvency of the company?</p> <p>26 A That was not something I considered in my decision.</p>
<p style="text-align: right;">818</p> <p>1 Q I'm sorry. I thought that you indicated that you did</p> <p>2 anticipate that there was a prospect that AlphaBow</p> <p>3 could cease operations. Did you?</p> <p>4 A I did not anticipate it. I was aware it was a</p> <p>5 potential.</p> <p>6 Q Right. And my question to you is: Did you assign any</p> <p>7 probability to that in your decision-making process?</p> <p>8 A No.</p> <p>9 Q I'd like to go for a moment to Exhibit Number 8,</p> <p>10 commencing at page 476, and I'll be spending most of</p> <p>11 the morning on Exhibit 8.</p> <p>12 Mr. Callicott, I understand that this document</p> <p>13 commencing at page 476 and actually going through</p> <p>14 page 488 is a document prepared by you; is that</p> <p>15 correct?</p> <p>16 A Those appear to be my notes, yes.</p> <p>17 Q And you state -- or it's stated at the first bullet</p> <p>18 point: (as read)</p> <p>19 These notes represent key points that I have</p> <p>20 considered to make my decision. This is not</p> <p>21 a complete list of the evidence and</p> <p>22 information I have reviewed and considered</p> <p>23 and does not include all of the conversations</p> <p>24 and advice that I've received from AER</p> <p>25 subject-matter experts.</p> <p>26 So I take it that this was a summary of the matters</p>	<p style="text-align: right;">819</p> <p>1 which you considered with respect to the decision; is</p> <p>2 that right?</p> <p>3 A That is right.</p> <p>4 Q And you prepared it, I assume, for the purpose of this</p> <p>5 hearing, that is, this is not a set of contemporaneous</p> <p>6 notes; this is a set of notes which was prepared for</p> <p>7 the purpose of this Panel; correct?</p> <p>8 A That is not correct.</p> <p>9 Q When was this set of documents prepared?</p> <p>10 A If you look at the second line, it says "May 19th". I</p> <p>11 believe that is when I started these notes, and they</p> <p>12 continued from that time until today. I'm still making</p> <p>13 notes in this file in a separate version.</p> <p>14 Q Well, I'd like to go to page 485, for example, and that</p> <p>15 is there is a series of notes in connection with why</p> <p>16 you didn't hold a meeting with AlphaBow before issuing</p> <p>17 the order. It goes on for four pages, and it speaks to</p> <p>18 the past tense. I put it to you that you prepared</p> <p>19 these -- this set of notes after the fact for this</p> <p>20 hearing.</p> <p>21 A I often record my thoughts and notes following</p> <p>22 something I've done. Sometimes it's while I'm doing</p> <p>23 it. Sometimes I have done something, didn't have time</p> <p>24 to record it in here; I recorded it just after.</p> <p>25 Q Okay.</p> <p>26 A So those notes are likely recorded one or two days</p>

<p style="text-align: right;">820</p> <p>1 after I did that.</p> <p>2 Q And when you say that: (as read)</p> <p>3 These notes represent the key points that I</p> <p>4 have considered to make my decision,</p> <p>5 do you have background notes or other records that you</p> <p>6 used to actually fill in this set of materials?</p> <p>7 A You might have to clarify that question, Mr. Stapon.</p> <p>8 I'm not sure what you're getting at.</p> <p>9 Q Well, you say that: (as read)</p> <p>10 These records do not contemplate or</p> <p>11 constitute a complete list of the evidence</p> <p>12 and information that I've received and</p> <p>13 considered, and it does not include all the</p> <p>14 conversations and advice that I've received</p> <p>15 from AER subject-matter experts.</p> <p>16 Do you have more information that you used to compile</p> <p>17 this record?</p> <p>18 A Yes. You will see in the record of decision that we</p> <p>19 submitted there are notes from meetings, there are</p> <p>20 assessments I received from the compliance assurance</p> <p>21 team, and I had phone calls, et cetera, with -- with</p> <p>22 the SMEs and colleagues.</p> <p>23 Q What I'm interested in, Mr. Callicott, is any</p> <p>24 additional records or materials. If you go to page 482</p> <p>25 of these notes, you'll see that there is a series or</p> <p>26 there's a note from February to March of 2023. Do you</p>	<p style="text-align: right;">821</p> <p>1 see that?</p> <p>2 A I see that.</p> <p>3 Q I'm going to ask you to produce the background records</p> <p>4 associated with this, including any communications you</p> <p>5 may have had with staff or superiors in connection with</p> <p>6 issuing an order as against AlphaBow and any</p> <p>7 considerations that you may have had in that regard</p> <p>8 from February 2023 through to the issuance of the</p> <p>9 actual order in March, so that if there are other</p> <p>10 records that you used to compile this set of</p> <p>11 information, I'm going to ask that you produce them.</p> <p>12 MS. ROSS: We'll take that under</p> <p>13 advisement, please.</p> <p>14 MR. STAPON: Thank you.</p> <p>15 Q MR. STAPON: I note, for example, in that</p> <p>16 regard, Mr. Callicott, looking at page 482 and 483 of</p> <p>17 the notes, that you do not actually reference the</p> <p>18 meeting which occurred on a quarterly basis with</p> <p>19 AlphaBow at which you attended; is that correct?</p> <p>20 A MR. CALLICOTT: Which quarterly meeting? I</p> <p>21 believe there are some in these notes.</p> <p>22 Q All right. We know that there is a meeting which you</p> <p>23 attended, and I'll turn up the record in that regard in</p> <p>24 a moment. If we could go to Exhibit 8, page 24,</p> <p>25 there's a March 7th meeting. Do you see that?</p> <p>26 A Yes.</p>
<p style="text-align: right;">822</p> <p>1 Q And just flipping back a little bit to Record</p> <p>2 Number 11. This is the request for an HLA which was</p> <p>3 made March 2nd, 2023, by you. Do you see that?</p> <p>4 A I see that.</p> <p>5 Q So there's no information in your notes or record which</p> <p>6 indicates why you were requesting an HLA, nor is there</p> <p>7 a reference to what, if anything, may have changed</p> <p>8 between your March 7th meeting and your decision to</p> <p>9 actually proceed to an -- issue an order. That's why</p> <p>10 I'm looking for whatever records may exist in that</p> <p>11 regard.</p> <p>12 So while we have exhibit -- or Exhibit 8, page 11</p> <p>13 up, once again -- and I'm not sure I got your evidence</p> <p>14 for this correctly yesterday -- why did you request an</p> <p>15 HLA on the 2nd of March 2023?</p> <p>16 A I believe I wanted the HLA to be done sooner than it</p> <p>17 was scheduled, so I could have more information on</p> <p>18 AlphaBow.</p> <p>19 Q Right. And what information did you get in response to</p> <p>20 what AlphaBow was doing before your March 7th meeting</p> <p>21 with AlphaBow, which was described as a quarterly</p> <p>22 meeting, that is, an ordinary-course meeting?</p> <p>23 A That's a fairly vague question. What information I</p> <p>24 received before that date?</p> <p>25 Q Right. So we know that you're asking for an HLA, and</p> <p>26 I'm still not quite sure why you were requesting it,</p>	<p style="text-align: right;">823</p> <p>1 but, nonetheless, we know that you did, and I'm asking</p> <p>2 what information you got from AER staff before you</p> <p>3 attended the March 7th meeting regarding the operations</p> <p>4 of AlphaBow, that is, in that brief time frame.</p> <p>5 A I was being updated frequently by Ms. Olsen on</p> <p>6 information that was coming into her. If I recall</p> <p>7 correctly, there was information coming in from the</p> <p>8 field with concerns regarding AlphaBow.</p> <p>9 Q And is there any reason that that field information has</p> <p>10 not been produced as part of this record?</p> <p>11 A Can you specify what it is that you are looking for?</p> <p>12 We -- I think we've been quite transparent with</p> <p>13 providing the records, so if there are specific records</p> <p>14 you are aware of, I could probably produce those.</p> <p>15 Q Mr. Callicott, I was quite clear. I asked you what</p> <p>16 information you got between the 2nd of March and the</p> <p>17 7th of March in connection with the meeting that you</p> <p>18 were going to have in the ordinary course, and you said</p> <p>19 that you were getting regular updates from Ms. Olsen,</p> <p>20 and you got some field information. I haven't seen</p> <p>21 that material for that period in this record. Did you,</p> <p>22 in fact, get that information, or are you guessing?</p> <p>23 A I don't remember what occurred between March 2nd and</p> <p>24 March 7th.</p> <p>25 Q All right. So let's turn up the minutes of the</p> <p>26 meeting, then, that you were in attendance at, and this</p>

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1 is, once again, Exhibit 8, commencing at page 24. We
 2 know that these minutes were circulated mid-March, and
 3 I'll take you to the actual date in due course.
 4 A MS. OLSEN: Excuse me, Mr. Stapon. I
 5 just -- as I take those notes, I want to clarify they
 6 are not minutes. I did state that in my testimony.
 7 They are a meeting summary. I am not a court reporter,
 8 so I'd rather you didn't characterize them as
 9 "minutes", please.
 10 Q That's agreed.
 11 These notes, then, that are transcribed,
 12 Mr. Callicott, did you get a copy of them in connection
 13 with your process or decision-making exercise before
 14 you, in fact, decided to issue your order?
 15 A MR. CALLICOTT: I recall that I did.
 16 Q And you'll agree with me that this set of notes
 17 constitutes the record of your last contact with
 18 AlphaBow before issuing the order; correct?
 19 A Yes.
 20 Q The meeting has been described by AlphaBow as being
 21 relatively positive in terms of the interaction which
 22 was occurring between the Regulator staff and the staff
 23 of AlphaBow. How would you describe it?
 24 A I would not describe it as positive, if you read the
 25 content of the notes.
 26 Q Well, you were there. What was the mood? What was the

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1 Q MR. STAPON: There is regular references,
 2 Mr. Callicott, to the review of the PowerPoint.
 3 There's discussion in connection with what is occurring
 4 on the PowerPoint which occurs. It was clearly
 5 reviewed at the meeting.
 6 A I agree it was reviewed in the meeting. I'm just not
 7 sure if it was provided to us afterwards. We can
 8 confirm that.
 9 Q Okay. Now, I'd like you to go to page 25 of those
 10 meeting notes. You'll see that about the third bullet
 11 point down in black there's "Darren". Who is Darren,
 12 by the way?
 13 A It's Mr. Darren Antos. He's the regional coordinator
 14 for the Alberta Energy Regulator.
 15 Q Your regional -- your regional coordinator asks
 16 AlphaBow whether ABE is paying its environmental
 17 consultants, and the response is: (as read)
 18 Jay -- that that should be better soon.
 19 Is that the nature of the discussion which you recall
 20 occurring?
 21 A To the best of my recollection, yes.
 22 Q Then we have a comment from yourself, Mr. Callicott.
 23 The notes state that you indicated the expectation to
 24 regain eligibility. Do you see that?
 25 A Yes.
 26 Q And you'll recall that in the summer of 2022, you had,

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1 messaging? What were you doing? What were you
 2 communicating to AlphaBow?
 3 A The mood was professional; the mood was us stating
 4 concerns, asking questions.
 5 Q Okay. And if you take a look at the top of page 24,
 6 the very first bullet point is -- it's the regular
 7 quarterly update meeting: (as read)
 8 AlphaBow provided a PowerPoint presentation
 9 and an identified issue spreadsheet.
 10 Do you see that?
 11 A Yes.
 12 Q That hasn't been produced in these proceedings. I'm
 13 going to ask for an undertaking to produce it.
 14 A That's AlphaBow's record.
 15 Q The arrangement --
 16 A We do have it.
 17 Q -- in connection with this, as I understand it,
 18 Mr. Callicott, is that the Regulator was going to
 19 produce a full record of the proceedings leading up to
 20 the issuance of the order. So I will ask for the
 21 undertaking, please.
 22 MS. ROSS: We'll take that under
 23 advisement as well.
 24 A MR. CALLICOTT: I'm not sure from those notes
 25 if it's -- if they provided it during the meeting or
 26 afterwards, so we would have to check that.

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1 in fact, restricted AlphaBow's eligibility in
 2 connection with drilling new wells or dispositions and
 3 so on; correct?
 4 A I did.
 5 Q So here you're telling AlphaBow, Hey, look, if you want
 6 to get eligibility back, here's what you should do;
 7 correct?
 8 A I disagree. I'm providing an example of some of the
 9 things they needed to do. The full amount of things
 10 they needed to do are clearly outlined in the decision
 11 that was provided and explained to them.
 12 Q You will agree with me, however, Mr. Callicott, that
 13 the message that you're giving is, Hey, look, if you'd
 14 like to get back your eligibility, you should be doing
 15 at least these things; correct?
 16 A At the least, yes.
 17 Q You're not saying, for example, AlphaBow, if you don't
 18 pull up your socks, I'm going to do more; correct?
 19 A I'm saying I don't see them meeting the expectations.
 20 That should have been a concern to them.
 21 Q It should have been what?
 22 A That should have been a concern to them.
 23 Q But my point is this. You know what you did at the end
 24 of March. We know that this is the last time that you
 25 ever talked to AlphaBow before issuing your order.
 26 You're not saying to AlphaBow, Hey, look, AlphaBow, I

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1 have real concerns in connection with your operations,
 2 your safety, your environment, and I'm thinking of
 3 issuing a very serious order with respect to both RCAM
 4 and security. You don't say anything like that, do
 5 you?
 6 A I'm reading the note. It says I'm not seeing an
 7 improvement. Prior to this, I made a decision to limit
 8 their eligibility which is a serious thing to do. I
 9 met with them before that and explained what the
 10 potential outcomes could be if they didn't meet
 11 regulatory obligations, that we could escalate. Then I
 12 made the decision and laid out expectations for
 13 AlphaBow to meet under their own terms, hopefully.
 14 Now in a meeting later, I'm saying, I'm not seeing
 15 you meet those expectations. You're not improving.
 16 You're not submitting what's required. I can't see how
 17 that's positive. I can't see how they should not have
 18 been concerned with what I'm saying.
 19 Q You're talking about regaining rights with respect to
 20 eligibility. You're not talking about losing more or
 21 facing other orders; correct?
 22 A I understand it's actually not a right but a privilege.
 23 Q You haven't answered my question, Mr. Callicott. It's
 24 a simple one. You weren't giving them a warning that,
 25 If you don't do more, you could face serious
 26 consequences; right?

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1 working on the field operations next". One of the
 2 things that you were asking them to do is to get better
 3 compliance, and Ben is telling you that that's exactly
 4 what they're doing; right?
 5 A He's telling me that, but it's not verified. I hadn't
 6 seen any actual improvement or change in performance.
 7 So by this point, it -- there's not a lot of trust.
 8 Q But you --
 9 A I wanted to see actual action.
 10 Q Mr. Callicott, you say "there's not a lot of trust".
 11 Do you tell AlphaBow, Look, there isn't a lot of trust
 12 here, we've got some concerns, or anything like that?
 13 Do you message that at all? He's saying, Hey, look,
 14 we're trying to respond. Here's what we're doing.
 15 What do you respond with?
 16 A Well, you can see my question. I was questioning
 17 whether they had the manpower and resources, and that
 18 was because I didn't see them meeting their commitment,
 19 so did they have the knowledgeable staff? Did they
 20 have the resources to do the things that we were
 21 looking for? That, for an energy company, should be a
 22 very concerning question if the Regulator is asking
 23 you, Do you have the resources to maintain your
 24 operations? If you read the first bullet, look what
 25 Mr. Li said -- Mr. Ben Li. They're only focusing on
 26 one thing. They don't have the ability to focus on

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1 A I disagree. This is a warning, in my opinion.
 2 Q Okay. If you go a little bit further down on that
 3 page, there's a bullet point which says, "Tyler", and
 4 then: (as read)
 5 Does ABE have the manpower and resources
 6 required to maintain operations?
 7 You asked that question?
 8 A Yes, I did.
 9 Q And you get a response from Mr. Li that: (as read)
 10 AlphaBow has been spending most of the time
 11 on the ABC and abandonment program and be --
 12 we will be working on field operations next.
 13 Money is not a problem. We've lost a couple
 14 of operators. [Jay says]
 15 In a period of manpower transition, we've
 16 added a lot of staff and capability in the
 17 last six to seven months. [Ben Li says]
 18 We've added four or five replacement
 19 operators and will make sure that the ABE
 20 gets written updates.
 21 That was a positive set of news from AlphaBow to the
 22 ABE -- or to the Regulator, was it not?
 23 A I did not view that as positive at all.
 24 Q You didn't view the fact that that AlphaBow was adding
 25 staff and that they were actually going to pay much
 26 more attention -- in fact, Ben says that, "We'll be

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1 more than one program. We're focusing on abandonments.
 2 Oh, we're not considering operations; that's next.
 3 Money's not a problem. That's an interesting comment.
 4 Money's not a problem, yet you're arguing money is a
 5 problem. Which is it? You can see how I don't
 6 necessarily trust everything they say.
 7 Q So, Mr. Callicott, in this meeting where you're saying,
 8 I'm starting to have trust levels -- or trust issues
 9 associated with what they're telling us, do you say
 10 anything about that to any of the parties in
 11 attendance? Look, I, as Regulator, as CLM, have
 12 concerns in connection with what you're doing. I need
 13 to get more and better information, otherwise I may be
 14 doing more.
 15 A From the notes, I don't think it's recorded that I
 16 actually made that statement. I -- I believe other
 17 staff members made that statement, and I may have felt
 18 comfortable with that being said by them.
 19 Q So, in any event, you leave the meeting. Do you have
 20 any parting advice as the chief representative of the
 21 Alberta Energy Regulator in that meeting? Do you leave
 22 any advice in this regular quarterly meeting as to what
 23 needs to happen right away or -- or else?
 24 A I -- I don't recall if I did. I'm not sure if it's in
 25 these notes. The expectations were well laid out in
 26 the 2022 decision I made to AlphaBow --

<p style="text-align: right;">832</p> <p>1 Q All right.</p> <p>2 A -- which is on the record.</p> <p>3 Q So let's turn back to page 11. This is the sort of</p> <p>4 ongoing HLA process, and although you requested on</p> <p>5 March 2nd of 2023, I see that there are entries in it</p> <p>6 over the course of time. When -- when do you get this,</p> <p>7 sir?</p> <p>8 A I'd have to check my emails to confirm that.</p> <p>9 Q Before or after you make the decision to issue an</p> <p>10 order? I don't want to waste --</p> <p>11 A I -- I received the HLA document after the March 7th</p> <p>12 meeting but before I made the decision to issue the</p> <p>13 order.</p> <p>14 Q All right. Let's take a look at some of the issues</p> <p>15 that are reflected in the HLA. First of all, who</p> <p>16 prepared this?</p> <p>17 A Ms. Temple Price.</p> <p>18 Q And if you look at page 12 of the document -- pull that</p> <p>19 up -- there is the Primary Risk Number 2 down at the</p> <p>20 bottom. Do you see that?</p> <p>21 A Yes.</p> <p>22 Q What is identified there as Primary Risk Number 2 is</p> <p>23 "Closure or liability reduction management", and you'll</p> <p>24 see that the regulatory action in connection with</p> <p>25 possible security collection -- do you see that in the</p> <p>26 next box?</p>	<p style="text-align: right;">833</p> <p>1 A Can you repeat that, please?</p> <p>2 Q Well, look, the Primary Risk Number 2 is identified as</p> <p>3 "Closure or liability reduction/management", and then</p> <p>4 there's a heading called "Regulatory Action". Do you</p> <p>5 see that?</p> <p>6 A Yes, I do.</p> <p>7 Q It says: (as read)</p> <p>8 This is a secondary risk to RCAM, and it</p> <p>9 should be taken into consideration that</p> <p>10 security collection might further limit the</p> <p>11 licensee's ability to provide RCAM.</p> <p>12 Do you see that?</p> <p>13 A Yes.</p> <p>14 Q So the very internal analysis undertaken by the Alberta</p> <p>15 Energy Regulator in its HLA assessment said, Hey.</p> <p>16 Look, if we ask for security, there's a high prospect</p> <p>17 we're going to impair the ability of AlphaBow to do its</p> <p>18 job in the field; right?</p> <p>19 A I don't agree with that. It does not say there's a</p> <p>20 high prospect.</p> <p>21 Q It says at least "might"; right?</p> <p>22 A That is correct, and I did consider that.</p> <p>23 Q Ah. I'd like you to go over to page 14 of that</p> <p>24 document. Do you have it up? Do you see under the</p> <p>25 heading "Contaminated Sites, Status, and Counts"?</p> <p>26 A Yes.</p>
<p style="text-align: right;">834</p> <p>1 Q It says that: (as read)</p> <p>2 There are two designated problem sites, no</p> <p>3 potential problem sites identified.</p> <p>4 Recommend a desktop audit to begin to verify</p> <p>5 if there is, in fact, problem sites.</p> <p>6 Do you see that?</p> <p>7 A Yes, I do.</p> <p>8 Q So there were no problem sites identified in the</p> <p>9 Regulator's HLA assessment; correct?</p> <p>10 A Can I have Mr. Green answer or describe what a "problem</p> <p>11 site" is in comparison to the 104 contaminated sites</p> <p>12 that AlphaBow has?</p> <p>13 Q No. I want to ask you, Mr. Callicott. There were no</p> <p>14 problem sites identified; correct?</p> <p>15 A I believe the definition of "designated problem site"</p> <p>16 means something more specific.</p> <p>17 Q Do you know what a "problem site" is, and so that when</p> <p>18 you were reading this report and making your</p> <p>19 decision --</p> <p>20 A It's --</p> <p>21 Q -- you understood what you were doing?</p> <p>22 A Yes.</p> <p>23 Q What is a "problem site"?</p> <p>24 A A "problem site" is that has been assigned a higher</p> <p>25 amount of liability because there is likely</p> <p>26 contamination on that site or some reason why it's</p>	<p style="text-align: right;">835</p> <p>1 going to cost a far greater amount to close.</p> <p>2 Q And there was nothing like that; correct?</p> <p>3 A If you're going to bring it up, AlphaBow has over a</p> <p>4 hundred contaminated sites, many, almost most of which</p> <p>5 the AER has very limited updated information on 'cause,</p> <p>6 after repeated requests, AlphaBow has not provided</p> <p>7 updates on those sites. It makes it very difficult for</p> <p>8 our contamination -- our remediation contamination team</p> <p>9 to assess whether they have a problem site when they</p> <p>10 don't provide the information.</p> <p>11 Q So you had no better information in connection with the</p> <p>12 status of those sites when you made your decision;</p> <p>13 correct? That is, the best information that you had</p> <p>14 was that -- that there was no problem sites?</p> <p>15 A Well, when I'm considering evidence, I want to make</p> <p>16 sure I'm sure. So we've noted what we know for sure.</p> <p>17 Q Right.</p> <p>18 A But I also know there are far more contaminated sites.</p> <p>19 So that's a factor that I'm aware of.</p> <p>20 Q And, Mr. Callicott, there had been contaminated sites</p> <p>21 being operated or addressed by AlphaBow for its entire</p> <p>22 existence; correct? These are legacy properties --</p> <p>23 A In all -- in all likelihood --</p> <p>24 Q Okay.</p> <p>25 A -- yes.</p> <p>26 Q Thank you.</p>

<p style="text-align: right;">836</p> <p>1 A I will mention that in 2022 out of the 104 contaminated 2 sites we have on record AlphaBow committed to doing 3 work on 8 of those sites. AlphaBow failed to do any of 4 the work committed in 2022 on their contaminated sites. 5 Q And that was under Mr. Quan's watch; correct? Quan Li? 6 A Can you tell me which date Mr. Ben Li started as CEO? 7 Q He started in -- according to the evidence, he joined 8 in, I think, June of 2022. 9 A I assume he would have been briefed on something so 10 important. 11 Q Mr. Callicott, I'd like you to look at page 16 of that 12 same record. You will see there that there's an LMP 13 field inspection program. What is that? 14 A "LMP" stands for licensee management program. 15 Q Over on the right-hand side, there's a note: (as read) 16 May recommend field verification to prove or 17 disprove OWA claims. 18 Do you see that? 19 A Yes. 20 Q What were the OWA claims? 21 A I didn't see the claims directly, but I heard a 22 representative from the OWA had passed on information 23 to the AER that certain activities AlphaBow Energy had 24 been reporting -- closure activities had been 25 reporting -- may be inaccurate. 26 Q What is the Alberta Energy Regulator doing</p>	<p style="text-align: right;">837</p> <p>1 communicating with the OWA about AlphaBow? 2 A Anyone can call the Alberta Energy Regulator and 3 express concerns about energy operations. 4 Q Mr. Callicott, was the Regulator in communication with 5 the OWA about the possibility of taking on the AlphaBow 6 liability? 7 A To the best of my recollection, not at this point. 8 Q So when did that start? 9 A Likely, just proceeding when I saw that AlphaBow Energy 10 was not likely complying with the requirements of the 11 suspension order. It would be normal practice, then, 12 to touch base with the OWA regarding that. 13 Q All right. I will explore that in more detail when we 14 get to that sort of chronologically, but ballpark so 15 that I can frame my questions, when would that have 16 been? 17 A I -- I can't answer. I don't recall the date that we 18 contacted them. 19 Q Look, we're not talking about a big time frame here. 20 A It -- we -- it -- 21 Q We're talking March till June. 22 A It would not have been me. It would have been someone 23 on a team. 24 Q Sorry. When? 25 A It was not me who did it, so I can't recall. 26 Q Who did it?</p>
<p style="text-align: right;">838</p> <p>1 A I don't know. 2 Q So someone at the Alberta Energy Regulator is in 3 communication with the Orphan Well Association about 4 taking over the AlphaBow enterprise wells, that is, 5 what it was doing before you issued your June order. 6 Have I got that right? 7 A No, you do not. 8 Q I'm sorry. You said it was sometime before you issued 9 the order. 10 A If I said that, I misspoke. It was after the 11 June order. It was when we were assessing compliance 12 with the June order. 13 Q Okay. Do you have a record -- and I'm going to ask 14 that it be produced because it's material -- as to when 15 the OWA was engaged in connection with AlphaBow's -- or 16 the prospect of taking over AlphaBow? 17 A The OWA did not take over AlphaBow. I did provide a 18 letter of authority to the OWA to take reasonable care 19 and measures of the AlphaBow assets and suspend the 20 AlphaBow sites. 21 Q I'll ask the question again with more precision, 22 Mr. Callicott. Is there a record of when the Orphan 23 Well Association was first contacted by the Alberta 24 Energy Regulator, by anyone in connection with the 25 prospect of taking over the AlphaBow -- or managing and 26 providing RCAM assistance with respect to the AlphaBow</p>	<p style="text-align: right;">839</p> <p>1 site? And I'd like to know when that occurred and get 2 a copy of that produced. 3 A We can do a search of our records to see if we have 4 that. I'm not sure if it was an email or a phone call, 5 but we can certainly check. 6 Q Thank you. I'll request that undertaking. 7 MS. ROSS: We'll accept the undertaking 8 to check our records to determine whether or not there 9 was anything -- any records in relation to that and 10 produce it if found. 11 MR. STAPON: Thank you. 12 THE CHAIR: Thank you, Ms. Ross. 13 MS. DOEBELE: And we'll mark that for the 14 record as Exhibit Number 5. So records of when the 15 Orphan Well Association -- or -- and if the Orphan Well 16 Association was engaged by the AER staff in connection 17 with the prospect of taking over AlphaBow. 18 MR. STAPON: And maybe prematurely. We 19 don't yet have a record, but -- 20 MS. DOEBELE: Oh. Sorry. I meant 21 undertaking. 22 MR. STAPON: Thank you. 23 UNDERTAKING 5 - To produce records of when 24 the Orphan Well Association was first 25 contacted by the Alberta Energy Regulator in 26 connection with the prospect of taking over</p>

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1 AlphaBow Energy Ltd. or managing and
 2 providing RCAM assistance with respect to the
 3 AlphaBow Energy Ltd. site
 4 Q MR. STAPON: I'd like to look at page 17 of
 5 that same record. If we could pull it up, please.
 6 Down at the bottom, there's a section called "Alberta
 7 Energy Regulator Licensee Incident History Record
 8 Report". What is that?
 9 A MR. CALLICOTT: It's a report you can run
 10 using the AER field inspection system that shows
 11 licensee incident history.
 12 Q Right. And I want you to take the Panel through what
 13 that shows in connection with AlphaBow being allegedly
 14 so bad in connection with its reasonable care and
 15 measures. Let's take a look at the --
 16 THE CHAIR: Could we have that portion
 17 made larger, please?
 18 MR. STAPON: It will help me as well.
 19 Thank you, commissioner.
 20 Q MR. STAPON: There's advice "Connection
 21 With Facilities", and there's a count of 425. What
 22 does that mean?
 23 A MR. CALLICOTT: It's not represented here in
 24 this document. I'm -- I'm going to assume it's the
 25 total amount of licence facilities that AlphaBow has.
 26 It looks like total, although it may not be just

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1 required. I -- I went much further than this,
 2 Mr. Stapon.
 3 Q Oh, you did. Where is the record of your analysis in
 4 that regard, Mr. Callicott? I don't see it.
 5 A I reviewed an electronic system and read that
 6 information.
 7 Q Isn't this your electronic system?
 8 A This is a report that shows numbers, but there's a lot
 9 of context that goes with these.
 10 Q In any event, you'll see that in each instance, with
 11 the exception of pipelines where there is a release
 12 ratio of 14-21 versus 10-63, that being reasonably
 13 close, that AlphaBow's record was, in fact, better than
 14 the provincial average according to the HLA assessment;
 15 correct?
 16 A As a ratio, it appears so. But in actuality, their
 17 performance is worse.
 18 Q What do you mean "as a ratio"? That is per number of
 19 facilities?
 20 A Yes, based on this chart. I'm reading a ratio.
 21 Q Right.
 22 A I believe that's how you're saying they are better.
 23 Q So if you have more facilities and more pipelines, it's
 24 more likely that you're going to have a failure, and
 25 one of the things that the Regulator considers in
 26 connection with whether you're properly managing is,

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1 active; it may be everything.
 2 Q And it's got a heading "Number and Types of Release",
 3 and it says, "Number and Type 1". What is that?
 4 A I'm not entirely sure what that is.
 5 Q All right. And it shows that, in fact, AlphaBow is
 6 better than the provincial release ratio; correct?
 7 A It appears that way.
 8 Q Indeed.
 9 What about "Wells", the "Number and Types of
 10 Releases"? There was one release; correct?
 11 A It states that. I'm unsure if that's correct, though,
 12 Mr. Stapon.
 13 Q Well, Mr. Callicott, you're the one making the
 14 assessment here in connection with whether or not
 15 AlphaBow is allegedly environmentally compliant, safety
 16 compliant. And we're looking at the stat that you are
 17 considering from your own HLA program saying that
 18 AlphaBow is better than the provincial average;
 19 correct?
 20 A I did the review on my own. I went further than this.
 21 I reviewed the field inspection system. I reviewed the
 22 past inspection files. I reviewed the actual
 23 noncompliances, all of the comments. I reviewed the
 24 incidents, what had happened, the follow-up comments.
 25 I reviewed whether AlphaBow was responding
 26 appropriately, whether they were providing what they

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1 Look, what's the size of your operation? That's why
 2 you do a ratio, isn't it?
 3 A Likely. It -- one flaw of this report is that it's not
 4 showing what's active and inactive, and half of
 5 AlphaBow's assets are inactive so are likely -- less
 6 likely to have a release.
 7 Q But you're complaining in these proceedings about
 8 AlphaBow's management of its inactive assets, aren't
 9 you?
 10 A I certainly am. There is still a huge concern.
 11 Q And you're not trying to have it both ways, then, are
 12 you?
 13 A Not at all. There is a concern with both.
 14 Q Okay. I'd like you to look at page 18 of that
 15 document. And you'll see when it comes up -- I guess
 16 we better shrink it. Yes. Here we go. This is
 17 AlphaBow's three-year production history; is that
 18 right? In the middle of the -- the graph in the middle
 19 of the page.
 20 A That is what it says.
 21 Q And if we look at the left, that's the oldest; on the
 22 right, it's the newest; correct?
 23 A Yes.
 24 Q And I'll be spending a bit of time in connection with
 25 the crossover analysis, but in the ordinary course, the
 26 crossover analysis standard form used by the AER shows

<p style="text-align: right;">844</p> <p>1 declining production; correct?</p> <p>2 A I'd have to review the crossover analysis, but I</p> <p>3 believe that is the case.</p> <p>4 Q And it may be that I should talk to somebody else about</p> <p>5 the issue of the type of this field, but I take it you</p> <p>6 were aware that these are -- that AlphaBow was</p> <p>7 operating long-lived fields with very high water cuts</p> <p>8 and extensive production that can go on for years and</p> <p>9 years and years; correct?</p> <p>10 A I can't answer that, Mr. Stapon.</p> <p>11 Q So you don't know what type of assets AlphaBow was</p> <p>12 operating? You may not --</p> <p>13 A AlphaBow has a wide range of assets. They have --</p> <p>14 range from oil to gas, many different assets. I'm not</p> <p>15 aware of all of them.</p> <p>16 Q Okay. In any event, we can see that the production is</p> <p>17 not declining. It's increasing slightly; correct?</p> <p>18 A If you're looking at the average, it shows that. I'm</p> <p>19 not sure if that's entirely correct, though, because</p> <p>20 what it doesn't show is working interest, so whether</p> <p>21 that's all AlphaBow's share.</p> <p>22 Q But you will agree with me, at least for the purpose of</p> <p>23 this graph, that the highest production, on average, is</p> <p>24 the most recent production not showing declines;</p> <p>25 correct?</p> <p>26 A Well, if -- if you look at the small portion of 2023,</p>	<p style="text-align: right;">845</p> <p>1 it's lower than 2022.</p> <p>2 Q Well, there's a line across indicating where the</p> <p>3 highest average production is, and the highest is 2023;</p> <p>4 correct?</p> <p>5 A Not correct.</p> <p>6 Q What are you looking at then -- or 2022. Sorry.</p> <p>7 A Correct.</p> <p>8 Q Then on that same page, a little bit further down,</p> <p>9 there's an unfunded liability exposure, and the HLA</p> <p>10 assessment is that that's 267 million; is that right?</p> <p>11 MS. LAVELLE: I think the page has to go</p> <p>12 down.</p> <p>13 MR. STAPON: Page 18, further down. Thank</p> <p>14 you.</p> <p>15 A MR. CALLICOTT: That is what's stated in the</p> <p>16 document, yes.</p> <p>17 Q MR. STAPON: And it says, "mostly</p> <p>18 unfunded".</p> <p>19 A Yes, it does.</p> <p>20 Q And what is the next heading, "Closure Nomination</p> <p>21 Program"? What would that be?</p> <p>22 A That's a -- well, if you want a detailed explanation,</p> <p>23 Anita can answer that, Ms. Lewis. If you want a</p> <p>24 general, I can answer.</p> <p>25 Q General is fine.</p> <p>26 A It's a program where landowners can nominate sites that</p>
<p style="text-align: right;">846</p> <p>1 they wish to see closed.</p> <p>2 Q All right. And that says "not applicable". Why would</p> <p>3 that -- does it mean that it didn't happen or it just</p> <p>4 was not being considered?</p> <p>5 A I'm unsure. I'd have to refer to the person who -- who</p> <p>6 made this summary. It -- it -- it could mean there was</p> <p>7 no sites nominated, but it just might mean they -- they</p> <p>8 didn't fill in this section.</p> <p>9 Q Okay. I'd like to go back in terms of Exhibit 8 to</p> <p>10 page 8, because this is an update to the HLA report</p> <p>11 that we've looked at, and if you take a look at the top</p> <p>12 of the document, it says it's a compliance assessment,</p> <p>13 a status check that was updated as of March 17, 2023.</p> <p>14 Do you see that?</p> <p>15 A I see the document. I don't believe this was part of</p> <p>16 the HLA. I believe this is a compliance assessment.</p> <p>17 Q And did you receive this compliance assessment in</p> <p>18 connection with the consideration of your decision to</p> <p>19 issue the March order?</p> <p>20 A To the best of my recollection, yes, I did.</p> <p>21 Q Okay. And I'd like to go to the next page, 9. Do we</p> <p>22 know who prepared this document?</p> <p>23 A Likely Ms. Olsen, but you could probably go to the part</p> <p>24 that says.</p> <p>25 MS. ROSS: There's evidence on the</p> <p>26 record.</p>	<p style="text-align: right;">847</p> <p>1 MR. STAPON: I'm sorry?</p> <p>2 MS. ROSS: There's evidence on the record</p> <p>3 as to who prepared it.</p> <p>4 MR. STAPON: Yes. In fact, it is -- if you</p> <p>5 take a look at page 10, it's compiled by Lonny Olsen.</p> <p>6 Q MR. STAPON: So this document was prepared,</p> <p>7 though, Mr. Callicott, for your review; correct?</p> <p>8 A MR. CALLICOTT: As the decision-maker on the</p> <p>9 file, yes, it was.</p> <p>10 Q And there's advice that: (as read)</p> <p>11 The goal has shifted for bringing licensee</p> <p>12 into compliance to ensuring licensee</p> <p>13 maintains RCAM for assets and reduces</p> <p>14 liability where possible.</p> <p>15 Do you see that?</p> <p>16 A Yes.</p> <p>17 Q The very first point is: (as read)</p> <p>18 Preparatory actions for possible cessation of</p> <p>19 operations.</p> <p>20 So as early as March 17 of 2023, the AER was</p> <p>21 considering the possible cessation of operations;</p> <p>22 correct?</p> <p>23 A You can see in the document, yes.</p> <p>24 Q And it says that they're going to have WIP update.</p> <p>25 What is that? Work in progress?</p> <p>26 A Working interest partner.</p>

<p style="text-align: right;">848</p> <p>1 Q Ah. Thank you. 2 (as read) 3 Focus on maintaining highest risk assets 4 through targeted inspections. Compel monthly 5 reporting. 6 Do you see that? 7 A Yes, I see that. 8 Q So you're putting into place plans to potentially shut 9 down AlphaBow as early as mid-March; right? 10 A No. This is an assessment that was presented to me 11 that I considered. 12 Q The next component of the assessment is: (as read) 13 Restricted eligibility mitigates risk of 14 acquiring new assets. 15 That was already in place; correct? 16 A Yes. 17 Q And the advice was: (as read) 18 Production appears steady but unknown if 19 licensee's working interest ownership and its 20 assets has changed. 21 Do you see that? 22 A Yes. 23 Q And Ms. Olsen is suggesting that there be an RCAM 24 order; is that right? 25 A That appears to be the recommendation. 26 Q And the second bullet point is that: (as read)</p>	<p style="text-align: right;">849</p> <p>1 Financial distress continues to impact 2 AlphaBow's ability to maintain its assets. 3 Do you see that? 4 A That was her assessment, it appears. 5 Q Okay. And she is recommending specific action in order 6 to -- or in addition to an action plan. Do you see 7 that? 8 A Yes. 9 Q Do you know what she's referring to "the action plan" 10 to be? 11 A In all likelihood, if she's recommending an RCAM order, 12 it would be the requirements of that order -- potential 13 requirements of that order for me to consider. 14 Q And she indicates "possible security demand". Do you 15 see that? 16 A (NO VERBAL RESPONSE) 17 Q Do you see that? 18 A No, I don't. Can you point it out to me? 19 Q It's the next bullet point under "RCAM Order". 20 A Yes, I do see that. 21 Q Look at the bullet point under that, 22 Mr. Callicott: (as read) 23 Defer to HLA results. Likely AlphaBow would 24 be unable to provide security. 25 That was the advice that you got before you made your 26 order, isn't it?</p>
<p style="text-align: right;">850</p> <p>1 A That is the advice from Ms. Olsen, and I believe the 2 record shows I disagreed with that advice. 3 Q Well, we'll take you to whatever record you can show us 4 that there was any prospect that you had, on a 5 realistic basis, that AlphaBow was going to be able to 6 post the security. Maybe you can tell me where I might 7 find that. 8 A Was that a question? 9 Q Yes. 10 A Can you say it again, please? 11 Q You say, The record shows that I disagreed with that 12 advice. How could you possibly disagree with the 13 advice that you were getting from somebody who was 14 intimately familiar with this company's operations that 15 AlphaBow would be unlikely to be able post the 16 security? What information did you have to the 17 contrary? 18 A With the information I had at the time -- 19 Q Exactly. What information -- 20 A -- being that -- being that AlphaBow is a private 21 company, I -- I did feel and consider and believe that 22 there was a real possibility AlphaBow could pay the 23 minimal amount of security that I was requesting. 24 Q "Minimal amount of security." You were aware at this 25 time that AlphaBow was not paying various of its 26 creditors and was in financial distress; right?</p>	<p style="text-align: right;">851</p> <p>1 A They had reported information to that effect, yes. 2 Q And they had municipal taxes outstanding, and they had 3 landowner taxes outstanding, and they were struggling 4 to meet their commitments in connection with asset 5 retirement. How could you possibly think that they 6 could meet their obligation? They were -- pardon me. 7 How do you think that they could possibly meet the 8 order that you issued -- issued, 15.75 -- or 9 375 million and other financial obligations? 10 A I did believe that the ownership of AlphaBow Energy 11 could decide if they wanted to meet these obligations 12 and they felt strongly in keeping their company 13 benefiting from operating in this province that they 14 would provide those funds to pay security, to take 15 reasonable care and measures, whatever was required to 16 keep AlphaBow in compliance with the regulatory 17 obligations. 18 Q Before issuing a positive demand, did you make any 19 inquiry of AlphaBow to check with its shareholders to 20 see whether they had the ability or the capacity to put 21 in additional capital? 22 A That is not my responsibility. That would be the 23 responsibility of AlphaBow executives. 24 Q I'm sorry. I thought you just said that you believed 25 that the shareholders might come up with the cash in 26 this financially distressed company. My question to</p>

<p style="text-align: right;">852</p> <p>1 you is, with that, I'm going to submit, perhaps naive 2 assumption if it was, in fact, an assumption, did you 3 bother to check? That is, did you make any inquiries 4 to see the capacity or the willingness of the 5 shareholders to put up the money? 6 A That is not my responsibility. 7 Q So, in other words, you did not; correct? 8 A Perhaps you should ask your client if he did. 9 Q Mr. Callicott, please answer my question. Did you 10 check or not? 11 A Can you clarify what you're asking what I checked? 12 Q Really? I will do it. 13 Mr. Callicott, did you undertake any due diligence 14 or check to determine whether or not the shareholder of 15 AlphaBow had the ability, capacity, or willingness to 16 put up \$15.375 million to try and ensure the continued 17 existence of the company? Yes or no? 18 A I would not communicate with shareholders of any 19 company. I regulate the licensee, and I think I was 20 quite clear in my communications to them what was 21 expected. 22 Q So you undertook no due diligence whatsoever to support 23 your assumption that the shareholder might do it; 24 right? 25 A I reviewed the financial assessments provided to me 26 from the SMEs on my team.</p>	<p style="text-align: right;">853</p> <p>1 Q And when you did that, you had to know the company 2 couldn't do it; right? 3 A Not certainly. Based on the limited information they 4 provided financially, it -- it appeared they didn't 5 have it, but there's a lot of unknowns with a company 6 that's private. 7 Q So based on the information that you were provided by 8 your staff, what -- was this a hope that the 9 shareholder might come up with the money or a faint 10 possibility? But you didn't check. You didn't have 11 any idea whether that would occur; right? 12 A There was mixed messages. At times, AlphaBow and our 13 assessments showed they were struggling financially. 14 At times, Mr. Ben Li said money was not a problem. It 15 was not -- 16 Q Money was not a problem -- 17 A -- entirely clear -- 18 Q -- to pay the contractors because they'd spent so much 19 on their ARO. They were catching up, and they were 20 going to have funds to be able to afford to pay their 21 consultants and contractors next. That's what -- the 22 message you got, isn't it? 23 MS. ROSS: Chair, Mr. Stapon is giving 24 evidence. 25 MR. STAPON: I asked the question. 26 A MR. CALLICOTT: I apologize. I -- I don't</p>
<p style="text-align: right;">854</p> <p>1 know what the question was. 2 Q MR. STAPON: I put it to you, 3 Mr. Callicott, that the message that you got from 4 Mr. Li was that the company was having cash flow 5 problems, as you heard in the March 7th meeting from 6 the VP of operations. They were catching up on their 7 payments. And Mr. Li was saying to you, Look -- or the 8 advice was, We've been focusing on ARO. We've been 9 paying down, and we're looking after our field 10 operations and paying our customers next -- or -- 11 pardon me -- paying our consultants next, and that 12 money won't be a problem in that regard. That's the 13 message you were getting, wasn't it? 14 A So that's your summary. What I -- my recollection is 15 in those meetings is that many of their messages were 16 quite vague, often not supported with any actual 17 information. So you can see some of the statements 18 where, We're trying to catch up. Well, what does that 19 mean? It doesn't mean a lot. 20 Q I'll jump ahead in connection with your assumption 21 regarding shareholders or other sources of financing 22 other than internal operations, Mr. Callicott. You 23 certainly knew before you issued the June order 24 suspending production that nobody was coming forward 25 with the cash; correct? 26 A It didn't happen, so my awareness of it is, yes, they</p>	<p style="text-align: right;">855</p> <p>1 did not comply with the terms of the March order. That 2 is what I know. 3 Q And you issued the order anyway, knowing that the money 4 wasn't going to be put up; correct? 5 A Are you referring to the June order? 6 Q Of course I'm referring to the June order. 7 A Yes, I issued the June order anyway because my 8 obligation in my role is to uphold the mandate of the 9 Alberta Energy Regulator, not to ensure that AlphaBow 10 Energy remains operating. My mandate is to ensure that 11 they were preventing potential impact to the 12 environment, public safety, to ensure that they were 13 maintaining and looking after obligations for their 14 sites, to make sure that they were able to look after 15 their end-of-life obligations. That's my role. 16 Q All right. I'm going to put it to you that you knew 17 that they were properly conducting operations for the 18 period in time between March and June when you issued 19 your stop order. They hadn't failed in that regard, 20 had they? 21 A I'm not sure of the specific question you're asking 22 there. 23 Q Safety and environment, Mr. Callicott. What problems 24 existed between March 30th and June 5th of 2023 when 25 you said, Notionally relying on safe operations is the 26 reason to do so; shut yourself in.</p>

<p style="text-align: right;">856</p> <p>1 A Well, my -- my concerns are well stated in the 2 March order. And those concerns -- 3 Q I didn't ask you that, Mr. Callicott. 4 A -- remained. 5 Q Please answer the question. 6 A The same -- 7 Q What happened, safety and environment, between 8 March and June -- 9 MS. ROSS: Mr. Stapon. 10 Chair, there is evidence on the record. 11 Mr. Dahlgren has given it. 12 MR. STAPON: We'll get to Mr. Dahlgren's 13 evidence, which, in my respectful submission, 14 substantially predates the term in question. 15 Q MR. STAPON: What, if anything, had 16 happened, Mr. Callicott, from a safety or an 17 environmental perspective between March 30th and 18 June 5th, 2023? And my respectful submission is 19 nothing. 20 What safety or environmental issue occurred during 21 that term? 22 A MR. CALLICOTT: I'd have to completely review 23 the record, but the risk was still there, certainly. 24 Q Did you even look at the record -- because I'll take 25 you to it in due course -- which indicates zero for 26 2023 in that term.</p>	<p style="text-align: right;">857</p> <p>1 A I'm unsure what you're referring "zero" to, and, yes, I 2 did review the record. 3 Q Okay. Let's take a look at page 42. And this is the 4 "LCA Profile Review". Did you review and consider this 5 document in connection with your decision to issue the 6 March order? And this is dated March 16, 2023. 7 A I did review and consider this. 8 Q And I'm going to ask Ms. Langlois this. That is, I'm 9 holding in my hand the Government of Alberta Department 10 of Energy Responsible Development Energy Act 11 Ministerial Order 043/2023, which was issued by Alberta 12 on March 16, 2023. Did the timing of this order come 13 to your attention, Ms. Langlois? 14 Discussion 15 MS. ROSS: Chair, that's not before 16 Ms. Langlois, and he has not provided this in advance, 17 so I'm -- we're not -- none of us are sure what he's 18 looking at. 19 MR. STAPON: If that's the response of the 20 Alberta Regulator, that they're not familiar with their 21 minister's order, I want that on the record. 22 MS. ROSS: We're not familiar with it by 23 the number that you've indicated. Can we please have a 24 copy of it? 25 MR. STAPON: We'll certainly be happy to 26 pull it up. We'll put it up after the break. We have</p>
<p style="text-align: right;">858</p> <p>1 an electronic copy. 2 THE CHAIR: Perhaps we could have it now 3 so that the Hearing Panel and -- 4 MR. STAPON: Certainly. 5 THE CHAIR: -- the other parties know the 6 content of what you're referring to. 7 MR. STAPON: I wonder if we might break, 8 then, for five minutes while we do that, commissioner. 9 THE CHAIR: Thank you. We will break for 10 five minutes. 11 (WITNESSES STAND DOWN) 12 (ADJOURNMENT) 13 THE CHAIR: Before we proceed with this 14 document, Mr. Stapon, can you advise, is it on the list 15 of your aids to cross that was provided to CLM? 16 MR. STAPON: It is not. 17 THE CHAIR: And why is it not? 18 MR. STAPON: That's a good question. I 19 think it's a question of the urgency of preparation. 20 Ah. I'll go back on the record with a live mic. 21 Commissioner, the answer is it is not, and the 22 reason it is not is probably inadvertence. 23 THE CHAIR: Sorry? 24 MR. STAPON: The reason it is not is 25 inadvertence. This came to my attention very late in 26 the process.</p>	<p style="text-align: right;">859</p> <p>1 THE CHAIR: CLM? 2 MS. ROSS: Well, as you recall, 3 Mr. Stapon objected to my aids to cross for the exact 4 same reason. I think likely it should be excluded. 5 MR. STAPON: Commissioner, this is a 6 different form of record. It's actually a ministerial 7 order governing the operation of the Alberta Regulator. 8 It's not an internal document; it's a public document. 9 It's something that the Alberta Regulator certainly 10 should have been aware of. My expectation is that 11 there was substantial discussion about it, and it's 12 issued right at the time of the process for the LCA 13 review undertaken by the Energy Regulator and also 14 contemporaneous with the report of the Auditor General 15 regarding failures in the AER process. 16 THE CHAIR: And the relevance to this 17 proceeding and the issues set for this proceeding? 18 MR. STAPON: I expect that there is a good 19 prospect that this whole process of deciding to put 20 AlphaBow down, no matter what, was a knee-jerk reaction 21 to the politics associated with what was occurring 22 between the government and the Regulator and the 23 Auditor General at the time. I intend to explore that. 24 THE CHAIR: And this ministerial order has 25 been out since March? 26 MR. STAPON: March 16th.</p>

<p style="text-align: right;">860</p> <p>1 THE CHAIR: And I'm a little confused in 2 terms of -- that it -- it couldn't have been provided 3 beforehand. 4 MR. STAPON: Indeed. 5 I've been attempting to try and figure out why 6 there has been a significant change in the management 7 of AlphaBow between March 7 of 2023 and the end of 8 March 2023 without any communication with our client, 9 with no advance meeting, and with what I would submit 10 is lack of due process, and I believe that there is a 11 high prospect that that's as a result of these very 12 significant developments, the Auditor General report 13 coming out, basically saying, AER, you haven't been 14 doing your security process correctly, and also in 15 connection with the obligation to pay and consider the 16 payment of municipal taxes as part of licensee 17 regulation. 18 And if there is a concern, commissioners, if you 19 say that it shouldn't be admitted on a formal basis, 20 I'll simply ask the questions associated with it. 21 THE CHAIR: Thank you. 22 We're going to step away for a few minutes. 23 (WITNESSES STAND DOWN) 24 (ADJOURNMENT) 25 THE CHAIR: Mr. Stapon, you recall that 26 you were starting to make reference to this document</p>	<p style="text-align: right;">861</p> <p>1 yesterday in relation to a March 16th ministerial 2 order, so why wasn't -- why was -- why wasn't the Panel 3 or CLM made aware of it then? 4 MR. STAPON: There certainly was a 5 reference to it, and I can advise that I asked the same 6 question of my team, Why haven't we got this up and 7 loaded up yet, and the answer was, We didn't have it 8 ready, so that if the decision of the Panel is that we 9 cannot, in fact, put it before the Panel for 10 consideration, I will simply ask questions in 11 connection with it, as we've done with the other 12 documents that the commissioners have fairly excluded. 13 THE CHAIR: CLM, you've heard Mr. Stapon's 14 comments on the questions we asked around relevance in 15 this. Do you have any further comment? 16 MS. ROSS: I fail to see the relevance as 17 well, but I'm -- I'm fine with him asking questions. 18 THE CHAIR: Mr. Stapon, we would like the 19 document to be provided to Ms. Langlois so she can look 20 at it first before you ask her questions. 21 And, Ms. Langlois, we would like you to advise us 22 as to whether you need some time to review the document 23 before taking any questions. 24 And, Mr. Stapon, I will say, given the 25 back-and-forth that we're allowing this, frankly, we're 26 giving you the latitude --</p>
<p style="text-align: right;">862</p> <p>1 MR. STAPON: Thank you. 2 THE CHAIR: -- but recognize that we 3 excluded requests that CLM asked for based on your 4 objections on the same basis. 5 MR. STAPON: I understand, commissioner, 6 and I understand the reasons for your ruling in that 7 regard, and I thank you for that indulgence. I may be 8 asking the balance of the panel as to whether -- and 9 particularly Mr. Callicott, whether he was aware of it 10 as well. 11 THE CHAIR: Then can you -- actually, can 12 you indicate who else you intend to ask questions of, 13 because, frankly, then, from a fairness perspective, we 14 should allow them all an opportunity, if they need it, 15 to review the document. 16 MR. STAPON: We're happy to provide a copy 17 of the document to any of the panel members who -- and 18 I believe that would be Ms. Olsen, Mr. Callicott, and 19 Ms. Langlois. 20 THE CHAIR: All right. And then just as a 21 general piece proceeding forward, just a reminder so 22 that we can keep our record clear, let questions be 23 fully asked, let answers be fully made. Talking over 24 each other is not giving us a clear record, so no 25 interruptions, please. 26 MR. STAPON: Thank you.</p>	<p style="text-align: right;">863</p> <p>1 I'm advised, commissioner, that we do not have 2 hard paper copies. We have an electronic copy which we 3 can load up and have the panel members review, in 4 fairness, without necessarily marking it as an exhibit 5 or providing it yet to the commissioners, and so we 6 don't have a hard copy. Can we do it electronically 7 through the system? We have an electronic copy which 8 we can upload. We can, of course, provide it to 9 counsel as well. 10 MS. PARSONS: We've received a copy, and we 11 are just checking to see if it can be printed. If 12 you'll just give us one second, please. 13 THE CHAIR: Okay. 14 MR. STAPON: Thank you. 15 MS. PARSONS: Hearing services has printed 16 copies available, if that's acceptable to the Panel -- 17 the hearing commissioners' Panel. 18 THE CHAIR: So -- sorry. Ms. Parsons, is 19 there a way, then, if it's electronic, for -- because 20 Mr. Stapon has indicated about not entering it into the 21 record yet. Is there a way, then, for the witnesses to 22 see it without the Panel seeing it, without the Hearing 23 Panel seeing it? I'm a little confused here. 24 MS. PARSONS: Hearing services has received 25 the document from AlphaBow. 26 THE CHAIR: You have hard copies, then?</p>

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1 MS. PARSONS: We have printed copies --

2 THE CHAIR: Ah.

3 MS. PARSONS: -- and we can make them

4 available to the witness panel.

5 THE CHAIR: Thank you.

6 So what I am going to suggest -- we're a bit ahead

7 of time, but I am going to suggest that we -- or,

8 actually, I'm just going to just decide that we are

9 going to take our morning break now. We will take

10 15 minutes and come back at -- actually, we're going to

11 come back at 10:30, and if -- I'm hoping that that will

12 suffice for the witnesses to -- to review. If there's

13 concerns otherwise, you let me know when we come back.

14 Thank you.

15 MR. STAPON: Thank you, commissioner.

16 A MS. OLSEN: Commissioner Chiasson, could I

17 just ask if -- that this is something we could confer

18 on?

19 MR. STAPON: I have no objection in -- in

20 that regard if the conference is limited to the

21 knowledge of that document alone.

22 A MS. OLSEN: Thank you.

23 THE CHAIR: All right. Yes.

24 Sorry. I don't think they caught that. I didn't

25 have the mic on.

26 So, yes, proceed on that basis.

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1 commencing at page 42. And one of the preceding

2 questions which I was going to ask you was: Were you

3 aware of the Auditor General's report and/or

4 Ministerial Order Number 67 -- or -- pardon me --

5 Ministerial Order 043/2023 at or about the time that

6 you were preparing this review?

7 A MS. LANGLOIS: Can you tell me the date when

8 the OAG report was released?

9 Q The OAG? That is the Auditor General's report was

10 released in mid-March of 2023. We can't tell you the

11 exact date, but we do know that a draft had been

12 provided to the Alberta Energy Regulator well before

13 that.

14 A I recall that the Auditor General's report came out at

15 the end of March because I was on vacation when it came

16 out, and I had written this report prior to my

17 vacation.

18 Q All right. Were you aware that concerns were being

19 expressed in connection with the review process for

20 well licence closure and the activity of licensees with

21 respect to payment of municipal taxes, creditors, and

22 others before you, in fact, did your work on

23 March 16th?

24 A Can you scroll up in this document.

25 So it appears that I prepared this document on

26 March 16th, and the ministerial order states that it

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1 (WITNESSES STAND DOWN)

2 (ADJOURNMENT)

3 MS. ARRUDA: Chair, could you just give us

4 one moment. We're just having a slight computer

5 problem.

6 THE CHAIR: Yes.

7 MS. ARRUDA: Just one moment, please.

8 THE CHAIR: Just let us know when you're

9 ready.

10 Mr. Stapon, we're not ready yet. We need to hear

11 from the staff.

12 Actually, while we're just waiting on the computer

13 issue, I just wanted to confirm with the witness panel,

14 you've had enough time to review? Thank you.

15 We'll just let the record show that the witnesses

16 have indicated yes, they've had enough time to review

17 the material.

18 Thank you, Ms. Arruda.

19 Mr. Stapon, please proceed. Just -- just from a

20 timing perspective, we will look to head for the lunch

21 break now at about 12:30.

22 MR. STAPON: Thank you.

23 Mr. Stapon Cross-examines Compliance and Liability

24 Management Branch

25 Q MR. STAPON: Ms. Langlois, I was going to

26 proceed to look at the LCA profile review in Exhibit 8,

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1 was signed on March 16th as well. So I would have

2 prepared this without knowledge of the ministerial

3 order.

4 Q And, Mr. Callicott, were you aware of the ministerial

5 order -- and I'll ask you the two questions -- the

6 ministerial order and, secondly, the Auditor General

7 report before you issued your March 30th order?

8 A MR. CALLICOTT: I was aware that I didn't

9 see -- the Ministerial Order 043/2023, I had not seen

10 that prior to drafting or issuing the March order, but

11 I was aware that the Government of Alberta, was

12 considering providing us direction, because I did

13 provide information to a group that was supporting

14 internally to respond to whatever they might have told

15 us.

16 Q And were you aware of the Auditor General report issued

17 in March of 2023 before you issued your order on the

18 30th of March?

19 A I don't know when the Auditor General report came out.

20 I haven't read the Auditor General report. So there's

21 a chance I knew a report had come out. Perhaps there

22 could have been an announcement on our internal web

23 page, but I can't -- I didn't review it, so ...

24 Q Have you ever reviewed it?

25 A No, I have not.

26 Q Okay. Dealing with the ministerial order briefly

868	<p>1 before I move to the LCA profile review, I'm going to</p> <p>2 read the heading of it, and that is: (as read)</p> <p>3 The Minister of Energy is Authorized by</p> <p>4 Section 67 of the Responsible Energy</p> <p>5 Development Act, SA 2'12, c R-17.3 (REDA)</p> <p>6 [that's REDA in capitals and brackets,</p> <p>7 quotes] to give directions to the Alberta</p> <p>8 Energy Regulator (the AER) for the purpose</p> <p>9 of, (a), providing priorities and guidelines</p> <p>10 for the AER to follow in carrying out its</p> <p>11 power, duties, and functions; and, (b),</p> <p>12 ensuring that the work of the AER is</p> <p>13 consistent with the program, policies, and</p> <p>14 work of the Government of Alberta in respect</p> <p>15 of energy resources development, public land</p> <p>16 management, environmental management, and</p> <p>17 water management. [And the next sentence is</p> <p>18 this, and that is] Acquiring and holding a</p> <p>19 licence for approval for energy development</p> <p>20 in Alberta is a privilege and not a right.</p> <p>21 That's a direct quote from the order. We've heard that</p> <p>22 many times in these proceedings, both in the materials</p> <p>23 filed by counsel and, Mr. Callicott, by you. Is that</p> <p>24 where you got these words?</p> <p>25 A No.</p> <p>26 Q Where did you get them?</p>	869	<p>1 A The public AER web page has those words.</p> <p>2 Q And do you know when the AER web page with those words</p> <p>3 was put up?</p> <p>4 A I don't know. I've seen this terminology used for many</p> <p>5 years.</p> <p>6 Q Okay. I'd like Ms. Langlois to take a look at the</p> <p>7 document you prepared on the 16th, then. And can you</p> <p>8 tell me who instructed you to prepare this? Was it</p> <p>9 Ms. Olsen or Mr. Callicott?</p> <p>10 A MS. LANGLOIS: I believe it was a request</p> <p>11 from Ms. Olsen on behalf of Mr. Callicott.</p> <p>12 Q Okay. And did you have discussions with Ms. Olsen, who</p> <p>13 I understood to have instructed you with respect to</p> <p>14 this, to -- about what it was for and what was</p> <p>15 potentially being contemplated with Alberta -- or --</p> <p>16 pardon me -- AlphaBow Energy? That is, did you have</p> <p>17 any advice as to what your -- the purpose of this thing</p> <p>18 was, why you were doing it, and what might be</p> <p>19 contemplated by the Alberta Regulator -- or the Energy</p> <p>20 Regulator regarding our client AlphaBow Energy?</p> <p>21 A The request was made because a holistic licensee</p> <p>22 assessment was being prepared.</p> <p>23 Q And did you know why it was being prepared?</p> <p>24 A I had been in the meetings with AlphaBow, and so I was</p> <p>25 aware of the limited eligibility and the further HLA</p> <p>26 being prepared.</p>
870	<p>1 Q I understand that you had some background knowledge.</p> <p>2 Did anyone tell you why the LCA profile review was</p> <p>3 being required? That is, what was the Alberta Energy</p> <p>4 Regulator intending to do, as far as you knew? Because</p> <p>5 we know the next day -- and I'll take you to that if we</p> <p>6 need to -- that Ms. Olsen wrote to the attention of</p> <p>7 Mr. Callicott indicating what actions might be</p> <p>8 undertaken by the Regulator with respect to AlphaBow</p> <p>9 Energy. So I'm asking you if you knew what was being</p> <p>10 contemplated at the time you did this.</p> <p>11 A I did not.</p> <p>12 Q Okay. So let's take a look at what you did do in that</p> <p>13 regard. Your advice is that "AlphaBow's LCA profile</p> <p>14 shows high financial and liability risk". What were</p> <p>15 you referring to there? This is at page 42 under the</p> <p>16 heading "Summary".</p> <p>17 A I was referring to the fact that their financial risk</p> <p>18 was assessed as high and that their liability risk was</p> <p>19 also assessed as high.</p> <p>20 Q And what were you referring to in connection with that</p> <p>21 assessment, what background document? And I may be</p> <p>22 able to provide you with some assistance there. If you</p> <p>23 go to page 46 of that same profile review, this is the</p> <p>24 assessment. Was that what you were looking at when you</p> <p>25 determined that the risk was high?</p> <p>26 A I was not looking at this document specifically because</p>	871	<p>1 this is an external-facing report that AlphaBow has</p> <p>2 access to. I was using our internal reports.</p> <p>3 Q Okay. And what internal reports were those? Did we</p> <p>4 look at those already in these proceedings, and that</p> <p>5 is, for example, if we can go back to page 11 in the</p> <p>6 same exhibit, that runs through to page 18. Is that</p> <p>7 what you were looking at?</p> <p>8 A No. This is the holistic licensee assessment.</p> <p>9 Q Well, what were you -- what was the background document</p> <p>10 that you were looking at or background documents you</p> <p>11 were looking at to perform your analysis?</p> <p>12 A There is a screenshot in my LCA review.</p> <p>13 THE CHAIR: Could you indicate the page,</p> <p>14 Ms. Langlois?</p> <p>15 Q MR. STAPON: Is this the document at</p> <p>16 page 46? I thought that was the one you said you did</p> <p>17 not look at.</p> <p>18 A MS. LANGLOIS: I think it's page 42, the</p> <p>19 first page --</p> <p>20 Q 42?</p> <p>21 A -- of my review. If you scroll down.</p> <p>22 Q Ah. Yes.</p> <p>23 A This is a screenshot from our internal LCA which</p> <p>24 contains more details than the external version.</p> <p>25 Q All right. And in that regard, that's your first</p> <p>26 conclusion that there is high financial and liability</p>

<p style="text-align: right;">872</p> <p>1 risk. What did you mean by "financial risk"?</p> <p>2 A Well, I described it in my evidence. The financial</p> <p>3 risk is assessed based on the five ratios listed here.</p> <p>4 The assessments of low, medium, and high risk are</p> <p>5 outlined in Manual 23, and the weights of each ratio</p> <p>6 are also outlined in Manual 23.</p> <p>7 Q Okay. And you comment that: (as read)</p> <p>8 AlphaBow has a high financial risk, even</p> <p>9 though there's been high commodity prices in</p> <p>10 2021 and 2022.</p> <p>11 Do you see that?</p> <p>12 A Yes.</p> <p>13 Q And you were present at the March 7 meeting where</p> <p>14 Mr. Li indicated that AlphaBow had previously hedged</p> <p>15 its production. You were aware of that?</p> <p>16 A Yes.</p> <p>17 Q And is there any reason that you don't comment on that</p> <p>18 here when you say: (as read)</p> <p>19 Even though commodity prices are high, the</p> <p>20 company's still at risk.</p> <p>21 Why wouldn't you have reflected the fact that: Because</p> <p>22 there was hedges in place?</p> <p>23 A I had performed a previous review in August 2022 on</p> <p>24 the -- you can see here that the latest financial</p> <p>25 period we had received was the three-month period</p> <p>26 ending March 31st, 2022, and I had performed a previous</p>	<p style="text-align: right;">873</p> <p>1 financial review in August relating to the same time</p> <p>2 period, and so I did not repeat the assessment from</p> <p>3 that time period.</p> <p>4 Q But you were aware that this was, in fact, an LCA</p> <p>5 profile review that was going to be considered by</p> <p>6 Mr. Callicott. Is there any reason, again, that you</p> <p>7 didn't reflect the fact that the stated reason for that</p> <p>8 issue was because of the hedges that had been put into</p> <p>9 place that you were advised of?</p> <p>10 A I had addressed that in my previous review.</p> <p>11 Q All right. So you didn't think it was necessary to do</p> <p>12 it for a current review, but you still commented upon</p> <p>13 the fact that commodity prices had been high as a</p> <p>14 factor in your assessment; correct?</p> <p>15 A I believe I referred to my August 2022 review in this</p> <p>16 document as well.</p> <p>17 Q You have: (as read)</p> <p>18 AER internal estimates show that --</p> <p>19 AlphaBow's crossover to be within the next</p> <p>20 three years, and their own independent</p> <p>21 reserves report shows that the crossover has</p> <p>22 passed.</p> <p>23 Do you see that?</p> <p>24 A Yes.</p> <p>25 Can you scroll up to the summary again?</p> <p>26 Yes. Thank you.</p>
<p style="text-align: right;">874</p> <p>1 Q And if you go to page 44, you've got your crossover</p> <p>2 graph. And you'll agree with me that a graph like this</p> <p>3 is only as good as the inputs that you make to it;</p> <p>4 correct?</p> <p>5 A I agree.</p> <p>6 Q And you will see that the starting point for liability</p> <p>7 is \$180 million; correct?</p> <p>8 A Yes. This indicates their inactive liability.</p> <p>9 Q And, in fact, it should be 153 million; correct?</p> <p>10 That's the figure that was being used all the way</p> <p>11 through. Right. For example, I'm referring to</p> <p>12 page 11, which is "Total Liability Magnitude,</p> <p>13 153,740,536"?</p> <p>14 A Yes, I see that.</p> <p>15 Q Why -- why did you use \$180 million?</p> <p>16 A This is a system-generated report. I did not create it</p> <p>17 myself.</p> <p>18 Q But you're relying on it, saying that the crossover</p> <p>19 point has been reached. Wouldn't you want to make sure</p> <p>20 that this was accurate?</p> <p>21 A I actually was not relying on it, because I was relying</p> <p>22 on the most recent reserve report provided by AlphaBow.</p> <p>23 Q Well, why did you put this document into the report</p> <p>24 that Mr. Callicott, the decision-maker, was going to</p> <p>25 read if you weren't relying on it and you were</p> <p>26 referring to it, saying that crossover has been met?</p>	<p style="text-align: right;">875</p> <p>1 A It's to corroborate our internal estimates.</p> <p>2 Q But if you're going to corroborate your internal</p> <p>3 estimates, you've got to be accurate; right?</p> <p>4 A What's your question?</p> <p>5 Q To corroborate your internal estimates -- when you're</p> <p>6 putting, for example, a graph like this forward to say,</p> <p>7 We've got a crossover problem, you need to make sure</p> <p>8 that it's accurate if you're having senior management</p> <p>9 assess what they're going to do with the licensee based</p> <p>10 on the information you're giving; correct?</p> <p>11 A As I described to you before, our internal estimates</p> <p>12 use some assumptions, and that's why we ask for</p> <p>13 licensees to provide their own independent reserve</p> <p>14 report.</p> <p>15 Q I want to look at page 444 again, and here is what you</p> <p>16 state -- it says: (as read)</p> <p>17 The following graph indicates the point at</p> <p>18 which the remaining value of the wells held</p> <p>19 by AlphaBow equals the inactive liability</p> <p>20 value. It shows that AlphaBow will reach</p> <p>21 this point in approximately 2025.</p> <p>22 So you were relying on this document, weren't you --</p> <p>23 this graph?</p> <p>24 A Well, the assessment doesn't end there.</p> <p>25 Q What you state as a fact is that this graph illustrates</p> <p>26 a fact, and I put it to you that the fact, just based</p>

<p style="text-align: right;">876</p> <p>1 on that one bit of advice, 180 million versus 2 150 million, is wrong. You knew that; correct? 3 A Crossover is an estimate, and we state that in 4 Manual 23. 5 Q Right. So when you say that this graph illustrates 6 where crossover is going to occur, that information 7 was, in fact, wrong; correct? 8 A I disagree. It's -- this is reflecting our internal 9 estimates. 10 Q But, once again, if you're going to do an internal 11 estimate and you're going to say, Look at this graph. 12 It shows you what is going to occur, you've got to have 13 correct inputs into the graph. That's why I asked you 14 to see if you could produce what it is that you used to 15 prepare this analysis. And you say you can't do it; 16 right? 17 A Correct. The -- the email that Maria read about that 18 undertaking was from me. 19 Q All right. And you indicated that you had access to 20 the Chapman report when you did this work; correct? 21 A If you're referring to the 2020 reserves report -- 22 Q Yes. 23 A -- performed by Chapman, yes. 24 Q And there was a request made to the attention of 25 AlphaBow to get that report and provide it. You're 26 aware of that?</p>	<p style="text-align: right;">877</p> <p>1 A Yes. I made that request. 2 Q There was no advice given as to what use you were 3 proposing to put it to or a request for any advice from 4 AlphaBow as to whether or not it was accurate or 5 whether they believed that it reflected the current 6 state of affairs in the market. You just said, Can you 7 give it to us; right? 8 A I asked for the most recent reserve report. 9 Q And they provided it, but you didn't say why you wanted 10 it, did you? 11 A I did not. 12 Q Thank you. 13 When you looked at the Chapman report, you could 14 see that there was an estimated decline in the 15 production from the AlphaBow lands; correct? 16 A I use a very specific page or several pages out of the 17 Chapman report. I do not review the entire report 18 because I'm not a reserves engineer. 19 Q Well, that's the whole point, I think, in terms of your 20 economic analysis. Every field has a different decline 21 ratio. Where did you get this one? 22 A It's based on the historic production as reported 23 through Petrinex. 24 Q And you show it to be declining every single year; 25 correct? 26 A That is the nature of oil and gas.</p>
<p style="text-align: right;">878</p> <p>1 Q Oh. You said it was based on Petrinex. Your graph 2 shows that production is declining every single year; 3 correct? 4 A Yes. Because, historically, as -- production declines 5 every year. It's a finite resource. 6 Q In some fields. You saw -- and I took the Panel -- or 7 commissioners and Mr. Callicott through that this 8 morning -- that, in fact, production in 2023 was higher 9 than it had been in 2021; correct? 10 A This system that generates this -- the data that this 11 report uses is called Val Nav. It's an 12 industry-accepted system that uses historic production 13 for more than just the last three years. 14 Q And you, in fact, show that production is apparently 15 going to decline very steeply at the top of the graph; 16 correct? 17 A I am not showing that. The system is. 18 Q Ah. Okay. There's a concept in computer analysis: 19 Garbage in; garbage out. You're familiar with that? 20 A I am. 21 Q Indeed. 22 And in connection with the Chapman report, when 23 you looked at it, did you see what value was being 24 placed on CO2 production over the course of the Chapman 25 analysis? 26 A I noticed that as I was reviewing that report again for</p>	<p style="text-align: right;">879</p> <p>1 this hearing. I did not look at that for my analysis 2 in this report because that income related to CO2 was 3 incorporated in the total cash flows in the summary 4 report that I looked at in the Chapman report. 5 Q So in that regard, you were aware that AlphaBow was 6 claiming two sources -- sources of revenue, and what 7 you're saying is their production is going to run out. 8 They're going to get behind the 8-ball. There's going 9 to be a crossover very quickly; right? 10 A I'm sorry. Can you repeat that? 11 Q Yes. 12 The following graph indicates: (as read) 13 The point at which the remaining value of the 14 wells held by AlphaBow equals the inactive 15 liability value. 16 That was what you were trying to figure out, and that 17 is when this company, in terms of its assets and its 18 liabilities with respect to -- the abandonment and 19 reclamation only, was going to crossover; right? 20 That's the crossover analysis you were doing? 21 A I'm sorry. I keep thinking about your comment about 22 "garbage in" and "garbage out". Can I make a comment 23 about that? 24 Q Sure. Go ahead. 25 A The inputs to this model are data that are provided 26 directly by AlphaBow to Petrinex. So if the garbage</p>

<p style="text-align: right;">880</p> <p>1 going in -- if there is garbage going in, it would be 2 from AlphaBow. 3 Q But if Petrinex is showing an increase in production 4 year over year over year or at least maintenance of 5 production and your graph is showing a decline, you'll 6 agree that that's an inconsistent result; correct? 7 A The production history that we looked at earlier was 8 for three years only. This is looking at the historic 9 production of these wells, whether AlphaBow owned them 10 or not. If they owned them in the past, then it would 11 be AlphaBow's production history. If they didn't own 12 them, this system is still incorporating the historic 13 production. 14 Q And take a look at what it shows for decline over the 15 first three years. 16 A I see it. 17 Q It's steep, isn't it? 18 A It is. It's contradictory to your comment that these 19 are long-lived assets. 20 Q So the graph is contradictory to the comment. You saw 21 that these long-lived assets were producing increasing 22 production between 2021 and 2023; right? 23 A The independent reserve report is also contrary to that 24 long-lived comment. 25 Q And in connection with the independent reserve report, 26 Ms. Langlois, in terms of determining the total</p>	<p style="text-align: right;">881</p> <p>1 available cash flow from reserves, the Chapman report 2 used carbon prices; correct? 3 A I believe so, but I'm not familiar with how the report 4 would value carbon. 5 Q But that's the point, isn't it? When you're assessing 6 the financial capability of a company like AlphaBow, 7 you've got to take a look at what its sources of 8 revenue are from its operations. That's the true 9 crossover, isn't it? 10 A I relied on the independent reserve report prepared by 11 a qualified reserve engineer. 12 Q You didn't answer my question. When you're looking at 13 a true crossover point for the purpose of the AER 14 analysis, you've got to look at the sources of revenue 15 from the company -- or for the company; correct? 16 A Yes, which were reflected in the reserve report. 17 Q Reflected in the Chapman reserve report, which also 18 included carbon credits; correct? 19 A I believe so. 20 Q Indeed. 21 And the Chapman report started with carbon credits 22 at \$30 in the year that the report was made; correct? 23 A I'm not familiar with the carbon pricing in the reserve 24 report. 25 Q Well, when you're trying to determine what the fair 26 crossover analysis is for a company, wouldn't you look</p>
<p style="text-align: right;">882</p> <p>1 at the exact same things that the reserve engineers, 2 which is a true engineering reserve report, indicated 3 were the economic prospects for the corporation, 4 including the revenue from that carbon capture? 5 A If you're indicating that our internal estimates should 6 be more detailed, then I disagree, because we have to 7 do this for every licensee, and it's not efficient for 8 us to consider the specific situations of each one, 9 which is why we ask for the specific reserve report, 10 and we rely on that. 11 Q And that specific reserve report, you'll agree with me, 12 was dated and it had dated pricing; correct? 13 A I agree that it was from 2020 and it was not a recent 14 reserve report. 15 Q And the pricing in the Chapman report was much lower 16 than the actual pricing that had occurred at the time 17 that the report -- for the projected future production 18 from the field; correct? 19 A I can't comment on what the carbon pricing is in the 20 reserve report. 21 Q Your analysis -- and we can go over to page 45. We 22 have that up. Under the heading "AER Estimates Reserve 23 Report", different -- has different -- several ways. 24 Commodity prices, the price forecast from 2020 in the 25 reserve reports are considerably lower. So you 26 recognize that as an obvious disconnect between the</p>	<p style="text-align: right;">883</p> <p>1 Chapman report and the AER report that you were 2 preparing; correct? 3 A That's correct. 4 Q And in the Chapman report, that very same report that 5 you were looking at, it also contained carbon capture 6 pricing, which you did not include in your report, did 7 you? 8 A That's correct. 9 Q And you've heard the testimony in connection with the 10 carbon capture pricing. You were aware that there were 11 credits available for carbon capture at the time that 12 you prepared this report, weren't you? In fact, 13 they're reflected in the Chapman report in 2020? 14 A As stated, I was not familiar with the carbon pricing 15 in the reserve report, and I was not aware that the 16 Chapman reserve report included carbon pricing until I 17 was preparing for this hearing and I saw it. 18 Q Ah. So now that you've seen it and now that you've 19 looked at what the Chapman report was considering as 20 the revenue available to AlphaBow with respect to 21 crossover, are you prepared to say that this analysis 22 is wrong? 23 A I was using the information that was available to me at 24 the time. 25 Q I'm not suggesting that you were using -- I asked you a 26 very specific question. This is wrong, isn't it?</p>

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1 A I'm not familiar with all of the intricacies of carbon
2 credits and what it requires to monetize those.
3 Q Ms. Langlois, I recall you indicating that at the time
4 that you prepared this report you were the senior and
5 only sort of economic specialist within the AER at that
6 time; is that right?
7 A No, that's not right. When I was hired, I was the only
8 one.
9 Q Ah.
10 A And there was another one hired subsequently.
11 Q When was that? Ballpark?
12 A 2021.
13 Q Okay. So we know in these proceedings that
14 Mr. Ironside suggested regularly to the attention of
15 Mr. Callicott and others that there was potential
16 significant upside recovery working the carbon capture
17 process. Did anyone ever give you that analysis to
18 say, Hey. Is this real, or is this not real, or can we
19 make this work?
20 A I don't believe that the carbon credits had been
21 mentioned in our regular update meetings for quite some
22 time.
23 Q That wasn't my question again. We know that -- you've
24 heard in the evidence that on March 8th, the day after
25 your March 7th meeting, the Government of Alberta
26 announced a carbon capture regime with an escalating

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1 you included the revenue, millions of dollars. It
2 would change this graph; correct?
3 A This graph is not intended to represent all of the cash
4 flow available to a company. It is only related to the
5 reserves portion of the cash flow.
6 Q But in terms of assessing the financial risk of a
7 company, you'd want to have access to their potential
8 net revenues; correct?
9 A We acknowledge that the -- that the crossover
10 calculation has limitations because it is based only on
11 reserves. We're not intending to estimate the future
12 cash flow of a company for operations outside of
13 specific reserves production.
14 Q So if a company comes to you and says, Look, I think
15 you've got your finances wrong, and here's what you
16 should consider, you don't consider it because why?
17 A If AlphaBow had come to me with that information, I
18 would have considered it.
19 Q Ah. And if it came to Mr. Callicott with that
20 information, do you think that it should have been
21 considered by you?
22 A Again, I don't know the timing, and so I can't say
23 whether it was before this -- this analysis was
24 prepared.
25 Q It was after this analysis was prepared.
26 A Okay.

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1 price over the course of time, \$65 now, going to \$170
2 per ton, and Mr. Ironside has testified and we've seen
3 in the materials that Mr. Callicott was advised that,
4 Look, this is our hope and our plan in connection with
5 this. This is a very significant source of revenue
6 which we can use if we're given the chance to pay off
7 our bills. What I'm asking you is whether that was
8 ever given to you to test the economics that were being
9 suggested by Mr. Ironside.
10 A I don't know the date that Mr. Ironside informed us,
11 and --
12 Q Please answer the question.
13 A -- therefore, I can't tell you --
14 Q Did you ever do an analysis of Mr. Ironside's proposed
15 business plan with respect to carbon capture? Yes or
16 no?
17 A No.
18 Q Thank you.
19 And you will agree that if you included revenue
20 from carbon capture in connection with this analysis,
21 this crossover graph, it would change it substantially;
22 correct?
23 A We've not had any conversations internally about
24 whether we should include carbon credit revenue in the
25 crossover calculation.
26 Q I didn't ask you if you'd talked about it. I asked if

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1 Q So if you're trying to assess the financial viability
2 of a company to pay its debts, look after its ARO,
3 you'd want to know those sources of cash flow, wouldn't
4 you?
5 A Yes. And that was included in the review that I
6 prepared with the knowledge --
7 Q At the time?
8 A -- I had at the time.
9 Q The information that you had at the time is what drove
10 this process, and even though the Chapman report
11 included carbon pricing only going to \$85, by the way,
12 over its life span, you didn't consider that in your
13 analysis; right?
14 A I did not consider information that I did not have at
15 the time.
16 Q Then there's discussion in connection with: (as read)
17 AlphaBow's operating expenses are very high
18 in comparison to AER estimates and peers.
19 Do you see that?
20 A Yes.
21 Q What "AER estimates and peers" are you talking about?
22 A The graph or the chart below summarizes what I was
23 comparing it to.
24 Q And you would agree with me, in connection with
25 estimates of operating expenses, it depends on the
26 field and the type of production; correct?

<p style="text-align: right;">888</p> <p>1 A Yes.</p> <p>2 Q And so how do you establish a peer group for the</p> <p>3 purpose of making this sort of observation?</p> <p>4 A This report was reviewed by our internal reserve</p> <p>5 specialist.</p> <p>6 Q I didn't ask you that.</p> <p>7 A I asked him --</p> <p>8 Q How do you determine peers?</p> <p>9 A In this case, I think I stated I compared to a public</p> <p>10 company within AlphaBow's peer group. A peer group is</p> <p>11 assessed based on the size and production type of a</p> <p>12 company, and therefore it was compared to a company of</p> <p>13 similar size and production type.</p> <p>14 Q Which company?</p> <p>15 A I can't say.</p> <p>16 Q What do you mean you can't say?</p> <p>17 A I can't remember which public company I used.</p> <p>18 Q Okay. Do you have any record of that so that we can</p> <p>19 determine whether it's a true or a fair peer with</p> <p>20 similar production profiles, similar geographical area,</p> <p>21 similar production history, and so on? Is that</p> <p>22 something that you can tell us about and produce?</p> <p>23 A I can look at my records.</p> <p>24 Q I'm going to ask that you do that and produce not only</p> <p>25 the name of the party but whatever records you used to</p> <p>26 determine that this was a peer.</p>	<p style="text-align: right;">889</p> <p>1 A I can do that.</p> <p>2 Q Thank you. I'll accept that as an undertaking if it's</p> <p>3 agreed.</p> <p>4 THE CHAIR: Ms. Ross?</p> <p>5 MS. ROSS: Could you repeat the</p> <p>6 undertaking, please?</p> <p>7 MR. STAPON: Yes. To produce the name of</p> <p>8 the peer company and the production profile that was</p> <p>9 used to determine whether or not this was a true peer</p> <p>10 for the purpose of assessing operating costs.</p> <p>11 MS. ROSS: We'll take that under</p> <p>12 advisement. I think it might be confidential.</p> <p>13 THE CHAIR: Thank you, Ms. Ross.</p> <p>14 MR. STAPON: If it's confidential, all we</p> <p>15 will require is the nature of the production and the</p> <p>16 locations of the production, if you want to redact the</p> <p>17 name.</p> <p>18 Q MR. STAPON: You also indicated --</p> <p>19 MS. LAVELLE: Excuse me. Can you repeat</p> <p>20 what you said? You said if it's confidential, you want</p> <p>21 the --</p> <p>22 MR. STAPON: Just redact the name of the</p> <p>23 company but give us the details associated with where</p> <p>24 they operate, what the production is and the nature of</p> <p>25 that production, the size and so on.</p> <p>26 THE CHAIR: Ms. Ross?</p>
<p style="text-align: right;">890</p> <p>1 MS. ROSS: Again, we'll take that under</p> <p>2 advisement.</p> <p>3 MR. STAPON: Okay.</p> <p>4 Q MR. STAPON: And then you speak in</p> <p>5 connection with the issue of three CEOs since 2020.</p> <p>6 And you say that this increases the likelihood of</p> <p>7 fraud. This is a report that you're giving to the</p> <p>8 decision-maker in connection with how AlphaBow</p> <p>9 operates, and you are saying, Hmm, I think there's an</p> <p>10 increased risk of fraud; is that right?</p> <p>11 A MS. LANGLOIS: Can you scroll up to the</p> <p>12 summary where I ...</p> <p>13 Q This is at page 42.</p> <p>14 A I said: (as read)</p> <p>15 It could ultimately create a greater risk of</p> <p>16 fraud.</p> <p>17 Q How does that factor into your mandated economic risk</p> <p>18 assessment? That's the first question, and then I'm</p> <p>19 going to ask you how you could come to that conclusion.</p> <p>20 A Well, financial fraud is affecting the financial</p> <p>21 results of the company, so I believe it's within my</p> <p>22 area of expertise.</p> <p>23 Q Ah. And why does having a different set of CEOs</p> <p>24 increase the risk of fraud? CEOs change regularly,</p> <p>25 don't they?</p> <p>26 A Not this frequently usually, but I did provide some</p>	<p style="text-align: right;">891</p> <p>1 high-level points in at least one of my emails.</p> <p>2 Q Okay. What, if any, expertise, Ms. Langlois, do you</p> <p>3 have in connection with assessing the risk of fraud?</p> <p>4 A A fraud risk assessment is part of the Canadian</p> <p>5 auditing -- auditing standards, and I was an auditor</p> <p>6 for many years.</p> <p>7 Q Okay. And in connection with that audit process, does</p> <p>8 it say changing CEOs creates a risk of fraud?</p> <p>9 A Can you refer to my email where I created --</p> <p>10 Q I don't know what you're talking about, but which email</p> <p>11 are you referring to?</p> <p>12 A It might be in this document, actually. The next page.</p> <p>13 Q That is, you're looking at page 43?</p> <p>14 A Yes. There are some quotes there that I provided to</p> <p>15 give some context.</p> <p>16 Q Well, let's take a look at that quote: (as read)</p> <p>17 Where there's a high level of turnover among</p> <p>18 management team and amongst employees in</p> <p>19 general, the institutional memory regarding</p> <p>20 how transactions or processes weaken,</p> <p>21 resulting in less attention to controls.</p> <p>22 Why is that a risk of fraud with respect to the change</p> <p>23 of CEOs?</p> <p>24 A Controls are in place to mitigate errors or fraud and</p> <p>25 if there is less attention to controls.</p> <p>26 Q You were in contact with Ms. Zhang; you'd met her; you</p>

892	<p>1 were communicating with her. Did you have any</p> <p>2 discussion with her about the nature of the internal</p> <p>3 controls at AlphaBow before making this statement to a</p> <p>4 superior who is making decisions regarding risk that</p> <p>5 there's a higher risk of fraud? Did you even ask her,</p> <p>6 What controls do you have in connection with cash flow?</p> <p>7 A I did not. I am not auditing AlphaBow.</p> <p>8 Q But you're commenting to management, your management,</p> <p>9 that there's a higher risk of fraud here without</p> <p>10 checking. You'll agree?</p> <p>11 A I'm commenting on the risk.</p> <p>12 Q The risk without checking; right?</p> <p>13 A The risk is not limited to Ms. Zhang. The risk was</p> <p>14 mostly around, as I indicated, the high turnover in</p> <p>15 CEOs, CFO, and VP of finance.</p> <p>16 Q But in order to make any accurate comment in connection</p> <p>17 with there actually being a risk of fraud, you'd want</p> <p>18 to know, at least generally, what level of controls</p> <p>19 were in place for the company; right?</p> <p>20 A Again, I was commenting on the level of turnover.</p> <p>21 Q The comment here is that: (as read)</p> <p>22 Where there's a high level of turnover,</p> <p>23 institutional memory of how transactions are</p> <p>24 processed is weak and resulting in less</p> <p>25 attention to controls.</p> <p>26 And my suggestion to you is: Before you infer fraud</p>	893	<p>1 from that, you should inquire what are your controls;</p> <p>2 right?</p> <p>3 A I was not making any accusations of fraud.</p> <p>4 Q Okay. You say: (as read)</p> <p>5 The control environment is one of the fraud</p> <p>6 risk factors within an organization.</p> <p>7 So you repeat that very summary. You're coming back to</p> <p>8 the issue of fraud with respect to AlphaBow; right?</p> <p>9 A That is what this section of my analysis discusses.</p> <p>10 Q Why are you spending so much time in connection with</p> <p>11 doing an economic risk analysis of AlphaBow on a</p> <p>12 prospect of fraud? You spend two-thirds of a page here</p> <p>13 talking about fraud. What did you expect that message</p> <p>14 was going to convey to your decision-maker?</p> <p>15 A That the level of turnover at the senior levels of</p> <p>16 management at AlphaBow was concerning.</p> <p>17 Q Because of the risk of fraud; right?</p> <p>18 A Because it could create a higher risk of fraud.</p> <p>19 Q Right. And when you stated this, you had no evidence</p> <p>20 whatsoever of any potential fraud, did you?</p> <p>21 A I had evidence of turnover.</p> <p>22 Q Could you please answer the question. You had no</p> <p>23 evidence of fraud, did you?</p> <p>24 A I am not accusing AlphaBow of fraud.</p> <p>25 Q Well, then why are you spending so much time talking</p> <p>26 about fraud?</p>
894	<p>1 A Because the turnover was concerning.</p> <p>2 Q Ah. We've talked about your crossover calculations,</p> <p>3 and we've talked about your use of the Chapman report</p> <p>4 which, in its reserve calculations, uses carbon capture</p> <p>5 and you don't, because your computer system doesn't let</p> <p>6 you or you don't know about it; right?</p> <p>7 A Val Nav does not consider carbon credits, to the best</p> <p>8 of my knowledge.</p> <p>9 Q Does your system consider carbon cost -- or the cost of</p> <p>10 carbon capture as an input cost to determining the</p> <p>11 value of reserves, so on the back end of the file,</p> <p>12 because, as you heard from Mr. Ironside, AlphaBow's</p> <p>13 probably the only carbon-neutral or carbon-positive</p> <p>14 producer in the province. Usually it's a cost, and it</p> <p>15 would show up in your cost components; correct?</p> <p>16 A We use an anonymized estimate of expenses. They are</p> <p>17 not specific to a licensee.</p> <p>18 Q Okay. I'd like you to go over to page 46 of this</p> <p>19 document. This is included in your report to the</p> <p>20 attention of Mr. Callicott; correct?</p> <p>21 A Yes.</p> <p>22 Q Why did you conclude it -- or include it?</p> <p>23 A I include this in every review that I perform so that</p> <p>24 we can document what the LCA looked like to the</p> <p>25 licensee at the time when I performed the review.</p> <p>26 Q All right. And this is an internal AER-generated</p>	895	<p>1 document; correct?</p> <p>2 A This is not an internal document; this is the report</p> <p>3 available to licensees through OneStop.</p> <p>4 Q Ma'am, I understand, but this document is prepared by</p> <p>5 the AER; right? They're the ones who do the input of</p> <p>6 the data, you do the calculations, you make the</p> <p>7 decision how to colour code, and then you post;</p> <p>8 correct?</p> <p>9 A Yes.</p> <p>10 Q And I take it that you assume that this is done</p> <p>11 properly for the purpose of providing it in a report to</p> <p>12 Mr. Callicott. Is that fair?</p> <p>13 A Yes.</p> <p>14 Q As an accountant, have you ever checked the accuracy</p> <p>15 of the calculations and the methodology of the</p> <p>16 calculations which are, in fact, produced at page 19</p> <p>17 of Exhibit 1?</p> <p>18 MR. STAPON: I'll ask that we have that</p> <p>19 pulled up. It's almost impossible to read, but for the</p> <p>20 purpose of this component, I will simply ask this</p> <p>21 witness if she, as the accounting financial expert, has</p> <p>22 ever checked whether the calculations used by the AER</p> <p>23 are accurate.</p> <p>24 A MS. LANGLOIS: Yes, I developed them, and I</p> <p>25 was involved in the coding of them.</p> <p>26 Q MR. STAPON: So you developed them; is that</p>

<p style="text-align: right;">896</p> <p>1 right?</p> <p>2 A I helped to develop them. I was involved in the</p> <p>3 development. I did not do it alone.</p> <p>4 Q And if you pull it up a little bit higher, the</p> <p>5 second-last set of bullet points just before the end of</p> <p>6 the document -- and -- I'm sorry -- I can't tell where</p> <p>7 it is. Under the heading "Closure", that's how you</p> <p>8 calculate it; correct?</p> <p>9 A I thought you were referring to the financial risk</p> <p>10 assessment. I was not involved in the closure</p> <p>11 parameters.</p> <p>12 Q All right. But the closure parameters are how you</p> <p>13 calculate for the purpose of preparing that document;</p> <p>14 correct?</p> <p>15 A For the closure factor, yes.</p> <p>16 Q Okay. In fact, this document tells you how you</p> <p>17 should -- in fact, if you go to Document 20, page 20,</p> <p>18 it tells you how you should calculate and assess the</p> <p>19 risk factors and what the AER does for the purpose of</p> <p>20 coming up with these tables; correct?</p> <p>21 A Yes. That glossary can be outdated. We do publish</p> <p>22 updates when we update the LCA, but there is a</p> <p>23 possibility that the glossary could have an error.</p> <p>24 Q The glossary can have an error, or the chart can have</p> <p>25 an error; correct?</p> <p>26 A Well, we're all human, so, yes, there could be errors.</p>	<p style="text-align: right;">897</p> <p>1 Q All right. And since you weren't involved in the</p> <p>2 actual calculation, we'll reserve this for argument to</p> <p>3 determine the accuracy of it.</p> <p>4 Ms. Langlois, so that I can perhaps finish your</p> <p>5 examination, other than having communications with</p> <p>6 Ms. Zhang with respect to the provision of financial</p> <p>7 statements, did you have any further involvement with</p> <p>8 AlphaBow after having attended the March 7th meeting</p> <p>9 and having prepared your LCA assessment?</p> <p>10 A I can't remember the dates of the emails with</p> <p>11 Ms. Zhang. I think it's in the record, but ...</p> <p>12 Q In fact, there's emails between you and her whereby</p> <p>13 you're requesting financial statements over the course</p> <p>14 of time. She provides them to you, and you basically</p> <p>15 end your communication at that stage, as far as I can</p> <p>16 tell from the record. I'm asking you if you had</p> <p>17 anything else to do with AlphaBow? That is, for</p> <p>18 example, did any AlphaBow -- or any AER staff ever come</p> <p>19 to you and say, Look, I want you to do an initial</p> <p>20 analysis or another -- another analysis of what's going</p> <p>21 on, or was that it?</p> <p>22 A I was not asked to do another analysis after this</p> <p>23 point.</p> <p>24 Q You were involved in connection with the issue of the</p> <p>25 requirement for an audited financial statement. You</p> <p>26 were involved in that discussion with Mr. Callicott;</p>
<p style="text-align: right;">898</p> <p>1 correct?</p> <p>2 A I was not involved in his decision to request for</p> <p>3 audited financial statements other than asking the</p> <p>4 question at the latest meeting with AlphaBow whether</p> <p>5 they had considered obtaining audited financial</p> <p>6 statements.</p> <p>7 Q I'm sorry. I don't need to spend too much time on</p> <p>8 this, but you were involved in discussions with him</p> <p>9 over the course of time in, particularly, May of 2023,</p> <p>10 just months ago, as to whether or not a review</p> <p>11 statement or engagement would be good enough or whether</p> <p>12 or not audited statements would be required and the</p> <p>13 time to get those statements; correct?</p> <p>14 A Yes, after we received the proposals from AlphaBow,</p> <p>15 after the March order?</p> <p>16 Q So my point is this, and that is, you were involved in</p> <p>17 assessing whether or not audited financial statements</p> <p>18 should be required; correct?</p> <p>19 A Not before the March order.</p> <p>20 Q No. That's fine. After the March order?</p> <p>21 A Yes.</p> <p>22 Q So what I want to know is: If other than those</p> <p>23 dealings, that is, getting financial statements from</p> <p>24 Ms. Zhang and being involved in the decision with</p> <p>25 respect to the requirement to produce audited financial</p> <p>26 statements versus a review statement, did you have any</p>	<p style="text-align: right;">899</p> <p>1 other involvement with respect to the AlphaBow sort of</p> <p>2 file management?</p> <p>3 A I do not believe so.</p> <p>4 Q Okay. Let's talk for a moment about the issue of</p> <p>5 financial statements. I take it that you are involved</p> <p>6 with some regularity in connection with the assessment</p> <p>7 of financial statements from licensees. Is that fair?</p> <p>8 A Yes.</p> <p>9 Q Many of them are not audited. Is that fair?</p> <p>10 A Yes.</p> <p>11 Q And some of the financial statements are review</p> <p>12 statements; correct?</p> <p>13 A I don't see a lot of review reports.</p> <p>14 Q All right. And your assessment was that an audited</p> <p>15 financial statement would be required; correct?</p> <p>16 A I believe that an audit would achieve the goal of the</p> <p>17 order. I did not believe that a review would achieve</p> <p>18 the goal.</p> <p>19 Q Well, you didn't have any idea as to whether or not</p> <p>20 there was a problem with the financial statements</p> <p>21 provided by Ms. Zhang, did you?</p> <p>22 A At that time, no.</p> <p>23 Q Okay. Then without any suggestion that there was a</p> <p>24 problem, why would you request an audit or suggest that</p> <p>25 the AER should require an audit?</p> <p>26 A I believe that the decision to require audited</p>

<p style="text-align: right;">900</p> <p>1 financial statements focused more on the governance of 2 the company rather than the actual accuracy of the 3 financial statements. 4 Q Focused on governance. What do you mean by that? If 5 the financial statements are not perceived to create a 6 problem, why does auditing of a financial statement 7 make any better governance? 8 A An audit reviews the internal controls of a company. 9 Q When you're talking about the internal controls, is 10 that what your view of the audit is? Correct me if I'm 11 wrong, but a review engagement tests the controls as 12 well, doesn't it? 13 A No, it does not. 14 Q So that if you request a recognized accounting firm -- 15 let's say one of the big four -- to come in and do a 16 review of your financials, isn't it the ordinary policy 17 of that review process -- and I've been involved in 18 many -- to say, What are your controls? Who has 19 controls of the cheques? Do you keep a GL? Does this 20 work? Do you have double systems in place? It may not 21 go into a system-by-system inquiry, but it does check 22 the controls, doesn't it? 23 A A review engagement is required to obtain an 24 understanding of the entity. 25 Q But as part of a review engagement carried on by a 26 respected accounting firm, they will check the internal</p>	<p style="text-align: right;">901</p> <p>1 controls. They may not audit the internal controls, 2 but they'll check to see if they're there; right? 3 A I'm not sure how you can check to see if they're there 4 if you don't check the results of them and whether 5 they're actually financing. 6 Q But, for example, saying, Who gets to sign a cheque? 7 Do you have a good GL? What is your process? Who is 8 involved in that process? How do the processes work? 9 How do you track to make sure that the processes are 10 accurate? Those are standard engagement questions, 11 aren't they? 12 A I have -- I have not performed a review in a very long 13 time, so I can't remember exactly the extent that -- of 14 the understanding we obtain of the internal controls. 15 Q So when you were giving advice to Mr. Callicott that an 16 audit was required, it was without the benefit of 17 having done any recent work on an engagement basis; 18 correct? 19 A I have been out of public accounting for several years. 20 Q All right. And you didn't bother to check with 21 somebody who was in the accounting business -- because 22 I'm going to get to where you did check -- to say, Hey. 23 What do you do currently in connection with a review 24 engagement; correct? 25 A I researched the review standards and made my 26 assessment based on that.</p>
<p style="text-align: right;">902</p> <p>1 Q So we heard Mr. Ben Li say that he thought that getting 2 proper audited financial statements for AlphaBow was 3 probably going to cost the company something in the 4 order of half a million dollars. You heard that? 5 A I did hear that. 6 Q And you, in fact, said that you checked with one of 7 your accounting friends to get an estimate of what they 8 thought it might cost; is that right? 9 A I checked with three audit partners. 10 Q Ah. Which audit partners, from which firms? 11 A I would prefer not to give names, and they are all from 12 Deloitte. 13 Q All right. Like my client, but in any event ... 14 So when you checked with three audit partners, did 15 you tell them the state of affairs of this company, and 16 that is its financial issues, how many records it had, 17 how long it had been historically in operation? Did 18 you give them any information that would permit the 19 preparation of an actual estimate? 20 A I gave them the approximate production levels of 21 8,000 BOE per day. 22 Q And did you tell them how many, like, locations were 23 involved, how many licences, and so on and so forth? 24 A I did not. 25 Q And you'll agree with me that in a company that's sort 26 of doing stripper production, there's a lot more paper</p>	<p style="text-align: right;">903</p> <p>1 to manage and audit than there is, for example, just 2 based on BOEs; correct? 3 A No, I don't agree with that. 4 Q You don't agree that if there are 4,000 wells, that if 5 you compare it to a company that maybe has a hundred 6 wells doing the same thing, that there isn't a 7 difference in connection with an audit cost? 8 A Only a proportion -- less than half of those wells are 9 actually generating revenue. 10 Q All right. Well, you're trying to avoid my question 11 again, I submit. Let's say 2,000 wells versus a 12 company that may have a hundred wells. It takes a lot 13 more audit work to do that, doesn't it? 14 A The production levels are comparable whether -- 15 regardless of the number of wells generating that 16 production. 17 Q And when you talked to your three audit partners at 18 Deloitte, did you ask them whether or not a new 19 reserves report would be required in order to do a 20 proper audit? 21 A I did not ask them that, because I know that it is 22 required. 23 Q So that in addition to the cost for the audit AlphaBow 24 would be required to go and get a reserves report; 25 correct? 26 A Correct.</p>

904	<p>1 Q And you were aware that it had not done one for quite 2 awhile; correct? 3 A For three years, yes. 4 Q Yes. And you were aware that any audit would be 5 required to look back, at least in part, in connection 6 with whatever year that they were auditing; correct? 7 A It is possible to have a one-year audit with comparable 8 numbers unaudited, but, yes, there is some work that is 9 needed to work through -- verify the shareholders' 10 equity and some other -- a few other balances. 11 Q So that in addition to just the accounting firm costs 12 associated with providing an audited financial 13 statement there would also be the cost of getting an 14 updated reserves report for over 2,000 wells; correct? 15 A Yes, a reserve report would be required. 16 Q Do you have any idea how much that would cost? 17 A They approximated \$100,000. 18 Q Who's "they"? 19 A The audit partners that I spoke to. 20 Q Okay. And did you tell them the nature of the company 21 in approximating \$100,000 for a fresh audit -- pardon 22 me -- a fresh reserves report? 23 A Again, I told them the production levels of 8,000 BOE 24 per day, approximately. 25 Q So as I have your evidence, at least, what you're 26 saying is that the initial audit would probably cost</p>	905	<p>1 a couple hundred thousand dollars, and then the 2 reserves report would be approximately another 3 \$100,000; is that right? 4 A Approximately. 5 Q All right. And I recall that there was communication 6 between you and Mr. Callicott that putting AlphaBow to 7 that expense and perhaps diverting funds from their ARO 8 obligations for that expense wouldn't be necessary if 9 you wanted to continue to have them categorized as 10 "high risk". Do you recall that? 11 A Those were not my words. 12 Q Do you recall your words? Because I'll have to look 13 them up if you don't. 14 A I don't know the page number. 15 Q Do you recall your words when you say those weren't 16 your words? 17 A I do not recall my exact words. 18 Q Well, do you recall generally what they are? Because 19 we might be able to move on if we can get there, 'cause 20 I can look it up, or I can come back to you later with 21 the exact documents. I think there are two or three. 22 THE CHAIR: Ms. Lavelle. 23 MS. LAVELLE: Chair, she's already responded 24 that she doesn't recall her words, so if he's going to 25 ask her specifically to recall her words, we're going 26 to need the page.</p>
906	<p>1 MR. STAPON: Well, what she said -- and I 2 put the advice to her -- is, Thanks. Those weren't my 3 words. And I said, Well, what were your words? 4 Q MR. STAPON: I'm asking -- and you said you 5 don't recall. Do you recall generally? 6 A MS. LANGLOIS: If you ask me a specific 7 question, I might be able to recall. 8 Q I'll tell you what. I'll undertake to return to that 9 area if we have time. 10 MR. STAPON: 317, I think, in Exhibit 8. 11 Or is it Exhibit 9? This is Exhibit 9. Exhibit 9, 12 page 317, please. 13 Q MR. STAPON: If you go to page 317, it's 14 the second-last paragraph on the page. And this is, 15 for the record, an email exchange between you and 16 Lonny Olsen, copied to Mr. Callicott May 25th, 2023, 17 at 12:15 PM. You state this: (as read) 18 Overall, my question is: What decision will 19 be made -- be made -- be -- will we be making 20 based on the information? If we'll be basing 21 decisions on the information, I believe an 22 audit is appropriate for the '22 financial 23 statements. If we're going to apply 24 discretion and -- an [it's A-N; it should 25 "and"] assume AlphaBow is high risk anyway, 26 then maybe it makes sense to save the money</p>	907	<p>1 that would be spent on the accounting firm. 2 So I think I'd accurately described in general terms 3 the nature of the advice you'd suggested to 4 Mr. Callicott, but maybe you can tell the Panel what 5 you're talking about there -- tell the commissioners. 6 Thank you. Sorry. 7 A MS. LANGLOIS: I explained -- I explained 8 this paragraph in my evidence. Is there a question 9 specifically? 10 Q Yes. The question is: I put it to you that what you 11 were saying is you were going to maintain AlphaBow was 12 high risk, maybe you don't need to do an audit. What 13 are you referring to in that regard? 14 A I was trying to inform Mr. Callicott that there are 15 options that we do not need to request an audit if we 16 do not believe it's necessary. 17 Q And one of the reasons that you wouldn't believe it's 18 necessary is if you're going to continue to claim that 19 AlphaBow is high risk; is that right? 20 A Based on all of the factors within the holistic 21 licensee assessment. 22 Q We do know this, though, and that is, even though you 23 said to Mr. Callicott, Look, you may not have to do 24 this if you're going to make them -- keep them as high 25 risk, you did request the audit; right? 26 A His decision was that he want -- he would maintain that</p>

<p style="text-align: right;">908</p> <p>1 requirement.</p> <p>2 Q Right. And you might not require that requirement if</p> <p>3 AlphaBow wasn't high risk; correct?</p> <p>4 A That is not correct.</p> <p>5 Q Isn't that just what you said to him, Look, probably</p> <p>6 don't -- we can save the cost of the accounting firm if</p> <p>7 we're going to keep them as high risk. Mr. Callicott</p> <p>8 makes the decision, Oh, we want an audit, which means</p> <p>9 that perhaps they're not at high risk; otherwise, why</p> <p>10 cause the money to be spent?</p> <p>11 A We have asked for audited financial statements from</p> <p>12 companies who were not showing as high risk.</p> <p>13 Q I'll move on.</p> <p>14 In connection with this assessment process, you</p> <p>15 provided your feedback in the LCA process to the</p> <p>16 attention of Mr. Callicott; is that right?</p> <p>17 A In my review --</p> <p>18 Q That is --</p> <p>19 A -- or my email?</p> <p>20 Q Your LCA review. That is, once again, page 42. It was</p> <p>21 prepared for Mr. Callicott.</p> <p>22 THE CHAIR: Which document? We have two</p> <p>23 documents up now.</p> <p>24 MR. STAPON: It's page 42 -- sorry -- in</p> <p>25 Exhibit 8. I apologize. We've switched back to</p> <p>26 Exhibit 8, where I'll spend, I think, the balance of</p>	<p style="text-align: right;">909</p> <p>1 the morning.</p> <p>2 Q MR. STAPON: So this was sent to</p> <p>3 Mr. Callicott; right?</p> <p>4 A MS. LANGLOIS: This was prepared and saved in</p> <p>5 our share drive, and a link was sent back through a</p> <p>6 request system that we have back to the requestor, who</p> <p>7 I believe was Lonny Olsen, on behalf of Tyler</p> <p>8 Callicott.</p> <p>9 Q Were you involved in the assessment of what to do with</p> <p>10 AlphaBow in that regard?</p> <p>11 A In what regard?</p> <p>12 Q That is, what to do -- you were undertaking a risk</p> <p>13 assessment. I take it you understood that it was for</p> <p>14 the purpose of assessing risk and determining what --</p> <p>15 determining how to manage AlphaBow; is that right?</p> <p>16 A It was related to the HLA.</p> <p>17 Q Right.</p> <p>18 A I was not told why the HLA was happening.</p> <p>19 Q Did you get any questions or inquiries from</p> <p>20 Mr. Callicott with respect to your work in that regard?</p> <p>21 A I did not.</p> <p>22 Q Okay. Were you involved in any of the meetings in</p> <p>23 connection with what sort of order should be issued to</p> <p>24 the attention of AlphaBow in these proceedings?</p> <p>25 A I was not.</p> <p>26 Q I will then return -- or turn to Exhibit 8, page 245.</p>
<p style="text-align: right;">910</p> <p>1 And this is an email from Ms. Olsen to Ben Li.</p> <p>2 Ms. Olsen, you'll recall that you took some notes.</p> <p>3 You've described them accurately as not necessarily</p> <p>4 minutes, but you completed them and sent them to the</p> <p>5 attention of AlphaBow representatives March 13, 2023.</p> <p>6 A MS. OLSEN: That is correct.</p> <p>7 Q And there was no indication at that time that there was</p> <p>8 anything else up within the AER regarding the</p> <p>9 assessment of AlphaBow or concerns that AlphaBow may</p> <p>10 have to watch out for at that time. You just sent a</p> <p>11 copy of the minutes; correct?</p> <p>12 A I sent a copy of the minutes. It's not my practice to</p> <p>13 predict what actions may or may not be occurring.</p> <p>14 There's no decisions made yet.</p> <p>15 Q Okay. Well, let's take a look at page 245 -- or --</p> <p>16 pardon me. I'm sorry. That's the minutes we've</p> <p>17 already looked at. I'd like to take a look at</p> <p>18 page 268. And this is an email you sent March 17th,</p> <p>19 which is the day after the work done by Ms. Langlois,</p> <p>20 to the attention of Mr. Callicott; is that right?</p> <p>21 A That's correct.</p> <p>22 Q And in that document dated March 17, you say:</p> <p>23 (as read)</p> <p>24 Attached is a short compliance update and</p> <p>25 some options to ponder prior to the LARC</p> <p>26 meeting.</p>	<p style="text-align: right;">911</p> <p>1 Do you see that?</p> <p>2 A Yes, I do.</p> <p>3 Q What's the "LARC meeting"?</p> <p>4 A As I mentioned in my testimony, that stands for</p> <p>5 licensee action review committee. It was a name of a</p> <p>6 meeting that we at one point had regularly and that we</p> <p>7 do kind of on an irregular basis now.</p> <p>8 Q Okay. And in that regard, was this a special meeting</p> <p>9 with respect to AlphaBow?</p> <p>10 A Yes, it was.</p> <p>11 Q When and how was this constituted? That is, I'm trying</p> <p>12 to find out what happened between the 7th of March and</p> <p>13 the 17th of March that requires this big review.</p> <p>14 A After the March update meeting, there were further</p> <p>15 concerns. When I prepared my compliance assessment</p> <p>16 that you referenced earlier, I noted a very decreased</p> <p>17 field presence, and because of those concerns, we</p> <p>18 decided to do what we kind of call a "deeper dive" to</p> <p>19 look a little harder. That's very typical with what we</p> <p>20 do with all our licensees when we start having</p> <p>21 heightened concerns about their overall compliance.</p> <p>22 Q And, Ms. Olsen, you had just attended the March 7th</p> <p>23 meeting where Mr. Li and Jay -- I have a hard time with</p> <p>24 his last name --</p> <p>25 A Kleinsasser.</p> <p>26 Q Kleinsasser. Thank you. Had indicated to you that</p>

<p style="text-align: right;">912</p> <p>1 they'd just handled a number of additional field staff; 2 right? 3 A That's correct. I was concerned because previously 4 we'd had some very experienced field staff. Mark 5 Petiot in particular attended our meetings, and the 6 turnover seemed to be concerning. 7 Q Okay. So this is a specific licensee review meeting 8 addressed to AlphaBow, and this is carbon-copied to 9 Temple Price, to Reagan Merkel, Ryan Green, and Chris 10 Schacher; is that right? 11 A That's correct. 12 Q And were those the parties who were going to be 13 attending at the meeting? 14 A Well, I'll give you just a tiny bit of context. This 15 was immediately before I went on vacation as well. So 16 Temple Price and Reagan Merkel are coworkers of mine, 17 so I wanted to loop them in because I wouldn't be 18 present at the meeting, necessarily. Ryan Green, as 19 you know, is -- he's -- he's experienced in the closure 20 aspects, and he can deal more with the HLA. Temple 21 also prepared the HLA, which I wasn't involved in. And 22 Chris Schacher is my manager, and he's typically 23 involved in these meetings. 24 Q I hope you had a great holiday. I won't ask you where 25 you went, but I'll ask you how long you were gone for. 26 A I was gone for a week.</p>	<p style="text-align: right;">913</p> <p>1 Q All right. When did you leave? 2 A This -- I can't remember if this was a Friday or not, 3 but I was off for an entire week. So I would have sent 4 this prior and -- 5 Q Right. 6 A -- be off the week following -- over March 22nd and 7 then back after that. 8 Q And you, Ms. Olsen, had had the most to do on an 9 ongoing basis of any of the Alberta regulatory staff 10 with AlphaBow. You'd attended something like 11 13 direct meetings with them; is that correct? 12 A Yes, that's correct. 13 Q I'd like to go to the next page in that exhibit, which 14 is page 269. This is -- I'll call this, then, your 15 pre-holiday memo. And you started out with a heading 16 "AlphaBow Options". Do you see that? 17 A Yes, I do. 18 Q So a decision had already been taken at this point in 19 time that something needed to be done; is that right? 20 A I felt that was the way we were trending, that the 21 original action we've taken July 28th, 2022, hadn't 22 produced desired changed behaviour. And so it -- it 23 looked like we might be making further decisions. I 24 try to predict that a little bit. 25 Q And was there any concern that had been expressed that 26 this organization was being managed by a Chinese</p>
<p style="text-align: right;">914</p> <p>1 shareholder? 2 A No, not at all. 3 Q So that was never the subject of any discussion, as far 4 as you're aware? 5 A No. And I'm personally aware that often in time -- 6 downturns, it was foreign companies that actually chose 7 to invest in Western Canada while some of the majors 8 left, so ... 9 Q I'm going to address a document in due course that I 10 think you haven't seen yet, but I'll do it with others. 11 You indicated that the goal for AlphaBow is not to 12 ensure -- or not to ensure reasonable care and 13 compliance. And I assume that that's a typo? 14 A That was, yes. 15 Q Okay. Understandable. 16 "And This Leads to Several Options", and that's 17 the title of the memo; is that right? 18 A That's correct. 19 Q And you indicated previously in your testimony that one 20 of the options that you should always start with is a 21 do-nothing option, just continue to do what you're 22 doing? 23 A That -- that is also correct. 24 Q And you indicated that there were pros and cons to 25 this, and it's -- you indicate as the third comment: 26 (as read)</p>	<p style="text-align: right;">915</p> <p>1 It's not consistent with the goal for this 2 licensee. 3 Do you see that? 4 A Yes, I do. 5 Q What do you mean by that? 6 A Since the goal of the licensee had, I believe, 7 shifted -- was to ensure that they were taking 8 reasonable care and measures for their assets and to 9 try to decrease their -- some -- more of their 10 liability where possible, I felt that doing nothing was 11 not going to work for that 'cause pretty much the 12 monitoring and increased inspections hadn't 13 accomplished that. 14 Q I get it. In terms of your overall assessment in 15 connection with the process, you're saying, you have to 16 start with do nothing, but if our goals changed, I 17 don't think that that works. Is that fair? 18 A Yes. And as I mentioned in my testimony, we do, you 19 know, kind of work through all the possible options and 20 look very methodically at, you know, Is this warranted? 21 What are the pros and cons of this? Is this warranted 22 at this time? Is it applicable at this time? 23 Q And you may have testified about this already, but I'm 24 not sure I understood it. What does it mean "closure 25 plan is in place"? 26 A So we had -- there's actually two closure plans in</p>

<p style="text-align: right;">916</p> <p>1 place. There was the LMR compliance plan that was --</p> <p>2 dated back to 2019 that had been in place, and there</p> <p>3 was also a closure plan for Mr. Green related to the</p> <p>4 ABC closure. So mine was kind of superseded, I think,</p> <p>5 by his. AlphaBow had been complying quite well.</p> <p>6 Q So this is the actual AER closure plan with respect to</p> <p>7 asset reclamation; is that right?</p> <p>8 A Yes.</p> <p>9 Q All right. So that -- there's a plan in place; you</p> <p>10 didn't need to do anything there?</p> <p>11 A That's correct. That tool in particular -- in the</p> <p>12 OGCR, we have the ability to direct closure, and so I</p> <p>13 didn't feel that option was valid.</p> <p>14 Q And --</p> <p>15 A Since it was in place.</p> <p>16 Q In the submissions filed by our office, there's an</p> <p>17 affidavit and attachments from Mr. Li. There's a whole</p> <p>18 tool kit of options that are available to you. I take</p> <p>19 it that you've taken a look at that?</p> <p>20 A Yes.</p> <p>21 Q And you're familiar with it for the purpose of</p> <p>22 assessing what to do in a circumstance like this?</p> <p>23 A I am.</p> <p>24 Q And one of the options that you could have used in</p> <p>25 attempting to manage a licensee was eligibility</p> <p>26 restrictions, but that was already in place?</p>	<p style="text-align: right;">917</p> <p>1 A Correct.</p> <p>2 Q Okay. So the next point that you raise is: (as read)</p> <p>3 Issue an order requiring AlphaBow to provide</p> <p>4 an RCAM plan for its assets. [And then you</p> <p>5 put in bold there] Recommended.</p> <p>6 Do you see --</p> <p>7 A Yes, that's correct.</p> <p>8 Q And the RCAM order could actually give you the</p> <p>9 authority to demand information that you were only</p> <p>10 requesting; is that right?</p> <p>11 A That is also correct. We -- as I mentioned in my</p> <p>12 testimony, we start often with requesting information,</p> <p>13 but when it's not forthcoming, we'll sometimes compel</p> <p>14 that information to be produced.</p> <p>15 Q And one of the things that you had in your tool kit was</p> <p>16 the ability to have a reasonable escalation of</p> <p>17 enforcement based on field performance trending down.</p> <p>18 Do you see that?</p> <p>19 A Yes, I do.</p> <p>20 Q That's a powerful tool for -- if you have any real</p> <p>21 concerns about what's happening in the field, you'll</p> <p>22 agree with me that that's a powerful tool?</p> <p>23 A Yes, it is.</p> <p>24 Q Okay. And, in fact, doing that would align with the</p> <p>25 goal of ensuring reasonable care and management;</p> <p>26 correct?</p>
<p style="text-align: right;">918</p> <p>1 A That is correct.</p> <p>2 Q And you make an important point next. It says:</p> <p>3 (as read)</p> <p>4 It does not restrict funds available for RCAM</p> <p>5 enclosure work.</p> <p>6 Do you see that?</p> <p>7 A Yes, I do.</p> <p>8 Q So if you're saying, Look, we've got a licensee that we</p> <p>9 have a -- some concerns about. One of the things that</p> <p>10 we can do in these circumstances is to say, Look, we're</p> <p>11 going to lean on you with respect to enforcement, but</p> <p>12 in doing so, you're letting the licensee continue to</p> <p>13 operate and get on with its business and its asset</p> <p>14 closure; correct?</p> <p>15 A Correct.</p> <p>16 Q And there wasn't anything that you had seen in</p> <p>17 connection with the safety record of AlphaBow that</p> <p>18 required that you do anything other than step up</p> <p>19 enforcement for a period of time. Is that fair?</p> <p>20 A More than step up enforcement. Make -- I -- part of an</p> <p>21 RCAM plan is to ensure a licensee demonstrates that it</p> <p>22 can actually provide those measures. There -- it's --</p> <p>23 it's a requirement that they do it, and by saying to</p> <p>24 them, you know, Please provide a plan or compelling</p> <p>25 them, in the case of an order, to provide a plan, it</p> <p>26 shows that the licensee understands the requirements</p>	<p style="text-align: right;">919</p> <p>1 and can implement them and gives us something to</p> <p>2 measure against.</p> <p>3 Q In fact, you reinforce that in your Point 5: (as read)</p> <p>4 Best use with specific reporting requirements</p> <p>5 and targeting AER field monitoring.</p> <p>6 A Correct.</p> <p>7 Q And then you say: (as read)</p> <p>8 Cons: Will not result in significant</p> <p>9 reduction of liability.</p> <p>10 What liability were you referring to there?</p> <p>11 A Mostly the inactive liability. My focus in terms of my</p> <p>12 compliance assessment is more so on overall compliance</p> <p>13 with all the different areas than in total liability,</p> <p>14 but I still kind of take that into consideration.</p> <p>15 Q And you indicate in your next point of analysis that,</p> <p>16 Hey. Look, the licensee may not, in fact, be able to</p> <p>17 deliver whatever we're going to order in the RCAM,</p> <p>18 but -- and that's a possible risk; is that --</p> <p>19 A That's always a possible risk, yes.</p> <p>20 Q Indeed.</p> <p>21 And so in connection with this, you recommend this</p> <p>22 plan; right?</p> <p>23 A That's correct.</p> <p>24 Q Item 5: (as read)</p> <p>25 Issue an order requiring AlphaBow to provide</p> <p>26 reasonable care and measures for its assets</p>

920	<p>1 at its site and require security.</p> <p>2 Do you see that?</p> <p>3 A Yes, I do.</p> <p>4 Q And before considering that, you want to defer the</p> <p>5 recommendation to the HLA assessment?</p> <p>6 A That's correct. The CHLA assessment is focused much</p> <p>7 more on liability and involves different subject-matter</p> <p>8 experts.</p> <p>9 Q And that is a liability in connection with asset</p> <p>10 retirement; correct?</p> <p>11 A Correct.</p> <p>12 Q You were aware of what AlphaBow's financials were</p> <p>13 generally when you were putting together these</p> <p>14 recommendations. Is that fair?</p> <p>15 A At -- at a high level, yes. I'm not a financial</p> <p>16 expert.</p> <p>17 Q Indeed.</p> <p>18 And you indicate that the pro of awarding security</p> <p>19 is that the AER holds very little at this point in</p> <p>20 time. My recall of the evidence is you had ballparked</p> <p>21 about \$200,000 or so?</p> <p>22 A Yeah. 195 or 200,000.</p> <p>23 Q Yes. And -- and you had determined, based on what your</p> <p>24 review was, that AlphaBow was at a high risk for not</p> <p>25 being able to meet its end of obligations for its</p> <p>26 assets; is that right?</p>	921	<p>1 A That's correct, based on the LCA tool.</p> <p>2 Q And you no idea or input or advice that there might be</p> <p>3 a potential windfall or significant carbon credit</p> <p>4 revenue available to AlphaBow at the time that you</p> <p>5 wrote this. You had no idea?</p> <p>6 A Quite honestly, even back in 2019, AlphaBow had talked</p> <p>7 about carbon credits. If I had a dollar for every time</p> <p>8 a licensee has told me about potential future income, I</p> <p>9 would be able to retire tomorrow. So I view that as</p> <p>10 really very speculative.</p> <p>11 Q Well, in terms of the speculative point, AlphaBow, in</p> <p>12 fact, provided a contract and gave its daily volumes,</p> <p>13 and you had government pricing for the numbers, but you</p> <p>14 didn't know -- or the carbon, but you didn't know --</p> <p>15 A That information was after.</p> <p>16 Q Indeed. I accept that.</p> <p>17 And if you get some security, that would help to</p> <p>18 offset the liability. And then cons, you</p> <p>19 say: (as read)</p> <p>20 The AER has required security and has</p> <p>21 accepted a closure plan, and some security</p> <p>22 in place may be seen as unfair to require</p> <p>23 security on multiple fronts.</p> <p>24 What are you referring to there?</p> <p>25 A I believe we'd required some security in relation -- it</p> <p>26 might have been in relation to a transfer. It might</p>
922	<p>1 have been in relation to Mr. Green's closure plan. I'm</p> <p>2 not entirely sure, but I was referring to requiring</p> <p>3 security from -- for different reasons.</p> <p>4 Q And when you say it's unfair to require -- or it may be</p> <p>5 seen as unfair to require security on multiple fronts,</p> <p>6 what are you -- you referring to there?</p> <p>7 A Exactly what I -- it says there. It could -- it could</p> <p>8 be perceived as unfair.</p> <p>9 Q I get it.</p> <p>10 Your next point is: (as read)</p> <p>11 May divert cash from maintaining RCAM and</p> <p>12 performing closure work.</p> <p>13 And that is obvious, and that is, if the security is</p> <p>14 obvious or required to be put up, that money can't be</p> <p>15 spent on closure?</p> <p>16 A That's correct.</p> <p>17 Q And this is a financially distressed company, and</p> <p>18 you're making that observation in that context?</p> <p>19 A Yes.</p> <p>20 Q Okay. And then if you go over to the next page, that</p> <p>21 is, 270 --</p> <p>22 A MS. LEWIS: Sorry. If I could just</p> <p>23 interject. I need a bio break.</p> <p>24 Q Ah.</p> <p>25 THE CHAIR: Thank you for letting us know,</p> <p>26 Ms. Lewis.</p>	923	<p>1 We'll take a five-minute break and come back.</p> <p>2 MR. STAPON: If it's convenient to the</p> <p>3 Panel, I'm actually happy to have the lunch break now.</p> <p>4 It doesn't matter. Whichever --</p> <p>5 THE CHAIR: Actually, I'd prefer that we</p> <p>6 take a short break and then continue on.</p> <p>7 MR. STAPON: That's agreed. Thank you.</p> <p>8 (WITNESSES STAND DOWN)</p> <p>9 (ADJOURNMENT)</p> <p>10 THE CHAIR: Thank you. So it is still our</p> <p>11 intention to go to 12:30.</p> <p>12 MR. STAPON: Thank you, commissioner.</p> <p>13 Q MR. STAPON: Just before the break, we were</p> <p>14 looking, Ms. Olsen, at your notes regarding AlphaBow</p> <p>15 options, and we were on page 270. That remains up.</p> <p>16 And there's advice that this is the option. The option</p> <p>17 we were discussing is the combination of an RCAM and</p> <p>18 security order. You make the point over on page 270</p> <p>19 that that's more likely to be challenged as no security</p> <p>20 framework is in place. Do you see that?</p> <p>21 A MS. OLSEN: That's correct.</p> <p>22 Q And that's the security or the liability management</p> <p>23 framework that Ms. Lewis and Ms. Langlois and others</p> <p>24 were working on. That's what you're referring to?</p> <p>25 A It's a portion of that. There is a project for a new</p> <p>26 security framework.</p>

<p style="text-align: right;">924</p> <p>1 Q And what is the status of that project?</p> <p>2 A I don't know exactly.</p> <p>3 Q Okay. But there is -- sorry.</p> <p>4 A Ryan might -- and -- or, Kara, you might be able to</p> <p>5 speak to that.</p> <p>6 Q Well, we can hot tub this. You can consult amongst</p> <p>7 yourselves to say what the status of it is and what</p> <p>8 that liability framework -- that is, the framework</p> <p>9 meeting or security framework meeting was or is. And</p> <p>10 who would volunteer to speak to that issue?</p> <p>11 A MS. LANGLOIS: I'm leading security</p> <p>12 development framework.</p> <p>13 Q All right. What is that project?</p> <p>14 A It is a project to replace the LLR, LMR.</p> <p>15 Q All right. And who was participating in that process</p> <p>16 in the AER?</p> <p>17 A Internally?</p> <p>18 Q Yes.</p> <p>19 A We have a team of people with subject matter experts,</p> <p>20 and I am leading the development of the calculation</p> <p>21 side of it.</p> <p>22 Q And, generally, how large is the team? That is, what</p> <p>23 is the AER devoting to that exercise?</p> <p>24 A There are at least six or seven different areas of</p> <p>25 security, and we have a small team devoted to each one.</p> <p>26 So let's say 4 times 7, 28 people. There are some</p>	<p style="text-align: right;">925</p> <p>1 shared resources among those topics.</p> <p>2 Q And when did that process start? When did the</p> <p>3 development process for that start?</p> <p>4 A Well, the development process started when the LMF was</p> <p>5 first announced, but the project has been actively</p> <p>6 working for -- the beginning of 2023.</p> <p>7 Q Okay. So it had been placed for -- in place for</p> <p>8 approximately 3 months, and here we are 11 months into</p> <p>9 the year, and I take it that the work of that group of</p> <p>10 approximately 28 or 30 people has not yet concluded; is</p> <p>11 that right?</p> <p>12 A That's correct.</p> <p>13 Q And that's because it's an important exercise to</p> <p>14 establish a proper framework and make sure that you're</p> <p>15 being fair to industry and everyone else with respect</p> <p>16 to what security you are going to require, when and how</p> <p>17 you require it. Is that fair?</p> <p>18 A Yes.</p> <p>19 Q And is it fair, Ms. Langlois, that one of the issues</p> <p>20 that you are required to consider in order to put</p> <p>21 together a proper plan is whether or not and when</p> <p>22 requesting security of a licensee might push it over</p> <p>23 the edge and into insolvency?</p> <p>24 A It's a portion.</p> <p>25 Q Thank you.</p> <p>26 I'll turn back to you, Ms. Olsen, in connection</p>
<p style="text-align: right;">926</p> <p>1 with this. And that is the sixth issue or the sixth</p> <p>2 option selected from your tool kit is: (as read)</p> <p>3 Issue an order requiring AlphaBow to provide</p> <p>4 reasonable care and measures for its assets</p> <p>5 and at its sites and suspend the sites.</p> <p>6 Do you see that?</p> <p>7 A MS. OLSEN: Yes, I do.</p> <p>8 Q And you didn't recommend that; is that right?</p> <p>9 A That is correct. That is a type of order that we have</p> <p>10 done in the past, particularly with very small</p> <p>11 licensees who have eminent threats to the public or the</p> <p>12 environment.</p> <p>13 Q Right. And, indeed, your assessment in that regard,</p> <p>14 under the "Pros" is and 3: (as read)</p> <p>15 Best used if the SDM is of the opinion that</p> <p>16 ABE cannot safely operate its assets in</p> <p>17 sites.</p> <p>18 A That's correct.</p> <p>19 Q So you didn't view, at least at this stage of the game,</p> <p>20 that that was a risk; correct?</p> <p>21 A I thought it was a risk but not an imminent risk. I</p> <p>22 felt they needed to demonstrate that they could provide</p> <p>23 reasonable care and measures at their sites.</p> <p>24 Q Indeed.</p> <p>25 That's your recommended action --</p> <p>26 A Yes.</p>	<p style="text-align: right;">927</p> <p>1 Q -- under Point 4?</p> <p>2 So you mentioned in one of your prior emails that</p> <p>3 it was going to be a LARC meeting. Do you know if that</p> <p>4 was going to occur while you were on holiday?</p> <p>5 A I don't recall exactly, but I'm sure I can find the</p> <p>6 document that would ...</p> <p>7 Q I'm looking at page 268, and it's your March 17 memo,</p> <p>8 which says "Prior to the LARC meeting"?</p> <p>9 A Yes. So that would have -- there was a meeting</p> <p>10 occurring while I was not there.</p> <p>11 Q And you weren't going to be there?</p> <p>12 A (NO VERBAL RESPONSE)</p> <p>13 Q Do you know who, in fact, attended that meeting?</p> <p>14 A I do not. I am -- yeah.</p> <p>15 Q All right. I'll turn this, then, to Mr. Callicott, and</p> <p>16 that is, I take it, Mr. Callicott, that you, in fact,</p> <p>17 were in attendance at a meeting where a decision was</p> <p>18 undertaken to issue the order that was ultimately</p> <p>19 issued in March. Is that fair?</p> <p>20 And for your assistance, I'm going to show you</p> <p>21 Document 283, which is dated March 24th, sent to</p> <p>22 Temple Price and Daniel Gades, Chris Schacher, and</p> <p>23 Lanny -- or Lonny Olsen, even though she's apparently</p> <p>24 on holiday.</p> <p>25 So do you have that document up?</p> <p>26 A MR. CALLICOTT: Yes, I do.</p>

928	<p>1 Q Was there a meeting?</p> <p>2 A (NO VERBAL RESPONSE)</p> <p>3 Q I'm sorry. I did not hear you.</p> <p>4 A I have the document up.</p> <p>5 Q Was there a LARC meeting before this decision was</p> <p>6 taken?</p> <p>7 A To my recollection, yes. I'd have to verify the date</p> <p>8 of the LARC meeting.</p> <p>9 Q All right. And I'm going to ask you, Mr. Callicott, if</p> <p>10 there were any meeting minutes or notes with respect to</p> <p>11 what was being said or talked about at that meeting?</p> <p>12 A I'm unsure if there is.</p> <p>13 Q Obviously it's a very significant document in</p> <p>14 connection with what considerations may have been</p> <p>15 undertaken by the group. I'm going to ask that the AER</p> <p>16 search the records of anyone who is in attendance at</p> <p>17 that meeting to determine what, if any, notes exist</p> <p>18 about what was discussed, how it was discussed, and how</p> <p>19 this ultimate decision was arrived at.</p> <p>20 A I did not make the decision at the LARC meeting. I --</p> <p>21 Q I didn't ask that.</p> <p>22 A -- made the decision on my own.</p> <p>23 Q I -- I'm going to ask for the production of the LARC</p> <p>24 notes -- or the LARC meeting notes, and that is for any</p> <p>25 of those that were in attendance.</p> <p>26 THE CHAIR: Ms. Ross?</p>	929	<p>1 MS. ROSS: We'll undertake to look for</p> <p>2 those and advise whether or not they exist.</p> <p>3 MR. STAPON: Thank you. That's acceptable.</p> <p>4 MS. DOEBELE: And that will be Undertaking</p> <p>5 Number 6 for the record.</p> <p>6 THE CHAIR: Thank you.</p> <p>7 UNDERTAKING 6 - To search the records of</p> <p>8 anyone who was in attendance at the March 24,</p> <p>9 2023, meeting to determine what, if any,</p> <p>10 notes exist about what was discussed, how it</p> <p>11 was discussed, and how the ultimate decision</p> <p>12 was arrived at</p> <p>13 Q MR. STAPON: Mr. Callicott, in terms of</p> <p>14 getting your mindset or understanding your mindset in</p> <p>15 connection with your attendance at the meeting and also</p> <p>16 your decision as reflected in Document Number 283 in</p> <p>17 Exhibit 8, I'd like to turn to your notes in connection</p> <p>18 with this matter and go, first of all, to page 476. If</p> <p>19 we could pull those up.</p> <p>20 If you take a look at the notes under the May 19,</p> <p>21 2022, meeting, under the heading "The Economics Have</p> <p>22 Improved, Yet Their Position Remains Poor", the last</p> <p>23 bullet point is: (as read)</p> <p>24 Other groups/creditors are discussing pushing</p> <p>25 them [that's AlphaBow] into receivership.</p> <p>26 What's that all about?</p>
930	<p>1 A My recollection, that was something that was stated in</p> <p>2 the meeting. I don't recall from who, but I made a</p> <p>3 note of it.</p> <p>4 Q All right. And having made a note of it, once again,</p> <p>5 would that have influenced your analysis of the</p> <p>6 likelihood of AlphaBow to be able to post \$15,375,000</p> <p>7 in security?</p> <p>8 A This is a comment from a meeting that occurred a year</p> <p>9 prior.</p> <p>10 Q And --</p> <p>11 A I think the record shows that I had other assessments</p> <p>12 that were much more recent.</p> <p>13 Q Okay. I'd like you to turn to page 481 of that same</p> <p>14 document. This is what you include as: (as read)</p> <p>15 These notes represent the key points that</p> <p>16 I've considered to make my decisions.</p> <p>17 And there's a note in the middle -- or the middle bar</p> <p>18 graph says this: (as read)</p> <p>19 In terms of those companies with high total</p> <p>20 magnitude, ABE is the third-most financially</p> <p>21 distressed ahead of Sanling.</p> <p>22 That's right. S-A-N-L-I-N-G.</p> <p>23 THE CHAIR: Mr. Stapon, can you take a</p> <p>24 quick look at what's up on the screen and tell us if</p> <p>25 that's what you're looking for?</p> <p>26 MR. STAPON: That is correct. If you take</p>	931	<p>1 a look at the note, it is --</p> <p>2 THE COURT REPORTER: Sorry. Your mic is not on.</p> <p>3 MR. STAPON: Sorry, commissioners.</p> <p>4 This is a note prepared or referenced by</p> <p>5 Mr. Callicott as being part of the key components of</p> <p>6 the decision to push -- or to issue the order that he</p> <p>7 did.</p> <p>8 Q MR. STAPON: And you will see that there's</p> <p>9 a reference in that set of materials to: (as read)</p> <p>10 In terms of those companies with high total</p> <p>11 magnitude, ABE is the third-most financially</p> <p>12 distressed ahead of Sanling (defunct).</p> <p>13 And I'll ask you, Mr. Callicott, that's the Chinese</p> <p>14 company; correct?</p> <p>15 A MR. CALLICOTT: I don't know that.</p> <p>16 Q MR. STAPON: What about Mr. Green, who</p> <p>17 apparently prepared this bar graph? You would know</p> <p>18 that; right, Mr. Green?</p> <p>19 A MR. GREEN: I am not sure of the ownership</p> <p>20 structure of Sanling.</p> <p>21 Q And CNOOC -- that's the -- C-N-O-O-C. Basically the</p> <p>22 Chinese national oil company. Do you know why those</p> <p>23 two companies are being referred to there?</p> <p>24 A Yes. We were looking at licensees with a high total</p> <p>25 magnitude of liability and also looking at those same</p> <p>26 high-magnitude licensees that had a high level of</p>

<p style="text-align: right;">932</p> <p>1 financial distress score in the LCA. 2 Q And back to Mr. Callicott, then. Given your notes, I 3 take it that these -- this is one of the factors that 4 you considered in connection with your assessment; 5 correct? 6 A MR. CALLICOTT: Can you clarify? Assessment 7 for what? 8 Q Yes. I'm reading from the very first page of your 9 notes: (as read) 10 These notes represent the key points I have 11 considered to make my decisions. This is not 12 a complete list of the evidence and 13 information I've received [and so on]. 14 A This is also -- this is a running set of notes, and if 15 you look at the date, this is far before I made the 16 decision to issue the March order. This is -- if -- 17 if -- it looks correct to me, this is before I made the 18 decision to limit eligibility. 19 Q I'm sorry. I'm looking at how you described these 20 notes as being the key points that you considered in 21 making your decision, and that's one of them, is it 22 not? 23 A It is one of the notes I considered. Most likely I put 24 more weight to this prior to making the decision to 25 limit eligibility and would have used more recent 26 information to make the next decision.</p>	<p style="text-align: right;">933</p> <p>1 Q And CNOOC, for those of you who may not know -- perhaps 2 the commissioners do -- is a Chinese-owned company 3 which basically was running the Long Lake heavy oil 4 project; correct? 5 A MR. GREEN: In addition to other assets, 6 yes, I believe that is true. 7 Q Okay. Back to Document 283 again. And this is -- 8 A Can I just make one note about that previous comment? 9 Q Yes. 10 A I think we do -- or I did make note -- sorry. Can we 11 go back? 12 Q If we're looking for the page number again, I'll see if 13 I can find it for the assistance of our -- 14 A Thank you. 15 Q It's page 481. 16 A Thank you. 17 So if we scroll down slightly, I did note that 18 CNOOC does have oil sands assets, and the licensee 19 capability assessment does not fully consider that in 20 that analysis, so I just wanted to make sure that 21 disclaimer was very transparent, that there is 22 additional consideration that would need to be taken in 23 association with CNOOC. And then above it, I do 24 discuss -- if you could scroll up. Thank you -- the 25 OCA's snapshot of AlphaBow's peer groups in which 26 AlphaBow was the only one with both a high liability</p>
<p style="text-align: right;">934</p> <p>1 magnitude and in high financial distress. And these 2 peer groups are defined on production levels, and this 3 might suggest that AlphaBow has a high ratio of wells 4 compared to production, compared to the rest of their 5 peers based off that high magnitude of total liability. 6 Q Thank you, Mr. Green. 7 MR. STAPON: Commissioners, it is now 8 12:30. This is coming to an important point in the 9 examination. Perhaps this is a good time to take the 10 lunch break. 11 THE CHAIR: Thank you. So I'll just 12 remind you for consideration in terms of your time that 13 we are looking at, in terms of budgeted time, you get 14 roughly about an hour and 45 minutes left, and you can 15 let me know after the break if that suffices. 16 MR. STAPON: It's going to be close. I 17 would guess two hours. It will go, I think, more 18 quickly for the most part from here, although I'll have 19 some questions in connection with the direct testimony 20 that we received from the panel, but I think it can be 21 done within two hours. 22 THE CHAIR: Ms. Lavelle? 23 MS. LAVELLE: Chair, we do not have the 24 convenience of a breakout room nearby with the lunch 25 today, so if it's possible to have an extension of 26 15 minutes to the lunch break, that would facilitate us</p>	<p style="text-align: right;">935</p> <p>1 having to go somewhere else. 2 THE CHAIR: So an hour lunch is what 3 you're asking for? 4 MS. LAVELLE: Yes. 5 THE CHAIR: All right. I will advise, 6 though, that that does likely mean that -- increase the 7 potential that we're going to run later tonight, then. 8 MS. LAVELLE: Pardon? 9 THE CHAIR: That increases the potential 10 that we will run later tonight, then. 11 MR. STAPON: That's acceptable from our 12 perspective. We're happy to accommodate if it works 13 for the commissioners. 14 MS. LAVELLE: The 15 minutes additional time 15 would just facilitate the ability to eat lunch prior 16 to this afternoon. 17 THE CHAIR: All right. And, actually, 18 before we go, Ms. Lavelle, Ms. Doebele, can you just 19 remind us again of the undertakings because we would 20 like some information from CLM. 21 MS. DOEBELE: Thank you, Commissioner 22 Chiasson. We just have one -- well, we have two now 23 undertakings that remain outstanding, Number 5 and 24 Number 6, so just looking for a time estimate from CLM 25 on that. And we have three proposed undertakings that 26 were taken under advisement. So, again, just looking</p>

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1 for an update on -- on timing as to when we might be
 2 looking to receive Undertakings 5 and -- or -- sorry --
 3 yes, 5 and 6, as well as the three undertakings.
 4 MS. ROSS: Could you repeat all of them
 5 for us?
 6 MS. DOEBELE: Yes, I could. Yeah. So I'll
 7 start with the ones that are actually on the record.
 8 So Undertaking 5 is a record of when the Orphan Well
 9 Association was engaged in connection with the prospect
 10 or prospect of taking over AlphaBow's assets. And that
 11 was Number 5.
 12 Number 6 was the meeting minutes or notes from the
 13 LARC meeting, if any.
 14 And the three potential undertakings that were
 15 taken under advisement. The first one was the
 16 background records used to compile Mr. Callicott's
 17 notes between February 2023 and March of 2023 -- or --
 18 sorry -- February of 2023, yes, and March of 2023.
 19 The second proposed undertaking under advisement
 20 was the PowerPoint presentation and issues
 21 identification spreadsheet from the March 7th, 2023,
 22 meeting.
 23 And the final proposed undertaking under
 24 advisement was the production of the name of the peer
 25 company and production profile.
 26 Mr. Stapon, you can add to this if I've missed

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1 anything, but you were looking: Where do they produce,
 2 what do they produce, nature of production, size.
 3 MR. STAPON: That's a fair summary. Thank
 4 you.
 5 MS. LAVELLE: And, Ms. Doebele, you were
 6 asking for -- oh, no. The chair was. Sorry.
 7 MS. DOEBELE: Just timing estimates, just
 8 around when we'll know if -- if those can be -- the
 9 three can be undertaken and then the -- the 5 and 6 can
 10 be provided.
 11 MR. STAPON: Commissioners, I have
 12 substantial trust in counsel and the panel. If the
 13 discussions between counsel and the panel are limited
 14 or are necessary to confirm whether that information
 15 can be obtained, I have no objection to that occurring
 16 over the lunch hour, as long as it's limited to that.
 17 MS. LAVELLE: Yeah. We can certainly make
 18 an effort over the lunch hour and then advise the
 19 results of that effort when we return.
 20 THE CHAIR: Thank you. We will break now.
 21 We will return back at 1:35.
 22 (WITNESSES STAND DOWN)
 23 _____
 24 PROCEEDINGS ADJOURNED UNTIL 1:35 PM
 25 _____
 26

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1 Proceedings taken at Govier Hall, Calgary, Alberta.
 2 _____
 3 November 30, 2023 Afternoon Session
 4
 5 C.L.F. Chiasson Hearing Commissioner
 6 M.A. Barker Hearing Commissioner
 7 S.F. Mackenzie Hearing Commissioner
 8
 9 A. Huxley Counsel for the Panel
 10 A. Doebele Counsel for the Panel
 11 C. Ross AER Counsel - CLM Branch
 12 M. Lavelle AER Counsel - CLM Branch
 13 D. Parsons AER Staff
 14 E. Arruda AER Staff
 15 A. Stanislavski AER Staff
 16
 17 G. Stapon For AlphaBow Energy Ltd.
 18 K. Cameron
 19
 20 R.M. Johanson, CSR(A) Official Court Reporter
 21 A. Porco, CSR(A) Official Court Reporter
 22 _____
 23 (PROCEEDINGS COMMENCED AT 1:39 PM)
 24 Discussion
 25 THE CHAIR: Mr. Stapon, you may as well
 26 have a seat for a moment, because we do need an update

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1 from CLM.
 2 MR. STAPON: Thank you.
 3 MS. LAVELLE: Chair.
 4 THE CHAIR: Yes.
 5 MS. LAVELLE: Thank you.
 6 We have reviewed these undertakings over the lunch
 7 period. With respect to Undertaking Number 5, we are
 8 still trying to narrow down to determine we have the
 9 actual date the first -- that the OWA was first
 10 contacted to provide RCAM, so we hope to have an update
 11 later today or tomorrow.
 12 With respect to Undertaking Number 6, that is a
 13 big meeting. It involved nine people. We have sent an
 14 email to all of them requesting minutes. We have
 15 confirmation that two people didn't have meeting
 16 minutes. There's one person who's currently out of the
 17 office, and we should be able to provide the minutes
 18 that we can collect by tomorrow.
 19 We've also -- with respect to -- there was a --
 20 one that we took under advisement to provide the
 21 identified issues spreadsheet and PowerPoint. We have
 22 located the PowerPoint. We did not have the identified
 23 issues spreadsheet when we forwarded that to hearing
 24 services, so that should probably be Undertaking
 25 Number 7, if we're following the numbers.
 26 MS. DOEBELE: Ms. Lavelle, may I interrupt

<p style="text-align: right;">940</p> <p>1 you to mark it as an exhibit if you've got the 2 PowerPoint in them. 3 MS. LAVELLE: I've sent it to hearing 4 services, yes. 5 MS. DOEBELE: Perfect. 6 Do you have any objections, Mr. Stapon, to that? 7 MR. STAPON: No objection. And we knew 8 that counsel and the involved staff were scrambling 9 over the lunch hour. That's helpful. 10 MS. DOEBELE: We'll mark that as Exhibit 11 73.01, the PowerPoint. 12 EXHIBIT 73.01 - 2023-11-30 - Undertaking 13 Response (Undertaking 7) ABE Liability 14 Reduction Report final - Mar 2023.pdf 15 MS. LAVELLE: With respect to the first one 16 that was taken under advisement, all background 17 documents. Can you please reread the -- what the 18 undertaking or the one that we took under advertisement 19 was, because it'll help us narrow down what -- exactly 20 what we are looking for. 21 MS. DOEBELE: So, Ms. Lavelle, just to 22 confirm, the one in relation to the background record? 23 MS. LAVELLE: Correct. Yes. 24 MS. DOEBELE: So I have in my notes that you 25 were going to look at background records used to 26 compile Mr. Callicott's notes, and those were his --</p>	<p style="text-align: right;">941</p> <p>1 his decision-making notes at the -- at the end of 2 Exhibit 8.01, I believe. And the dates for those 3 background records were February 2023 to March 2023. 4 And, again, Mr. Stapon could correct me. 5 MR. STAPON: That -- that is correct. 6 MS. LAVELLE: Okay. Thank you, Ms. Doebele. 7 So as it's Mr. Callicott who has to go through 8 his -- his notes, it's helpful that we have that 9 further refined. I think he's begun the process, but 10 he won't be able to do that until this evening after 11 this proceeding is concluded for the day. 12 And then the -- the last one that we took under 13 advisement, Ms. Langlois has to go through her computer 14 and is doing -- in the process, but we'll provide -- we 15 can provide an update tomorrow, but, again, she's 16 limited in what she can do over the lunch hour and now 17 is in the panel. 18 That was the one to produce the name of the peer 19 company and assessment used, or, if that's confidential 20 information, where they operate, the size, and 21 location. So we can discuss with Ms. Langlois what she 22 was able to locate, and we'll provide an update 23 tomorrow morning. 24 MS. DOEBELE: And, Ms. Lavelle, thank you 25 for that. 26 Can you just clarify in relation to the PowerPoint</p>
<p style="text-align: right;">942</p> <p>1 presentation? So were you able to finally identify the 2 spreadsheet, or is that just something that you don't 3 have? 4 MS. LAVELLE: Ms. Olsen has confirmed that 5 it's not in her records. 6 MS. DOEBELE: Not in her -- not in her 7 records. Okay. Okay. So we'll call that Undertaking 8 Number 7, and, subject to anything from Mr. Stapon, say 9 that that's been fulfilled. 10 UNDERTAKING 7 - To provide the PowerPoint 11 presentation from the March 7, 2023, meeting 12 MR. STAPON: That's agreed. Thank you. 13 MS. LAVELLE: Thank you. 14 MS. ARRUDA: So just one comment about 15 Undertaking Number 7 is that we received a PowerPoint 16 presentation and we exhibit things in PDF, so do we 17 have permission from CLM to convert it to a PDF, or do 18 you want to resubmit? 19 MS. LAVELLE: Well, it's not our PowerPoint. 20 It's -- it's actually AlphaBow's PowerPoint, so I don't 21 know. We don't object to you PDF'ing it. 22 MR. STAPON: Likewise no objection. It 23 will be much easier to read if we have it in a PDF 24 format. 25 MS. LAVELLE: Thank you. 26 THE CHAIR: All right. Anything further</p>	<p style="text-align: right;">943</p> <p>1 on a procedural basis before we proceed? 2 No? All right. We will be looking to break -- we 3 will check in at about 3:30. 4 JASON DAHLGREN, LONNY OLSEN, ANITA LEWIS, RYAN GREEN, 5 Previously Sworn 6 KARA LANGLOIS, TYLER CALLICOTT, Previously Affirmed 7 Mr. Stapon Cross-examines Compliance and Liability 8 Management Branch 9 Q MR. STAPON: Mr. Callicott, before the 10 lunch break, we had some discussion in connection with 11 whether or not the fact that this was a Chinese 12 company, that is, AlphaBow was a Chinese company, had 13 any issue in connection with the decision to do what 14 was done in the circumstances, and we had some brief 15 discussion with Mr. Green, who indicated that these 16 were just basically peer analyses in the circumstances. 17 And I'm asking you now formally and for the record 18 whether or not this had any impact in connection with 19 the AER's decision to do what it did. 20 A MR. CALLICOTT: It did not impact my decision. 21 Q Well, did it impact the decision of the Alberta Energy 22 Regulator in connection with, for example, the issue of 23 application for stay of your order in discussions with 24 yourself? 25 A I didn't make that decision. 26 Q Was there discussion with you in connection with the</p>

<p style="text-align: right;">944</p> <p>1 fact that this was a Chinese company?</p> <p>2 A It's of no concern to me the ownership. In fact, I'm</p> <p>3 not even sure it is a Chinese company.</p> <p>4 Q All right. Or, actually, a Chinese ownership.</p> <p>5 I'd like in that regard to pull up Exhibit</p> <p>6 Number 6 in these proceedings at page 442. Just for</p> <p>7 the record, and we don't need to look at this for long,</p> <p>8 this is the May 1st, 2023, letter from the Alberta</p> <p>9 Energy Regulator with respect to the request for a</p> <p>10 regulatory appeal by AlphaBow Energy.</p> <p>11 I take it you are aware, Mr. Callicott, that this</p> <p>12 was proceeding?</p> <p>13 A I was.</p> <p>14 Q And if we could go forward to page 451 of that</p> <p>15 document. This is the submission as to why there</p> <p>16 should be no stay of the order; is that right?</p> <p>17 A Can you narrow it down a bit, what I'm supposed to be</p> <p>18 looking at here?</p> <p>19 Q Well, if you look at page 451. I'm just describing</p> <p>20 this generally. There's the heading "Other Concerns",</p> <p>21 but this is the submissions of the Alberta Energy</p> <p>22 Regulator as to why a regulatory stay should not be</p> <p>23 granted. And I take it you were aware of the fact that</p> <p>24 this was being filed, and you were opposing the stay;</p> <p>25 correct?</p> <p>26 A Yes, I was aware.</p>	<p style="text-align: right;">945</p> <p>1 Q Okay. Let's take a look at the second paragraph under</p> <p>2 "Other Concerns". It says: (as read)</p> <p>3 In September 2019, AlphaBow's management</p> <p>4 was -- and then there's Shou Marshall Shi,</p> <p>5 chief executive officer, CEO; then Kevin</p> <p>6 Klimuk, K-L-I-M-U-K, chief financial officer,</p> <p>7 CFO; and Dean Kaiser, director of finance.</p> <p>8 On January 14, 2021, update meeting, the AER</p> <p>9 was introduced to a new CEO Quan Li. At that</p> <p>10 time the AER was also advised that as of</p> <p>11 November 2020 AlphaBow had a new major</p> <p>12 shareholder, Wuhan Green Energy Natural Gas</p> <p>13 Transportation Group, located in the People's</p> <p>14 Republic of China.</p> <p>15 That's information that you provided to those that were</p> <p>16 making these submissions; is that correct?</p> <p>17 A It's in the record.</p> <p>18 Q Turn over to the next page, which is 452 in Exhibit 6,</p> <p>19 and I look -- like to look at the third paragraph on</p> <p>20 that page, beginning with: (as read)</p> <p>21 AlphaBow has completed a corporate structure.</p> <p>22 Do you see that?</p> <p>23 A It says "a complicated structure".</p> <p>24 Q Oh, "a complicated structure". Then it says:</p> <p>25 (as read)</p> <p>26 AlphaBow is not owned by Alberta</p>
<p style="text-align: right;">946</p> <p>1 shareholders.</p> <p>2 Do you see that?</p> <p>3 A Yes.</p> <p>4 Q (as read)</p> <p>5 AlphaBow is a wholly owned subsidiary of</p> <p>6 1986114 Alberta Inc. [And then the sole</p> <p>7 director is Y-U-E-Y-I Duan, D-U-A-N.]</p> <p>8 1986114 Alberta Inc. is a subsidiary of</p> <p>9 Kananaskis Capital Limited, which is</p> <p>10 registered in the Cayman Islands. The</p> <p>11 ultimate parent company is Wuhan Green Energy</p> <p>12 National Gas Transportation Group, located in</p> <p>13 China. Attached at Tab 7 is an</p> <p>14 organizational chart recently provided by</p> <p>15 AlphaBow to CLM. [And then there's a</p> <p>16 footnote.] It's notable, with the exception</p> <p>17 of AlphaBow, each of these corporations has</p> <p>18 been struck in the Alberta Corporate</p> <p>19 Registry. Given the structure of AlphaBow</p> <p>20 and its parent corporation, CLM is concerned</p> <p>21 that the funds of AlphaBow could easily be</p> <p>22 removed from the jurisdiction without</p> <p>23 addressing AlphaBow's outstanding</p> <p>24 environmental liabilities.</p> <p>25 Do you see that?</p> <p>26 A Yes.</p>	<p style="text-align: right;">947</p> <p>1 Q That's information and a concern that you provided --</p> <p>2 THE CHAIR: Ms. Ross.</p> <p>3 MS. ROSS: Chair, this is legal argument.</p> <p>4 I mean, this -- the underlying facts are there, but the</p> <p>5 conclusion is legal argument. I just want that made</p> <p>6 clear on the record. So whether or not Mr. Callicott</p> <p>7 knows about it is -- is one thing, but I'm the one who</p> <p>8 prepared it, and it's my words, not his.</p> <p>9 Q MR. STAPON: Mr. Callicott, you provided</p> <p>10 that information to counsel as a factor for the</p> <p>11 consideration, didn't you?</p> <p>12 A MS. OLSEN: Actually, Mr. Stapon, I would</p> <p>13 have provided the --</p> <p>14 THE COURT REPORTER: Sorry. I don't know who's</p> <p>15 speaking right now.</p> <p>16 UNIDENTIFIED SPEAKER: Lonny.</p> <p>17 THE COURT REPORTER: Sorry. Please start</p> <p>18 again.</p> <p>19 A MS. OLSEN: I said I'm the one who</p> <p>20 provided the CORE's records to counsel and the</p> <p>21 organizational chart. Mr. Callicott did not.</p> <p>22 Q MR. STAPON: But who would have indicated</p> <p>23 there was a risk of fraud, which we've seen referenced</p> <p>24 in Ms. Langlois's --</p> <p>25 A MR. CALLICOTT: I don't see that in this</p> <p>26 statement at all.</p>

948	<p>1 Q The removal of money from the country. You saw that?</p> <p>2 MS. ROSS: That's not necessarily fraud.</p> <p>3 MR. STAPON: Well, all right.</p> <p>4 Q MR. STAPON: In any event, Mr. Callicott,</p> <p>5 you're aware that in discussions with AlphaBow, they</p> <p>6 were prepared to give an undertaking that no money</p> <p>7 would be paid to shareholders until all of the debts of</p> <p>8 the corporation were extinguished; correct?</p> <p>9 A MR. CALLICOTT: I recall that being mentioned;</p> <p>10 I'm not sure if that was the exact detail.</p> <p>11 Q Okay. So we'll return now to your decision-making</p> <p>12 process in Exhibit 8, page 283. This is the</p> <p>13 March 24th, 2023, memorandum which you sent to the</p> <p>14 attention of the -- Temple Price and to Daniel Gades;</p> <p>15 is that right?</p> <p>16 A Yes.</p> <p>17 Q And for the record again, you may have said this</p> <p>18 already, what position does Temple Price hold with the</p> <p>19 AER?</p> <p>20 A Licencee management specialist.</p> <p>21 Q And Mr. Gades?</p> <p>22 A Senior compliance specialist.</p> <p>23 Q All right. And we've talked about a LARC meeting which</p> <p>24 occurred, and apparently there were a number of</p> <p>25 attendees that were at that meeting. Do we know when</p> <p>26 that meeting occurred with respect to AlphaBow?</p>	949	<p>1 A We were mistaken calling it a "LARC meeting". Instead</p> <p>2 of the LARC meeting, we held a holistic licensee</p> <p>3 assessment meeting, which we verified over lunch</p> <p>4 when -- when we were reviewing our records.</p> <p>5 Q And when was that held?</p> <p>6 A Reading my comments there, that meeting was held</p> <p>7 March 24th, 2023.</p> <p>8 Q Indeed. I anticipated that much.</p> <p>9 And you'll see that you indicated that you've</p> <p>10 completed your review of the holistic licence</p> <p>11 assessment; is that right?</p> <p>12 A Yes.</p> <p>13 Q And you were instructing that an order be drafted. Do</p> <p>14 you see that?</p> <p>15 A Yes.</p> <p>16 Q And who was going to do the drafting?</p> <p>17 A Staff from the compliance assurance team.</p> <p>18 Q Was that Temple and Daniel?</p> <p>19 A That's who the email was addressed to, but it was not</p> <p>20 limited to them.</p> <p>21 Q Okay. And you indicate: (as read)</p> <p>22 Please include some form of the following</p> <p>23 requirements, and, therefore, statements of</p> <p>24 the order and the corresponding evidence to</p> <p>25 support these requirements in the "whereas"</p> <p>26 statements.</p>
950	<p>1 So you tell your staff to draft the "whereases";</p> <p>2 correct?</p> <p>3 A I take part in the drafting process as well. In fact,</p> <p>4 I spent quite a bit of time drafting with the team.</p> <p>5 It's a team effort.</p> <p>6 Q Right. Well, at least this started out with having the</p> <p>7 team draft it; correct? Or having Temple and Daniel</p> <p>8 and whoever they involved draft it; right?</p> <p>9 A They start the process. It's saved in a SharePoint</p> <p>10 file. We work on it together.</p> <p>11 Q All right. And you indicate a number of points that</p> <p>12 you want the order to address. You see that? The RCAM</p> <p>13 requirements.</p> <p>14 A I see what I wrote in my email, yes.</p> <p>15 Q Okay. And you indicate in the last bullet point:</p> <p>16 (as read)</p> <p>17 How will they address outstanding debts owed</p> <p>18 for municipal taxes, surface lease payments,</p> <p>19 and public land disposition fees, or rental</p> <p>20 payments?</p> <p>21 Do you see that?</p> <p>22 A Yes.</p> <p>23 Q So as a requirement for management of the actual oil</p> <p>24 and gas operations, you wanted a payment plan in</p> <p>25 connection with all of those, that is, how those were</p> <p>26 going to be managed; right?</p>	951	<p>1 A I don't think that's how it's worded.</p> <p>2 Q How were --</p> <p>3 A You need to refer to the order.</p> <p>4 Q RCAM requirements. Last bullet point: (as read)</p> <p>5 How they will address outstanding debts owed</p> <p>6 from municipal taxes, surface lease payments,</p> <p>7 or public land and disposition fees or rental</p> <p>8 payments.</p> <p>9 So you were going to make that part of the order;</p> <p>10 right?</p> <p>11 A That was my suggestion and intent.</p> <p>12 Q And I put it to you that that would not be an ordinary</p> <p>13 requirement of an RCAM order; right?</p> <p>14 A Each filing situation is unique, and we draft the order</p> <p>15 to fit the situation based on the evidence I have at</p> <p>16 hand.</p> <p>17 Q Mr. Callicott, please answer the question. That would</p> <p>18 not be a usual requirement of an RCAM order, even for a</p> <p>19 company that had outstanding surface lease payments or</p> <p>20 municipal taxes owing; right?</p> <p>21 A I answered your question with the previous response.</p> <p>22 Q No, you did not. You said you can virtually put</p> <p>23 anything in an order. I asked you whether that would</p> <p>24 be a usual provision. What's your answer?</p> <p>25 A There is no usual, Mr. Stapon.</p> <p>26 Q Ah. So this is -- you have a great deal of flexibility</p>

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<p>1 when drafting an order like this, don't you? 2 A The order has to fit the situation at hand. 3 Q Will you please answer the question? You have a great 4 deal of flexibility in drafting an order like this? 5 A I do have flexibility in drafting the order, yes. 6 Q And you have the flexibility to vary it based on 7 circumstances; correct? 8 A I'll note that in the order there is a -- a clause or a 9 line that states that I may vary the order. 10 Q I understand that, but the point of the matter is this: 11 That is, you, as the party issuing this order, as 12 basically judge, jury, and I will say potential 13 executioner, can change it if you choose to; correct? 14 A I can consider information before me and make changes, 15 correct. 16 Q Thank you. 17 The other order requirements, you will see: 18 (as read) 19 Submit an -- submit an abandonment plan 20 within 30 days to have all mineral 21 leases/expired wells abandoned in six months. 22 Do you see that? 23 A Yes. 24 Q What did you anticipate that that would cost? 25 A I don't have a calculation in front of me. 26 Q Ballpark. 30 days. Remember this -- this is the</p>	<p>1 instructions you're giving to the team to draft this 2 order. I want to see just how onerous it is. 3 A It doesn't cost anything to draft a plan, Mr. Stapon. 4 Q Ah. To have all lease expired wells abandoned in six 5 months. That has a cost, doesn't it, Mr. Callicott? 6 A It certainly does. 7 Q Ballpark, how much? 8 A You should ask your client that question. They'd be 9 best to answer that. 10 Q So you gave no consideration to the cost that you were 11 purporting to impose upon AlphaBow with respect to that 12 obligation? You just say, Do it; right? 13 A I did not say that. I, indeed, gave consideration to 14 what that may cost. 15 Q So that's what I asked you. What did you anticipate it 16 would cost? 17 A It likely would have been from -- rough estimates 18 likely would have been their closure spend for the 19 year, which they were obligated to spend anyways. 20 Q Okay. You didn't indicate that this would be an 21 obligation that would count towards the required 22 mandatory spend, did you? This was in addition? 23 A Are you saying your client wouldn't understand that 24 closure work done to abandon wells applied? 25 Q No. I'm saying that apparently your order would be an 26 imposed obligation over and above the statutory</p>
954	955
<p>1 required spend. 2 A In no way does it say or imply that. 3 Q Hmm. And pay security in 30 days. And you say 4 10 percent of the current and active liability is a 5 fair amount to request; is that right? 6 A Yes, and I've explained why. 7 Q That was ballpark equivalent to the municipal tax 8 arrears that the government had suggested must be 9 paid -- correct -- by licensees? 10 A Are you asking if I know what the amount of municipal 11 tax was to be paid or owed by AlphaBow? 12 Q Were you aware that it was about \$15 million? 13 A I'm only aware, based on numbers that AlphaBow provided 14 in meetings. I had no knowledge of whether or not that 15 was an accurate number, but 15 million was a number 16 that had been provided by AlphaBow in the past. 17 Q Thank you. 18 So this process of drafting the order commenced 19 May 24th, and you say that it involved a team of 20 individuals within the AER; right? 21 A It began on March 24th -- 22 Q Right. 23 A -- and it did involve a team. 24 Q And I put it to you the team did extensive work to come 25 up with the order because we can see how big it is and 26 how detailed it is and how many "whereases" there are</p>	<p>1 in the order; right? This was a lot of work? 2 A There was a lot of evidence. 3 Q Right. And in considering evidence, Mr. Callicott, you 4 were looking for the "whereases" to be regarded as 5 conclusive statements of fact; correct? 6 A Can you rephrase that? I'm not sure what you're 7 asking. 8 Q Are -- you directed your staff to start to put together 9 the "whereas" clauses; right? 10 A Yes. And, in general, the "whereas" clauses are the 11 evidence that support the requirements of the order. 12 Q Right. And when you issue an order like this with 13 "whereas" clauses in it, you're proposing to the 14 affected licensee that the "whereas" clauses are 15 accurate as a matter of fact; correct? 16 A We endeavour to make those clauses as accurate as 17 possible. 18 Q In fact, I'll take you to a later correspondence, but 19 you don't like it if the licensee challenges the 20 "whereases", for example, in an RCAM order? It's your 21 way or the highway, isn't it? 22 A Is that a question? 23 Q Yes. 24 A What is the question? 25 Q You don't like it when a licensee says, You've said a 26 "whereas". I disagree. I don't think that's true.</p>

<p style="text-align: right;">956</p> <p>1 A I disagree with that statement.</p> <p>2 Q Okay. I will take you to your records and your own</p> <p>3 writing later.</p> <p>4 Let's take a look at what occurs next. The order</p> <p>5 is apparently prepared by March 29th; is that correct?</p> <p>6 A I need a moment to check my notes.</p> <p>7 Q Please do.</p> <p>8 A The draft was prepared by March 29th.</p> <p>9 Q Thank you.</p> <p>10 And -- so take -- it took approximately five days</p> <p>11 of work to prepare the order; is that right?</p> <p>12 A I recall there was a weekend in there, so not</p> <p>13 necessarily five straight days.</p> <p>14 Q Okay. I'd like you to look at Exhibit 8, page 454.</p> <p>15 And you'll see that that's a letter from Ms. Olsen to</p> <p>16 Mr. Ben Li -- or an email from Ms. Olsen saying that:</p> <p>17 (as read)</p> <p>18 Tyler would like to meet with you anytime</p> <p>19 today or tomorrow for an order he is</p> <p>20 considering issuing.</p> <p>21 You see that?</p> <p>22 Actually, it starts a bit earlier than that. That</p> <p>23 is -- I apologize. I should be looking at page 449 in</p> <p>24 Exhibit B. I'm sorry for skipping ahead.</p> <p>25 Ms. Olsen, on March 29th in page 447, actually,</p> <p>26 writes, down at the bottom, at March 29, at 6:39 AM:</p>	<p style="text-align: right;">957</p> <p>1 (as read)</p> <p>2 And the AER with Tyler Callicott, acting as</p> <p>3 statutory decision-maker, is considering a</p> <p>4 regulatory action regarding AlphaBow.</p> <p>5 That's the first notice that AlphaBow is given of the</p> <p>6 order; is that right?</p> <p>7 A Yes.</p> <p>8 Q And it speaks to a regulatory action?</p> <p>9 A It says "regulatory action".</p> <p>10 Q All right. And then Mr. Li responds at the top of 447:</p> <p>11 (as read)</p> <p>12 Thank you for your email. In order to plan</p> <p>13 appropriately for a meeting with the AER to</p> <p>14 determine attendees, can you please provide</p> <p>15 information as to what the proposed</p> <p>16 regulatory action is in relation to and what</p> <p>17 the proposed action is.</p> <p>18 I take it you wouldn't regard that as an unreasonable</p> <p>19 request, Mr. Callicott? Is that fair?</p> <p>20 A I do not. It seemed like Mr. Li intended on meeting</p> <p>21 with me based on that email.</p> <p>22 Q He's asking, What's this all about? That's a</p> <p>23 reasonable ask, isn't it?</p> <p>24 A I see it as reasonable, yes.</p> <p>25 Q Okay. Let's take a look at 449.</p> <p>26 Ms. Olsen writes to Mr. Li -- I'm wondering,</p>
<p style="text-align: right;">958</p> <p>1 Mr. Callicott, why it's Ms. Olsen writing to Mr. Li</p> <p>2 because she's been involved in this process and has, in</p> <p>3 fact, recommended the potential actions. I take it</p> <p>4 she's got the draft order by this point; is that right?</p> <p>5 A Yes. At times on files, Ms. Olsen will send these</p> <p>6 emails; at times, I will send these emails. It depends</p> <p>7 on my schedule.</p> <p>8 Q And she asks Mr. Li on 449 whether or not AlphaBow will</p> <p>9 be bringing legal counsel and whether there's a wish</p> <p>10 for an in-person meeting. Do you see that?</p> <p>11 A Yes, I do.</p> <p>12 Q Was that a question that you asked Ms. Olsen to ask?</p> <p>13 A Likely. In a previous decision I made to limit the</p> <p>14 eligibility, AlphaBow arrived with legal counsel, and I</p> <p>15 had not arranged to have my legal counsel attend that</p> <p>16 meeting, so if that was the case for this meeting, I</p> <p>17 wanted to be prepared.</p> <p>18 Q Ah. So you wanted to be prepared for the meeting;</p> <p>19 correct?</p> <p>20 A I just wanted to give the heads-up to our legal counsel</p> <p>21 so they could block that time off in case AlphaBow</p> <p>22 chose to bring legal counsel, and then we would call</p> <p>23 ours in. It's just -- was intended for an internal</p> <p>24 heads-up.</p> <p>25 Q So you could be prepared; correct?</p> <p>26 A So the legal counsel could be prepared.</p>	<p style="text-align: right;">959</p> <p>1 Q Ah. You will agree with me in that regard that it was</p> <p>2 entirely reasonable for AlphaBow to want to be prepared</p> <p>3 as well; correct?</p> <p>4 A AlphaBow has had experience with these meetings before,</p> <p>5 and they would know that I explained the decision, and</p> <p>6 the time before, I provided them ample time to respond</p> <p>7 back.</p> <p>8 Q Indeed.</p> <p>9 But you could certainly appreciate, can you not,</p> <p>10 Mr. Callicott, that AlphaBow, when it's faced with</p> <p>11 advice, Hey. Look, do you want to meet in person and</p> <p>12 are you bringing legal counsel? They'd want to know</p> <p>13 what the meeting was about; correct?</p> <p>14 A I would understand why they would want to know what the</p> <p>15 meeting's about, yes.</p> <p>16 Q Okay. Let's take a look at 451 in Exhibit 8. This is</p> <p>17 from Ms. Olsen at 11:46 AM on the 29th: (as read)</p> <p>18 Hi, Ben. The proposed action and the</p> <p>19 rationale will be fully reviewed at the</p> <p>20 meeting.</p> <p>21 Do you see that?</p> <p>22 A I see that.</p> <p>23 Q So you can understand why in a circumstance whereby</p> <p>24 there's been no contact between the AER with respect to</p> <p>25 any regulatory action between the March 7th meeting,</p> <p>26 and now there's a request -- or a request for advice as</p>

<p style="text-align: right;">960</p> <p>1 to whether legal counsel will be coming. You can 2 understand why AlphaBow would want to know what the 3 meeting was about? 4 A I understand. I can also see how in the previous email 5 it appeared that Mr. Li would attend the meeting, and 6 now it appears that once he knows it's an order, he 7 announces he's going on vacation. 8 Q Did you make any inquiries of Mr. Li as to what prior 9 plans he'd had in place with respect to going on 10 vacation or who in his organization might not be able 11 to attend a meeting in connection with a regulatory 12 order? 13 A I would have expected Mr. Li to reach out and have a 14 conversation with me. It was offered. 15 Q So if we take a look at 454: (as read) 16 Hi, Ben. Tyler would like to meet with you 17 at any time today or tomorrow for an order he 18 is considering issuing. The meeting can be 19 done virtually. Please let me know as soon 20 as possible. 21 Do you see that? 22 A Yes, I do. 23 Q And immediately thereafter -- let's take a look at 458. 24 This is on March 29th at 1:33, and then it's 25 Ms. Cameron writing to Lonny Olsen. And I take it that 26 Ms. Cameron is well known to you, and, Ms. Olsen, you</p>	<p style="text-align: right;">961</p> <p>1 can simply confirm that you know her well as well; 2 right? 3 A I don't know Ms. Cameron well. 4 Q You certainly know Ms. Cameron, and you knew that she 5 had, in fact, been previously employed with this very 6 Regulator; correct? 7 A I was aware of that. 8 Q Indeed. 9 And Ms. Cameron advises that: (as read) 10 I understand Ben is travelling today. The 11 last I spoke to him, he was on his way to the 12 airport so I anticipate he will be delayed in 13 responding. It would be appreciated if the 14 AER could provide additional dates, times and 15 further provide information in advance of any 16 meeting so that AlphaBow can come prepared. 17 So in connection, Mr. Callicott, with your evidence to 18 this Panel that you viewed 14 days to be unreasonable, 19 you've got this email from Ms. Cameron saying, Look, 20 what other times have you got; right? 21 A Prior to this, I had offered to meet any time that day 22 or the next day to Mr. Ben Li. 23 Q Yeah. 24 A It honestly is not normal practice for me to do a 25 back-and-forth with legal counsel. I work for the 26 licensee. It -- never do I correspond back and forth</p>
<p style="text-align: right;">962</p> <p>1 with legal counsel. 2 Q Mr. Callicott, there was a request by Ms. Olsen to 3 advise whether legal counsel is coming. You get a note 4 from legal counsel stating Mr. Li is on his way to the 5 airport. Give us some other times. And you tell this 6 Panel that one of the reasons you issued this order is 7 because you believed 14 days was too long. She is 8 asking you when else you can meet, isn't she? 9 A She's asking if we can provide additional dates and 10 times, which I already previously had in an email to 11 Mr. Ben Li. 12 Q And you weren't prepared to provide additional dates 13 and times when you had advice from Ms. Cameron saying 14 Mr. Li was on his way to the airport and let us know 15 what this is all about so we can come prepared? 16 A Based on the previous message, he said he'd be on 17 vacation and not able to meet until after the Easter 18 long weekend. Would you assume from that that they 19 were now available the next day? Even though I had 20 offered it, Mr. Li did not contact me. 21 Q Hmm. 22 A I am more than willing to be flexible and change -- 23 Q This -- 24 A -- but Mr. Li did not contact me to discuss that. 25 Q Look, this is correspondence which occurs in half a 26 day. And let's take a look at 463. This is your</p>	<p style="text-align: right;">963</p> <p>1 response. (as read) 2 Good afternoon, Mr. Li. Further to the 3 message below, I would like to inform you 4 that I've made the decision to issue an 5 order. 6 See that? 7 A I recall writing that, yes. 8 Q Indeed. 9 So you had already decided this order was going 10 out, consultation or no, hadn't you? 11 A That's what I expressed at that point; however, I did 12 say in my testimony I left the meeting the next morning 13 open, and I still would have considered making changes 14 to the order prior to issuing it. 15 Q No. 16 A I did not receive any contact from Mr. Li prior to 17 issuing the order the next day. 18 Q What you said is: (as read) 19 I am still available to meet tomorrow at 20 10:30 AM if you choose. I will make myself 21 available to answer any questions AlphaBow 22 may have regarding the order. 23 The one that you already were going to issue; correct? 24 A You read. I -- I'm offering the meeting the next 25 morning at 10:30, still. 26 Q To talk about the order that you already decided you're</p>

964	<p>1 issuing no matter what; right?</p> <p>2 A It doesn't say that. I did say I had made the</p> <p>3 decision. I was comfortable issuing the order at that</p> <p>4 point in time; however, I would have still had a</p> <p>5 meeting and considered Mr. Li's input if he had chose</p> <p>6 to contact me and set up a meeting.</p> <p>7 Q Let's take a look at page 468 of this exhibit.</p> <p>8 THE CHAIR: Mr. Stapon, before you pose</p> <p>9 the question, I'd just ask if you would hold for a</p> <p>10 minute. I need to close the blinds here on the side.</p> <p>11 MR. STAPON: Certainly, commissioner. I</p> <p>12 want you to be able to see what you're reading.</p> <p>13 (DISCUSSION OFF THE RECORD)</p> <p>14 THE CHAIR: Thank you. That's very</p> <p>15 helpful.</p> <p>16 MR. GREEN: You're welcome.</p> <p>17 THE CHAIR: Thank you for the indulgence,</p> <p>18 Mr. Stapon.</p> <p>19 MR. STAPON: Certainly, Ms. -- or --</p> <p>20 commissioner. Pardon me.</p> <p>21 Q MR. STAPON: I'd like to look at 468, which</p> <p>22 is sent that very same day at 4:10 to you from</p> <p>23 Ms. Cameron. (as read)</p> <p>24 We're in the midst of seeking instructions,</p> <p>25 and we kindly ask that you hold off issuing</p> <p>26 the order till you receive further</p>	965	<p>1 correspondence from our office, which we hope</p> <p>2 to get to you tomorrow morning.</p> <p>3 You see that?</p> <p>4 A MR. CALLICOTT: Yes.</p> <p>5 Q Mr. Callicott, what was the rush with respect to this</p> <p>6 order? AlphaBow -- AlphaBow had been in operation for</p> <p>7 almost three years. There was nothing immediate that</p> <p>8 was happening in the field or otherwise which required</p> <p>9 that you do this that day; correct?</p> <p>10 A As I mentioned yesterday in my testimony, I was</p> <p>11 particularly concerned that AlphaBow was going to let</p> <p>12 their insurance lapse, as they were not able to provide</p> <p>13 proof of renewal when we asked. There are other</p> <p>14 factors too that I mentioned yesterday specifically</p> <p>15 related to reasonable care and measures, how based on</p> <p>16 the assessments I had in front of me I felt it was</p> <p>17 important that AlphaBow know my expectations so they'd</p> <p>18 be -- could begin work lowering the risk, lowering the</p> <p>19 potential of impact to environment, public safety, and</p> <p>20 protection of the sites as soon as possible.</p> <p>21 Q Mr. Callicott, what was the time frame you provided for</p> <p>22 the RCAM order with respect to reasonable care and</p> <p>23 measures?</p> <p>24 A Clause 1(a) to (f) was 30 days from date of issuance of</p> <p>25 the order.</p> <p>26 Q Indeed.</p>
966	<p>1 One more day wouldn't have made any difference;</p> <p>2 correct?</p> <p>3 A It may make a difference on the insurance expiry.</p> <p>4 Q You got the insurance expiry?</p> <p>5 A I did not.</p> <p>6 Q Okay. The AER did, didn't it, on the 30th?</p> <p>7 A After an order was issued to compel it. It was</p> <p>8 requested much earlier. AlphaBow could not comply with</p> <p>9 that request.</p> <p>10 Q I'd like to pull up Exhibit 47, Tab 7, Exhibit 2. It's</p> <p>11 at PDF page 95. This is a letter sent March 30th,</p> <p>12 2023, to your attention; correct?</p> <p>13 A Yes.</p> <p>14 Q You got it on the 30th of March; right?</p> <p>15 A I recall receiving it in the morning of the March -- of</p> <p>16 March 30th.</p> <p>17 Q You decided to issue the order anyway; right?</p> <p>18 A If you review the record, my notes describe this whole</p> <p>19 process. I did receive it. Actually, I had received</p> <p>20 the correspondence the day before requesting me to hold</p> <p>21 off, which you even know I did. I waited until this</p> <p>22 was received. I reviewed it. I considered it. My</p> <p>23 thought process is in the notes.</p> <p>24 Q All right. So before issuing the order, you got and</p> <p>25 considered and read this document; correct?</p> <p>26 A Yes.</p>	967	<p>1 Q Why isn't it in the record before this panel of</p> <p>2 commissioners chronologically like everything else?</p> <p>3 A It was potentially missed. It's your record.</p> <p>4 Q Hmm. So let's take a look at it. Advice is we act for</p> <p>5 AlphaBow Energy Ltd. And this is from Ms. Cameron.</p> <p>6 And I take it you respect her as counsel? Is that</p> <p>7 fair?</p> <p>8 A The first sentence says: (as read)</p> <p>9 We act as counsel for AlphaBow Energy.</p> <p>10 Q Did you know it was Ms. Cameron? And my question is:</p> <p>11 You respect her as counsel? This isn't some lawyer who</p> <p>12 knows nothing about the process who doesn't get what</p> <p>13 you do or how you do it. You're aware that she was</p> <p>14 well familiar with your policies, procedures, and</p> <p>15 proper practices?</p> <p>16 THE CHAIR: Ms. Ross?</p> <p>17 MS. ROSS: Chair, I don't think it's</p> <p>18 relevant whether or not Mr. Callicott respects</p> <p>19 Ms. Cameron or not. I ...</p> <p>20 MR. STAPON: I'll move on. I think I've</p> <p>21 made my point.</p> <p>22 Q MR. STAPON: She says in the third</p> <p>23 paragraph of her letter: (as read)</p> <p>24 The issuance of an order as proposed is</p> <p>25 contrary to procedural fairness obligations</p> <p>26 of the AER, some of which are set out in</p>

968	<p>1 Manual 013, compliance and enforcement</p> <p>2 program.</p> <p>3 I take it, Mr. Callicott, you were well familiar with</p> <p>4 those fairness obligations and procedural obligations?</p> <p>5 A MR. CALLICOTT: I am aware of the obligations</p> <p>6 of the duty to be fair, and we have an internal</p> <p>7 statutory decision-making guide that I follow.</p> <p>8 Q Ah. I won't go through them, then. I'll just reserve</p> <p>9 them for argument.</p> <p>10 She says: (as read)</p> <p>11 Pursuant to Manual 13, the AER has an</p> <p>12 obligation to ensure fairness in the</p> <p>13 assessment of and response to an issue of</p> <p>14 noncompliance in accordance with the</p> <p>15 procedural fairness principles set out in</p> <p>16 Section 7 of Manual 13. The AER is required</p> <p>17 to provide a regulated party with sufficient</p> <p>18 information to enable them to act in its best</p> <p>19 interest. It further directs that the</p> <p>20 regulated party should be provided with</p> <p>21 enough detail about the allegations or</p> <p>22 complaint against them or about the impending</p> <p>23 decision affecting them to enable them to</p> <p>24 prepare a response or defence.</p> <p>25 Do you see that?</p> <p>26 A I see what you've read.</p>	969	<p>1 Q Do you understand what I've read? More importantly,</p> <p>2 did you understand it at the time you read it?</p> <p>3 A You just read that.</p> <p>4 Q Did you understand it at the time you read this letter?</p> <p>5 A It's similar to content in our statutory</p> <p>6 decision-making guide; however, our guide is much more</p> <p>7 extensive.</p> <p>8 Q Ms. Cameron sets out some of the things that she</p> <p>9 suggests you should be doing: giving reasons for the</p> <p>10 allegations, accusation, or complaint made against</p> <p>11 them; information or evidence on which the decision</p> <p>12 would be based; notice of the impending decision;</p> <p>13 relevant statutory revisions or authority; and possible</p> <p>14 consequences or penalties. And you hadn't done any of</p> <p>15 that? You'd given none of that information; correct?</p> <p>16 A I disagree. In fact, to be quite transparent, I</p> <p>17 provided my notes that show my thought process at the</p> <p>18 time and what I considered related to this. I -- I,</p> <p>19 indeed, wanted to be fair, and I felt that AlphaBow was</p> <p>20 well aware of our concerns and the content of the order</p> <p>21 ahead of time.</p> <p>22 Q You didn't provide any of your thoughts or notes before</p> <p>23 issuing the order and not giving AlphaBow or its</p> <p>24 counsel any time whatsoever to respond; correct?</p> <p>25 A I don't think I would ever provide my notes to a</p> <p>26 licensee.</p>
970	<p>1 Q I'm sorry. I thought you just said you've provided</p> <p>2 your notes.</p> <p>3 A I provided my notes to the record of decision for this</p> <p>4 hearing.</p> <p>5 Q Ah. But before issuing your -- your order, you agree</p> <p>6 with me it's a serious order; correct?</p> <p>7 A It's an important order; however, it's not as serious</p> <p>8 as some.</p> <p>9 Q Okay. So before issuing this important order, you gave</p> <p>10 AlphaBow no notice nor any opportunity to respond;</p> <p>11 correct?</p> <p>12 A Not correct.</p> <p>13 Q You didn't tell them, Here, take a look at it. What</p> <p>14 you said is, I've made an order. If you want to talk</p> <p>15 to me about it, you can. And when you get this letter</p> <p>16 from Ms. Cameron before you issued the order, you still</p> <p>17 issue it, don't you?</p> <p>18 A You can see that I did offer a meeting to AlphaBow</p> <p>19 Energy. Did I have the opportunity to show them the</p> <p>20 exact order before it was issued, no, but if you look</p> <p>21 closely --</p> <p>22 Q Mr. Callicott, could you please look at me when you're</p> <p>23 answering the question. It's not the one I asked you.</p> <p>24 A If you look closely at the file, you'll see the content</p> <p>25 of -- of the order closely mirrors things that we had</p> <p>26 already requested of AlphaBow previously. Very similar</p>	971	<p>1 to the decision to limit eligibility. Many of the same</p> <p>2 factors. The compliance files are all the same that</p> <p>3 AlphaBow already had a pre-notice for.</p> <p>4 Q Mr. Callicott, I didn't ask for your excuse. I asked</p> <p>5 you what you did and did not do.</p> <p>6 A That is what I did.</p> <p>7 Q What you did was to get this letter, saying, Don't</p> <p>8 issue the order until we know what it's about. Tell us</p> <p>9 about it; be fair with us. You got it, you read it,</p> <p>10 and you issued your order nonetheless without providing</p> <p>11 the detail or permitting consultation; correct?</p> <p>12 A What I was doing was waiting for someone from AlphaBow</p> <p>13 Energy to reach out to me if -- to see if they had</p> <p>14 questions or wanted to meet or set up a different time</p> <p>15 to meet; however, that did not happen.</p> <p>16 Q You're being asked here by way of this correspondence</p> <p>17 for a request that the AER reconsider its proposal to</p> <p>18 issue the order. You knew that this was being written</p> <p>19 on behalf of AlphaBow; right?</p> <p>20 A I considered that. And it's quite apparent it didn't</p> <p>21 change my mind to issue the order. I felt I had very</p> <p>22 sound evidence and reasons to issue the order.</p> <p>23 Q It didn't change your mind to issue the order without</p> <p>24 notice or without advanced consultation; correct?</p> <p>25 A I've already answered this question, Mr. Stapon.</p> <p>26 Q Okay. Let's take a look at another component of the</p>

<p style="text-align: right;">972</p> <p>1 letter. Turn to the next page, please. Ms. Cameron 2 also says: (as read) 3 In addition, Manual 013 provides that a 4 regulated party must be given a reasonable 5 opportunity to be heard or to respond to an 6 allegation of complaint against them. [And 7 then she says] 8 AlphaBow respectfully submits that the AER 9 has not satisfied any of these obligations. 10 It's been provided no information regarding 11 the basis for the proposed regulatory action 12 or the specifics for the proposed regulatory 13 action. Further, no reason has been provided 14 as to why the matter cannot be deferred till 15 Messrs. Li or Kleinsasser return from their 16 vacations. AlphaBow respectfully commits 17 that the AER remedies these deficiencies to 18 providing AlphaBow with sufficient 19 information regarding the allegation and 20 proposed regulatory action and have an 21 adequate opportunity to respond. 22 You decided not to do that; correct? 23 A You may note from my testimony and from the order that 24 there was 30 days given to provide plans of actions. 25 There's no specific timelines actually, besides a 26 mineral lease expired well, to do something in an</p>	<p style="text-align: right;">973</p> <p>1 actual time. It was 30 days to provide a plan for them 2 to take many different actions. 3 Q What about any time -- 4 A You'll also note that every request AlphaBow Energy 5 made to me to extend a timeline, I did. In fact, for 6 the audited financials, I offered an extension. I'm 7 quite flexible in that way. When requested, like many 8 decisions before, I provide payment plans for security. 9 I've adjusted timelines in many different situations. 10 Q Mr. Callicott, what about giving AlphaBow an 11 opportunity to say, Please don't do this, because if 12 you do, here will be the consequences or consider an 13 alternate chance. You gave them no opportunity to 14 consider responding to this -- I'll use your words -- 15 serious order before you issued it? 16 A I disagree. I gave them that opportunity. They chose 17 not to take it. 18 Q Oh. So, Mr. Callicott, what about this: (as read) 19 Should the AER choose not to remedy these -- 20 these deficiencies, AlphaBow asks that the 21 AER refrain from posting any decision or 22 order on its website while AlphaBow considers 23 the recourse available to it. 24 You got that request? 25 A I read that. 26 Q And the AER posted your order; right?</p>
<p style="text-align: right;">974</p> <p>1 A Eventually it did go up. 2 Q Right. 3 A I believe there was a delay of multiple days before it 4 went up. 5 Q How many days? 6 A I'm unsure. They do not go up immediately. 7 Q Whose decision was it to post this in the face of this 8 advice? 9 A It's normal practice for us to post all of our orders 10 on the compliance dashboard. 11 Q All of your orders, Mr. Callicott? Are you sure about 12 that? It's my information that's not the case. 13 A I'm fairly certain all orders go on the compliance 14 dashboard. 15 A MS. OLSEN: Mr. Stapon, we are required to 16 post all orders and decision. 17 Q MR. STAPON: Thank you. I'm not -- 18 corrected. 19 This order was also posted on social media; 20 correct? 21 A MR. CALLICOTT: That's not correct. I believe 22 there was an announcement on social media, to the best 23 of my recollection. 24 Q Why would the Alberta Energy Regulator do that? 25 A The Regulator is attempting to be transparent. 26 Q I put it to you that the regulatory -- Regulator in</p>	<p style="text-align: right;">975</p> <p>1 this instance was discriminatory because that is not 2 its ordinary practice in connection with an order like 3 this against a company like this. 4 A I disagree. I think you can see that there are notices 5 being posted on our social media related to orders or 6 actions taken against the licensees. 7 Q Mr. Callicott, after the order was posted on social 8 media, I take it that there was, in fact, a flurry of 9 phone calls from concerned parties dealing with 10 AlphaBow about its creditworthiness and so on; correct? 11 A To whom? 12 Q To the Alberta Energy Regulator and, indeed, as I 13 understand it, on occasion to yourself. 14 A I recall receiving only two phone calls. One phone 15 call was from a contractor who stated he was out a 16 large sum of money for closure work they had done for 17 AlphaBow Energy over the winter months, January and 18 February, and he was expressing his concern that he 19 would not be paid. 20 Q Did he also express his concern that he wanted the 21 Regulator to be careful in connection with not shutting 22 the company down so that he could get paid? 23 A He did not. I didn't share any information with him. 24 I directed him to the website. 25 Q And I note in your materials you say that you got an 26 email, which you deleted, from a concerned creditor; is</p>

<p style="text-align: right;">976</p> <p>1 that right?</p> <p>2 A I believe we're talking about the same thing. He may</p> <p>3 have emailed and then called.</p> <p>4 Q Why did you delete the email?</p> <p>5 A It's not relevant to my file. I didn't use it as part</p> <p>6 of my decision-making.</p> <p>7 Q You got it after you'd made your decision. Why did you</p> <p>8 delete it?</p> <p>9 A It's a transitory record.</p> <p>10 Q As are most of these.</p> <p>11 In any event, immediately after the order was</p> <p>12 issued, AlphaBow sought a stay of the order; correct?</p> <p>13 A I don't recall the date they sought the stay, but I do</p> <p>14 remember they did.</p> <p>15 Q All right. And the stay was opposed by the Regulator;</p> <p>16 correct?</p> <p>17 A Yes.</p> <p>18 Q There was an effort to appeal to the Court of Appeal</p> <p>19 for a review, and that was opposed; correct?</p> <p>20 A I did not concern myself much with the issues with the</p> <p>21 Court of Appeal. I'm focused on my file and my</p> <p>22 decision.</p> <p>23 Q Okay. And you're aware that there was a request for a</p> <p>24 hearing in connection with your order?</p> <p>25 A Certainly I was.</p> <p>26 Q And that was denied; correct ? That's the March order.</p>	<p style="text-align: right;">977</p> <p>1 A I believe we're at the hearing right now, Mr. Stapon.</p> <p>2 Q Indeed. We'll get to that.</p> <p>3 So the Panel has seen in some considerable detail</p> <p>4 already the back and the forth that was occurring. You</p> <p>5 saw -- correct me if I'm wrong -- that AlphaBow was</p> <p>6 responding to many components of the RCAM order with</p> <p>7 respect to insurance, with respect to corporate</p> <p>8 structure, with respect to financial statements as the</p> <p>9 process went on forward; correct?</p> <p>10 A They did respond with some of what I would consider</p> <p>11 likely to be the easiest things to do, the things that</p> <p>12 were past overdue already. They did not respond at all</p> <p>13 to the RCAM provisions, which I would consider to be</p> <p>14 most important and urgent.</p> <p>15 Q There was a stay that was in place till approximately</p> <p>16 May 10th; correct?</p> <p>17 A I recall the stay was not allowed until -- actually,</p> <p>18 you might want to verify for me when the stay was put</p> <p>19 in place.</p> <p>20 Q It's my understanding that the stay was, in fact,</p> <p>21 lifted on May 10th; is that right?</p> <p>22 A Can you tell me the date the stay was permitted?</p> <p>23 Q I'm sorry. I can't offhand, but I'm asking when the</p> <p>24 stay was, in fact, lifted.</p> <p>25 A Best of my recollection, May 10th.</p> <p>26 Q And even though your order provided that there would be</p>
<p style="text-align: right;">978</p> <p>1 30 days of compliance from the date that the stay was</p> <p>2 lifted, and -- your advice was that there were five</p> <p>3 days to get in compliance thereafter; correct?</p> <p>4 A My recollection is -- is that following the issuance of</p> <p>5 the order, AlphaBow Energy had nearly a month before</p> <p>6 there was a stay, however, did not provide anything</p> <p>7 related to the RCAM provisions or some of the other</p> <p>8 provisions. Then they had a temporary stay that was</p> <p>9 lifted. By then, provided additional time to comply.</p> <p>10 So from the date the -- of the order to the date that</p> <p>11 that stay was denied, you could do the math yourself,</p> <p>12 but it was much more time than was originally provided.</p> <p>13 Q You were -- you gave five days after the lifting of the</p> <p>14 stay to respond; correct?</p> <p>15 A The order allowed 30 days from date of issuance.</p> <p>16 Q But you don't --</p> <p>17 A May 10th is after that.</p> <p>18 Q Right. But --</p> <p>19 A And then I allowed an extra five days to May 15th.</p> <p>20 Q You didn't allow 30 days from the lifting of the stay;</p> <p>21 is that correct?</p> <p>22 A What did AlphaBow Energy do with all the time before</p> <p>23 the stay? Were they prepared to comply with the order,</p> <p>24 or were they relying on a stay?</p> <p>25 Q I didn't ask you that, Mr. Callicott. What I asked you</p> <p>26 is: You only gave five days after the lifting of the</p>	<p style="text-align: right;">979</p> <p>1 stay to comply with the order, despite that the</p> <p>2 original order required 30 days or permitted 30 days to</p> <p>3 respond; right?</p> <p>4 A So AlphaBow Energy had 40-plus days to comply with</p> <p>5 those provisions of the order.</p> <p>6 Q And I'd like just to put some context into what would</p> <p>7 be a fair and adequate period of time to assess or</p> <p>8 review your order. You indicated that there was a full</p> <p>9 internal process commenced by the AER on or about</p> <p>10 March 3rd that resulted in a meeting of approximately</p> <p>11 nine people and five days to draft an order. And what</p> <p>12 you were initially proposing in connection with this,</p> <p>13 that is, the order that you issued, was to have a quick</p> <p>14 telephone call or perhaps a video meeting with Mr. Li</p> <p>15 for an hour or so to review that extensive piece of</p> <p>16 work. Have I got that right?</p> <p>17 A It normally takes approximately one hour, from my</p> <p>18 experience, for a pre-issuance meeting to review an</p> <p>19 order.</p> <p>20 Q But what if these parties subject to the order is</p> <p>21 interested in saying, You shouldn't issue it, and</p> <p>22 here's why? It takes longer when you have an order of</p> <p>23 that magnitude; isn't that true?</p> <p>24 A I often allow them time to consider and then provide</p> <p>25 information back if I feel it's warranted.</p> <p>26 Q In fact, that's precisely what was done back in</p>

<p style="text-align: right;">980</p> <p>1 connection with your July order. There was a proposed 2 order issued, there was a meeting to discuss it, 3 counsel came, there were submissions back from counsel, 4 and a revised order was issued as a result of that 5 process; correct? 6 A Correct. 7 Q But you elected not to do that here in connection with 8 a much more significant and serious order; correct? 9 A I'm not sure it's more significant. I will note that 10 with the first order, at no time did AlphaBow Energy 11 contact me to discuss the order or to request an 12 extension to say they were having difficulties meeting 13 any of the timelines, to ask any questions related to 14 the order. The first meeting was May 18th. So if 15 there was concerns with the ability for them to meet 16 the order requirements, nobody told me that; nobody 17 requested anything. If they had, I certainly would 18 have considered it and would have considered extending 19 the timelines longer if needed. 20 Q Okay. Mr. Callicott, AlphaBow continued to operate the 21 subject sites over the course of the month of April; 22 correct? 23 A Yes. 24 Q And you, in fact, got a detailed letter from 25 Mr. Ironside on May 12th; is that right? 26 A It was long, but I would not characterize it as</p>	<p style="text-align: right;">981</p> <p>1 detailed in relation to the requirements of the order. 2 Q The letter took you 11 days to respond to, didn't it? 3 A If you'll allow, I can check my notes. 4 Q Please do. I'll refer you to the letter in a moment if 5 there's any doubt in that regard. Take a look at 6 Document 297 in Exhibit 9, please. 7 A I also see in my notes that, indeed, we had a 8 face-to-face meeting with AlphaBow Energy. I believe 9 it was on May 18th -- 10 Q Right. 11 A -- where I verbally told them my initial thoughts on 12 their plan. And then officially I sent a letter back 13 to them on May 23rd, which is in the record decision at 14 page 297. 15 Q Right. And what you say there is: (as read) 16 The Alberta Energy Regulator has completed 17 its review of AlphaBow Energy's RCAM plan 18 submitted on May 12th. 19 So it took you that long to complete your review and 20 respond to it; right? 21 A I'm not sure it did. It's the date I sent the letter. 22 I did discuss my review with AlphaBow Energy on 23 May 18th, much sooner than that. 24 Q Did you mean what you said when you say you had 25 completed your review or not? 26 A Yes, I completed a review.</p>
<p style="text-align: right;">982</p> <p>1 Q Let's talk -- take a look, then, briefly, because I'm 2 running a little late, at page 238, which is the 3 May 12th letter. And I'm going to ask that you go to 4 page five -- pardon me -- 243. This is under the 5 heading "Group 3 --" 6 THE COURT REPORTER: Sorry. Sorry. Can you say 7 that again? "Group 3 --" what? 8 Q MR. STAPON: "Group 3 Asset Retirement 9 Obligations". And in the midst of that document under 10 Group 3, Concern 1, Mr. Ironside states: (as read) 11 As explained above, until very recently, 12 AlphaBow believed the completion of the ABC 13 commitment by March 31st was qualifying for a 14 three-year extension, and we're thereby 15 confirming -- or coming into compliance now 16 that we understand the extension is forfeit 17 with no voluntary spend in 2022 such that 18 AlphaBow is committing to bringing each and 19 every lease expiry into compliance within 20 12 months by March 31st, 2024. 21 What was wrong with that as a statement with a 22 deadline? 23 A MR. CALLICOTT: I requested a detailed plan, 24 and all that is is a statement with a deadline. 25 There's no details on what wells they were abandoning, 26 how they were planning on abandoning that, when they</p>	<p style="text-align: right;">983</p> <p>1 were going to do it. Very little information there. 2 Q We've heard repeatedly in these proceedings that 3 AlphaBow's abandonment plan had gone very well, and it 4 was doing well with respect to abandonments previously. 5 It had never provided a plan any different or 6 differential from that to the attention of the 7 Regulator, had it? 8 A MS. OLSEN: Mr. Stapon, the LMR compliance 9 plan is an extremely detailed spreadsheet with multiple 10 tabs with a well-by-well abandonment. 11 Q Okay. 12 A MR. GREEN: Furthermore, the enclosure 13 plan that was approved by me for enclosure were between 14 January 2023 and March 31st, 2023 -- was much more 15 detailed than this. 16 Q MR. STAPON: On that same page, Group 3, 17 Concern 3, there's advice that the remaining 508 18 wells -- do you see that? 19 A MR. CALLICOTT: I see the Group 3, Concern 3 20 line, yes. 21 Q And how are those wells described as by way of risk? 22 A Can you point out the portion you're looking at? 23 Q It says: (as read) 24 The remaining 508 wells are Directive 013 25 noncompliant medium risk or Type 6 medium 26 risk.</p>

984	<p>1 Do you see that?</p> <p>2 A I see that.</p> <p>3 Q And: (as read)</p> <p>4 Of the 508, about 50 have proper suspension</p> <p>5 with plugs and just require a pressure test.</p> <p>6 Do you see that?</p> <p>7 A Yes.</p> <p>8 Q And so this process was already underway in part in</p> <p>9 terms of suspension; is that correct?</p> <p>10 A I don't read it that way. I read that they're --</p> <p>11 they're noncompliant with the suspension requirements</p> <p>12 that are required for those wells.</p> <p>13 Q Okay. And they do propose a plan for -- they say:</p> <p>14 (as read)</p> <p>15 Overall, we reiterate that our objective is</p> <p>16 to be compliant, having addressed all mineral</p> <p>17 expiries by March 31st, 2024, and now add</p> <p>18 that we will also give or will also pursue</p> <p>19 the objective of being below-industry average</p> <p>20 for D013 noncompliance, much closer to</p> <p>21 100 percent compliance by September 30th,</p> <p>22 2023.</p> <p>23 You see that?</p> <p>24 A Yes, I see that.</p> <p>25 Q And I'd like you to go over to page 245. That's the</p> <p>26 conclusion of the letter. It says: (as read)</p>	985
986	<p>1 advice that, If this isn't enough, let us know; contact</p> <p>2 me. Right?</p> <p>3 A Mr. Stapon, I just want to make an additional comment</p> <p>4 regarding my responses back to AlphaBow. I'm looking</p> <p>5 at my notes here, and I see that my first response back</p> <p>6 to AlphaBow Energy was actually May 16th, which I</p> <p>7 believe is also in the record, but I wrote a letter to</p> <p>8 AlphaBow Energy preceding the meeting that we had on</p> <p>9 May 18 where in that letter I noted how they were in</p> <p>10 noncompliance with many of the conditions of the order,</p> <p>11 asking them to come into compliance.</p> <p>12 And at the end of that letter, I also note:</p> <p>13 (as read)</p> <p>14 The AER will be willing to consider proposals</p> <p>15 from AlphaBow for achieving compliance which</p> <p>16 could include security game plan, extended</p> <p>17 abandonment plan deadlines, or other</p> <p>18 proposals.</p> <p>19 And I asked AlphaBow to provide any proposals and their</p> <p>20 proof of compliance in writing to myself. That was on</p> <p>21 May 16th, preceding the May 18th in-person meeting that</p> <p>22 was then followed by the May 23rd second response in</p> <p>23 writing.</p> <p>24 Q And you, in fact, get a response to -- several</p> <p>25 responses to that; correct?</p> <p>26 A (NO VERBAL RESPONSE)</p>	987

<p style="text-align: right;">988</p> <p>1 addressing the issue of financial statements; correct? 2 A Yes. 3 Q He also on page 303 indicates, Here's who -- the team 4 that we've put into place in connection with 5 accounting. He's actually telling you, Look, here's 6 the AlphaBow team with respect to accounting 7 management; is that correct? 8 A It looks like a list of staff roles that's been 9 provided to me. 10 Q Yes. 11 A I'm not sure if there's even names associated with all 12 of them but one. 13 Q He's saying, Here's what we've put into place. Did you 14 request that they be -- that you be provided with 15 names? Here's our staff; here's what we've done. 16 A I did not request this. 17 Q There was some concern in connection with AlphaBow's 18 financial management team that had been expressed 19 previously by the AER -- correct -- as you were 20 requesting advice on turnover, Who's doing this? Are 21 there appropriate controls? And this is in response; 22 correct? 23 A Perhaps we need to refer to the order, but I don't 24 recall this being a requirement of the order. The 25 order required payment of security, audited financials, 26 and interim financials. I don't recall it requiring an</p>	<p style="text-align: right;">989</p> <p>1 explanation of the financial department. 2 Q Okay. But Mr. Ironside is clearly in this 3 correspondence basically saying, Look, Mr. Callicott, 4 you asked for audited financial statements. We think 5 that that's onerous. Here's our accounting team. We 6 think that it's in order, and the debate in connection 7 with what you'll provide or what we will provide and 8 when they will provide it continues; correct? 9 A I can see from my notes that I partially accepted some 10 of the terms of this submission. That was to allow 11 75 days to provide interim quarterly financials. I 12 accepted that. I did not accept the plan to submit 13 management-prepared financial statements. 14 Q Mr. Callicott, we're running a little short on time, 15 and the Panel has seen some of this correspondence 16 before -- or likely all of it -- pardon me -- the 17 commissioners have seen some of this correspondence or 18 all of it before. 19 The fact of the matter is this: There was an 20 active dialogue which was ongoing between you and 21 Mr. Ironside and other members of the AER in connection 22 with getting into compliance with your order; right? 23 A I'm not sure I would characterize it that way. I 24 received a number of different inadequate submissions, 25 very different dates, all past deadline. I don't know 26 if I would call that a productive dialogue.</p>
<p style="text-align: right;">990</p> <p>1 Q Whether or not you call it productive, there was 2 clearly dialogue, and AlphaBow was engaged; correct? 3 A AlphaBow was providing submissions. 4 Q Thank you. 5 Let's take a look at Document 334 in Exhibit 9. 6 Mr. Ironside says: (as read) 7 There are many items in your response to 8 AlphaBow's RCAM plan and overall submissions 9 of May 12th that we hereby respectfully 10 dispute. In this letter, we're going to 11 itemize those where AlphaBow takes exception 12 and disputes certain claims and statements, 13 both in the original order and in the 14 May 23rd, 2023, response letter. 15 I take it, Mr. Callicott, the AER is prepared to listen 16 to an alternate viewpoint in connection with a process 17 like this, is it not? 18 A I am prepared to make adjustments to the terms of the 19 order based on submissions. 20 Q Right. And so you would regard it as fair and 21 appropriate so long as it's done respectfully to say, 22 Look, AER, we think you've got it wrong? 23 A My view is slightly different. It was a general theme 24 through many of these submissions of Mr. Ironside 25 taking exception and disputing claims and the 26 requirements of the order in general. Seems like he</p>	<p style="text-align: right;">991</p> <p>1 doesn't agree that the regulatory obligations should 2 apply. 3 Q He doesn't agree with some elements of your order and 4 requests that you reconsider; correct? 5 A I'm not sure I read that. It says he takes exception 6 and disputes certain claims. 7 Q And he sets out what he disputes and why, for your 8 consideration; correct? 9 A I don't view that as a request, to adjust the terms of 10 the order. 11 Q Your advice, for example, is, You haven't given me 12 specifics. And Mr. Ironside says, Well, yes, I did; 13 here's what I gave you. Correct? 14 A I repeatedly responded back, explaining why the 15 submissions were not adequate. Progressively, my 16 responses got more detailed. Mr. Ironside chose not to 17 address those comments, not to provide more detail. 18 He, instead, chose to continue to dispute the contents. 19 Q And throughout this process, Mr. Ironside is telling 20 you that, Look, we're not going to be able to do the 21 posting of the big security, the 15,375,000. That is 22 not going to work. Correct? 23 A Those are your words. I'm not -- I would have to 24 review the document again to understand what he said. 25 Q Okay. But there were also direct discussions between 26 you; correct?</p>

<p style="text-align: right;">992</p> <p>1 A I'm not sure I understand. If you're referring to the 2 submissions that we're viewing, yes. 3 Q But there was also direct meetings face-to-face on 4 May 18th? 5 A One meeting was held on May 18th, correct. 6 Q Right. During that meeting, as I understand it, 7 AlphaBow advised you that, Look, they had some problems 8 with the RCAM order and problems with your order in 9 general, and here's what they were trying to do. 10 They're trying to understand what they wanted, and 11 there were discussions about, Look, we can't put that 12 money up. We're going to have to find another way to 13 address it? 14 A I have a general comment on that meeting where the 15 majority of the meeting time was used with Mr. Ironside 16 presenting future business plans. If you want more 17 details, I'd have to look back to my notes. 18 Q Well, let me see if I can refresh your memory without 19 wasting the commissioners' time. 20 Mr. Ironside came before you as the decision-maker 21 requiring the payment of this big amount of money, 22 saying, Look, we can't do it, but look at our business 23 plan. Look what happens if we can get this carbon 24 thing properly going. This is how we can make it work. 25 This is how we can pay you. This is how we can pay the 26 munis. This is how we can pay the landowners. This is</p>	<p style="text-align: right;">993</p> <p>1 how we can make this company go. That was his pitch, 2 wasn't it? 3 A I don't know if it was made in that way, saying, These 4 are my pitches in lieu of paying security. All of 5 those things -- all of those plans he presented were 6 something that had not occurred, that required prior 7 regulatory approval, in some -- none of that's 8 guaranteed at all. 9 Q Sorry. How did the payment of the TIER carbon capture, 10 the 550 tons a day at \$65 a ton in 2023, how did that 11 require a prior regulatory approval? 12 A Well, from my recollection, in the May 12th submission 13 from Mr. Ironside, he states that they require 14 approval. 15 Q But he says in that letter, Mr. Callicott -- and I -- 16 A You don't want the answer? 17 Q To correct your recall, he says, Look, there may be 18 another 25 or \$30 million that we can get with 19 regulatory approval. That process is going to require 20 an application, but it's not necessarily part of our 21 plan. That's the hope. That was what the discussion 22 of what regulatory approval was; correct? 23 A I believe he stated there was two pools where they 24 would require regulatory approval to inject or to 25 maintain -- leave higher reservoir pressure. In other 26 words, these are enhanced oil recovery schemes where</p>
<p style="text-align: right;">994</p> <p>1 there -- these aren't sequestration schemes. These are 2 enhanced oil recovery schemes, where, while in 3 operation, AlphaBow Energy is allowed to inject higher 4 pressure of CO2. Once it's no longer in operation, 5 AlphaBow Energy must lower the pressure. So, for 6 example, right now, the pressure is approximately 7 14,000 kilopascals. When they stop producing or using 8 that scheme, they're required to lower the pressure of 9 that reservoir to approximately 8,000 kilopascals, 10 which means they have to remove the CO2. If they want 11 to leave that in place, they required approval from the 12 AER through the reservoir -- through reservoir scheme 13 approval to -- to abandon at a higher pressure. That 14 sort of activity requires up front engineering, it 15 requires a monitoring plan, et cetera. Many things 16 would be likely required for that to be approved. 17 And, in fact, I took the submissions seriously. I 18 called our senior reservoir engineer after I reviewed 19 that plan and asked him what would be required of 20 AlphaBow, and he said they were required to submit for 21 an approval, and there would be many steps they would 22 have to take to get that approved. So it wasn't a 23 guaranteed thing that they would achieve that. 24 Q Mr. Callicott, in the meantime, unless or until 25 approval is depleted, AlphaBow was entitled to continue 26 to pump the CO2 into the reservoir and get the credits</p>	<p style="text-align: right;">995</p> <p>1 and the cash flow; correct? 2 A That's not my -- 3 Q 'Cause they didn't require -- 4 A -- understanding. 5 Q They didn't require any approvals to do what they were 6 doing. They had been doing it since 2006; correct? 7 A They have an approval for an enhanced oil recovery 8 where they inject CO2 to recover oil. 9 Q For which they got carbon credit or carbon credits; 10 correct? 11 A My understanding from the submission on May 12th and 12 other dates from Mr. Ironside is AlphaBow Energy 13 purchases CO2 from a third party. It's not their CO2. 14 They purchase it. They get a supply of CO2, and then 15 they inject it for use for enhanced oil recovery. 16 Based on what Rick Ironside is saying in the 17 submissions, they make money off of the credits from 18 that. 19 A quick review of the contract that was provided 20 shows that their provider can end that contract with 21 notice if they chose. And I'm not a hundred percent 22 sure on this, but it appeared to me that the supplier 23 of the CO2 remained in control of the -- of the 24 credits, and they're somehow shared with AlphaBow 25 Energy. So I don't see those as really definitive, 26 sure things.</p>

996	<p>1 And, once again, I'm making a decision on what I'm</p> <p>2 actually seeing, what's actually occurring with the</p> <p>3 licensee at the time, the actual risks that are out</p> <p>4 there right now. I'm making a decision based on that.</p> <p>5 If AlphaBow Energy put these plans into place,</p> <p>6 made the funds they're talking about, improved their</p> <p>7 operations, looked after their obligations, then</p> <p>8 certainly we would recognize that, adjust what we were</p> <p>9 requesting, and if it came down to it at some point, if</p> <p>10 they lowered their end of life obligations, then they</p> <p>11 could certainly request to have security returned at</p> <p>12 that time if they were able to achieve that.</p> <p>13 Q Mr. Callicott, Mr. Ironside made it very clear to you</p> <p>14 that the corporation didn't have the funds to do that.</p> <p>15 In order to meet those enhanced spending requests with</p> <p>16 the new carbon credits that they were entitled to</p> <p>17 access without any changes to the agreement, that they</p> <p>18 need to be able to continue to operate, and they were</p> <p>19 prepared to dedicate over a million nine per quarter to</p> <p>20 extra or additional abandonment and reclamation</p> <p>21 requirements, and you would have no part of that</p> <p>22 despite your ability to amend the order; correct?</p> <p>23 A I did not accept that proposal, and I've explained the</p> <p>24 reasons why previously. Thank you.</p> <p>25 Q I'm sorry, Mr. Callicott. Please tell the Panel why in</p> <p>26 heaven's name you wouldn't have permitted that to occur</p>	997	<p>1 so that the company could stay in business, royalties</p> <p>2 would be given to the government, employees would be</p> <p>3 paid, and there was a mechanism to try and get this</p> <p>4 company out of debt in the meantime, doing way better</p> <p>5 for asset retirement obligations than would have</p> <p>6 occurred if you'd just shut it in and shut it down?</p> <p>7 A I did not do that, Mr. Stapon. I issued the reasonable</p> <p>8 care and measures provisions in an order. I was</p> <p>9 expecting AlphaBow to take minimum steps to ensure they</p> <p>10 were taking reasonable care and measures to protect the</p> <p>11 environment, protect public safety, to meet their end</p> <p>12 of life obligations, to protect their sites. Those</p> <p>13 were the things I -- that were most important I was</p> <p>14 looking for. AlphaBow Energy had every opportunity to</p> <p>15 take those steps prior to the suspension order ever</p> <p>16 occurring, and it could do so today, and I would lift</p> <p>17 the suspension order.</p> <p>18 Q Oh, if they come up with \$15,750,000 plus the minimum</p> <p>19 spend requirements, and they abandon their wells.</p> <p>20 What's that going to cost them? 20 or \$25 million?</p> <p>21 A I would assume that it's well understood that there's</p> <p>22 many obligations on an energy company to operate in the</p> <p>23 province of Alberta and many expenses to meet their</p> <p>24 obligations. It's not for me to do the business</p> <p>25 planning for AlphaBow Energy. That's -- that's</p> <p>26 AlphaBow Energy's job.</p>
998	<p>1 Q You recall that -- Ms. Olsen's evidence where she</p> <p>2 indicated that the Regulator acts like the air traffic</p> <p>3 controller, and that's up to the pilot in the aircraft</p> <p>4 to manage the flight; correct? You recall that?</p> <p>5 A Yes, I recall that.</p> <p>6 Q I put it to you, Mr. Callicott, that with your request</p> <p>7 for -- your demand for \$15,375,000 and your</p> <p>8 unwillingness to consider even a significant alternate</p> <p>9 form of payment plan, you knew that the air traffic</p> <p>10 controller was sending a rocket into the airplane? You</p> <p>11 knew that was happening, didn't you?</p> <p>12 A AlphaBow Energy not once requested a payment plan for</p> <p>13 security even though I offered it to them on May 16th</p> <p>14 in the letter.</p> <p>15 Q What they said is they can't do that. What they</p> <p>16 offered to do instead was to say, Hey. Look, we'll</p> <p>17 spend this extra amount, almost \$2 million a quarter,</p> <p>18 on asset retirements, and we'll prove to you that we</p> <p>19 can do it. You can watch us do it. And we won't take</p> <p>20 any money out for shareholders. We will do that. And</p> <p>21 we believe we cannot only do that, we can pay some of</p> <p>22 our other debts. That's what they told you, isn't it?</p> <p>23 A It didn't meet the expectations for security, and I</p> <p>24 would not have trusted they would follow through with</p> <p>25 that plan.</p> <p>26 Q But if they didn't follow through with that plan, you</p>	999	<p>1 could then reinstitute a security obligation; correct?</p> <p>2 A I had already made that decision, Mr. Stapon.</p> <p>3 Q You had already made a decision which you've told this</p> <p>4 Panel you were able to vary; right?</p> <p>5 A I would have certainly considered a payment plan.</p> <p>6 Q But you weren't prepared to consider an extra spend</p> <p>7 equivalent to the payment plan but spread over two</p> <p>8 years, even though you knew that the company was</p> <p>9 saying, That's all we can do?</p> <p>10 A I considered the amount of security I requested, as I</p> <p>11 described before, as minimal.</p> <p>12 Q Minimal?</p> <p>13 A If anything, AlphaBow Energy should be providing more</p> <p>14 security. It was a minimal starting point based on the</p> <p>15 assessment of AlphaBow Energy.</p> <p>16 Q So we've talked about ballpark what you were requesting</p> <p>17 that AlphaBow spend, and I put it to you that the</p> <p>18 estimate for 2023, which you were requiring notionally</p> <p>19 within six months if you include the abandonments at</p> <p>20 30 days was, if you add it up together with respect to</p> <p>21 the overall obligations, approximately \$20 million or</p> <p>22 more; correct?</p> <p>23 A Not correct. The abandonments were not required in</p> <p>24 30 days.</p> <p>25 Q I said within six months in connection with that</p> <p>26 process. And --</p>

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<p>1 A I allowed 12 months, and that was even longer than that</p> <p>2 by the time they made the request.</p> <p>3 Q Okay. And I'm looking at your notes, page 476. I</p> <p>4 believe that this is a mistaken indication by you --</p> <p>5 THE COURT REPORTER: I can't hear you, sir. Can</p> <p>6 you turn towards the microphone, please.</p> <p>7 MR. STAPON: Yes. I'm sorry.</p> <p>8 THE COURT REPORTER: That's okay. Thank you.</p> <p>9 Q MR. STAPON: 476. This is your notes.</p> <p>10 MS. CAMERON: This is Exhibit 8.</p> <p>11 MR. STAPON: What's that?</p> <p>12 MS. CAMERON: We're in Exhibit 8 now.</p> <p>13 Q MR. STAPON: Oh, pardon me. We're in</p> <p>14 Exhibit 8 now. Pardon me. This is at page 476. I</p> <p>15 believe you're mistaken here, but this is your comment,</p> <p>16 Mr. Callicott: (as read)</p> <p>17 It appears they sold 31 million in assets in</p> <p>18 2021. What assets? How? Where did the</p> <p>19 money go? [And you state]</p> <p>20 This seems like a huge amount of money or</p> <p>21 huge amount compared to the value of the</p> <p>22 company.</p> <p>23 So that was your own internal math in connection with</p> <p>24 the value of this operation.</p> <p>25 A MR. CALLICOTT: It is not. AlphaBow Energy, I</p> <p>26 believe, if I recall correctly -- it is a long time</p>	<p>1 ago -- submitted financial statements that showed they</p> <p>2 had sold \$31 million or appear they had sold</p> <p>3 \$31 million in assets; however, you will note in the</p> <p>4 meetings of one of the regular meeting -- meetings that</p> <p>5 we had, Ms. Langlois clarified that. And it's in the</p> <p>6 notes, and AlphaBow Energy explained what the</p> <p>7 \$31 million was -- was related to.</p> <p>8 Q But --</p> <p>9 A It's just a comment in my notes.</p> <p>10 Q Yeah. I'm looking at your comment. \$31 million "seems</p> <p>11 like a huge amount compared to the value of the</p> <p>12 company". That's virtually what you were asking for in</p> <p>13 order to continue operations, isn't it?</p> <p>14 A I'm not sure the connection, Mr. Stapon.</p> <p>15 Q Why can't you answer it? That's the scope of the</p> <p>16 offer -- scope of the order that you're suggesting just</p> <p>17 before you shut the operation in in June of 2023;</p> <p>18 correct?</p> <p>19 A You're going to have to rephrase the question or narrow</p> <p>20 it down or make it pointed in some way, Mr. Stapon. I</p> <p>21 don't understand your phrase.</p> <p>22 Q All right. Your March 30th order had very significant</p> <p>23 financial obligations on AlphaBow to continue</p> <p>24 operations; correct?</p> <p>25 A The order did require security. AlphaBow Energy itself</p> <p>26 has continually, as any company would, has financial</p>
1002	1003
<p>1 obligations that they must meet, not -- it's not just</p> <p>2 my order that's requiring AlphaBow Energy to have</p> <p>3 financial obligations.</p> <p>4 Q Mr. Callicott, if you don't get it by now, I'm</p> <p>5 surprised. What I'm asking about is the scope and</p> <p>6 magnitude of your order, the requirement which I submit</p> <p>7 was unreasonable and arbitrary, that this security</p> <p>8 deposit be put up then rather than trying to work</p> <p>9 through, because putting up the security deposit killed</p> <p>10 the company or the obligation to do so killed it.</p> <p>11 And in measuring the magnitude of your demand and</p> <p>12 order, I'm looking at your own costs -- or your own</p> <p>13 comments where you say 31 million seems like a huge</p> <p>14 amount compared to the value of the company. That's</p> <p>15 your comment. And you're asking for virtually as much</p> <p>16 to be put up, some of it potentially never to be</p> <p>17 returned; correct?</p> <p>18 A I don't see the connection. You're talking about a</p> <p>19 line I wrote from briefly reviewing some financials a</p> <p>20 year and a half prior and comparing it to the order I</p> <p>21 made in March. I don't see the connection, and there</p> <p>22 is a very real important purpose of the security for</p> <p>23 AlphaBow Energy. There was a really important purpose</p> <p>24 for that security, and that is to look after a small</p> <p>25 portion of AlphaBow's Energy -- Energy's end of life</p> <p>26 obligations, so that if AlphaBow Energy ceases to exist</p>	<p>1 at any time in the next 30 years, there's at least a</p> <p>2 little bit of money there so that others don't have to</p> <p>3 close AlphaBow Energy's assets.</p> <p>4 Q That's why I spent, Mr. Callicott, so much time on the</p> <p>5 issue of beginning with the end of life, because if you</p> <p>6 kill the company, they don't retire any of those</p> <p>7 obligations, do they?</p> <p>8 A It's AlphaBow Energy's responsibility to manage their</p> <p>9 company. I did not kill AlphaBow Energy.</p> <p>10 Q You simply imposed an order without consultation which</p> <p>11 you directed and did not reconsider and which you were</p> <p>12 repeatedly told they could not pay. How can you</p> <p>13 possibly say that you didn't kill the company when you</p> <p>14 suspended it and prevented it from continuing its</p> <p>15 operations for noncompliance with that provision?</p> <p>16 A Was that a question to me?</p> <p>17 Q Yes.</p> <p>18 A You're going to have to narrow it down or focus it,</p> <p>19 please.</p> <p>20 Q You knew -- you said these were a very -- this was a</p> <p>21 very important point. It's a very important point</p> <p>22 against security. And when you knew that AlphaBow</p> <p>23 couldn't do it. In fact, they came to you after you</p> <p>24 had issued your order which you could have varied, and</p> <p>25 said, Look, we're contemplating insolvency. You said,</p> <p>26 I'm not doing anything unless you comply with the</p>

1004	<p>1 order, and you knew by doing that that all of those</p> <p>2 very important obligations would not be serviced by the</p> <p>3 assets but by the Orphan Well Association and by -- in</p> <p>4 connection with the taxpayers of the province of</p> <p>5 Alberta and the industry of the province of Alberta</p> <p>6 rather than letting the company at least have a good</p> <p>7 crack at getting it done itself, having presented to</p> <p>8 you a plan which had at least reasonable prospects of</p> <p>9 success. You made the decision, you didn't reverse it,</p> <p>10 you stuck by it, and you said, My way or the highway;</p> <p>11 right?</p> <p>12 A Once again, you -- I don't think that was a</p> <p>13 narrowed-down version of a question. That was a</p> <p>14 rambling paragraph. But I will repeat again. I think</p> <p>15 I've said this multiple times already in my testimony.</p> <p>16 I believe there was a real chance that AlphaBow Energy</p> <p>17 could and would provide security.</p> <p>18 Q Didn't it become apparent to you by the time that they</p> <p>19 sent their insolvency counsel over to say, Look, would</p> <p>20 you cooperate with us so we can restructure, that it</p> <p>21 wasn't going to happen? They met with you. They say,</p> <p>22 Here's what we think we can do. Here's how we think we</p> <p>23 can do it, and we can do it without the necessity of an</p> <p>24 order. Then you issue an order. Then they say, Will</p> <p>25 you work with us in a restructure? And you say, No.</p> <p>26 Right?</p>	1005
1006	<p>1 not a suspension order.</p> <p>2 Q But the obligation to comply was in a significant part</p> <p>3 financial; right?</p> <p>4 A There are financial obligations to comply with the</p> <p>5 regulatory framework that applies to all energy</p> <p>6 companies working in this province.</p> <p>7 Q Oh, Mr. Callicott, how many other energy companies that</p> <p>8 are behind on their AER have you required a</p> <p>9 25 million -- or a \$15 million security deposit from?</p> <p>10 A Once again, I answered this question yesterday. I</p> <p>11 don't make all the decisions for the AER, but I've</p> <p>12 made -- I've been the SDM on two other files where I</p> <p>13 have requested security. A great percentage of</p> <p>14 inactive liability. In both cases, those licensees</p> <p>15 paid. In one case, the licensee requested a payment</p> <p>16 plan, to which I accepted, and they paid. In fact, for</p> <p>17 a while, they stopped paying and requested an extended</p> <p>18 payment plan. I accepted. And they managed to pay it.</p> <p>19 Q Okay. Mr. Callicott, the main sticking point in</p> <p>20 connection with AlphaBow's continued operations was the</p> <p>21 cash, wasn't it?</p> <p>22 A I apologize. Can you repeat that question?</p> <p>23 Q Yes. The main sticking point -- the reason why the</p> <p>24 order -- the main reason why the order went is because</p> <p>25 AlphaBow said, We can't put that money up?</p> <p>26 A Not at all. My main -- if you -- Priority 1 was the</p>	1007

1008	<p>1 the rules [I emphasize this last word], or an</p> <p>2 order of the Regulator, or that a method or</p> <p>3 practice employed at a well or facility or</p> <p>4 any equipment or installation at a well</p> <p>5 facility is improper, hazardous, inadequate,</p> <p>6 or defective, the Regulator is authorized or</p> <p>7 may order that the well or facility be shut</p> <p>8 down or closed.</p> <p>9 Do you see that?</p> <p>10 THE CHAIR: Ms. Ross?</p> <p>11 MS. ROSS: Chair, this is</p> <p>12 cross-examination. Section 44 wasn't raised by us in</p> <p>13 the examination. This is all new.</p> <p>14 MR. STAPON: With respect, it's front and</p> <p>15 centre in our filed submissions, commissioners.</p> <p>16 MS. ROSS: Cross-examination is used for</p> <p>17 crossing on the direct evidence.</p> <p>18 MR. STAPON: Cross-examination, with</p> <p>19 respect to my learned friend, commissioners, is</p> <p>20 available for any material matter before the tribunal</p> <p>21 in question. This is relevant material.</p> <p>22 THE CHAIR: Where is it in your</p> <p>23 submissions, sir?</p> <p>24 MR. STAPON: Ms. Cameron, if you would</p> <p>25 assist in pulling that up. There's a fairly detailed</p> <p>26 submission that this is part of the unfairness that</p>	1009	<p>1 there was a statutory and required hearing within</p> <p>2 15 days, which, in fact, was not permitted. I don't</p> <p>3 have it handy, but I am going to seek the assistance of</p> <p>4 my team to pull it up.</p> <p>5 While we're looking, I'm going to ask that the</p> <p>6 page be scrolled up a bit so that Mr. Callicott can</p> <p>7 read Section 45(1).</p> <p>8 It's in Exhibit 47, at page -- I'm going to have</p> <p>9 the -- Ms. Cameron address the Panel to state where it</p> <p>10 is or ...</p> <p>11 MS. CAMERON: Apologies, commissioners. The</p> <p>12 provision was referenced in our written submissions</p> <p>13 that are filed on the record in Exhibit 47 as to the</p> <p>14 reasonableness of the decision in terms of the</p> <p>15 provisions that it was issued under.</p> <p>16 THE CHAIR: Yes. I asked -- can you point</p> <p>17 us to where, please?</p> <p>18 MS. CAMERON: Yes. It's paragraph 47, and I</p> <p>19 believe our colleague is just finding the PDF page on</p> <p>20 the record.</p> <p>21 THE CHAIR: Paragraph 47 of which</p> <p>22 document?</p> <p>23 MS. CAMERON: Exhibit forty -- Exhibit 47.</p> <p>24 THE CHAIR: My copy of that document talks</p> <p>25 about Manual 13 in paragraph 47.</p> <p>26 MS. CAMERON: Apologies. It's paragraph 82.</p>
1010	<p>1 THE CHAIR: Perhaps give us a moment to</p> <p>2 read it.</p> <p>3 Thank you. Proceed for now. CLM may raise what</p> <p>4 submissions they may, objections and issues.</p> <p>5 MR. STAPON: Thank you, commissioners.</p> <p>6 Could you please pull up that provision of the</p> <p>7 regulation again?</p> <p>8 Q MR. STAPON: Mr. Callicott, under</p> <p>9 Section 45(1): (as read)</p> <p>10 Where there is a request for an inquiry where</p> <p>11 the Regulator orders that a well or facility</p> <p>12 be shut down or closed, in Section 44(a) the</p> <p>13 licensee or approval holder may, by notice in</p> <p>14 writing to the Regulator, request an inquiry</p> <p>15 of that matter. Where the Regulator receives</p> <p>16 a request for such an inquiry, it shall</p> <p>17 within 14 days after receiving the request,</p> <p>18 hold an inquiry into the matter.</p> <p>19 Do you see that?</p> <p>20 A MR. CALLICOTT: Yes.</p> <p>21 Q And there was a request for an inquiry within 15 days</p> <p>22 after your June 15 order; correct -- or your June 5th</p> <p>23 order?</p> <p>24 A I'm not sure I recall that. I do recall there being a</p> <p>25 request for an inquiry. Was there more than one or</p> <p>26 just one?</p>	1011	<p>1 Q This was a specific request to challenge your shutdown</p> <p>2 order, and it was denied, wasn't it?</p> <p>3 A I'm aware that AlphaBow Energy made a request for an</p> <p>4 inquiry.</p> <p>5 Q Right.</p> <p>6 A I don't know if that request went to the AER, to the</p> <p>7 Panel. I believe it was denied.</p> <p>8 THE CHAIR: Ms. Ross?</p> <p>9 MS. ROSS: Yeah. Just to give some</p> <p>10 context, this was a request made to the delegates who</p> <p>11 heard the stay and -- and ordered the hearing,</p> <p>12 ultimately, not to Mr. Callicott.</p> <p>13 THE CHAIR: Thank you.</p> <p>14 MR. STAPON: Thank you. That's accepted.</p> <p>15 I was not involved in that process.</p> <p>16 THE CHAIR: So, Mr. Stapon, just to point</p> <p>17 out, you are rapidly approaching the end of your time.</p> <p>18 MR. STAPON: I understand. So I've been</p> <p>19 delayed a bit in my examination of Mr. Callicott. I</p> <p>20 will attempt to be a bit more efficient in connection</p> <p>21 with my continued examination.</p> <p>22 THE CHAIR: In terms of rapidly</p> <p>23 approaching, based on our calculations of what was</p> <p>24 budgeted, you have about eight minutes left.</p> <p>25 MR. STAPON: I'm expecting that it will</p> <p>26 probably be 15 or 20, if that's -- if that is</p>

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1 permitted. We did, in fact, have, as I recall, an
 2 extended lunch hour.
 3 THE CHAIR: Yes. And this takes into
 4 account the extended lunch hour. It would -- it would
 5 take you to the two hours that you had indicated.
 6 MR. STAPON: You've given me the benefit of
 7 my stay, I see. All right. I'll try and be very
 8 efficient. We can address the rest in re-direct.
 9 Q MR. STAPON: Mr. Dahlgren, in connection
 10 with the issue of noncompliance orders issued to the
 11 attention of AlphaBow, your clear and uncontradicted
 12 testimony yesterday was that if you went out to a
 13 wellsite and you found a noncompliance, even if you
 14 found one or two or three, there would be only a record
 15 of one; is that right?
 16 A MR. DAHLGREN: No, not exactly. The record
 17 would be recorded as unsatisfactory. The licensee --
 18 part of their compliance rating would be -- that would
 19 be an "unsatisfactory" as opposed to a "satisfactory".
 20 But within that record, any of the satisfactory or
 21 nonsatisfactory items assessed would be recorded within
 22 that particular inspection.
 23 Q Did you check, for example, the 2023 alleged
 24 noncompliances? Because we have -- and Mr. Li has
 25 several examples of where there was more than one
 26 noncompliance found at a particular wellsite on the

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1 A Again, each lease or each site, each physical
 2 footprint, if you will --
 3 Q Yes.
 4 A -- may very well have multiple licence numbers on that
 5 site for different activities. There could be a -- a
 6 well licence, a pipeline licence, and a facility
 7 licence or multiple of each of those on any one site.
 8 And if the same noncompliance is identified on each of
 9 those licence numbers, those items would be recorded in
 10 each of the individual inspections.
 11 A MR. CALLICOTT: If I -- if I may. One second,
 12 Jason. I believe this was brought up in the past from
 13 AlphaBow, and I believe there are a couple inspections
 14 that were done on the same site twice in one day, and I
 15 believe that's in reference to the methane inspection
 16 program. I wonder if you can explain that to
 17 Mr. Stapon, how that works.
 18 A MR. DAHLGREN: Yes.
 19 So, again, as I've -- as I've said already, if the
 20 inspection is conducted for a specific reason, that's
 21 typically what is -- is checked out while they're
 22 there. If an inspector has to go back for another
 23 reason, say, a complaint. So if the first inspection
 24 was done under one of the proactive inspection
 25 programs, and then that afternoon we were responding to
 26 a complaint, which somewhat often happens, those would

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1 same day and a second noncompliance was issued in
 2 connection with the same issue or the same inspection.
 3 So did you check and are you sure about your testimony?
 4 Because he will testify to the contrary.
 5 A So I -- unfortunately, I need to do -- to clarify that
 6 just a little bit. I'm trying to understand if you are
 7 wanting to know if different items identified on one
 8 site assessment were recorded in that inspection or if
 9 there was multiple inspections. If you could just
 10 clarify it, I'd appreciate it.
 11 Q If there was two inspections in the same day, that is,
 12 same site, same day, and there was two noncompliances,
 13 those would be recorded -- he's got instances where
 14 they're shown as two.
 15 A Yeah, I understand. So each inspection, depending on
 16 what the inspection reason was, would be entered per
 17 licence number. So one site could have multiple
 18 licence numbers, and if each of those licence numbers
 19 were assessed, they would each get an -- an inspection
 20 put into the system. Each of those licences may very
 21 well have similar or even the same noncompliances
 22 associated with them, but each licence number is a
 23 different entity and is assessed on its own merit and
 24 on -- and on its own standing.
 25 Q Even if it's the same issue on a particular lease; is
 26 that right?

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1 be two inspections of the same facility, licence
 2 number, the same site, and could very well have been
 3 issued the name noncompliance if they were -- if it was
 4 identified both times the inspector was there.
 5 Q Mr. Dahlgren, in connection with addressing AlphaBow's
 6 potential risk profile, you referenced a pipeline issue
 7 that occurred in 2019; correct?
 8 A I did, yes.
 9 Q And you said that it was 5.5 months before anything was
 10 done; is that right?
 11 A Not exactly correct. I think my words were it was
 12 five-and-a-half months before the -- the -- the
 13 release -- sorry -- the break site was excavated, was
 14 opened up so they could see what happened.
 15 Q Did you actually look at that file and all of the
 16 correspondence which came from the contractors that
 17 were involved?
 18 A I --
 19 Q And the extensive work that had been done immediately
 20 and for the first two or three weeks, the fencing that
 21 had occurred, and the decision to wait until the
 22 following few months while there was a potential for
 23 the area to dry up to see what else, if anything,
 24 needed to be done?
 25 A Yes, I did. I -- I looked at that file and all of the
 26 114 some odd comments and the multiple, multiple

1016	<p>1 attachments. I absolutely did.</p> <p>2 Q Indeed.</p> <p>3 There was extensive work done immediately upon</p> <p>4 that occurring, and a decision was undertaken to</p> <p>5 address the final remediation at a different point in</p> <p>6 the season; correct? There was fences put up. There</p> <p>7 was boreholes drilled. There was testing undertaken.</p> <p>8 And you described that as some high-risk situation to</p> <p>9 this Panel?</p> <p>10 A I guess we disagree on what "extensive work" in dealing</p> <p>11 with contamination. If you're going to include fencing</p> <p>12 in dealing with contamination, then I guess we</p> <p>13 disagree, so my answer would be no.</p> <p>14 Q What about boreholes? What about testing for</p> <p>15 hydrocarbon contamination and the extent of it?</p> <p>16 A Absolutely. Boreholes are a method of identifying</p> <p>17 where the contamination is. A borehole is certainly</p> <p>18 not a method of removing the contamination.</p> <p>19 Q I understand, but it tests the extent of it, and there</p> <p>20 was extensive work done on this issue immediately as it</p> <p>21 occurred; correct?</p> <p>22 A Again, I guess we disagree on the term "extensive".</p> <p>23 Q 115 pages worth? I'm going to ask that that record be</p> <p>24 produced for this Panel to see what was done, when it</p> <p>25 was done, and how it was done.</p> <p>26 A Absolutely.</p>	1017
1018	<p>1 MS. ROSS: If this is something that</p> <p>2 Mr. Dahlgren can obtain easily, we will accept it.</p> <p>3 MS. DOEBELE: And is it possible for the</p> <p>4 record to state if there's a specific incident report?</p> <p>5 Something a bit more specific so we're clear on -- on</p> <p>6 the content of that.</p> <p>7 MR. STAPON: It's my -- or it's my</p> <p>8 understanding that the record of the incident and the</p> <p>9 remediation efforts are approximately 120 pages.</p> <p>10 That's -- so it's going to be a fairly significant</p> <p>11 issue in connection with what, I would submit, the</p> <p>12 Panel was led to believe with limited activity or work.</p> <p>13 THE CHAIR: That doesn't answer</p> <p>14 Ms. Doebele's question about a reference number.</p> <p>15 MR. STAPON: Oh. I don't know that there's</p> <p>16 a reference number. It's -- Mr. Dahlgren knows what he</p> <p>17 was talking about, and he knows the incident.</p> <p>18 THE CHAIR: I would assume, though, that</p> <p>19 your clients, if you've got the page numbers, would</p> <p>20 also have the reference.</p> <p>21 MR. STAPON: It appears to be -- oh, sorry.</p> <p>22 It appears, commissioners, that this is a part of a</p> <p>23 September 19, 2019, submission from Cogen to AlphaBow</p> <p>24 Energy Ltd. also copied to the AER, reference "AER</p> <p>25 sampling and delineation plan request". It was</p> <p>26 before --</p>	1019
	<p>1 Q Thank you.</p> <p>2 A Just a reminder that that inspection or that -- that</p> <p>3 incident -- sorry -- is -- still remains today. That</p> <p>4 contamination is still present as of right now.</p> <p>5 Q And in connection with the advice regarding the</p> <p>6 Hastings Coulée issue, that was one that you suggested</p> <p>7 was particularly serious; is that right?</p> <p>8 MS. DOEBELE: Mr. Stapon, sorry to interrupt</p> <p>9 your question here.</p> <p>10 I just wanted to mark that as an undertaking if it</p> <p>11 was, in fact, one and we haven't heard from ...</p> <p>12 MR. STAPON: That's agreed. I'm sorry. I</p> <p>13 should have --</p> <p>14 MS. DOEBELE: No. That's --</p> <p>15 MR. STAPON: -- I'm trying to hustle here.</p> <p>16 MS. DOEBELE -- fine.</p> <p>17 A MR. DAHLGREN: And just a reminder. I guess</p> <p>18 AlphaBow has access to that incident as much as we do.</p> <p>19 They can move --</p> <p>20 THE CHAIR: Gentlemen, could we stop and</p> <p>21 let Ms. Doebele please proceed. Please.</p> <p>22 A MR. DAHLGREN: Yes.</p> <p>23 MR. STAPON: Thank you.</p> <p>24 MS. DOEBELE: If we could hear --</p> <p>25 Ms. Lavelle and Ms. Ross, any thoughts on the</p> <p>26 undertaking, if you have them?</p>	
	<p>1 THE CHAIR: Is there a file number or some</p> <p>2 other reference, an FIS number?</p> <p>3 MR. STAPON: Yes, there is an FIS number.</p> <p>4 I'm sorry. FIS 2019-2713.</p> <p>5 MS. DOEBELE: Sorry. Can you repeat the</p> <p>6 number?</p> <p>7 MR. STAPON: FIS 2019 -- that is the</p> <p>8 year -- 2713.</p> <p>9 THE CHAIR: Thank you, Mr. Stapon.</p> <p>10 Thank you, Mr. Ironside.</p> <p>11 MS. DOEBELE: And just to be clear for the</p> <p>12 record, that's Undertaking Number 8.</p> <p>13 UNDERTAKING 8 - To advise of the incident and</p> <p>14 remediation efforts for the FIS 2019-2713</p> <p>15 September 19, 2019, submissions from</p> <p>16 Cogen-ABE Ltd. CC AER re: sampling and</p> <p>17 delineation</p> <p>18 Q MR. STAPON: In connection with the</p> <p>19 Hastings gas plant sour gas issue, that was in -- a</p> <p>20 2019 issue; right?</p> <p>21 A MR. DAHLGREN: Earlier, yes, February, I</p> <p>22 believe.</p> <p>23 Q And what it involved was the failure of a flare stack</p> <p>24 to light up with a small venting of sour gas, and that</p> <p>25 was caught and reported immediately; correct?</p> <p>26 A No, not correct.</p>	

<p style="text-align: right;">1020</p> <p>1 Q What was it about?</p> <p>2 A So the circumstances are correct, sort of. It was a</p> <p>3 flare stack that failed to light and -- and ignite and</p> <p>4 burn the gas. I don't know that I would characterize</p> <p>5 it as a "small vent". It was a vent, nonetheless. But</p> <p>6 it was not AlphaBow that -- that reported it to us. It</p> <p>7 was a public complaint from a -- an individual in the</p> <p>8 area that called us and his comment was, It is as bad</p> <p>9 as I have ever smelt it, and I've smelt it in this area</p> <p>10 before.</p> <p>11 Q And this was in 2019; correct?</p> <p>12 A Correct. February, if I'm not mistaken.</p> <p>13 Q There was no effort to shut AlphaBow down for</p> <p>14 environmental or safety risk at that stage; correct?</p> <p>15 A So that issue was handled through the complaint, so the</p> <p>16 inspector called -- got the -- the information after</p> <p>17 hours, contacted the AlphaBow operator, and got things</p> <p>18 rectified that way. Had the inspector got in the truck</p> <p>19 and driven there, there would have been an inspection</p> <p>20 entered with a high-risk noncompliance associated with</p> <p>21 it.</p> <p>22 Q And the -- the fact of the matter is that was</p> <p>23 ultimately reported, and there's nothing like that that</p> <p>24 has occurred since; correct?</p> <p>25 A Again, "reported" is a -- is a -- a strange term.</p> <p>26 "Reported" is usually a term we associate to the</p>	<p style="text-align: right;">1021</p> <p>1 licensee reporting it. This was a complaint called</p> <p>2 into the AER.</p> <p>3 Q And there's been no like complaint or report since;</p> <p>4 correct?</p> <p>5 A Not in our system, no.</p> <p>6 Q Okay. In connection with the 577 gas wells that you</p> <p>7 describe as, these are, in fact, high water cut oil</p> <p>8 wells; correct?</p> <p>9 A No. I did not nor would I describe gas wells as</p> <p>10 high-volume -- or high water cut oil wells.</p> <p>11 Q No. What are they? You're going to hear from</p> <p>12 Mr. Ironside that these are water flood wells primarily</p> <p>13 producing oil and water as a miscible substance before</p> <p>14 they were, in fact, shut-in.</p> <p>15 A Correct. So any -- any -- virtually any well in the</p> <p>16 province has the potential to produce gas, I think is</p> <p>17 what I said.</p> <p>18 Q Okay.</p> <p>19 A And if that well happens to have some H2S within it,</p> <p>20 that gas will carry the H2S. I did not claim that gas</p> <p>21 wells are wells that have a high water cut or anything</p> <p>22 like that.</p> <p>23 Q And all of these particular wells are, in fact, shut-in</p> <p>24 and valved; correct?</p> <p>25 A As of when?</p> <p>26 Q Now.</p>
<p style="text-align: right;">1022</p> <p>1 A Currently?</p> <p>2 Q Yes.</p> <p>3 A Yes. The -- my understanding is the Orphan Well</p> <p>4 Association has made that happen.</p> <p>5 Q Okay. What was the state of affairs in connection with</p> <p>6 this before the Orphan Well Association?</p> <p>7 A So depending on -- on the particular facility when --</p> <p>8 prior to the Orphan Well Association going out, that</p> <p>9 would be referencing those 22 inspections that we</p> <p>10 conducted to ensure that the conditions of the -- the</p> <p>11 suspension order were met, and most of those were found</p> <p>12 to -- to be still in operation.</p> <p>13 Q Well, in fact, operations had continued for a period of</p> <p>14 time after the stay; correct? How long had been given</p> <p>15 to shut in the wells after the stay?</p> <p>16 A I -- I can't -- I -- the dates aren't sort of my --</p> <p>17 you'd have to go to Mr. Callicott for that.</p> <p>18 Mr. Callicott and I had a conversation after that date</p> <p>19 had elapsed and how we would ensure that things were</p> <p>20 met.</p> <p>21 Q But how was it being calculated? There was a stay put</p> <p>22 into place that was lifted. When -- when were these</p> <p>23 inspections? It was at the end of August; right?</p> <p>24 A Yes. Yeah. I -- I -- I can't give you the -- or I --</p> <p>25 I could give you the exact dates, but I can't off the</p> <p>26 top of my head.</p>	<p style="text-align: right;">1023</p> <p>1 Q And prior to that, you were aware that AlphaBow had</p> <p>2 been in the process of shutting all of those in;</p> <p>3 correct?</p> <p>4 A No. I -- it didn't appear to me that AlphaBow was</p> <p>5 attempting to shut them in. Something about -- is</p> <p>6 we've shut 60 percent in is what I've heard. But to my</p> <p>7 understanding, the Orphan Well Association had to do</p> <p>8 some of that work, they -- AlphaBow had done a bit of</p> <p>9 it on their own, so it was a bit of a mixed bag.</p> <p>10 Q So the question is when the transition occurred, and,</p> <p>11 that is, when AlphaBow was no longer committed on-site.</p> <p>12 Is that fair? As AlphaBow was shut out of its</p> <p>13 operations, the Orphan Well Association advised them,</p> <p>14 did they not, that, Look, you can't come on our</p> <p>15 property, or, You're not allowed here anymore?</p> <p>16 A No, that's not correct. My understanding to what</p> <p>17 the -- the verbiage was was that, You can certainly</p> <p>18 come on and meet your obligations; we expect you to</p> <p>19 meet your obligations. My understanding is that the</p> <p>20 Orphan Well Association or the requirements in that --</p> <p>21 that document were that AlphaBow personnel needed to</p> <p>22 contact the OWA and make sure that they were aware</p> <p>23 or -- or get permission or however that would have</p> <p>24 worked. It certainly wasn't a locked-out situation.</p> <p>25 Q Let's talk about --</p> <p>26 THE CHAIR: Mr. Stapon?</p>

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<p>1 MR. STAPON: Yes.</p> <p>2 THE CHAIR: One, we're getting -- we're</p> <p>3 well past when we need a break.</p> <p>4 MR. STAPON: Yes.</p> <p>5 THE CHAIR: Two, we are also getting past</p> <p>6 the time that you've told us, and we seem to be</p> <p>7 creeping on and on.</p> <p>8 MR. STAPON: It is creeping on and on, and</p> <p>9 it is a difficult thing. My examination of</p> <p>10 Mr. Callicott was more problematic in connection with</p> <p>11 what I would submit would be very argumentative or</p> <p>12 nonresponsive answers; however, I am in the Panel's</p> <p>13 hands. I am prepared to conclude, and we can address</p> <p>14 the balance of what I would have addressed with</p> <p>15 Mr. Dahlgren and Mr. Green in re-direct because we're</p> <p>16 prepared to do that as well. So if the -- having</p> <p>17 regard to the timing of this Panel's advice, I would be</p> <p>18 prepared, then, to conclude the case.</p> <p>19 THE CHAIR: Ms. Ross?</p> <p>20 MS. ROSS: I hope he's referring to</p> <p>21 rebuttal rather --</p> <p>22 MR. STAPON: Or rebuttal --</p> <p>23 MS. ROSS: -- than re-direct.</p> <p>24 MR. STAPON: In fairness, it is rebuttal.</p> <p>25 THE CHAIR: Yes. And I would -- I would</p> <p>26 suggest, Mr. Stapon, that we were clear -- we were</p>	<p>1 clear with the timing requirements when we sent -- sent</p> <p>2 out the -- the schedule and expected that it was up to</p> <p>3 the parties to budget themselves accordingly, and we</p> <p>4 have been giving you indulgence on this timing.</p> <p>5 MR. STAPON: Commissioners, I agree that</p> <p>6 you certainly did do that. Some proceedings, of</p> <p>7 course, take longer than anticipated. This has been</p> <p>8 very time intensive, but this Panel has -- or this</p> <p>9 commission has, in fact, sat early and late and taken</p> <p>10 abbreviated processes, so we will live within those</p> <p>11 timelines, and I will abbreviate my cross-examination</p> <p>12 as a result.</p> <p>13 THE CHAIR: Thank you.</p> <p>14 So, Ms. Ross, Ms. Lavelle, we will not release</p> <p>15 your witnesses yet because we anticipate that the Panel</p> <p>16 will likely have some questions.</p> <p>17 We will break now for 15 minutes, so we will</p> <p>18 return at 10 past 4.</p> <p>19 (WITNESSES STAND DOWN)</p> <p>20 (ADJOURNMENT)</p> <p>21 THE CHAIR: Thank you.</p> <p>22 Before we start with the Panel's questions for the</p> <p>23 CLM witnesses, just to confirm that our intent right</p> <p>24 now is to run with the timeline that we had set, so in</p> <p>25 terms of wrapping up at about 6:00, and so we will</p> <p>26 check in as we near that point.</p>
<p>1 I would suggest the parties be prepared to discuss</p> <p>2 and speak to us about if we need to slide things over</p> <p>3 into the next day and get into the finish line on this</p> <p>4 hearing.</p> <p>5 So just to indicate that timing-wise because we</p> <p>6 anticipate that the Panel's questions are likely to</p> <p>7 take more than the 15 minutes we had allotted.</p> <p>8 Ms. Ross.</p> <p>9 MS. ROSS: I can let you know that I will</p> <p>10 probably be only 15 minutes in re-direct, so if you</p> <p>11 want to take up some of my time, that's fine.</p> <p>12 THE CHAIR: Thank you. I appreciate that</p> <p>13 advice.</p> <p>14 MS. ROSS: However, I would not like</p> <p>15 Mr. Stapon to get the extra time.</p> <p>16 THE CHAIR: That -- that -- that does not</p> <p>17 necessarily surprise me. Thank you.</p> <p>18 Mr. Stapon.</p> <p>19 MS. ROSS: I'd like to get out of here</p> <p>20 early.</p> <p>21 MR. STAPON: It has been an extensive</p> <p>22 hearing. We will do our best to wrap up in that</p> <p>23 timeline. Thank you.</p> <p>24 THE CHAIR: All right. Thank you.</p> <p>25 The Panel Questions the Witnesses</p> <p>26 THE CHAIR: So, witness panel, we will</p>	<p>1 start out from questions from Commissioner Barker so</p> <p>2 please go ahead. And we've tried as much as possible</p> <p>3 to structure our questions to direct them to</p> <p>4 specific -- specific panelmates -- panelists but we</p> <p>5 leave it up to you to -- to essentially -- as</p> <p>6 Mr. Stapon talked about before, you're hot tubbing, so</p> <p>7 if there is someone else who is better suited to -- to</p> <p>8 assist with the -- with the question, we're definitely</p> <p>9 open to that.</p> <p>10 So, Commissioner Barker, go ahead.</p> <p>11 COMMISSIONER BARKER: Thank you, chair.</p> <p>12 Q COMMISSIONER BARKER: I have a number of question to</p> <p>13 just -- I would like to get some clarity on the</p> <p>14 corporate compliance records and how compliance records</p> <p>15 and field inspection records travel with a corporate</p> <p>16 entity through time, if you will.</p> <p>17 We heard from -- Mr. Stapon mentioned a couple of</p> <p>18 days ago -- he brought up Exhibit 47.01, and it was</p> <p>19 page 32, and it was a corporate search which he was</p> <p>20 explaining had indicated that AlphaBow had -- was</p> <p>21 incorporated in 2019, and I -- if I recall correctly, I</p> <p>22 think earlier today he mentioned that the company was</p> <p>23 only -- has only been around for three -- three years.</p> <p>24 So I'd like to get -- I'm going to ask a couple of</p> <p>25 questions op -- on this.</p> <p>26 First of all, with regard to the length of time or</p>

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1 the period of -- of AlphaBow's compliance history and
 2 with regard to field inspections and all its
 3 compliance, how far back does it go?
 4 So, in other words, Mr. Callicott, you had
 5 mentioned you had reviewed AlphaBow's history of
 6 noncompliance and inspection files that were past due.
 7 And, Mr. Green, I think you had mentioned that --
 8 you had -- or that you had showed us records of
 9 outstanding groundwater monitoring and reporting going
 10 back to 2005 or 2015. I may not -- I may be incorrect
 11 on those dates but a significant period of time in the
 12 past.
 13 How does that work if -- if -- if -- AlphaBow's BA
 14 code, does it continue to -- to go on from a previous
 15 corporate entity, or I'm wondering if you can just help
 16 us understand how that works. And I don't know who
 17 wants to answer the question.
 18 A MS. OLSEN: So I'll start. So basically
 19 you're correct. The BA code does stay with the entity.
 20 Q Sorry. Stays with what entity? The corporate?
 21 A Stays with the corporate entity.
 22 Q Corporate entity. Okay.
 23 A So when it was -- when AlphaBow was quite an operating
 24 company, then it changed -- it -- it became a numbered
 25 company. And then it became -- it changed its name to
 26 AlphaBow, and then there was an amalgamation. And

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1 licences, so it was just another company. So most of
 2 their compliance would be from the previous operation.
 3 A MR. CALLICOTT: Can I add a little,
 4 Commissioner Barker?
 5 COMMISSIONER BARKER: Yeah.
 6 A MR. CALLICOTT: So we regulate the licensee,
 7 so there's a code and a licensee. And -- and that
 8 doesn't -- if there's business dealings going on behind
 9 the scenes, we still regulate that particular licensee.
 10 That doesn't change. And from the records I can see
 11 here in our system AlphaBow Energy began as a licensee
 12 January 6th, 2017. The first inspection I see in the
 13 field inspection system, which I can look at right
 14 here, occurred February 14th, 2018. So when we're
 15 talking about compliance and inspections on AlphaBow
 16 Energy, that's the furthest back that we have first
 17 inspection.
 18 And personally in review of the file, I had gone
 19 back as far as 2019, but not farther, and then
 20 primarily focused on the previous year, but I did
 21 consider the earlier years as well.
 22 Q So help me understand, though. I'm a bit confused then
 23 about the -- the unresolved or the outstanding
 24 groundwater monitoring or reporting that went back
 25 much, much earlier.
 26 A Right. So --

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1 that's -- would be the amalgamation in 2019 that you
 2 see in the Corporate Registry record. Amalgamations --
 3 the surviving company is the larger company. So that
 4 BA code stayed with AlphaBow. And when two companies
 5 amalgamate, the AER -- all the licences, if the other
 6 licence company had been a licensee, it would have
 7 transferred to the new entity and it would have -- the
 8 survivor always has the eligibility status of the
 9 original entity. Does that make sense? So there's no
 10 licence actual process for transfer in terms of
 11 applications. It's just automatic in the case of an
 12 amalgamation.
 13 Q Okay. And thank you for that.
 14 So -- and do you have any comments with regard to
 15 the -- the -- the statement that AlphaBow was a new
 16 company as of 2019 with regard to its compliance
 17 history or unresolved compliance inspections or
 18 anything like that.
 19 A We don't see them as a completely new company because
 20 many of the principals were the same from the previous
 21 company. So the same management had carried forward.
 22 Marshall Shi, I believe, was the CEO in 2018. I didn't
 23 come on the scene until 2019, but I have looked at some
 24 of those 2018 records, and so -- when it's the same
 25 kind of management team. I don't believe the other
 26 entity amalgamated with was an actual licensee or had

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1 Q Is that still AlphaBow or ...
 2 A It is now AlphaBow's obligation. So --
 3 Q Okay.
 4 A -- whenever AlphaBow started as a licensee, it would
 5 have been -- become their obligation. Those are sites
 6 that they took over. Some of them would have had those
 7 contaminated site issues. It would have been the
 8 former licensee. They became the licensee. Now it's
 9 their responsibility.
 10 So when you're looking back and saying there
 11 hasn't been updates since a certain time, it would only
 12 be fair to say there hasn't been an update from
 13 AlphaBow since they became a licensee, which looks like
 14 2017.
 15 So if they hadn't had updates in 2015, you know,
 16 2015 to 2017, I wouldn't be blaming AlphaBow for that
 17 time period and no update.
 18 Q Okay. Thank you.
 19 A MR. GREEN: Yeah. And if I may speak to
 20 that a little bit more. So back when I was consultant,
 21 if I had a client looking to make an acquisition of
 22 different well licences, they would typically get their
 23 environmental consultant to come in and review the well
 24 files, just as a form of due diligence of the assets
 25 they are going to be potentially receiving in an
 26 acquisition. And we would go in and look for issues

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1 such as this where we identify, you know, significant
 2 contamination issues that we would have to then manage
 3 if the acquisition was completed.
 4 And so it looks like in some of these instances
 5 that AlphaBow has this information that was completed
 6 by the previous licensee, and then they just have not
 7 followed up with any work since acquiring these
 8 significantly contaminated sites.
 9 Q Gotcha. Okay. Good. Thank you. Thank you very much.
 10 A MR. DAHLGREN: And the same -- the same issue
 11 would be with the inspections as well. If a -- if a
 12 well, a pipeline, or a facility has had previous
 13 inspections with a different BA code or the -- the
 14 licensee at the time, when we pull a -- a -- a search
 15 or a compliance history, it's just by that BA code, and
 16 whatever licences are -- are -- fall under that BA
 17 code.
 18 So any of the reviews that I've done or -- or
 19 anybody on this -- on this side of the table in
 20 reference to AlphaBow was only licences that are under
 21 AlphaBow's BA code. So if -- if licences are sold or
 22 transferred out or new licences come in, it's just what
 23 is currently under that -- that BA code at the time
 24 that those reports are pulled.
 25 Q Okay. Good. Thank you. Thank you very much.
 26 THE CHAIR: So we'll turn to Commissioner

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1 those date ranges. Absolutely.
 2 Q I think that would be really helpful for everybody.
 3 Thanks.
 4 MS. DOEBELE: And, just for the record, can
 5 we number that just for housekeeping as Undertaking
 6 Number 9? Seeing no objections.
 7 MR. STAPON: That's agreed. Certainly.
 8 MS. DOEBELE: Seeing no others.
 9 MS. LAVELLE: No. That's fine. Can you
 10 read out, though, the full undertaking so we understand
 11 it?
 12 MS. DOEBELE: So -- and, Mr. Dahlgren, you
 13 can correct me and Ms. Mackenzie -- or Commissioner
 14 Mackenzie -- apologies -- but the date range for the
 15 22 inspections -- Commissioner Mackenzie is looking to
 16 understand the context there in -- in relation to the
 17 focus, given that there was an interim stay during the
 18 period.
 19 A MR. DAHLGREN: Yeah. That's the way I
 20 understand it.
 21 MS. DOEBELE: Okay. Thanks.
 22 UNDERTAKING 9 - To provide the date range for
 23 the 22 inspections in relation to the interim
 24 stay period for the June order
 25 Q COMMISSIONER MACKENZIE: Thanks.
 26 My next one, I think, is for Mr. Dahlgren as well,

1033

1 Mackenzie now.
 2 Q COMMISSIONER MACKENZIE: I'm just going to start off by
 3 saying I have quite a lot of questions. A lot of them
 4 are just because yesterday there was so much
 5 information being conveyed, so a lot of them are
 6 clarification questions.
 7 But the first one I would just like to sort of
 8 hopefully close out the discussion that just happened
 9 before we broke. So it's for Mr. Dahlgren. Would you
 10 be able to provide the date range for these
 11 inspections -- these 22 inspections that took place,
 12 just so that we can understand where they fit in time
 13 with reference to the -- the June order and then the
 14 fact that there was an interim stay from June 13th to
 15 August 14th. I think that's kind of what we're trying
 16 to figure out.
 17 A MR. DAHLGREN: I can. I can certainly
 18 provide any of that sort of information. I think
 19 the -- the -- the reference to "22 inspections" was
 20 initially made from AlphaBow, and my review basically
 21 sort of jogged my memory that, yeah, those
 22 22 inspections were as a result of us wanting to ensure
 23 that the conditions of the actual suspension order, in
 24 other words, nothing is operating order, that those
 25 inspections were done to make sure that those
 26 conditions were met. So I -- I can for sure get you

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1 but please feel free to jump in if I'm wrong.
 2 There were several mentions throughout the record
 3 and in the order of a satisfactory field compliance
 4 rating of 75 percent, and I just wondered if you could
 5 provide a bit of background as to where the 75 percent
 6 comes from.
 7 A MR. DAHLGREN: So this -- the 75 percent
 8 doesn't ring a bell with me. I remember some
 9 conversation about 70 percent, 65, 62, 52, 42, things
 10 like that, but -- but the -- the specific 75 doesn't
 11 ring a bell.
 12 Q Yeah. It's not -- it's not AlphaBow's compliance.
 13 It's related to -- we're referencing AlphaBow's
 14 compliance or the orders are back to a satisfactory
 15 field number needing to be 75 percent. So maybe the --
 16 A I see.
 17 Q -- the question's not for you. I'm not sure.
 18 A So that would be the industry average, sort of the
 19 benchmark, if you're below that industry average or --
 20 or above.
 21 A MS. OLSEN: So I can speak a bit to that
 22 as well. When we look at -- it's -- it's a very rough
 23 number, and we accept that. But when we look at
 24 licensees, it's -- the reports -- and it's in the
 25 record. You'll see them -- the reports are called
 26 "IS1400s", and it gives you the number of inspections

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1 the licensee had and a percentage of satisfactory
 2 inspections versus the provincial total or the industry
 3 average. That industry average has, for the last ten
 4 years, I believe, possibly longer, has been between 73
 5 and 77 percent. So 75 is kind of just a nice number in
 6 between. And, as I said, we don't expect -- you know,
 7 I'd love all licensees to be above that, but we just
 8 expect you to be average, so ...
 9 Q Thank you.
 10 I think my next question is probably related to
 11 what you were going to talk about, Mr. Dahlgren. At
 12 the time the March order was issued, it was stated that
 13 AlphaBow's calculated compliance rating was 42 percent.
 14 By the time the June order was issued, this had reduced
 15 to 38 percent. Can you maybe talk about what the main
 16 drivers are behind that decline from -- from what --
 17 from the field inspection side?
 18 A MR. DAHLGREN: Yes. So there was a bit of
 19 conversation about that today, so I looked into it, and
 20 between that -- that sort of mid-March to late June,
 21 there was 33 inspections conducted on AlphaBow sites
 22 across the province, and there was two incidents that
 23 were recorded. Both the incidents were complaints, and
 24 on the inspections, 55 percent compliant, so 18 out of
 25 the -- out of the 33. Of the 6 -- sorry -- of the 15
 26 noncompliant inspections in that -- in that time

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1 close in some parts to meeting them in -- kind of in
 2 the tougher commodity price times of 2019 and 2020 and
 3 then had exceeded them.
 4 As I said, the SRP funding, I -- I don't care
 5 where the money comes from. It was just trying to get
 6 a certain percentage. We were aiming for about
 7 4.3 percent closure rate of inactive liability with
 8 that plan.
 9 Q So -- sorry. Just so that I understand. So the
 10 compliance plan from 2019, it's -- it's been dealt
 11 with; it's just sort of --
 12 A Yeah.
 13 Q -- morphed into something different over time as our
 14 regulatory system changed; is that --
 15 A Now that the system changed and we're replacing LMR
 16 security, there was no -- the last time we collected
 17 it -- as I said, the last time those letters went out
 18 was in October. I think it was October 2nd, 2019, and
 19 even though -- so the LMR runs still occur. So
 20 licensees can still see their LMR number. It's just
 21 there's no security assessed or required from anybody
 22 based on that number anymore.
 23 So it's -- it's just kind of -- has morphed into
 24 not being as important as the holistic licensee
 25 assessment with -- especially with Directive 88 coming
 26 out.

1037

1 period, 6 of them were recorded as -- as high risk,
 2 5 of those were conducted on -- sorry -- 5 of the 33
 3 total were conducted on facilities, and the remaining
 4 28 were conducted on wells. Through that, again,
 5 that -- that -- that March to June stretch, there was
 6 no pipeline inspections conducted.
 7 Q Thank you.
 8 Now, Ms. Olsen -- and this is going to a little
 9 bit further back -- you mentioned yesterday that in Q4
 10 2019, you were working with AlphaBow regarding their
 11 LMR compliance plan.
 12 A That's correct.
 13 Q Another time you said it was a -- it was a standard
 14 calculation, and I believe you said that, based on that
 15 calculation, security owed was \$2 million?
 16 A Yeah, about that.
 17 Q But then there was a -- AlphaBow then developed a
 18 compliance plan that I believe was in -- accepted in
 19 lieu of security. And so what I wanted to know is when
 20 was that plan closed out?
 21 A It actually hasn't been closed out officially, although
 22 it has -- and that's probably a -- I probably should
 23 close it out now that there's a mandatory closure.
 24 That was part of the reason they were continuing to
 25 report to me. So with the quarterly meetings, AlphaBow
 26 had exceeded the closure targets and had been very

1039

1 Q So I have one other question sort of related to I think
 2 discussions during that time frame, for want of a
 3 better word.
 4 And I think this may be for you, Mr. Green.
 5 Exhibit 69.01, which was put on the record on Monday --
 6 this was a letter entitled "Reported Spend Audit
 7 Closure Plan as per Alternative Payment Plan for
 8 Security Owing in Relation to the 2021 Area-Based
 9 Closure Program". Is this 2021 alternative payment
 10 plan for security owing related to the \$3.8 million
 11 security that you talked to? I'm a bit -- I guess I'm
 12 confused 'cause there was 2 million in 2019 and then by
 13 2021 it seemed like there was 3.8 million.
 14 A MR. GREEN: Yes. So in -- this is
 15 separate from the 2019 number. In 2021, AlphaBow
 16 committed to the 2021 area-based closure program in
 17 which they would spend approximately \$3.8 million on
 18 closure work exclusive of SRP funding. They did not
 19 meet this commitment. So once we determined that they
 20 did not meet this commitment and we did -- this
 21 occurred in 2022 after the 2021 calendar year, AlphaBow
 22 was sent a notice in July stating that they had failed
 23 to meet the 2021 area-based closure program, and then
 24 we requested them to -- if they had forgotten to make
 25 any submissions, or if there was an issue with the SRP
 26 number that was reported, we asked them to double-check

<p style="text-align: right;">1040</p> <p>1 their records and make sure everything was reported. 2 I don't believe AlphaBow changed anything, and 3 then on October 5th, 2022, we sent AlphaBow a failure 4 to comply and a notice of security deposit owing, and 5 that is that \$3.8 million. 6 So it's important -- I would like to explain a 7 little bit of a difference between the \$15 million 8 collected -- or required under the March order and this 9 \$3.8 million. This \$3.8 million security was security 10 required in order to offset closure that ought to have 11 been completed in the past in 2021, whereas the 12 \$15 million security required in the March order is 13 security required to mitigate the risk of AlphaBow's 14 inability to meet its future end-of-life obligations, 15 so I think that's an important item to distinguish 16 between the two. 17 And then in response to the \$3.8 million security 18 requirement in October 2022, AlphaBow approached the 19 AER. We had a conversation. They made a proposal 20 because, remember, this was security that -- for 21 closure that ought to have been completed. They made a 22 proposal that they would pay 5 percent of that 23 \$3.8 million up front, which I believe was \$192,000 and 24 change. And then they would complete the remainder, 25 the remaining 95 percent in closure work above and 26 beyond their mandatory spend in the first three months</p>	<p style="text-align: right;">1041</p> <p>1 of 2023. 2 So we've heard a little bit about the 2023 closure 3 plan. That's what that refers to. So, for that, I 4 directed AlphaBow to spend that 3.8-ish million dollars 5 on the abandonment of mineral lease expired wells. So 6 when I was considering AlphaBow's proposal as an 7 alternative payment for the security owing in relation 8 to the 2021 ABC program, I recognized that AlphaBow had 9 a significant amount of mineral lease expired wells 10 that they were not addressing, so they wanted to 11 complete this extra money in closure. And I thought it 12 would be positive for all parties that that closure be 13 directed to help some -- satisfy some of these mineral 14 lease expired wells that they had to anyways. So I 15 thought this was a positive move. 16 So AlphaBow submitted a list to me. We went back 17 and forth on the adequacy of the closure plan. 18 Eventually a closure plan was submitted that I 19 accepted. I am also a Statutory Decision-Maker 1B at 20 the AER, so I approved that closure plan through the 21 OGCR Section 3.015, I believe. 22 And with that approval, I made certain terms and 23 conditions that included deadlines, reporting that they 24 had to do, and a condition that if they did not 25 complete this extra closure work, that they would, in 26 fact, have to pay that remaining amount in security.</p>
<p style="text-align: right;">1042</p> <p>1 AlphaBow completed closure work in January, 2 March -- or January, February, and March 2023, and they 3 reported those spends as required in my approval 4 letter. Once that was completed, Mona Sellers, who did 5 the 2021 area-based closure audit or she led that 6 audit, I requested that she audit the closure spend 7 from this alternative payment plan. She did so. And 8 that involved AlphaBow sending in their invoices to 9 Mona for her to go through independently and verify 10 whether or not the invoice amounts matched what was 11 reported from AlphaBow, and we got them to report this 12 through our OneStop system, as we get all licensees to 13 report their closure spend to. 14 And this audit was not done to determine the 15 efficiency or the effectiveness of the amount of 16 dollars spent but rather that the invoices matched up 17 with what was reported. So there was a -- a few small 18 discrepancies that Mona, I believe, requested them to 19 fix, but overall, they provided invoices for closure 20 activities associated with these wells that equated to 21 that \$3.8 million. And as you can see, Mona concludes 22 her letter with: (as read) 23 We are satisfied that this file warrants no 24 further action. 25 So what she verified is that AlphaBow did provide 26 invoices that was submitted through that closure plan.</p>	<p style="text-align: right;">1043</p> <p>1 She did not go into was that -- were individual 2 invoices reasonable amounts? That's not what this 3 letter is describing. 4 Q Thank you. That's very helpful. 5 Then my next, I think, is probably for Ms. Lewis. 6 And it's back to the ERB's closure program. And I just 7 wondered if you could provide a little context around 8 how the ERB's closure program in the three-year 9 extension for expired Crown mineral lessees -- how that 10 worked and what the -- what the extension enabled the 11 operator to do. 12 A Right. Okay. So when we built the original area-based 13 closure program, it was, I guess, a precursor to having 14 any official requirement to have companies do timely 15 closure. So it was a voluntary program where companies 16 committed to a certain amount of expenditure in 17 exchange for other regulatory variances that would help 18 promote more area-based efficient closures. And so as 19 we were developing the program, we worked with CAP, 20 EPAC, and PSAC to determine what would be some of these 21 variances that could be approved. 22 And the mineral lease expiry is one of the ones 23 that came out on top. There was a couple of others 24 that also happened. But what had happened before is 25 when a mineral lease is expired, Energy provides us a 26 list and expects the AER to send out abandonment orders</p>

1044

1 to the licensee. And I believe initially back then
 2 they had 30 to 60 days to abandon all of the wells that
 3 were part of the mineral lease. And so this would have
 4 been around 2018.
 5 When we built this into one of the variances, if
 6 you had committed to the amount of money as part of the
 7 area-based closure program, you were given a time limit
 8 that extended up to three years so you could
 9 appropriately plan an area-based program to be able to
 10 close out that inventory more efficiently and
 11 effectively than dealing sort of like if ten came up
 12 this year, ten came up next year, you know, you sort of
 13 plan for that three-year -- three-year period to do it
 14 more effectively.
 15 Q Thank you.
 16 A So the -- the commitment for that, though, is that you
 17 had to maintain and be part of the program continuously
 18 to be able to have the full three-year sort of ex -- I
 19 guess, extension of it. So they tracked which wells
 20 were provided each year to make sure that they would
 21 have addressed those wells by the three-year time
 22 frame. If they did not meet them at closure
 23 expenditure, then one of the consequences is that that
 24 variance for that timeline would be removed.
 25 A MR. GREEN: And then I just want to say
 26 additionally after the area-based program ended -- so

1046

1 give me ...
 2 A MR. GREEN: I can -- one second.
 3 THE COURT REPORTER: Sorry. Can you turn on your
 4 microphone?
 5 A MS. LEWIS: The profiles compared to --
 6 what was the original part of that? Sorry.
 7 A MR. GREEN: Yes. So I think -- I think
 8 the answer is: Yes, the three groups are what are
 9 mentioned in Section 2.2, licensee profiles of
 10 Manual 23, so that's financially capable licensees with
 11 low to medium levels of financial distress in TIER 1
 12 and TIER 2 in remaining life span of resources factor.
 13 Group 2 is the financially distressed, which are
 14 licensees with high level of financial distress. And
 15 Group 3 is that third bullet, "Potential sustainability
 16 concerns", which are licensees with low to medium
 17 levels of financial distress and TIER 3 in remaining
 18 life span of resources. We just don't specify Group 1,
 19 2, or 3 in that list, but those are the -- the
 20 definitions.
 21 Q Thank you.
 22 And then there's also mentions throughout the
 23 record of peer groups. And where -- can you explain
 24 how the peer groups are different and where -- I think
 25 that's maybe also to be found in Manual 23, but I'd
 26 just like to --

1045

1 2021 was the last year of the area-based closure
 2 program, and 2022 was the first year of the mandatory
 3 closure spend program. And part of that program, there
 4 was the mandatory spend, and then there was a -- a
 5 supplemental spend, which was a little bit higher than
 6 the mandatory spend. And if you enrolled and committed
 7 to the supplemental spend, we continued some of these
 8 benefits from the area-based closure program, including
 9 the three-year MLE extension. So if in 2022 you
 10 committed and met your supplemental spend, you could
 11 still receive that three-year MLE extension.
 12 So in the case of AlphaBow, not only did they not
 13 meet their 2021 area-based closure program, but they
 14 did not commit to the 2022 supplemental close --
 15 supplemental closure spend program either. So that is
 16 another reason as well.
 17 Q Thank you.
 18 Oh. My next one's -- then the next ones I kind of
 19 have are all related to the HLE, I would say. So I
 20 think the first ones might be for you, Mr. Green.
 21 Yesterday you talked about three TIERS or three groups
 22 that are used to categorize companies as part of the
 23 licensee life cycle management program. It's a -- very
 24 long-winded words. Are these groups the same as the
 25 licensee profiles that are discussed in Manual 23?
 26 A MS. LEWIS: I believe so. Just -- just

1047

1 A Peer groups are also in Manual 23, and peer groups have
 2 to do with the primary production of a licensee and how
 3 much production they have. So you might be a gas
 4 producer with a small amount of productions. I think
 5 there's ranges in Manual 23, so you might be a --
 6 categorized as a junior gas producer or a micro gas
 7 producer. And there's same for oil or there's mixed,
 8 and -- but that is also described in Manual 23.
 9 A MS. LEWIS: Yeah. And so there's also
 10 non -- sorry. There's the producer licensees that are
 11 grouped together, and there's subsections that Ryan's
 12 gone through. But then we'll also have a pipeline, and
 13 we'll have, like, waste management that are not typical
 14 oil and gas producers. So they -- those can be peer
 15 groups as well. There's a more extensive definition in
 16 the manual that explains how the -- those are
 17 determined and how you would walk through from a
 18 licensee perspective to figure out which peer group
 19 you're in. And it also shows on their LCA.
 20 Q So which peer group is AlphaBow in, and how many other
 21 operators -- do we know how many other operators would
 22 be in that group?
 23 A MR. GREEN: I believe AlphaBow is in the
 24 junior gas peer group, and it would have been visible
 25 in the one exhibit that we looked at in Tyler -- or
 26 Mr. Callicott's notes in which we had those figures

1048

1 that I had sent. I'm not sure what page that would be
 2 on. We could find this out for you, though, very
 3 easily, and this could be an undertaking if we don't
 4 have it in front of us.
 5 MR. STAPON: I think it's page 481.
 6 Exhibit 8.01, page 481.
 7 THE CHAIR: Thank you, Mr. Stapon.
 8 A MR. GREEN: I think he said "481".
 9 MR. STAPON: That is correct.
 10 A MR. GREEN: So if we zoom in here, I don't
 11 know if we can count the dots, but there are quite a
 12 few here on this first -- so every one of those pale
 13 dots represents another licensee. But we can get you
 14 an actual number afterwards for tomorrow morning.
 15 Q COMMISSIONER BARKER: That -- that's fine. Thank
 16 you.
 17 So turning to the HLA and, again, I think this
 18 might be for you, Mr. Green. You talked about on
 19 page 12 of, I think it's Exhibit 8.01, that basically
 20 the -- the HLA process identifies the regulatory
 21 actions that are required out of I believe the risk
 22 factors that have been assessed. So that's sort of the
 23 bottom of page 12, these recommended regulatory
 24 actions. And I'd wondered how much -- what level of
 25 discretion can then be applied in regard to those
 26 regulatory actions that -- that are being made?

1050

1 extreme or critical risk and moves them to a lower risk
 2 level. That's the objective.
 3 Q Thank you.
 4 And then if we turn on -- sorry. I've got a few
 5 questions on this document. Then if we turn on to
 6 page 14. And, again, there's been quite a lot of
 7 discussion about this. Can you tell me -- so in the
 8 section that lists the wells, the facilities, and
 9 pipelines segments, where is the -- what's the source
 10 of the data here with regards total well counts, sour
 11 wells, total facilities, sour facilities? Where is
 12 that data being drawn from?
 13 A So I believe this data is being drawn from -- it's
 14 either one of the tabs of an -- our internal licensee
 15 capability assessment, or it's coming from an internal
 16 tableau report in which we track what licences a
 17 licensee holds and the status of those licences.
 18 A MS. LEWIS: I'll provide you maybe a bit
 19 more information. So when these -- the infrastructure
 20 is licenced, over time licensees are required to
 21 provide us information on it. So, for instance, for a
 22 while you will know what fluid's being produced out of
 23 it. Some of it comes from Petrinex, some of it comes
 24 in from reporting that licensees have to provide to us
 25 over the life of that infrastructure. And so all of
 26 that information actually comes into numerous AER

1049

1 A MR. GREEN: Yes. So first we would
 2 complete the entire HLA assessment, plot their level of
 3 risk, and we use the common risk management framework
 4 to complete that, and then based on that level of risk,
 5 we would look at what we would call our -- our toolkit,
 6 so the suite of options of regulatory actions that we
 7 could take, and based off of the risks that we see
 8 would help inform what regulatory action we would
 9 recommend. So these are not the only possibilities
 10 that are listed here. These are just what we
 11 recommended.
 12 Other options could include if you were at a lower
 13 risk, we might do education or meet with the licensees,
 14 some lower level intrusion. As we get to higher risks
 15 like we do see here, reasonable care and measures is a
 16 good option, security collection would escalate to a
 17 suspension order, even an abandonment order to mitigate
 18 at a very high risk.
 19 So there's a lot of different options that are
 20 available to us. And it really depends on the specific
 21 case and specific licensee that we're evaluating and
 22 what risks we're trying to mitigate with these
 23 regulatory actions because the only reason why we're
 24 recommending a regulatory action is because we're
 25 trying to mitigate a risk. We're hoping that this
 26 regulatory action takes them out of this scary, red

1051

1 databases. We're using that information that we've
 2 collected to be able to pull it and -- and evaluate for
 3 a company. And in this case, we pull out the licences
 4 that are attached to that business associate code that
 5 we have for AlphaBow, and then based on what we have
 6 for each of those, we could identify if it's a sour gas
 7 well, what the total number is, is it active, inactive,
 8 abandoned, reclaimed, all those sort of things.
 9 Q So it's coming off -- you know, if you've licenced your
 10 well as a sour gas well, it's pooling that. It's a
 11 sour pipeline, but it's pooling that. It's coming off
 12 the licence information.
 13 A Yes. And what they're also reporting to Petrinex, so
 14 they'll be reporting that type of fluid.
 15 Q Which nicely segues into my next question, which is to
 16 do with page 18 and the Petrinex data. There's been a
 17 lot of discussion about this. So there's -- there's
 18 information throughout the record that indicates that
 19 AlphaBow estimates their production as -- in the 4 to
 20 5,000 barrel a day range, give or take, and the
 21 Petrinex data is indicating 8,000. Is this plot gross
 22 production data, or is this plot working interest
 23 production?
 24 A MR. GREEN: This would be gross reported
 25 into Petrinex.
 26 Q Thank you for clarifying.

<p style="text-align: right;">1052</p> <p>1 And then leading on from that -- and I think this 2 question is -- this might be for Ms. Langlois. In your 3 crossover calculation, can you confirm what the 4 production basis is behind the calculation that's 5 generating the graph on page 44 that shows declining 6 operating income? Is it being generated from working 7 interest production, i.e., AlphaBow's production, or is 8 it being generated from gross production? 9 A MS. LANGLOIS: It's also the gross 10 production. 11 Q You're generating the gross production? 12 A Yes. 13 Q And then do you apply a working interest value 14 afterwards? 15 A We do not. 16 Q Okay. 17 A MS. LEWIS: So maybe to clarify that a 18 little bit is that the information that we have on 19 working interest partners typically is outdated. 20 There -- so we struggle as an organization to get 21 adequate up-to-date information from licensees on their 22 working interest partners on each of their licences. 23 Q So the operating income that's been plotted in the 24 graph is a gross operating income, which is not 25 reflective of what AlphaBow's operating income would be 26 if their working interest was allowed?</p>	<p style="text-align: right;">1053</p> <p>1 A (NO VERBAL RESPONSE) 2 A MS. OLSEN: And I'll just chime in very 3 briefly. When a licensee licences a well, they are 4 required to list their working interests at the time of 5 licencing, and it has to add up to a hundred. But 6 after that, although licensees are required under 7 Directive 67 to keep their records up to date, we find 8 that many do not, which is part of the reason we 9 requested AlphaBow update their working interest, and 10 they did do so. 11 Q Thank you. That's all from me. 12 THE CHAIR: Thank you, Commissioner 13 Mackenzie. 14 Q THE CHAIR: I have only two questions. 15 They both flow out of the same document. So if you 16 could bring up Document 52.01 and start off with PDF 17 page 4. Yes. So it's -- you can -- great. So we can 18 see the chart here, the pie chart. 19 And so I'm thinking Mr. Green may be able to 20 answer this, but I leave it to you. And really all I'm 21 wondering is to get some information about the source 22 and the context for this pie chart to understand where 23 did it -- where did it come from in relation to this? 24 I understand it's talking about showing AlphaBow's 25 portion of inactive liability, but I -- I would like to 26 understand where it came from and ...</p>
<p style="text-align: right;">1054</p> <p>1 A MR. GREEN: So this pie chart was created 2 to just provide an illustration on the magnitude of 3 AlphaBow's inactive liability. So we looked at all the 4 licensees within that Group 2 financially distressed 5 profile, and we looked at the portion of inactive 6 liability that each of those licensees hold, and we 7 have all that data in our LCA system. 8 And from this, we were just showing that 9 AlphaBow -- of all licensees who we consider 10 financially distressed in the province, AlphaBow holds 11 17 percent of the inactive liability of all those 12 licences. So it's a fairly substantial amount of 13 inactive liability. 14 Q Okay. So just so that I understand that, this -- this 15 chart, then, was created specifically for this 16 document -- 17 A Yes. 18 Q -- it's not something that's necessarily regularly run 19 by the AER? 20 A You are correct. 21 Q Okay. Thank you. 22 So then one other question. So if we can shift to 23 PDF 9 in this same document. And so in paragraph 24, 24 it mentions about 19 meetings between CLM and AlphaBow 25 between October 2019 and March 2023, and I'm assume -- 26 I'm guessing that Ms. Olsen is probably the best one to</p>	<p style="text-align: right;">1055</p> <p>1 answer this. So I have a few questions; whether or not 2 there are other questions following dependent on your 3 answer to this first one. So I'm curious about was or 4 is this amount of interaction over this time period, is 5 that -- with a licensee, is that typical for CLM? 6 A MS. OLSEN: It is for some of -- I -- for 7 some of the licensees we had, particularly the 8 financially distressed ones. I don't know if I'm 9 allowed to use other licensees' names, but I have -- 10 no. I'm told no. Okay. 11 AlphaBow did get exceptional -- exceptionally long 12 period of time. We were very patient. We often took 13 action long before we got to the 19-meeting stage. But 14 part of our thing is to engage and to try to provide as 15 much feedback to licensees to try to understand their 16 operating things to give -- have them give us updates, 17 and it gives us a chance to provide education at those 18 meetings as well, but particularly when regulations 19 change. 20 Q Okay. I think that probably answers the rest of the -- 21 the questions that I had cascading out of that. So 22 we're good. We're good? 23 THE CHAIR: So thank you there. I'm just 24 going to turn off the mic for a moment, and then we'll 25 be back to you. Just a moment. I need to look at 26 this.</p>

1056	<p>1 Thank you. I apologize. The Panel will need to 2 take a short break. So hopefully on -- in the five -- 3 five-minute range or so. So we will -- we will be 4 back. 5 (WITNESSES STAND DOWN) 6 (ADJOURNMENT) 7 THE CHAIR: Thank you for your patience. 8 So, Ms. Ross, you had indicated about 15 minutes 9 you anticipated for re-direct? 10 MS. ROSS: Yes. Probably less. 11 THE CHAIR: Okay. That hasn't changed any 12 given the Panel's questions to two witnesses. All 13 right. 14 So, Mr. Stapon, can you give us an idea of how 15 much time you might -- how much time you're 16 anticipating on rebuttal? Because it's clear to us 17 that you intend to -- intend to provide rebuttal 18 because if we -- if we can accommodate it today without 19 having to sit too late, we would like to do so. 20 MR. STAPON: I expect that, just based on a 21 rough discussion with the panel, that I'm representing 22 it'll be 20 minutes. 23 THE CHAIR: 20 minutes. Well, thank you. 24 Then I think we can -- we can look to accommodate both 25 of those today, which would then ideally get us -- get 26 us to the point of where we're -- where we're at. So,</p>	1057
1058	<p>1 Q Correct. 2 A I probably would not ask for a reserve report in order 3 to verify it. We normally don't put a lot of weight 4 into cash flow forecasts that are provided by licensees 5 because it's kind of a promise of what they're going to 6 do in the future, rather than the financial statements, 7 which show what they have done in the past. So we 8 normally would look at what's been done in the past and 9 what they're projecting to do in the future so that we 10 can validate whether there is a big change in their 11 forecast or if it's fairly consistent with previous 12 performance. Like, I'm thinking about profit margins, 13 you know, ratios of expenses to revenue, that kind of a 14 thing. I would have to reach out to some colleagues 15 and probably do a lot more research if I were to be 16 asked to evaluate the cash flow related to carbon 17 credits. 18 Q Thank you for that. 19 And my next question is for Mr. Callicott. 20 Mr. Callicott, do you have any control over what is 21 posted on the AER social media website or social 22 media -- social media pages? 23 A MR. CALLICOTT: One of our processes when 24 making a decision or issuing an order is to send an 25 internal email, which is copied to the AER 26 communications team, and they make the decision whether</p>	1059
	<p>1 Ms. Ross, let's proceed with -- with your re-direct. 2 MS. ROSS: Somebody left the mic on. 3 Ms. Ross Re-examines Compliance and Liability 4 Management Branch 5 Q MS. ROSS: My first re-direct is for 6 Ms. Langlois. Ms. Langlois, earlier in 7 cross-examination, Mr. Stapon suggested to you that in 8 your crossover calculation that you should have used 9 carbon capture credits for the analysis and updated 10 carbon capture credits if -- if those had been 11 available to you, such as -- as provided to 12 Mr. Callicott. What I want to know is: If provided 13 with information on carbon capture credits for your 14 financial analysis, would you have wanted some sort of 15 independent verification of those? 16 A MS. LANGLOIS: I actually don't know what -- 17 all of the background and -- I don't know what the 18 verification is. I'm not very familiar with carbon 19 credits. 20 Q Would you ask for an updated reserves report? 21 A Related to the carbon credits? 22 Q Correct. 23 A You're asking if I were to do an analysis of, like, 24 a -- like, if they were to provide me all of the cash 25 flow forecasts kind of thing and I would want to verify 26 it?</p>	
	<p>1 there -- there -- they will consult with us, but they 2 usually make the decision in what way they're going to 3 post that, whether it be social media, whether it be a 4 news release, et cetera. 5 Q And you don't make that decision; is that right? 6 A I don't make the decision. They do ask us about the 7 file and question me on the file and what it's about. 8 Q Did they ask you if they can post it on social media? 9 A No. 10 Q And, finally, my last question is for Ryan Green. 11 MS. ROSS: And if hearing services could 12 pull up Exhibit 8.01, page 14. 13 Q MS. ROSS: Mr. Green, earlier Mr. Stapon 14 asked these questions of Mr. Callicott with respect to 15 the two designated problem sites, and then in brackets 16 it says: (as read) 17 No potential problem sites identified. 18 Recommend the desktop audit to begin to 19 verify if there is, in fact, problem sites 20 [close bracket]. 21 Can you tell me what that sentence means and what are 22 designated problem sites? 23 A MR. GREEN: Yes. The term "problem sites" 24 is often very confusing. It -- it doesn't simply mean 25 that there's only two AlphaBow sites that have 26 problems. Problem sites actually have a very specific</p>	

<p style="text-align: right;">1060</p> <p>1 definition, and that is found in Directive 6. So a 2 potential problem site is when typically an inspector 3 might note that there's a potential for the abandonment 4 or reclamation liability for that site to be equal or 5 greater than 4 times the regional value described in 6 Directive 11. 7 So when a site is nominated as a problem site, the 8 licensee has to complete a site-specific liability 9 assessment in accordance with Directive 1. Once that 10 site-specific liability assessment, otherwise known as 11 an SSLA, is completed, if the SSLA value shows that the 12 abandonment or reclamation liability is, in fact, equal 13 or greater than 4 times the regional value, then it is 14 designated as a problem site. 15 So often there might be a large release on a site 16 that an inspector might respond to, and if that release 17 is not immediately remediated, that inspector may 18 nominate that as a problem site, and then that would 19 initiate the process of completing an SSLA. 20 So for this section, two sites have been nominated 21 and then later designated as problem sites. I'm not 22 familiar with what exactly were the exact location of 23 the sites or what the exact liabilities are for those 24 sites. It's just -- this is just for context of how 25 many sites have gone through this process. 26 And part of the work for the new security framework</p>	<p style="text-align: right;">1061</p> <p>1 project is, in fact, re-looking at this definition of a 2 "problem site" and reworking the process so that 3 it's -- the requirements are more clear, and the 4 process is followed more consistently because there's 5 only a couple staff at the AER that review these 6 site-specific liability assessments and then determine 7 if they are designated problem sites, and they have a 8 lot of other responsibilities. It's -- it's not a 9 process that continuously happens, these nominations. 10 They kind of happen on one-off bases. So it's -- it's 11 a very specific definition within Directive 6, and just 12 because there is only two designated problem sites, it 13 does not mean that none of the other sites have 14 problems in a general sense. It's just a very specific 15 definition of being equal or greater to 4 times the 16 regional liability value that is described in 17 Directive 11. 18 Q Thank you, Mr. Green. 19 MS. ROSS: Those are all my questions. 20 A MS. LANGLOIS: May I add something to my 21 response? 22 MS. ROSS: Sure. 23 A MS. LANGLOIS: I was just thinking about it a 24 little bit more. I said that we don't put a lot of 25 weight in cash flow forecasts from licensees, and that 26 is for management-prepared cash flow forecasts. A</p>
<p style="text-align: right;">1062</p> <p>1 reserve report is also a cash flow forecast. So if I 2 were provided a reserve report that contained the cash 3 flow related to the carbon credits, then I would 4 certainly rely on that. 5 Q MS. ROSS: Thanks for that clarification, 6 Ms. Langlois. 7 THE CHAIR: Thank you, then. 8 CLM panel, you are released. 9 (WITNESSES STAND DOWN) 10 MR. STAPON: Thank you, by the way, for the 11 members of the panel. This has been a grind of a 12 hearing, and you've been very patient. 13 THE CHAIR: So, Ms. Doebele, just from a 14 procedural perspective, I'm assuming that whoever -- 15 whoever of his witnesses Mr. Stapon is proposing to 16 bring up in rebuttal, we would need to have them 17 re-sworn or re-affirmed again since we released them 18 all yesterday, I think it was, or -- 19 MS. DOEBELE: That is a good question, 20 Commissioner Chiasson. I think from a -- I think we 21 should be because we did release them, but I'd be 22 looking to Mr. Stapon as well. 23 MR. STAPON: We can simply ask them if they 24 acknowledge that they are still under oath. That's an 25 ordinary protocol in extended court hearings as well, 26 but if the commissioners would prefer them re-sworn, we</p>	<p style="text-align: right;">1063</p> <p>1 can do that as well. 2 THE CHAIR: No. I think we can -- can 3 accept that if they're all -- all willing to confirm 4 that, then we can -- we can move forward on that -- 5 that process. So please bring forward who you'd like 6 to -- like to re-seat. 7 RICK IRONSIDE, BEN LI, Previously Sworn 8 KIM SERGINSON, AMY ZHANG, Previously Affirmed 9 Mr. Stapon Re-examines AlphaBow Energy Ltd. 10 Q MR. STAPON: Members of the AlphaBow panel, 11 are you ready? 12 A MR. LI: Yes. 13 Q I wonder if you would each acknowledge into the 14 microphone one at a time if you acknowledge that you 15 are still under oath and that you will tell the truth 16 in connection with these proceedings. 17 We'll start with you, Ms. Zhang. 18 A MS. ZHANG: I acknowledge that I'm still 19 under oath and I'll speak the truth, was it? 20 Q Mr. Li? 21 A MR. LI: I do. 22 Q Mr. Ironside? 23 A MR. IRONSIDE: Yes, I acknowledge that I am 24 still under oath, and I will speak the truth. 25 Q And, Mr. Serginson? 26 A MR. SERGINSON: I acknowledge that I'm still</p>

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1 under oath and will speak the truth.
 2 Q Thank you.
 3 THE CHAIR: So, Mr. Stapon, just a little
 4 reminder for your panel here because I know it's been a
 5 little while since they've been up here, and they may
 6 not have heard what I mentioned earlier this morning.
 7 It's just because we can only have three mics working
 8 at a time, is if you'd make sure once you've spoken to
 9 turn off your mic until you -- until you're needed to
 10 speak again. Thank you.
 11 MR. STAPON: Thank you, commissioner.
 12 Q MR. STAPON: Mr. Ironside, we'll start with
 13 you. There's been a lot of evidence in these
 14 proceedings, but I understand that you have some
 15 comments that you'd like to make in connection with the
 16 direct testimony of the AER panel; is that correct?
 17 A MR. IRONSIDE: Yes, I do.
 18 Q So please proceed.
 19 A So there's -- there's -- I'm going to go as quick as I
 20 can. I have a few things I want to speak to. I'm
 21 going to start with the -- the notion suggested by
 22 Mr. Callicott that the arrangement for CO2 capture is
 23 temporary.
 24 So I'm very familiar with that contract because I
 25 spent six months negotiating the first amending
 26 agreement, the second amending agreement, and the third

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1 well.
 2 And I repeat that -- what I said earlier that, by
 3 my own estimate, since 2006, 3 million tons have been
 4 injected into the existing reservoirs, and there's an
 5 additional 5 million of capacity -- 5 million tons of
 6 capacity in just these reservoirs. So there exists the
 7 ability for AlphaBow for the next 20 years to continue
 8 to inject CO2. And I'm going to reiterate my previous
 9 estimate that from 230 -- 2030 onward, the value to
 10 AlphaBow is 15.5 million a year based on the \$170. So
 11 that's my first item.
 12 My second item, I would like to clarify my point
 13 about 577 wells not being gas wells because I think
 14 maybe that was taken out of context, what I was trying
 15 to say there.
 16 So I think anybody will -- I think -- not
 17 anybody -- I think if -- if you understand how you
 18 characterize the risk of a potential release, that my
 19 point that these are not gas wells was intended to say
 20 if something happened to any of these wells like
 21 perhaps a tractor -- a farmer hit one, that the
 22 potential release in one of these wells was not that
 23 significant and that if they -- so that -- that's why I
 24 took exception that they were characterized as gas
 25 wells. Because if they were gas wells, that would be
 26 a -- quite a different risk, and so that was my point.

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1 amending agreement to that contract. And further to
 2 that, I visited with the gentlemen that are management
 3 with MEGlobal in August of 2023. The CO2 capture has
 4 been ongoing since 2006 with credits at \$65 and going
 5 to 170. This used to be a cost circumstance where CO2
 6 was provided for EOR, but now it's become more than
 7 that. It's a revenue stream, not just for AlphaBow,
 8 but also for MEGlobal.
 9 They -- one might think that there might be a
 10 possibility that maybe there would be some other
 11 circumstance; maybe MEGlobal might like to build
 12 another plant. There's only 300 tons to 350 tons of
 13 flue gas at this site. So unlike maybe perhaps the
 14 Nova plant that isn't that far away at Joffre where
 15 there's 25,000 tons, and probably in the coming years
 16 something new will be built, at this circumstance, even
 17 though ethylene glycol and polyethylene is manufactured
 18 and MEGlobal and Dow Chemical are there, I repeat,
 19 there's only 300 to 350 additional tons. The existing
 20 facility has capacity for that if someone was to
 21 install something to remove the nitrogen. So there's
 22 no need to build something else there.
 23 So AlphaBow owns the facility that's there. No
 24 one is coming here to build another CO2 capture
 25 facility. No one is needed -- needed to duplicate
 26 pipelines to take the CO2 away. AlphaBow owns those as

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1 If these were gas wells and not oil wells and they had
 2 some bottom-hole pressure and somebody was to --
 3 something was to happen, they'd pose a different risk.
 4 And further to that, none of these wells -- for --
 5 for all wells that any company has, you have to
 6 determine the maximum potential H2S release rate, and
 7 if they have a significant H2S release rate and/or are
 8 close to a resident and get into the criteria that the
 9 AER has that there's a significant potential danger
 10 from these wells, producing or suspended, then you have
 11 to have a site-specific emergency response plan for
 12 them. Not a one of these wells has a site-specific
 13 emergency response plan. So I was trying to
 14 characterize that they're -- they're not -- I didn't
 15 want them mischaracterized as being H2S wells that have
 16 a high risk. That's where I was coming from.
 17 With regard to the Hastings Coulee facility and
 18 the gas plant, there is a site-specific emergency
 19 response plan. There has been no problems with that
 20 plan. That plan is updated every year. I did misspeak
 21 and make a mistake when I said that there had been no
 22 H2S releases that were incinerated. I was wrong.
 23 There was one that I didn't know about, and I -- I was
 24 wrong.
 25 Now, the next thing I want to do is I want to
 26 address our environmental consultant. AlphaBow has had

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1 an extremely professional environmental consultant.
 2 Her name is Elise. And I -- I had some communication
 3 with Elise, and I just want to --
 4 THE CHAIR: Ms. Ross?
 5 A MR. IRONSIDE: I just want to go
 6 through this --
 7 THE CHAIR: Okay.
 8 MS. ROSS: I just want to caution the
 9 Panel here that this was all in the materials.
 10 Rebuttal is supposed to be based on evidence that was
 11 not reasonably expected.
 12 MR. STAPON: With respect, Mr. Green's
 13 suggestion that there was significant danger and risk
 14 associated with groundwater testing was not at all
 15 expected, and Mr. Ironside is going to address that
 16 specifically.
 17 MS. ROSS: It's in the materials.
 18 THE CHAIR: That's just what I was
 19 wondering, is it's -- it came -- it came out of the
 20 materials that were on the record.
 21 MR. STAPON: I did not see that there was a
 22 specific statement by Mr. Green that this constituted a
 23 real risk, and in that regard, there was evidence in
 24 connection with when it had not been done, and, in
 25 fact, there is no -- the suggestion was that this was a
 26 hanging issue, and that was not in the materials. And

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1 in Beaver Creek First -- Beaver Lake First
 2 Nations. They did not get back to me when I
 3 requested access. The reporting will be
 4 submitted at the end of the year. [I said]
 5 Elise, I have to be careful. My statement
 6 was that we were now current, but your
 7 response indicates it may take us to the end
 8 of the year to be current.
 9 THE CHAIR: Okay. Ms. --
 10 MS. ROSS: Is this in the record or has
 11 it been produced to us?
 12 MR. STAPON: It is absolutely in the
 13 record. It is part of Mr. Ironside's May 12th record
 14 or ...
 15 THE CHAIR: May 12th letter.
 16 MR. STAPON: Not the response, but the
 17 issue is is his statement accurate? Mr. Green was
 18 dramatic before this council, suggesting -- or before
 19 this -- the commissioners suggesting that there was a
 20 significant risk here, and that was one of the reasons
 21 why AlphaBow needed an RCAM plan regarding -- and
 22 Commissioner Mackenzie has recognized this -- some
 23 contamination that occurred in 2007 and 2015.
 24 And with respect, if you're going to consider that
 25 evidence of risk, you should hear that Mr. Ironside, in
 26 fact, reported this to the attention of Mr. Callicott

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1 Mr. Ironside can address that, that, in fact, it's done
 2 and there is no risk.
 3 THE CHAIR: Okay. Please proceed. The
 4 Panel will determine the weight that it chooses to give
 5 to it.
 6 A MR. IRONSIDE: Thank you, commissioners. So
 7 when I was preparing for my May 12th letter on behalf
 8 of AlphaBow, I asked Elise if she was okay with the
 9 statement: (as read)
 10 AlphaBow is now current and has provided the
 11 AER with a recent update regarding any site
 12 that was overdue in terms of ongoing ground
 13 water monitoring. In this regard, we further
 14 submit that many of these sites have a long,
 15 clear history of diminishing contamination
 16 and no real risk of plume migration and such
 17 as been confirmed and updated in the
 18 information provided.
 19 So Elise responds to me on April 24th. (as read)
 20 Hi, Rick. That is correct. None of these
 21 sites pose an imminent threat to the
 22 environment, and we are progressing with the
 23 program this year. We have completed the
 24 fieldwork for the three southern sites, but
 25 not the reporting. The two northern sites of
 26 access issues, muskeg, and remote, and one is

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1 and that before he reported it, he, in fact, verified
 2 it with the environmental consultant who was described
 3 repeatedly by Green as quite qualified.
 4 THE CHAIR: Now, the email that you're
 5 referring to, Mr. Ironside, is that in this
 6 proceeding's records?
 7 A MR. IRONSIDE: No.
 8 THE CHAIR: Will you undertake to provide
 9 it so that the Panel will have access to it?
 10 A MR. IRONSIDE: Yes, please.
 11 THE CHAIR: And also, Mr. Ironside, just
 12 for the record, can you provide the court reporters
 13 with Elise's last name?
 14 A MR. IRONSIDE: Of course.
 15 MR. STAPON: Please do so now.
 16 A MR. IRONSIDE: Elise Faryna, F-A-R-Y-N-A.
 17 I've worked with Elise since 2018.
 18 MR. STAPON: We will provide that
 19 undertaking to the Panel and, in fact, hopefully
 20 deliver it tomorrow morning.
 21 THE CHAIR: And as I said previously, the
 22 Panel will take it into account and weigh it
 23 accordingly.
 24 MR. STAPON: Thank you.
 25 MS. DOEBELE: And for the record purposes,
 26 we'll mark that as Undertaking Number 10, and is there

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1 a date as well on that email that we can have just for
 2 making sure everything's clear? I'm sure you are,
 3 Mr. Ironside.
 4 A MR. IRONSIDE: Monday, April 24.
 5 THE COURT REPORTER: I can't hear you. Say that
 6 again.
 7 A MR. IRONSIDE: Sorry. Monday, April two
 8 four, 2023.
 9 MS. DOEBELE: Thank you.
 10 UNDERTAKING 10 - To provide an email dated
 11 April 24, 2023, from Elise Faryna
 12 A MR. IRONSIDE: So the next thing I would
 13 request is can we go to Exhibit 8, page 244 of 496. So
 14 I would like to speak to the -- the comment,
 15 "contaminated site - Pengrowth lawsuit".
 16 So I want to tell you that this site was an Amoco
 17 oil site drilled before 2000 originally. I want to
 18 tell you that there was a -- what they used to call a
 19 "pit", an oil pit, and that saltwater was routinely
 20 produced into oil pits and that there is quite a
 21 significant saltwater circumstance here.
 22 When we -- when AlphaBow acquired the Pengrowth
 23 site, the officers of Pengrowth signed a certificate --
 24 an officer's certificate that said there were no
 25 undisclosed liabilities, but Elise used to work at
 26 Pengrowth, and in a file there was a circumstance we

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1 is we hadn't really done anything for five-and-a-half
 2 months. Now, he was examined on that a little bit, but
 3 I want to tell you lots about this.
 4 So that event happened on September 11th.
 5 September 19th --
 6 Q MR. STAPON: Sorry. Which year?
 7 A Of 2019. By September 19th, we had engaged an
 8 electromagnetic survey; we had engaged to have test
 9 holes drilled and surface samples done of the water,
 10 et cetera, et cetera. By September 25th, we had a
 11 detailed report 14 days later, including all the test
 12 holes.
 13 I was involved. I am extremely familiar with this
 14 circumstance. There was a considerable amount of water
 15 in the area that was fenced, and there was a
 16 requirement to determine what the best circumstance was
 17 and how to remediate it. When you go to remediate a
 18 site like this, you submit your plan, you get it
 19 approved by the AER.
 20 One of the things that was really unusual about
 21 this site -- there was no saltwater contamination, but
 22 there was some supposed hydrocarbon contamination.
 23 There was a couple of test holes, and there was then an
 24 area around with some additional test holes that were
 25 supposed to be kind of background. And the exceedances
 26 of the pollution to a fine grain surface soil natural

1073

1 discovered and we responsibly are dealing with and just
 2 going to the professionalism and history of how
 3 AlphaBow does deal with some of these things.
 4 So Pengrowth spent \$250,000 trying to dig up all
 5 of the saltwater contamination. When they were
 6 finished at \$250,000, they still had some analysis that
 7 showed that there was still some contamination, but
 8 they put the whole thing back to bed, and this was not
 9 disclosed to AlphaBow as a contaminated site. Elise
 10 was aware of this, and there ended up being a lawsuit
 11 over this, and we are taking care of it. But this goes
 12 back that far, and we've been dealing with it and
 13 intend to deal with it, and I'm -- I'm addressing that
 14 one. So I'm going to address one more environmental
 15 circumstance.
 16 Mr. Dahlgren made a fairly big circumstance out of
 17 FIS 2019-2713 --
 18 THE COURT REPORTER: Sorry. Can you say that
 19 again, please.
 20 A MR. IRONSIDE: FIS 2019-2713, which was a
 21 pipeline where he made two statements. The first
 22 statement that there was bubbling -- it was discovered
 23 because of bubbling and five-and-a-half days later
 24 there was still bubbling, so AlphaBow probably hadn't
 25 depressured the pipeline.
 26 The other statement Mr. Dahlgren made about this

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1 area were very low.
 2 When you see contamination, you often would
 3 expect, like, ten, a hundred, a thousand times
 4 background when you have a spill. So in things like
 5 xylene in the -- in the middle of the area, you had a
 6 level of 7 where the background acceptable is .99, and
 7 a distance of where you had an area of 1.06. Not a
 8 very severe exceedance.
 9 Ethyl benzene, the background .073, you had 1.81
 10 in the -- in the area.
 11 BTEX, you had a fairly high number of 934 where
 12 the background is 210. So still only 5 times
 13 background, so not really that high and -- and -- and
 14 good distance away, down to 211 and 354.
 15 So we didn't characterize this as a really severe
 16 circumstance. There was an oddity. And the oddity was
 17 that what they call PHCs or C10s to C16s seemed to be
 18 there. But when I did a search of all the historical
 19 production oil analysis, gas analysis, stuff that might
 20 have gone down that pipeline, I couldn't explain where
 21 that possibly could have come from. So that was the
 22 thing that I really recall.
 23 And so what we did is we tried to determine if it
 24 could happen naturally 'cause it was a boggy area. We
 25 did a bunch of research, and we still couldn't explain
 26 that. Now, to go to that site and remove all the

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1 potential contaminated area that we could see would be
 2 a bill of \$450,000 to start and then potentially more
 3 if we determined that it was larger than we thought.
 4 But it wasn't very badly contaminated, and most of
 5 these things, if you pull the soil up, let them bleach
 6 in the sun over the summer, will clean up on their own
 7 at far, far, far less costs.
 8 And so we got the AER to approve that sort of a
 9 plan. We did excavate, and then we discussed with the
 10 AER, and the AER didn't want us to leave the excavated
 11 amount, so Mr. Dahlgren pointed out that we had just
 12 put the pollution back, but it was largely remedied.
 13 And so we did put it back because the AER wanted
 14 it put back, and then in the future, we can take and
 15 remove it again, do some more treating, and our latest
 16 estimate is that we're going to finish cleaning this
 17 site up for -- in the order of \$200,000. So we saved
 18 quite a considerable amount of money, and we did have a
 19 plan, and we did submit it to the AER, and we are
 20 working with the AER. And this is an example of how
 21 there's two sides to many stories.
 22 So the last thing I want to say about these types
 23 of sites are: Given the thousands of sites that
 24 AlphaBow actually has, the idea that we have
 25 14 unresolved circumstances in the company, according
 26 to Mr. Dahlgren, he may think it's high. I don't.

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1 that on the AER OneStop system? And what are you
 2 really trying to show when you say you were wrong on
 3 126 well -- on 126 wells, Mr. Ironside, you got one
 4 wrong.
 5 So I'm getting close. I want to talk about the
 6 issue of the area-based closure and the commitment.
 7 And I want to tell you that I -- to the best of my
 8 knowledge, when we committed to the 2021 area-based
 9 closure, we believed that we could use SRP funds.
 10 Now, I have -- I have learned, and I believe we did
 11 this --
 12 THE CHAIR: Ms. Lavelle.
 13 MS. LAVELLE: Again, this was already
 14 covered. It's in the materials. So I don't know.
 15 This is not rebuttal now. This is a retread of the old
 16 information.
 17 A MR. IRONSIDE: No, it's --
 18 MS. ROSS: It was in your direct as well.
 19 MR. STAPON: It was in direct. That is
 20 correct. It was in direct, although Mr. Green made a
 21 point of saying, You didn't meet your spending
 22 commitment. And so we can move on --
 23 MS. ROSS: That's for cross-examination.
 24 MR. STAPON: Sorry. That was in re-direct
 25 just before this panel now.
 26 Mr. Green made a point in his re-direct or in his

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1 Q Just one more point on that issue. We heard from
 2 Mr. Dahlgren that the line was apparently still -- or
 3 not evacuated and still pressured. What, if any,
 4 comment do you have on that?
 5 A The line was immediately depressured. Because of the
 6 moisture in the area, I suppose that in the ground, the
 7 circumstance could be that it was somewhat gas-charged
 8 and it could explain the bubbling. I don't know. I
 9 can't explain that, but I also know that there's a --
 10 if there's a -- if there's a -- if you -- if you block
 11 in a pipeline, and there's a -- a -- and it's
 12 gas-pressured, and there is a failure of the pipeline,
 13 it would be hard to explain why there would still be
 14 gas in it and why would there be still pressure if it
 15 was pressured, if it was blocked in. So Mr. Dahlgren
 16 suggested that it was potentially blogged in but not --
 17 blocked in but not depressured. It was -- it was
 18 depressured.
 19 So I'm going to leave the environmental thing and
 20 I'm going to go to a circumstance where I wrote a
 21 letter on May 25th, 2023, and I stated in that letter
 22 that there were 126 already abandoned wells, and I
 23 provided a list. And then Mr. Green advises
 24 Mr. Callicott that one of the 126 wells was not
 25 abandoned. And I want to say, Well, okay. One of them
 26 wasn't abandoned. Is that in the real world, or is

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1 re-direct of stating clearly to this Panel that
 2 AlphaBow did not meet its spending commitment with the
 3 result that it lost its three-year credits, and --
 4 THE CHAIR: And how -- how is that new or
 5 unexpected, Mr. Stapon? That was also reflected in the
 6 materials.
 7 MR. STAPON: I agree.
 8 Q MR. STAPON: Mr. Ironside, is there
 9 anything else you wanted to tell the Panel?
 10 A MR. IRONSIDE: I'll leave that one alone.
 11 Yes. Now, I want to say -- I want to make an
 12 analogy, and I want to speak to the -- the stay of the
 13 suspension order. So I'm going to say that if City
 14 Hall asked me to demolish a house, and I wanted to
 15 appeal that and I got a stay and I had been given
 16 45 days to demolish that house, that while I had the
 17 stay, I would not be demolishing the house.
 18 So we believed that it would be reasonable when
 19 the stay of the suspension order was -- ended that we
 20 would have 14 days to shut in and 90 days to suspend.
 21 We had every intention of doing that. We had funds set
 22 aside, and we had every intention of doing that.
 23 Two more things. I'm struggling to understand
 24 what the difference is between our proposal where
 25 AlphaBow would pay 2 million a quarter for two years on
 26 supplemental spend to retire -- do abandonments and

<p style="text-align: right;">1080</p> <p>1 reclamations to retire obligations versus, oh, we could 2 have a payment plan that would have been accepted, but 3 we would pay it to the AER for the purpose of the same 4 thing: AlphaBow's future liability. I don't 5 understand the difference. 6 And my last point that I would like to say, with 7 all due respect, Tyler, you never gave Ben Li a chance 8 to prove himself and to clean up the mess he was left 9 by his predecessor, Quan Li. 10 And that concludes my remarks. 11 Q Thank you, Mr. Ironside. 12 Mr. Li, I have a few brief questions in re-direct 13 for you. I'd like you to address the issue of 14 multiple -- 15 THE CHAIR: Rebuttal. 16 MR. STAPON: Yes, it is rebuttal. 17 THE CHAIR: Sorry. You said "re-direct". 18 MR. STAPON: Or rebuttal. Thank you. 19 Q MR. STAPON: I'd like you to address the 20 issue of multiple nonsatisfactory reports on the same 21 site in the same day, given the evidence that we heard 22 from Mr. Dahlgren. 23 A MR. LI: Thank you. Moments ago, 24 Mr. Dahlgren and Mr. Callicott explain that the reason 25 of -- for multiple inspection not satisfy inspections 26 report on the same day on the same site. What they</p>	<p style="text-align: right;">1081</p> <p>1 said is AER has received some complaint. That's why 2 sometime even after they did the inspection in the 3 morning, they come back afternoon, because they got 4 some complaint. It's not the -- it's not the truth. 5 Let me explain. Each inspection report not only 6 have the date, also have the time. For example, I'll 7 give you some example. It's not the whole picture, but 8 you can see. For the Licence P59629, the AER did the 9 inspection -- two inspection. Give us two 10 nonsatisfied -- nonsatisfactory inspections report. 11 October 25, 2022. The first report said inspection 12 time is 11:45 AM. The second report, the inspection 13 time is, same day, 11:50 AM, one minutes different 14 [sic]. That's another inspection happen on 15 February 1st, 2023, for the Licence W0071894. AlphaBow 16 get two failed report. So first one, the timing is 17 9 -- is 9 -- 9:21 AM, and the second one is 9:51 AM. 18 Same day. 19 So I'll give you another example. That's the two 20 nonsatisfactory inspections report issued by year in 21 June 16, 2023, for the Licence W0064728. The first one 22 happen on same day, 10:59 AM. The second one, it 11 -- 23 11 -- sorry -- 11 point -- sorry -- 11:10 AM. So 24 that's another one. It happened on the September 5th, 25 2023, for the Licence W0315695, the -- two failed 26 inspections report. The first one happened 4 --</p>
<p style="text-align: right;">1082</p> <p>1 4 o'clock -- 4 -- 4 -- 4:41 PM. The second one 2 happened 4:49 PM, So eight minutes different. This 3 just some example. 4 Q Thank you, Mr. Li. 5 I wonder if -- I understand that you want to 6 comment on Mr. Green's advice that AlphaBow's ARO work 7 was either not ABC program or the cost was too high. 8 A Yeah. Mr. Green said -- yesterday he say AlphaBow is 9 not efficiency ARO work. It's because AlphaBow spend 10 \$35 million, and they deemed the liability only reduce 11 17, \$18 million. They say you are not efficient. This 12 is the -- this comment is very inappropriate, and also 13 I'm kind of -- I'm kind of shocked. 14 Let me explain. So basically that's two kind of 15 the deemed liability in a AER system. One we call the 16 wellbore liability. Okay? So one liability is a 17 downhole abandonment, and you -- you cut and cap the 18 wellbore. This liability is gone; wellbore the 19 liability. 20 They also have another kind of liability called 21 "wellsite reclamation liability". This is more 22 complicated than the downhole work -- it's more 23 complicated than wellbore liability. So what do you 24 need to do? So first you need do the Phase 1 ESA. ESA 25 means -- 26 THE COURT REPORTER: Sorry. First you need to</p>	<p style="text-align: right;">1083</p> <p>1 what? 2 A MR. LI: Do the Phase 1 ESA. "ESA" is 3 means environmental site assessment. 4 Q MR. STAPON: Thank you. 5 A You need to do the Phase 1. In Phase 1, that -- if you 6 have any problem, you go to Phase 2. The Phase 2 you 7 need to do soil -- soil sampling. You need to do 8 groundwater monitoring. You -- you need to provide 9 a -- a remediation action plan. Then to go to Phase 3. 10 This remediation have any contamination. 11 So after the ESA stage, then you need to go to 12 site to remove the equipment, to remove the pipe. If 13 in the wintertime, you also need a steam truck to 14 gather the pipe up. You also need to remove the 15 underground tank, and you need to remove the gravel for 16 the site. You also need to remove the access route 17 because every site have access route. Some access 18 route is probably 5 kilometre or 2 kilometre long. You 19 need to remove access route and restore to the original 20 condition. Then after that, you need to do weed 21 control, import some dirt, import some topsoil, and the 22 roots and growing the grass, watering for couple years, 23 hope the grass grow in well. 24 Then if everything's going well, the grass is 25 doing good, then you need to do your DSA. DSA is the 26 detailed site assessment. So after all the fieldwork,</p>

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1 after all the DSA done, then you go to make
 2 application, try to get your reclamation certificate.
 3 This whole progress [sic] take two or five.
 4 Some -- some site is even longer. But before you get
 5 the last stage, before you got that reclamation
 6 certificate approved, have you get a reduction on the
 7 deemed liability? No. Not a penny. Sometime you
 8 spend a lot of money for five years, you will not as
 9 reduce your deemed liability to a penny.
 10 I'll give you some numbers. It's AlphaBow deemed
 11 liability. I'll use some number like, say, April 2022.
 12 AlphaBow's deemed liability at that time is
 13 \$233 million. The wellbore liability, the ones related
 14 to the downhole abandonment, is only \$92 million.
 15 39.48 percent. So only 39 percent of AlphaBow's deemed
 16 liability is related to the well abandonment. Rest all
 17 go with the wellsite reclamation. And why we need to
 18 do this? You know why? We just spending money, do all
 19 the well abandonment to reduce our deemed liability to
 20 increase our LMR number and AER is happy. Right? Why
 21 we need to spend some money, have no impact or very
 22 little impact on the LMR on deemed liability? There's
 23 couple reasons.
 24 First reason is compliance. AlphaBow abandoned -- have
 25 1,400 -- 1,400 abandoned wellsite. AER's requirements
 26 say, After you abandon the well, within 12 months, you

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1 farmer already farm it. You go there. You cannot see
 2 anything showing there's a wellsite there. But we
 3 still need to pay the rent because we haven't get our
 4 reclamation certificate yet.
 5 So we have 1,400 site abandoned. Each site on
 6 averagely costs for us is 3, \$4,000 a year. That's
 7 about \$5 million every year for us even that site
 8 already cleaned up.
 9 So we started this wellsite reclamation liability.
 10 Also want to talk the pipeline abandonment. For last
 11 couple years, we -- we abandoned over 300 pipeline.
 12 None of them reduce a penny deem liability because in
 13 AER system all the pipeline abandonment not count down
 14 with this deemed liability. But why we need to do
 15 that? Same thing. More compliance. More safety.
 16 So that's why when the -- Mr. Green said, Oh, you
 17 guys not efficiency because you spend \$31 million; you
 18 only reduce 17 -- \$18 million deemed liability. But we
 19 report it to you.
 20 In November 22nd, 2022, on the March 7, 2023, we
 21 report everything to you. We told you we're going to
 22 focus on the reclamation because we want to reduce our
 23 rent; we want to reduce our property tax. We also want
 24 to make the farmer happy. So you come back right now;
 25 you say we're not efficient.
 26 About ABC program, I also want to talk about a

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1 need to remove your equipment. If we don't remove it,
 2 AER go to the abandoned site, even if well abandoned,
 3 it issues a noncompliance. You -- you got one field
 4 inspection report. So we need to spend time to remove
 5 the site, make compliance.
 6 Second one, it's less environmental risk because
 7 you got some tanks there; you got this equipment there.
 8 There's some environmental risks. We weren't taking
 9 care of.
 10 The third -- the third reason is more safety. More
 11 safety for the animal, for the cattle, more safety for
 12 the farming activity because a lot of farmer is farming
 13 around it. Sometime you don't want the farming machine
 14 to hit something. That causes a problem.
 15 Q Mr. Li, I'm going to interrupt you simply for -- as a
 16 result of time. Has AlphaBow been spending work on
 17 remediation in addition to well closure?
 18 A A lot of them.
 19 Q Thank you. Please move on to your next point.
 20 A Yeah. So under the -- that's -- Number 1 reason the
 21 company also want to do it is economic because even
 22 we -- we abandon the well. We got everything done.
 23 Before we get the reclamation certificate, our rent
 24 still there. We still need to pay the farmer. We have
 25 a lot of site, equipment is gone, well abandonment is
 26 done. Okay? Nothing there. The farmer still --

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1 little bit on ABC. So Mr. Green, he said --
 2 THE CHAIR: Ms. Ross?
 3 MS. ROSS: I think we've heard about the
 4 ABC program.
 5 A MR. LI: No, no.
 6 THE CHAIR: Is there anything that you're
 7 going to tell us that's different than what --
 8 A MR. LI: Yes.
 9 THE CHAIR: -- than what Mr. Ironside has
 10 already told us?
 11 A MR. LI: Yes. It's total different.
 12 It's total different. Okay? I want to talk about cost
 13 of ABC.
 14 THE CHAIR: Is this -- Mr. Stapon, is this
 15 something that's new and unexpected from what --
 16 MR. STAPON: It's actually new --
 17 THE CHAIR: Pardon?
 18 MR. STAPON: It's actually new and
 19 unexpected to me.
 20 Q MR. STAPON: Why don't we do this, Mr. Li,
 21 in the benefit of -- or for the benefit of time, I
 22 understand that you want to address Mr. Dahlgren's
 23 statement that AlphaBow has open inspections. Could
 24 you briefly address that issue.
 25 A MR. LI: Sure. Mr. Dahlgren mention
 26 AlphaBow have some open inspection. Okay? Almost

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<p>1 most -- almost all of this open inspection is happened 2 last couple months. AlphaBow is just working on it. 3 Even we get an order from AER. We still working on it. 4 For example, August the -- August the 2nd, 2023, the 5 AER send a letter to AlphaBow, say we have two surface 6 casing one flow issue. So we fix one of them, and 7 we -- we send the consulting company to the site to do 8 the initial sampling, initial testing for the second 9 one. Then on September 1st, 2023, we was planning to 10 gather the same consulting firm come back one week 11 later. Then the AER -- in September 6 AER, 12 director in -- direct OWA to take over the site. 13 AlphaBow and AlphaBow's contract are not allowed to 14 access so that one become one open issue. So -- 15 THE COURT REPORTER: Sorry. Can I interrupt? Who 16 took over the site? 17 A MR. LI: OWA. 18 THE COURT REPORTER: Thank you. 19 A MR. LI: So Orphan Well Association. 20 Yeah. So that's what I want to say about it. If 21 AlphaBow still have control of this site, I believe 22 the -- most of the -- this open inspection would be 23 taken care of. 24 MS. ROSS: We've heard evidence to the 25 contrary on this that they -- twice -- that they could 26 have accessed the site.</p>	<p>1 A MR. LI: You know, let me give you one 2 example. On the -- early of September. 3 THE CHAIR: Mr. Stapon, is -- is this new 4 and unexpected? 5 MR. STAPON: With respect, yes, it is 6 unexpected. We anticipated that the un -- or that we 7 were barred from the site. We heard advice from 8 Mr. Dahlgren that these inspections are still open, and 9 Mr. Li believes that we attempted to access them and 10 were denied. 11 A MR. LI: Yeah -- 12 THE CHAIR: And I'm -- I'm sorry. I'm not 13 understanding the relevance, given what -- what -- what 14 the issues are and what's under appeal here. 15 MR. STAPON: All right. We'll move on on 16 that basis. 17 Q MR. STAPON: Just one more point, Mr. Li, 18 before we move on. In connection with any suggestion 19 that there may be fraud associated with AlphaBow, what 20 do you have to say? 21 A MR. LI: No. 22 Q I'll move on. 23 A MS. ZHANG: Can I speak -- I'm sorry. Can 24 I speak to that also? 25 Q You certainly may. 26 A So, yeah. I think that we're -- we're not a high risk</p>
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<p>1 of fraud. I'm just going to repeat what Ms. Langlois 2 said earlier. We're all humans. So which means humans 3 are prone to errors, but as I mentioned earlier or 4 before that our -- we actually have quite a bit of 5 automated processes at AlphaBow. We use OpenInvoice, 6 which handles all the invoices or bulk of our invoices. 7 We use PAS, which does the production. We use 8 CS Explorer, which handles all the minerals and 9 rentals. 10 MS. ROSS: Chair, Ms. Zhang has spoken to 11 this already in her direct. 12 MR. STAPON: I believe she, in fact, has. 13 I believe we have only one more question in that 14 regard. 15 MS. ROSS: Thank you. 16 Q MR. STAPON: Mr. Serginson, you heard 17 testimony from Mr. Dahlgren about a sour gas leak 18 apparently or a complaint about sour gas? 19 A MR. SERGINSON: CO2. 20 Q CO2. Pardon me. Do you have any comment in connection 21 with that exit -- that evidence? 22 A It was to do with the H2S release, I believe, at the 23 Hastings Coulée facility. 24 Q So I wonder if -- do you have any comment in connection 25 with that process? 26 A I was just curious as to why they didn't go on. They</p>	<p>1 made it sound like they just phoned the operators 2 and -- 3 THE COURT REPORTER: Sorry. Sorry. I can't hear 4 you. You are curious as to why what? 5 A MR. SERGINSON: The AER didn't go on to site 6 to inspect an H2S release if it was that serious. I 7 was listening. It just sounded like they phoned. 8 A MR. IRONSIDE: That's -- 9 THE COURT REPORTER: I can't hear you, 10 Mr. Ironside. 11 Q MR. STAPON: And there was an odour 12 complaint at a CO2 facility. Do you recall that 13 evidence? 14 A MR. SURGINSON: Yeah. 15 Q Do you have any comment with respect to that? Do you 16 know the facts associated with it? 17 A There's been odour complaints in the past that we know 18 are factual that we have dealt with. 19 A MR. IRONSIDE: And the -- 20 THE COURT REPORTER: I still can't hear you, 21 Mr. Ironside. 22 A MR. SERGINSON: And we made changes to correct 23 those odour complaints and believe that we had taken 24 care of them. 25 Q MR. STAPON: I understood, and I don't want 26 to lead you through it, but there may have been some</p>

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1 confusion in connection with the source of a complaint
 2 that is attributed to the one site and belonged to the
 3 other, and if you don't know anything about that, I'll
 4 leave it alone.
 5 A No.
 6 Q You don't?
 7 A Not that I can really speak on.
 8 Q All right. Well, I thank you very much for coming up
 9 here again today.
 10 MR. STAPON: And, commissioners, subject to
 11 final argument tomorrow, I do thank you again for
 12 sitting overtime. That would conclude the rebuttal
 13 evidence.
 14 THE CHAIR: So thank you.
 15 Before the panel steps down, we just want to put
 16 our heads together. Thank you.
 17 So thank you. Commissioner Mackenzie has one
 18 question, I believe, for Mr. Ironside, just for some
 19 clarification.
 20 The Panel Questions the Witnesses
 21 Q COMMISSIONER MACKENZIE: Thank you. Mr. Ironside,
 22 there's been a lot of talk over the last few days about
 23 the price of carbon. In late 2022, the Government of
 24 Alberta announced updates to their TIER program and
 25 adopted the 2021 Government of Canada carbon pricing.
 26 So what was the announcement on March 8, 2023,

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1 it may have been announced before then, but we had not
 2 become aware of it until we attended the CCUS
 3 conference at the University of Calgary.
 4 Q Thank you for clarifying. Thanks.
 5 THE CHAIR: Okay. Thank you, Mr. Stapon.
 6 AlphaBow witnesses, you are released. Thank you
 7 for coming back for rebuttal.
 8 (WITNESSES STAND DOWN)
 9 Discussion
 10 THE CHAIR: So we are scheduled for
 11 closing argument tomorrow morning; however, we're well
 12 aware that we have a number of undertakings
 13 outstanding. So the Hearing Panel would like to hear
 14 from the parties in relation to, one, the timing of the
 15 undertaking materials, and, two, how that may affect
 16 the timing in relation to final argument.
 17 MR. STAPON: I'm speaking without the
 18 benefit of having consulted, commissioners, with
 19 opposing counsel, but I have talked to my team in
 20 connection with this. Some of the undertakings are
 21 quite material and may impact the overall position of
 22 the parties, and what I might suggest is this, and that
 23 is that we proceed according to schedule with our oral
 24 arguments tomorrow. That is going to be delivered by
 25 my learned friend, who has assisted me throughout the
 26 process on our behalf. And then with respect to the

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1 regarding carbon pricing that you're referring to?
 2 A MR. IRONSIDE: So the way that this was being
 3 done was every year just before April, the Alberta
 4 Government would say the carbon price this year is
 5 going to be \$40, and I'm -- I'm not being specific as
 6 to which year. And then the next year it would be --
 7 they would, just before April, announce it would be
 8 \$50.
 9 So in the year that they announced 40, in the year
 10 they announced 50, they did not signal or announce any
 11 intention of following the federal schedule to \$170 in
 12 any way, shape, or form. They didn't signal that they
 13 were going to do it. They didn't suggest -- they only
 14 said that the carbon tax for that year would be that
 15 price.
 16 It came as quite a surprise to -- to me and the
 17 rest of us on March 8th when we learned that, in fact,
 18 the Government of Alberta had determined that they were
 19 going to and had announced that they were going to
 20 follow the schedule that the federal government had put
 21 out to go all the way to \$170 by 2030. It was new
 22 information.
 23 Q So that is the announcement that happened at the end
 24 of 2022 when they updated the TIER pricing. So was there
 25 anything different on March 8th?
 26 A No. I believe in my evidence all I said was that we --

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1 undertakings, we exchange them as quickly as possible,
 2 and when those undertakings are complete, we be
 3 provided with a week each to provide written
 4 submissions to the attention of the Panel on the
 5 undertakings only, to the extent that they may impact
 6 the overall argument, if that works. And I'm making
 7 that as a suggestion without having consulted with
 8 either the commissioners or my learned friends.
 9 THE CHAIR: Ms. Ross, Ms. Lavelle?
 10 MS. ROSS: We can probably agree to that
 11 so long as any written argument is only with respect to
 12 any undertakings. This hearing has been very long and
 13 very arduous, and we all have, you know, made
 14 arrangements around it, and I don't think we can go
 15 much longer.
 16 MR. STAPON: We agree. Time is of the
 17 essence, and we will answer our undertakings as quickly
 18 as possible. I'm sure that the AER will be in touch
 19 with us, and we undertake to get our written argument
 20 in on the undertakings only, and we can even agree to a
 21 page limit if that's appropriate; perhaps ten pages max
 22 within a week.
 23 MS. LAVELLE: No, no, no, no.
 24 MR. STAPON: No?
 25 THE CHAIR: So, parties, I would like to
 26 hear both -- we would like to hear both your thoughts.

<p style="text-align: right;">1096</p> <p>1 The Panel has discussed this possibility in terms of 2 the option that we do not hear oral final argument and 3 simply receive written final argument from the parties. 4 MS. ROSS: Chair, we've -- we've been 5 proceeding on the schedule on the basis that we're 6 presenting oral argument tomorrow. We don't have the 7 capacity to do written arguments as well as this or in 8 lieu of that. 9 MR. STAPON: We're in the commission's 10 hands. We are in the commission's hands. If the 11 Commission would prefer written argument in connection 12 with this, we will certainly deliver it. It's not an 13 uncomplex case. 14 THE CHAIR: What's the timing that you 15 anticipate on -- because I believe CLM has the bulk of 16 the undertakings still yet to come. 17 MS. ROSS: We anticipate getting as many 18 as we can to them tonight or first thing tomorrow 19 morning. 20 THE CHAIR: Thank you. We're going to 21 step away for a few minutes. 22 (ADJOURNMENT) 23 THE CHAIR: Parties, we're advised by 24 Ms. Doebele that there appears to be some agreement 25 reached in relation to provision of the undertakings 26 and timing of that. So just to clear in terms of what</p>	<p style="text-align: right;">1097</p> <p>1 our understanding is -- is that undertakings will, as 2 much as possible, be provided and exchanged tonight and 3 so that all parties will have the materials. 4 And we've been told about 9:30. That that was -- 5 that that was when parties would be ready to proceed 6 with -- with moving ahead with argument. Am I correct 7 in that understanding? 8 MS. ROSS: We talked about 9:15, but 9 that's ... 10 MR. STAPON: 9:15 to 9:30. We're expecting 11 that the oral arguments will be reasonably brief. 12 We've suggested that we perhaps go to 1:00 in the 13 afternoon at the worst case tomorrow, if that is 14 acceptable to the Commission. 15 THE CHAIR: Okay. So it would work better 16 for the Panel to start at 9:30. And I want to make it 17 clear that we anticipate, then, if we're doing this, 18 that any back-and-forth -- otherwise because the 19 parties have shown that they're talking today, we 20 expect that the parties will have discussion if there 21 are difficulties or that before we get here at 9:30 22 and that we anticipate, then, ideally that if there are 23 no -- that we'll address if there are any concerns or 24 otherwise with the undertakings or with the materials, 25 and otherwise we would close the evidentiary part of 26 the hearing and move to the oral final argument.</p>
<p style="text-align: right;">1098</p> <p>1 And I want to make it clear -- and make it clear 2 that the parties all understand that if this does not 3 come off and we cannot do this tomorrow that the 4 Panel -- availability of the Panel and the resources 5 that we have for doing the hearing is extremely limited 6 next week and that -- and that -- as well, that the 7 decision writing timing does not start until the 8 hearing is fully closed, until we close the hearing 9 after oral argument. Or after final argument. 10 MR. STAPON: Commissioners, your directions 11 are abundantly clear, and we will keep them in mind in 12 terms of the process. We will certainly communicate if 13 there are timing issues. 14 One thing which we did suggest is that if there is 15 any truly surprise evidence that comes out in 16 connection with an undertaking that might come in next 17 week or so that we might exchange a page or two of 18 documentation but -- and you can receive that even 19 after the close of the -- of the hearing. 20 So it's my expectation we should be able to 21 conclude fully tomorrow, absent a surprise, although 22 the record will constitute materials which might come 23 in a bit later. 24 THE CHAIR: Mr. Stapon, I want to be 25 abundantly clear. The Panel will not move to hearing 26 final argument until all undertakings are in and we are</p>	<p style="text-align: right;">1099</p> <p>1 satisfied that the -- that we can close the evidentiary 2 portion. We will not hear final argument before that. 3 MS. LAVELLE: Chair, the -- the one 4 undertaking was for us to look for the notes from 5 the -- what was described as the LARC meeting on 6 March 24th but actually was an HLA review meeting. We 7 have sent out an urgent email to everybody today. We 8 have received responses from almost everybody, but not 9 all, and we do not know -- one person is away on 10 holiday so may not be checking their work email. So we 11 have done our best to fulfill the undertaking that says 12 that we looked for -- and so there may be some 13 impossibility with getting a response back from 14 absolutely everybody on that, but I believe in 15 discussion with our friend that that would just be, 16 then, an argument that could be provided -- could be 17 addressed briefly in a page if there's anything, in 18 fact, material. We don't anticipate there will be 19 anything, but in the event that there is, that would -- 20 that would be a solution. 21 MR. STAPON: If that is acceptable to the 22 Commission, we can proceed on that basis, and I can 23 advise you this, Members of the commission, that is, if 24 we get the balance of the undertakings tonight, even if 25 there might be one bit of a note missing, we may be 26 able to confirm tomorrow morning when we start that</p>

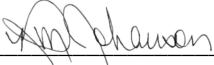
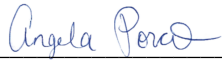
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1 that's the end of the evidentiary process.
 2 THE CHAIR: Let me be clear. The Panel
 3 and the AER Hearing Commissioners' office has a number
 4 of hearings scheduled coming up after this, so when we
 5 close the hearing, we want to fully close the hearing
 6 so that we can then proceed with deliberations and with
 7 writing the decision that the parties are expecting out
 8 of this. For us to leave the evidence open will not
 9 close the hearing, and the timing clock will not start
 10 regardless of if we hear final argument. It will not
 11 start until the hearing is fully closed, and the Panel
 12 is firm on that. We are not prepared to hear an oral
 13 argument until the evidence is closed.
 14 MR. STAPON: Members of the Commission, I
 15 have just gotten some instruction in connection with
 16 this. Given the urgency of the decision, we are
 17 prepared -- on the advice that we're going to have all
 18 of the undertakings answered with the exception of
 19 potentially one set of notes, we're prepared to close
 20 and final argue tomorrow.
 21 THE CHAIR: Thank you.
 22 Thank you for your efforts to come to agreement
 23 together. Thank you to everyone. This has been a long
 24 day, and we appreciate the time that -- that you've put
 25 into it. So we will close for today. Please take all
 26 your materials with you because this room is not

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1 secured, and so we will return tomorrow morning at
 2 9:30. I will also advise the parties to be aware that
 3 the court reporters are -- have confirmed to us that
 4 they are available to run into the afternoon, so we do
 5 have some flexibility with tomorrow, although we do
 6 have -- for Panel needs, we have a time -- a timing
 7 stop -- timing point that we would need to stop at the
 8 end of the day.
 9 MR. STAPON: Thank you.
 10 THE CHAIR: So thank you, all, and we will
 11 be back tomorrow morning at 9:30.
 12 _____
 13 PROCEEDINGS ADJOURNED UNTIL 9:30 AM, DECEMBER 1, 2023
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1 CERTIFICATE OF TRANSCRIPT:
 2
 3 We, Roxanne M. Johanson and Angela Porco, certify
 4 that the foregoing pages are a complete and accurate
 5 transcript of the proceedings taken down by us in
 6 shorthand and transcribed from our shorthand notes to
 7 the best of our skill and ability.
 8 Dated at the City of Calgary, Province of Alberta,
 9 this 30th day of November 2023.
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 14 _____
 15 R.M. Johanson, CSR(A)
 16 Official Court Reporter
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 20 _____
 21 A. Porco, CSR(A)
 22 Official Court Reporter
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