

News Release

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Canada

AER escalates enforcement action against Lexin Resources Ltd.

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For immediate release.

Calgary, Alberta (February 15, 2017)... The Alberta Energy Regulator (AER) has suspended the licences of all Lexin wells, facilities, and pipelines, requiring the company to cease all production.

Lexin has failed to comply with multiple orders, lacks sufficient staff to manage its more than 1600 sites, and owes more than \$1 million in orphan fund levies and administrative fees and more than \$70 million in security for its end of life obligations. Repeated attempts by the AER to bring the company into compliance have failed. As a result, the AER has little confidence in Lexin's ability to conduct its operations safely and is taking measures to prevent increasing public safety, environmental, and financial risk.

AER licensees with working interests in any of Lexin's AER-licensed operations are required to secure, shut in, and provide emergency and incident response at those sites. The AER has directed the Orphan Well Association (OWA) to provide care and custody of Lexin sites.

Today, the AER has issued an [environmental protection order](#) against Lexin and LR Processing Ltd., an affiliated entity, requiring them to address environmental concerns at the Mazeppa sour gas plant. On August 9, 2016, the AER ordered Lexin and LR Processing to suspend the Mazeppa gas plant and related infrastructure.

Lexin may only resume operations at its AER-licensed properties if the AER provides written approval to do so and will be subject to any terms or conditions the AER deems necessary.

The AER has been advised that equipment has been removed from AER-licensed Lexin properties and has sought a court order to stop this from happening. On February 14, 2017, the Court of Queen's Bench of Alberta issued an [interim order](#) prohibiting removal of equipment from Lexin's AER-licensed sites, subject to review of the order by the court on February 17, 2017. If anyone has information about the removal of Lexin equipment over the past six months, please contact the AER's 24-hour emergency and complaint line at 1-800-222-6514.

Copies of the closure order, environmental protection orders, and court order can be found on the AER's [Compliance Dashboard](#).

The Alberta Energy Regulator ensures the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources over their entire life cycle. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans.

- 30 -

Backgrounder: Action against Lexin Resources Ltd.

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