

No.

IN THE PROVINCIAL COURT OF ALBERTA  
CRIMINAL DIVISION

BETWEEN:

**HER MAJESTY THE QUEEN**

- and -

**STATOIL CANADA LTD.**

BEFORE THE HONOURABLE JUDGE	)	ON MONDAY, THE 31ST DAY
	)	OF OCTOBER 2011.
AT EDMONTON , ALBERTA	)	

**ORDER PURSUANT TO SECTION 148(1) OF THE  
WATER ACT**

**WHEREAS** STATOIL CANADA LTD. stands convicted of the following  
offence under the *Water Act*:

On or between the 15<sup>th</sup> day of December 2008 and the 29<sup>th</sup>  
day of May, 2009 both dates inclusive, at or near Conklin, in  
the Province of Alberta, did contravene the terms or  
conditions of a licence; to wit Licence No. 00252194-00-00,  
as amended and did thereby commit an offence contrary to  
section 142(1)(e) of the *Water Act*.

**AND WHEREAS** in addition to a fine of \$5,000.00 imposed under the  
*Water Act*, inclusive of victim fine surcharge and having regard to the nature of the  
offence and circumstance surrounding its commission;

**AND WHEREAS** the Crown and Defence Counsel made a joint submission to this Honourable Court for a creative sentence project to fund the creation and dissemination of an online training portal on best practices on surface water diversion for the oil and gas industry in Alberta, hereinafter referred to as the "Online Training Project".

**AND WHEREAS** the total cost of the Online Training Project is projected to be \$185,000.00;

**IT IS HEREBY ORDERED** pursuant to the provisions of section 148(1) of the *Water Act*, that:

1. On or before the 14<sup>th</sup> day of November, 2011, STATOIL CANADA LTD. shall deposit the amount of \$185,000.00 into a trust account held by the Canadian Association of Petroleum Producers (CAPP) for the sole purpose of funding the Online Training Project as described in Appendix "A";
2. For the purpose of the creation and/or administration of the Online Training Course Project, the stakeholder representatives shall be as described in Appendix "A";
3. The conditions upon which the trust funds referred to in paragraph 1 may be used are set out in Appendix "B", hereto.
4. David Pryce, vice-president of Operations with CAPP, or his designate, shall authorize all expenditures from the trust account established pursuant to this Order and such expenditures shall be incurred for the purposes for which the trust account was established all as more particularly set out in this Order;
5. Upon payment of the monies as required by paragraph 1, STATOIL CANADA LTD. shall have no further responsibility for the trust funds.
6. In the event that any of the conditions of this Order cannot be satisfied, or CAPP is not prepared to accept the funds under the conditions specified or that all of the funds set out in paragraph are not necessary for the purposes set out herein, or in

the event of any circumstances which may prevent the completion of the Online Training Project as described in this Order, Alberta Justice has leave to appear *ex parte* before this Honourable Court for further direction.

DATED this \_\_\_\_\_ day of October, 2011 in the City of Edmonton in the Province of Alberta.

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Judge

Provincial Court of Alberta

CONSENTED TO BY:

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Peter Roginski,  
Crown Prosecutor -Specialized Prosecutions  
Alberta Justice

AND:

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Grant Stapon, Q.C.  
Bennett Jones LLP  
Counsel for Statoil Canada Ltd.

## **APPENDIX "A"**

### **Online Training Project Outline**

**Project Name:** "Surface Water Diversion for the Oil and Gas Industry- Best Practices"

**Project Purpose:** To provide a clear and concise guide to surface water diversion compliance for the oil and gas industry

**Project description:** An online learning portal including:

- A 45 minute elearning course targeted at field- level supervisors working in the Alberta oil and gas industry who are involved with projects which require the diversion of surface water.
- Online support materials to provide oil and gas industry participants with resources to deploy a best practices compliance system for surface water diversion

**Project Stakeholders:**

Alberta Environment (AENV)

Alberta Sustainable Resource Development (ASRD)

Alberta Justice

Statoil Canada Ltd.

Canadian Association of Petroleum Producers (CAPP)

**Project Content:**

The course and supporting materials will be available online and will be accessible to oil and gas industry participants to educate employees on best practices for compliance with regulatory requirements for surface water diversion in Alberta.

The course will consist of 4 modules described as follows:

**Module 1 – Introduction**

This module will provide a course content overview, learning objectives and a brief overview of the relevant legislation (i.e. Water Act) and regulatory authorities (i.e. AENV, ASRD).

Learning Objectives:

- Identify legislation relevant to water diversion
- Identify regulatory authorities relevant to water diversion

## **Module 2- Potential Impacts of Water Diversion**

This module will describe the potential impacts of water diversion. It will also introduce regulatory methods for mitigation of those impacts (i.e. selection of appropriate diversion sources, limiting diversion volumes, use of appropriate intake screens).

### **Learning Objectives**

- Identify potential environmental impacts of surface water diversion.
- Identify methods of mitigating those impacts.

## **Module 3- Regulatory Requirements for Surface Water Diversion in Alberta**

This module will describe the regulatory system for Surface Water Diversion in Alberta including the requirement for licences to authorize diversion and the diversion licensing process.

### **Learning Objectives:**

- Fundamental principles of the regulatory regime for surface water diversion in Alberta ( i.e. all water diversion must be under a licence unless it falls within a specific exception).
- Diversion licensing process; regulatory authority (AENV Water Approvals) information required (proposed sources, volumes), issuance of the licence (including common licence terms), reporting requirements (reporting of contraventions, report upon expiry of licence).
- Specific exemptions to the requirement for a diversion licence and the limitations on the use of those exemptions (i.e. Green Area exemption).
- Other regulated requirements (i.e. lawful access to diversion sources).

## **Module 4 –Compliance System for Water Diversion**

This module will provide recommendations for implementing and maintaining a system for water diversion that is compliant with current regulations and legislation including general principles, methods for ensuring compliance with legislated requirements and licence conditions ( i.e. disseminating licence requirements to contractors, tracking diversion sources and volumes, ongoing monitoring of compliance, reporting).

### **Learning Objectives**

- Principles of an effective compliance system;
- Methods of ensuring compliance with regulatory requirements

## **Support Materials**

These will include useful and relevant documents, checklists and examples of measures implemented by Statoil Canada Ltd. where appropriate.

## **Project Implementation:**

### **Project Management**

The overall project manager responsible for production and delivery of the portal will be Emerge Learning, an organization with experience producing online learning strategies and materials. The online product will be produced in accordance with the timetable and budget as attached. Emerge Learning will provide content to the stakeholders for review and comment prior to inclusion of the material in the course and will provide a final version of the online course to stakeholders for review and comment prior to the launch.

### **Content**

Content for Modules 1 – 3 will be provided to Emerge Learning by the North Saskatchewan Watershed Alliance (NSWA), a not for profit organization with expertise in water management, in consultation with subject matter experts identified by Alberta Environment and Alberta Sustainable Resource Development. The content will be produced in accordance with the timetable and budget as attached.

Content for Module 4 will be provided to Emerge Learning by Statoil Canada Ltd.

AENV and Alberta Justice will have final signoff authority on the content and the completed online learning product.

### **Learning Presentation, Portal Launch**

The Canadian Association of Petroleum Producers (CAPP) is an organization representing the oil and gas industry in Canada. CAPP, in cooperation with Statoil Canada Ltd, will sponsor and host a learning presentation by Statoil Canada Ltd. to coincide with the launch of the online portal. This presentation will be targeted at oil and gas industry participants and will educate participants on the root causes and learnings from Statoil's non compliance in accordance with the attached budget and schedule. Attendance at this presentation may be restricted to members of the oil and gas industry however representatives from Alberta Environment and Alberta Justice will be permitted to attend.

CAPP will host the online portal on its website for a period of 3 years from the date of the Creative Sentencing Order that gives rise to this project. CAPP will also be responsible for appropriate promotion of the portal to its members. The property to the online materials shall remain in the public domain

SEPAC is an industry organization representing small to medium sized independent oil and gas companies operating in Alberta and elsewhere. SEPAC will communicate the

launch of the portal to its members and will provide a link to the online portal on its website.

After the 3 year period, CAPP will transfer the course files and any related and necessary material to AENV or alternatively may continue to host the portal under any subsequent agreement that may be reached with AENV.

### **Financial Management and Reporting**

CAPP will hold penalty funds for this project in trust account and will distribute those funds to the appropriate providers upon completion of the project or as phases of the project are completed. CAPP will prepare and provide a brief report regarding the launch of the online portal, the industry presentation and an accounting of the penalty funds to the Court and Alberta Justice within 90 days of the launch.

During the time the course is hosted on its website, CAPP will, upon request of any of the stakeholders, disclose the number of times the course has been accessed and the number of course completions in any given time period.

### **Contacts**

The principal contacts for the project will be:

#### **Alberta Environment:**

Pat Marriott, District Approvals Manager  
4999 98 Avenue  
Edmonton, Alberta T6B 2X3  
Tel: 780-427-7033  
Email: pat.marriott@gov.ab.ca

#### **Alberta Sustainable Resource Development:**

David Park, Provincial Aquatic Habitat Specialist  
Great West Life Building  
9920 - 108 Street  
Edmonton, Alberta T5K 2M4  
Tel: 780-427-8347  
Email: david.park@gov.ab.ca

#### **Alberta Justice:**

Peter Roginski, Crown Prosecutor  
Centrium Place  
300, 332 6 Ave SW  
Calgary, AB T2P 0B2  
Tel: 403-355-5683  
Email: peter.roginski@gov.ab.ca

#### **Statoil Canada Ltd.:**

Brian Blattler, Vice President Commercial Affairs  
3600, 308 - 4th Ave. SW  
Calgary, AB T2P 0H7  
Tel: 403-269-0446  
Email: brbla@statoil.com

**Emerge Learning:**

Lee MacLean, Managing Partner  
206, 1400 Kensington Road NW  
Calgary, Alberta T2N 3P9  
Tel: 403-266-8855  
Email: lee@emergelearning.ca

**North Saskatchewan Watershed Alliance:**

David Trew, Executive Director  
9504 49 Street  
Edmonton, AB T6B 2M9  
Tel: 780-496-3474  
Email: david.trew@edmonton.ca

**Canadian Association of Petroleum Producers (CAPP):**

David Pryce, Vice-President Operations  
2100, 350 - 7 Avenue SW  
Calgary, Alberta T2P 3N9  
Tel: 403-267-1138  
Email: david.pryce@capp.ca

**Small Explorers and Producers Association of Canada (SEPAC)**

Michelle Chidley, Event and Communications Director  
1060, 717 Seventh Avenue SW  
Calgary, Alberta T2P 0Z3  
Tel: 403-263-5344  
Email: mchidley@sepac.ca



## **APPENDIX "B"**

### Conditions of Funding

#### Canadian Association of Petroleum Producers

The trust fund created in favour of the Canadian Association of Petroleum Producers as established by this Order may be used by the Canadian Association of Petroleum Producers on the following conditions:

1. The funds shall be used for the Online Training Project, within the budgets and the time tables set out in Appendix "A";
2. The launch of the project shall be completed within one year;
3. Any reference to the funding for the project will identify the conviction entered against Statoil Canada Ltd.;
4. All materials produced by the Online Training Project shall be in the public domain;
5. Within 90 days from the launch of the Online Training Project, the Canadian Association of Petroleum Producers shall provide to this Honourable Court and to Alberta Justice, a brief report regarding the launch of the project and the presentation to industry representatives as well as a financial statement accounting for the funds directed to this project by this Order and thereafter shall provide an annual report and financial statement for the duration of the project.
6. Should all of the allocated funds not be required for the project, the Canadian Association of Petroleum Producers shall return any unused funds to the Clerk of the Court, Provincial Court of Alberta in Edmonton, Alberta to be dealt with thereafter as this Honourable Court may direct.

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