

## Review Decision R-2024-04

In the matter of a request for review under section 70 of the *Energy Resource Activities Act* of Administrative Finding 2022-0027 issued to Amazing Oil and Gas Ltd.

**Decision Date: September 10, 2025**

### Introduction

- [1] Amazing Oil and Gas Ltd. (“**AOG**”) has requested a review of the administrative finding and administrative monetary penalty (“**AMP**”) attached to a finding of contravention issued by a British Columbia Energy Regulator (“**BCER**”) official (the “**Official**”) to AOG on October 11, 2024 (the “**Contravention Decision**”).
- [2] The Contravention Decision held that AOG contravened section 15(1)(a) of the Dormancy and Shutdown Regulation (“**DSR**”) and imposed an AMP of \$40,000.
- [3] AMPs are issued pursuant to section 63(1) of the *Energy Resource Activities Act* (“**ERAA**”). Prior to issuing an AMP, the decision maker must consider the factors set out in section 63(2) of ERAA.
- [4] AOG disputes its responsibility for the contravention of section 15(1)(a) of the DSR because the circumstances leading to the finding of contravention arose before the transfer of ownership of AOG. AOG also disputes the imposition of the AMP because it will interfere with its ability to bring themselves into compliance.
- [5] The Commissioner of the BCER has designated me as the review official for the purpose of reviewing the AMP.
- [6] Section 71(1)(a) of the ERAA gives me the power to confirm, vary or rescind the official’s finding of contravention and the AMP.
- [7] I have reviewed all the materials provided by the Parties.

### Background

- [8] Under the DSR, AOG was required to decommission one Type A site by December 31, 2021.
- [9] A report was sent to the Official on April 30, 2024 for a decision pursuant to section 62 of ERAA. The report alleged that AOG failed to decommission one Type A site within the required timelines. The Official gave AOG an opportunity to be heard and AOG provided multiple email responses.
- [10] On October 11, 2024, the Official found that AOG had failed to decommission one Type A site by December 31, 2021 and thereby contravened section 15(1)(a) of the DSR. The Official imposed an administrative penalty of \$40,000.

[11] AOG does not dispute that it did not complete the decommissioning of one Type A site by December 31, 2021 but submits that a finding of contravention should be rescinded based on the responsibility of the previous owners of AOG and in the absence of any preliminary enforcement action. AOG also contests the amount of the administrative penalty.

## **Issues**

[12] The issues before me are three-fold:

- Whether the contravention should be confirmed, varied or rescinded because of the change in ownership of AOG.
- Whether the contravention should be confirmed, varied or rescinded because of the failure of the BCER to take other compliance measures.
- Whether the AMP should be confirmed, varied or rescinded.

## **Analysis**

- Whether the contravention should be confirmed, varied or rescinded because of the change in ownership of AOG.

[13] AOG submits that the previous owner's actions gave rise to the circumstances of the contravention and thus it imposes an unfair burden on the current ownership. Accordingly, AOG submits that a finding of contravention should not be made against AOG.

[14] The obligations to comply with decommissioning requirements are those of the permit holder, in this case AOG. Although the corporate ownership of AOG may have changed at some time while those obligations materialized, AOG's regulatory obligations did not.

[15] AOG is engaged in a regulated industry and is obligated to take necessary measures to understand and comply with its regulatory obligations. Accordingly, I am satisfied that there are no grounds to vary or rescind the finding of contravention and administrative penalty based on change of ownership.

- Whether the contravention should be confirmed, varied or rescinded because of the failure of the BCER to take other compliance measures.

[16] Pursuant to sections 62 and 63 of ERAA, the regulator may find a person has contravened a provision of ERAA, the regulations, a permit, an authorization or an order and may impose an administrative penalty if a finding of contravention is made.

[17] A finding of contravention and the imposition of an administrative penalty is not premised on taking any preliminary enforcement action. The purpose of an administrative penalty regime is to promote compliance and to deter actions which do not comply with the

administrative regime.<sup>1</sup> The Official's determination to impose an administrative penalty in these circumstances was a reasonable means of achieving this objective.

[18] Accordingly, I am satisfied that there are no grounds to vary or rescind the finding of contravention and administrative penalty in the absence of any other compliance action.

- Whether the AMP should be confirmed, varied or rescinded.

[19] Before imposing an administrative penalty, the Official was required to consider the factors set out in section 63(2) of ERAA. My understanding of AOG's submission is that in consideration of these factors, the Official did not give appropriate weight to AOG's recent efforts to correct the contravention under section 63(2)(g) of ERAA.

[20] Furthermore, AOG argues that payment of the AMP will inhibit their ability to undertake required decommissioning work.

[21] A decision-maker is required to consider all of the factors set out in section 63(2), but no weight is assigned to each factor and there is no exact calculation. The determination of an appropriate administrative penalty is a discretionary decision and the decision-maker has significant latitude in assessing the weight to apply to each factor. In the Contravention Decision, the Official acknowledges that AOG had taken steps to address the contravention under its new directorship, including the scheduling of decommissioning work for November 2024. Although brief, I am satisfied that the Official appropriately considered this evidence in determining an appropriate penalty.

[22] As noted previously, administrative penalties are intended to promote compliance with the regulatory framework. They should be sufficient so that they are not simply considered a "cost of doing business". The amount of a penalty should be in keeping with the objective of encouraging compliance with the regulatory regime.<sup>2</sup>

[23] AOG's only submission is that the payment of the penalty means AOG will have insufficient funds to complete the required decommissioning work. AOG did not provide any evidence of their financial situation to support this argument. Regardless, a company is not to be excused from their regulatory obligations because of the cost or business practicality.

[24] Accordingly, I am satisfied that the Official's penalty determination was reasonable and that there are no grounds to vary or rescind the administrative monetary penalty.

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<sup>1</sup> See *Guidon v. Canada*, [2015] 3 S.C.R. 3 at para. 79.

<sup>2</sup> *Ibid*, at para. 80.

**Conclusion**

Based on my analysis above and the information submitted by AOG, I am satisfied there are no grounds to vary or rescind the AMP and hereby confirm the penalty amount imposed by the Official.

A handwritten signature in blue ink, appearing to read 'R. Slocomb', is positioned above the printed name.

Richard Slocomb  
Vice President, Environmental & Surface Resource Management