



May 5, 2020

Enforcement File: 20-098FSJ

Velvet Energy Ltd.  
1500, 308-4<sup>th</sup> Avenue SW  
Calgary, AB T2P 0H7

Attention: Ms. Marlene Mulion, Senior Operations Technologist

**RE: Warning: Fail To Comply With Condition Of An Authorization**

Dear Ms. Mulion,

Velvet Energy Ltd. (Velvet) holds water use authorization AD 100109955 WU #5549 issued under the Water Sustainability Act. This authorization contains the following condition:

**The Permit Holder must maintain accurate records of all water withdrawal activities throughout the term authorized. Water withdrawal records for each diversion point, including "0" values for months where no water was withdrawn, must be recorded monthly. Water withdrawal records must be submitted to the Commission on a quarterly basis via eSubmission. Quarterly reports are due on or before April 25, July 25, October 25 and January 25.**

This condition provides the company three weeks to compile its water withdrawal data and to submit a report to the Oil and Gas Commission (Commission). A report for the months of February and March was due no later than April 25, 2020.

On April 29, 2020, the Commission contacted Velvet and the required report was received on April 29, 2020, 4 days past the due date.

Late reporting may result in issuance of a violation ticket. The Commission notes Velvet has no non-compliance history related to late water reporting.

Given the circumstances, Windward is hereby issued a warning only for the following:

Velvet, on or about April 26, 2020, at or near Fort St. John in the Province of BC, did fail to comply with the condition of an authorization contrary to Section 106(3)(k) of the Water Sustainability Act.

If Velvet has any questions about this matter please feel free to contact the undersigned.

Sincerely,

*<original signed by>*

Oil and Gas Commission