

ACTION PLAN FOR AER DECISION 2013-013

KALLISTO ENERGY CORP.

APPLICATION FOR A WELL LICENCE - CROSSFIELD EAST FIELD,

ACTION ITEM	REQUIRED ACTION/COMMENTS	DECISION: 2013-013	AER PROCESS TO ENSURE FOLLOW-UP	STATUS & EVIDENCE
1 Drilling and Completion	Kallisto must not fracture stimulate the 16-26 well. Kallisto must a) run an initial full-length cement integrity log before completion. b) conduct a hydraulic isolation log after completion and stimulation.	Section: Paragraph 90 P. 16	Kallisto will send a letter to the AER confirming that the requirements were included in its drilling and completion program and a second letter confirming that the requirements have been met.	Completed - Kallisto provided drilling and completions information to the AER that appears to confirm that requirements have been met. On November 20, 2014, Kallisto Energy Corp. changed its name to Toro Oil & Gas Ltd. due to a reorganization, and has no further plans to complete or produce the well at this time.
2 Abandonment	For open hole abandonment, Kallisto must run a continuous cement plug from total depth to a minimum of 30 metres above the top of the Elkton Formation. The cement plug top must be confirmed by tagging, not logging.	Section: Paragraph 105 P. 19	Kallisto will send a letter to the AER confirming that the requirement was included in its abandonment program and a second letter confirming that the requirement has been met, whenever the abandonment occurs.	Pending -
3 Abandonment	In the event that the well is cased, completed, and abandoned, Kallisto must conduct a cement squeeze of the perforated interval and fill the casing with cement to a minimum of 15 metres above the top of the Elkton Formation. If future well abandonment requirements exceed these conditions, the more stringent requirements will apply.	Section: Paragraph 105 P. 19	Kallisto will send a letter to the AER confirming that the requirement was included in its abandonment program and a second letter confirming that the requirement has been met.	Pending -
4 Measurement	Kallisto must submit an initial pressure test completed in accordance with Directive 040: Pressure and Deliverability Testing Oil and Gas Wells.	Section: Paragraph 94 P. 17	Kallisto will provide the initial pressure test result to the AER.	Pending -
5 Measurement	Kallisto must install a three phase separator to separate the gas, emulsion, and water before commingling with other well effluent.	Section: Paragraph 96 P. 17	Kallisto will send a confirmation letter and an as-built schematic to the AER once the requirement has been met.	Pending -

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6 Measurement	Kallisto must install appropriate measurement devices to measure the three phases according to the delivery point requirements in Directive 017: Measurement Requirements for Oil and Gas Operations, except for water measurement.	Section: Paragraph 96 P. 17	Kallisto will send a confirmation letter and an as-built schematic to the AER once the requirement has been met.	Pending -
7 Measurement	Kallisto must prove, inspect, and calibrate the measurement devices according to the delivery point requirements in Directive 017: Measurement Requirements for Oil and Gas Operations, except for water measurement.	Section: Paragraph 96 P. 17	Kallisto will send a confirmation letter to the AER once the requirement has been met. Kallisto will keep a record on file and make it available to the AER at any time, upon request.	Pending -
8 Measurement	Kallisto must install continuous sampling devices for the gas phase after separation according to requirements in Directive 017: Measurement Requirements for Oil and Gas Operations and analyze the gas sample once every two weeks, at a minimum.	Section: Paragraph 96 P. 17	Kallisto will send a confirmation letter and an as-built schematic to the AER once the requirement has been met.	Pending -
9 Measurement	Kallisto must install proportional sampling devices to determine the water cut at least once per week for the emulsion phase according to requirements in Directive 017: Measurement Requirements for Oil and Gas Operations or install a continuous water-cut analyzer.	Section: Paragraph 96 P. 17	Kallisto will send a confirmation letter and an as-built schematic to the AER once the requirement has been met.	Pending -
10 Measurement	Kallisto must ensure the well head separator does not have an operating pressure greater than 4200 kPa (600 psi).	Section: Paragraph 96 P. 17	Kallisto will send a letter to the AER outlining measures it's going to implement to ensure the well head separator operating pressure does not go above 4200 kPa (600 psi).	Pending -
11 Disclosure of Confidential Information	Kallisto must provide all confidential information related to the 16-26 well to CrossAlta and the Freehold mineral owners (Jensen and Taks families).	Section: Paragraph 97 P. 18	Kallisto will copy AER on all correspondence to CrossAlta and the Freehold mineral owners (Jensen and Taks families) that includes confidential information related to the 16-26 well.	Pending - Information appears to have been provided as required to this point. Additional information is to be provided as it becomes available.

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12 Production Reporting	Kallisto must report any production from the 16-26 well to PETRINEX as a single well oil battery.	Section: Paragraph 97 P. 17	Kallisto will send a letter to the AER confirming that the 16-26 well has been set up in PETRINEX as a single well oil battery.	Pending -

The conditions imposed in approvals/licence(s) are monitored by the Alberta Energy Regulator (AER). The AER has developed a process whereby an action plan is developed internally to ensure that AER staff monitor conditions arising from decision reports for compliance. The conditions are managed in an action plan that is updated quarterly with statuses of conditions. The action plan defines the action required, timeframes for completion, and a summary of the evidence provided to confirm a condition was met. For more information, please contact the Action Plan Administrator at (403) 297-4289.