



# Alberta's Failed Oil and Gas Bailout

How AIMCO invested more than a billion dollars of pensioners and Albertans money into risky oil and gas companies with more than \$3 billion in environmental liabilities and how the people running those companies got rich through huge salaries, share buybacks, dividends and conservative political connections

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# Executive Summary

The report shows AIMCo, the Alberta Investment Management Corporation, has invested more than \$1.1 billion dollars in conventional oil and gas junior and intermediate producers and oilfield service companies. Every publicly traded company that AIMCo has invested in under an invest local directive from the prior government has seen its share price fall since its investment.

Several factors lead us to the conclusion that AIMCo is likely to lose large sums of money on these unwise investments. The bankruptcy last year of Trident Exploration, a company that received \$60 million from AIMCo. The precipitous drop in share value of companies AIMCo has invested in, most notably Perpetual Energy, which has lost 99 percent of its value since AIMCo's investment. And of course the likelihood that some or all of these companies will either file for bankruptcy or be swallowed up on the cheap by larger firms in the near future due to the fallout of COVID-19 and the Saudi Arabia/Russia oil price war.

Alberta is also in the midst of an unfunded oil well cleanup crisis. The junior and intermediate oil and gas companies that AIMCo has invested in have massive environmental liabilities, conservatively estimated at over \$3.1 billion. If or when they go bankrupt, Albertans will be responsible for billions of dollars of cleanup costs.

The money invested by AIMCo into these companies comes from two sources – pension funds and the Alberta Heritage Savings Trust Fund.

The defined benefit public sector pension plans that AIMCo manages are deferred wages. They are earned by workers, and they have been invested in order to supplement those workers' incomes when they are no longer able to work.

The Heritage Fund is unique to Alberta and it's the accumulated savings from Alberta's resource revenues over the years. While AIMCo is not responsible for the decisions of past governments to stop additional resource revenues from being added to the fund, or for its raiding over the years to cover government expenses, the Heritage Fund is an important part of Alberta's politics and requires responsible management. Mismanagement of this public resource is a concern to all Albertans.

The political and financial interests of these junior and intermediate oil and gas producers and oilfield services companies and the United Conservative Party are closely aligned. One company and senior leaders from companies AIMCo has invested in are significant donors to the UCP and to UCP aligned third-party advertisers (also called PACs or political action committees). The UCP have also shown a willingness to use the power of the state to help the oil and gas industry in whatever way it can. The \$1.5 billion bailout of the Keystone XL pipeline being the latest example. The \$4.5 billion corporate tax cut Kenney brought in was another.

We are also in the midst of a climate emergency, and AIMCo has an obligation to avoid facilitating and encouraging an industry that is stalling climate action and is slated to leave billions of dollars in unfunded environmental liabilities.

The concerning track record of AIMCo and goals of the UCP do not align with the necessity of protecting the Heritage Fund and workers' deferred wages. In order to re-establish trust, the Alberta government and AIMCo must:

- Initiate a public review of the investment performance and governance of AIMCo

- Increase AIMCo's transparency and regularly publish an inventory of its investments
- Divest from risky oil and gas investments, especially those with large environmental liabilities
- Rescind the Alberta Growth Mandate directive
- Increase AIMCo's independence by scrapping Section 19 of the AIMCo Act, which allows the government to issue directives
- Require super-majorities in the Legislature to change the AIMCo Act after making it truly arms-length
- Bring in inclusive governance and allow pension plans whose funds are being managed by AIMCo to appoint representatives to AIMCo's board
- Allow pension funds the freedom to leave AIMCo

The mismanagement of pensions and the Heritage Fund today offers opportunities for unions, political parties, civil society groups and organizers to engage and activate people who otherwise might never get involved in political collective action. People's retirements and Alberta's savings fund from its fossil fuel wealth are at stake. We must work together to ensure this situation never happens again.

# Introduction

The Alberta Investment Management Corporation (AIMCo) is an institutional investment manager that was responsible for \$118.8 billion of assets as of December 31, 2019. Established as a crown corporation in 2008, AIMCo is responsible for managing Alberta's public sector pension plans, such as the Local Area Pension Plan (LAPP), the Public Service Pension Plan, the Universities Academic Pension Plan and several more. AIMCo has 30 Alberta-based pension, endowment, government and specialty fund clients.

AIMCo is also responsible for managing the Alberta Heritage Savings Trust Fund (Heritage Fund), which is Alberta's main long-term savings fund. The Heritage Fund was established in 1976 to collect and invest a portion of Alberta's non-renewable resource revenue for future generations. As of December 31, 2019, it was worth \$18 billion. The income produced by the fund goes into Alberta's general government revenue. The Heritage Fund is unique to Alberta.

Governance, oversight and the strategic direction of AIMCo is provided by the board of directors, who are appointed by the finance minister. The controlling legislation is the [Alberta Investment Management Corporation Act](#)<sup>1</sup>.

[Bill 22](#)<sup>2</sup>, introduced in the fall 2019 session of the Alberta legislature, took control of several pension funds, including the Alberta Teachers' Retirement Fund (ATRF) and the LAPP, and handed them to AIMCo. Neither of those pension plans is allowed to leave AIMCo. This government enforced monopoly gives pension plans no recourse if they are unsatisfied with AIMCo's service or performance.

Premier Kenney has argued for a similar approach to the Canada Pension Plan. "If, in principle, we could transfer those assets to be managed securely by AIMCo, that would help AIMCo to be a stronger asset manager," Kenney argued during a Facebook live stream in early November 2019. [Assuming control of the CPP has become a major focus of the UCP's proto-separatist "Fair Deal For Alberta" campaign](#)<sup>3</sup>.

## Average-at-best investment performance

When it was announced that the LAPP and ATRF pension funds would be forced to have AIMCo as their fund manager, both organizations made efforts to point out the "average at best" investment performance of AIMCo. Over a four-year period, AIMCo never beat LAPP's benchmark of what it wanted in a fund manager. Indeed, according to LAPP, ["AIMCo has been short of LAPP's SIPP-specified value added expectations for 45 consecutive quarters, or 11 years and 3 months."](#)<sup>4</sup>

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1 Alberta Queen's Printer. Nov. 22, 2019. Alberta Investment Management Corporation Act. Statutes of Alberta, 2007. Chapter A-26.5. <http://www.qp.alberta.ca/documents/Acts/A26p5.pdf>

2 Legislative Assembly of Alberta. Nov. 22, 2019. Bill 22: Reform of Agencies, Boards and Commissions and Government Enterprises Act, 2019. [https://www.assembly.ab.ca/ISYS/LADDAR\\_files/docs/bills/bill/legislature\\_30/session\\_1/20190521\\_bill-022.pdf](https://www.assembly.ab.ca/ISYS/LADDAR_files/docs/bills/bill/legislature_30/session_1/20190521_bill-022.pdf)

3 Dryden, J. Nov. 7, 2019. "If Quebec can do it, why not Alberta?": Kenney says 'compelling case' can be made for provincial pension plan." CBC News. <https://www.cbc.ca/news/canada/calgary/jason-kenney-alberta-pension-plan-canada-wexit-1.5351537>

4 Local Authorities Pension Plan. "Investment results." <https://www.lapp.ca/page/>



The ATRF also engaged in a detailed examination of its investment performance versus that of AIMCo's and [found that ATRF outperformed AIMCo in every way](#)<sup>5</sup>.

Given the poor investment performance of AIMCo compared to its contemporaries and its failure to meet clients' expectations, it's no surprise that large pension funds like LAPP wished to leave AIMCo. However, Bill 22 introduced by the UCP government in November 2019 prevents them from doing so.

There is little reason to expect AIMCo's performance to improve, given that it has made more than \$1.1 billion in pension fund and Heritage Fund investments (that we know about) in junior and intermediate oil and gas producers and oilfield services companies over the past 3.5 years. These companies were already marginal before the circumstances we face today. Now they are under severe pressure as the COVID-19 pandemic kills demand for oil and gas, which lowers the price. Simultaneously, Russia and Saudi Arabia are engaged in an ongoing price war, which has dramatically increased supply, also lowering the price for oil and gas.

In this low-price environment junior and intermediate oil and gas producers and the oilfield services companies that AIMCo has invested in will not do well. Some may go bankrupt; others may be acquired on the cheap by larger companies.

## Troubling interpretation of growth mandate

In the 2015 budget, the Alberta government, led by the Alberta New Democratic Party, instituted the [Alberta Growth Mandate](#)<sup>6</sup> and asked AIMCo to execute it. Three percent of the Heritage Fund was allocated to this effort. Investments made as part of the Alberta Growth Mandate had a very broad mandate to meet at least one of the following conditions:

- Create new jobs in Alberta
- Build new infrastructure in Alberta
- Diversify Alberta's economy
- Support Alberta's growth
- Connect Alberta companies to export markets
- Develop subject matter expertise within Alberta

The latest and best data on the Alberta Growth Mandate is from the [Heritage Fund's 2018–19 Annual Report](#)<sup>7</sup>. AIMCo has interpreted this mandate as direction to invest the majority, \$269.4 million out of \$406.2 million, or 66 percent, in companies and investment vehicles involved in the oil and gas industry. Of the 32 separate investments made under the Alberta Growth Mandate, 24 are labelled as being in the oil and gas sector, 5 as real estate, 1 as agriculture and 1 as renewable energy.

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### investment-results

5 Alberta Teachers' Retirement Fund. Nov. 6, 2019. Letter to Alberta President of Treasury Board and Minister of Finance. [https://atrf.com/Documents/Letter%20to%20Minister%20Toews%20November%206%202019%20\(Public\).pdf](https://atrf.com/Documents/Letter%20to%20Minister%20Toews%20November%206%202019%20(Public).pdf)

6 Alberta Investment Management Corp. Dec. 2015. "Alberta Growth Mandate." <https://www.alberta.ca/assets/documents/heritage-fund-aimco-alberta-growth-mandate.pdf>

7 Alberta Heritage Savings Trust Fund. Jun. 2019. 2018–19 Annual Report. <https://open.alberta.ca/dataset/3675e470-646e-4f8a-86a7-c36c6f45471a/resource/8ff03852-3df5-478c-9a48-5cb5e90bdec5/download/2018-19-heritage-fund-annual-report.pdf>

These investments include equity investments, direct investments, debts with warrants, debts with warrants and equity, loan facility/common shares, exercising warrants, interest bearing notes, equity, credit facilities and debt. (See Appendix A for full details.) Those 24 investments in the oil and gas sector are spread across the following 14 separate companies and/or projects:

- Calfrac Well Services
- Pine Cliff Energy
- Savanna Energy Services
- Razor Energy
- Perpetual Energy
- Ikkuma Resources
- Ember Resources
- Kinder Morgan Canada
- Trident Exploration Corp
- Western Energy Services
- Enerflex
- Journey Energy
- Wolf Midstream
- First Nations ETF

We go into more detail about these companies, and AIMCo's investments in them, in the company profiles section later in this report. The [third quarter 2019–20 report](#)<sup>8</sup> of the Heritage Fund has additional information that investments totalling \$424.8 million across 33 separate transactions were made under the Alberta Growth Mandate, which indicates that incrementally more investment not covered in this analysis has been made. However, because the amount of money invested and the number of transactions fluctuate between the various 2019–20 quarterly reports, we will wait until the next annual report is out before using those numbers in our analysis.

The fact that the Alberta Growth Mandate investments were made under the auspices of the Heritage Fund gives us more transparency for these investments than is typical with AIMCo, which doesn't have a publicly available inventory of its investments.

What we learned from digging into the publicly available statements from the Heritage Fund about investments AIMCo made under the Alberta Growth Mandate is disturbing. AIMCo's interpretation of the Alberta Growth Mandate seems to favour high-risk investments in oil and gas junior and intermediate producers and oilfield services companies. These two sectors of the oil and gas industry have been hit particularly hard by low oil and gas prices. Every single publicly traded oil and gas company that AIMCO has invested in under the Alberta Growth Mandate has seen its share price go down since AIMCo's investment, even before the COVID-19 pandemic.

AIMCo also makes further investments in these risky companies beyond what was catalogued in the Heritage Fund reports, typically as a lender of last resort that provides high-interest loans to these struggling oil and gas junior and intermediate producers and oilfield services companies with options to purchase shares.

One of the companies AIMCo invested in has already gone bankrupt. Several others have

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<sup>8</sup> Alberta Heritage Savings Trust Fund. Feb. 28, 2020. 2019–20 Third Quarter. <https://open.alberta.ca/dataset/ee01fe55-ac45-4bc9-b46e-34259ae6e3b9/resource/7467fc8d-c5b6-4484-8412-292e997fff45/download/2019-20-3rd-quarter-report-heritage-fund.pdf>

had the terms of their high-interest debt issued by AIMCo renegotiated.<sup>9,10,11</sup> The Premier of Alberta [all but admitted](#) that large swathes of Alberta's mature conventional oil and gas industry are functionally bankrupt given that so many of them are unable to pay their property taxes or lease payments to landowners.<sup>12</sup>

## AIMCo's oil and gas investments are likely to increase

AIMCo's over-investment in Alberta seems to have been done on purpose. AIMCo CEO Kevin Uebelein [said in a television interview](#) in May 2019 that "we have an over exposure, if you will, or a long exposure to Alberta overall. But we think that's quite natural, because we have insights and we can evaluate transactions that are closer to home..<sup>13</sup>

Voices aligned with the UCP government have also signalled the administration's desire to provide pension funds to the oil and gas industry. Citing anonymous sources, Calgary Herald columnist Don Braid wrote that "[government officials suggest there could be a strategic advantage for Alberta development. With many lenders shunning oil and gas, AIMCo might buy more stakes in the industry.](#)"<sup>14</sup>

Conservative radio show host Danielle Smith said [on national television that Alberta pension funds go towards oil and gas companies](#) in reaction to the anticipated "divestment move of all of the pension funds across Canada and internationally. And if CPP starts bailing out of energy resources we don't want to be in a position where our money is being used to support solar and wind."<sup>15</sup>

AIMCo's CEO expanded on his belief in a disproportionate focus by AIMCo on Alberta-based investments in comments to the [Standing Committee on the Alberta Heritage Savings Trust Fund on Friday, June 21, 2019](#) (emphasis added).

Mr. Uebelein: Our objective is to maximize risk-adjusted return for all of our clients, including the Heritage Fund, and as such we diversify across asset classes

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9 Pine Cliff Energy. Oct. 1, 2019. "Pine Cliff Energy Ltd. announces refinancing of existing promissory notes." <https://www.newsfilecorp.com/release/48415/Pine-Cliff-Energy-Ltd.-Announces-Refinancing-of-Existing-Promissory-Notes>

10 Journey Energy. Sep. 30, 2019. "Journey Energy Inc. announces equity financing and term debt extension." <https://boereport.com/2019/09/30/journey-energy-inc-announces-equity-financing-and-term-debt-extension/>

11 Pieridae Energy. Sep. 30, 2019. "Pieridae and AIMCo agree to extend term loan and convertible debenture maturity." <https://boereport.com/2019/09/30/pieridae-and-aimco-agree-to-extend-term-loan-and-convertible-debenture-maturity/>

12 Seskus, T. 21 Jan. 2020. "Cash-strapped rural Alberta 'can't wring money' from struggling oil and gas firms, premier says." CBC News. <https://www.cbc.ca/news/canada/calgary/kenney-oil-and-gas-taxes-1.5435254>

13 BNN Bloomberg. May 28, 2019. "AIMCo signals faith in Alberta's economy with \$1.15B pipeline deal." <https://www.bnnbloomberg.ca/video/aimco-signals-faith-in-alberta-s-economy-with-1-15b-pipeline-deal~1693454>

14 Braid, D. Nov. 6, 2019. "Alberta pension a serious idea that would flip out the feds." Calgary Herald. <https://calgaryherald.com/opinion/columnists/braid-alberta-pension-a-serious-idea-that-would-flip-out-the-feds>

15 Sunday Scrum. Nov. 24, 2019. "Dissolution of Alberta's election commissioner's office sparks ethics debate." CBC News. <https://www.cbc.ca/news/politics/dissolution-of-alberta-s-election-commissioner-s-office-sparks-ethics-debate-sunday-scrum-1.5371498>



and on a global basis. **In fact, 8 per cent in Alberta from our perspective is a pretty massive overweight against Alberta's representation in the total economy, which is closer to one-half per cent.** So you might think of that as a 7 and a half per cent overweight. We're very comfortable with that overweight because as Dale has already said – I won't be redundant – we see a lot of good investment opportunities in our own backyard. Frankly, we have in some instances, not all but in some, a home field advantage. We understand the marketplace around the block and across town better than we might understand the marketplace in far-flung places. Real estate is a great example of that and infrastructure to a lesser degree. These are not mandated percentages apart from the growth fund, **yet we still have effectively overweighted Alberta quite substantially.**<sup>16</sup>

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<sup>16</sup> Legislative Assembly of Alberta. Jun. 21, 2019. "Standing Committee on the Alberta Heritage Savings Trust Fund, Friday, June 21, 2019. (Transcript No. 30-1-1)." Page 10. [http://www.assembly.ab.ca/ISYS/LADDAR\\_files/docs/committees/hs/legislature\\_30/session\\_1/20190621\\_0830\\_01\\_hs.pdf](http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/hs/legislature_30/session_1/20190621_0830_01_hs.pdf)

**“As retired teachers, my wife and I were aghast at the UCP government’s move to transfer control of our ATRF pension fund to AIMCo.**

**The \$18.1 billion ATRF pension fund is made up of two roughly equal components:**

**Deductions made from teachers’ salaries throughout their working lives**

**Negotiated government contributions to the fund in the form of deferred salary**

**That is why it is called the Alberta Teachers’ Retirement Fund. It is our money and the government has no more claim on this fund than they have to the equity in the home that we bought with our teacher salaries.**

**The shock of this money grab was aggravated when it became clear that its purpose was to enable AIMCo to invest the assets of ATRF and other pension funds in the declining fossil fuel industry, which is being abandoned by savvy investors the world over.”**

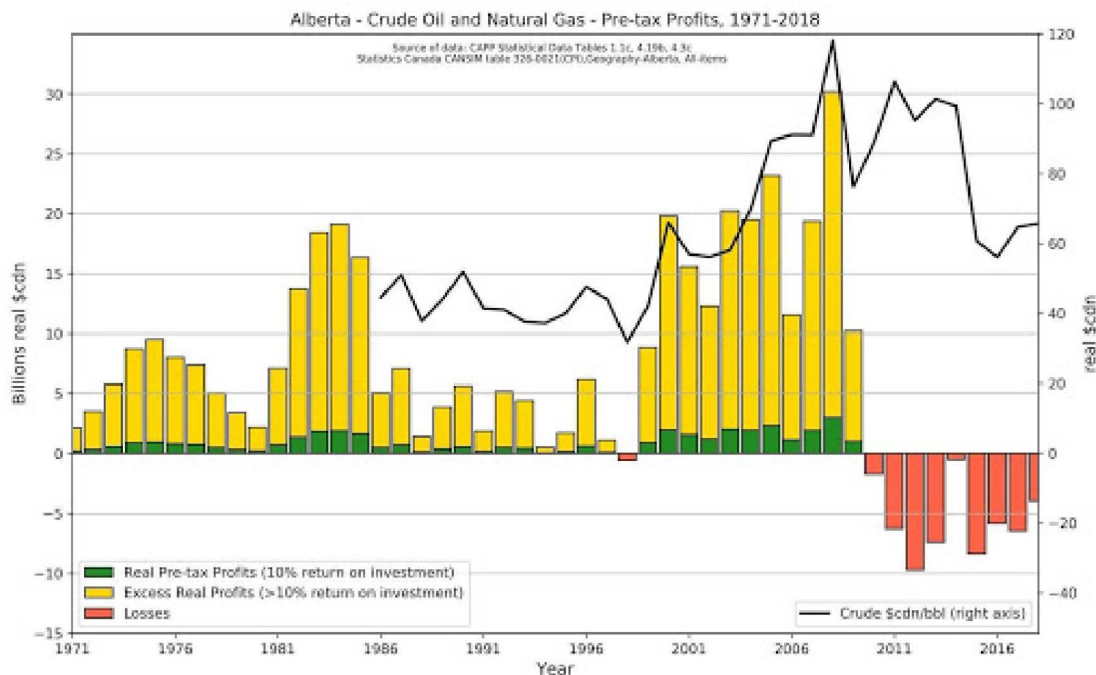
**Noel Somerville, retired teacher**

# Environmental Liabilities

AIMCo's jump into investing in sunset oil and gas juniors and intermediate producers exposes the public to significant risk. These companies have accumulated massive environmental debts in Alberta, estimated at more than \$3.1 billion (see Appendix C). Alberta's lax regulations mean that not enough money has been collected from companies to clean up these orphan wells. Regulators have only required industry to make reclamation deposits worth a fraction of a penny for every dollar of required cleanup. And the oilpatch has no savings account for cleanup, so this substantial environmental debt will be dropped on the people of Alberta if these companies go under. [The whole system is receiving an audit from Alberta's Auditor General.](#)<sup>17</sup>

The assumption has been that cleanup will be funded through future operating profits. But what if there aren't enough future profits? Or, even worse, what if the company is already unprofitable? Outside the oilsands, Alberta's oilpatch has not turned a profit since 2009 (Figure 1). In either case, helping fund such companies would be characterized by economists as "Ponzi financing," which drives instability in the financial system by lowering margins of safety and increasing risks to lenders like AIMCo. Ponzi financing arises when "cash flows from operations are not sufficient to fulfill either the repayment of principle or the interest due on outstanding debts by their cash flows from operations."<sup>18</sup>

**Figure 1. Alberta crude oil and natural gas, pre-tax profits, 1971–2018**



Source of data: CAPP Statistical Data Tables 1.1c, 4.19b, 4.3c and Statistics Canada CANSIM table 326-0021 (CPI), Geography-Alberta, All-items

<sup>17</sup> Singh, I. Jan. 23, 2020. "Alberta's looming multibillion-dollar orphan wells problem prompts auditor general probe." CBC News. <https://www.cbc.ca/news/business/alberta-orphan-wells-liability-audit-review-1.5433603>

<sup>18</sup> Minsky, H.P. May 1992. "The Financial Instability Hypothesis." Working Paper No. 74. Jerome Levy Economics Institute of Bard College. <http://www.levyinstitute.org/pubs/wp74.pdf>

While high-interest loans to desperate companies can look lucrative in the short term (much like subprime mortgages would have in 2005), in the long term they present intense and unsustainable risk. AIMCo's Ponzi financing is making Alberta's crisis of unfunded oilfield cleanup worse.

If these companies go bankrupt—as Trident Exploration already has—or if they are able to divest their old, depleted, expensive-to-clean-up wells onto third parties that then go bankrupt—as Perpetual Energy did with the Chinese company Sequoia—the environmental cleanup costs pose significant risk to Alberta citizens, our environment and the public purse.

Estimating the cost of eventual cleanup is complex, and accounting rules leave far too much leeway for troubled companies to minimize environmental liabilities before the game ends and bankruptcy is declared. At least [until recently](#)<sup>19</sup>, the Alberta Energy Regulator (AER) published licensee liability ratings for each company in Alberta. These ratings are very partial and problematic regulatory measures of a company's health, not a credible accounting measure of end-of-life responsibilities. [Nevertheless, nearly 90 percent of companies use these regulatory scores as accounting estimates](#) for lenders and securities filings.<sup>20</sup>

The AER's licensee liability ratings are a ratio of "deemed assets" to "deemed liabilities." Contrary to AER Directive 006, the AER grossly inflates deemed assets with the assumption that every barrel of oil and every barrel equivalent of natural gas produced in Alberta generates profits of approximately \$37 per barrel. In reality, outside the oilsands, Alberta oil and gas has failed to turn an annual profit in a decade. This artificial and inappropriate inflation of deemed assets grossly exaggerates the health of Alberta's oil and gas companies and cheats the province out of billions in cleanup deposits that would have already been collected if not for the AER's failure to follow its own directives. (Alberta's Auditor General has been investigating AER's liability management for two years and should be reporting soon.)

On the other side of the ledger, the deemed liabilities are wildly underestimated, which has the same effect of exaggerating the health of companies and cheating the province out of security deposits for eventual cleanup. Using the data and methodology from an internal AER study of reclamation costs, the Alberta Liabilities Disclosure Project (ALDP) [demonstrated that the regulator's public estimates are between 2 and 3.5 times too small](#).<sup>21</sup>

The ALDP has developed a database with three separate estimates for the plugging, remediation and reclamation of every oil and gas site in Alberta. It has also sorted those estimates of cleanup liabilities by the companies operating each well. The well cleanup liability tallies for each company are not a perfect measure—many wells have multiple owners to share the eventual cleanup costs, and even AER lacks comprehensive data on well ownership—but they are reasonable approximations and a useful relative measure for comparing companies by a consistent measure.

Underestimating liabilities and inflating assets misrepresents the health of companies

19 XI Technologies Inc. "Word to the Wise: What happened to the AER's LMR report?" <https://xitechnologies.com/aer-lmr-report-missing/>

20 XI Technologies Inc. "Redwater will affect the way E&Ps estimate and manage Asset Retirement Obligations." <https://xitechnologies.com/redwater-will-affect-eps-aro/>

21 Alberta Liabilities Disclosure Project. Research results. <https://www.aldpcoalition.com/research>



and [opens opportunities for fictional net worth to be looted in a strategy of “bankruptcy for profit.”](#)<sup>22</sup> Such activities could have huge implications for the creditworthiness of the Government of Alberta if ratings agencies and institutional investors believe Alberta is responsible for the cleanup, legally or morally, given the bankruptcy of the industry.

Environmental cleanup costs took on fresh importance after a January 31, 2019, [decision from the Canadian Supreme Court on the Redwater case.](#) In it, the court reaffirmed that energy companies that go bankrupt must comply with orders from the AER to remediate old oil and gas facilities before they pay back creditors.<sup>23</sup>

Legally, lenders should be prevented from foreclosing on a company and liquidating remaining assets to repay loans when cleanup remains unfunded. If a company lacks the funds to clean up the mess it profited from, regulators can go after the company’s executives, shareholders and previous owners to recover cleanup funds before even secured lenders get repaid. This has been the law for almost 30 years in Canada. However, Alberta regulators have always refused to use this power to ensure cleanup gets done. And they continue to refuse to do so, even after the Supreme Court of Canada reaffirmed regulators’ powers in the Redwater decision.

That public servants tasked with protecting the public interest and environment would refuse to act may seem surprising, but recent investigations of the AER bear it out. As the Public Interest Commissioner, Ethics Commissioner, and Auditor General recently reported, the [AER contravenes the law, fails to follow its own policy, lacks proper board oversight, and operates in a “culture of fear”](#) where employees are afraid to speak up and unsure what protections whistleblowers are afforded.<sup>24</sup>

While AIMCo is not responsible for the unfunded oilfield cleanup crisis, it is enmeshed in it by its investments. What value is AIMCo providing to Albertans if its investments are enabling oil and gas companies to ignore their long-term environmental liabilities and instead dump them on the public? What value do Albertans get from extending or renegotiating the terms of another loan to a zombie oil and gas company with environmental liabilities it can never hope to pay?

It is bad enough that the AER refuses to exercise its power to determine whether licensees are solvent. Albertans don’t need AIMCo’s investments to risk their pensions while helping to make sure the cleanup problem continues growing. If AIMCo is going to continue making investments in oil and gas, it needs to commit to independent analysis of oilfield cleanup obligations, rather than simply accepting the AER’s deeply flawed public estimates, which underestimate costs by 2 to 3.5 times.

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22 Akerlof, G.A., and Romer, P.M. 1993. “Looting: The Economic Underworld of Bankruptcy for Profit.” *Brookings Papers on Economic Activity*, 1993, No. 2. <https://www.brookings.edu/bpea-articles/looting-the-economic-underworld-of-bankruptcy-for-profit/>

23 ohnson, T. Jan. 31, 2019. “Supreme Court rules energy companies must clean up old wells—even in bankruptcy.” *CBC News*. <https://www.cbc.ca/news/business/supreme-court-redwater-decision-orphan-wells-1.4998995>

24 Nikiforuk, A. Oct. 8, 2019. “Alberta’s Energy Regulator Blasted for Conflicts, Mismanagement and Misusing Millions.” *The Tyee*. <https://thetyee.ca/News/2019/10/08/Alberta-Energy-Regulator-Conflicts-Mismanagement/>





# Transparency, Independence and Governance

AIMCo has serious problems with regards to its levels of transparency in investments and operations, independence from government and inclusive governance. When you compare AIMCo to the British Columbia Investment Management Corporation (BCIMC), the Canadian Pension Plan Investment Board (CPPIB) or the ATRF, AIMCo grades out poorly on transparency, independence and governance.

Unlike its peers, AIMCo has no public directory of its investments, Alberta's finance minister can issue directives telling AIMCo what to do and what to invest in, and board appointments are only done by government, not by the pension plans whose funds AIMCo manages.

## Transparency

AIMCo needs to commit to the same sort of transparency modern pension funds demonstrate by regularly publishing complete schedules of their investments.

The ATRF publishes [regular public updates detailing its investments](#) to its website.<sup>25</sup> The BCIMC similarly publishes a [public inventory of its investments](#) on a yearly basis.<sup>26</sup> The CPPIB also similarly has a [public inventory of its investments](#).<sup>27</sup>

AIMCo does not. Which is why in order to compile this report we had to comb through dozens of different sources to find the relevant information.

The CPPIB's bylaws, policies and all relevant governance documents are also [freely available](#) on its website.<sup>28</sup> By contrast, AIMCo has [very little of its governance documents available to the public](#).<sup>29</sup>

## Independence

When it comes to comparing the independence of AIMCo versus these other similar bodies, there is significant cause for concern. According to section 19 of the [AIMCo Act](#), the Treasury Board can issue directives at will that must be followed by AIMCo.<sup>30</sup> AIMCo's

25 Alberta Teachers' Retirement Fund. Investment Details. <https://atrf.com/corporate/investments/investment-details>

26 British Columbia Investment Management Corp. Portfolio. <https://www.bci.ca/investments-performance/portfolio/>

27 Canada Pension Plan Investment Board. Our Investments. <https://www.cppinvestments.com/the-fund/our-investments>

28 Canada Pension Plan Investment Board. Policies. <http://www.cppib.com/en/who-we-are/governance-overview/policy/>

29 Alberta Investment Management Corp. Governance and Business Standards. <https://www.aimco.alberta.ca/Who-We-Are/Governance>

30 Alberta Queen's Printer. Nov. 22, 2019. Alberta Investment Management Corporation Act. Statutes of Alberta, 2007. Chapter A-26.5. <http://www.qp.alberta.ca/documents/Acts/A26p5.pdf>

“Mandate and Roles Document” that guides the organization is also jointly developed between AIMCo and the Minister of Finance.

The federal government can do no such thing with the CPPIB. And there are extraordinary safeguards built into the system to stop things like that from every happening. [If a politician even attempts to contact board members of the CPPIB it must be reported.](#)<sup>31</sup>

Unlike AIMCo, the CPPIB is truly at arms-length from the government. The CPPIB model or “[Canadian Model](#)” is held up around the world as an example of how to set up a truly independent and arms-length pension body. Multiple extraordinary safeguards are built in to protect the system from political interference.<sup>32</sup>

“As an indication of the lengths pursued by the reformers to protect the CPPIB from political interference, this law includes an extraordinary provision. It can only be amended by a consensus of the Federal government and at least two-thirds of the participating provinces representing two-thirds of the population.

To put this in perspective, this is an even higher level of agreement than the threshold required to amend Canada’s Constitution.”

Another crucial distinction between the BCIMC’s and AIMCo’s independence regards pension choice. [Any pension plan can leave the BCIMC with notice.](#)<sup>33</sup> Recent [legislative changes in Bill 22](#) now force pension plans to use AIMCo as their fund manager.<sup>34</sup>

This monopoly for AIMCo is extremely frustrating for pension funds that used to be able to choose their fund manager or that won the ability to choose their fund manager under the previous Alberta government in 2018.

The logic of giving pensions the ability to choose their fund manager was detailed in a 2016 paper written by University of Alberta economist Robert Ascah. As detailed in the paper, [revoking AIMCo’s monopoly improves both the investment performance and responsiveness and customer service by AIMCo to its clients.](#)<sup>35</sup>

Pension funds should have the freedom to shop for the best value for investment management services. By locking in pension funds to one fund manager, there are no

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31 Baudoin-Laarman, L. Jul. 30, 2019. “No, Justin Trudeau did not direct Canada’s pension fund investments to India.” <https://factcheck.afp.com/no-justin-trudeau-did-not-direct-canadas-pension-fund-investments-india>

32 Denison, D. Apr. 30, 2008. “The Canadian Model: A Framework for Independence and Accountability.” Canada Pension Plan Investment Board. [https://www.cppinvestments.com/wp-content/uploads/migrated/documents/744/2008\\_April30\\_DD\\_IMF\\_CanadianModel\\_8kVxD4.pdf](https://www.cppinvestments.com/wp-content/uploads/migrated/documents/744/2008_April30_DD_IMF_CanadianModel_8kVxD4.pdf)

33 British Columbia Queen’s Printer. Mar. 25, 2020. Public Sector Pension Plans Act. [http://www.bclaws.ca/civix/document/id/complete/statreg/00\\_99044\\_01](http://www.bclaws.ca/civix/document/id/complete/statreg/00_99044_01)

34 Legislative Assembly of Alberta. Nov. 22, 2019. Bill 22: Reform of Agencies, Boards and Commissions and Government Enterprises Act, 2019. [http://www.assembly.ab.ca/ISYS/LADDAR\\_files/docs/bills/bill/legislature\\_30/session\\_1/20190521\\_bill-022.pdf](http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/bills/bill/legislature_30/session_1/20190521_bill-022.pdf)

35 Ascah, R. Apr. 15, 2016. “Alberta Investment Management Corporation: An Examination of a Corporatization Project: Preliminary Assessment.” Institute for Public Economics. University of Alberta. Page 43. <https://era.library.ualberta.ca/items/53ff85bc-e9e5-4eda-b23e-778aba43d26f>

consequences for poor performance and no incentive to be responsive to customer needs.

## Governance

While the CPPIB and AIMCo board directors are chosen by political appointment, AIMCo's contemporary in British Columbia, the BCIMC takes a more inclusive approach that brings the people whose funds are being managed onto the board of the fund manager. Four of the seven directors are appointed by the four statutory pensions plans whose funds are managed by the BCIMC.<sup>36</sup>

The ATRF and the LAPP also offer up worthwhile examples of inclusive governance. With the ATRF, four of the eight board members are appointed by the Alberta Teachers' Association, with two of them being teachers.<sup>37</sup>

Bill 22 also brought in significant changes to inclusive governance for the LAPP and other pensions. Previously, the Alberta Union of Provincial Employees (AUPE) nominated two representatives to the LAPP board of directors. Now it only nominates one board member, and instead of being an AUPE representative, that person is now a new non-union representative.<sup>38</sup>

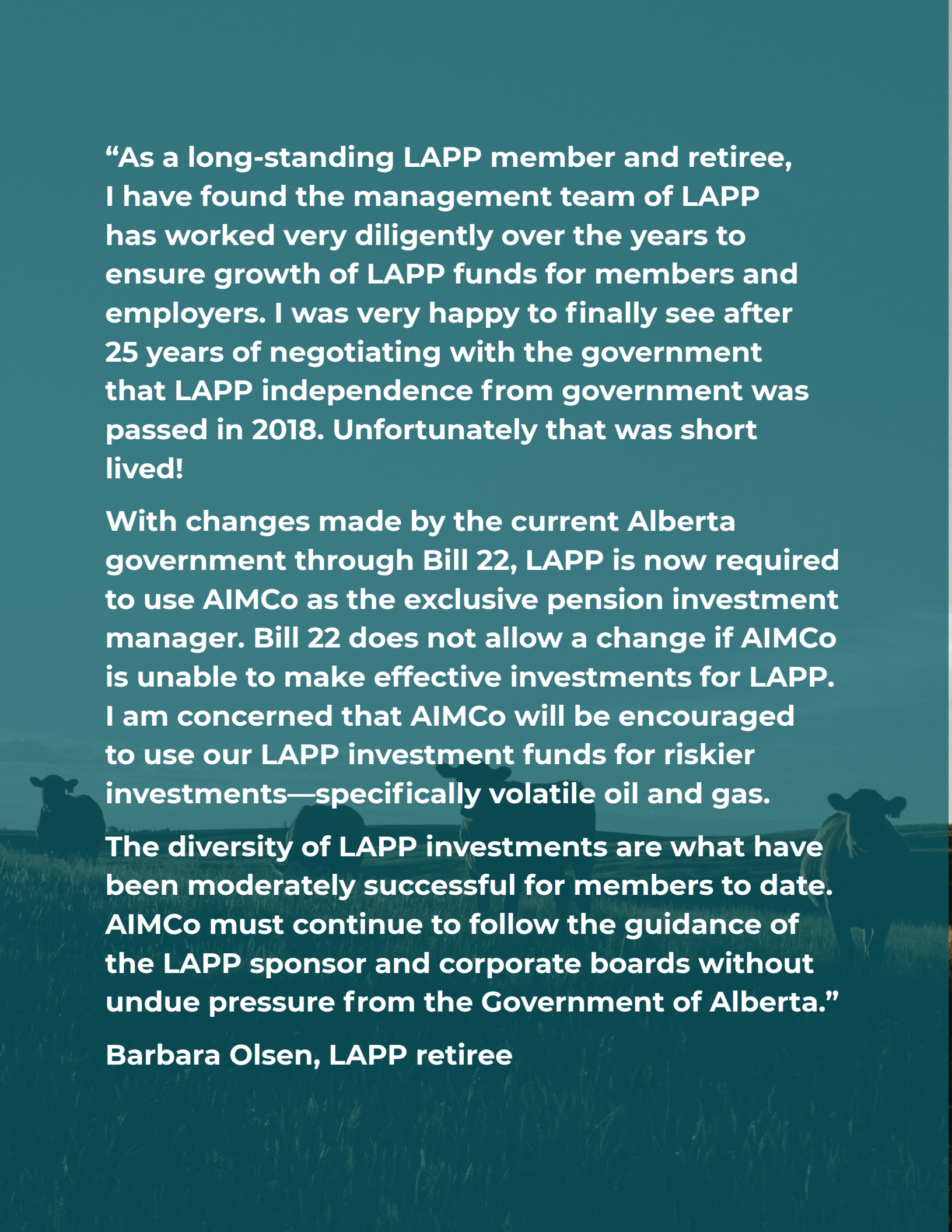
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36 British Columbia Investment Management Corp. Board Members. <https://www.bci.ca/who-we-are/governance/board-of-directors/board-members/>

37 Alberta Teachers' Retirement Fund. ATRF Board Members. <https://atrf.com/corporate/atrf-governance/atrf-board-members>

38 Local Authorities Pension Plan. Nov. 19, 2019. Bill 22: Q&A for Members & Stakeholders. <https://www.lapp.ca/page/whats-new/4cd12e51-c6ad-409b-ccf3-08d75f18cf71>



The background of the entire image is a photograph of a grassy field with several cows grazing. The image is covered with a semi-transparent teal overlay. The text is white and bold, positioned in the upper half of the image.

**“As a long-standing LAPP member and retiree, I have found the management team of LAPP has worked very diligently over the years to ensure growth of LAPP funds for members and employers. I was very happy to finally see after 25 years of negotiating with the government that LAPP independence from government was passed in 2018. Unfortunately that was short lived!**

**With changes made by the current Alberta government through Bill 22, LAPP is now required to use AIMCo as the exclusive pension investment manager. Bill 22 does not allow a change if AIMCo is unable to make effective investments for LAPP. I am concerned that AIMCo will be encouraged to use our LAPP investment funds for riskier investments—specifically volatile oil and gas.**

**The diversity of LAPP investments are what have been moderately successful for members to date. AIMCo must continue to follow the guidance of the LAPP sponsor and corporate boards without undue pressure from the Government of Alberta.”**

**Barbara Olsen, LAPP retiree**



# AIMCo's Risky Investments

As you can see in Table 1, AIMCo has invested more than \$1.1 billion in natural gas producers, oilfield service companies and junior and intermediate oil producers since October 2016. The data in this table are from publicly available news announcements, Hansard transcripts or Appendix A. All links to news stories can be found in Appendix D. Some of these companies are likely to go bankrupt or be acquired at cut-rate prices in the near and medium term.

All of these companies—the natural gas producers, the junior and intermediate producers, and the oilfield services companies—may be hard pressed to survive the upcoming downturn in oil and gas due to the simultaneous events of [COVID-19, which has caused demand to plummet](#)<sup>39</sup>, and [the Saudi Arabia/Russia oil price war that has caused the price of oil to crater](#).<sup>40</sup>

**Table 1. AIMCo investments in companies at risk of going bankrupt**

Company	Investment	Instrument	Date
Calfrac Well Services	\$200 million	Debt with Warrants	June 10/2016
Calfrac Well Services	\$28.7 million	Exercised Warrants	November 6/2017
Ember Resources	\$48 million	Preferred with Warrants	May 31/2017
Enerflex	\$4.2 million	Interest bearing notes	December 15/2017
Ikkuma Resources	\$45 million	Debt with Warrants	May 25/2017
Journey Energy	\$30 million	Interest bearing notes and warrants	October 6/2016
Journey Energy	\$22 million	Interest Bearing Notes and Warrants	January 22/2018
Journey Energy	\$6.3 million	Share purchase	September 30/2019
Perpetual Energy	\$49.5 million	Debt with Warrants + Equity	March 14/2017
Pieridae Energy	\$60 million	Debt	September 30/2019
Pieridae Energy	\$10 million	Share purchase	February 12/2019
Pine Cliff Energy	\$30 million	Interest Bearing Notes and Warrants	August 10/2016
Pine Cliff Energy	\$19 million	Interest Bearing Notes and Warrants	July 20/2017
Razor Energy	\$30 million	Debt	January 31/2017

<sup>39</sup> Evans, P. Mar. 30, 2020. "Oil price falls below \$20 US a barrel, its lowest since 2002." CBC News. <https://www.cbc.ca/news/business/oil-price-plummet-monday-1.5514653>

<sup>40</sup> Farchy, J., and Blas, J. Mar. 9, 2020. "Saudi Arabia and Russia Dig In for a Long, Bitter Oil-Price War." Bloomberg. <https://www.bloomberg.com/news/articles/2020-03-09/saudi-arabia-and-russia-dig-in-for-a-long-bitter-oil-price-war>

Company	Investment	Instrument	Date
Razor Energy	\$15 million	Debt	January 15/2018
Savanna Energy	\$200 million	Debt with Warrants	November 22/2016
Trident Exploration (bankrupt)	\$60 million	Debt with warrants (assumed)	August 2/2017
Western Energy Services	\$215 million	Debt with warrants	October 17/2017
Western Energy Services	\$11.4 million	Share purchase	October 17/2017
Whitecap Resources	\$45 million	Interest Bearing Notes	May 9/2017
Total	\$1,129.1 million		

Sources for this table are compiled in Appendix D.

## Natural gas producers

AIMCo's investments in the natural gas sector are cause for concern. [The price of natural gas has been extremely low for quite some time](#),<sup>41</sup> and the local industry has deteriorated to the point that the Alberta government brought in a \$23 million property tax bailout for shallow gas companies in the summer of 2019. Alberta's associate minister of natural gas said the government was "absolutely concerned" that more bankruptcies will occur without additional relief.<sup>42</sup>

Municipalities [recently learned that they won't be reimbursed for these foregone taxes](#) as originally promised.<sup>43</sup> We don't know at this point how much money was given to these struggling gas companies, where they were located and whether the program will continue.

AIMCo has invested in the following natural gas producers:

- Trident Exploration (bankrupt)
- Pine Cliff Energy
- Ikkuma Resources/Pieridae Energy
- Ember Resources

These natural gas producers have substantial environmental liabilities on their books (see

41 Jaremko, G. Dec. 18, 2019. "Natural gas prices to stay low but Western Canadian supply to keep growing, says NGTL." Natural Gas Intelligence. <https://www.naturalgasintel.com/articles/120517-natural-gas-prices-to-stay-low-but-western-canadian-supply-to-keep-growing-says-tc-energy-subsiary>

42 Morgan, G. Jul. 3, 2019. "After 'band aid' tax relief, Alberta plans more support for embattled gas producers." Financial Post. <https://business.financialpost.com/commodities/after-band-aid-tax-relief-alberta-plans-more-relief-for-embattled-gas-producers>

43 Wyton, M. Jan. 24, 2020. "City leaders 'frustrated' as province mulls changes to local elections." Edmonton Journal. <https://edmontonjournal.com/news/local-news/city-leaders-frustrated-as-province-mulls-changes-to-local-elections/>

Appendix C).

## Oilfield service companies

These companies are the ones that drill, complete, frack and provide all sorts of other products and services that make the oilpatch work. This sector is hit hard by low resource prices, decreasing rig counts and lower capital spending from large oil producers.

AIMCo has invested in the following oilfield services companies:

- Calfrac Well Services
- Savanna Energy
- Western Energy Services
- Enerflex

## Junior and intermediate producers

According to the Alberta Securities Commission, a junior producer produces less than 10,000 barrels of oil equivalent per day (boe/d). An intermediate producer produces between 10,000 boe/d and 100,000 boe/d.

AIMCo has invested in the following junior and intermediate producers:

- Whitecap Resources
- Razor Energy
- Journey Energy
- Perpetual Energy

These juniors and intermediates have substantial environmental liabilities on their books (see Appendix C).

## Larger producers/midstreamers

Although AIMCo is generally opaque about its investments, it is required to [report to the U.S. Securities and Exchange Commission](https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001463559) the investments it has in companies listed on the New York Stock Exchange.<sup>44</sup>

These companies are larger and better established, but they too will be hit hard by the oil and gas downturn. They are larger producers or well-established midstreamers: companies that transport, store, market and process petroleum products.

AIMCo has invested in the following larger producers and midstreamers:

- Baytex Energy
- CNRL
- Cenovus
- Enerplus
- Enbridge
- Imperial Oil
- Pembina Pipeline

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<sup>44</sup> U.S. Securities and Exchange Commission. EDGAR Search Results. <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001463559>

- Suncor
- TC Energy
- Teck Resources

**Table 2. AIMCo Investments in companies listed New York Stock Exchange**

Name	Value of shares Dec. 31/2019 USD	# of shares	Stock price on March 20	Value of shares on March 20/2020
Baytex Energy	\$7,402,000	5,133,157	\$0.26	\$1,334,621
CNRL	\$79,400,000	876,500	\$12.06	\$10,570,590
Cenovus	\$2,509,000	246,503	\$2.50	\$616,258
Enerplus	\$20,806,000	2,916,800	\$2.25	\$6,562,800
Enbridge	\$182,335,000	4,579,555	\$36.50	\$167,153,758
Imperial Oil	\$10,130,000	382,400	\$13.36	\$5,108,864
Pembina Pipeline	\$135,801,000	3,658,853	\$9.61	\$35,161,577
Suncor	\$125,702,000	3,829,975	\$16.45	\$63,003,089
TC Energy	\$161,469,000	3,027,538	\$53.80	\$162,881,544
Teck Resources	\$43,849,000	2,524,917	\$10.94	\$27,622,592
<b>Total</b>	<b>\$769,403,000</b>			\$480,015,692
Canadian Dollars*	1,107,940,320			\$691,222,597

\* Canadian Dollar conversation done on March 20, 2020.

As you can see, the value of these large, established companies has taken a beating.

AIMCo's investments in these large producers and midstreamers are almost as extensive as in the smaller oil and gas companies, but including them in our analysis is beyond the scope of this report.







# Company Profiles

## Trident Exploration (bankrupt)

Trident Exploration Corp. was a junior gas company based in Calgary before it went bankrupt in 2019.

AIMCo [invested \\$12.3 million from the Heritage Fund in Trident](#) as part of the Alberta Growth Mandate in August 2017.<sup>45</sup>

On August 2, 2017, Trident [announced](#) that it had secured a \$60-million credit facility at an annual interest rate of 7.15 percent that would have matured on July 31, 2021.<sup>46</sup> Although we don't have documentation that this credit facility came from AIMCo, when [Trident went bankrupt on May 1, 2019](#),<sup>47</sup> AIMCo was listed in [Trident's receivership documents](#) as a secured creditor for \$60 million.<sup>48</sup>

Trident's bankruptcy also left behind approximately 3,200 wells and 1,500 facilities and pipelines with abandonment and reclamation obligations that [media reports pegged at \\$329 million](#).<sup>49</sup> However, according to the ALDP, the real cleanup costs for Trident's environmental liabilities could be anywhere from \$600 million to \$1 billion.

These substantial environmental liabilities will ultimately be borne by the public, considering how much this sudden influx of abandoned wells overwhelmed the (mostly) industry-funded Orphan Well Association. At the time of AIMCo's investment, Trident's regulatory score made it difficult for Trident to buy or sell assets and therefore continue turning over its debts.

## Pine Cliff Energy

Pine Cliff Energy is a natural gas producer that has received \$49 million in investment from AIMCo (see Table 1) with a portion of that coming from the Heritage Fund as part of the Alberta Growth Mandate (see Appendix A).

Despite all of the warning signs about the natural gas industry, AIMCo continues to invest in that sector. According to a press release, [AIMCo bought an additional 4.6 percent of](#)

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45 Alberta Heritage Savings Trust Fund. Jun. 2019. 2018–19 Annual Report. <https://open.alberta.ca/dataset/3675e470-646e-4f8a-86a7-c36c6f45471a/resource/8ff03852-3df5-478c-9a48-5cb5e90bdec5/download/2018-19-heritage-fund-annual-report.pdf>

46 Trident Exploration Corp. Aug. 02, 2017. "Trident Exploration Corp. Announces New Credit Facilities." <https://www.newswire.ca/news-releases/trident-exploration-corp-announces-new-credit-facilities-638097973.html>

47 Rieger, S. May 1, 2019. "Shuttered junior gas company simply walked away from 4,700 wells, says Alberta Energy Regulator." CBC News. <https://www.cbc.ca/news/canada/calgary/trident-exploration-shuts-down-1.5119125>

48 PricewaterhouseCoopers Inc. May 9, 2019. "Notice of Receiver." [https://www.pwc.com/ca/en/car/trident/assets/trident-006\\_050919.pdf](https://www.pwc.com/ca/en/car/trident/assets/trident-006_050919.pdf)

49 Rieger, S. May 1, 2019. "Shuttered junior gas company simply walked away from 4,700 wells, says Alberta Energy Regulator." CBC News. <https://www.cbc.ca/news/canada/calgary/trident-exploration-shuts-down-1.5119125>

[Pine Cliff](#) in June 2019.<sup>50</sup>

The share price when AIMCo initially invested on August 12, 2016, was \$1.03 a share. The share price as of March 31, 2020, was \$0.10 a share. That's a drop in value of more than 90 percent.

The terms of AIMCo's financing to Pine Cliff were recently renegotiated on [very favourable terms to Pine Cliff](#).<sup>51</sup> In its latest annual report, it brags about how it extended \$42.0 million of AIMCo debt that was set to expire in 2020 to December 31, 2024.

The company seems to be [betting on the fact that it can survive until the LNG Canada project comes online in 2024](#).<sup>52</sup>

The LNG Canada project is dependent on construction of the Coastal Gaslink pipeline, which would connect LNG Canada with producing gas fields in northeastern B.C. and northwestern Alberta. The Coastal Gaslink pipeline caused international condemnation and Canada-wide blockades of ports, railways and highways by Indigenous people and their allies as the RCMP invaded sovereign and unceded Wet'suwet'en territory in order to aid in the construction of this pipeline.

The Coastal Gaslink project has also received substantial investment from AIMCo, which we cover later in the report.

## **Performance Graph**

Another useful way to check on the effectiveness of a stock comes from the company's 2019 management information circular (see Appendix B). The performance graph below shows quite clearly that AIMCo would have been much better off just buying \$49 million worth of the TSX Composite Index.

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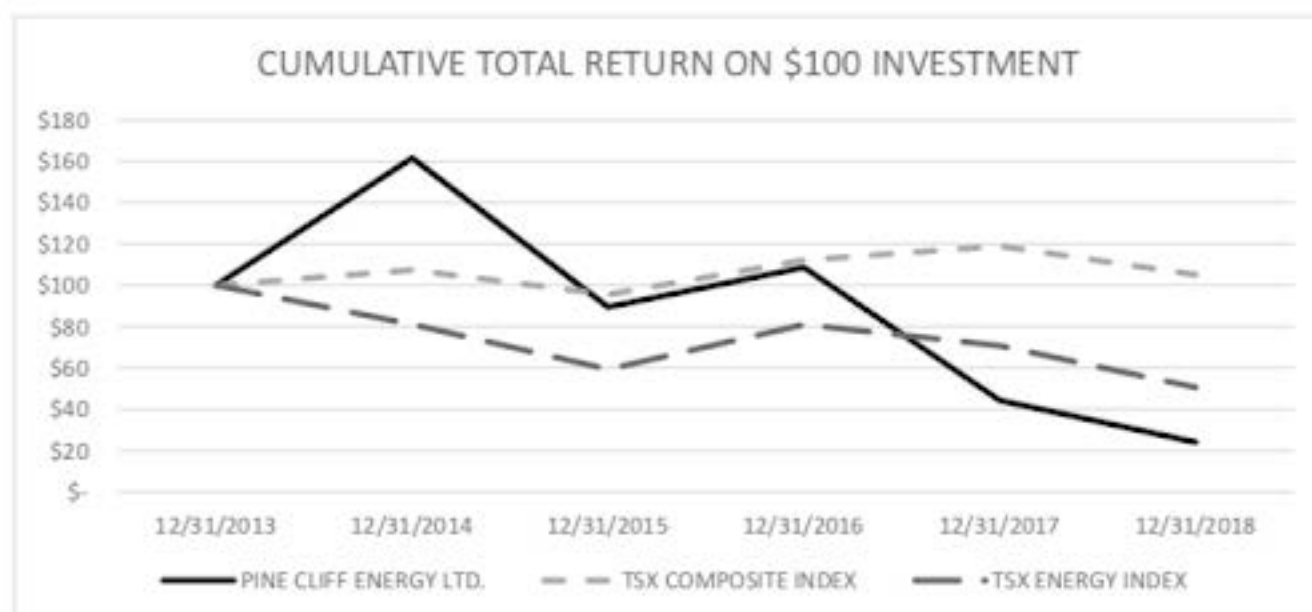
50 Pine Cliff Energy Ltd. Jun. 3, 2019. "Pine Cliff Energy Ltd. announces closing of strategic acquisition, CDE flow-through and common share equity financings." <https://www.bloomberg.com/press-releases/2019-06-03/pine-cliff-energy-ltd-announces-closing-of-strategic-acquisition-cde-flow-through-and-common-share-equity-financings>

51 Pine Cliff Energy Ltd. Oct. 1, 2019. "Pine Cliff Energy Ltd. Announces Refinancing of Existing Promissory Notes." <https://www.newsfilecorp.com/release/48415/Pine-Cliff-Energy-Ltd.-Announces-Refinancing-of-Existing-Promissory-Notes>

52 Pine Cliff Energy Ltd. Mar. 2020. "Long-term Value Focus Annual Report 2019." [http://www.pinecliffenergy.com/upload/media\\_element/138/02/2019-pne-annual-report.pdf](http://www.pinecliffenergy.com/upload/media_element/138/02/2019-pne-annual-report.pdf)

## Performance Graph

The following graph compares the yearly percentage change in the cumulative shareholder return over the last five years of the Common Shares (assuming a \$100 investment was made on December 31, 2013) and the cumulative total return of the S&P/TSX Composite Index and the TSX Energy Index.



	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018
PINE CLIFF ENERGY LTD.	\$100	\$162	\$89	\$109	\$44	\$24
TSX COMPOSITE INDEX	\$100	\$107	\$96	\$112	\$119	\$105
TSX ENERGY INDEX	\$100	\$81	\$59	\$81	\$71	\$51

## Executive Compensation

Name	Position	Total Compensation 2018
Philip B. Hodge.	President and CEO	\$467,974
Terry McNeill	COO	\$339,054
Cheryne Lowe	CFO and Corporate Secretary	\$118,941
Alan MacDonald	Interim CFO	\$164,971
Heather Isidoro	VP Business Development	\$234,941
Christopher Lee	VP Geology	\$230,141
Gary J. Drummond	Director	\$82,940
George F. Fink	Director	\$92,230
Randy M. Jarock	Director	\$82,940
William S. Rice	Director	\$82,940

Source: Management information circular (see Appendix B)

Pine Cliff, which has received \$49 million from AIMCo, ranks #12 in ALDP's database, with \$971 million in eventual well cleanup obligations. It also has a highly problematic regulatory score. In an illustration of the AER's problematic regulatory program, however, Pine Cliff has yet to be required to post even \$1 in security for eventual cleanup.

## Ikkuma Resources/Pieridae Energy

Ikkuma Resources was a junior oil and gas company primarily working in Central Alberta that received \$45 million in investment from AIMCo (see Table 1) with \$8.9 million coming from the Alberta Growth Mandate and the Heritage Fund.

Pieridae Energy announced the acquisition of Ikkuma Resources in August 2018 and [completed the deal in December 2018](#).<sup>53</sup> Pieridae is a tiny company trying to build the [Goldboro LNG project in Nova Scotia](#).<sup>54</sup> LNG markets were [over-supplied](#) even before the COVID-19 pandemic, and prices are expected to be low in the future.<sup>55</sup>

Pieridae also recently acquired Shell Canada's sour gas assets, which [raised cleanup and environmental liability concerns](#) because Pieridae doesn't have the cash on hand or assets to clean up these wells if Pieridae goes under.<sup>56</sup>

[AIMCo is the single largest investor in Pieridae](#), owning 15 percent of the company.<sup>57</sup> AIMCo has made a substantial investment in Pieridae Energy. [AIMCo made a share purchase worth \\$10 million](#)<sup>58</sup> and loans worth \$60 million. [The terms of that loan were recently re-negotiated and extended in Pieridae's favour](#).<sup>59</sup>

Recent [news reports](#) also quote Cenovus and Canadian Natural Resources Limited as having doubts about the continued existence of Pieridae and its ability to pay for its environmental liabilities. "Material uncertainties exist around (Pieridae's) ability to continue as a going concern," said a letter from Cenovus to AER. "If the licence transfers

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53 Pieridae Energy Ltd. Dec. 20, 2018. "Pieridae and Ikkuma complete business combination." <https://www.globenewswire.com/news-release/2018/12/20/1677386/0/en/Pieridae-and-Ikkuma-Complete-Business-Combination.html>

54 Pieridae Energy Canada. Goldboro LNG. <http://goldborolng.com>

55 Stapczynski, S., Shiryayevskaya, A., and Malik, N.S. Jan. 24, 2020. "Global oversupply sets up LNG for a year of record low prices." World Oil. <https://www.worldoil.com/news/2020/1/24/global-oversupply-sets-up-lng-for-a-year-of-record-low-prices>

56 Canadian Press. Nov. 14, 2019. "Shell Canada's plan to sell gas wells, pipelines to small operator raises cleanup concerns." Calgary Herald. <https://calgaryherald.com/business/energy/shell-canadas-plan-to-sell-gas-wells-pipelines-to-small-operator-raises-cleanup-concerns>

57 Simply Wall St. Jan. 17, 2020. "Could the Pieridae Energy Limited (CVE:PEA) ownership structure tell us something useful?" <https://simplywall.st/stocks/ca/energy/tsxv-pea/pieridae-energy-shares/news/could-the-pieridae-energy-limited-cvepea-ownership-structure-tell-us-something-useful/>

58 Pieridae Energy Ltd. Feb. 12, 2019. "Pieridae Energy Limited Announces Private Placement." <https://www.globenewswire.com/news-release/2019/02/12/1724226/0/en/Pieridae-Energy-Limited-Announces-Private-Placement.html>

59 Pieridae Energy Ltd. Sep. 30, 2019. "Pieridae and AIMCo Agree to Extend Term Loan and Convertible Debenture Maturity." <https://www.globenewswire.com/news-release/2019/09/30/1922443/0/en/Pieridae-and-AIMCo-Agree-to-Extend-Term-Loan-and-Convertible-Debenture-Maturity.html>

are allowed, there is a high probability that Pieridae will be unable to respond to circumstances should any operational, health, safety or environmental problems arise,” said Canadian Natural Resources. Both companies said the Orphan Well Association could get stuck with a \$500-million bill if Pieridae is unable to clean up.<sup>60</sup>

## Executive Compensation

Name	Position	Total compensation 2018
Alfred Sorensen	CEO	\$549,905
Mario Racicot	CFO	\$328,949
Thom Dawson	SVP of Business Development	\$450,273
Martin Belanger	SVP of Goldboro LNG	\$392,814
Thomas Ciz	General Counsel and Corporate Secretary	\$243,228
Myron Tétreault	Director	\$340,036
Charles Boulanger	Director	\$246,224
Andrew Judson	Director	\$88,871
Kjell Pedersen	Director	\$219,944

Source: Management information circular (see Appendix B)

The share price was \$2.00 on Feb. 12, 2019, when AIMCo acquired \$10,000,000 worth of shares. The share price on March 31, 2020, was \$0.16.

According to the ALDP, Ikkuma Resources had environmental liabilities worth \$50 million. We believe that number to have increased substantially since the acquisition of Shell Canada’s sour gas assets. Both CNRL and Cenovus projected the environmental liabilities of these new assets to be in the \$500 million range.

## Ember Resources

Ember Resources is a private natural gas producer mostly focused on coalbed methane projects. [It paid a “modest amount,” according to court documents, for 1,100 of Trident Exploration’s oil wells.](#)<sup>61</sup> Ember received an investment worth \$9.3 million from AIMCo on May 31, 2017.

However, it appears the total investment in Ember from AIMCo was \$48 million (see Table 1), according to testimony to the Standing Committee on the Alberta Heritage Savings Trust Fund on September 20, 2017.<sup>62</sup>

60 Canadian Press. Jan. 15, 2020. “Alberta government promising to fix rules on aging energy wells.” National Post. <https://nationalpost.com/pmn/news-pmn/canada-news-pmn/group-cleaning-up-old-oil-wells-says-alberta-government-rules-inadequate>

61 Jones, J. Nov. 6, 2019. “Houston Oil insolvency adds to threat of orphaned wells in Alberta.” Globe and Mail. <https://www.theglobeandmail.com/business/article-houston-oil-insolvency-creates-more-orphaned-wells-in-alberta/>

62 Legislative Assembly of Alberta. Sep. 20, 2017. “Standing Committee on the Alberta



We found no other documentation regarding this \$48 million investment. Because Ember is a private company, we don't have details on its activities through the usual corporate documents. We also don't have a clear view of financial performance or executive compensation. However, Progress Alberta has learned from various anecdotal sources that Ember Resources has recently cut back substantially on payments to landowners.

According to the ALDP, Ember Resources has environmental liabilities worth \$737,329,163. It ranks #17 in ALDP's database of well reclamation costs of companies operating Alberta oil and gas wells. Ember's regulatory score also makes it difficult for Ember to buy or sell assets. It remains unclear how such a company intends to honour almost three-quarters of a billion dollars in end-of-life obligations.

## Savanna Energy Services

In December 2016 AIMCo invested \$200 million in Savanna Energy Services Corp. (see Table 1), with a portion of that coming from the Heritage Fund as part of the growth mandate. Five months later, in April 2017 Savanna was the subject of a successful hostile takeover, and during that process we learned that Savanna owed AIMCo \$111 million. [AIMCo did not want the takeover to happen and demanded immediate repayment](#) of the \$111 million dollars.<sup>63</sup> Not all of that amount has been repaid: [AIMCo has an ongoing lawsuit with Total Energy Services \(the company that acquired Savanna\) for \\$6 million](#).<sup>64</sup>

## Calfrac Well Services

Calfrac Well Services is an Alberta-based oilfield services company. It received two separate investments from AIMCo totalling \$228.7 million (see Table 1).

In June 2016, when the original deal was done, Calfrac shares were \$3.11. AIMCo later purchased nearly 7 million shares at \$4.14 in November 2017. As of March 31, 2020, Calfrac was at \$0.29 a share.

Based on corporate documents, AIMCo's loan to Calfrac has been repaid, but it appears that AIMCo is still a substantial equity investor in Calfrac. In March 2018, it was reported [that Calfrac had moved significant portions of its drilling capacity to the United States](#).<sup>65</sup> In a March 21, 2018, meeting [of the Standing Committee on the Alberta Heritage Savings](#)

Heritage Savings Trust Fund, Wednesday, September 20, 2017 (Transcript No. 29-3-3)." Page HS-106. [http://www.assembly.ab.ca/ISYS/LADDAR\\_files/docs/committees/hs/legislature\\_29/session\\_3/20170920\\_1330\\_01\\_hs.pdf](http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/hs/legislature_29/session_3/20170920_1330_01_hs.pdf)

63 Morgan, G. Apr. 12, 2017. "AIMCo demands immediate repayment of Savanna Energy loan following hostile takeover." Financial Post. <https://business.financialpost.com/commodities/energy/aimco-demands-immediate-repayment-of-savanna-energy-loan-following-hostile-takeover>

64 Total Energy Services Inc. Nov. 30, 2017. "Total Energy Services Inc. Announces Receipt of Statement of Claim." <https://web.archive.org/web/20171201003526/https://www.marketwatch.com/story/total-energy-services-inc-announces-receipt-of-statement-of-claim-2017-11-30>

65 Jaremko, D. Mar. 1, 2018. "Calfrac joins Canadian operators redeploying equipment to U.S. oil and gas plays." JWN Energy. <https://www.jwnenergy.com/article/2018/3/calfrac-joins-canadian-operators-redeploying-equipment-us-oil-and-gas-plays/>

[Trust Fund](#), former UCP MLA Scot Cyr asked whether Calfrac's move to the U.S. affected its qualification under the Alberta Growth Mandate, which suggests AIMCo still had investments in the company.<sup>66</sup>

### Executive Compensation

Name	Position	Total compensation 2018
Fernando Aguilar	President & CEO	\$2,192,217
Michael D. Olinek	CFO	\$1,032,497
Lindsay R. Link	COO	\$1,769,879
Fred L. Toney	President U.S. Division	\$1,274,999
J. Michael Brown	VP Technical Services	\$1,154,708
B. Mark Paslawski	VP Corporate Development	
Ronald P. Mathison	Director	\$779,500
Douglas R. Ramsay	Director, Vice Chair of the Board	\$220,500
Kevin R. Baker	Director	\$216,500
James S. Blair	Director	\$217,500
Gregory S. Fletcher	Director	\$222,000
Lorne A. Gartner	Director	\$217,000

Source: Management information circular (see Appendix B)

## Enerflex

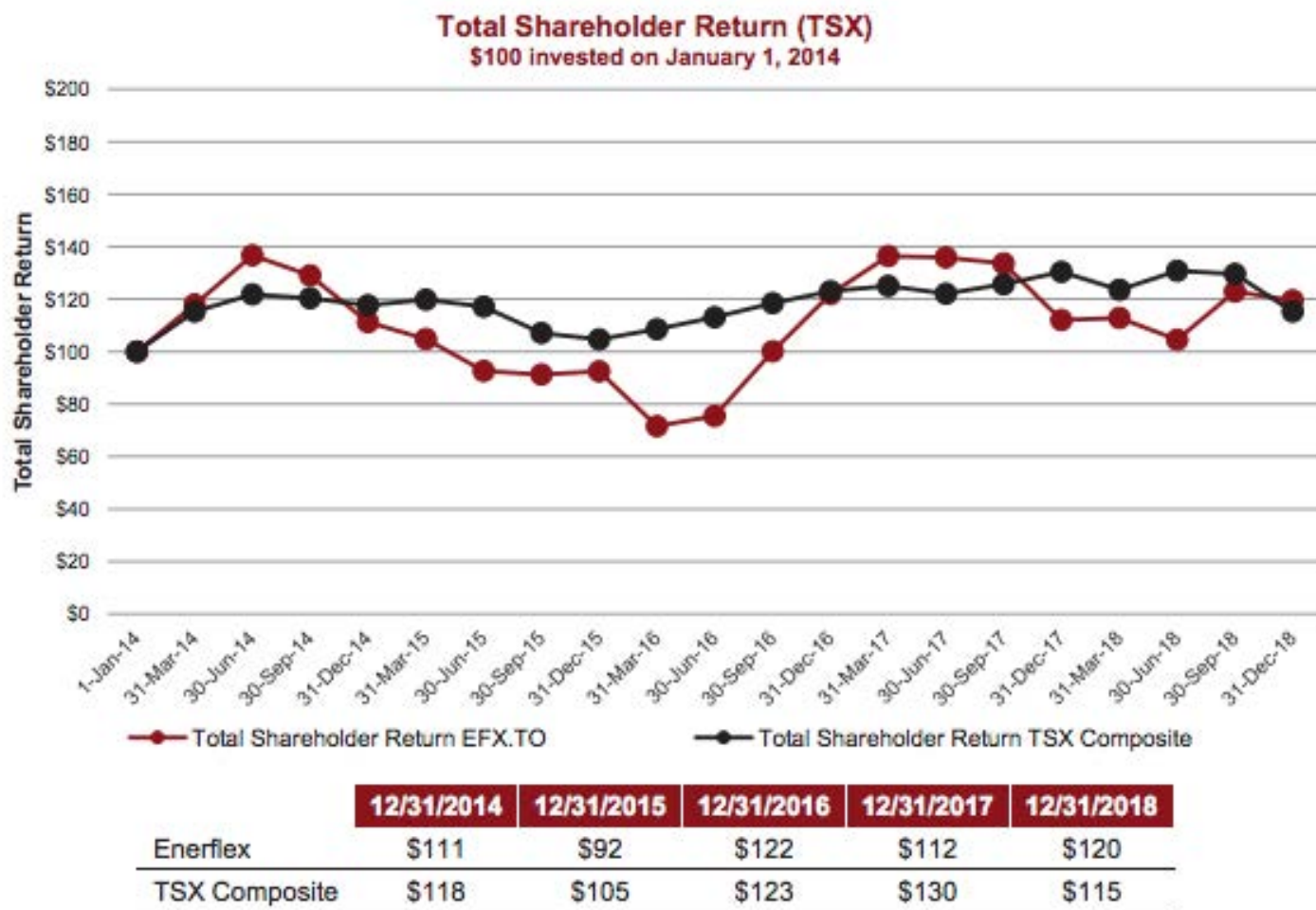
Enerflex is a Calgary-based oilfield services company. Thanks to disclosures in the Heritage Fund's annual general report, we know that AIMCo invested \$4.2 million in interest bearing notes to Enerflex on December 15, 2017 (see Table 1).

No other information was found on this investment.

### Performance Graph

The following graph is from the 2019 management information circular for Enerflex (see Appendix B). It compares the cumulative total shareholder return for \$100 invested in shares over the period that shares have been traded on the TSX, from January 1, 2014, to December 31, 2018, assuming reinvestment of all dividends, compared with the cumulative total return on the S&P/TSX Composite Index.

<sup>66</sup> Legislative Assembly of Alberta. Mar. 21, 2018. "Standing Committee on the Alberta Heritage Savings Trust Fund, Wednesday, March 21, 2018 (Transcript No. 29-4-1)." Page HS-137. [https://docs.assembly.ab.ca/LADDAR\\_files/docs/committees/hs/legislature\\_29/session\\_4/20180321\\_1900\\_01\\_hs.pdf](https://docs.assembly.ab.ca/LADDAR_files/docs/committees/hs/legislature_29/session_4/20180321_1900_01_hs.pdf)



Congratulations to Enerflex, the only company so far to beat an index fund when it comes to performance. However, of all the companies under examination in this report, Enerflex received the smallest investment from AIMCo.

## Executive Compensation

Name	Position	2018 total compensation
Blair Goertzen	CEO	\$4,290,799
James Harbilas	CFO	\$2,876,195
Marc Rossiter	COO	\$2,530,282
Patricia Martinez	President, Latin America	\$2,359,216
Greg Steward	President, U.S.	\$1,770,844
Robert Boswell	Director	\$239,968
Maureen Cormier-Jackson	Director	\$223,477
Byon Dunn	Director	\$253,596
Stanley Marshall	Director	\$263,132
Kevin Reinhard	Director	\$240,666
Stephen Savidant	Director	\$372,222

Name	Position	2018 total compensation
Michael Weill	Director	\$238,111
Helen Wesley	Director	\$242,803

Source: Management information circular (see Appendix B)

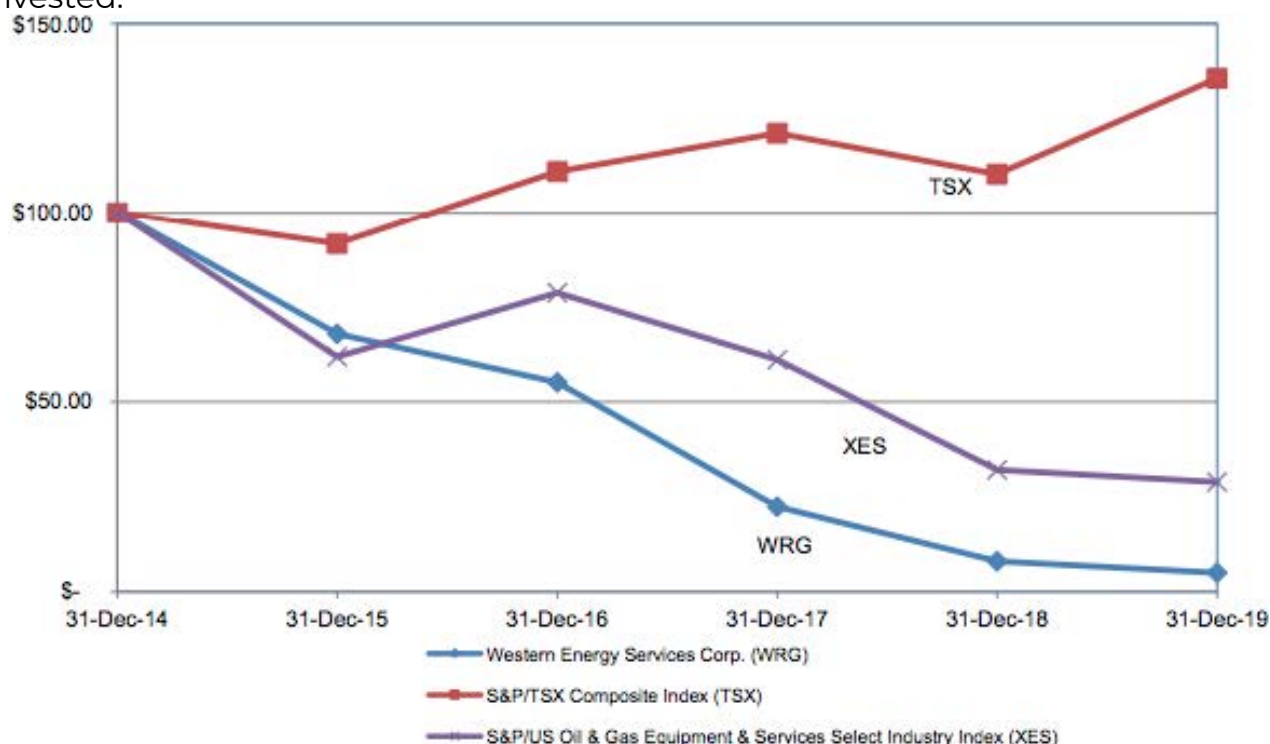
On December 15, 2017, when AIMCo's investment was made, Enerflex shares were \$14.56. Its share price on March 31, 2020, was \$5.42.

## Western Energy Services

In September 2017, AIMCo made a \$215 million dollar loan to Western Energy Services. At the same time, AIMCo purchased 9.1 million shares at \$1.25 a share for a total of \$11.4 million (see Table 1).

### Performance Graph

The following graph is from the 2019 management and information circular (see Appendix B). It compares the cumulative total return on Western's common shares from December 31, 2014, to December 31, 2019, compared with the S&P/TSX composite index and the S&P/US oil and gas equipment and services select industry index for the same period. It assumes an initial investment of \$100 on December 31, 2014, with all dividends reinvested.





	SYMBOL	31-Dec-14 (\$)	31-Dec-15 (\$)	31-Dec-16 (\$)	31-Dec-17 (\$)	31-Dec-18 (\$)	31-Dec-19 (\$)
Western Common Shares	WRG	100.00	67.87	55.06	22.38	7.99	4.97
S&P/TSX Composite Index	^TSX	100.00	91.68	111.01	121.11	110.34	135.59
S&P/US oil & gas equipment & services select industry index	^XES	100.00	61.82	78.69	61.01	32.04	28.84

As you can see, Western Energy Services performs quite badly when compared to a standard index fund or an index fund of similar companies in the same industry.

AIMCo purchased \$11.4 million worth of shares of Western Energy Services at \$1.25 a share in September 2017. The share price on March 31, 2020, was \$0.20.

### Executive Compensation

Name	Position	2019 Total Compensation
Alex MacAusland	CEO	\$897,889
Jeff Bowers	CFO	\$668,277
Rick Harrison	SVP Special Projects	\$466,094
Darcy Reinbolt	SVP Ops	\$457,001
David Trann	VP Finance	\$347,722
Donald Copeland	Director	\$74,976
Lorne Gartner	Director	\$74,976
Ronald Mathison	Director	\$86,174
John Rooney	Director	\$79,976

Source: Management information circular (see Appendix B)

## Journey Energy

AIMCo has invested \$58 million in Journey Energy (see Table 1), a junior oil and gas producer. AIMCo [owns more than 18 percent of Journey's outstanding shares](#).<sup>67</sup>

Three separate investments through the Heritage Fund have been made in Journey between October 2016 and December 2018, and these investments totalled \$12.8 million.

Substantial high-interest loans have also been made to Journey on behalf of AIMCo, and [the terms of their repayment have been renegotiated](#) at least once.<sup>68</sup> In 2018, AIMCo

<sup>67</sup> Journey Energy Inc. Sep. 30, 2019. "Journey Energy Inc. announces equity financing and term debt extension." <https://www.journeyenergy.ca/prelease/122552/>

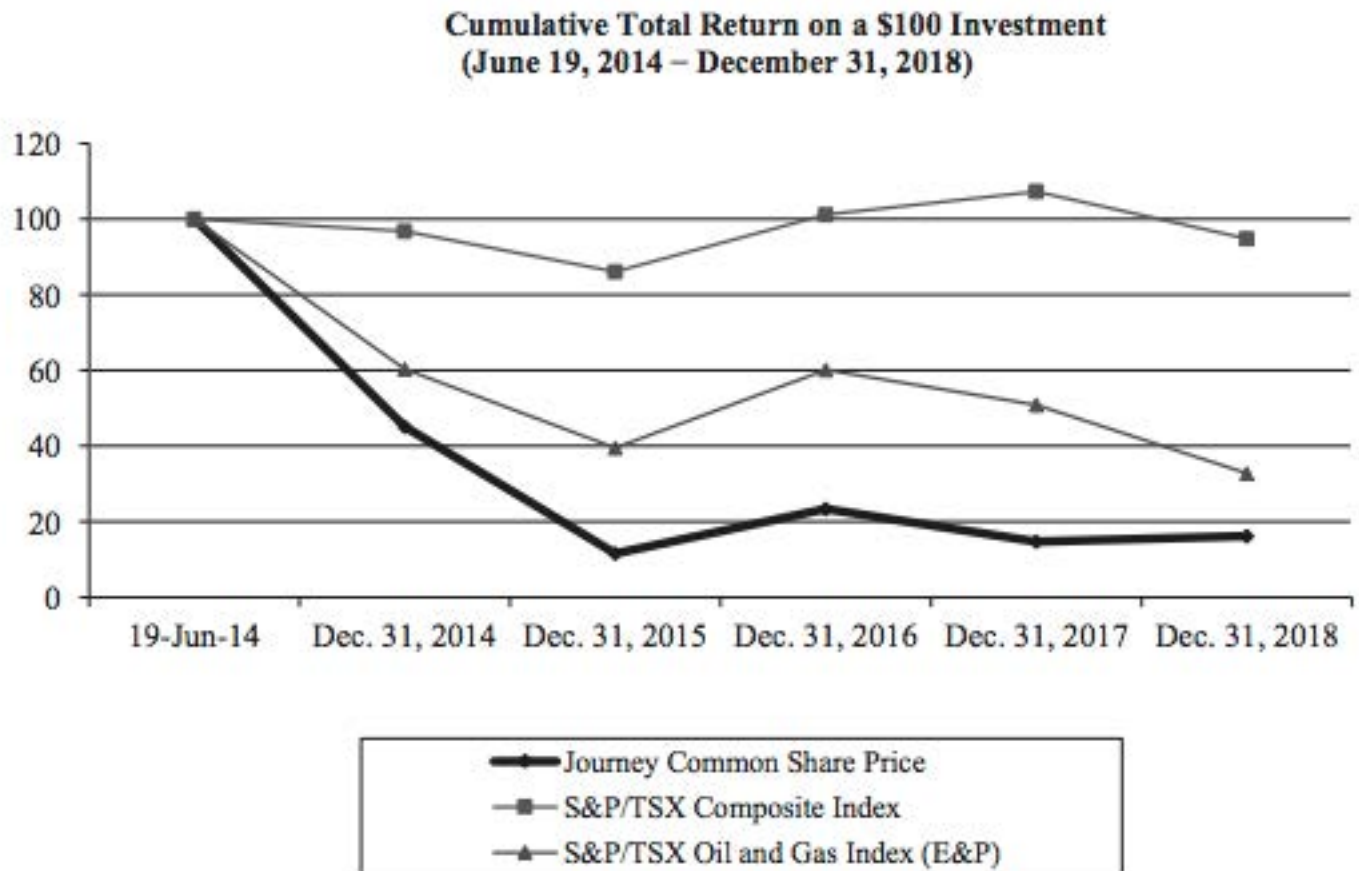
<sup>68</sup> Journey Energy Inc. Sep. 30, 2019. "Journey Energy Inc. announces equity financing and term debt extension." <https://www.journeyenergy.ca/prelease/122552/>

financing was used for a [share buyback](#).<sup>69</sup>

On October 7, 2016, when the original investment in AIMCo occurred, the share price was \$2.05. As of March 31, 2020, the share price had fallen to \$0.27.

## Performance Graph

The following graph is from the management information circular (see Appendix B). It shows the cumulative shareholder return as measured by the closing price of Journey's common shares at the end of each financial year, assuming an initial investment of \$100 on June 19, 2014 (the date the common shares commenced trading on the TSX), compared with the S&P/TSX Composite Index, and the S&P/TSX Oil and Gas Index (E&P).



	2014/06	2014/12	2015/12	2016/12	2017/12	2018/12
Journey Common Shares	100	45.7	11.6	23.3	14.8	16.2
S&P/TSX Composite Index	100	96.8	86.1	101.2	107.3	94.8
S&P/TSX Oil and Gas Index (E&P)	100	60.3	39.5	60.2	50.9	32.8

As you can see, AIMCO would have done far better for the workers whose pensions they are managing and for the people of Alberta (through the Heritage Fund) if it had just invested in an index fund rather than in Journey Energy.

<sup>69</sup> Journey Energy Inc. Feb. 2, 2018. "Journey Energy Inc. announces the closing of its repurchase of common shares." <https://www.journeyenergy.ca/prelease/122534/>

## Executive Compensation

Name	Position	2018 Total Compensation
Alex Verge	CEO	\$547,619
Gerald Gilewicz	CFO	\$518,625
Terry Moore	VP Engineering	\$477,639
Brett Boklaschuk	VP Exploration	\$463,816
Anthony Polini	VP Land	\$461,041
Dana Lausten	Director	\$86,125
Howard Crone	Director	\$76,125
Ryan Shay	Director	\$86,125
Glenn Hamilton	Director	\$86,125

Source: Management information circular (see Appendix B)

According to the ALDP, Journey Energy has environmental liabilities worth \$253,720,184.

## Whitecap Resources

Whitecap Resources is an intermediate oil and gas producer based in Calgary, Alberta.

AIMCo invested \$8.7 million in Whitecap Resources through the Heritage Fund, via the Alberta Growth Mandate, on May 9, 2017. [According to AIMCo representatives testifying to the Standing Committee on the Alberta Heritage Savings Trust Fund](#) on September 20, 2017,<sup>70</sup> it appears another \$37 million was invested in Whitecap, for a total of \$45 million (see Table 1).

We could find no other documentation in regards to this \$45 million investment.

On May 12, 2017, the share price for Whitecap Resources was \$9.89. On March 31, 2020, the share price was \$1.12.

### Performance Graph

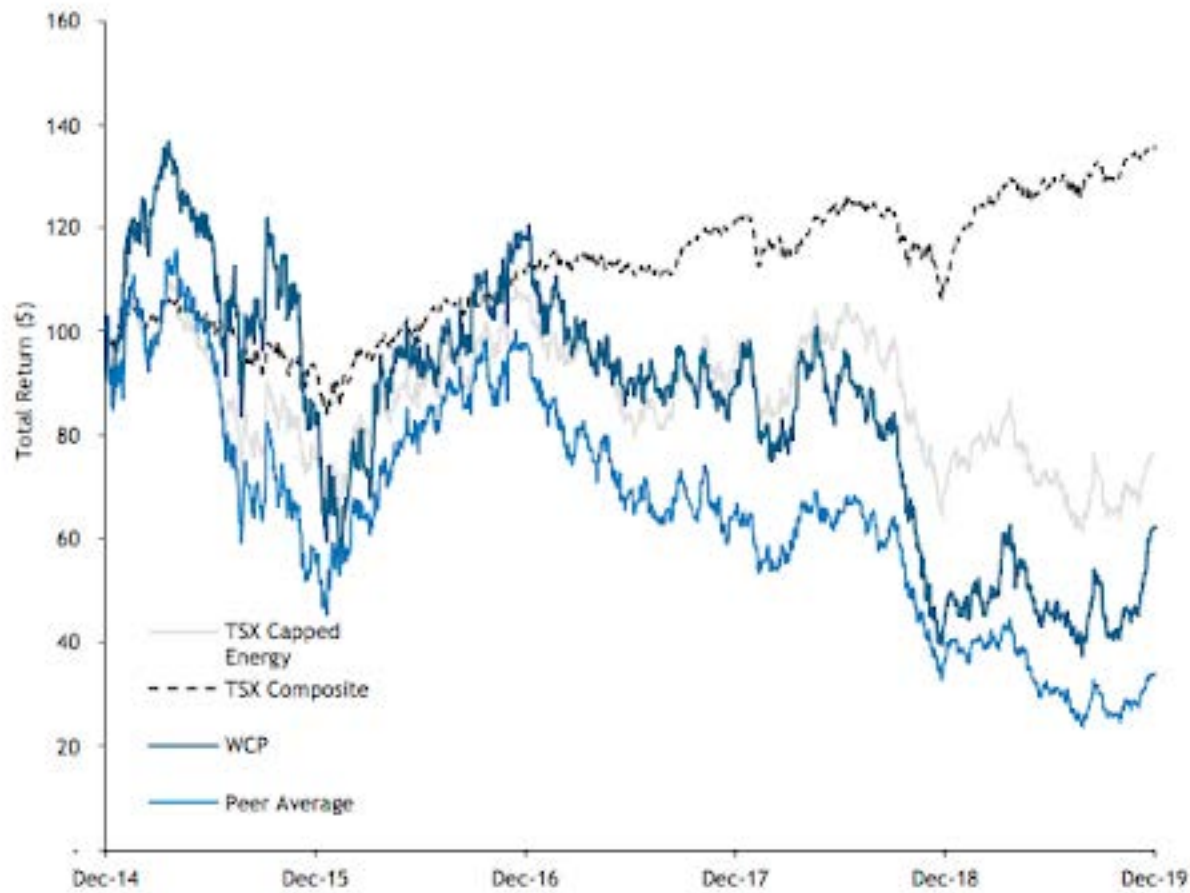
The following graph is from the management information circular (see Appendix B). It compares the cumulative total shareholders' return from December 31, 2014, to December 31, 2019, of \$100 invested in Whitecap common shares versus the total return of \$100 invested in the S&P/TSX Capped Energy Index, the S&P/TSX Capped Composite Index and Whitecap's peer group average, with all dividends reinvested.

Whitecap Resources out-performed its handpicked peer group, but it did not outperform the index fund. Nor did it outperform an energy-focused index fund.

Again, AIMCo's clients would have been better served if their funds had simply been invested in an index fund.

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<sup>70</sup> Legislative Assembly of Alberta. Sep. 20, 2017. "Standing Committee on the Alberta Heritage Savings Trust Fund, Wednesday, September 20, 2017 (Transcript No. 29-3-3)." Page HS-106. [http://www.assembly.ab.ca/ISYS/LADDAR\\_files/docs/committees/hs/legislature\\_29/session\\_3/20170920\\_1330\\_01\\_hs.pdf](http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/hs/legislature_29/session_3/20170920_1330_01_hs.pdf)



	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Whitecap	\$100	\$84	\$118	\$89	\$45	\$62
S&P TSX Capped Energy Index	\$100	\$76	\$106	\$95	\$70	\$76
S&P TSX Composite Index	\$100	\$92	\$111	\$121	\$110	\$136
Peer Group Average	\$100	\$57	\$98	\$65	\$37	\$34

## Executive Compensation

Name	Position	Total Compensation 2019
Grant B. Fagerheim	President and CEO	\$2,821,316
Thang C. Kang	CFO	\$1,512,019
Joel M. Armstrong	VP Production and Operations	\$1,232,351
Darin R. Dunlop	VP Engineering	\$1,232,298
David M. Mombarquette	VP Bus. Development & IT	\$1,232,351



Name	Position	Total Compensation 2019
Heather Culbert	Director	\$133,800
Greg Fletcher	Director	\$134,513
Daryl Gilbert	Director	\$139,800
Stephen Nikiforuk	Director	\$141,050
Ken Strickland	Director	\$154,764
Brad Wall	Director	\$87,300
Grant Zawalsky	Director	\$136,800

Source: Management information circular (see Appendix B)

According to the ALDP, Journey Energy has environmental liabilities worth \$395,360,025.

## Razor Energy

Razor Energy is a small oil and gas junior that has received \$45 million in investment from AIMCo (see Table 1), with a \$30 million announcement in January 2017 and a [further \\$15 million in January 2018](#).<sup>71</sup> These investments are notable for their interest rate of 10 percent.

In October 2018, Razor [announced it would begin paying a dividend](#).<sup>72</sup> At that point AIMCo owned 14 percent of the company and would have had to consent to a dividend being issued. On February 5, 2020, Razor Energy announced it was cancelling the dividend.

From when the dividend was issued until the third quarter of 2019, [\\$6.5 million had been paid out to shareholders through dividends or share buybacks](#).<sup>73</sup>

The CEO, Doug Bailey, and the CFO, Frank Muller, are also directors in Razor and together own 20 percent of all Razor Energy common shares. They would have benefited substantially from this dividend and share buyback strategy.

The share price for Razor when AIMCo made its initial, \$30 million investment on February 2, 2017, was \$3.21. The share price on January 12, 2018, roughly around the time AIMCo re-upped and loaned another \$15 million to Razor, was \$1.60. The share price as of March 31, 2020, was \$0.12.

<sup>71</sup> Razor Energy Corp. Jan. 15, 2018. "Razor Energy Corp. Announces Consolidation Acquisition in the Kaybob Area of West Central Alberta and Increased Term Loan Facility." <https://www.globenewswire.com/news-release/2018/01/15/1289478/0/en/Razor-Energy-Corp-Announces-Consolidation-Acquisition-in-the-Kaybob-Area-of-West-Central-Alberta-and-Increased-Term-Loan-Facility.html>

<sup>72</sup> Razor Energy Corp. Oct. 1, 2018. "Razor Energy Corp. Announces Transition to a Sustainable Junior Light Oil Dividend and Growth Company and Confirms Cash Dividend for September 2018 Payable." <https://boereport.com/2018/10/01/razor-energy-corp-announces-transition-to-a-sustainable-junior-light-oil-dividend-and-growth-company-and-confirms-cash-dividend-for-september-2018-payable-october-31-2018/>

<sup>73</sup> Razor Energy Corp. Mar. 2019. "Razor Energy Corp. consolidated financial statements for the year ended December 31, 2018." [https://static1.squarespace.com/static/5ba9071b9d41490a35a48592/t/5c9e2a70b208fc61cd39da51/1553869425360/FS\\_Q4\\_2018\\_March\\_28.pdf](https://static1.squarespace.com/static/5ba9071b9d41490a35a48592/t/5c9e2a70b208fc61cd39da51/1553869425360/FS_Q4_2018_March_28.pdf)

## Executive Compensation

Name	Position	Total 2018 Compensation
Doug Bailey	President and CEO	428,044
Kevin Braun	Chief Financial Officer	330,803
Frank Muller	Senior VP, COO, Director	397,898
Shahin Mottahed	Director	40,000
Vick Saxon	Director	90,000
Stan Smith	Director	75,000

Source: Management information circular (see Appendix B)

According to the ALDP, Razor Energy operated wells with an estimated cleanup cost of \$255,154,024 (not including facilities or pipelines). Its regulatory score was in even worse shape when it received millions from AIMCo. A prudent investor would have had serious questions about the solvency of such an operator.

## Perpetual Energy

Perpetual Energy is a junior oil and gas producer based in Calgary. In 2019 it slipped under the 10,000 boe/d threshold, whereas in 2018 it had been over the 10,000 boe/d threshold that would have classified it as an intermediate producer.

[In March 2017 AIMCo announced a significant investment in Perpetual Energy](#), \$45 million worth of debt and \$4.5 million worth of shares, acquired at \$1.75 a share (see Table 1).<sup>74</sup>

Shortly before AIMCo's investment, Perpetual Energy was able to dump almost 2,300 mostly depleted wells, almost 200 facilities, and nearly 700 pipeline segments to a China-based company called Sequoia, [which soon went bankrupt](#).<sup>75</sup> Perpetual Energy is now entangled in a complex lawsuit to reverse the transaction. Sequoia paid hundreds of millions of dollars for the old gas wells, with no intention of honouring the environmental liabilities. The wells came with a price hedge on natural gas that was well above market prices at the time. Once the hedge expired, Sequoia collapsed.<sup>76</sup>

## Performance Graph

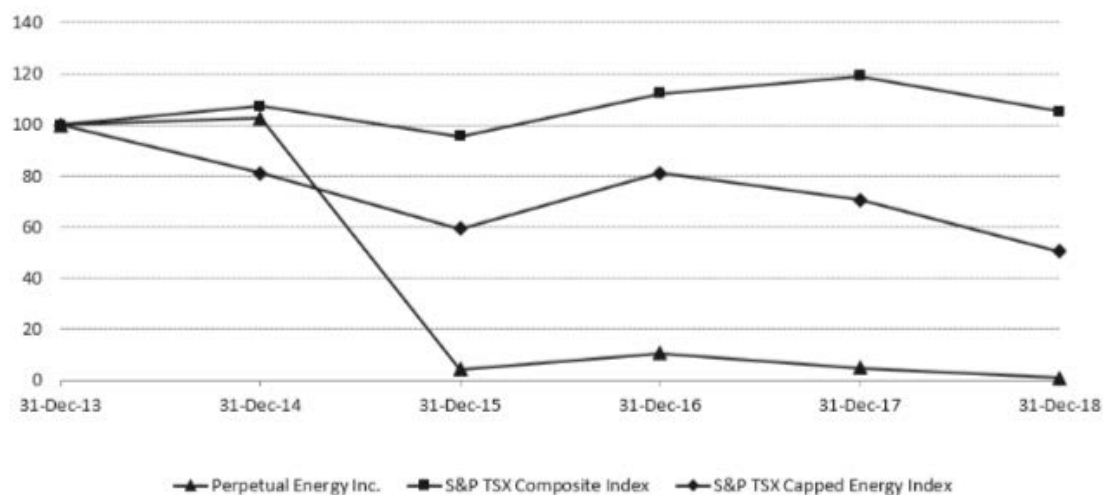
The following graph is from the 2019 management information circular (see Appendix B). It illustrates changes in cumulative shareholder return from December 31, 2013, to December 31, 2018, assuming an initial investment of \$100 in shares with all cash distributions/dividends reinvested, compared to the S&P/TSX Composite Index and the

<sup>74</sup> Alberta Investment Management Corp. Feb. 17, 2017. "AIMCo Announces Significant Investment in Perpetual Energy Inc." <https://www.aimco.alberta.ca/DesktopModules/AIMCoNews/Documents/AIMCo%20Perpetual%20Energy%20Announcement%20February%202017.pdf>

<sup>75</sup> Canadian Press. Mar. 8, 2018. "Oil firm ceasing operations, leaving thousands of untended Alberta wells." CBC News. <https://www.cbc.ca/news/canada/calgary/alberta-energy-regulator-sequoia-resources-untended-wells-1.4567790>

<sup>76</sup> Jones, J. Aug. 12, 2018. "Alberta's energy regulator owes investors answers on Sequoia Resources." Globe and Mail. <https://www.theglobeandmail.com/business/commentary/article-albertas-energy-regulator-owes-investors-answers-on-sequoia-resources/>

S&P/TSX Capped Energy Trust Index. It shows a 99 percent decrease in Perpetual Energy's value over the last five years.



	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18
Perpetual Energy Inc.	100	103	5	11	5	1
S&P TSX Composite Index	100	107	96	112	119	105
S&P TSX Capped Energy Index	100	81	59	81	71	51

## Executive Compensation

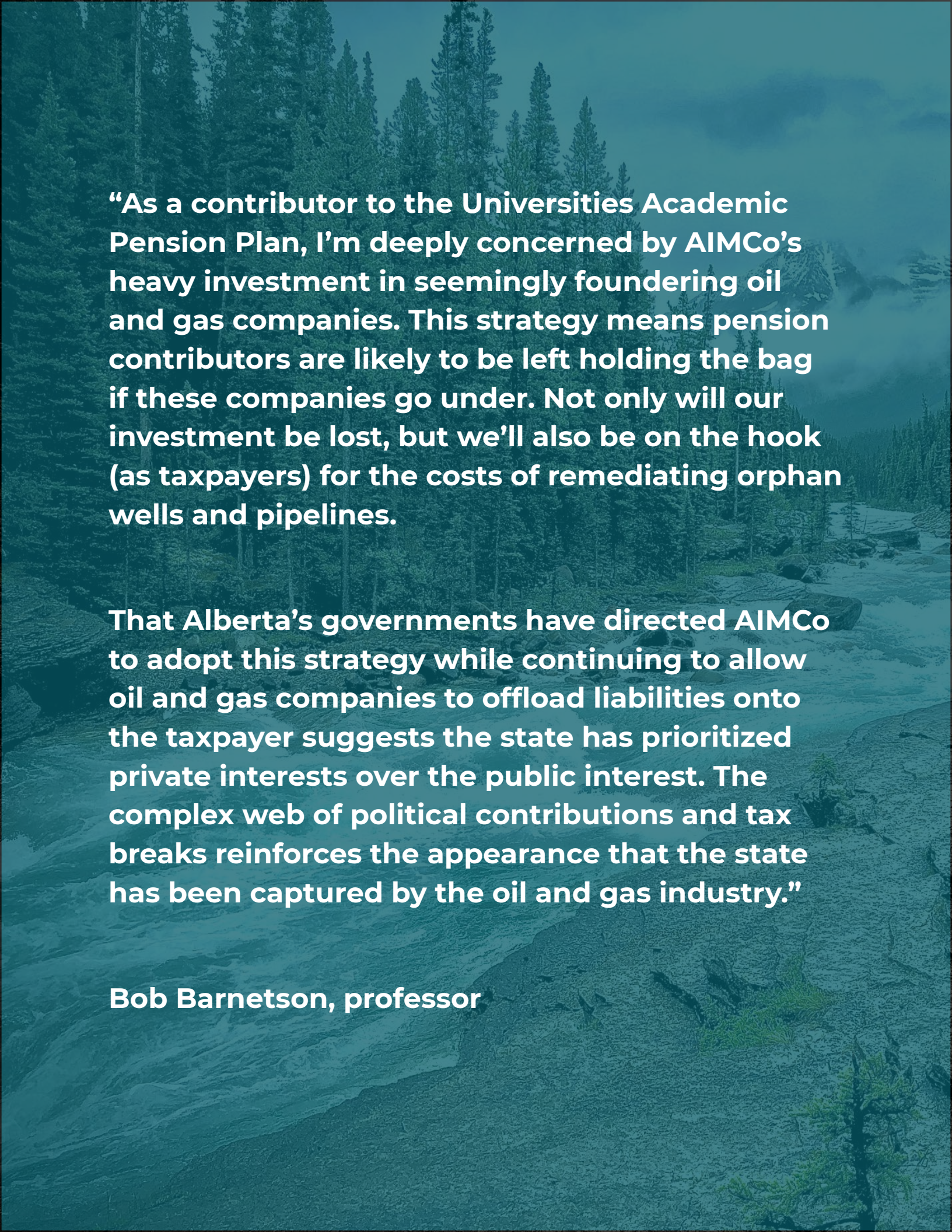
Name	Title	Total compensation 2018
Susan L. Riddell Rose	President and CEO	\$746,536
W. Mark Schweitzer	VP Finance and CFO	\$363,927
Marcello M. Rapini	VP Marketing	\$528,256
Linda L. McKean	VP Exploration and Development	\$419,378
Jeffrey R. Green	VP Corporate and Engineering Services	\$411,212
Robert A. Maitland	Director	\$77,114
Geoffrey C. Merritt	Director	\$66,614
Donald J. Nelson	Director	\$60,614
Ryan A. Shay	Director	\$65,510
Howard R. Ward	Director	\$56,114

Source: Management information circular (see Appendix B)

AIMCo paid \$1.75 a share for \$4.5 million in shares on March 17, 2017. Perpetual Energy's share price on March 31, 2020, was \$0.03.

According to the ALDP, Perpetual Energy has environmental liabilities worth \$6,316,598. Without the wells divested to Sequoia, Perpetual still held \$128.5 million in unfunded well cleanup liabilities, but it had a healthy regulatory score. If the legal action underway to reverse Perpetual's divestment as bad faith is successful, Perpetual's solvency will be seriously challenged.





**“As a contributor to the Universities Academic Pension Plan, I’m deeply concerned by AIMCo’s heavy investment in seemingly foundering oil and gas companies. This strategy means pension contributors are likely to be left holding the bag if these companies go under. Not only will our investment be lost, but we’ll also be on the hook (as taxpayers) for the costs of remediating orphan wells and pipelines.**

**That Alberta’s governments have directed AIMCo to adopt this strategy while continuing to allow oil and gas companies to offload liabilities onto the taxpayer suggests the state has prioritized private interests over the public interest. The complex web of political contributions and tax breaks reinforces the appearance that the state has been captured by the oil and gas industry.”**

**Bob Barnettson, professor**



# Political Entanglements

## Troubling board appointment

Dr. Cathy Connolly, MBA, PhD and ICD.D, and Karen Strangerlin CPA, CA, CFA, CFP, ICD.D, were not re-appointed to the ATRF board, despite being extremely qualified.

Instead, Finance Minister Travis Toews appointed Rafi Tahmazian, BA, a portfolio manager at Canoe Financial, to the board. Tahmazian is an oil and gas investment banker who once said, [“You just have to trust me on this, we \[Canadian oil & gas\] are on the edge of extreme profitability.”](#)<sup>77</sup> He works at a firm owned by controversial oil and gas investor W. Brett Wilson.

Before being appointed to the ATRF board, [Tahmazian appeared quite frequently on television slamming Rachel Notley](#)<sup>78</sup> and various [decisions she made as premier of the province](#)<sup>79</sup> and boosting Jason Kenney.

Tahmazian was quoted in a [March 20, 2019, story from Reuters](#) as saying, “A Kenney government would be very strongly welcomed by the oil industry.”<sup>80</sup>

According to financial disclosures to Elections Alberta, Tahmazian has donated more than \$10,000 to conservative Albertan political parties over the last dozen years.

While the UCP government has only made one new appointment to the AIMCo board, a respected Montreal-based investment manager named Roger Renaud, it’s worth keeping an eye on future appointments in light of Tahmazian’s appointment to the ATRF board.

## AIMCo beneficiaries invest heavily in conservative politics

Calfrac Well Services, a company in which AIMCo invested more than \$228 million, also made investments of its own—to a political action committee dedicated to electing Jason Kenney. Shaping Alberta’s Future received a \$50,000 cheque directly from Calfrac in 2018.

The founder and chair of the board of Calfrac, Ron Mathison, also donated \$235,000 to the UCP directly, to Jason Kenney’s leadership bid, and to pro-Kenney PACs (the Alberta Advantage Fund, the Balanced Alberta Fund and Shaping Alberta’s Future), both personally and through companies he directly controls (specifically Matco Investments

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<sup>77</sup> McNeil, S. Dec. 11, 2019. “Canadian energy ‘on the edge of extreme profitability’: Money manager.” BNN Bloomberg. <https://www.bnnbloomberg.ca/canadian-energy-on-the-edge-of-extreme-profitability-money-manager-1.1361327>

<sup>78</sup> CBC News. “Rafi Tahmazian says Rachel Notley needed to fight harder for the oilpatch.” <https://www.cbc.ca/player/play/1453869123651>

<sup>79</sup> Tahmazian, R. Apr. 16, 2018. “Why was Notley even at the ‘meeting’ yesterday?” BOE Report. <https://boereport.com/2018/04/16/tahmazian-why-was-notley-even-at-the-meeting-yesterday/>

<sup>80</sup> Williams, N. Mar. 21, 2019. “Ahead of Alberta vote, Canada’s oil industry roots for the opposition.” Reuters. <https://www.reuters.com/article/canada-alberta-politics/rpt-ahead-of-alberta-vote-canadas-oil-industry-roots-for-the-opposition-idUSL1N2171YF>

and Ronald P. Mathison Private Bank) between 2016 and 2019.

Calfrac estimates that it will pocket \$9.8 million between 2019 and 2023 thanks to Kenney's corporate tax cut. It is unknown how much Mathison will get from the corporate tax from Matco Investments and Ronald P. Mathison Private Bank, as both companies are private.

Ron Mathison is also a director with Western Energy Services, another company that has received investment from AIMCo.

Sue Riddell Rose is the CEO of Perpetual Energy, a company that received more than \$49 million worth of investment from AIMCo after it controversially dumped hundreds of millions of environmental liabilities on a Chinese company that immediately went bankrupt. Riddell Rose has since been appointed by the UCP government to the "red tape reduction" panel and to the board of governors of Mount Royal University. Riddell Rose has donated \$41,000 to various provincial conservative parties and leadership races over the past decade.

Whitecap Resources received \$45 million in investment from AIMCo. Its CEO, Grant Fagerheim, has been a vocal and public supporter of Jason Kenney. He [supported his tough stance on B.C. regarding the turn-off-the-taps law in the media](#),<sup>81</sup> he [applauded Kenney's election the day after his victory in April 2019](#)<sup>82</sup> and also made the maximum \$4,000 donation to the UCP in 2018. Fagerheim notably [sent an email to all of Whitecap's employees](#) in advance of the 2019 federal election warning that Alberta would separate from Canada if Justin Trudeau and the Liberals were to win the next federal election.<sup>83</sup> Thanks to Kenney's corporate tax cut, Whitecap's own corporate documents say it will net an additional \$12.5 million between 2019 and 2023.

Given AIMCo's lack of independence from government, it is concerning to see such close financial and political links between companies AIMCo has invested in and the UCP.

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81 BNN Bloomberg. May 4, 2019. "Whitecap CEO backs Kenney's tough stance on B.C." <https://www.youtube.com/watch?v=SlPqWG-JuTc>

82 Canadian Press. Apr. 17, 2019. "Oil and gas sector applauds pro-business government as pipelines remain in limbo." Financial Post. <https://business.financialpost.com/pmn/business-pmn/oil-and-gas-sector-applauds-new-alberta-premiers-many-pro-business-pledges>

83 Press Progress. Oct. 19, 2019. "Calgary oil CEO warns workers Alberta could separate from Canada if Conservatives lose the election." <https://pressprogress.ca/calgary-oil-ceo-warns-workers-alberta-could-separate-from-canada-if-conservatives-lose-the-election/>







# AIMCo's Poor Decisions

AIMCo is a relatively new organization. Since it was founded in 2008, it has made some shockingly poor decisions when it comes to financial and political risk.

Many Albertans would also describe these investments as morally objectionable. The lack of inclusive governance and lack of overall transparency means pension plans and the public concerned over these investments generally lack the information and the agency to put pressure on AIMCo to make better decisions.

This history of poor judgement also calls into question the quality of board oversight provided to AIMCo.

## Life settlements

One of AIMCo's most infamous money-losing ventures, and anecdotally the reason why AIMCo's first CEO, Leo De Bever, was forced out, was a big bet that AIMCo made, and lost, on life settlements, also called death bonds.

At the peak of this activity, AIMCo had [over \\$1.3 billion invested in life settlements](#).<sup>84</sup> A newspaper report from 2011 [reports that the value of these investments was written down by almost 50 percent](#).<sup>85</sup>

In this scheme, seniors are encouraged to sell their life insurance policies to investors for a one-time cash payout. The investor continues to pay the life insurance premium and is named as the beneficiary when the senior eventually dies. The investor is essentially betting that the payout to the senior and the continued payments of the premium will be less than the death benefit they will eventually collect from the life insurance policy. Essentially, the death bond investor is betting on seniors' early deaths.

Television ads featuring Betty White and other celebrities popular with seniors were targeted at the elderly to encourage the creation of this asset class. Canada, for the most part, does not allow people to sell their life insurance policies to investors.

In 2014, the Auditor General had a lot to say about how AIMCo was classifying and accounting for these life settlement investments, as well as their life expectancy models.

The Auditor General's 2014 report asserts that "performance of these investments may be overstated in the year of purchase and understated in later years because large, day-one gains were recognized."<sup>86</sup>

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84 Auditor General of Alberta. "Report of the Auditor General of Alberta, October 2014." [https://www.oag.ab.ca/documents/238/TB\\_FS\\_Oct2014\\_TBF.pdf](https://www.oag.ab.ca/documents/238/TB_FS_Oct2014_TBF.pdf)

85 Perkins, T. Mar. 9, 2011. "Manulife unit battles U.S. 'life settlements' industry." Globe and Mail. <https://www.theglobeandmail.com/globe-investor/manulife-unit-battles-us-life-settlements-industry/article573948/>

86 Auditor General of Alberta. "Report of the Auditor General of Alberta, October 2014." [https://www.oag.ab.ca/documents/238/TB\\_FS\\_Oct2014\\_TBF.pdf](https://www.oag.ab.ca/documents/238/TB_FS_Oct2014_TBF.pdf)

## Private prisons

AIMCo had shares in both GEO Group and CoreCivic worth a total of about \$4.8 million as of March 31, 2019, according to its SEC filings. These two private prison companies run the concentration camps, sometimes called immigrant detention centres, set up by the Immigration and Customs Enforcement agency in the United States.

A July 11, 2019, [CBC report](#) found that [one of GEO Group's immigration detention facilities](#) had nooses in detainee cells, improper and overly restrictive segregation, and inadequate medical care. At another GEO Group facility, detainees were not allowed visits from friends or families, even though there was room for them to do so.

AIMCo divested from those companies after pressure from clients—specifically [University of Alberta professors whose pension plan is managed by AIMCo](#).<sup>87</sup>

## Trump's private bank

AIMCo also owns \$1.5 million in shares of [Ladder Capital, a company that has been described as Donald Trump's shadow bank](#).<sup>88</sup> Ladder Capital, which is [a massive creditor to Trump](#),<sup>89</sup> specializes in making loans that banks try to avoid. Trump turned to this organization after most of the major banks stopped doing business with him.

## Coastal Gaslink Pipeline

On Dec. 26, 2019, it was announced that AIMCo, in partnership with global investment firm KKR, [would purchase 65 percent of the Coastal Gaslink Pipeline from TC Energy \(formerly TransCanada\) for \\$4.29 billion](#).<sup>90</sup> This pipeline will travel from gas fields in northeastern B.C. through the territory of the Wet'suwet'en people to a planned \$30 billion liquified natural gas project led by Shell on the west coast. It is a fraught and high-risk investment.

While TC Energy has secured the approval of elected First Nation representatives along the route, including the Wet'suwet'en, this part of Canada is without treaties—it is unceded land. The hereditary chiefs of the Wet'suwet'en people have not given their consent to TC Energy to build this pipeline on their traditional territories, and they claim

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87 Maimann, K. Aug. 9, 2019. "Alberta professors 'relieved' as crown corporation divests shares in private prison companies." Star Edmonton. <https://www.thestar.com/edmonton/2019/08/08/alberta-professors-relieved-as-crown-corporation-divests-shares-in-private-prison-companies.html>

88 Elstein, A. Jul. 10, 2016. "When major firms could no longer stomach the risk, Trump turned to this shadow bank." Crain's New York Business. [https://www.crainsnewyork.com/article/20160710/REAL\\_ESTATE/160709911/ladder-capital-financial-an-eight-year-old-manhattan-reit-and-a-handful-of-community-banks-are-the-few-firms-l](https://www.crainsnewyork.com/article/20160710/REAL_ESTATE/160709911/ladder-capital-financial-an-eight-year-old-manhattan-reit-and-a-handful-of-community-banks-are-the-few-firms-l)

89 Kroll, A. Jun. 16, 2017. "Meet the obscure company that just lent Trump even more money." Mother Jones. <https://www.motherjones.com/politics/2017/06/trump-ladder-capital-loan/>

90 Bloomberg News. Dec. 27, 2019. "KKR, AIMCo to take 65% stake in \$5 billion Canada gas pipe." Financial Post. <https://business.financialpost.com/pmnbusiness-pmn/kkr-aimco-to-take-65-stake-in-5-billion-canada-gas-pipeline>

that the elected council is only responsible for the reserve lands.

In December 2019, the Guardian [published a report](#) containing explosive details on an incident in January 2019 where RCMP officers arrested 14 Indigenous land defenders at a checkpoint set up to stop construction of this project on the traditional territory of the Wet'suwet'en. The story reported that RCMP commanders planning the militarized raid argued for the deployment of officers prepared to use lethal force. Commanders also instructed officers to “use as much violence toward the gate as you want” ahead of the operation to remove a roadblock.<sup>91</sup>

The situation escalated after RCMP moved in and arrested Wet'suwet'en matriarchs and their allies in early 2020. Shortly after that, Canada-wide blockades of ports, highways and railways sprung up.

The Wet'suwet'en have legal avenues to continue to delay or even defeat this project, and they are also prepared to fight the project on the ground. This opposition has the potential to be the next Oka or Ipperwash and a huge international incident.

The Coastal Gaslink purchase presents another example of an AIMCo decision that is not only ethically objectionable—if this pipeline is built it looks like it will only be built at the end of a gun—but it is also likely to produce significant financial losses.

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91 Dhillon, J., and Parrish, W. Dec. 20, 2019. “Canada police prepared to shoot Indigenous activists, documents show.” The Guardian. <https://www.theguardian.com/world/2019/dec/20/canada-indigenous-land-defenders-police-documents>

**“I am a retired nurse, a recipient of LAPP and a concerned Albertan.**

**It was a great day for the United Nurses of Alberta when, in 2019, we won our own governance of our pension from the Alberta government. Finally, after 30 years, we could direct our own pension funds! Then along came Bill 22: not only had we lost our own governance, we had no say or control over where AIMCo invested our pension funds.**

**As a LAPP recipient, this grieves me deeply. The arbitrary and unconscionable way this was handled means there’s no way for me to trust AIMCo or this government. And now I’ve learned that AIMCo is foolishly investing in a sunset industry. Is oil and gas really where we want our pension funds going? It keeps me up at night, as it should every thoughtful Albertan.”**

**RCH, retired nurse**



# Conclusion

Our analysis has found a poor record for AIMCo's investments in junior and intermediate oil and gas producers and oilfield service companies. Every single investment by AIMCo in a publicly traded Alberta-based junior/intermediate oil and gas company or oilfield service company has seen the share price of that company go down after the initial investment.

The performance graphs speak for themselves.

While those investments might be doing poorly, AIMCo has likely seen some returns from its high-interest loans to these companies. Although the [private debt and loan portion of AIMCo's portfolio is beating its benchmarks](#),<sup>92</sup> AIMCo is playing a risky game with Albertans' pensions.

There is a very real prospect for a wave of bankruptcies in oil and gas junior and intermediate producers and oilfield services companies in the near future. The provincial government has already stepped in to bail out shallow gas producers. These companies were not paying their property taxes or their landowners before the latest crisis. At some point, AIMCo will be unable to continue propping up these enterprises—the remaining loans will not be paid back and the shares will be worthless. Eventually, the Alberta pensioners whose investments AIMCo manages and the rest of Alberta, through the Heritage Fund, will bear the brunt of AIMCo's poor decision to invest more than \$1.1 billion in risky oil and gas investments.

These investments also bear additional risk to the people of Alberta because of the billions of dollars in environmental liabilities on the books of these companies.

The AER must use its existing statutory powers to ensure cleanup before the sun finally sets on Alberta's mature and declining oil and gas industries. If the government refuses to direct AER to do so, it will be necessary for Albertans to resort to the courts to help protect taxpayers from funding cleanup. Given the scale of the problem—[internal AER estimates put unfunded oilfield cleanup at more than a quarter trillion dollars](#)<sup>93</sup>—it should be obvious Albertans shouldn't be risking their retirements to Ponzi financing failing companies destined to default on their environmental liabilities.

In order to re-establish trust between the public and AIMCo, and in order to make sure the bad times that are coming are not repeated, the Alberta government and AIMCo must take the following steps:

- The government must initiate a public review of the investment performance and governance of AIMCo.
- AIMCo needs to increase transparency and regularly and publicly publish an inventory of its investments.
- AIMCo must divest itself of risky oil and gas investments, especially those with

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92 Alberta Investment Management Corp. Jul. 2019. 2018 Annual Report. <https://www.aimco.alberta.ca/2018-annual-report/pdfs/AIMCo-AR2018.pdf>

93 De Souza, M., Jarvis, C., McIntosh, E., and Bruser, D. Nov. 1, 2018. "Cleaning up Alberta's oilpatch could cost \$260 billion, internal documents warn." Global News. <https://globalnews.ca/news/4617664/cleaning-up-albertas-oilpatch-could-cost-260-billion-regulatory-documents-warn/>

large environmental liabilities.

- AIMCo must become a truly arms-length organization by scrapping Section 19 of the AIMCo Act, which allows the government to issue directives.
- In the future, super-majorities in the Legislature must be required to change the AIMCo Act.
- A majority of AIMCo board members must be chosen by the pension plans that are managed by AIMCo.
- Pension funds must have the freedom to choose another fund manager, if they wish.







# Appendix A

Transaction Date	Company Name	Alberta Capital Growth Commitment (\$million)	Instrument	Sector
November 23, 2015	TransAlta Renewables	45.9	Equity	Renewable Energy
December 22, 2015	Calfrac Well Services	6.5	Equity	Oil & Gas
June 10, 2016	Calfrac Well Services	39.9	Debts with Warrants	Oil & Gas
August 10, 2016	Pine Cliff Energy	6.1	Interest Bearing Notes/Warrants	Oil & Gas
October 7, 2016	Journey Energy	6.1	Interest Bearing Notes/Warrants	Oil & Gas
Nov. 1, 2015 to December 31, 2017 (approval on Oct. 1, 2014)	VERSUS (10th Avenue Residential)	24.2	Direct Investment	Real Estate
Nov. 1, 2015 to December 31, 2017 (approval on Mar. 23, 2011)	Manning Town Centre	6.4	Direct Investment	Real Estate
Nov. 1, 2015 to December 31, 2017 (approval on Jul. 23, 2014)	Stonegate Industrial Buildings	22.0	Direct Investment	Real Estate
Nov. 1, 2015 to December 31, 2017 (approval on May 25, 2015)	West Village Towers	0.3	Direct Investment	Real Estate
Nov. 1, 2015 to December 31, 2017 (approval on Sept. 14, 2016)	Stonegate Common Phase I Retail	6.2	Direct Investment	Real Estate
November 8, 2016 to December 6, 2016	Calfrac Well Services	1.6	Equity	Oil & Gas
December 13, 2016	Savanna Energy	45.7	Debts with Warrants and Equity	Oil & Gas
December 12, 2016 to December 30, 2016	Pine Cliff Energy	0.2	Equity	Oil & Gas
December 15, 2016 to December 23, 2016	Savanna Energy	0.4	Equity	Oil & Gas
January 31, 2017	Razor Energy	7.2	Loan Facility/Common Shares	Oil & Gas
February 17, 2017	Perpetual Energy	10.1	Debts and Equity	Oil & Gas
March 3, 2017	Journey Energy	2.6	Warrant Exercise	Oil & Gas
May 9, 2017	Whitecap Resources	8.7	Interest Bearing Notes	Oil & Gas
May 12, 2017	Razor Energy	0.7	Equity	Oil & Gas
May 25, 2017	Ikkuma Resources	8.9	Debts with Warrants	Oil & Gas
May 31, 2017	Ember Resources	9.3	Preferred with Warrants	Oil & Gas
June 9, 2017	Kinder Morgan Canada	29.1	Credit Facility	Oil & Gas
August 1, 2017	Trident Exploration Corp.	12.3	Debt	Oil & Gas
August 8, 2017	Bonnefield	21.2	Private Equity Direct Investment	Agriculture
September 22, 2017	Western Energy Services	43.8	Loan Facility/Common Shares	Oil & Gas
November 27, 2017	First Nations ETF	7.0	Interest Bearing Notes	Oil & Gas
December 15, 2017	Enerflex	4.2	Interest Bearing Notes	Oil & Gas
December 31, 2017	Five Corners Residential	10.6	Direct Investment	Real Estate
January 15, 2018	Razor Energy	3.0	Loan Facility/Common Shares	Oil & Gas
January 22, 2018	Journey Energy	4.1	Equity	Oil & Gas
February 1, 2018	Wolf Midstream	8.3	Loan Facility/Common Shares	Oil & Gas
November 7, 2018	Ikkuma Resources	3.5	Debt	Oil & Gas
Total Investments to date:		406.2		



# Appendix B

[Google Drive folder with every relevant management information circular](#)

Baytex Energy Corp Management Information Circular 2019.pdf

Calfrac Energy 2019 MIC.pdf

Cenovus 2019 MIC.pdf

CNRL Management Information Circular 2019.pdf

Enbridge Gas Inc Management Information Circular 2020.pdf

Enbridge Inc Management Information Circular 2020.pdf

Enbridge Pipelines Inc. Management Information Circular 2020.pdf

Enerex Management Information Circular 2019.pdf

Enerplus Management Information Circular 2019.pdf

Imperial Oil 2020 MIC.pdf

Journey Energy Inc. Management Information Circular 2019.pdf

Pembina Annual Information Form - executives and directors list.pdf

Pembina Annual Report - aggregate compensation.pdf

Pembina Information Circular 2019 (not on SEDAR).pdf

Perpetual Energy 2019 MIC.pdf

Pieridae Energy 2019 MIC.pdf

Pine Cliff Energy 2019 MIC.pdf

Razor Energy Management Information Circular May 22, 2019.pdf

Suncor 2020 MIC.pdf

TC Energy 2020 MIC.pdf

Western Energy Services 2020 MIC.pdf

Western Energy Services Management Information Circular March 21, 2019.pdf

Whitecap Resources MIC.pdf

# Appendix C

## Environmental Liabilities Table

Company	Gas	Oil	Grand Total
PINE CLIFF ENERGY LTD.	\$956,874,273	\$14,446,742	\$971,321,015
EMBER RESOURCES INC.	\$707,091,777	\$30,237,386	\$737,329,163
WHITECAP RESOURCES INC.	\$44,117,985	\$351,242,040	\$395,360,025
RAZOR ENERGY CORP.	\$5,979,014	\$249,175,009	\$255,154,024
JOURNEY ENERGY INC.	\$98,299,470	\$155,420,713	\$253,720,184
IKKUMA RESOURCES CORP.	\$46,163,081	\$4,827,927	\$50,991,007
PERPETUAL ENERGY LLC.	\$2,689,956	\$3,626,642	\$6,316,598
PIERIDAE ENERGY*	\$500,000,000		\$500,000,000
<b>Total</b>			<b>\$3,170,192,016</b>

Data from 2018 from the Alberta Liabilities Disclosure Project

<https://www.aldpcoalition.com/research>

\* Number comes from estimate from Cenovus and CNRL [found in this news report.](#)

# Appendix D

Announced Investments Table

Company	Investment	Date	Link
Calfrac Well Services	\$200 million	10/6/2016	<a href="https://www.newswire.ca/news-releases/calfrac-announces-cdn200-million-debt-with-warrants-financing-582469781.html">https://www.newswire.ca/news-releases/calfrac-announces-cdn200-million-debt-with-warrants-financing-582469781.html</a>
Calfrac Well Services	\$28.7 million	6/11/2017	<a href="https://www.newswire.ca/news-releases/calfrac-announces-exercise-of-warrants-655704233.html">https://www.newswire.ca/news-releases/calfrac-announces-exercise-of-warrants-655704233.html</a>
Ember Resources	\$48 million	31/5/2017	<a href="http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/hs/legislature_29/session_3/20170920_1330_01_hs.pdf">http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/hs/legislature_29/session_3/20170920_1330_01_hs.pdf</a> (p. HS-106)
Enerflex	\$4.2 million	15/12/2017	<a href="https://open.alberta.ca/dataset/3675e470-646e-4f8a-86a7-c36c6f45471a/resource/8ff03852-3df5-478c-9a48-5cb5e90bdec5/download/2018-19-heritage-fund-annual-report.pdf">https://open.alberta.ca/dataset/3675e470-646e-4f8a-86a7-c36c6f45471a/resource/8ff03852-3df5-478c-9a48-5cb5e90bdec5/download/2018-19-heritage-fund-annual-report.pdf</a> (p. 9)
Ikkuma Resources	\$45 million	25/5/2017	<a href="https://boereport.com/2017/05/25/aimco-announces-significant-investment-in-ikkuma-resources-2/">https://boereport.com/2017/05/25/aimco-announces-significant-investment-in-ikkuma-resources-2/</a>
Journey Energy	\$30 million	6/10/2016	<a href="https://boereport.com/2016/10/06/aimco-announces-investment-in-journey-energy-inc/">https://boereport.com/2016/10/06/aimco-announces-investment-in-journey-energy-inc/</a>
Journey Energy	\$22 million	22/1/2018	<a href="https://www.newswire.ca/news-releases/journey-energy-inc-announces-repurchase-of-248-of-its-outstanding-common-shares-purchase-of-duvernay-lands-and-updates-2018-guidance-670599233.html">https://www.newswire.ca/news-releases/journey-energy-inc-announces-repurchase-of-248-of-its-outstanding-common-shares-purchase-of-duvernay-lands-and-updates-2018-guidance-670599233.html</a>
Journey Energy	\$6.3 million	30/9/2019	<a href="https://boereport.com/2019/09/30/journey-energy-inc-announces-equity-financing-and-term-debt-extension/">https://boereport.com/2019/09/30/journey-energy-inc-announces-equity-financing-and-term-debt-extension/</a>

Company	Investment	Date	Link
Perpetual Energy	\$49.5 million	14/5/2017	<a href="https://www.aimco.alberta.ca/DesktopModules/AIMCoNews/Documents/AIMCo%20Perpetual%20Energy%20Announcement%20February%202017.pdf">https://www.aimco.alberta.ca/DesktopModules/AIMCoNews/Documents/AIMCo%20Perpetual%20Energy%20Announcement%20February%202017.pdf</a>
Pieridae Energy	\$60 million	30/9/2019	<a href="https://www.globenewswire.com/news-release/2019/09/30/1922443/0/en/Pieridae-and-AIMCo-Agree-to-Extend-Term-Loan-and-Convertible-Debenture-Maturity.html">https://www.globenewswire.com/news-release/2019/09/30/1922443/0/en/Pieridae-and-AIMCo-Agree-to-Extend-Term-Loan-and-Convertible-Debenture-Maturity.html</a>
Pieridae Energy	\$10 million	12/2/2019	<a href="https://www.globenewswire.com/news-release/2019/02/12/1724226/0/en/Pieridae-Energy-Limited-Announces-Private-Placement.html">https://www.globenewswire.com/news-release/2019/02/12/1724226/0/en/Pieridae-Energy-Limited-Announces-Private-Placement.html</a>
Pine Cliff Energy	\$30 million	10/8/2016	<a href="https://boereport.com/2016/08/10/aimco-announces-investment-in-pine-cliff-energy/">https://boereport.com/2016/08/10/aimco-announces-investment-in-pine-cliff-energy/</a>
Pine Cliff Energy	\$19 million	20/7/2017	<a href="https://privatecapitaljournal.com/aimco-makes-follow-investment-pine-cliff-energy/">https://privatecapitaljournal.com/aimco-makes-follow-investment-pine-cliff-energy/</a>
Razor Energy	\$30 million	31/1/2017	<a href="https://www.aimco.alberta.ca/DesktopModules/AIMCoNews/Documents/AIMCo%20Razor%20Energy%20Announcement%20-%20January%202017.pdf">https://www.aimco.alberta.ca/DesktopModules/AIMCoNews/Documents/AIMCo%20Razor%20Energy%20Announcement%20-%20January%202017.pdf</a>
Razor Energy	\$15 million	15/1/2018	<a href="https://www.globenewswire.com/news-release/2018/01/15/1289478/0/en/Razor-Energy-Corp-Announces-Consolidation-Acquisition-in-the-Kaybob-Area-of-West-Central-Alberta-and-Increased-Term-Loan-Facility.html">https://www.globenewswire.com/news-release/2018/01/15/1289478/0/en/Razor-Energy-Corp-Announces-Consolidation-Acquisition-in-the-Kaybob-Area-of-West-Central-Alberta-and-Increased-Term-Loan-Facility.html</a>
Savanna Energy	\$200 million	22/11/2016	<a href="https://boereport.com/2016/11/22/aimco-announces-significant-investment-in-savanna-energy-services/">https://boereport.com/2016/11/22/aimco-announces-significant-investment-in-savanna-energy-services/</a>
Trident Exploration (Bankrupt)	\$60 million	2/8/2017	<a href="https://www.newswire.ca/news-releases/trident-exploration-corp-announces-new-credit-facilities-638097973.html">https://www.newswire.ca/news-releases/trident-exploration-corp-announces-new-credit-facilities-638097973.html</a>
Western Energy Services	\$215 million	17/10/2017	<a href="https://www.wesc.ca/upload/news_release/123/01/10_17_17-financing-closing---final.pdf">https://www.wesc.ca/upload/news_release/123/01/10_17_17-financing-closing---final.pdf</a>



Company	Investment	Date	Link
Western Energy Services	\$11.4 million	17/10/2017	<a href="https://open.alberta.ca/dataset/3675e470-646e-4f8a-86a7-c36c6f45471a/resource/8ff03852-3df5-478c-9a48-5cb5e90bdec5/download/2018-19-heritage-fund-annual-report.pdf">https://open.alberta.ca/dataset/3675e470-646e-4f8a-86a7-c36c6f45471a/resource/8ff03852-3df5-478c-9a48-5cb5e90bdec5/download/2018-19-heritage-fund-annual-report.pdf</a> (p. 9)
Whitecap Resources	\$45 million	9/5/2017	<a href="http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/hs/legislature_29/session_3/20170920_1330_01_hs.pdf">http://www.assembly.ab.ca/ISYS/LADDAR_files/docs/committees/hs/legislature_29/session_3/20170920_1330_01_hs.pdf</a> (p. HS-106)
<b>Total</b>	<b>\$1,129.1 million</b>		