

## **INFRASTRUCTURE INTEGRITY MANAGEMENT POLICY**

### **1. Purpose**

Painted Pony Energy Ltd. (the “**Corporation**”) owns and operates facilities including pipelines and natural gas processing infrastructure. The Corporation recognizes its responsibility for this infrastructure, including its obligations to ensure (i) the safety of its employees, consultants, contractors and the public; (ii) the protection of the environment, including wildlife; and (iii) the responsible stewardship of the Corporation’s assets and resources.

The Corporation, its board of directors (the “**Board**”) and its senior management are committed to a systematic approach to ensure that quality and integrity is maintained throughout the entire lifecycle of the Corporation’s physical exploration, development, processing and transportation infrastructure (the “**Infrastructure**”). This involves proper and careful planning, design, construction, operation, maintenance, decommissioning and abandonment of the Infrastructure in accordance with applicable laws and regulatory standards.

The purpose of this Policy is to ensure (i) proper oversight of the integrity management of the Infrastructure by senior management; (ii) integrity management programs relating to the Infrastructure are put in place by the Corporation; and (iii) the Corporation’s employees, consultants and contractors are provided with the tools, knowledge and resources required to actively manage the Corporation’s Infrastructure throughout its entire lifecycle.

### **2. Scope**

This Policy applies to all directors, officers, employees, consultants and contractors of the Corporation involved with the Corporation’s Infrastructure.

### **3. Integrity Management Programs**

The Corporation’s Chief Operating Officer (the “**COO**”) shall be responsible for ensuring that the Corporation develops, documents, implements, maintains and continually improves its “Integrity Management Programs” (“**IMPs**”) for each of the Corporation’s classes or groupings of Infrastructure (for example, pipelines and facilities) and for ensuring that the Infrastructure is operated in accordance with such IMPs.

The overarching goals of each IMP will be to:

- ensure safe, environmentally responsible and reliable operations of the Corporation’s Infrastructure;
- anticipate and prevent damage to the Corporation’s infrastructure;
- prevent incidents and manage and control incidents when they occur; and
- manage the risks pertaining to such Infrastructure over its entire lifecycle, ie, planning, design, construction, operation, maintenance, decommission and abandonment.

Each IMP shall, for its particular Infrastructure, detail policies, processes and procedures to, among other things:

- set relevant company policies and performance objectives;
- proactively identify hazards, evaluate risks, identify and implement risk mitigation measures and conduct inspection, maintenance and monitoring activities;
- establish clear responsibilities and accountabilities;
- support all key components of the IMPs;
- retain trained and competent personnel and set processes to evaluate such personnel;
- identify and ensure conformance with current applicable regulatory and legal requirements and external standards and codes;
- collect, integrate, evaluate and analyze relevant information and data related to the processes and mechanisms appropriate to the type of Infrastructure;
- document and report that information and data and its analysis for the purposes of continual improvement to the IMPs and the Infrastructure;
- ensure that data and results are shared (internally and externally) across relevant elements, processes and teams as required;
- ensure resources (personnel and technological requirements) are identified, planned and provided to develop, implement and continually improve the IMPs and Infrastructure; and
- periodically review, evaluate and improve such policies, processes and procedures.

Each IMP will identify more specific and measurable goals, objectives and targets for the purposes of ensuring the achievement of the above. For this purpose, the IMPs will contain a set of key performance indicators against which performance and achievement of the above will be evaluated.

Each IMP shall be prepared in a manner that, at a minimum, ensures compliance with current applicable regulatory and legal requirements and external standards and codes.

#### **4. Communication, Evaluation and Reporting**

The COO shall be responsible for ensuring (i) the completion of periodic evaluation of the IMPs against their goals, objectives and targets including the performance of the applicable key performance indicators and (ii) the proper documentation of such evaluations. As part of each such evaluation, relevant revisions and improvements to the IMPs shall be considered and adopted when determined appropriate. Such evaluations shall occur no less frequently than annually.

The COO shall report periodically to the Reserves and HSE Committee of the Board with respect to the matters provided for in this Policy including the results of the evaluations referred to above.

Upon the adoption of, and any amendments to, this Policy, a copy of this Policy (and the amendments thereto, as applicable) shall be provided to each employee of the Corporation and to each consultant and contractor of the Corporation that is involved with the Corporation's Infrastructure. Such dissemination shall occur no less than annually.

#### **5. Policy Review**

The Reserves and HSE Committee shall review this Policy at least annually and present any recommended amendments to this Policy to the Governance Committee, which shall consider any such recommendations as part of its annual review of this Policy and shall present any recommended amendments to this Policy to the Board for approval.

#### **6. No Rights Created**

This Policy is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board and its committees direct the affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

#### **7. Compliance with Law**

In all instances, this Policy will comply with applicable laws in the applicable jurisdiction, including applicable occupational health and safety legislation. To the extent there is an inconsistency between this Policy and applicable laws, the applicable laws shall govern without affecting the remainder of this Policy.

Adopted: March 7, 2018

Revised: November 5, 2018