



OBSIDIAN ENERGY POLICIES

COMPANY VEHICLES POLICY

Approved by: David French, CEO

Date Approved: April 26, 2017

INTRODUCTION

This Policy addresses the acquisition, assignment, operation and retirement of Company Vehicles.

DEFINITIONS

“**Fleet Administrator**” in this Policy is a general reference to the position in the Company that has been assigned the responsibility for fleet administration. This would include such functions as obtaining and filing drivers abstracts, control of maintenance records, fleet cost reporting, administration of Company Vehicle acquisitions, disposals, and management of leasing company contracts.

“**Company Vehicle**” in this Policy refers to a vehicle leased (or in special cases owned or rented) by Obsidian Energy and provided to an individual driver who is responsible for its operation. Alternatively, instead of being assigned to an individual driver, the Company Vehicle may be held under the control of the Fleet Administrator as a “**Pool Vehicle**” for use by Representatives on an as-needed basis.

“**Demerit Points**” are used in the Province of Alberta to maintain an accurate account of a driver’s demeritable convictions on their driving record. Demerit points are assigned in accordance with the Regulations under the Motor Vehicle Administration Act. Convictions in other provinces will be converted to Demerit Points by the Fleet Administrator in order to assess whether an individual is an approved driver.

“**Electronic Tracking Technologies**” means a technological method or system used to observe, monitor, collect or send information, including Global Positioning Systems (GPS), wireless technology, or location-based technologies. Electronic Tracking Technology may include event data recorders (EDR) sensing and diagnostic modules (SDM) or other systems that are used for the purpose of identifying, diagnosing, or monitoring functions related to the potential need to repair, service, or perform maintenance on Company Vehicles, and/or to capture safety-related data for retrieval after a collision, incident, near miss, or similar events.

“**opLYNX**” is a web based third party software utilized by Obsidian Energy to facilitate field reporting and management of field operators.

In this Policy, Obsidian Energy Ltd. and its subsidiaries are referred to as “Obsidian Energy” or “the Company.” Unless stated otherwise in the Policy, this Policy applies to the directors, officers, employees of Obsidian Energy and contractors (referred to collectively as “**Representatives**”) of Obsidian Energy.

COMPANY VEHICLE ACQUISITION

Company Vehicles are acquired under a leasing contract executed in accordance with the [Authorizations for Document Execution Policy](#).

Positions will be considered for a Company Vehicle only where job responsibilities regularly require the Representative to be in the field, or out of their primary office for a minimum of two days a week, designated on-call, or traveling a minimum of 1500 business kilometers per month.

The requisition of a Company Vehicle for assignment to a field Representative requires the approval of the Representative's Manager.

The assignment of a Company Vehicle to a Representative based out of Calgary requires the approval of the Representative's Manager.

All Company Vehicles, off-road vehicles and trailers must be accounted for and set up with an internal unit number. On new purchases a copy of the bill of sale and original NVIS (New Vehicle Information Statement) must be forwarded to the Fleet Administrator. On used purchases, a copy of the bill of sale must be forwarded to the Fleet Administrator.

COMPANY VEHICLE STANDARDS AND ACCESSORIES

Specifications for Company Vehicles are determined by the Production Operations Manager. Any necessary non-standard equipment must be approved by the Foreman or Manager of the Representative to which the Company Vehicle has been assigned. After the Company Vehicle is acquired, a Representative must not modify it or install any further accessories, even at personal expense, without prior approval in writing from a Foreman or Manager. This approval must be forwarded to the Fleet Administrator for future reference. The Fleet Administrator, to the extent required by the contract with the leasing company, shall inform the leasing company of any modifications made to a Company Vehicle.

VEHICLE IDENTIFICATION AND VISIBILITY

Obsidian Energy approved decals, reflective tape, numbers, or markings must not be tampered with or removed. If any decals, reflective tape, numbers, or markings are no longer visible, or have become less visible in any way, it is the operator's responsibility to contact the Fleet Administrator to order and replace defective materials.

All Company Vehicles will have approved corporate signage, unless written approval is obtained by the Fleet Administrator

DRIVER QUALIFICATION

Company Vehicles may be operated only by approved drivers. Drivers may be approved only if they have:

- Possess a valid driver's license for the class of vehicle they are operating.
- Consent to Obsidian Energy obtaining a written statement of the Representative's driving history (Driver's Abstract) covering at least the past three years and for future years as required.
- Maintain a satisfactory driving record in accordance with applicable laws and regulations.
- Read and agree to comply with this Policy, [SMART Element #11](#), and the [Vehicle Incident Reporting procedures](#).
- Reviewed and signed the opLYNX and Company Vehicles Policy Acknowledgement and Consent attached to this Policy as Appendix "A".

The Foreman or Manager is responsible for assessing, approving and monitoring Representatives' qualifications to operate a Company Vehicle.

A valid operator's license and satisfactory driving record are conditions of employment in positions that require the use of a company vehicle. The loss of approved driver status may result in termination of employment. Suspension of driving privileges must be reported to the representative's supervisor immediately.

TICKETS, DRIVING OFFENCES AND COMPLAINTS

Obsidian Energy may be responsible and liable for traffic tickets, citations and parking violations incurred while Representatives are in possession of a Company Vehicle. Obsidian Energy may pay the fine on your behalf and require you to reimburse Obsidian Energy.

All complaints concerning the operation of Company Vehicles will be investigated, tracked, and reviewed by management.

ELECTRONIC TRACKING TECHNOLOGIES

Obsidian Energy is committed to ensuring safe operations and to minimizing the impacts of its operations on both the environment and in the communities in which it operates. In addition, the Company continually strives to improve the efficiency and reduce the costs of its operations. Obsidian Energy may utilize Electronic Tracking Technologies and other electronic solutions in support of these commitments and to identify opportunities for improvement of its operations.

Electronic Tracking Technologies cannot be tampered with, disabled, or altered in any way.

Pool Vehicles in which Electronic Tracking Technology is installed will be marked to provide notice of the use of this technology.

RESPONSIBILITY FOR COMPANY VEHICLE CARE, COSTS AND SAFE OPERATION

Drivers are responsible to:

- Both ensure their Company Vehicle is properly maintained in accordance with the manufacturer's specifications and to adhere to Obsidian Energy's maintenance schedules;
- Protect the keys and the credit card assigned to the Company Vehicle; and
- Maintain a daily record of Company Vehicle usage and to report business and personal mileage monthly to the Company.

The Fleet Administrator shall ensure that each Company Vehicle is equipped in accordance with SMART Element #11. All drivers must notify the Fleet Administrator of any missing items listed in Element #11. The Fleet Administrator will work with the drivers to ensure those missing items are replenished.

Theft or loss of personal items from a Company Vehicle are not Obsidian Energy's responsibility nor is Obsidian Energy obligated to insure the vehicle for such losses.

Obsidian Energy follows all government regulations pertaining to vehicle insurance. Obsidian Energy's insurance will cover any approved driver and their passengers.

MAINTENANCE AND AUTO BODY REPAIRS

Maintenance Programs and Schedules

The Representative to whom a Company Vehicle is assigned, including pool vehicles, must be familiar with the vehicle warranty coverage manual. In the event of a warranty claim, it is the Representative's responsibility for proving the vehicle has been serviced at the recommended intervals.

[Vehicle Maintenance Schedule](#)**Auto Body Repairs**

Prior to commencing repairs the vehicle custodian must have completed all related SMART elements and initiated an event report. The vehicle unit number (of the damaged vehicle) must be written on all emails submissions or documents that are forwarded to the Fleet Administrator for ease of reference.

Driver Responsibilities

Within 72-hours of a vehicle incident, a body shop estimate must be completed and forwarded to the Fleet Administrator if the first estimate is under \$1,000.00 (excluding taxes), one estimate is sufficient. If damages exceed \$1,000.00 (excluding taxes) on the first estimate, a second estimate must be obtained. Within 72-hours digital photos of the damages must be forwarded to the Fleet Administrator. Within 72-hours (when applicable) a police report must be forwarded to the Fleet Administrator.

Fleet Responsibility

If the repairs are going through third party insurance, this must be coordinated by the Fleet Administrator. Do not proceed on repairs until liability coverage is confirmed by the Fleet Administrator, Risk Manager, or Obsidian Energy's Insurance Broker. In some cases there will be a deductible, betterment, and taxes that will need to be paid prior to the release of a vehicle from a repair facility. Obsidian Energy's Fleet Administrator will do their best to have these charges paid at the time the vehicle is released. In some rare occurrences these charges may need to be paid by the Representative, and expensed. All repairs will be authorized by the Fleet Administrator. The Fleet Administrator will determine whether Obsidian Energy will pay for an incident or whether we will use our insurance policy to cover a loss. Repairs will only be authorized after estimate(s), pictures, Obsidian Energy's event report, and police report (if applicable) are submitted to the Fleet Administrator.

Housekeeping

Poor housekeeping practices are the root cause for many incidents in the work place. All field and corporate pool vehicles must be returned cleaned, both inside and out. All company assigned vehicles must be cleaned inside on a weekly basis of debris and a thorough vacuuming or washing of the interior must be performed every 30-days at a minimum

The exterior is required to be kept clean and should be washed as often as possible for a professional looking image. All vehicles should be washed prior to any mechanical servicing being conducted.

FLEET CREDIT CARDS, CARD LOCK AND BULK FUEL CARD

Should the vehicle require maintenance, the vehicle custodian can authorize up to \$250.00. Fuel, car washes and maintenance purchases are to be charged to the fleet card during your trips. Under no circumstances can confectionary items be purchased on these cards. Return all receipts on a monthly basis to your local area administrator.

Fleet cards are not to be left unattended in any vehicle. Each vehicle is assigned a specific fleet card and any charges accrued must be only for the Company Vehicle too which the card is assigned.

Obsidian Energy utilizes bulk and card-locks fuel suppliers from numerous vendors. Each vendor has specific training and procedures to be followed at each site. It is your responsibility to inquire with your Leader prior to procuring card-lock fuel to ensure you will be compliant. All Leaders must have a comprehensive understanding of what procedures are required at each card-lock and bulk fuel location.

SMOKING IN VEHICLES

Smoking is strictly prohibited inside a Company vehicle. This includes electronic smoking devices such as electronic cigarettes.

PERSONAL USE AND TAXABLE BENEFITS

Obsidian Energy allows limited personal use of Company Vehicles as set out in Appendix "B" to this Policy. Except as set out on in Appendix "B" personal use of Company Vehicles is not permitted. The Fleet Administrator is accountable to update the usage level as directed by the Vice President Development & Production. Where a Representative whose title is not included in Appendix "B" is assigned a Company Vehicle, the Fleet Administrator will assign personal usage based on similarity (role and responsibilities) of the position to other positions listed in Appendix "B" or as otherwise directed by the Vice President Development & Production.

REPRESENTATIVES WITH PERSONAL USAGE (Taxable Representatives)

All Obsidian Energy safety standards and procedures continue to apply during personal use.

These Representatives must track and record their personal and business kilometers. The company will follow Canada Revenue Agency (CRA) regulations and calculations; and each Representative will be expected to produce a kilometer log book except where personal usage can be captured through Electronic Tracking Technology. Taxable benefits are calculated based on personal kilometers driven in a Company Vehicle. The taxable benefit will not be grossed-up. An electronic or hard copy of a kilometer log book must be maintained daily; for both business and personal driving. The Representative may view these regulations at <http://www.cra-arc.gc.ca/>. Obsidian Energy supplies daily kilometer log books (hard and electronic copies) which are the best evidence to support your vehicle kilometer usages in a Company Vehicle; which needs to show an accurate measure of business travel maintained for the entire year, showing for each business trip, destination, the reason for the trip and the distance covered. Your kilometers log(s) must be kept in your possession for seven years in case of a CRA audit. It is the Representative's responsibility to prove their personal driving.

CRA considers the personal driving of an employer's automobile to be a taxable benefit to the Representative. Personal Driving is any driving by a Representative for any purpose not related to their employment. This includes vacation trips, driving to conduct personal activities, travel between home and work, even if the employer insists that the Representative drives the vehicle home. All field personal with an assigned vehicle, or who are the custodians of a vehicle, will be assessed a taxable benefit. Under no circumstances can a Company Vehicle be used or taken into the United States of America (USA) on personal usage.

All Obsidian Energy policies, including SMART Element #11, continue to apply during personal use. Family members are not authorized to drive a Company Vehicle even during personal use, except in emergency situations.

Personal use of a Company Vehicle to cross an international border is prohibited.

Obsidian Energy is not responsible for providing a replacement vehicle when the Company's Vehicle is in for maintenance, or repairs, but may be approved if required for business purposes.

POOL VEHICLES

Only Representatives who have met the driver qualification requirements stated above may operate a Pool Vehicle. The Fleet Administrator provides procedures for reserving a Pool Vehicle and ensuring each vehicle is properly maintained for safe operation. When Calgary's Pool Vehicles are in use, the Fleet Administrator will provide a rental vehicle to meet any additional needs.

Pool Vehicles are for business use only. Personal use of a Pool Vehicle is not permitted.

CORPORATE AND LEASE POOL VEHICLES

In order to secure the vehicle as much as possible from theft and vandalism, pool vehicles must be stored in the Obsidian Energy Plaza parkade (unless otherwise instructed). Obsidian Energy has provided a parking stall for the pool vehicles, along with an access card to the parkade. Pool vehicles are not to be left at your home unless you are going directly to the field. Upon returning the vehicle to the parkade, the location in which the vehicle was parked must be recorded in the vehicle logbook. Return the vehicle with a full tank of gas and clean (Inside and out). Visual inspections must be completed prior to the movement of each vehicle and you must contact the Fleet Administrator to discuss if the damages were previously noted. If the damages were not previously noted, a shear web report must be generated. Once a month, a condition report needs to be completed by each new driver to ensure damages are captured accurately; this is usually done at the beginning of each month.

USE OF PERSONAL VEHICLES

Obsidian Energy recognizes that for certain representatives it may be advantageous to utilize personal vehicles to travel to locations out of their primary office. Alternatives to personal vehicle use include assigned company vehicles, pool vehicles or rental vehicles as specified in the Company Vehicles Policy.

Use of personal vehicles for business travel must be authorized by both the Fleet Administrator and the representatives manager and is contingent on

- Vehicles provided are maintained to an equivalent level as specified in the Company Vehicle Policy
- Provided proof that the representatives Auto Insurance provider has been advised that the vehicle will be used for business use
- Proof of level of deductible
- Evidence of coverage by a Certificate of Insurance
- Written acknowledgement that the representative will provide Obsidian Energy with 30days Notice of Cancellation of auto insurance

For any loss or damage incurred while using a personal vehicle for business representatives are aware that

- The loss will become part of the representatives 'loss history' and potentially impact their future insurance
- The representatives own auto insurance will always be the first to respond to a claim
- Deductible payments or limits are the responsibility of the representative
- The representatives insurance premium will likely increase as a result of business use
- The representatives insurer will request a percent of business use and then rate accordingly
- Additional insured status will not be granted as the auto policy only provides coverage to the registered owner or lease company
- If Obsidian Energy is named in a claim, it will provide defense/coverage for any liability that may attach to Obsidian Energy directly

Representatives who choose to use personal vehicles for business travel will be compensated at Revenue Canada's (CRA) automobile allowance rate for the calendar year the expense was incurred. Any exceptions must be authorized by an Obsidian Energy Vice President or other company officer. Representative should submit auto expenses through the normal expense reporting process. The current automobile allowance rate is available on CRA's website at

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/bnfts/tmbl/llwnc/rts-eng.html>

Obsidian Energy will not provide further compensation for vehicle usage beyond the CRA published rate of any form including but not limited to

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- Cost offsets for increases in employee insurance premiums
- Expenses related to wear and tear on personal vehicles
- Fuel costs
- Physical damage
- Incurred tax liabilities
- Deductibles premiums for loss claims through the representatives auto insurance policy

COMPANY VEHICLE RETIREMENT AND REPRESENTATIVE PURCHASE

The purchase of a retired Company leased vehicle is a transaction between the purchaser and the leasing company in which Obsidian Energy has no interest or obligations.

RETURN PROCEDURES AND DISCLOSURE STATEMENT

The Company [Vehicle Disclosure Statement](#) and [Vehicle Return Procedures](#) are to be used either when a Company Vehicle is either sold or changes ownership from one Representative to another on a permanent basis.

All Representatives starting maternity, parental, educational, compassionate care leave or any without pay situation, etc., forfeits the use of their Company Vehicle and their Company Vehicle must be returned, along with any keys and fleet credit cards. As well, any Representative that is on any type of leave greater than 120-calendar days must return the Company Vehicle. When a Representative returns back to work, there is no guarantee that they will receive the same type or originally assigned vehicle. This will be determined by the Fleet Administrator. Obsidian Energy can request at their discretion to have any vehicle returned back to the Company at any time, without notice. A Representative may return their Company Vehicle at any time if they are going on any type of leave.

Keys must not be kept in a Company Vehicle unattended. This includes hidden keys in the tool box or interior of the vehicle.

BREACHES OF THIS POLICY

Violation of this Policy, the Vehicle and Driver Standards or other Obsidian Energy Policies may result in disciplinary action. This may include termination of employment, contract or consulting services. Representatives who are aware of a violation of this policy must inform their supervisor.

For more information, please see Obsidian Energy's [Code of Business Conduct and Ethics](#), which is posted on the Intranet as well as at www.Obsidian Energy.com.

SCHEDULE "A"



OPLYNX AND COMPANY VEHICLES POLICY
ACKNOWLEDGEMENT AND CONSENT

Name

Name of Employer

I, _____, am providing services for the benefit of Obsidian Energy Ltd. ("**Obsidian Energy**" or "**Company**"). I have either been assigned a Company Vehicle for my exclusive use or I may be permitted to use a Company Vehicle on an as-needed basis.

I have read, understand, and agree to comply with the following ("**Company Policies**"):

- IT Security and Information Management Policy;**
- Company Vehicle Policy;**
- Alcohol and Drug Policy; and**
- SMART Element #11 – Road Safety Management.**

I understand that the Company is committed to ensuring safe operations and to minimizing the impacts of its operations on both the environment and in the communities in which it operates. I also understand that the Company continually strives to improve the efficiency and reduce the costs of its operations. In order to assist Company to meet these commitments, individuals may be issued tablets containing opLYNX software ("**opLYNX**") and Company vehicles may be fitted with GPS/AVL tracking and remote diagnostic tools ("**Electronic Tracking Technology**").

opLYNX uses GPS technology in order to assist with the management of operations. Obsidian Energy only requires that opLYNX be utilized during work hours. As such, any collection of data outside of work hours is incidental and deemed to be with the consent of the individual. opLYNX may collect and transmit information to Obsidian Energy concerning the following while the tablet is powered up:

- **Location of the tablet**
- **Duration at a location**
- **Route travelled**
- **Content of Obsidian Energy tickets and forms completed by the operator**

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Electronic Tracking Technology permits the Company to collect information concerning and to monitor the following, during and outside of work hours:

- **Location of the Company Vehicle** including, without limit, current location, historical location, and route travelled by the vehicle
- **Operation of the Company Vehicle** including, without limit:
 - Compliance with /contravention of Company Policies and applicable law
 - Speed
 - Hours of operation
 - Idling
 - Fuel usage/CO₂ emissions
 - Damage, accidents and near-misses
 - Seat Belt usage unbuckled while vehicle in movement
 - Braking
 - Acceleration/deceleration
 - Cornering
- **Need to repair, service or perform maintenance** including preventative maintenance, as well as compliance with maintenance schedules.

I understand that data obtained from opLYNX and Electronic Tracking Technology on any Company Vehicle that is assigned to me or that I am permitted to use may contain my personal employee information and may be utilized by Company for purposes related to the following:

- To confirm compliance with Company Policies and applicable law;
- To confirm safe use of the Company Vehicle;
- To confirm unauthorized usage or theft;
- As part of an investigation following a collision, incident, near miss or similar event involving me or the Company vehicle;
- To review and assess validity of complaints concerning operation of the Company Vehicle;
- To analyze and improve the efficiency of use of the Company Vehicle and all Company Vehicles;
- To confirm compliance with maintenance schedules;
- To analyze and improve efficiency and productivity through the management of human resources;
- To facilitate the tracking of personal use and business use of the Company Vehicle;
- To facilitate the assessment of a taxable benefit in the event I am authorized to use the Company Vehicle for personal use;
- To mitigate any legal exposure arising out of the fact that the vehicle is owned by the Company or that I am permitted by the Company to operate a Company Vehicle; and
- To confirm compliance with the terms and conditions of Company Vehicle insurance policies.

I understand that the Company will retain the personal employee information collected through the use of opLYNX and Electronic Tracking Technology for the period of 12 months following its collection and that if I wish to access this information that I may request to view this information by contacting the Obsidian Energy Privacy Officer.

Dated this ____ day of _____, 201__.

Signature

**Appendix
"B"
Personal Usage for Assigned Company
Vehicles**

Title	Usage Level
Aboriginal Relations Representative	2
Chief Inspector	2
Construction Foreman	2
Environmental Coordinator	2
Field Production Technologist	2
HSER Advisor	2
Team Lead Maintenance & Integrity	3
Maintenance EIC Tradesperson	1
Maintenance Foreman	2
Maintenance Planner	2
Maintenance Scheduler	2
Measurement Coordinator	2
Operator(s)	1
Pipeline Integrity Specialist	2
Production Foreman	3
Operations Manager	3
Lead Operator	2
Production Technologist	2
Team Lead, Administration	2
Well Servicing Coordinator	3
Well Site Supervisor	3

**Personal Use
Summary**

Level 1	personal use within 50 km radius while on call and no towing
Level 2	personal use within 300 km radius and no towing
Level 3	personal use within western provinces/territories and towing limited to 80% of vehicle towing capacity