



ERCB Monthly Enforcement Action Summary

January 2008

ENERGY RESOURCES CONSERVATION BOARD
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High Risk Compliance Category Statistics				
ERCB	Compliance Category	January 2008		
		Initial Audits/ Inspections	Number of High Risk Noncompliance	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	80	2	97%
	Facilities Technical	18	2	89%
	Pipelines/Pipeline Installations Technical	23	0	100%
	Wells Technical	54	8	85%
Resources Applications Group Enforcement & Surveillance Section and Coal Section	Enhanced Recovery Scheme 9 months audits	34	1	97%
	Control Wells	N/A	4	N/A
	Gas Production in the Defined Oil Sands Strata	N/A	2	N/A
Subtotal		209	19	91%
Compliance and Operations Branch				
Operations Group Production Operations Section	Production Measurement & Reporting	N/A	1	N/A
	Sulphur Recovery Guidelines	103	2	98%
Environment Group Waste and Storage Section	Oilfield Waste Generator Audits	36	0	100%
Subtotal		139	3	98%
Public Safety/Field Surveillance Branch				
	Drilling Operations	72	5	93%
	Well Servicing	38	0	100%
	Oil Facilities	224	5	98%
	Gas Facilities	143	6	96%
	Pipelines	162	10	94%
	Drilling Waste	22	1	95%
	Well Site Inspections	358	1	99%
	Waste Management	8	0	100%
Subtotal		1027	28	97%
Resources Branch				
Geology and Reserves Group Reserves & Allowables Section	Oil Overproduction	453	7	98%
Subtotal		453	7	98%
Total Audit/Inspections High Risk		1828	57	96.8%

Note: Compliance category data are evaluated annually and results presented in *ST99 ERCB Provincial Surveillance and Compliance Summary*.

High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
1	AltaGas Ltd.	Operations Group/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	January 31, 2008	04-33-017-12W4 County of Newell	In accordance with <i>ID 2001-03</i> , operations were not suspended. Licensee provided a plan to correct the noncompliance and prevent future occurrences. Compliance achieved.
2	Artek Exploration Ltd.	Field Surveillance/ Drilling Operations	Fluid turns in degasser inlet line not made using right-angle connections constructed of tees and crosses blocked on fluid turns. STICK diagram does not contain all the required information.	January 21, 2008	14-05-071-10W6 County of Grande Prairie	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee corrected the inlet line fluid turns. Licensee updated the STICK diagram. Compliance achieved.
3	Athabasca Oil Sands Corp.	Facilities Applications/ Wells Technical	No rights to substance(s) for the intended formation(s).	January 9, 2008	07-28-092-19W4 M.D. of Opportunity	License cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
4	Bonavista Petroleum Ltd.	Field Surveillance/ Oil Facilities	Non compliant with other ERCB requirement – no decision tree/ economic evaluation conducted on solution gas vent volume greater than 900m ³ /day.	January 24, 2008	06-36-048-03W4 County of Vermillon River	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee implemented a quarterly review process. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
5	Brigantine Energy Inc.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	January 25, 2008	04-12-061-07W5 16-21-061-07W5 County of Barrhead	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
6	Bronco Energy Ltd.	Facilities Applications/ Wells Technical	No rights to substance(s) for the intended formation(s).	January 10, 2008	11-04-080-23W4 M.D. of Opportunity	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
7	Cams Midstream Services ULC	Facilities Applications/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	January 10, 2008	12-16-064-26W5 M.D. of Greenview	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee provided documentation to confirm that landowner nonobjection has been obtained. Compliance achieved.
8	Canadian Natural Resources Limited	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	January 28, 2008	16-23-056-01W4 County of Vermillion River	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
9	Canadian Natural Resources Limited	Field Surveillance/ Pipelines	No operations and maintenance procedures manual, or not followed. Internal corrosion control – no records in corrosive environment. Internal corrosion control – no monitoring and mitigation in corrosive environment. Cathodic protection system- not operational or not installed.	January 17, 2008	05-26-050-02W4 07-26-050-02W4 04-06-051-02W4 County of Vermillion River	Operations were not suspended, as the pipelines were not in service at the time of inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
10	Celtic Exploration Ltd.	Geology and Reserves / Oil Overproduction	Failure to retire oil overproduction.	January 8, 2008	08-05-018-14W4 County of Newell	Operations suspended. Licensee confirmed the well has been shut in and will remain shut in until all overproduction has been retired. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. All overproduction retired. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
11	City of Medicine Hat	Field Surveillance/ Gas Facilities	Underground tank(s) not tested at the required 3 year frequency/ operator cannot demonstrate tank integrity.	January 3, 2008	02-20-013-06W4 Cypress County	Operations were not suspended, as there was no immediate or potential hazard/ impact to the public and/ or environment. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee conducted integrity testing on the tanks. Compliance achieved.
12	City of Medicine Hat	Field Surveillance/ Gas Facilities	Flame type equipment without workable flame arrester less than 25m from a process vessel.	January 23, 2008	13-09-012-07W4 Cypress County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee installed bolts/ nuts on the flame arrester. Compliance achieved.
13	Compton Petroleum Corporation	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	January 17, 2008	06-15-078-17W4 01-25-078-17W4 Lakeland County	Licenses cancelled. Licensee provided a plan to correct the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
14	Compton Petroleum Corporation	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	January 31, 2008	08-32-050-08W5 Brazeau County	Operations suspended. Licensee confirmed the well has been shut in and will remain shut in until all overproduction has been retired. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. All overproduction retired. Compliance achieved.
15	ConocoPhillips Canada Resources	Facilities Applications/ Facilities Technical	Failure to meet the spacing requirements in the facility design.	January 15, 2008	05-09-030-20W4 Starland County	License not suspended or cancelled, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	ConocoPhillips Canada Resources Corp.	Field Surveillance/ Pipelines	Discontinued pipeline: not left in safe condition.	January 4, 2008	07-07-017-20W4 Vulcan County	Operations were not suspended, as the pipeline was not in service at the time of inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee isolated the pipeline and installed a ground riser. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
17	ConocoPhillips Canada Resources Corp.	Field Surveillance/ Pipelines	Machine working within 60 cm without authorization from the owner of the existing crossing.	January 14, 2008	02-09-073-08W6 County of Grande Prairie	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Delphi Energy Corp.	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	January 31, 2008	10-06-060-23W5 M.D. of Greenview	Operations suspended. Licensee confirmed the well has been shut in and will remain shut in until all overproduction has been retired. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. All overproduction retired. Compliance achieved.
19	Duvernay Oil Corp.	Field Surveillance/ Drilling Operations	BOP (blowout preventer) hydraulic line end fittings located within 7 m of the wellbore not fire rated.	January 30, 2008	04-32-072-26W5 M.D. of Greenview	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee installed fire-rated couplings on the blowout preventer. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
20	Emerald Bay Energy	Field Surveillance/ Pipelines	Safety precautions are unsatisfactory. Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure. Damage by others – proper procedures were not followed.	January 14, 2008	14-16-039-22W4 Lacombe County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee implemented a corporate ground disturbance procedure manual and check list. Compliance achieved.
21	EnCana Corporation	Facilities Applications/ Facilities Technical	Failure to meet the spacing requirements in the facility design.	January 15, 2008	07-24-027-20W4 Wheatland County	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
22	EnCana Corporation	Field Surveillance/ Pipelines	Corrosion control - there is no documented monitoring or mitigation program in place and/ or company is not following program.	January 29, 2008	04-33-017-14W4 County of Newell	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee abandoned the pipeline. Compliance achieved.
23	Enerplus Resources Corporation	Field Surveillance/ Oil Facilities	H ₂ S emissions off lease.	January 9, 2008	14-14-039-10W4 County of Paintearth	Operations were not suspended as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee replaced frozen seals on the produced water storage tank that was the source of the odour. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
24	Exoro Energy Inc.	Field Surveillance/ Drilling Operations	Disposal practices result in pooling, clumping, or erosion.	January 7, 2008	14-05-060-06W5 County of Barrhead	Operations were not suspended, as the incident occurred prior to the inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee removed the clumped dirt. Compliance achieved.
25	Husky Oil Operations Limited	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	January 7, 2008	10-02-070-21W4 M.D. of Opportunity	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
26	Imperial Oil Resources Limited	Operations Group/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	January 31, 2008	02-04-021-04W5 M.D. of Foothills	In accordance with <i>ID 2001-03</i> operations were not suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
27	Jaco Energy Limited	Field Surveillance/ Oil Facilities	Flame type equipment without workable flame arrester less than 25 m from a process vessel.	January 15, 2008	08-36-057-022W4 Sturgeon County	Operations were not suspended as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee replaced the missing plug on the treater fire chamber. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
28	Kereco Energy Ltd.	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	January 8, 2008	04-19-042-04W5 Ponoka County	<p>Operations suspended.</p> <p>Licensee confirmed the well has been shut in and will remain shut in until all overproduction has been retired.</p> <p>Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>All overproduction retired.</p> <p>Compliance achieved.</p>
29	Marksmen Resources Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	January 29, 2008	10-11-037-28W4 Red Deer County	<p>Licence cancelled.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
30	MEC Operating Company	Field Surveillance/ Pipelines	Operating and maintenance procedures manual not followed.	January 30, 2008	01-17-060-15W5 Woodlands County	<p>Operations suspended.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Licensee will install barricades and signage around all pipeline risers.</p> <p>Compliance achieved.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
31	Milagro Energy Inc.	Field Surveillance/ Gas Facilities	H ₂ S emissions off lease.	January 9, 2008	06-35-079-009W6 Saddle Hills County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee repaired the flange seal on the flare knockout tank. Compliance achieved.
32	Milestone Exploration Inc.	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	January 8, 2008	14-08-013-21W4 04-17-013-21W4 County of Lethbridge	Operations suspended. Licensee confirmed that the well has been shut in and will remain shut in until all overproduction has been retired. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. All overproduction retired. Compliance achieved.
33	Paramount Resources Ltd.	Facilities Applications/ Participant Involvement	Incomplete public and/ or industry personal consultation and notification prior to filing the application.	January 24, 2008	03-21-060-04W6 07-21-060-04W6 County of Barrhead	Licence not cancelled or suspended as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
34	Penn West Petroleum Ltd.	Field Surveillance/ Pipelines	Poor construction practices resulting in failure within one year's service/ operation.	January 18, 2008	08-31-081-015W5 Northern Sunrise County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee repaired the pipeline. Compliance achieved.
35	Penn West Petroleum Ltd.	Resources Applications/ Enhanced Recovery Schemes	Failure to commence injection.	January 14, 2008	07-09-050-07W5 13-10-050-07W5 Brazeau County	Required to commence injection and submit well status reports and injection volumes or submit an application for an appropriate amendment to the approval. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee commenced injection and submitted well status reports and injection volumes. Compliance achieved.
36	Penn West Petroleum Ltd.	Resources Applications/ Gas Production In the Defined Oil Sands Strata	Gas production in the oil sands strata without approval.	January 30, 2008	15-22-079-16W5 07-24-079-16W5 M.D. of Big Lakes	Operations suspended Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
37	Primewest Energy Inc.	Field Surveillance/ Drilling Operations	BOP (blowout preventer) hydraulic line end fittings located within 7 m of the wellbore not fire rated.	January 17, 2008	04-08-046-015W5 Yellowhead County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee installed fire rated couplings on the blowout preventer. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
38	Primewest Energy Inc.	Field Surveillance/ Gas Facilities	H ₂ S emissions off lease.	January 15, 2008	11-31-049-05W5 Brazeau County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee installed a new flare stack pilot system. Compliance achieved.
39	Profound Energy Inc.	Field Surveillance/ Gas Facilities	Flame type equipment without workable flame arrester less than 25 m from a process vessel.	January 18, 2008	06-20-027-04W5 Special Area 3 (near Oyen)	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee installed bolts/ nuts on the flame arrester. Compliance achieved.
40	Provident Energy Ltd.	Facilities Applications/ Wells Technical	Incomplete drilling spacing unit for the intended formation(s).	January 8, 2008	06-05-108-05W6 M.D. of Mackenzie	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
41	Ranger Canyon Energy Inc.	Field Surveillance/ Oil Facilities	Flame type equipment without workable flame arrester less than 25 m from a process vessel.	January 16, 2008	07-14-055-27W4 Sturgeon County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee sealed off openings on the burner and replaced missing nuts/bolts. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
42	Redcliffe Exploration Inc.	Field Surveillance/ Gas Facilities	Failure to immediately notify the ERCB of H ₂ S emissions off lease.	January 10, 2008	10-14-048-03W5 Leduc County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee repaired the thief hatch that was the source of the odours. Compliance achieved.
43	Richards Oil & Gas Limited	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	January 25, 2008	01-16-048-01W5 Leduc County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
44	Rife Resources Ltd.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	January 25, 2008	03-14-043-21W4 13-24-043-21W4 County of Camrose	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
45	Shell Canada Limited	Field Surveillance/ Oil Facilities	Vapour recovery equipment inadequate/ not operable.	January 30, 2008	13-16-064-03W4 M.D. of Bonnyville	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee repaired the vapour recovery equipment. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
46	Suncor Energy Inc.	Field Surveillance/ Drilling Operations	BOP hydraulic line end fittings located within 7 m of the wellbore not fire rated.	January 18, 2008	01-21-053-15W5 Yellowhead County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee installed fire rated couplings on the BOPs. Compliance achieved.
47	SunOcean Energy Ltd.	Field Surveillance/ Well Operations	Well not suspended, as required by <i>Directive 013</i> .	January 11, 2008	08-23-034-03W5 Red Deer County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee suspended the well in accordance with <i>Directive 013</i> . Compliance achieved.
48	Sutton Energy Ltd.	Geology and Reserves /Oil Overproduction	Failure to retire oil overproduction.	January 8, 2008	01-14-015-20W4 Vulcan County	Operations suspended. Licensee confirmed the well has been shut in and will remain shut in until all overproduction has been retired. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. All overproduction retired. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
49	Taqa North Ltd.	Field Surveillance/ Drilling Operations	Monitoring system not equipped with an alarm set to detect a change of +/- 2m ³ in total tank fluid volume.	January 16, 2008	13-13-049-11W5 Brazeau County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
50	Trafina Energy Ltd.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	January 25, 2008	16-30-045-23W4 10-31-045-23W4 14-31-045-23W4 04-06-046-23W4 08-06-046-23W4 County of Wetaskiwin	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved, as the action plan is currently under review.
51	Trilogy Energy Ltd.	Field Surveillance/ Pipelines	Substance is different from that stated on licence and the line is operating. Pipe is operating but is shown as discontinued or abandoned in ERCB records.	January 2, 2008	10-05-064-19W5 M.D. of Greenview	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee applied for and received licence changes. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
52	Vault Energy Inc.	Geology and Reserves /Oil Overproduction	Failure to retire oil overproduction.	January 8, 2008	01-03-052-08W5 Yellowhead County	<p>Operations suspended.</p> <p>Licensee confirmed the well has been shut in and will remain shut in until all overproduction has been retired.</p> <p>Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>All overproduction retired.</p> <p>Compliance achieved.</p>
53	Zargon Oil and Gas Ltd.	Resources Applications/ Gas Production In the Defined Oil Sands Strata	Gas production in the oil sands strata without approval.	January 30, 2008	08-30-058-05W4 County of St. Paul	<p>Operations suspended</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action 2 (Persistent Noncompliance) ²						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
1	Bonavista Petroleum Ltd.	Facilities Applications/ Wells Technical	Incomplete drilling spacing unit for the intended formation(s).	January 23, 2008	02-28-086-13W6 M.D. of Clear Hills	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 3 (Failure to Comply or Demonstrated Disregard) ³						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/ Area	ERCB Action(s) and Licensee Response
1	None					

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/Area	ERCB Action(s) and Licensee Follow-up
1	Aurado Energy Inc.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 24, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order No.: MISC 2008-2.</p> <p>Licensee required to pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Aurado Energy Inc. submitted the full security amount and provided a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Compliance achieved.</p>
2	Horizontal Oil Ltd.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 11, 2008	<p>01-20-059-14W4</p> <p>16-17-059-14W4</p> <p>Smoky Lake County</p>	<p>Global Refer status.</p> <p>Issuance of Closure Order C 1099</p> <p>Licensee required to suspend the wells, pay the security deposit, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Horizontal Oil Ltd. submitted the outstanding security deposit; however, it failed to submit the written action plan. Licensee remains noncompliant with ERCB requirements.</p>

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3	Saguaro Energy Corp.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 4, 2008	03/07-04-001-11W4/3 County of Warner	<p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2008-01.</p> <p>Licensee required to abandon the well, pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Saguaro Energy Corp. failed to comply with Abandonment Order No. AD 2008-1. ERCB proceeding to abandon Saguaro Energy Corp.'s 03/07-04-001-11W4/3 well.</p>
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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location/Area	ERCB Action(s) and Licensee Follow up
1	Horizontal Oil Ltd.	Corporate Compliance/ Corporate Profile Audit	Failure to prove to the satisfaction of the ERCB that Horizontal Oil Ltd. is a resident of Alberta.	January 15, 2008	Wells: 01-20-059-14W4 16-17-059-14W4 Pipeline: 01-20-059-14W4 Smoky Lake County	Global Refer Status. Issuance of Closure Orders: C 1100 and C 1101. Suspension of well, facility, and pipeline licences. Licensee required to complete one of the following: a) provide substantive information to show that Horizontal Oil Ltd. has a fully functioning office in Alberta, b) transfer all wells, facility and pipelines to a viable licensee, or c) abandon all wells, facility and pipelines. Required to provide a plan to correct the noncompliance and prevent future occurrences. Horizontal Oil Ltd. failed to comply with Closure Orders No. C 1100 and C 1101. Abandonment Orders No. AD 2008-3 and AD 2008-4 were issued and have subsequently been breached. A potential working interest party was identified and sent notice that unless it demonstrates to the ERCB that it does not hold a working interest in the properties, the Abandonment Orders will be amended to include it as a financially responsible party for the abandonment of the properties.

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

Endnotes

¹ **Directive 019 – High Risk Enforcement Action 1 Summary**

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, High Risk Enforcement Action 1 is initiated against a licensee when the ERCB identifies a High Risk noncompliance event. To address High Risk Enforcement Action 1, the licensee must: immediately correct/address the High Risk noncompliance; if necessary, suspend operations (partial or full), when safe to do so, to remove the existing or potential impact/hazard (suspension will not occur if it results in an increased impact/hazard to the environment or public; compliance must be achieved prior to start-up); develop and implement a written action plan within 60 days (or in the time specified by the ERCB group); notify the ERCB group that the High Risk noncompliance has been corrected/addressed in the specified time. In addition, the ERCB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension until the noncompliance is corrected/addressed; suspension and/or cancellation of permit, licence, or approval.

² **Directive 019 – High Risk Enforcement Action 2 (Persistent Noncompliance) Summary**

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, High Risk Enforcement Action 2 is initiated against a licensee who has an unacceptable rate, ratio, percentage or number of noncompliances, either in the same or in different compliance categories. To address High Risk Enforcement Action 2, the licensee must: immediately correct/address the High Risk noncompliance; develop and implement a written action plan within 30 days (or in the time specified by the ERCB group) addressing the root causes of previous noncompliance events and detailing what the licensee will do to prevent future noncompliance events in this compliance category/categories; if operations were suspended, have the action plan approved by the ERCB group before start-up; and review the action plan with the ERCB group in a meeting. In addition, the ERCB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension; suspension and/or cancellation of permit, licence, or approval.

³ **Directive 019 – High Risk Enforcement Action 3 Summary**

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, High Risk Enforcement Action 3 is initiated against a licensee who has failed to comply with the requirements of High Risk Enforcement Action 1, 2, or 3, or has demonstrated disregard of ERCB requirements that have been identified as High Risk. To address High Risk Enforcement Action 3, the licensee must: immediately correct/address the High Risk noncompliance; if necessary, suspend operations (partial or full), when safe to do so, to remove the existing or potential impact/hazard (suspension will not occur if it results in an increased impact/hazard to the environment or public); develop and implement a written action plan acceptable to the ERCB group that addresses the root causes of noncompliance events and details what the licensee will do to prevent future noncompliance events in this compliance category; and meet with the ERCB group to review and have the action plan approved before start-up of operations if operations were suspended. The ERCB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; third-party audits or inspections; partial or full suspension; suspension and/or cancellation of permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); “Refer” status: focused or global.

High Risk Enforcement Action 3 with global Refer results in formal orders to comply (Closure, Miscellaneous and Abandonment) and the imposition of the global Refer status against the licensee. The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. In addition, conditions for continued operation may be applied to the entire company.

⁴ **Directive 019 – Low Risk Enforcement Action – Global Refer Summary**

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, Low Risk Enforcement Action – global Refer is initiated against a licensee who has failed to correct/address a Low Risk noncompliance event in the time specified by the ERCB group. Low Risk Enforcement Action – global Refer enforcement results in the imposition of the global Refer status against the licensee and may result in formal orders to comply (Closure, Miscellaneous and Abandonment). The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. In addition, conditions of continued operation may be applied to the entire company. To address Low Risk Enforcement Action, the licensee must: immediately correct/address the Low Risk noncompliance within the time specified by the ERCB group; notify the ERCB group that the Low Risk noncompliance has been corrected/addressed in the specified time; and provide a written explanation acceptable to the ERCB group addressing the failure to respond and detailing steps to prevent future occurrences.

⁵ **Legislative/Regulatory Enforcement Action Summary**

In accordance with certain legislative authorities, Legislative/Regulatory enforcement results in the imposition of the global Refer status against the licensee and may result in formal orders to comply (Closure, Miscellaneous and Abandonment). The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. In addition, conditions for continued operation may be applied to the entire company. Enforcement actions that are not administered through *Directive 019*, but rather through existing legislation, and for which enforcement proceeds directly to a formal order and global Refer are: mineral lease expiry, surface lease expiry, environmental and public safety concerns, and failure to demonstrate the right to the purpose of the wellbore, the right to access the surface, and a working interest ownership in the property.