



ERCBC Monthly Enforcement Action Summary

December 2008

ENERGY RESOURCES CONSERVATION BOARD
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High Risk Compliance Category Statistics				
ERCB	Compliance Category	December 2008		
		Initial Audits/ Inspections	Number of High Risk Noncompliance	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	70	6	91%
	Facilities Technical	14	0	100%
	Pipelines/Pipeline Installations Technical	29	0	100%
	Wells Technical	42	3	93%
Resources Applications Group Enforcement & Surveillance Section and Coal Section	Spacing	n/a	1	
	Injection/Disposal	n/a	1	n/a
Subtotal		155	11	93%
Compliance and Operations Branch				
Environment Group Waste and Storage Section	Oilfield Waste Generator Audits	n/a	3	n/a
Subtotal		n/a	3	n/a
Public Safety/Field Surveillance Branch				
	Drilling Operations	29	1	96%
	Well Servicing	19	0	100%
	Oil Facilities	136	5	96%
	Gas Facilities	82	0	100%
	Pipelines	141	9	94%
	Drilling Waste	9	2	78%
	Well Site Inspections	153	2	98.7%
Subtotal		569	19	97%
Resources Branch				
Geology and Reserves Group Reserves & Allowables Section	Oil Overproduction	461	5	98.9%
Subtotal		461	5	98.9%
Total Audit/Inspections High Risk		1185	38	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	ERCB Action(s) and Licensee Response
1	Apache Canada Ltd.	Facilities Applications/ Wells Technical	Incomplete public and/or industry personal consultation and notification prior to filing the application.	December 3, 2008	12-20-069-09W5 M.D. of Big Lakes	Licence(s) not cancelled or suspended as the noncompliance was promptly corrected. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	ARC Resources Ltd.	Field Surveillance/ Drilling Waste Inspection	Waste control and containment -disposal is closer than allowable limits to surface water.	December 1, 2008	16-32-048-06W5 Brazeau County	Operations were not suspended as the noncompliant event occurred prior to the inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Arsenal Energy Inc.	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	December 2, 2008	13-09-087-12W5 Northern Sunrise 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	ERCB Action(s) and Licensee Response
4	Birchcliff Energy Ltd.	Field Surveillance/ Oil Facilities	Flame-type equipment without workable flame arrester less than 25 m from a process vessel.	December 11, 2008	05-12-073-04W6 County of Grande Prairie	Operations were not suspended as the noncompliance was corrected immediately. Licensee installed nuts/bolts on the flame arrester. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	City of Medicine Hat	Environment Group/ Oilfield Waste Generator Audits	Oilfield waste was not properly classified as either dangerous (DOW) or non-dangerous (non-DOW). Oilfield waste was not disposed of within the appropriate class of landfill.	December 12, 2008	03-14-016-19W4 Vulcan County	Suspension of operations at this time was not deemed appropriate as the noncompliance occurred in the past. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
6	City of Medicine Hat	Environment Group/ Oilfield Waste Generator Audits	Oilfield waste (DOW or non-DOW) was not stored in accordance with <i>Directive 055: Storage Requirements for the Upstream Petroleum Industry</i> . Oilfield waste was transferred to an unapproved consolidation point (storage area accepting oilfield wastes from various locations same production system).	December 12, 2008	16-01-024-11W4 Special Area 2 (near Cressford)	Suspension of operations at this time was not deemed appropriate as the noncompliance occurred in the past. 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	ERCB Action(s) and Licensee Response
7	ConocoPhillips Canada (BRC) Ltd.	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	December 2, 2008	16-05-047-10W4 M.D. of Wainwright	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.
8	ConocoPhillips Canada Resources Corp	Field Surveillance/ Pipelines	Damage by Others - Proper procedures were not followed.	December 16, 2008	14-14-025-12W4 Special Area 2 (near Pollickville)	Operations suspended. Licensee repaired the pipeline and made changes to its ground disturbance policies. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
9	ConocoPhillips Canada Resources Corp.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation - No agreement with Department of Energy.	December 19, 2008	05-02-028-08W4 Special Area 3 (near Youngstown)	Licence(s) 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	ERCB Action(s) and Licensee Response
10	Crew Energy Inc.	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	December 2, 2008	07-21-056-18W5 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>
11	Detector Exploration Ltd.	Facilities Applications/ Participant Involvement	<p>Failure to disclose to the ERCB any outstanding public/industry objections/concerns, whether they are received prior to or after filing of the application or whether the party is inside or outside the minimum contact radius of personal consultation and notification.</p> <p>Incomplete public and/or industry personal consultation and notification prior to filing the application.</p>	December 2, 2008	15-08-049-06W5 Brazeau County	<p>Licence(s) suspended.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
12	Enermark Inc.	Field Surveillance/ Pipelines	Corrosion Internal - There is no documented monitoring or mitigation program in place and/or company is not following program.	December 8, 2008	06-23-047-05W4 05-24-047-05W4 M.D. of Wainwright	Operations suspended. Licensee has implemented a liner installation program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	Enermark Inc.	Field Surveillance/ Oil Facilities	H ₂ S emissions off lease.	December 17, 2008	13-23-040-08W4 M.D. of Provost	Operations were not suspended as the noncompliance was promptly corrected. Licensee repaired the seal on the thief hatch. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
14	EOG Resources Canada Inc.	Resources Applications/ Spacing	Failure to apply to rescind or vary the area of a holding when common ownership is no longer in place.	December 9, 2008	27-012-11W4 28-012-11W4 29-012-11W4 34-012-11W4 Cypress County	<p>Shut in all Milk River and Second White Speckled Shale producers in the holding area.</p> <p>Licensee confirmed in writing that the noncompliance has been addressed and that the wells have been shut in and will remain shut in.</p> <p>Licensee reported production from three wells for February 2008, but advised that this was erroneous. Production amendments submitted April 1, 2009.</p> <p>Licensee required to submit an application to amend or rescind the holding to include lands of common ownership only and to remove zones not being produced from the holding lands. Extension to April 15, 2009 granted. Application not submitted by required revised deadline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Currently under review.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
15	EOG Resources Canada Inc.	Field Surveillance/ Pipelines	Pipeline material is not as stated on the licences. Internal corrosion control-no monitoring and mitigation in corrosive environment. External corrosion control/cathodic surveys-no records of survey results.	December 24, 2008	05-36-010-09W4 County of Forty Mile	Operations suspended. Licensee removed the deficient section of pipeline and replaced it with appropriate material in accordance with the licence. Licensee is locating other deficient pipeline sections in the area, applying corrosion prevention measures, and submitting licence amendments as required. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Exshaw Oil Corp.	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	December 2, 2008	13-34-077-07W6 Saddle Hills 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.
17	Fairborne Energy Ltd.	Facilities Applications/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	December 4, 2008	09-32-055-19W5 Yellowhead County	Licence(s) not cancelled or suspended as the noncompliance was promptly corrected. 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	ERCB Action(s) and Licensee Response
18	Gentry Resources Ltd.	Geology and Reserves/ Oil Overproduction	Failure to retire oil overproduction.	December 24, 2008	10-26-015-12W4 County of Newell	Operations were not suspended as all overproduction has been retired. All overproduction retired. Compliance achieved.
19	Husky Oil Operations Limited	Field Surveillance/ Well Site Inspection	H ₂ S emissions off lease.	December 16, 2008	14-34-109-08W6 Mackenzie County	Operations were not suspended as the licensee replaced the compressor at the time of the inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
20	Imperial Oil Resources Limited	Field Surveillance/ Drilling Waste Inspection	Disposal method: sump located in porous/coarse soil.	December 2, 2008	01-29-064-03W4 M.D. of Bonnyville	Operations suspended. Licensee removed the drilling waste. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
21	Ish Energy Ltd.	Resources Applications/ Injection/ Disposal	Failure to meet conditions of approval.	December 2, 2008	06-30-074-08W4 Regional Municipality of Wood Buffalo	<p>Operations suspended.</p> <p>Licensee confirmed in writing that the noncompliance has been addressed and that the well has been shut in and will remain shut in until requirements have been met in accordance with <i>Directive 051: Injection and Disposal Wells—Well Classifications, Completions, Logging, and Testing Requirements</i>.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences. As a result, injection commenced.</p> <p>Compliance achieved.</p>
22	Iteration Energy Ltd.	Field Surveillance/ Drilling Inspection	Accumulator pressure dropped below 8400 kPa after function test (of all required blowout preventer components) with the recharge pump off.	December 17, 2008	06-01-065-15W4 Lac La Biche County	<p>Operations were not suspended as the noncompliance was promptly corrected</p> <p>Licensee repaired the accumulator and conducted another function test with no loss of pressure.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
23	Newalta Corporation	Public Safety/Field Surveillance Branch/ Waste Management	Oilfield wastes mixed for the purpose of dilution to avoid regulatory requirements.	December 17, 2008	05-19-013-14W4 M.D. of Taber	Operations were not suspended as the incident occurred prior to the inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
24	Nuvista Energy Ltd.	Field Surveillance/ Oil Facilities	H ₂ S emissions off lease.	December 11, 2008	04-34-040-07W4 M.D. of Provost	Operations were not suspended as the noncompliance was promptly corrected. Licensee installed a new valve on the flare stack. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
25	Pennine Petroleum Corporation	Environment Group/ Oilfield Waste Generator Audits	Oilfield waste was not properly classified as either dangerous (DOW) or non-dangerous (non-DOW).	December 16, 2008	02-11-004-29W4 M.D. of Pincher Creek	Suspension of operations at this time was not deemed appropriate as the noncompliance occurred in the past. 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	ERCB Action(s) and Licensee Response
26	Petrobank Energy And Resources Ltd.	Field Surveillance/ Pipelines	External Corrosion Control/Cathodic Surveys -Cathodic protection system not operational or not installed.	December 18, 2008	10-12-077-09W4 Regional Municipality of Wood Buffalo	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee implemented a cathodic protection system. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
27	Seven Energy (Canada) Inc.	Field Surveillance/ Well Site Inspection	Spill off lease not adequately controlled/cleaned up. No notification of spill to ERCB. Operator does not advise landowner of off- lease spill/odour.	December 5, 2008	06-14-036-28W4 Red Deer County	Operations were not suspended as the licensee was in the process of cleaning up the spill while the inspector was on site. Licensee cleaned up the spill. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
28	Signalta Resources Limited	Field Surveillance/ Oil Facilities	Underground tank(s) not tested at the required 3-year frequency/ operator cannot demonstrate tank integrity.	December 3, 2008	11-29-039-26W4 Lacombe County	Operations were not suspended as the noncompliance was promptly corrected. Licensee had the tank integrity tested. 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	ERCB Action(s) and Licensee Response
29	Spectra Energy Midstream Corporation	Field Surveillance/ Pipelines	Leak detection unsatisfactory.	December 10, 2008	06-14-036-20W4 County of Stettler	Operations were not suspended as mitigative measures were implemented. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee installed a metering system on the pipeline. Compliance achieved.
30	Sphere Energy Corp.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation - no agreement with Department of Energy.	December 15, 2008	08-36-013-18W4 M.D. of Taber	Licence(s) not cancelled or suspended as the noncompliance was promptly corrected. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
31	SynCo Exploration Inc.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	December 29, 2008	03-05-046-20W4 County of Camrose	Licence(s) suspended. 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	ERCB Action(s) and Licensee Response
32	Taku Gas Limited	Field Surveillance/ Pipelines	<p>Cathodic protection system not operational or not installed.</p> <p>Pressure control devices or pressure relief device installations unsatisfactory.</p> <p>Pipeline is operating but is shown as discontinued or abandoned in ERCB records.</p>	December 2, 2008	02-32-050-05W4 County of Vermilion River	<p>Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public.</p> <p>Licensee implemented a cathodic protection system.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
33	Vero Energy Inc.	Facilities Applications/ Participant Involvement	<p>Failure to disclose to the ERCB any outstanding public/industry objections/concerns, whether they are received prior to or after filing of the application or whether the party is inside or outside the minimum contact radius of personal consultation and notification.</p> <p>Incomplete public and/or industry personal consultation and notification prior to filing the application.</p>	December 9, 2008	12-15-053-15W5 Yellowhead County	<p>Licence(s) not cancelled or suspended as the noncompliance was promptly corrected.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
34	Westcoast Transmission Company (Alberta) Ltd.	Field Surveillance/ Pipelines	Noncompliant with other ERCB requirement - As per the <i>Pipeline Regulations</i> , Part 8, Section 79(1) Intentional Release of gas - Unless otherwise authorized by the Board, a licensee shall not intentionally release from a pipeline into the atmosphere any non-distribution specification gas unless the gas is burned in an approved manner or otherwise treated to meet the required specification.	December 5, 2008	16-02-079-12W6 Saddle Hills County	<p>Operations were not suspended due to the fact that the non-specification gas is no longer being intentionally released.</p> <p>Licensee installed an H₂S analyzer on the subject pipeline to detect and shut in off-specific gas prior to reaching its Alberta facilities.</p> <p>Licensee arranged to have flaring facilities available that meet <i>Directive 060: Upstream Petroleum Industry Flaring, Incinerating, and Venting</i> requirements, in the event that gas must be flared and/or vented.</p> <p>Licensee created policies to ensure notification requirements are met for flaring and venting events.</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	ERCB Action(s) and Licensee Response
	None					

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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	ERCB Action(s) and Licensee Response
	None					

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
1	979708 Alberta Ltd.	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-20.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>979708 Alberta Ltd. submitted full payment of its 2008 Orphan Fund Levy and 20% penalty, however, submission of a written explanation acceptable to the ERCB remains outstanding.</p> <p>979708 Alberta Ltd. subsequently abandoned its only issued well licence; therefore, the ERCB did not proceed with the issuance of a Closure Order.</p>
2	Acheson-East Oil & Gas Co Ltd.	Corporate Compliance/ Orphan Levy	Failure to pay 2005, 2006 and 2008 Orphan Fund Levies, plus 20% penalties.	December 16, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Orders: MISC 2008-17, MISC 2008-18 and MISC 2008-19.</p> <p>Licensee required to pay the 2005, 2006, and 2008 Orphan Fund Levies, plus 20% penalties and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p>

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						Acheson-East Oil & Gas Co Ltd. failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.
3	Arbuckle, W.K.	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-25.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Arbuckle, W.K. failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.</p>
4	Cox, Edwin Lochridge	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-26.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Cox, Edwin Lochridge failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.</p>

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
5	Devexco Resources Ltd.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 30, 2008	N/A – Against Licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2008-35.</p> <p>Licensee required to pay the security deposit, provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences, and meet with the ERCB to review Devexco Resources Ltd.'s noncompliant history and corrective action plan.</p> <p>Devexco Resources Ltd. failed to comply. Closure Orders No. C 1140 and C 1141, and Abandonment Orders No. AD 2009-7, AD 2009-8, AD 2009-8A, AD 2009-8B, AD 2009-9, AD 2009-10, and AD 2009-11, and Closure/Abandonment Order No. AD 2009-12 was subsequently issued.</p> <p>Devexco Resources Ltd. successfully transferred three well licences to an eligible licensee, fully secured its post-transfer LLR, provided a written explanation addressing the failure to respond and detailing steps to prevent future occurrences, and met with the ERCB's Enforcement Section to review Devexco Resources Ltd.'s noncompliant history and corrective action plan.</p>

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Low Risk Enforcement Action – Global REFER Summary⁴

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6	Dinas Corporation	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-33.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Dinas Corporation failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.</p>
7	E E C L Resources Ltd.	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-21.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>E E C L Resources Ltd. failed to comply. Subsequent to the issuance of the Miscellaneous Order, ERCB records were updated to indicate that all E E C L Resources Ltd. wells have been abandoned; therefore, the ERCB did not proceed with the issuance of a Closure Order.</p>

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8	Erehwon Inc.	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	Global Refer Status. Issuance of Miscellaneous Order: MISC 2008-27. Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Erehwon Inc. failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.
9	Gerwatoski Brothers Enterprises Ltd.	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	Global Refer Status. Issuance of Miscellaneous Order: MISC 2008-28. Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Gerwatoski Brothers Enterprises Ltd. failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.
10	Great Northern Oil & Gas Inc.	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	Global Refer Status. Issuance of Miscellaneous Order: MISC 2008-29.

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Great Northern Oil & Gas Inc. failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.</p>
11	Nvi Mining Ltd.	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-22.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Nvi Mining Ltd. failed to comply. Closure Order No. C 1143 and Abandonment Order No. AD 2009-13 were subsequently issued.</p> <p>Nvi Mining Ltd. submitted full payment of its 2008 Orphan Fund Levy, plus 20% penalty, and provided a written explanation to the ERCB. However, final ERCB acceptance of the action plan is contingent upon a meeting with the ERCB, which remains outstanding.</p>

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

Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
12	Ortynsky Exploration Limited	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	Global Refer Status. Issuance of Miscellaneous Order: MISC 2008-30. Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Ortynsky Exploration Limited failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.
13	Peace West Energy Corporation	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	Global Refer Status. Issuance of Miscellaneous Order: MISC 2008-23. Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Peace West Energy Corporation failed to comply. Closure/ Abandonment Order No. AD 2009- 2 was subsequently issued.
14	Slate Energy Inc.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 30, 2008	N/A – Against Licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2008-34. Licensee required to pay the

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>security deposit, provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences, and meet with the ERCB to review Slate Energy Inc.'s noncompliant history and corrective action plan.</p> <p>Slate Energy Inc. failed to comply. Closure Orders No. C 1138 and C 1139 were subsequently issued. Payment was then received in full; however, the written action plan and meeting with the ERCB remain outstanding.</p>
15	Spence, Cliff	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-31.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Spence, Cliff failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.</p>
16	Trophy Petroleum Corporation	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-24.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20%</p>

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Trophy Petroleum Corporation submitted full payment of its 2008 Orphan Fund Levy and 20% penalty; however, submission of a written explanation acceptable to the ERCB remains outstanding</p>
17	Vanguard Exploration Corp.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 30, 2008	N/A – Against Licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2008-36.</p> <p>Licensee required to pay the security deposit, provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences, and meet with the ERCB to review Vanguard Exploration Corp.'s noncompliant history and corrective action plan.</p> <p>Vanguard Exploration Corp. submitted the full security amount, provided a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences, and met with the ERCB to review the noncompliant history and corrective action plan.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
18	Verdx Minerals Corporation	Corporate Compliance/ Orphan Levy	Failure to pay 2008 Orphan Fund Levy, plus 20% penalty.	December 17, 2008	N/A – Against Licensee	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order: MISC 2008-32.</p> <p>Licensee required to pay the 2008 Orphan Fund Levy, plus 20% penalty, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Verdx Minerals Corporation failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
1	Stampede Oils Inc.	Corporate Compliance/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Stampede Oils Inc. has a valid entitlement to the right to produce the well.	December 5, 2008	07-25-020-03W5 M.D. of Foothills	<p>This is an escalation from a previous enforcement action initially reported on October 31, 2008.</p> <p>Global Refer Status.</p> <p>Issuance of Abandonment Order No. AD 2008-22.</p> <p>Abandonment of well licence.</p> <p>Licensee required to abandon the 07-25-020-03W5 well, complete the Digital Data Submission indicating both the downhole and surface abandonment, and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Stampede Oils Inc. and working interest participants subsequently abandoned the well, completed the Digital Data Submission, and submitted an action plan that was accepted by the ERCB.</p> <p>Compliance achieved.</p>

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.