



ERCBC Monthly Enforcement Action Summary

January 2010

ENERGY RESOURCES CONSERVATION BOARD
ST108: ERCB Monthly Enforcement Action Summary, January 2010

May 2010

Published by

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Contents

High Risk Compliance Category Statistics..... 1

High Risk Enforcement Action 1 2

High Risk Enforcement Action 2 (Persistent Noncompliance)..... 20

High Risk Enforcement Action 3 (Failure to Comply or Demonstrated Disregard)..... 21

Low Risk Enforcement Action – Global REFER Summary 22

Legislative/Regulatory Enforcement Action 25

Endnotes 32

High Risk Compliance Category Statistics				
ERCB	Compliance Category	January 2010		
		Initial Audits/ Inspections	Number of High Risk Noncompliance	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	35	1	97%
	Facilities Technical	17	2	88%
	Pipelines/Pipeline Installations Technical	7	0	100%
	Wells Technical	44	6	86%
Resources Applications Group Enforcement & Surveillance Section and Coal Section	Enhanced Recovery Scheme 9 month audits	3	1	67%
	Control Wells	n/a	2	n/a
	Commingling	n/a	7	n/a
Subtotal		106	19	82%
Compliance and Operations Branch				
Field Surveillance and Operations Branch				
Field Operations Group	Drilling Operations	63	2	97%
	Well Servicing	20	0	100%
	Oil Facilities	184	4	98%
	Gas Facilities	230	1	99.6%
	Pipelines	146	22	85%
	Drilling Waste	19	3	84%
	Well Site Inspections	342	2	99.4%
	Waste Management	9	0	100%
Technical Operations Group Production Operations Section	Production Measurement & Reporting	2	2	0%
	Flaring, Incinerating, and Venting Audits	n/a	2	n/a
	Sulphur Recovery Guidelines	98	0	100%
Subtotal		1113	38	97%
Geology, Environmental Science & Economics Branch				
Reserves and Pore-Space Management	Oil Overproduction	371	2	99.5%
Subtotal		371	2	99.5%
Total Audit/Inspections High Risk		1590	59	96.3%

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	AltaGas Ltd.	Field Operations/ Pipelines	External corrosion control/cathodic surveys—no records of survey results. Cathodic potential is less than nominal—0.85 volts on an operating or discontinued system.	January 11, 2010	09-15-033-11W4 Special Area 2	Operations were not suspended, as all deficiencies will be addressed by the licensee. Licensee has taken measure to address cathodic protection integrity through internal operating manuals. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	AltaGas Ltd.	Field Operations/ Gas Facilities	Noncompliant with other ERCB requirement—no operating backflash control system/prevention on flare system, or safe work procedures addressing backflash control while emptying flare knockout tank.	January 27, 2010	09-20-059-06W5 County of Barrhead	Operations voluntarily suspended. Licensee replaced and modified equipment and procedures. 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
3	Angle Energy Inc.	Field Operations/ Drilling Waste	Disposal is closer than allowable limits to surface water.	January 8, 2010	02-12-037-07W5 County of Clearwater	<p>Operations were not suspended, as licensee was given direction by ERCB to ensure that disposal operations are away from surface water.</p> <p>Licensee removed the sprayed product and snow and placed them in the properly designated area.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
4	Apache Canada Ltd.	Technical Operations/ Flaring, Incinerating and Venting Audits	Failure to implement economic decision tree conservation projects/performance requirements.	January 26, 2010	07-34-114-06W6 M.D. of Mackenzie	<p>Operations were not suspended, as the licensee was able to prove that it would be uneconomical to conserve the excess solution gas at this time.</p> <p>The licensee was also able to prove that the flaring at this location was not due to plant upsets, and therefore there was no need for any production cutbacks.</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 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
5	Apache Canada Ltd.	Resources Applications/ Commingling	Commingling without approval.	January 8, 2010	13-36-039-04W4 M.D. of Provost	<p>Operations suspended.</p> <p>Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
6	ARC Resources Ltd.	Facilities Applications/ Facilities Technical	Failure to submit a facility licence application as "Facilities Technical nonroutine" when required.	January 22, 2010	11-08-067-24W5 M.D. of Greenview	<p>License(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
7	BP Canada Energy Company	Technical Operations/ Flaring, Incinerating and Venting	Failure to comply with any condition of permit or approval (temporary permits, volume allowance threshold exceedance permits, and blanket permits).	January 13, 2010	13-12-048-12W5 Yellowhead County	<p>Operations were not suspended, as there was no existing or potential impact/hazard to the environment or the public.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences. The ERCB is waiting for the timeline of implementation of the action plan.</p> <p>BP is to conduct self-audits for all sour gas flaring events in the province for the next 6 months and then report to the ERCB on the results of these self-audits.</p> <p>Currently under review.</p>
8	Breaker Energy Ltd.	Facilities Applications/ Facilities Technical	Not completing an acceptable noise impact assessment prior to application.	January 21, 2010	02-20-071-14W5 M.D. of Big Lakes	<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
9	Canadian Forest Oil Ltd.	Field Operations/ Pipelines	There is no approval to construct.	January 28, 2010	09-17-087-11W5 M.D. of Opportunity	<p>Partial suspension of operations for all lines with expired licences.</p> <p>Licensee submitted the proper documentation to repermit the lines.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	Canadian Natural Resources Limited	Field Operations/ Drilling Waste Inspection	Wastes are not contained by pits or berms and there is potential for off-lease migration.	January 6, 2010	10-09-086-23W4 M.D. of Opportunity	<p>Operations were not suspended, as there was no immediate threat to either public safety or the environment because when directed by the ERCB, the licensee agreed to immediately clean up the drilling waste.</p> <p>Licensee removed the drilling waste.</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
11	Canadian Natural Resources Limited	Resources Applications/ Commingling	Commingling without approval.	January 8, 2010	14-32-052-01W4 County of Vermillion River	Operations suspended. Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Currently under review.
12	Capio Exploration Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	January 26, 2010	10-11-074-07W6 Grande Prairie 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.
13	Enovus Energy Inc.	Field Operations/ Oil Facilities	Noncompliant with other ERCB requirement—standalone class 1a or 1b disposal well surface facilities are not approved.	January 20, 2010	13-11-083-20W4 M.D. of Opportunity	Operations suspended. Licensee emptied the waste storage tank and the pump on site has been disconnected. 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
14	Cinch Energy Corp.	Technical Operations/ Production Measurement and Reporting	Gas meter(s) does not exist, is not installed or used correctly, or not in use. Inaccurate accounting and reporting of hydrocarbons liquid dispositions.	January 26, 2009	09-07-061-04W6 M.D. of Greenview	Operations were not suspended, as there was no existing or potential impact/hazard to the environment or the public. Licensee submitted its accounting figures. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
15	Compton Petroleum Corporation	Resources Applications/ Commingling	Commingling without approval.	January 8, 2010	14-07-016-28W4 M.D. of Willow Creek 07-29-017-23W4 Vulcan County	Operations suspended. Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Currently under review.
16	Compton Petroleum Corporation	Resources Applications/ Commingling	Commingling without approval.	January 25, 2010	5 locations	Operations suspended. Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Currently under review.

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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
17	Compton Petroleum Corporation	Resources Applications/ Control Wells	Failure to resolve issues or notify the ERCB of unresolved issues. Producing wells without the requisite control wells in place.	January 25, 2010	9 locations	Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Creo Energy Ltd.	Resources Applications/ Commingling	Commingling without approval.	January 19, 2010	07-10-040-12W4 Flagstaff County	Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Cutpick Energy Inc.	Resources Applications/ Commingling	Commingling without approval.	January 8, 2010	06-32-040-12W4 07-32-040-12W4 Flagstaff County	Operations suspended. Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained. 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
20	Delphi Energy Corp.	Field Operations/ Oil Facilities	H ₂ S emissions off lease.	January 4, 2009	04-32-038-06W4 M.D. of Provost	<p>Operations were not suspended, as the licensee was able to mitigate the risk in a reasonable timeframe.</p> <p>A blockage was found within the flare stack. Licensee thawed the flare stack immediately, allowing all gas to be flared as required.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
21	Devon Canada Corporation	Field Operations/ Drilling Waste	Disposal is closer than allowable limits to surface water.	January 7, 2010	11-21-080-03W6 M.D. of Fairview	<p>Operations were not suspended, as the disposal operation had been completed as the time of inspection.</p> <p>Licensee removed the sprayed product and placed it in the properly designated area.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
22	Emerald Bay Energy Inc.	Facilities Applications/ Wells Technical	Failure to acquire the abandoned wellbore rights.	January 8, 2010	16-22-110-03W6 06-15-110-03W6 Mackenzie 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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23	Enermark Inc.	Field Operations Oil Facilities	H ₂ S emissions off lease.	January 28, 2010	13-23-040-08W4 M.D. of Provost	<p>Operations were not suspended, as the operator mitigated the risk within a reasonable timeframe.</p> <p>Licensee replaced two thief hatches that were leaking.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
24	Exshaw Oil Corp.	Facilities Applications/ Participant Involvement	<p>Incomplete public and/or industry personal consultation and notification prior to filing the application.</p> <p>Failure to provide the required project-specific information package prior to filing the application.</p>	January 19, 2010	02-04-078-07W6 Saddle Hills County	<p>Operations were not suspended, as there was no existing or potential impact/hazard to the environment or the public</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
25	Glencoe Resources Ltd.	Reserves and Pore-Space Management / Oil Overproduction	Failure to retire oil overproduction.	January 27, 2010	00/14-07-042-25W4/0 (production string) Ponoka County	<p>Licensee confirmed in writing that the well was shut in and will remain shut in until all overproduction is retired.</p> <p>Licensee was directed to develop and implement 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
26	Harvest Operations Corp.	Resources Applications/ Enhanced Recovery Schemes	Failure to commence injection.	January 12, 2010	Approval No. 7807E	<p>Operations not suspended, injection not commenced. Licensee submitted an application in accordance with <i>Directive 065: Resources Applications for Conventional Oil & Gas Reservoirs</i> for an appropriate amendment of Approval No. 7807E.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
27	Harvest Operations Corp.	Field Operations/ Pipelines	Operator is aware of the pipe body issues but has not implemented mitigative measures.	January 14, 2010	06-29-041-01W4 M.D. of Wainwright	<p>Operations suspended.</p> <p>Licensee performed a pressure test and submitted a pipeline licence amendment to lower the maximum operating pressure on the pipeline.</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
28	Hawk Exploration Ltd.	Field Operations/ Drilling Operations	Licensee well-site representative and/or rig manager does not possess a valid Second- Line Supervisor's Well Control Certificate.	January 5, 2010	01-22-057-25W4 Sturgeon County	Operations suspended. Licensee immediately brought in someone with the proper qualifications. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
29	Iberdrola Canada Energy Services Ltd.	Technical Operations/ Production Measurement and Reporting	Gas meter(s) does not exist, is not installed or used correctly, or not in use. Inaccurate reporting of vent gas.	January 22, 2010	13-05-054-13W5 Yellowhead County	Operations were not suspended, as there was no existing or potential impact/hazard to the environment or the public. Licensee submitted its accounting figures. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
30	Iteration Energy Ltd.	Field Operations/ Pipelines	Leak detection unsatisfactory.	January 5, 2010	10-19-111-05W6 Mackenzie County	Operations were not suspended, as noncompliance can be immediately corrected and mitigation measures are in place. Licensee completed an aerial leak detection survey. 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
31	Iteration Energy Ltd.	Field Operations/ Pipelines	Leak detection unsatisfactory.	January 5, 2010	05-16-111-07W6 Mackenzie County	<p>Operations were not suspended, as noncompliance can be immediately corrected and mitigation measures are in place.</p> <p>Licensee completed an aerial leak detection survey.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
32	Iteration Energy Ltd.	Field Operations/ Pipelines	Leak detection unsatisfactory.	January 5, 2010	06-31-111-06W6 Mackenzie County	<p>Operations were not suspended, as noncompliance can be immediately corrected and mitigation measures are in place.</p> <p>Licensee completed an aerial leak detection survey.</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
33	Iteration Energy Ltd.	Field Operations/ Pipelines	External corrosion control/cathodic surveys – no records of survey results. Leak detection unsatisfactory.	January 6, 2010	06-32-095-01W6 Mackenzie County	Operations were not suspended, as noncompliance can be immediately corrected and mitigation measures are in place. Licensee completed an aerial leak detection survey. Licensee completed a cathodic protection survey. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
34	Ivanhoe Energy Inc.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	January 5, 2010	18 well locations in 090-09W6 Regional Municipality of Wood Buffalo	Licence(s) cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
35	Martin Head Oil & Gas Ltd.	Field Operations/ Oil Facilities	Underground tank(s) not tested at the required 3-year frequency/operator cannot demonstrate tank integrity.	January 26, 2010	06-18-022-25W4 Wheatland County	Operations suspended. Licensee tested the tank. 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
36	Murphy Oil Company Ltd.	Facilities Applications/ Wells Technical	Failure to design the surface casing to meet all applicable requirements.	January 21, 2010	05-26-082-16W5 Northern Sunrise 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.
37	Paramount Resources Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the abandoned wellbore rights.	January 11, 2010	04-34-075-11W6 Saddle Hills 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.
38	Penn West Petroleum Ltd.	Resources Applications/ Commingling	Commingling without approval.	January 8, 2010	16-09-052-11W5 Yellowhead County	Operations suspended. Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Currently under review.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
39	Provident Energy Ltd.	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	January 6, 2010	01-25-086-26W5 M.D. of Northern Lights	Operations suspended. Licensee implemented mitigation and monitoring program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
40	Quicksilver Resources Canada Inc.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	January 29, 2010	14-27-031-24W4 Kneehill County	Operations suspended. Licensee confirmed in writing that the well has been shut in and will remain shut in until the requisite approval is obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Currently under review.
41	Rondo Petroleum Inc.	Field Operations/ Drilling Operations	Blowout preventer hydraulic line end fittings located within 7 m of the wellbore not fire rated.	January 7, 2010	06-34-048-11W5 M.D. of Brazeau County	Operations suspended. Licensee replaced fittings that are fire rated. 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
42	Skana Exploration Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation – No agreement with Department of Energy	January 29, 2010	14-15-034-06W5 Clearwater 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.
43	Suncor Energy Inc.	Field Operations/ Well Site Inspection	Gate left unlocked (if required as per OGC Regulations, Section 8.180(2)).	January 11, 2010	07-32-042-04W5 Ponoka County	Operations were not suspended, as licensee immediately locked the gate. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
44	Suncor Energy Inc.	Field Operations/ Pipelines	Operating and maintenance procedures manual not followed.	January 14, 2010	04-09-073-05W5 County of Grande Prairie	Operations were not suspended, as the licensee immediately addressed the noncompliance. Licensee closed the valve and made internal changes to its operating practices. 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
45	Sword Energy Inc.	Field Operations/ Well Site Inspection	No notification of spill to the ERCB.	January 20, 2010	06-03-039-03W5 Lacombe County	<p>Operations were not suspend, as the licensee was in the process of cleaning up the release at the time of the inspection.</p> <p>Licensee cleaned up the spill and made internal changes to its corporate safety policy.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
46	Talisman Energy Inc.	Field Operations/ Pipelines	<p>Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.</p> <p>Notification to the owner of the existing pipeline prior to ground disturbance was unsatisfactory.</p>	January 13, 2010	11-16-065-13W6 M.D. of Greenview	<p>Operations suspended.</p> <p>Licensee repaired the pipeline and implemented changes to its code of practice policy.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
47	Wolf Coulee Resources Inc.	Reserves and Pore-Space Management / Oil Overproduction	Failure to retire oil overproduction.	January 27, 2010	00/16-14-013-17W4/0 (production string) M.D. of Taber	<p>Licensee confirmed in writing that the well was shut in and will remain shut in until all overproduction is retired.</p> <p>Licensee was directed to develop and implement 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	Silver Swan Resources Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 13, 2010	06-08-028-05W4 Special Area 3 (near Oyen)	<p>This is a continuation from previous enforcement actions reported on April 27, 2009, May 20, 2009, July 22, 2009, and August 11, 2009.</p> <p>Global Refer status.</p> <p>Issuance of amended Abandonment Order AD 2009-30B.</p> <p>Abandonment of well licence.</p> <p>Licensee must abandon the subject well immediately.</p> <p>Licensee required to pay 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 its noncompliance history and action plan.</p> <p>Licensee was not granted an extension to abandon the well through Abandonment Order No. AD 2009-30B, as the amendment only removed working interest participants from the Order.</p> <p>Silver Swan Resources Inc. failed to comply with the Abandonment Order. The ERCB notified Silver Swan Resources Inc. of its intention to have the well abandoned as a result of the breaching of the Abandonment Order.</p>

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Low Risk Enforcement Action – Global REFER Summary ⁴						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						Silver Swan Resources Inc. was subsequently deemed a defaulting working interest participant and the well licence was designated orphan for the purposes of abandonment.
2	Silver Swan Resources Inc.	Corporate Enforcement/ Orphan Levy	Failure to submit its proportionate share of the 2009 Orphan Fund Levy plus 20% penalty.	January 18, 2010	06-08-02-05W4 Cypress County	<p>This is a continuation from previous enforcement actions reported on July 23, 2009, and August 11, 2009.</p> <p>Global Refer status.</p> <p>Issuance of amended Closure/Abandonment Order No. AD 2009-31A.</p> <p>Suspension and abandonment of well licence.</p> <p>Licensee required to pay its full proportional share of the 2009 Orphan Fund Levy plus 20% penalty, 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 its noncompliance history and action plan.</p> <p>Licensee was not granted an extension to abandon the well through Abandonment Order No. AD 2009-31A, as the amendment only removed working interest participants from the Order.</p> <p>Silver Swan Resources Inc. failed to comply with the Closure/Abandonment Order. The ERCB notified Silver Swan Resources Inc.</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>of its intention to have the well abandoned as a result of the breaching of the Closure/ Abandonment Order.</p> <p>Silver Swan Resources Inc. was subsequently deemed a defaulting working interest participant and well licence was designated as orphan for the purposes of abandonment.</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	Arbour Energy Inc.	Corporate Enforcement/ Surface Lease Expiry	Failure to prove to the satisfaction of the ERCB that it has a valid entitlement to the right to access the well site.	January 7, 2010	16-11-033-10W4 Special Area 2	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2010-2.</p> <p>Suspension and abandonment of the well licence.</p> <p>Licensee required to abandon the 16-11-033-10W4 well, complete the Digital Data Submission indicating both the downhole and surface abandonments, 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 its noncompliance history and action plan.</p> <p>Arbour Inc. failed to comply with the Closure/Abandonment Order. The ERCB notified Arbour Energy Inc. of its intention to have the well abandoned as a result of the breaching of the Closure/Abandonment Order.</p> <p>Arbour Energy Inc. was subsequently deemed a defaulting working interest participant and the well licence was designated orphan for the purposes of abandonment.</p>
2	Arbour Energy Inc.	Corporate Enforcement/ Surface Lease Expiry	Failure to prove to the satisfaction of the ERCB that it has a valid entitlement to the right to access the	January 12, 2010	10-11-033-10W4 Special Area 2	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2010-4.</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
			well site.			<p>Suspension and abandonment of the well licence.</p> <p>Licensee required to abandon the 10-11-033-10W4 well, complete the Digital Data Submission indicating both the downhole and surface abandonments, 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 its noncompliance history and action plan.</p> <p>Arbour Inc. failed to comply with the Closure/Abandonment Order. The ERCB notified Arbour Energy Inc. of its intention to have the well abandoned as a result of the breaching of the Closure/Abandonment Order.</p> <p>Arbour Energy Inc. was subsequently deemed a defaulting working interest participant and the well licence was designated orphan for the purposes of abandonment.</p>
3	Cam-Star Resources (1990) Ltd.	Corporate Enforcement/ Right to Hold Audit	Failure to prove to the satisfaction of the ERCB that it has a valid entitlement to the right to access and produce the subject wells.	January 6, 2010	08-17-044-25W4 09-17-044-25W4 Ponoka County	<p>This is a continuation from a previous enforcement action reported on November 30, 2009.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2010-1.</p> <p>Licensee required to: abandon the</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
						<p>subject wells, complete the Digital Data Submission indicating both the downhole and surface abandonment, 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 its noncompliance history and action plan.</p> <p>Cam-Star Resources (1990) Ltd. reacquired the mineral rights and surface leases, provided an acceptable action plan, and met with the ERCB.</p> <p>Compliance achieved.</p>
4	Sahara Energy Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that it has a valid entitlement to the right to produce the well.	January 12, 2010	16-35-015-20W4 Vulcan County	<p>This is an escalation from a previous enforcement action reported on November 4, 2009.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2010-5.</p> <p>Licensee required to abandon the 16-35-015-20W4 well, complete the Digital Data Submission indicating both downhole and surface abandonment, 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 its noncompliance history and action</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
						<p>plan.</p> <p>Amended Abandonment Order No. AD 2010-5A subsequently issued. Working interest participant granted until March 31, 2010, to comply.</p> <p>Working interest participant Drake Energy Ltd. has successfully abandoned the 16-35-015-20W4 well. However, Sahara Energy Ltd. remains on Global Refer status for failure to provide a written explanation and meet with the ERCB.</p>
5	Savant Energy Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that it has a valid entitlement to the right to produce the well.	January 11, 2010	06-08-052-06W4 County of Vermilion River	<p>This is a continuation from a previous enforcement action reported on November 30, 2009.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2010-3.</p> <p>Licensee required to abandon the 06-08-052-06W4 well, complete the Digital Data Submission indicating both downhole and surface abandonment, 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 its noncompliance history and action plan.</p> <p>Savant Energy Ltd. failed to comply. The ERCB notified Savant</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
						Energy Ltd. of its intention to have the well abandoned as a result of the breaching of the Abandonment Order.
6	Silver Swan Resources	Corporate Enforcement/ Surface Lease Expiry	Failure to prove to the satisfaction of the ERCB that it has a valid entitlement to the right to access the well site.	January 18, 2010	06-08-028-05W4 Special Area 3 (near Oyen)	<p>This is a continuation from a previous enforcement action reported on November 20, 2009.</p> <p>Global Refer status.</p> <p>Issuance of amended Closure/ Abandonment Order No. AD 2009-51A.</p> <p>Suspension and abandonment of the well licence.</p> <p>Licensee required to abandon the 06-08-028-05W4 well, complete the Digital Data Submission indicating both downhole and surface abandonment, 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 its noncompliance history and action plan.</p> <p>Licensee was not granted an extension to abandon the well through Closure/Abandonment Order No. AD 2009-51A, as the amendment only removed working interest participants from the Order.</p> <p>Silver Swan Resources Inc. failed to comply with the</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
						<p>Closure/Abandonment Order. The ERCB notified Silver Swan Resources Inc. of its intention to have the well abandoned as a result of the breaching of the Closure/Abandonment Order.</p> <p>Silver Swan Resources Inc. was subsequently deemed a defaulting working interest participant and the well licence was designated orphan for the purposes of abandonment.</p>
7	Silver Swan Resources	Corporate Enforcement/ Corporate Audit Profile	Failure to prove to the satisfaction of the ERCB that it is eligible to hold licences.	January 18, 2010	06-08-028-05W4 Special Area 3 (near Oyen)	<p>This is a continuation from a previous enforcement action reported on December 22, 2009.</p> <p>Global Refer status.</p> <p>Issuance of amended Closure/Abandonment Order No. AD 2009-58A.</p> <p>Suspension and abandonment of the well licence.</p> <p>Licensee required to abandon the 06-08-028-05W4 well, complete the Digital Data Submission indicating both downhole and surface abandonment, 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 its noncompliance history and action plan.</p> <p>Licensee was not granted an</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
						<p>extension to abandon the well through Closure/Abandonment Order No. AD 2009-58A, as the amendment only removed working interest participants from the Order.</p> <p>Silver Swan Resources Inc. failed to comply with the Closure/Abandonment Order. The ERCB notified Silver Swan Resources Inc. of its intention to have the well abandoned as a result of the breaching of the Closure/Abandonment Order.</p> <p>Silver Swan Resources Inc. was subsequently deemed a defaulting working interest participant and the well licence was designated orphan for the purposes of abandonment.</p>

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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.