



ERCB Monthly Enforcement Action Summary

July 2010

ENERGY RESOURCES CONSERVATION BOARD
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Suite 1000, 250 – 5 Street SW
Calgary, Alberta
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Telephone: 403-297-8311
Fax: 403-297-7040
E-mail: infoservices@ercb.ca
Web site: www.ercb.ca

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High Risk Compliance Category Statistics				
ERCB	Compliance Category	July 2010		
		Initial Audits/ Inspections	Number of High Risk Noncompliances	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	31	2	94%
	Facilities Technical	12	1	92%
	Pipelines/Pipeline Installations Technical	9	0	100%
	Wells Technical	30	1	97%
Subtotal		82	4	93%
Field Surveillance and Operations Branch				
Technical Operations Group Production Operations Section	Sulphur Recovery Guidelines	98	1	99.0%
Field Operations Group	Drilling Operations	34	4	88%
	Well Servicing	15	0	100%
	Oil Facilities	384	5	98.7%
	Gas Facilities	248	1	99.6%
	Pipelines	125	5	96%
	Drilling Waste	11	0	100%
	Well Site Inspections	1051	10	99.0%
	Waste Management	4	0	100%
Emergency Management Group	Technical ERP Requirements	6	1	83%
Subtotal		1976	27	98.6%
Geology, Environmental Science, and Economics Branch				
Environmental Monitoring and Regulation Group	Oilfield Waste Generator Audits	9	1	89%
	Drilling Waste Audits	5	0	100%
Reserves and Pore-Space Management Reserves and Allowables Section	Oil Overproduction	367	3	99.2%
Subtotal		381	4	99.0%
Total Audit/Inspections High Risk		2439	35	98.6%

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	Action Energy Inc.	Field Operations/ Well Site Inspections	Noncompliant with other ERCB requirement. (Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.)	July 7, 2010	01-32-034-18W4 County of Clearwater	Operations were already suspended at the time of the inspection. Licensee updated the contact phone number. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	Alpetro Resources Ltd.	Field Operations/ Gas Facilities	Underground tank(s) not tested at the required 3 year frequency/operator cannot demonstrate tank integrity.	July 30, 2010	09-29-053-17W5 Yellowhead County	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee pressure tested the tanks. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Apache Canada Ltd.	Field Operations/ Well Site Inspections	Spill on lease not adequately controlled/ cleaned up.	July 28, 2010	01-06-119-03W6 Mackenzie County	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee cleaned up the spill. 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
4	ARC Resources Ltd.	Field Operations/ Drilling Operations	STICK diagram does not contain all the required information.	July 13, 2010	15-17-058-22W4 County of Thorhild	Operations suspended. Licensee obtained a new STICK diagram. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	ARC Resources Ltd.	Field Operations/ Drilling Operations	Fluid turns in diverter line not made using right-angle connections constructed of tees and crosses blocked on fluid turns.	July 22, 2010	02-21-018-14W4 County of Newell	Operations suspended. Licensee corrected the angles. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
6	ARC Resources Ltd.	Field Operations/ Well Site Inspections	Surface runoff control – Release criteria in Directive 058 not met.	July 22, 2010	08-32-049-06W5 Brazeau County	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee updated internal procedures to address the noncompliance. 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	Blaze Energy Ltd.	Field Operations/ Drilling Operations	Fluid turns in flare line not made using right-angle connections constructed of tees and crosses blocked on fluid turns. Low-pressure and/or high-pressure test(s) not conducted on all required components and/or casing strings.	July 19, 2010	08-26-046-15W5 Yellowhead County	Operations were not suspended as drilling operations had reached total depth. Licensee corrected the angles. Licensee updated internal programs to incorporate pressure-testing guidelines. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
8	Bumper Development Corporation	Field Operations/ Oil Facilities	Underground tank(s) not tested at the required 3 year frequency/operator cannot demonstrate tank integrity.	July 6, 2010	08-13-045-07W5 County of Wetaskiwin	Operations were not suspended as the underground tank was empty and there was no existing or potential impact/hazard to the environment or the public. Licensee pressure tested the tanks. 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
9	Canadian Natural Resources Limited	Field Operations/ Pipelines	Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	July 22, 2010	11-24-067-06W6 M.D. of Greenview	Operations were already suspended at the time of the inspection. Licensee updated internal procedures to address the noncompliance. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
10	Cequence Energy Ltd.	Facilities Applications/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	July 13, 2010	01-10-075-13W6 Grande Prairie County	Licence(s) suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Waiting for confirmation that re-notification has been completed before lifting suspension.
11	Compton Petroleum Corporation	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation – No agreement with DOE.	July 7, 2010	04-16-007-01W5 M.D. of Pincher Creek	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
12	Condor Canada Petroleum Inc.	Field Operations/ Well Site Inspections	Noncompliant with other ERCB requirement. (Failure to post a 24- hour emergency number by way of a conspicuous sign erected at the primary entrance to a well.)	July 22, 2010	02-16-037-24W4 Red Deer County	Operations were already suspended at the time of the inspection. Licensee updated the contact phone number. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	ConocoPhillips Canada Resources Corp.	Field Operations/ Well Site Inspections	Well not suspended, as required by Directive 013: Suspension Requirements for Wells.	July 9, 2010	13-33-040-03W5 Lacombe County	Operations were not suspended as the well was already shut in. Licensee abandoned the well. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
14	Crescent Point Energy Corp.	Field Operations/ Well Site Inspections	Spill on lease not adequately controlled/ cleaned up. No notification of spill to ERCB.	July 14, 2010	01-32-034-18W4 County of Stettler	Operations were not suspended as the well was already shut in. Licensee cleaned up the spill. 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
15	Crossbow Energy Partners I Ltd.	Field Operations/ Oil Facilities	<p>Failure to immediately notify the ERCB of H₂S emissions off lease.</p> <p>Noncompliant with other ERCB requirement. (The licensee must ensure that a call to its 24-hour emergency telephone number initiates immediate action.)</p>	July 28, 2010	12-06-008-15W4 M.D. of Taber	<p>Operations were not suspended as the concentration of H₂S was not enough to affect the environment or public since no residences, highways, or livestock were nearby.</p> <p>Licensee isolated the source of the leak and made the necessary repairs.</p> <p>Licensee updated the contact phone number.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
16	Devon Canada Corporation	Field Operations/ Pipelines	<p>Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.</p>	July 9, 2010	03-24-081-05W6 M.D. of Fairview	<p>Operations were already suspended at the time of the inspection.</p> <p>Licensee updated internal procedures to address the noncompliance.</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
17	Eclipse Resources Ltd.	Field Operations/ Drilling Operations	STICK diagram does not contain all the required information.	July 14, 2010	13-34-049-05W5 Brazeau County	Operations were not suspended as the licensee immediately corrected the noncompliance. Licensee posted the correct STICK diagram. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Enermark Inc.	Field Operations/ Well Site Inspections	Lease not diked where required.	July 27, 2010	07-23-047-05W4 M.D. of Wainwright	Operations suspended. Licensee constructed a dike. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Equal Energy Corp.	Environmental Monitoring and Regulation Group/ Oilfield Waste Generator Audit	Oilfield waste not properly classified as either Dangerous(DOW) or non-Dangerous (non- DOW)	July 19, 2010	06-18-073-05W6 County of Grande Prairie	Operations were not suspended as the oilfield waste disposal operation occurred in 2009. 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	Exoro Energy Inc.	Field Operations/ Well Site Inspections	Noncompliant with other ERCB requirement. (Failure to ensure that the licensee 24-hour emergency telephone number is posted by the way of a conspicuous sign erected at the primary entrance to all licensee well and facility operations.)	July 9, 2010	16-22-037-03W5 Lacombe County	Operations were already suspended at the time of the inspection. Licensee installed the signage. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
21	Exoro Energy Inc.	Field Operations/ Oil Facilities	Release criteria in Directive 055/Directive 058 not met prior to release.	July 30, 2010	13-22-049-07W5 Brazeau County	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee failed to obtain landowner consent prior to release. This incident has been resolved. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
22	Galleon Energy Inc.	Reserves and Pore-Space Management/ Oil Overproduction	Failure to retire oil overproduction.	July 30, 2010	03/12-35-056-05W5/0 (production string) Lac Ste. Anne County	Licensee confirmed in writing that the well was shut in and remained shut in until all overproduction was retired. Licensee directed to develop and implement 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
23	Harvest Operations Corp.	Field Operations/ Pipelines	Corrosion Internal – There is no documented monitoring or mitigation program in place and/or company is not following program.	July 9, 2010	13-36-040-11W4 County of Flagstaff	Operations were already suspended at the time of the inspection. Licensee installed a corrosion control program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
24	International Sovereign Energy Corp.	Field Operations/ Well Site Inspections	Noncompliant with other ERCB requirement. (Failure to ensure that the licensee 24-hour emergency telephone number is posted by the way of a conspicuous sign erected at the primary entrance to all licensee well and facility operations.)	July 9, 2010	11-27-038-03W5 Lacombe County	Operations were already suspended at the time of the inspection. Licensee installed the proper signage. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
25	Keyera Energy Ltd.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	July 28, 2010	11-35-037-09W5 Clearwater County	In accordance with <i>ID 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i> , operations were not suspended. 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
26	Petrocardium Exploration Ltd.	Field Operations/ Pipelines	Pipe coating/handling conditions are unsatisfactory.	July 7, 2010	06-26-048-11W5 County of Brazeau	Operations suspended. Licensee developed documented procedures for the application of coating, including repairs of coating defects or damage. Licensee provided a plan to address the noncompliance and prevent future occurrences. Currently under review.
27	Raimount Energy Inc.	Facilities Applications/ Participant Involvement	Incomplete public and/ or industry personal consultation and notification prior to filing the application.	July 26, 2010	08-24-002-24W4 Cardston County	License(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.
28	Sword Energy Inc.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction, and/or operation.	July 14, 2010	06-06-049-04W5 Brazeau County	Licence/operations not suspended as no evidence of operational noncompliance was present. 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
29	Taqa North Ltd.	Reserves and Pore-Space Management/ Oil Overproduction	Failure to retire oil overproduction.	July 30, 2010	00/10-16-019-24W4/0 (production string) Vulcan County	<p>Licensee confirmed in writing that the well had been shut in and will remain shut in until all overproduction is retired.</p> <p>Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
30	Tourmaline Oil Corp.	Emergency Management Group/Technical ERP Requirements	Failure to have an ERP approved prior to commencement of operations.	July 13, 2010	08-01-070-10W6 County of Grande Prairie	<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>
31	Trafina Energy Ltd.	Reserves and Pore-Space Management/ Oil Overproduction	Failure to retire oil overproduction.	July 30, 2010	00/12-23-046-22W4/0 (production string) Vulcan County	<p>Licensee confirmed in writing that the well was shut in and remained shut in until all overproduction was retired.</p> <p>Licensee 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
32	Westdrum Energy Ltd.	Field Operations/ Oil Facilities	Noncompliant with other ERCB requirement. (The licensee must ensure that a call to its 24-hour emergency telephone number initiates immediate action.)	July 5, 2010	16-31-036-17W4 County of Stettler	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee immediately corrected the noncompliance. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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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 Response
1	Montello Resources Ltd.	Corporate Enforcement/ Environmental Monitoring and Regulation Group/ Oilfield Waste Generator Audits	Failure to prepare and submit annual oilfield waste disposition report.	July 13, 2010	<p>Wells: 15-14-081-08W6 06-09-082-08W6 14-23-081-08W6 14-03-082-08W6 06-23-081-08W6 06-34-081-08W6 14-04-082-08W6 06-28-081-08W6 11-33-081-08W6 13-15-081-08W6 14-08-082-08W6</p> <p>Facilities: 14-23-081-08W6 14-23-081-08W6</p> <p>Saddle Hills County</p>	<p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 1210 and C 1211.</p> <p>Suspension and closure of well and facility licences.</p> <p>Licensee required to:</p> <ul style="list-style-type: none"> • submit the Digital Data Submission of its 2009 Annual Oilfield Waste Disposition Report, • 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>Licensee submitted its annual oilfield waste disposition report, provided a written explanation, and met with the ERCB.</p> <p>Compliance achieved.</p>
2	Sandbox Energy Corp.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 29, 2010	<p>Wells: 01-22-049-27W4 03-22-049-27W4 04-21-049-27W4 03-08-050-27W4 08-34-049-27W4 12-22-049-26W4</p> <p>Facilities: 06-34-049-27W4</p> <p>Leduc County</p>	<p>This is a continuation of previous enforcement actions reported on June 3, 2010, June 18, 2010, and June 22, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 1207B and C 1208B.</p> <p>Suspension and closure of well and facility licences.</p> <p>Licensee required to pay the security deposit and provide a</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 Response
						<p>written explanation to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Licensee failed to comply. Abandonment Orders AD 2010-48, AD 2010-49, and AD 2010-51 and Closure/Abandonment Order No. AD 2010-50 were subsequently issued.</p> <p>Licensee failed to comply. ERCB is evaluating further actions.</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	690462 Alberta Ltd.	Corporate Enforcement/ Corporate Status	Failure to prove to the satisfaction of the ERCB that 690462 Alberta Ltd. is eligible to hold licences.	July 9, 2010	07-21-049-26W4 Leduc County	Global Refer status. Issuance of Closure Order No. C 1206. Suspension and closure of well licence. Licensee required to provide confirmation that it continues to be a registered, active company in the province of Alberta and provide a written explanation acceptable to the ERCB, addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Abandonment Order No. AD 2010-44 was subsequently issued. Licensee failed to comply. ERCB is evaluating further actions.
2	Amethyst Petroleum Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Amethyst Petroleum Ltd. has a valid entitlement to the right to produce the well.	July 20, 2010	06-34-049-27W4 Leduc County	This is an escalation from previous enforcement action reported on June 10, 2010. Global Refer status. Issuance of Abandonment Order No. AD 2010-36. Abandonment of well licence. Licensee required to: <ul style="list-style-type: none"> • abandon the 06-34-049-27W4 well, • complete the Digital Data Submission indicating both

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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>downhole and surface abandonment, and</p> <ul style="list-style-type: none"> provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Amended Abandonment Order No. AD 2010-36A was subsequently issued. This granted the licensee until October 29, 2010, to comply.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>
3	Bearcat Explorations Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Bearcat Explorations Ltd. has a valid entitlement to the right to produce the well.	July 23, 2010	08-20-026-12W4 Special Area 2 (near Sunnynook)	<p>Issuance of Abandonment Costs Order No. ACO 2010-1.</p> <p>Licensee required to pay invoiced costs plus a 25 per cent penalty against the invoiced costs.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>
4	Bearcat Explorations Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Bearcat Explorations Ltd. has a valid entitlement to the right to produce the well.	July 23, 2010	08-20-026-12W4 Special Area 2 (near Sunnynook)	<p>Issuance of Abandonment Costs Order No. ACO 2010-2.</p> <p>Licensee required to pay invoiced costs plus a 25 per cent penalty against the invoiced costs.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>
5	Dalhousie Oil Company Limited	Corporate Enforcement/ Environmental and Public Safety	Failure to pay abandonment costs.	July 14, 2010	04-18-020-02W5 M.D. of Foothills	<p>This is a continuation from a previously reported enforcement action reported on April 18, 2008.</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>Global Refer status.</p> <p>Issuance of Amended Abandonment Costs Order No. ACO 2008-1A.</p> <p>Licensee required to pay invoiced costs plus a 25 per cent penalty against the invoiced costs.</p> <p>As a result of <i>Decision 2010-19: Dalhousie Oil Company Limited, Section 40 Review of Abandonment Cost Order No. ACO 2008-1</i>, the ERCB amended ACO 2008-1 to reflect an adjustment in the costs.</p> <p>Licensee reached a settlement with the ERCB to pay the full amount owing of ACO 2010-1A, less the 25 per cent penalty.</p>
6	Jordan Energy Inc.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Jordan Energy Inc. has a valid entitlement to the right to produce the well.	July 20, 2010	09-23-061-02W4 M.D. of Bonnyville	<p>This is an escalation from a previous enforcement action reported on May 28, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2010-35.</p> <p>Abandonment of well licence.</p> <p>Licensee required to:</p> <ul style="list-style-type: none"> • abandon the 09-23-061-02W4 well, • complete the Digital Data Submission indicating both downhole and surface

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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>abandonment, and</p> <ul style="list-style-type: none"> provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. The ERCB is acting on the breached abandonment order and will pursue cost recovery from the licensee once completed.</p>
7	Petroflow Energy Ltd.	Corporate Enforcement/ Corporate Profile Audit	Failure to prove to the satisfaction of the ERCB that Petroflow Energy Ltd. has a valid entitlement to the right to access and produce the subject wells.	July 7, 2010	<p>Wells: 10-21-057-25W4 Sturgeon County</p> <p>09-18-026-15W4 09-18-026-15W4 Special Area 2</p> <p>Pipeline: 10-21-057-25W4 Sturgeon County</p>	<p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1209.</p> <p>Suspension and closure of well licences.</p> <p>Licensee required to submit the following to the ERCB:</p> <ul style="list-style-type: none"> proof that it has a fully functioning office in Alberta, a completed Schedule 1 form from <i>Directive 067: Applying for Approval to Hold EUB Licences</i>, a certificate of proof of insurance, a list of the working interest participants for all of its properties, confirmation that it has active surface and mineral leases for its wells, and confirmation that it understands the full responsibilities and liabilities of a pipeline licensee.

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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>Licensee failed to comply. Abandonment Order No. AD 2010-42 and Closure/Abandonment Order No. AD 2010-43 were subsequently issued.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>
8	PetroReal Energy Inc.	Corporate Enforcement/ Right to Hold Audit	Failure to prove to the satisfaction of the ERCB that PetroReal Energy Inc. has the right to produce the subject wells.	July 27, 2010	<p>16-21-044-04W5 16-17-044-04W5 14-17-044-04W5 06-21-044-04W5 11-12-043-04W5 Ponoka County</p> <p>16-26-014-28W4 09-20-014-27W4 M.D. of Willow Creek</p> <p>05-22-016-23W4 Vulcan County</p> <p>10-07-062-25W4 Westlock County</p>	<p>This is an escalation from a previous enforcement action reported on June 15, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. AD 2010-34, AD 2010-37, and AD 2010-38.</p> <p>Abandonment of wells.</p> <p>Licensee required to:</p> <ul style="list-style-type: none"> • abandon the wells, • 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>Licensee proved to the satisfaction of the ERCB that it has the right to produce the subject wells, provided a written explanation, and met with 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.