



ERCB Monthly Enforcement Action Summary

October 2010

ENERGY RESOURCES CONSERVATION BOARD
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High Risk Compliance Category Statistics				
ERCB	Compliance Category	October 2010		
		Initial Audits/ Inspections	Number of High Risk Noncompliances	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	18	1	94%
	Facilities Technical	14	2	86%
	Pipelines/Pipeline Installations Technical	12	0	100%
	Wells Technical	14	2	86%
Resources Applications Group Enforcement & Surveillance Section	Commingling	n/a	2	n/a
Subtotal		58	7	88%
Field Surveillance and Operations Branch				
Technical Operations Group Production Operations Section	Sulphur Recovery Guidelines	98	2	98%
Field Operations Group	Drilling Operations	34	1	97%
	Well Servicing	15	0	100%
	Oil Facilities	233	4	98%
	Gas Facilities	181	1	99.4%
	Pipelines	131	10	92%
	Drilling Waste Inspection	13	2	85%
	Well Site Inspections	321	4	99%
	Waste Facilities	4	0	100%
Subtotal		1030	24	98%
Geology, Environmental Science and Economics Branch				
Geology and Reserves Group Reserves and Pore Space Management	Oil Overproduction	376	0	100%
Subtotal		376	0	100%
Oil Sands Branch				
In Situ Oil Sands Group	Commercial In Situ Oil Sands Schemes	2	1	50%
Subtotal		2	1	50%
Total Audit/Inspections High Risk		1466	32	97.8%

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	Artemis Exploration Inc.	Field Operations/ Pipelines	Marking of existing pipelines inside a controlled area is unsatisfactory.	October 1, 2010	11-36-034-25W4 Kneehill County	Operations were suspended at the time of the inspection. Licensee updated internal procedures and repaired the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	Berry Creek Resources Inc.	Field Operations/ Pipelines	Discontinued pipeline. Not left in safe condition. Internal corrosion control. No records in corrosive environment. Cathodic protection system not operational or not installed. Pipeline sign missing or defaced on both sides of a crossing.	October 27, 2010	10-32-040-25W4 Lacombe County	Operations were suspended at the time of the inspection. Licensee required to submit a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
3	Bonterra Energy Corp.	Field Operations/ Well Site Inspection	Surface runoff control. Surface discharge criteria not met before surface water was discharged off lease.	October 25, 2010	06-25-051-06W5 Parkland County	Operations were suspended at the time of the inspection. Licensee updated internal procedures on surface runoff control. 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	Canadian Forest Oil Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation. No agreement with Department of Energy.	October 6, 2010	10-02-064-13W6 M.D. of Greenview	Licence(s) cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	Canadian Natural Resources Limited	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation. No agreement with Department of Energy.	October 21, 2010	05-09-051-12W5 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.
6	Capex Exploration Ltd.	Facilities Applications/ Facilities Technical	Not completing an acceptable noise impact assessment prior to application.	October 1, 2010	12-28-057-19W5 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.
7	Cenovus Energy Inc.	Field Operations/ Pipelines	Operator is aware of a reportable release but neglects to report it.	October 28, 2010	01-16-2-020-08W4 Cypress County	Operations were suspended at the time of the inspection. 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
8	ConocoPhillips Canada Resources	Resources Applications/ Commingling	Improper use of decision tree (Figure 3.3 of <i>Directive 065: Resources Applications for Oil and Gas Reservoirs</i>).	October 20, 2010	16-34-045-09W5 Clearwater County	<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 the requisite approval is obtained.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
9	Crew Energy Inc.	Field Operations/ Oil Facilities	Spill on/off lease not adequately controlled/cleaned up.	October 7, 2010	02-27-019-12W4 County of Newell	<p>Operations were suspended at the time of the inspection.</p> <p>Licensee cleaned up the spill.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	Dark Energy Ltd.	Field Operations/ Oil Facilities	Spill on/off lease not adequately controlled/cleaned up.	October 28, 2010	02-21-068-09W5 M.D. of Big Lakes	<p>Operations were not suspended as the spill was caused by the stuffing box. The stuffing box has been replaced.</p> <p>Licensee cleaned up the spill.</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
11	Direct Energy Marketing Limited	Field Operations/ Drilling Operations	Fluid turns in degasser inlet line not made using right angle connections constructed of tees and crosses blocked on fluid turns.	October 22, 2010	02-23-047-26W4 County of Wetaskiwin	Operations suspended. Licensee corrected the angles. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
12	Drake Energy Ltd.	Field Operations/ Oil Facilities	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.)	October 26, 2010	10-31-068-09W5 M.D. of Big Lakes	Operations were suspended at the time of the inspection. Licensee updated its emergency phone number. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	Eiger Energy Ltd.	Field Operations/ Pipelines	Pipeline is operating but is shown as discontinued or abandoned in ERCB records.	October 20, 2010	06-16-009-16W4 M.D. of Taber	Operations suspended. Licensee amended the license. 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	Enermark Inc.	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	October 29, 2010	08-24-047-05W4 M.D. of Wainwright	Operations suspended. Licensee implemented a corrosion monitoring and mitigation plan. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
15	Fairwest Energy Corporation	Field Operations/ Pipelines	Internal corrosion control. No monitoring and mitigation in corrosive environment. Pressure control devices or pressure relief device installations unsatisfactory.	October 27, 2010	06-12-033-09W4 12-24-033-10W4 Special Area 4	Operations were not suspended as all pressure control devices will be set to the lowest maximum operating pressure. Licensee has derated segments of the pipeline. Licensee implemented a corrosion control plan. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Husky Oil Operations Limited	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	October 6, 2010	10-19-049-06W4 County of Vermilion River	Operations suspended. Licensee implemented a corrosion monitoring and mitigation plan. 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
17	Keyera Energy Ltd.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	October 26, 2010	10-10-047-14W5 Yellowhead 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.
18	MEC Operating Company ULC	Field Operations/ Pipelines	No operations and maintenance procedures manual or not followed.	October 18, 2010	12-15-050-26W4 Leduc County	Operations suspended. Licensee performed a system review to ensure that it is meeting all of the requirements in its manual. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Mosaic Energy Ltd.	Resources Applications/ Commingling	Commingling without approval.	October 19, 2010	15-29-052-13W5 Yellowhead County	Licensee confirmed in writing that the noncompliance has been addressed and 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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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
20	Norwegian Petroleum Inc.	Field Operations/ Well Site Inspection	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.)	October 26, 2010	16-25-014-22W4 Vulcan County	<p>The inspection was conducted in conjunction with chaining and locking of the well as per a closure order issued by the ERCB. No further suspension is required.</p> <p>Licensee updated its emergency phone number.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
21	Provident Energy Ltd.	Facilities Applications/ Facilities Technical	Failure to submit a facility licence application as "Facilities-Technical nonroutine" when required.	October 4, 2010	03-17-016-18W4 Vulcan 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>
22	Richards Oil & Gas Limited	Field Operations/ Drilling Waste	Noncompliant with other ERCB requirement as per <i>Directive 050: Drilling Waste Management</i> , Section 1.1. (Sump closure not completed within 12 months of drilling rig release.)	October 27, 2010	07-01-054-26W5 Yellowhead County	<p>Operations were not suspended as drilling operations last took place in November 2006.</p> <p>Licensee completed the sump closure.</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
23	SemCAMS ULC	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	October 26, 2010	01-12-062-20W5 M.D. of Greenview	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.
24	SGG Resources Inc.	Field Operations/ Oil Facilities	Noncompliant with other ERCB requirement. (Licensee must ensure that a call to its 24-hour emergency telephone number initiates immediate action.)	October 28, 2010	08-30-072-15W5 M.D. of Big Lakes	Operations were suspended at the time of the inspection. Licensee is required to submit a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
25	Statoil Canada Ltd.	In Situ Oil Sands Group/ Commercial In Situ Oil Sands Schemes	Altering/modifying scheme design or equipment without notification/approval.	October 6, 2010	078-10W4 Athabasca Oil Sands Area	Operations were not suspended as suspending operations can affect conservation. Licensee took steps to obtain approval for equipment. 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	Taqqa North Ltd.	Facilities Applications/ Participant Involvement	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.	October 14, 2010	12-12-031-26W4 Kneehill County	Licence suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
27	Taylor Management Inc.	Field Operations/ Gas Facilities	Noncompliant with other ERCB requirement. (Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.)	October 4, 2010	16-09-014-15W4 County of Newell	Operations were suspended at the time of the inspection. Licensee updated its emergency phone number. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
28	Vero Energy Inc.	Field Operations/ Well Site Inspection	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).	October 27, 2010	04-05-028-05W5 Rocky View County	Operations were suspended at the time of the inspection. Licensee updated its emergency phone number. 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	Westfire Energy Ltd.	Field Operations/ Pipelines	Failure to notify appropriate ERCB Field Centre (pipeline failure). There is no documented monitoring or mitigation program in place and/or company is not following program.	October 29, 2010	05-14-037-07W4 Special Area 4	Operations suspended. Licensee implemented a monitoring and mitigation program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
30	Wolf Coulee Resources Inc.	Field Operations/ Well Site Inspection	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).	October 26, 2010	01-14-012-19W4 County of Lethbridge	Operations were suspended at the time of the inspection. Licensee updated its emergency phone number. 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 Follow-up
1	Action Energy Inc.	Corporate Enforcement/ Administration Fees	Failure to pay 2010 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-55 issued.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2010 ERCB Administration Fees, plus 20 per cent penalty, and • 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. Enforcement actions not escalated as licensee is in receivership.</p>
2	Arbour Energy Inc.	Corporate Enforcement/ Administration Fees	Failure to pay 2008 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-56 issued.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2008 ERCB Administration Fees, plus 20 per cent penalty, and • 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. Closure/Abandonment Order No. AD 2010-82 issued.</p> <p>Licensee failed to comply. ERCB is evaluating further actions.</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
3	Greenhorns Energy Inc.	Corporate Enforcement/ Orphan Levy	Failure to pay 2010 Orphan Fund Levy, plus 20 per cent penalty.	October 19, 2010	10-12-064-26W4 Westlock County	<p>This is an escalation of previous enforcement actions reported on August 18, 2010, and September 9, 2010.</p> <p>Global Refer status.</p> <p>Abandonment Order No. AD 2010-65 issued.</p> <p>Abandonment of well licence.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2010 Orphan Fund Levy, plus 20 per cent penalty, and • 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 complete.</p>
4	Interquest Incorporated	Corporate Enforcement/ Administration Fees	Failure to pay 2010 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-57 issued.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2010 ERCB Administration Fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the ERCB addressing the failure to respond

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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
						and detailing steps to prevent future occurrences. Licensee failed to comply. Enforcement actions not escalated as licensee is in receivership.
5	Montello Resources Ltd.	Corporate Enforcement/ Administration Fees	Failure to pay 2009 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	Global Refer status. Miscellaneous Order No. MISC 2010-58 issued. Licensee required to <ul style="list-style-type: none"> • pay the 2009 ERCB Administration Fees, plus 20 per cent penalty, 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. File Referred to Alberta Environment as reclamation-only liability remains in the company.
6	Norwegian Petroleums Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	October 4, 2010	N/A – Against Licensee	Global Refer status. Miscellaneous Order No. MISC 2010-52 issued. Licensee required to pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Closure Order No. C 1230 issued.

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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
						Licensee submitted its full security deposit and provided an explanation to the ERCB. Compliance achieved.
7	Petroflow Energy Ltd.	Corporate Enforcement/ Administration Fees	Failure to pay 2010 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	Global Refer status. Miscellaneous Order No. MISC 2010-59 issued. Licensee required to <ul style="list-style-type: none"> • pay the 2010 ERCB Administration Fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Licensee submitted full payment of its 2010 ERCB Administration Fees, plus 20 per cent penalty, and provided an explanation to the ERCB. Compliance achieved.
8	Redeye Energy Limited	Corporate Enforcement/ Orphan Levy	Failure to pay 2010 Orphan Fund Levy, plus 20 per cent penalty.	October 19, 2010	08-02-011-15W4 M.D. of Taber	This is an escalation of previous enforcement actions reported on August 18, 2010, and September 14, 2010. Global Refer status. Issuance of Abandonment Order No. AD 2010-64. Abandonment of well licence. Licensee required to

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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
						<ul style="list-style-type: none"> • pay the 2010 Orphan Fund Levy, plus 20 per cent penalty, and • provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee submitted full payment of its 2010 Orphan Fund Levy, plus 20 per cent penalty, and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>
9	Reid Resources Ltd.	Corporate Enforcement/ Administration Fees	Failure to pay 2009 and 2010 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-61 issued.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2009 and 2010 ERCB Administration Fees, plus 20 per cent penalty, and • 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. Enforcement actions not escalated as licensee is in receivership.</p>
10	Saamis Oil & Gas Ltd.	Technical Operations/ Well Drilling and Completions Data	<p>Failure to submit drilling summary data electronically within 30 days of completing operations.</p> <p>Failure to submit</p>	October 4, 2010	10-25-012-02W4 Cypress County	<p>Global Refer status.</p> <p>Abandonment Order No. AD 2010-63 issued.</p> <p>Abandonment of well licence.</p> <p>Licensee require to</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
			completion summary data electronically within 30 days of completing operations.			<ul style="list-style-type: none"> submit the well drilling and completion operations data, 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 failed to comply. The ERCB is evaluating further actions.</p>
11	Samson Oil and Gas Inc.	Corporate Enforcement/ Administration Fees	Failure to pay 2010 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-62 issued.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> pay the 2010 ERCB Administration Fees, plus 20 per cent penalty, and 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. Closure Order No. C 1232 issued.</p> <p>Licensee submitted full payment of its 2010 ERCB Administration Fees, plus 20 per cent penalty, and provided an explanation to the ERCB.</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
12	San Juan Resources Inc.	Corporate Enforcement/ Administration Fees	Failure to pay 2010 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-63 issued.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2010 ERCB Administration Fees, plus 20 per cent penalty, and • 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. Enforcement actions not escalated as licensee is in receivership.</p>
13	Slate Energy Inc.	Corporate Enforcement/ Administration Fees	Failure to pay 2008 and 2009 ERCB Administration Fees, plus 20 per cent penalty.	October 28, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-64 issued.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2008 and 2009 ERCB Administration Fees, plus 20 per cent penalty, and • 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. Closure/Abandonment Orders No. AD 2010-83, AD 2010-84, and AD 2010-85 issued.</p> <p>Licensee failed to comply. The 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
	None					

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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.