



ERCB Monthly Enforcement Action Summary

November 2010

ENERGY RESOURCES CONSERVATION BOARD
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High Risk Compliance Category Statistics				
ERCB	Compliance Category	November 2010		
		Initial Audits/ Inspections	Number of High Risk Noncompliance	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	16	0	100%
	Facilities Technical	16	1	94%
	Pipelines/Pipeline Installations Technical	7	0	100%
	Wells Technical	18	2	89%
Resources Applications Group Enforcement & Surveillance Section	Control Wells	n/a	3	n/a
	Commingling	n/a	3	n/a
Subtotal		57	9	84%
Field Surveillance and Operations Branch				
Technical Operations Well Operations Group	Flaring, Incinerating, and Venting	n/a	1	n/a
Field Operations Group	Drilling Operations	16	1	94%
	Well Servicing	9	1	89%
	Oil Facilities	171	1	99.4%
	Gas Facilities	134	3	98%
	Pipelines	125	10	92%
	Drilling Waste	11	0	100%
	Well Site Inspections	228	1	99.6%
	Waste Management	2	0	100%
Subtotal		696	17	98%
Geology, Environmental Science and Economics Branch				
Reserves and Pore Space Management Group Oil Reserves and Allowables Section	Oil Overproduction	370	3	99.2%
Subtotal		370	3	99.2%
Total Audit/Inspections High Risk		1123	29	97.4%

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	Anderson Energy Ltd.	Resources Applications/ Commingling	Improper use of the decision tree (Figure 3.2).	November 5, 2010	10-25-038-02W5 Red Deer County	<p>Licensee confirmed in writing that it addressed the noncompliance. Operations were not 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>
2	Apache Canada Ltd.	Field Operations/ Pipelines	Cathodic potential is less than nominal—0.85 volts on an operating or discontinued system.	November 9, 2010	10-03-038-05W4 Special Area 4	<p>Operations suspended.</p> <p>Licensee updated internal procedures on its cathodic protection program.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
3	Baccalieu Energy Inc.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation—no agreement with the Department of Energy.	November 4, 2010	01-31-031-03W5 Mountain View County	<p>Two licences cancelled.</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
4	Canadian Forest Oil Ltd.	Field Operations/ Pipelines	Corrosion Internal— there is no documented monitoring or mitigation program in place and/or company is not following program.	November 17, 2010	08-25-097-16W5 M.D. of Mackenzie	Operations were already suspended at the time of the inspection. Licensee implemented an internal corrosion control program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	Canadian Natural Resources Limited	Field Operations/ Pipelines	Test medium/disposal unsatisfactory. Test pressure/duration does not conform to requirements.	November 2, 2010	11-35-051-04W4 County of Vermilion River	Operations suspended. Licensee implemented internal procedures to deal with the noncompliant events. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
6	Capio Exploration Ltd.	Technical Operations/ Flaring, Incinerating, and Venting	No permit obtained to flare or incinerate sour gas containing more than 5 per cent H ₂ S.	November 26, 2010	14-29-074-08W6 County of Grande Prairie	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
7	Cenovus Energy Inc.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	November 24, 2010	16-13-021-15W4 07-27-024-17W4 Newell County 16-35-027-19W4 Wheatland County	Operations suspended. Licensee confirmed in writing that it addressed the noncompliance and that the well has been shut in and will remain shut in. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
8	Compton Petroleum Corporation	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place. Failure to resolve issues or notify the ERCB of unresolved issues.	November 24, 2010	13 locations Kneehill County M.D. of Foothills M.D. of Willow Creek M.D. of Rocky View Vulcan County	Operations suspended. Licensee confirmed in writing that it addressed the noncompliance and that the well has been shut in and will remain shut in. Licensee provided a plan to address the noncompliances 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
9	ConocoPhillips Canada (BRC) Partnership	Reserves and Pore- Space Management/ Oil Overproduction	Failure to retire oil overproduction.	November 1, 2010	Sinclair Paddy L Block No. 1	<p>Licensee confirmed in writing that the production entity was shut in and will remain shut in until all overproduction is retired. (See Section 4 of <i>Directive 007-1 Allowables Handbook—Guidelines for the Calculation of Monthly Production Allowables in Alberta</i> for further information on blocks.)</p> <p>Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	Crew Energy Inc.	Field Operations/ Pipelines	Damage by others— proper procedures were not followed (pipeline hit).	November 25, 2010	10-12-019-12W4 County of Newell	<p>Operations suspended.</p> <p>Licensee repaired the pipeline and updated internal pipeline procedures.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
11	Fairborne Energy Ltd.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction, and/or operation.	November 4, 2010	02-16-047-14W5 Yellowhead County	<p>Licence/operations not suspended as there is no evidence of operational 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
12	Galleon Energy Inc.	Reserves and Pore-Space Management/ Oil Overproduction	Failure to retire oil overproduction.	November 1, 2010	00/16-06-075-03W6/0 (production string) Birch Hills County	<p>Licensee confirmed in writing that the well was shut in and will remain shut in until all overproduction is retired.</p> <p>ERCB directed the licensee to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
13	Harvest Operations Corp.	Reserves and Pore-Space Management/ Oil Overproduction	Failure to retire oil overproduction.	November 1, 2010	03/14-27-041-12W4/2 (production string) Flagstaff 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 directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
14	Mancal Energy Inc.	Resources Applications/ Commingling	Improper use of the decision tree (Figure 3.4).	November 17, 2010	13-17-048-11W5 Brazeau County	<p>Licensee confirmed in writing that it addressed the noncompliance 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>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
15	NAL Resources Limited	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	November 24, 2010	04-28-039-22W4 09-28-039-22W4 01-28-039-22W4 Lacombe County	Operations suspended. Licensee confirmed in writing that it addressed the noncompliance and that the well has been shut in and will remain shut in. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Newcrest Resources Ltd.	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.	November 15, 2010	13-24-013-13W4 M.D. of Taber	Well site was shut in at the time of inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
17	Nuvista Energy Ltd.	Resources Applications/ Commingling	Improper use of the decision tree (Figure 3.3).	November 1, 2010	14-30-045-08W5 Clearwater County	Licensee confirmed in writing that it addressed the noncompliance 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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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
18	Plains Midstream Canada ULC	Field Operations/ Pipelines	Depth of cover is unsatisfactory.	November 30, 2010	16-19-040-03W5 Lacombe County	<p>Operations suspended.</p> <p>Licensee implemented a watercourse-crossing management program as part of its overall pipeline integrity management program to ensure that the depth of cover on the pipeline is satisfactory.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
19	Taqa North Limited	Field Operations/ Gas Facilities	H ₂ S emissions off lease.	November 26, 2010	09-14-028-01W5 Rocky View County	<p>Operations were not suspended as the licensee made the necessary repairs to correct the noncompliance.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
20	Yangarra Resources Corp.	Field Operations/ Well Site Inspection	Residents within required radius not notified of flaring or venting.	November 5, 2010	13-35-040-07W5 Clearwater County	<p>Operations were not suspended as the licensee was preparing to notify all landowners at the time of the inspection.</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
21	Yangarra Resources Corp.	Field Operations/ Drilling Operations	Use of oil-based drilling fluids (or any other potentially toxic drilling additive) when drilling above the "base of groundwater protection" depth.	November 8, 2010	13-31-037-07W5 Clearwater County	Operations were not suspended as the licensee set and cemented the intermediate casing to isolate the base for groundwater protection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (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 (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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High Risk Enforcement Action (Failure to Comply) ⁴						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	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).	November 16, 2010	10-31-068-09W5 M.D. of Big Lakes	<p>Licensee failed to comply with the High Risk Enforcement Action 1 letter issued on October 26, 2010.</p> <p>Well site was shut in at the time of inspection.</p> <p>Licensee required to submit an action plan to address the noncompliance and prevent future occurrences.</p> <p>Licensee must meet with the ERCB to review its action plan before operations can resume.</p>
2	Saamis Oil & Gas Ltd.	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).	November 5, 2010	10-25-012-02W4 Cypress County	<p>Licensee failed to comply with the High Risk Enforcement Action 1 letter issued on September 30, 2010.</p> <p>The well was shut in at the time of the inspection as a result of an ERCB Board Closure No. C 1212 issued on August 19, 2010.</p> <p>Licensee required to submit an action plan to address the noncompliance and prevent future occurrences.</p> <p>Licensee must meet with the ERCB to review its action plan.</p> <p>ERCB is evaluating further actions.</p>

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Low Risk Enforcement Action (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
1	1451637 Alberta Ltd.	Corporate Enforcement/ Orphan Levy	Failure to pay 2010 Orphan Fund Levy, plus 20 per cent penalty.	November 18, 2010	09-06-090-09W5 08-30-089-09W5 04-12-090-10W5 Northern Sunrise County	<p>This is an escalation of previous enforcement actions dated on August 18, 2010, and September 9, 2010.</p> <p>Global Refer status.</p> <p>Abandonment Order No. AD 2010-67 issued.</p> <p>Abandonment of well licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2010 Orphan Fund Levy, plus 20 per cent penalty; • provide a written explanation acceptable to the ERCB to address its failure to respond and detail steps to prevent future occurrences; and • meet with the ERCB to review its noncompliance history and action plan. <p>Licensee submitted its Orphan Fund Levy, plus 20 per cent penalty and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>
2	Alberta Oilsands Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	November 2, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-53 issued.</p> <p>Licensee required to pay the security deposit and submit an acceptable written explanation to the ERCB that addresses its failure</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>to respond and details steps to prevent future occurrences.</p> <p>Licensee submitted its security deposit and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>
3	Arbour Energy Inc.	Corporate Enforcement/ Orphan Levy	Failure to pay 2010 Orphan Fund Levy, plus 20 per cent penalty.	November 18, 2010	06-32-028-03W5 M.D. of Rockyview	<p>This is an escalation of previous enforcement actions taken on August 18, 2010, and September 9, 2010.</p> <p>Global Refer status.</p> <p>Abandonment Order No. AD 2010-68 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; • provide an acceptable written explanation to the ERCB that addressed the failure to respond and details steps to prevent future occurrences; and • meet with the ERCB to review its noncompliance history and action plan. <p>Licensee failed to comply. ERCB is evaluating further actions.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
4	Arbour Energy Inc.	Corporate Enforcement/ Administration Fees	Failure to pay 2010 ERCB Administration Fees, plus 20 per cent penalty.	November 24, 2010	06-32-028-03W5 M.D. of Rockyview	<p>This is an escalation of a previous enforcement action taken on October 28, 2010.</p> <p>Global Refer status.</p> <p>Closure/Abandonment Order No. AD 2010-82 issued.</p> <p>Abandonment of well licence.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2010 ERCB Administration Fees, plus 20 per cent penalty; • provide an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences; and • meet with the ERCB to review its noncompliance history and action plan. <p>Licensee failed to comply. ERCB is evaluating further actions.</p>
5	Avondale Energy Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	November 24, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-66 issued.</p> <p>Licensee required to pay the security deposit and submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>Licensee failed to comply. ERCB issued Closure Order No. C 1238.</p> <p>Licensee failed to comply. ERCB issued Abandonment Orders No. AD 2011-14 and AD 2011-15 and Closure/Abandonment Order No. AD 2011-16.</p> <p>Licensee failed to comply. ERCB is evaluating further actions.</p> <p>Devon Canada Corporation, a working interest participant, requested additional time to abandon the wells that it has an interest in.</p> <p>ERCB issued Abandonment Order No. AD 2011-14A, giving parties until September 1, 2011, to abandon the wells.</p>
6	Enerhance Resources Inc.	Corporate Enforcement/ Orphan Levy	Failure to pay 2010 Orphan Fund Levy, plus 20 per cent penalty.	November 18, 2010	06-07-013-01W4 10-31-012-01W4 06-02-013-02W4 14-11-013-02W4 06-15-012-03W4 Cypress County	<p>This is an escalation of previous enforcement actions dated on August 18, 2010, and September 9, 2010.</p> <p>Global Refer status.</p> <p>Abandonment Order No. AD 2010-70 issued.</p> <p>Abandonment of well licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2010 Orphan Fund Levy, plus 20 per cent penalty; • provide an acceptable written explanation to the ERCB that

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>addresses the failure to respond and details steps to prevent future occurrences; and</p> <ul style="list-style-type: none"> meet with the ERCB to review its noncompliance history and action plan. <p>Licensee failed to comply. ERCB is evaluating further actions.</p>
7	Enquest Environmental Services Corp.	Corporate Enforcement/ Orphan Levy	Failure to pay 2010 Orphan Fund Levy, plus 20 per cent penalty.	November 18, 2010	07-28-058-10W5 Woodlands County 05-35-083-14W5 Northern Sunrise County 08-19-036-01W5 Red Deer County 14-29-032-27W4 Mountain View County	<p>This is an escalation of previous enforcement actions dated on August 18, 2010, and September 9, 2010.</p> <p>Global Refer status.</p> <p>Abandonment Order No. AD 2010-71 issued.</p> <p>Abandonment of well licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> pay the 2010 Orphan Fund Levy, plus 20 per cent penalty; submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences; and meet with the ERCB to review its noncompliance history and action plan. <p>Licensee failed to comply. ERCB is evaluating further actions.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
8	Flow-Back Oil & Gas Ltd.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	November 1, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-65 issued.</p> <p>Licensee required to pay the security deposit and submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences.</p> <p>Licensee submitted its security deposit and provided the explanation to the ERCB.</p> <p>Compliance achieved.</p>
9	Graybeard Energy Ltd.	Corporate Enforcement/ Orphan Levy	Failure to pay 2010 Orphan Fund Levy 20 per cent penalty.	November 18, 2010	<p>Well Licences: 08-06-046-24W4 09-18-046-24W4 16-29-046-24W4 06-21-046-24W4 08-06-046-24W4 08-06-047-24W4 County of Wetaskiwin</p> <p>01-10-048-24W4 Leduc County</p> <p>Pipeline Licence: 09-18-046-24W4 Count of Wetaskiwin</p>	<p>This is an escalation of previous enforcement actions dated on August 18, 2010, and September 9, 2010.</p> <p>Global Refer status.</p> <p>Abandonment Orders No. AD 2010-72, AD 2010-73, AD 2010-74, AD 2010-75, and AD 2010-76 issued.</p> <p>Closure/Abandonment Order No. AD 2010-77 issued.</p> <p>Well and pipeline licences abandoned.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 2010 Orphan Fund Levy, plus 20 per cent penalty; • provide an acceptable written

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						<p>explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences; and</p> <ul style="list-style-type: none"> meet with the ERCB to review its noncompliance history and action plan. <p>Licensee submitted its Orphan Fund Levy, plus 20 per cent penalty, but did not provide the explanation to the ERCB.</p>
10	RIA Resources Corp.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	November 1, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-60 issued.</p> <p>Licensee required to pay the security deposit and submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences.</p> <p>ERCB issued Miscellaneous Order No. MISC 2010-60A, granting the licensee an extension in submitting its security deposit.</p> <p>Licensee failed to comply. Closure Order No. C 1237 issued.</p> <p>Licensee submitted its security deposit and submitted the explanation to the ERCB.</p> <p>Compliance achieved.</p>

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11	Samson Oil and Gas Inc.	Corporate Enforcement/ Administration Fees	Failure to pay 2010 ERCB Administration Fees, plus 20 per cent penalty.	November 24, 2010	11-02-044-24W4 10-04-044-24W4 10-13-044-24W4 10-12-044-24W4 08-18-044-24W4 County of Wetaskiwin	This is an escalation of a previous enforcement action dated on October 28, 2010. Global Refer status. Closure Order No. C 1232 issued. Well licences suspended. Licensee required to <ul style="list-style-type: none"> • pay the 2010 ERCB Administration Fees, plus 20 per cent penalty; • provide an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences; and • meet with the ERCB to review its noncompliance history and action plan. Licensee submitted its Administration Fees, plus 20 per cent penalty and submitted the explanation to the ERCB. Compliance achieved.
12	Saphonyx Energy Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	November 25, 2010	N/A – Against Licensee	Global Refer status. Miscellaneous Order No. MISC 2010-67 issued. Licensee required to pay the security deposit and submit a written explanation to the ERCB that addresses the failure to respond and details steps to

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						<p>prevent future occurrences.</p> <p>Licensee failed to comply. Closure Order No. C 1234 issued.</p> <p>Licensee failed to comply. Abandonment Order No. AD 2011-4 and Closure/Abandonment Order No AD 2011-5 issued.</p> <p>Licensee failed to comply. The ERCB is acting on the breached Abandonment Orders and will pursue cost recovery from the licensee once complete.</p>
13	Slate Energy Inc.	Corporate Enforcement/ Administration Fees	Failure to pay 2008 and 2009 ERCB Administration Fees, plus 20 per cent penalty.	November 24, 2010	<p>Well Licences: 06-34-055-24W4 03-34-055-24W4 11-34-055-24W4</p> <p>Facility Licence: 00/06-34-055-24W4</p> <p>Pipeline Licences: 11-34-055-24W4 06-34-055-24W4</p> <p>Sturgeon County</p>	<p>Global Refer status.</p> <p>Closure/Abandonment Orders No. AD 2010-83, AD 2010-84, and AD 2010-85 issued.</p> <p>Well, facility, and pipeline licences abandoned.</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; • provide an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences; and • meet with the ERCB to review its noncompliance history and action plan. <p>Licensee failed to comply. ERCB is evaluating further actions.</p>

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Low Risk Enforcement Action (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
14	SunOcean Energy Ltd.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	November 2, 2010	N/A – Against Licensee	<p>Global Refer status.</p> <p>Miscellaneous Order No. MISC 2010-54 issued.</p> <p>Licensee required to pay the security deposit and submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences.</p> <p>Licensee failed to comply. Closure Order No. C 1231 issued.</p> <p>Licensee was given until March 18, 2011, to submit the security deposit.</p>

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

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
1	Maverick Resources Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Maverick Resources Ltd. has a valid entitlement to the right to produce the well.	November 26, 2010	05-08-111-02W6 04-09-111-02W6 05-17-111-02W6 M.D. of Mackenzie	Global Refer status. Closure Order No. C 1233 issued. Well licences suspended and closed. Licensee required to complete one of the following: a) reacquire or reinstate the mineral rights and surface leases; b) transfer the well licences to a viable licensee who has the right to hold; or c) abandon the wells. Licensee also required to submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences. Licensee failed to comply. Abandonment Orders No. AD 2011-02 and AD 2011-03 issued. Licensee failed to comply. The ERCB is acting on the breached abandonment order and will pursue cost recovery from the licensee once complete.
2	Padriv Development Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Padriv Development Ltd. has a valid entitlement to the right to produce the well.	November 2, 2010	16-33-038-24W4 Lacombe County	This is a continuation from previous enforcement actions dated on August 10, 2010, and September 14, 2010. Global Refer status. Abandonment Order No. AD 2010-

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						<p>57 issued.</p> <p>Closure/Abandonment Order No. AD 2010-58 issued.</p> <p>Well and pipeline licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> abandon the 16-33-038-24W4 well; complete the Digital Data Submission indicating both downhole and surface abandonment; and submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences. <p>Licensee granted an extension to abandon the well, through Abandonment Order No. AD 2010-57A and Abandonment/Closure Order No. AD 2010-58A due to difficulties in accessing the site.</p> <p>Licensee abandoned the subject properties.</p> <p>Compliance achieved.</p>
3	Saguaro Energy Corp.	Corporate Enforcement/ Right to Operate	Failure to prove to the satisfaction of the ERCB that Saguaro Energy Corp.'s pipeline licence is associated with operating wells or facilities.	November 25, 2010	<p>10-32-032-09W4 10-10-033-09W4 03-09-033-09W4</p> <p>Special Area 4</p>	<p>Global Refer status.</p> <p>Closure/Abandonment Order No. AD 2010-81 issued.</p> <p>Suspension and abandonment of pipeline licence.</p>

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						<p>Licensee required to</p> <ul style="list-style-type: none"> abandon the pipeline in accordance with Schedule 3, <i>Directive 056: Energy Development Applications and Schedules</i>; confirm that the pipeline was properly abandoned; and submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences. <p>Licensee transferred the subject licences to a licensee with the right to operate them.</p> <p>Compliance achieved.</p>
4	Savant Energy Inc.	Corporate Enforcement/ Surface Access Termination	Failure to prove to the satisfaction of the ERCB that Savant Energy Inc. has a valid entitlement to the right of access for the well.	November 16, 2010	14-07-052-06W4 14-06-052-06W4 County of Vermilion River	<p>Global Refer status.</p> <p>Closure/Abandonment Order No. AD 2010-79 and AD 2010-80 issued.</p> <p>Well licences suspended and abandoned.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> abandon the wells at Legal Subdivision (LSD) 14, Section 7, Township 52, Range 6, West of the 4th Meridian, and LSD 14-06-052-06W4M; complete the Digital Data Submission indicating both downhole and surface abandonment;

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Legislative/Regulatory Enforcement Action ⁶						
#	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"> submit an acceptable written explanation to the ERCB that addresses the failure to respond and details 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 acting on the breached closure/abandonment orders and will pursue cost recovery from the licensee once complete.</p>
5	Slate Energy Inc.	Corporate Enforcement/ Surface Access Termination	Failure to prove to the satisfaction of the ERCB that Slate Energy Inc. has a valid entitlement to the right of access for the well.	November 5, 2010	11-34-055-24W4 Sturgeon County	<p>Global Refer status.</p> <p>Closure/Abandonment Order No. AD 2010-66 issued.</p> <p>Well licence suspended and abandoned.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> abandon the well at LSD 11-34-055-24W4; complete the Digital Data Submission indicating both downhole and surface abandonment; submit an acceptable written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences; and meet with the ERCB to review its noncompliance history and

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						<p>action plan.</p> <p>Licensee failed to comply. ERCB is evaluating further actions.</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 (HREA)**

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA against a licensee if it identifies a high risk noncompliant event(s). To address an HREA, the licensee must: immediately correct and address the high risk noncompliant event(s); if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop and implement a written action plan within 60 calendar days or in the time specified by the ERCB group (a licensee may also be required to submit the written action plan and meet with the ERCB group to discuss both the action plan and the licensee's compliance history); and notify the ERCB group that it has corrected and addressed the high risk noncompliance. The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the noncompliance is corrected/addressed); suspension and/or cancellation of the permit, license, or approval.

² **Directive 019—High Risk Enforcement Action (HREA) (Persistent Noncompliance)**

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA (Persistent Noncompliance) against a licensee with an unacceptable rate, ratio, percentage or number of noncompliant events, either in the same or in different compliance categories. To address an HREA (Persistent Noncompliance), the licensee must: immediately correct and address the identified high risk noncompliant event(s); if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact/hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the ERCB group (the action plan should address the root causes of previous noncompliance events and detail how the licensee will prevent future noncompliance events in the compliance category/categories); meet with the ERCB group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the ERCB group that it has corrected and addressed the high risk noncompliance. The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the noncompliance is corrected/addressed); suspension and/or cancellation of the permit, license, or approval.

A licensee must operate in compliance for a period of 60 calendar days (or in a time specified by the ERCB) in the same compliance category before achieving overall compliance.

³ **Directive 019—High Risk Enforcement Action (HREA) (Demonstrated Disregard)**

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA (Demonstrated Disregard) against a licensee if the licensee knows or should know about a high risk noncompliant event(s) but does not act to correct and address the noncompliance. The ERCB assesses demonstrated disregard on a case-by-case basis. To address an HREA (Demonstrated Disregard), the licensee must: immediately correct and address the identified high risk noncompliant event(s); if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact/hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan (the action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliance events); meet with the ERCB group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the ERCB group that it has corrected and addressed the high risk noncompliance. The ERCB may also apply or require one or more of the following as its authority provides: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects/addresses the noncompliance); suspension and/or cancellation of the permit, license, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

A licensee must operate in compliance for a period of 180 calendar days (or in the time specified by the ERCB) in the same compliance category before achieving overall compliance.

⁴ **Directive 019—High Risk Enforcement Action (HREA) (Failure to Comply)**

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA (Failure to Comply) against a licensee if it failed to comply with the direction of the ERCB in an ERCB Notice of High Risk Noncompliance, HREA, HREA (Persistent Noncompliance), HREA (Demonstrated Disregard), or a previous HREA (Failure to Comply). To address an HREA (Failure to Comply), the licensee must: immediately correct and address the identified high risk noncompliant event(s); if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan (the written action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliance events); meet with the ERCB group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the ERCB group that it has corrected and addressed the high risk noncompliance. The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension until the noncompliance is corrected and addressed; suspension and/or cancellation of permit, licensee, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

A licensee must operate in compliance for a period of 180 calendar days (or in the time specified by the ERCB) in the same compliance category before achieving overall compliance.

⁵ **Directive 019—Low Risk Enforcement Action (LREA) (Global Refer)** In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an LREA (Global REFER) against a licensee who failed to comply with the direction of the ERCB in a Notice of Low Risk Noncompliance. To address an LREA, the licensee must: immediately correct and address the low risk noncompliant event(s); notify the ERCB group that it has addressed the low risk noncompliant event(s); and develop, implement, and submit written action plan within 30 calendar days or in the time specified by the ERCB group; and meet with the ERCB group to discuss the low risk noncompliant event(s), the licensee's compliance history, or the written action plan. The ERCB may also apply or require one or more of the following: noncompliance fees, partial or full suspension, suspension and/or cancellation of permit, license, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

⁶ **Legislative/Regulatory Enforcement Action**

The ERCB initiates a Legislative/Regulatory Enforcement Action for noncompliance with ERCB requirements that fall outside the administration of *Directive 019: Compliance Assurance*. The ERCB relies upon its statutory and regulatory authority to initiate the enforcement action against the licensee by applying a Refer status against the licensee and possibly issuing an Order (Closure, Miscellaneous and Abandonment). The ERCB generally initiates these enforcement actions because of a mineral or surface lease expiry, an environmental and public safety concern, or a failure to demonstrate the right to the purpose of the wellbore, the right to access the surface, and working interest ownership in the property.

Focused/Global REFER status

This status indicates a licensee's inability or unwillingness to comply. If applied against a licensee, the ERCB will consider the status when deciding to approve or deny future and pending applications and may apply conditions for continued operation.

For further information on ERCB Enforcement Actions, see *Directive 019: Compliance Assurance* or contact the ERCB Compliance Assurance Section at compliancecoordination@ercb.ca.