



ERCB Monthly Enforcement Action Summary

October 2012

ENERGY RESOURCES CONSERVATION BOARD
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Introduction

This report provides information on all licensees that have had a High Risk Enforcement Action¹, Low Risk Enforcement Action (Global Refer), or Legislative/Regulatory Enforcement issued against them and is published in the fourth month after the enforcement actions are issued.

The table below summarizes the enforcement actions issued by each ERCB group in October 2012.

ERCB Monthly Enforcement Action Summary*				
	Compliance Category	October 2012		
		Number of High Risk Enforcement ¹ Actions	Number of Low Risk Enforcement Actions (Global Refer)	Number of Legislative/Regulatory Enforcement Actions
Applications Branch				
Facilities Applications Group	Facilities Technical	1	0	0
	Participant Involvement	1	0	0
	Wells Technical	2	0	0
Resources Applications Group	Commingling	2	0	0
	Control Wells	1	0	0
	Injection/Disposal	1	0	0
	Spacing	5	0	0
Subtotal		13	0	0
Field Surveillance and Operations Branch				
Field Operations Group	Drilling Waste	2	0	0
	Pipelines	7	0	0
	Oil Facilities	4	0	0
Liability Management Group	Noncompliance with Liability Management Program Requirements	0	5	0
	Orphan Levy	0	2	0
Technical Operations Group	Flaring, Incinerating, and Venting Audits	2	0	0
	Sulphur Recovery Guidelines	1	0	0
Subtotal		16	7	0
	Corporate Status	0	0	1
	Noncompliance with Section 106(3)	0	0	1
	Nonpayment of ERCB Administration Fees	0	0	10
Subtotal		0	0	12
Geology, Environmental Science, and Economics Branch				
Regulatory Outcomes and Delivery Group Regulatory Delivery Section	Oil Overproduction	2	0	0
Subtotal		2	0	0
Total Enforcement Actions issued		31	7	12

*This table only summarizes the compliance categories for which there were monthly enforcement actions issued.

¹ For high risk noncompliances, the ERCB may issue any of the following enforcement actions: High Risk Enforcement Action, High Risk Enforcement Action (Persistent Noncompliance), High Risk Enforcement Action (Failure to Comply), or High Risk Enforcement Action (Demonstrated Disregard).

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
1	Anderson Energy Ltd.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/Unit/Block/Project/GTO/IW without approval.	October 18, 2012	13-24-040-06W5 14-24-040-06W5 Clearwater County	Operation related to noncompliance is suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	ARC Resources Ltd.	Field Operations/ Pipelines	No operations and maintenance procedures manual, or not followed. There is no documented monitoring or mitigation program in place and/or company is not following program.	October 23, 2012	12-31-048-06W5 Brazeau County	Operations were not suspended because the licensee removed the dead leg and abandoned the pipeline. Licensee implemented a pipeline licence field verification program to identify all pipeline deficiencies in Drayton Valley district. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Black Shire Energy Inc.	Field Operations/ Drilling Waste	Failure to obtain landowner approval for off-site drilling waste disposal.	October 11, 2012	13-14-039-06W4 M.D. of Provost	Operations were not suspended because the noncompliance occurred in the past. Licensee provided financial compensation to the landowner. The landowner agreed to allow the drilling waste remain on the land. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
4	Canadian Natural Resources Limited	Resources Applications/ Commingling	Commingling without approval.	October 2, 2012	10-36-011-17W4 11-36-011-17W4 M.D. of Taber	Licence or Operation not suspended as there was no existing or potential impact/hazard to the public safety, environmental protection, resource conservation and/or stakeholder confidence. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	Capio Exploration Ltd.	Technical Operations/ Flaring, Incinerating, Venting Audits	Failure to comply with any condition of flaring permit or approval (temporary permits, volume allowance threshold exceedance permits, and blanket permits). Flaring or incinerating sour gas containing more than 50 mol/kmol H ₂ S or from a critical sour gas well without a permit.	October 10, 2012	01-28-074-08W6 (W 0445959) County of Grande Prairie	Operations were not suspended because the flaring occurred in the past. Licensee reviewed the root cause of the noncompliance, and determined it was non-effective communication with project manager and associated field/testing personnel. Licensee updated its procedures. Licensee provided a plan to address the noncompliance and prevent future occurrences, and met with the ERCB. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
6	Capio Exploration Ltd.	Technical Operations/ Flaring, Incinerating, Venting Audits	<p>Failure to comply with any condition of flaring permit or approval (temporary permits, volume allowance threshold exceedance permits, and blanket permits).</p> <p>Flaring or incinerating sour gas containing more than 50 mol/kmol H₂S or from a critical sour gas well without a permit.</p>	October 10, 2012	<p>01-28-074-08W6 (W 0438343)</p> <p>County of Grande Prairie</p>	<p>Operations were not suspended because the flaring occurred in the past.</p> <p>Licensee reviewed the root cause of the noncompliance, and determined it was non-effective communication with project manager and associated field/testing personnel. Licensee updated its procedures.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences, and met with the ERCB.</p> <p>Compliance achieved.</p>
7	City of Medicine Hat	Field Operations/ Pipelines	<p>Emergency procedures manual unsatisfactory.</p> <p>Cathodic potential is less than nominal -0.85 volts on an operating or discontinued system.</p> <p>Discontinued pipeline – Not left in a safe condition.</p>	October 5, 2012	<p>2 pipeline licences 06-22-022-06W4</p> <p>Special Area 3</p>	<p>Operations were not suspended because the pipelines were discontinued.</p> <p>Licensee updated its Emergency Response Plan.</p> <p>Licensee is required to address the cathodic protection and disconnect, clean and purge the discontinued pipelines.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved. The licensee was granted an extension because of the limited winter access to the area; the work will commence in early 2013.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
8	Conserve Oil 6 th Corporation	Field Operations/ Drilling Waste	Disposal practices result in pooling, clumping, or erosion.	October 16, 2012	11-07-013-21W4 County of Lethbridge	<p>Operations were not suspended because the noncompliance occurred in the past.</p> <p>Licensee cleaned up and water sprayed the area and disposed of the drilling waste materials.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
9	Crescent Point Energy Corp.	Field Operations/ Pipelines	<p>Discontinued pipeline – Not left in a safe condition.</p> <p>No operations and maintenance procedures manual, or not followed.</p> <p>Internal corrosion control – no monitoring and mitigation in corrosive environment.</p>	October 4, 2012	01-32-034-18W4 County of Stettler	<p>Operations were not suspended because the pipeline was suspended at the time of the failure.</p> <p>Licensee removed and replaced the pipeline with a new steel pipeline. The new pipeline has been pressure tested.</p> <p>Licensee reviewed its existing pipeline integrity management program and pipeline operations and maintenance manuals.</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	Location	ERCB Action(s) and Licensee Response
10	Devon Canada Corporation	Resources Applications/ Control Wells	Violation of conditions of control well designation (licensee shut-in a pressure and flow control well without contacting the ERCB).	October 25, 2012	13-22-038-21W4 County of Stettler	Operation not suspended as the applicable ERCB requirements state a suspension is not appropriate for this failure. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
11	Exshaw Oil Corp.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation – No agreement with Department of Energy (DOE).	October 11, 2012	15-18-077-07W6 Saddle Hills County	Licence cancelled. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
12	Fort Calgary Resources Ltd.	Regulatory Outcomes and Delivery/ Oil Overproduction	Failure to retire oil overproduction.	October 31, 2012	02/05-13-038-08W4/2 County of Paintearth	Licensee confirmed in writing that the well has been shut in and will remain shut in until all overproduction is retired. Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
13	Husky Oil Operations Limited	Facilities Applications/ Participant Involvement	<p>Failure to disclose to the ERCB any outstanding public/industry objections/concerns, whether they are received prior to or after filing of the application or whether the party is inside or outside the minimum contact radius of personal consultation and notification.</p> <p>Incomplete public and/or industry personal consultation and notification prior to filing the application.</p>	October 11, 2012	<p>13-08-055-18W4</p> <p>Lamont County</p>	<p>Operation related to noncompliance is suspended.</p> <p>Applicant/Licensee has completed the ERCB directed corrective action.</p> <p>Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
14	Keyera Energy Ltd.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	October 24, 2012	<p>16-33-038-22W4</p> <p>Red Deer County</p>	<p>In accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i>, operations were not suspended.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
15	Mancal Energy Inc.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/Unit/Block/Project/GTO/IW without approval.	October 18, 2012	<p>03-01-050-12W5 04-01-050-12W5 14-01-050-12W5</p> <p>Yellowhead County</p>	<p>Operation related to noncompliance is suspended.</p> <p>Applicant/Licensee has met the corrective actions specified with the ERCB accepted action plan.</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	Location	ERCB Action(s) and Licensee Response
16	Penn West Petroleum Ltd.	Resources Applications/ Commingling	Commingling without approval.	October 30, 2012	16-23-078-08W6 Saddle Hills County	Licence or Operation not suspended as there was no existing or potential impact/hazard to the public safety, environmental protection, resource conservation and/or stakeholder confidence. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
17	Petrobakken Energy Ltd.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/I W without approval.	October 11, 2012	12-14-049-12W5 13-14-049-12W5 Yellowhead County	Operation related to noncompliance is suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Petrobakken Energy Ltd.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/I W without approval.	October 17, 2012	03-03-049-11W5 04-03-049-11W5 06-03-049-11W5 Brazeau County	Licence/Operation suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Petrobakken Energy Ltd.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/I W without approval.	October 18, 2012	03-01-050-12W5 04-01-050-12W5 14-01-050-12W5 Yellowhead County	Operation related to noncompliance is suspended. Applicant/Licensee has met the corrective actions specified with the ERCB accepted action plan. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
20	Plains Midstream Canada ULC	Field Operations/ Pipelines	Depth of cover is unsatisfactory.	October 5, 2012	04-12-034-26W4 Kneehill County	<p>Operations were not suspended because the pipeline was already suspended.</p> <p>Licensee bored approximately 200 metres of new pipe 2 metres below the surface. Licensee commissioned a depth of cover survey on the length of the entire pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
21	Ravenwood Energy Corp.	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	October 12, 2012	16-24-048-02W5 Leduc County	<p>Operations suspended.</p> <p>Licensee implemented a new inhibition program to mitigate the corrosion problem.</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	Location	ERCB Action(s) and Licensee Response
22	Second Wave Petroleum Inc.	Field Operations/ Oil Facilities	<p>Flared/vented gas not reported to the Petroleum Registry.</p> <p>Underground storage tank installed after 1996 not tested for integrity as a complete system (including associated piping) prior to placing in service.</p>	October 25, 2012	08-24-063-10W5 Woodlands County	<p>Operations were not suspended because there was little impact to public health and safety, stakeholder confidence in the regulatory process, the environment, or resource conservation. The potential impact to public health and safety was minimized as the licensee was directed to isolate or empty the tank until the integrity could be verified.</p> <p>Licensee provided personnel with training on its corporate flaring procedure.</p> <p>Licensee took the underground storage tank out of service and tested the tank integrity.</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	Location	ERCB Action(s) and Licensee Response
23	Sinopec Daylight Energy Ltd.	Field Operations/ Oil Facilities	Off-lease H ₂ S odors.	October 5, 2012	01-02-049-09W5 Brazeau County	<p>Operations were not suspended because the licensee identified, isolated, and repaired the source of the odors in a timely manner.</p> <p>Licensee tightened the bolts on the flange to stop the leak. Licensee added two more H₂S monitor heads to assist with detection and control of fugitive emissions at the facility.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
24	Sinopec Daylight Energy Ltd.	Field Operations/ Pipelines	<p>Operating and maintenance procedures manual not followed (licensee did not follow its lock out/tag out code of practice).</p> <p>No high level alarm or high-level facility shutdown on knockout drum/flare separator where required.</p>	October 30, 2012	01-27-047-10W5 Brazeau County	<p>Operations were not suspended because the licensee immediately addressed the noncompliance.</p> <p>Licensee reviewed its lock out/tag out procedures with applicable personnel.</p> <p>Licensee implemented area switch and shutdown checks.</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	Location	ERCB Action(s) and Licensee Response
25	Talisman Energy Inc.	Field Operations/ Pipelines	Discontinued pipeline – Not left in a safe condition.	October 5, 2012	14-22-048-17W5 Yellowhead County	<p>Operations were not suspended because the pipeline was already suspended.</p> <p>Licensee abandoned and removed a section of the pipeline. Licensee amended the licence to reflect the change.</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	Location	ERCB Action(s) and Licensee Response
26	Tallgrass Energy Corp.	Field Operations/ Oil Facilities	<p>Flared/vented gas not reported to the Petroleum Registry.</p> <p>Failure to conduct dispersion modeling for flaring or incinerating gas with greater than 10 mol/kmol H₂S or 1 tonne per day of sulphur.</p> <p>Failure of the operator to develop and implement a fugitive emissions program to detect and repair leaks.</p>	October 2, 2012	<p>08-27-040-12W4</p> <p>County of Flagstaff</p>	<p>Operations were not suspended because there was little impact to public health and safety, stakeholder confidence in the regulatory process, the environment, or resource conservation. The noncompliances were not associated with the proper mechanical operation of any piece of equipment on site.</p> <p>Licensee initiated routine reporting of flare/vent volumes.</p> <p>Licensee prepared a dispersion model based on the routine flaring of stock tank vapor.</p> <p>Licensee developed and implemented a fugitive emissions management program.</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	Location	ERCB Action(s) and Licensee Response
27	Tallgrass Energy Corp.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation.	October 3, 2012	10-27-040-12W4 08-27-040-12W4 Flagstaff County	<p>Licence or Operation not suspended as there was no existing or potential impact/hazard to the public safety, environmental protection, resource conservation and/or stakeholder confidence.</p> <p>Applicant/Licensee has completed the ERCB directed corrective action.</p> <p>Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
28	Terroco Industries Ltd.	Resources Applications/ Injection/Disposal	Failure to meet conditions of approval (disposal) – High (licensee disposed a Class Ib fluid into a Class II disposal well).	October 22, 2012	03-29-038-20W4 County of Stettler	<p>Operation not suspended as the applicable ERCB requirements state a suspension is not appropriate for this failure.</p> <p>Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
29	Vermilion Resources Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation – No agreement with DOE.	October 9, 2012	04-12-050-12W5 Yellowhead County	<p>Licence cancelled.</p> <p>Applicant/Licensee has completed the ERCB directed corrective action.</p> <p>Applicant/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	Location	ERCB Action(s) and Licensee Response
30	Westfire Energy Ltd.	Regulatory Outcomes and Delivery/ Oil Overproduction	Failure to retire oil overproduction.	October 4, 2012	02/12-05-049-01W4/0 County of Vermilion River	<p>Licensee confirmed in writing that the well has 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>
31	Whitecap Resources Inc.	Field Operations/ Oil Facilities	Flame type equipment within 25 metres of a well, oil storage tank, or other source of ignitable vapour.	October 15, 2012	04-28-034-04W5 Mountain View County	<p>Operations were not suspended because the tank heater was previously taken out of service.</p> <p>Licensee clarified and implemented design criteria for the installation of a tank heater at the location.</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 (Persistent Noncompliance) ²						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	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	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	Location	ERCB Action(s) and Licensee Response
	None					

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
1	1471002 Alberta Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	October 29, 2012	06-09-082-08W6 14-03-082-08W6 Saddle Hills County	<p>This is an escalation from a previous enforcement action issued on July 25, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-36.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Re-notice of the Closure Order given as the ERCB was notified of a Working Interest Participant change. Licensee is given until February 11, 2013, to the pay security deposit.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
2	Acquire Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	October 19, 2012	08-17-050-27W4 Leduc County 04-19-036-08W4 13-19-036-08W4 16-19-036-08W4 Special Area 4	<p>This is an escalation from a previous enforcement action issued on September 12, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-43.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Abandonment Orders No. AD 2012-48 and AD 2012-49 were subsequently issued.</p> <p>Licensee submitted full payment of its 2012 Orphan Fund Levy, plus the 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) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
3	Curlew Lake Resources Inc. O'Byrne Resource Management Ltd. (Agent)	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	October 29, 2012	02-16-057-24W4 09-14-057-24W4 Sturgeon County	<p>This is an escalation from a previous enforcement action issued on September 13, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2012-40.</p> <p>Abandonment of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide 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 security deposit and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
4	Riley Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	October 17, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-31.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee has entered receivership. Enforcement actions have been suspended at this time to allow the Receiver to transfer the properties.</p>
5	Samoth Oilfield Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	October 17, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-30.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide 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 security deposit, but did not provide an explanation to the ERCB.</p> <p>Compliance achieved.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
6	Storm Cat Energy Corporation	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	October 10, 2012	16-25-057-20W4 Lamont County 06-04-047-25W4 10-11-047-25W4 County of Wetaskiwin	<p>This is an escalation from a previous enforcement action issued on September 11, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-39.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Abandonment Order No. AD 2012-28 was subsequently issued.</p> <p>Licensee failed to comply. ERCB is evaluating further actions.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
7	Sutton Energy Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	October 29, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-40.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Orders No. C 2012-44 and C 2012-53 were subsequently issued.</p> <p>Licensee submitted full payment of its security deposit and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
1	Atka Energy Corp.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-35.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the administration fees 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 ERCB Administration Fees, plus the 20 per cent penalty, but did not provide an explanation to the ERCB.</p> <p>Compliance achieved.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
2	Barrier Reef Resources Ltd.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-36.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 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 Orders No. C 2013-03 and C 2013-04 were subsequently issued, giving the Licensee until February 11, 2013 to comply.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
3	Benjaka Exploration Inc.	Corporate Status	Failure to be registered with an Active status under the <i>Business Corporations Act</i> .	October 10, 2012	2 well licences 12-27-052-16W5 06-34-052-17W5 1 facility licence 11-27-052-16W5 Yellowhead County	Global Refer status. Issuance of Closure Orders No. C 2012-40 and C 2012-41. Suspension and closure of the well and facility licences. Licensee required to either <ul style="list-style-type: none"> • transfer the licensed properties, • abandon the licensed properties, or • provide confirmation to the ERCB that the company is registered with and has an Active status on the Alberta Corporate Registries System. Licensee achieved an active status, but did not provide an explanation to the ERCB. Compliance achieved.

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
4	Benjaka Explorations Inc.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	October 30, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-32.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 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 Orders No. C 2012-45 and C 2012-46 were subsequently issued.</p> <p>Licensee submitted full payment of its ERCB Administration Fees, plus the 20 per cent penalty, but did not provide an explanation to the ERCB.</p> <p>Compliance achieved.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
5	Camino Industries Inc.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-29.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 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 2012-38 was subsequently issued.</p> <p>Licensee submitted full payment of its ERCB Administration Fees, plus the 20 per cent penalty, but did not provide an explanation to the ERCB.</p> <p>Compliance achieved.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
6	International Sovereign Energy Corp.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-37.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 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 submitted full payment of its ERCB Administration Fees, plus the 20 per cent penalty, but did not provide an explanation to the ERCB.</p> <p>Compliance achieved.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
7	Pennine Petroleum Corporation	Noncompliance with Section 106(3) of the <i>Oil and Gas Conservation Act</i> .	Failure to comply with the <i>Decision to Issue a Declaration naming Marc R. Dame and Murray F. Craig Pursuant to Section 106 of the Oil and Gas Conservation Act</i> .	October 18, 2012	02-11-004-29W4 03-22-004-29W4 09-10-004-29W4 09-29-004-29W4 M.D. of Pincher Creek 14-06-042-01W4 16-01-042-02W4 M.D. of Wainwright	Global Refer status. Issuance of Closure Order No. C 2012-42. Suspension and closure of the well licences. Licensee is required to <ul style="list-style-type: none"> • submit satisfactory evidence that the licensee is in compliance with the Declaration and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Additional time has been provided to the licensee to allow it to transfer its licences.

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
8	Petromin Resources Ltd.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-38.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the administration fees 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 2013-02 was subsequently issued.</p> <p>Licensee submitted full payment of its ERCB Administration Fees, plus the 20 per cent penalty, and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
9	Reid Resources Ltd.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-39.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 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 2013-01 was subsequently issued, giving the licensee until February 11, 2013, to abandon its pipelines.</p>
10	Revolution Resources Ltd.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-43.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 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. Licensee no longer has licences in its name; no further enforcement actions taken.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to Inquiries@ercb.ca.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
11	Riley Resources Inc.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-34.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 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 has entered receivership. Enforcement actions have been suspended at this time to allow the Receiver to transfer the properties.</p>
12	Trafina Energy Ltd.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	October 29, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-33.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the 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 submitted full payment of its ERCB Administration Fees, plus the 20 per cent penalty, but did not provide an explanation to the ERCB.</p> <p>Compliance achieved.</p>

If you require further information, contact the ERCB Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to 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) identified by the ERCB; 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 licensee corrects/addressed the noncompliance); suspension and/or cancellation of the permit, licence, 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 high risk noncompliant event(s) identified by the ERCB; 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, 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 any previous noncompliance(s) and detail how the licensee will prevent future noncompliant 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(s). 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 licensee corrects and addresses the noncompliance(s)); suspension and/or cancellation of the permit, licence, 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(s). 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 high risk noncompliant event(s) identified by the ERCB; 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(s) (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 noncompliant 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(s). 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 licensee corrects and addresses the noncompliance(s)); suspension and/or cancellation of the permit, licence, 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 high risk noncompliant event(s) identified by the ERCB; 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(s) (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 action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliant 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(s). 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 licensee corrects and addresses the noncompliance); 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) identified by the ERCB; 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, licence, 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.

Refer Status—Focused or Global

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.

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