



ERCB Monthly Enforcement Action Summary

December 2012

ENERGY RESOURCES CONSERVATION BOARD
ST108: ERCB Monthly Enforcement Action Summary, December 2012

April 2013

Published by

Energy Resources Conservation Board
Suite 1000, 250 – 5 Street SW
Calgary, Alberta
T2P 0R4

Telephone: 403-297-8311
Toll free: 1-855-297-8311
E-mail: infoservices@ercb.ca
Website: www.ercb.ca

Contents

Introduction	1
ERCB Monthly Enforcement Action Summary.....	1
High Risk Enforcement Action (HREA).....	2
High Risk Enforcement Action (Persistent Noncompliance).....	15
High Risk Enforcement Action (Demonstrated Disregard)	16
High Risk Enforcement Action (Failure to Comply)	17
Low Risk Enforcement Action (Global Refer)	18
Legislative/Regulatory Enforcement Action	26
Endnotes	29

Introduction

This report provides information on all licensees that have had a High Risk Enforcement Action,¹ 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 Energy Resources Conservation Board (ERCB) group in December 2012.

ERCB Monthly Enforcement Action Summary*				
	Compliance Category	December 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	Wells Technical	3	0	0
Resources Applications Group	Control Wells	4	0	0
	Injection/Disposal	1	0	0
	Spacing	2	0	0
Subtotal		10	0	0
Field Surveillance and Operations Branch				
Emergency Management	General Emergency Response Plan (ERP) Requirements	1	0	0
Field Operations Group	Drilling Operations	1	0	0
	Oil Facilities	2	0	0
	Pipelines	9	0	0
	Well Servicing	1	0	0
	Well Site Inspections	2	0	0
Liability Management Group	Noncompliance with Liability Management Program Requirements	0	5	0
	Orphan Levy	0	4	0
Subtotal		16	9	0
	Nonpayment of the ERCB Administration Fees	0	0	2
	Surface Access Termination	0	0	1
Subtotal		0	0	3
Total enforcement actions issued		26	9	3

*This table summarizes only 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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
1	Arcan Resources Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	December 20, 2012	00/01-06-067-07W5/0 00/06-05-067-07W5/0 Woodlands County	Licences cancelled. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	Barrick Energy Inc.	Field Operations/ Pipelines	Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	December 6, 2012	04-19-087-03W6 Clear Hills County	Operations were suspended. Licensee isolated the pipeline and fully contained the produced water Licensee reviewed its procedures with mechanical inspectors and operations staff involved in ground disturbance. Licensee implemented a competency test for personnel who supervise ground disturbance work. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Baytex Energy Ltd.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/ IW without approval.	December 13, 2012	02/14-31-057-22W4/0 00/15-31-057-22W4/0 00/15-31-057-22W4/2 02/15-31-057-22W4/2 02/15-31-057-22W4/3 00/16-31-057-22W4/3 00/16-31-057-22W4/4 02/16-31-057-22W4/4 03/14-31-057-22W4/0 Sturgeon County	Operation related to noncompliance was suspended. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. 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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
4	Bonavista Energy Corporation	Field Operations/ Oil Facilities	Flared/vented gas not reported to PETRINEX.	December 4, 2012	12-29-031-03W5 Mountain View County	<p>Operations were not suspended because the licensee took corrective action to address the noncompliance immediately.</p> <p>Licensee reviewed the noncompliance with its production engineering and production accounting personnel and reviewed its other facilities for reporting deficiencies.</p> <p>Licensee updated its production reporting in PETRINEX.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
5	Bonavista Energy Corporation	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	December 5, 2012	14-33-044-02W5 Ponoka County	<p>Operation not suspended as the applicable ERCB requirements state a suspension is not appropriate for this failure; the subject well is a pressure and flow control well.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
6	Camino Industries Inc.	Facilities Applications/ Wells Technical	Failure to acquire the necessary well licence prior to commencing site preparation, construction, and/or operation.	December 18, 2012	04-04-036-05W5 Clearwater County	Licence/operation suspended. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
7	Chief Mountain Gas Co-op Ltd.	Field Operations/ Pipelines	Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	December 17, 2012	16-17-007-29W4 M.D. of Pincher Creek	Operations were not suspended because suspending operations would not remove the existing impact. Licensee repaired the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. 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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
8	Condor Canada Petroleum Inc.	Emergency Management/ General ERP Requirements	ERP manual not updated yearly, exercises not conducted, or details not documented.	December 13, 2012	Bashaw Operating Area	<p>Operations were not suspended because the ERCB determined that there is no significant impact to public safety since the surface development located in the emergency planning zone (EPZ) belongs to the contract operator of the licensee's properties contained within the ERP.</p> <p>Licensee cancelled its ERP #732.</p> <p>Licensee updated its corporate ERP and notified the stakeholders in the EPZ of cancellation of the plan.</p> <p>Licensee will be holding training sessions on its updated corporate ERP.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
9	Crew Energy Inc.	Field Operations/ Well Servicing	Failure to use only non-toxic fracture fluids above the base of groundwater protection.	December 20, 2012	16-27-068-10W6 M.D. of Greenview	<p>Operations were not suspended because the noncompliance occurred in the past.</p> <p>Licensee engaged third-party assistance to review the noncompliance and examine its processes, controls, and procedures.</p> <p>Licensee developed and implemented an operations and safety handbook for hydraulic fracturing and stimulation.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	Direct Energy Marketing Limited	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	December 4, 2012	09-35-037-19W4 County of Stettler	<p>Licence/operation suspended.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
11	Enerplus Corporation	Field Operations/ Pipelines	Operating and maintenance procedures manual not followed.	December 13, 2012	06-05-077-08W6 Saddle Hills County	<p>Operations were suspended.</p> <p>Licensee developed a temporary inactive pipeline mitigation standard to be included in its pipeline operation and maintenance manual. The standard was communicated to the appropriate personnel.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
12	Gear Energy Ltd.	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	December 3, 2012	13-23-049-05W4 County of Vermilion River	<p>Operations were suspended.</p> <p>Licensee shut in its steel gas system.</p> <p>Licensee completed the economic evaluation to run free-standing poly liners into its existing gas system and installed the liners.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
13	Gear Energy Ltd.	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	December 3, 2012	02-23-048-05W4 County of Vermilion River	Operations were suspended. Licensee shut in its steel gas system. Licensee completed the economic evaluation to run free-standing poly liners into its existing gas system and installed the liners. Licensee provided a plan to address the noncompliance and prevent future occurrences. 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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
14	Goldenkey Oil Inc.	Field Operations/ Drilling Operations	<p>Low-pressure and/or high-pressure test(s) not conducted on all required components and/or casing strings.</p> <p>STICK diagram does not contain all the required information.</p> <p>Use of oil-based drilling fluids (or any other potentially toxic drilling additive) when drilling above the base of groundwater protection depth.</p>	December 4, 2012	01-03-073-04W6 County of Grande Prairie	<p>Operations were partially suspended. The drilling operations were suspended until satisfactory pressure testing was met.</p> <p>Licensee completed the pressure test in accordance with <i>Directive 036: Drilling Blowout Prevention Requirements and Procedures</i>.</p> <p>Licensee updated the STICK diagram with all formation pressures and equivalent mud density.</p> <p>Licensee conducted a water sample analysis and the results showed no hydrocarbons in the water.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
15	Goldenkey Oil Inc.	Field Operations/ Well Site Inspections	<p>Decision tree or economic evaluation not completed or results not implemented for new, existing, and temporary flares, incinerators, and vents as required.</p> <p>Failure to ensure that the licensee 24-hour emergency telephone number is posted by the way of a conspicuous sign erected at the primary entrance to all licensee well and facility operations.</p>	December 13, 2012	<p>02-09-040-04W5</p> <p>Clearwater County</p>	<p>Operations were suspended.</p> <p>The well will remain shut in until a pipeline is installed and is operational.</p> <p>Licensee posted a sign at the entrance to the site.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
16	Lone Pine Resources Canada Ltd.	Field Operations/ Pipelines	<p>H₂S content is higher than that stated on the licence and the line is operating.</p> <p>No operations and maintenance procedures manual, or manual not followed.</p> <p>Internal corrosion control—no monitoring and mitigation in corrosive environment.</p> <p>Cathodic protection system—not operational or not installed.</p> <p>Substance is different from that stated on licence and the line is operating.</p>	December 19, 2012	<p>11-04-087-11W5 (2 pipelines)</p> <p>Northern Sunrise County</p>	<p>Operations were partially suspended. The pipelines with an improper substance were suspended immediately. Select wells with 200 parts per million or greater hydrogen sulphide (H₂S) were shut in.</p> <p>Licensee conducted an independent field H₂S survey on the producing wells. Licensee intends to relicense the infrastructure to sour service and amend the H₂S concentration on the licence.</p> <p>Licensee reviewed and updated its pipeline integrity manual and pipeline operating and maintenance manual. Licensee reviewed and discussed the manuals with its senior personnel.</p> <p>Licensee inspected its corrosion coupons in the field.</p> <p>Licensee upgraded the cathodic protection system at the central battery. Licensee conducted a new cathodic survey.</p> <p>Licensee relicensed the infrastructure to the proper substance.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
17	Long Run Exploration Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation - No agreement with Department of Energy (DOE).	December 6, 2012	01-01-076-21W5 M.D. of Smoky River	Licence/operation suspended. Applicant/licensee has completed the ERCB-directed corrective action. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Mancal Energy Inc.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/Unit/Block/Project/GTO/IW without approval.	December 10, 2012	13-28-056-21W4 14-28-056-21W4 Sturgeon County	Operation related to noncompliance was suspended. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	NAL Energy Corporation	Field Operations/ Oil Facilities	Off-lease H ₂ S odors.	December 14, 2012	01-24-033-05W5 Mountain View County	Operations were suspended. Licensee replaced the thief hatch assembly and conducted an on-site assessment to detect fugitive emission leaks with no leaks found. Licensee installed H ₂ S sensors on each production storage tank within the tank farm. Licensee provided a plan to address the noncompliance and prevent future occurrences. 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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
20	Onstad Energy Corp.	Field Operations/ Pipelines	<p>No operations and maintenance procedures manual, or manual not followed.</p> <p>Internal corrosion control—no records in corrosive environment.</p> <p>External corrosion control/cathodic surveys—no records of survey results.</p>	December 14, 2012	01-01-035-13W4 County of Paintearth	<p>Operations were suspended for Line Segments No. 10, 21, and 23.</p> <p>Licensee adjusted the rectifier to a temporary output of 10.0 amperes until recommended repairs were completed.</p> <p>Licensee developed an operations and maintenance procedures manual and implemented internal corrosion monitoring.</p> <p>Licensee is developing an internal corrosion mitigation program.</p> <p>Licensee conducted a cathodic protection survey.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
21	Pinecrest Energy Inc.	Resources Applications/ Disposal	Failure to meet conditions of approval (disposal) – High (exceeding MWHIP).	December 5, 2012	16-32-086-11W5 Northern Sunrise County	<p>Licence or operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement.</p> <p>Applicant/licensee has met the corrective actions specified in the action plan accepted by the ERCB.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</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.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
22	Regent Resources Ltd.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	December 13, 2012	12-31-037-24W4 Red Deer County	Licence/operation suspended. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
23	Sinopec Daylight Energy Ltd.	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	December 12, 2012	07-01-055-23W5 Yellowhead County	Operations were not suspended because the licensee voluntarily suspended the pipeline upon detection of the pipeline failure. Licensee reviewed its pigging procedures and CSA Z662-07 requirements with its area operators. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
24	TAQA North Ltd.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	December 4, 2012	06-32-029-28W4 08-21-029-28W4 08-32-029-28W4 14-32-029-28W4 15-29-029-28W4 16-21-029-28W4 16-32-029-28W4 Mountain View County 06-15-045-20W4 County of Camrose	Licence/operation suspended. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. 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.

High Risk Enforcement Action (Persistent Noncompliance) ²						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
1	Canadian Natural Resources Limited	Field Operations/ Pipelines	Operating and maintenance procedures manual not followed.	December 18, 2012	07-17-052-23W5 Yellowhead County	<p>Licensee continued to be on Persistent Noncompliance.</p> <p>This noncompliant event did not result in an extension to the 60-day compliance period that commenced on November 29, 2012.</p> <p>Operations were not suspended because the incident occurred due to an operator error; there was no concern with the safety of the pipeline.</p> <p>Licensee closed the valve and reviewed its lockout procedure with its Edson District personnel.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Licensee had no further noncompliances identified within the 60-day operate in compliance period.</p> <p>Compliance achieved. Licensee is no longer on Persistent Noncompliance.</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.

High Risk Enforcement Action (Demonstrated Disregard) ³						
#	Licensee	ERCB Group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
	None					

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.

High Risk Enforcement Action (Failure to Comply) ⁴						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
1	Curlaw Lake Resources Inc.	Field Operations/ Well Site Inspections	Failure to conduct cut and cap operation in accordance with requirements.	December 5, 2012	02-16-057-24W4 Sturgeon County	<p>This is an escalation of a previous enforcement action issued on September 26, 2012.</p> <p>Operations were not suspended because the well was not producing.</p> <p>Licensee abandoned the well in accordance to <i>Directive 020: Well Abandonment</i> requirements.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent any recurrence and meet with the ERCB to review the action plan.</p> <p>Compliance not yet 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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
1	Aquire Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	December 4, 2012	04-19-036-08W4 13-19-036-08W4 16-19-036-08W4 Special Area 4 08-17-050-27W4 Leduc County	<p>This is an escalation of a previous enforcement action issued on October 18, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. AD 2012-48 and AD 2012-49.</p> <p>Abandonment of the well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20 per cent penalty, and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent a recurrence. <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>

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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
2	Benjaka Exploration Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	December 4, 2012	06-34-052-17W5 11-27-052-16W5 12-27-052-16W5 Yellowhead County	<p>This is an escalation of a previous enforcement action issued on November 9, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2012-47 and C 2012-50.</p> <p>Suspension and closure of the well and facility 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 a recurrence. <p>Licensee submitted full payment of its security deposit, but did not provide an explanation to the ERCB. Global Refer status is maintained against the licensee.</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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
3	Copper Creek Petroleum Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	December 14, 2012	01-06-001-19W4 01-23-001-20W4 13-01-001-20W4 Cardston County 11-14-041-20W4 County of Stettler 01-32-062-24W5 16-04-063-26W5 M.D. of Greenview	<p>This is an escalation of a previous enforcement action issued on September 13, 2012.</p> <p>Global Refer Status.</p> <p>Issuance of Closure/Abandonment Orders No. AD 2012-45 and AD 2012-46.</p> <p>Abandonment of the well and facility licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20 per cent penalty, and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent a recurrence. <p>Licensee failed to comply. The ERCB has sent its wells and facility to the Orphan Well Association to be abandoned.</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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
4	Groundswell Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 6, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-47.</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 a recurrence. <p>Licensee submitted full payment of its security deposit and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>
5	Onstad Energy Corp.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 7, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-48.</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 a recurrence. <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.

Low Risk Enforcement Action (Global Refer) ⁵						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
6	Sandbox Energy Corp.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	December 14, 2012	01-22-049-27W4 03-22-049-27W4 03-08-050-27W4 04-22-049-27W4 08-34-049-27W4 08-17-050-27W4 12-22-049-26W4 Leduc 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 Closure/Abandonment Orders No. AD 2012-50, AD 2012-51, and AD 2012-52.</p> <p>Abandonment of the well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20 per cent penalty, and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent a recurrence. <p>Licensee failed to comply. The ERCB has sent its wells and pipelines to the Orphan Well Association to be abandoned.</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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
7	Seistech Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 10, 2012	06-04-053-25W4 Sturgeon County 02-32-096-10W5 Northern Sunrise County	<p>This is an escalation from a previous enforcement action issued on November 9, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2012-51 and C 2012-52.</p> <p>Suspension and closure of the well and facility 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 a recurrence. <p>Licensee submitted full payment of its security deposit, but did not provide an explanation to the ERCB. Global Refer status is maintained against the licensee.</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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
8	Sutton Energy Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 19, 2012	15 well licences 3 facility licences County of Two Hills Athabasca County M.D. of Bighorn Cypress County Mountain View County Lamont County County of Lethbridge Vulcan County	<p>This is an escalation from a previous enforcement action issued on October 29, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2012-44 and C 2012-53.</p> <p>Suspension and closure of the well and facility 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 a recurrence. <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.

Low Risk Enforcement Action (Global Refer) ⁵						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
9	Water Solutionz Enterprises Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	December 14, 2012	01-04-033-25W4 Kneehill 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 Closure/Abandonment Orders No. AD 2012-43 and AD 2012-47.</p> <p>Abandonment of the well and facility licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20 per cent penalty, and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent a recurrence. <p>Licensee failed to comply. The ERCB has sent its well and facility to the Orphan Well Association to be abandoned.</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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
1	Benjaka Exploration Inc.	Nonpayment of ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	December 4, 2012	06-34-052-17W5 11-27-052-16W5 12-27-052-16W5 Yellowhead County	<p>This is an escalation of a previous enforcement action issued on October 30, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2012-45 and C 2012-46.</p> <p>Suspension and closure of the well and facility licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees plus 20 per cent penalty, and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent a recurrence. <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. Global Refer status is maintained against the licensee.</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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
2	Camino Industries Inc.	Nonpayment of ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	December 4, 2012	06-03-034-02W5 Red Deer County 14-10-032-02W5 15-13-033-05W5 Mountain View County	<p>This is an escalation of a previous enforcement action issued on October 29, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-38.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees plus 20 per cent penalty, 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 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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
3	Storm Cat Energy Corporation	Surface Access Termination	Failure to prove to the satisfaction of the ERCB that the licensee has valid entitlement to the right to access the well site.	December 21, 2012	10-11-047-25W4 County of Wetaskiwin	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2012-53.</p> <p>Suspension and abandonment of the well licence.</p> <p>Licensee is required to submit documentation confirming that it has completed one of the following:</p> <ul style="list-style-type: none"> • reacquired or reinstated the surface lease, • transferred the well to a viable licensee, or • abandoned the well. <p>Licensee is required to provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent a recurrence.</p> <p>Licensee failed to comply. The ERCB has sent its well to the Orphan Well Association to be abandoned.</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: 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/addresses 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: 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: 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: 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: 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.

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.