



ERCB Monthly Enforcement Action Summary

January 2013

ENERGY RESOURCES CONSERVATION BOARD
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Introduction

This report provides information on all licensees that have had a High Risk Enforcement Action, High Risk Enforcement Action (Persistent Noncompliance), High Risk Enforcement Action (Demonstrated Disregard), High Risk Enforcement Action (Failure to Comply), Low Risk Enforcement Action (Global Refer or Board Order), 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 the Energy Resources Conservation Board (ERCB) in January 2013.

ERCB Monthly Enforcement Action Summary					
January					
Compliance Category ¹	High Risk Enforcement Actions	High Risk Enforcement Actions (Persistent Noncompliance)	High Risk Enforcement Actions (Demonstrated Disregard)	High Risk Enforcement Actions (Failure to Comply)	Low Risk Enforcement Actions (Global Refer or Board Order)
Facilities Technical	3	0	0	0	0
Participant Involvement	2	0	0	0	0
Wells Technical	4	0	0	0	0
Injection/Disposal	2	0	0	0	0
Spacing	1	0	0	0	0
Noncompliance with Liability Management Program Requirements	0	0	0	0	9
Orphan Levy	0	0	0	0	1
General ERP Requirements	1	0	0	0	0
Technical ERP Requirements	0	0	0	3	0
Drilling Operation Field Inspections / Investigations	2	0	0	0	0
Oil Facility Field Inspections / Investigations	2	0	0	0	0
Gas Facility Field Inspections / Investigations	1	0	0	0	0
Well Site Field Inspections / Investigations	1	0	0	2	0
Pipeline Field Inspections / Investigations	5	0	0	1	0
Oil Overproduction	2	0	0	0	0

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Legislative/Regulatory Enforcement Actions	
Noncompliance with Abandonment	1
Noncompliance with Administration Fees	3
Subtotal Enforcement Actions	4

Total Enforcement Actions Issued	
High Risk Enforcement Actions	26
High Risk Enforcement Actions (Failure to Comply)	6
Low Risk Enforcement Actions (Global Refer or Board Order)	9
Legislative/Regulatory Enforcement Actions	4
Total Enforcement Actions Issued	45

¹[Compliance Categories](#) with no published enforcement actions issued during January 2013 have not been listed here.

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
1	Alston Energy Inc.	Resources Applications / Disposal	Injection or disposal without approval.	January 28, 2013	04-27-038-03W4 09-21-038-03W4	<p>Licence/operations were suspended.</p> <p>Applicant/licensee has met the corrective actions specified with the ERCB-accepted action plan.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
2	Athabasca Oil Corporation	Facilities Applications / Participant Involvement	Incomplete public and/or industry prior to filing an application.	January 10, 2013	01-14-086-12W4	<p>Licence or operations not suspended as the licensee has changed the pipeline licence status to not-constructed.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>The ERCB has directed corrective action measures to the applicant/licensee.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
3	Baytex Energy Ltd.	Facilities Applications / Wells Technical	No rights to substance(s) for the intended formation(s).	January 23, 2013	10-17-057-22W4	<p>Licence or operations not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement.</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>
4	Bernum Petroleum Ltd.	Facilities Applications / Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	January 3, 2013	16-18-025-03W5 13-03-025-03W5	<p>Licence/operations were 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>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
5	Canadian Natural Resources Limited	Facilities Applications / Wells Technical	No rights to substance(s) for the intended formation(s).	January 10, 2013	13-13-055-05W4	<p>Licence or operations not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement.</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>
6	Canadian Natural Resources Limited	Resources Applications / Disposal	<p>Failure to meet conditions of approval (disposal).</p> <p>Comment: The maximum wellhead injection pressure exceeded approval conditions.</p>	January 18, 2013	<p>09-08-012-13W4</p> <p>14-08-012-13W4</p>	<p>Licence/operations were suspended.</p> <p>Applicant/licensee has met the corrective actions specified with the ERCB-accepted action plan.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
7	Devon Canada Corporation	Resources Applications / Spacing	Production of too many wells per pool per drilling spacing unit (DSU) without approval.	January 30, 2013	<p>06-16-079-22W5</p> <p>15-17-079-22W5</p> <p>16-17-079-22W5</p>	<p>Operations related to noncompliance were suspended.</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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
8	Direct Energy Marketing Limited	Field Operations / Well Site Inspections	H ₂ S off-lease odours.	January 15, 2013	06-08-027-01W5	<p>Operations were not suspended as operations were already shut in at the time of inspection.</p> <p>Licensee will install vibration switches on all of the pump jacks in this area to ensure an immediate shutdown following any damage that could result in off-lease odours being released.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
9	Fort Calgary Resources	Regulatory Outcomes and Delivery / Oil Overproduction	Failure to retire oil overproduction.	January 07, 2013	00/16-01-039-10W4/0	<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 was directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	Husky Oil Operations Limited	Field Operations / Pipelines	There is no monitoring or mitigation program in place for pipelines with major potential public and environmental consequences.	January 8, 2013	10-30-045-06W4	<p>Operations were suspended.</p> <p>Licensee removed an uncoated dead leg that was tied into the internally coated subject pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
11	Husky Oil Operations Limited	Field Operations/ Pipelines	Pressure design does not meet CSA Standard Z662.	January 25, 2013	01-03-049-02W4	<p>Operations were not suspended as the pipeline was being constructed at the time of the inspection and was not operating.</p> <p>The incorrect pipeline was removed and the correct pipeline was installed as per the licence.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
12	Husky Oil Operations Limited	Field Operations / Pipelines	No documented monitoring or mitigation program in place and/or company is not following program.	January 11, 2013	08-18-046-06W4	<p>Operations were suspended.</p> <p>Licensee replaced the carbon steel bleed ring with a stainless steel bleed ring on the subject pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
13	Husky Oil Operations Limited	Field Operations / Pipelines	<p>Proper procedures were not followed.</p> <p>Comment: Ground disturbance must not begin within the controlled area of a pipeline until the locating and marking of the pipeline has been completed.</p>	January 18, 2013	09-12-040-03W4	<p>Operations were suspended.</p> <p>Licensee completed a safety management system audit and updated their ground disturbance procedures.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
14	Imperial Oil Resources Limited	Field Operations / Drilling Operation	Accumulator pressure dropped below 8400 kPa after function test (of all required blowout preventer [BOP] components) the recharge pump off.	January 22, 2013	12-34-093-07W4	Operations were suspended. Licensee replaced the air line. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
15	One Earth Oil & Gas Inc.	Facilities Applications / Wells Technical	No rights to substance(s) for the intended formation(s).	January 30, 2013	05-22-080-12W5 05-28-080-12W5 13-33-080-12W5	Licence or operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/licensee has completed the ERCB-directed corrective action. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Pace Oil and Gas	Emergency Management/ General ERP Requirements	Failure to provide training sessions to ensure that response personnel are competent in emergency response procedures. Failure to review the corporate-level ERP with personnel assigned roles and responsibilities.	January 9, 2013	14-21-108-07W6	Specific area operations were not suspended because suspension would not sufficiently address the specific noncompliance events. Licensee completed corporate-level orientation and reviewed plans with all personnel in the specified area. Additional training and exercises have been scheduled for all personnel. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
17	Palliser Oil & Gas Corporation	Facilities Applications / Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction, and/or operation.	January 22, 2013	06-28-052-01W4	<p>Licence or operation not suspended as there was no existing or potential impact/hazard to public safety, environmental protection, resource conservation, 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>
18	Penn West Petroleum Ltd.	Facilities Applications/ Facilities Technical	Failure to submit a facility licence application as "Facilities – technical, nonroutine" when required.	January 23, 2013	07-06-083-17W5	<p>Licence/operations were 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>
19	Penn West Petroleum Ltd.	Field Operations/ Pipelines	Cathodic potential is less than nominal -0.85 volts on an operating or discontinued system.	January 11, 2013	07-29-037-13W4	<p>Operations were suspended.</p> <p>Licensee will abandon the pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
20	Second Wave Petroleum Inc.	Regulatory Outcomes and Delivery / Oil Overproduction	Failure to retire oil overproduction.	January 31, 2013	02/06-13-063-10W5/0	<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>
21	Secure Energy Services Inc.	Facilities Applications / Wells Technical	Failure to acquire the abandoned wellbore rights prior to filing an application.	January 28, 2013	09-02-040-09W5	<p>Licence/operations were 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>
22	Shell Canada Limited	Facilities Applications / Facilities Technical	Not completing an acceptable noise impact assessment prior to application.	January 10, 2013	13-29-063-19W5	<p>Licence or operation not suspended as there was no existing or potential impact/hazard to public safety, environmental protection, resource conservation, 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>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
23	TAQA North Ltd.	Field Operations/Gas Facilities	No notification of a reportable spill or release to ERCB.	January 23, 2013	09-14-028-01W5	<p>Operations were not suspended because suspending operations would not remove the existing impact.</p> <p>Licensee will review and update their notification procedures.</p> <p>Licensee will conduct training with operations staff on the release reporting requirements.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
24	Total E&P Canada Ltd.	Field Operations/Drilling Operation	<p>Bleed off/and or kill and/or diverter and/or flare and/or degasser inlet(s) are not empty or filled with a non-freezing fluid or heated during cold weather drilling operations.</p> <p>STICK diagram does not contain all the required information.</p>	January 22, 2013	10-03-096-11W4	<p>Operations were suspended.</p> <p>Licensee reinstalled a valve in an upwards position to ensure no fluids are trapped.</p> <p>Licensee has instituted a daily check list.</p> <p>Licensee updated the STICK diagram.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB group/ Compliance category	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
25	Unconventional Gas Resources Canada Operating, Inc.	Field Operations/Oil Facilities	No secondary containment as required.	January 31, 2013	07-04-60-25W5	<p>Operations were suspended.</p> <p>Licensee completed the installation of secondary containment.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
26	Winter Petroleum Ltd.	Field Operations/Oil Facilities	Inaccurate accounting and reporting of actual hydrocarbons liquid production.	January 15, 2013	08-32-110-03W6	<p>Operations were not suspended because the licensee immediately took steps to address the deficiency when the noncompliance was identified.</p> <p>Licensee has installed a suitable gas meter and line heater.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved as licensee has until July 15, 2013 to ensure all reporting is accurately entered into the PETRINEX Volumetric Data System.</p>

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High Risk Enforcement Action (Persistent Noncompliance) ²						
#	Licensee	ERCB group/ Compliance category	Noncompliant 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	Noncompliant 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	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee response
1	935821 Alberta Ltd.	Emergency Management/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following is requested of a nonmember to verified:</i></p> <p>Failure of a non-member of an oil spill cooperative to have an ERCB approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a non-member of an oil spill cooperative to meet spill response equipment requirements.</p>	January 30, 2013	N/A – Against licensee	<p>This is an escalation of a previous noncompliance.</p> <p>Operations were not suspended as failure to pay annual membership fees is treated as an administrative action item because the noncompliance can be remedied immediately if payment occurred; as well, there was no immediate impact to public safety or the environment as there was no incident occurring.</p> <p>Licensee is required to address noncompliance and submit an action plan to address the noncompliance and prevent future occurrences, or alternatively pay oil spill membership fees and be reinstated as a member in good standing.</p> <p>Licensee submitted payment.</p> <p>Compliance achieved.</p>

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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
2	Cougar Oil and Gas Canada Inc.	Emergency Management/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following is requested of a nonmember to verified:</i></p> <p>Failure of a non-member of an oil spill cooperative to have an ERCB approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a non-member of an oil spill cooperative to meet spill response equipment requirements.</p>	January 30, 2013	N/A – Against licensee	<p>This is an escalation of a previous noncompliance.</p> <p>Operations were not suspended as failure to pay annual membership fees is treated as an administrative action item because the noncompliance can be remedied immediately if payment occurred; as well, there was no immediate impact to public safety or the environment as there was no incident occurring.</p> <p>Licensee is required to address noncompliance and submit an action plan to address the noncompliance and prevent future occurrences, or alternatively pay oil spill membership fees and be reinstated as a member in good standing.</p> <p>Licensee submitted payment.</p> <p>Compliance achieved.</p>

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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
3	Drake Energy Ltd.	Field Operations / Pipelines	<p>Noncompliant with other pipeline requirement.</p> <p>Comment: Pipeline warning signs were not updated with a valid telephone number. The number listed on the signs was found to be out of service.</p>	January 7, 2013	16-28-014-15W4	<p>Operations were not suspended as the line was not in service at the time of inspection.</p> <p>This inspection is being closed. The deficiency has not been addressed and no response has been received. The licensee no longer exists. The ERCB Liability Management Group (LMG) is dealing with the receiver, which has requested to be discharged. The LMG is not proceeding with any further enforcement and the property will likely pass to the Orphan Well Association.</p> <p>Compliance not achieved.</p>
4	Drake Energy Ltd.	Field Operations / Well Site Inspections	<p>Failure to ensure that a call to the licensee 24 hour emergency telephone number initiates immediate action.</p>	January 7, 2013	02-27-014-15W4	<p>Operations were not suspended as the line was not in service at the time of inspection.</p> <p>This inspection is being closed. The deficiency has not been addressed and no response has been received. The licensee no longer exists. The ERCB LMG is dealing with the receiver, which has requested to be discharged. The LMG is not proceeding with any further enforcement and the property will likely pass to the Orphan Well Association.</p> <p>Compliance not achieved.</p>

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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
5	Drake Energy Ltd.	Field Operations / Well Site Inspections	Failure to ensure that a call to the licensee 24 hour emergency telephone number initiates immediate action.	January 7, 2013	16-28-014-15W4	<p>Operations were not suspended as the line was not in service at the time of inspection.</p> <p>This inspection is being closed. The deficiency has not been addressed and no response has been received. The licensee no longer exists. The ERCB LMG is dealing with the receiver, which has requested to be discharged. The LMG is not proceeding with any further enforcement and the property will likely pass to the Orphan Well Association.</p> <p>Compliance not achieved.</p>

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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
6	Entourage Energy Ltd.	Emergency Management/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following is requested of a nonmember to verified:</i></p> <p>Failure of a non-member of an oil spill cooperative to have an ERCB approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a non-member of an oil spill cooperative to meet spill response equipment requirements.</p>	January 30, 2013	N/A – Against licensee	<p>This is an escalation of a previous noncompliance.</p> <p>Operations were not suspended as failure to pay annual membership fees is treated as an administrative action item because the noncompliance can be remedied immediately if payment occurred; as well, there was no immediate impact to public safety or the environment as there was no incident occurring.</p> <p>Licensee is required to address noncompliance and submit an action plan to address the noncompliance and prevent future occurrences, or alternatively pay oil spill membership fees and be reinstated as a member in good standing.</p> <p>Licensee submitted payment.</p> <p>Compliance achieved.</p>

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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	935821 Alberta Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 14, 2013	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-05.</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 2013-08 and C 2013-09 were subsequently issued.</p> <p>Licensee submitted full payment of its security deposit but did not provide a written explanation to the ERCB. Global Refer status is maintained against the licensee.</p>

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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	All Zone Energy Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 14, 2013	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-06.</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 2013-05 and C 2013-06 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>

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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	Blue Horizon Energy Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 10, 2013	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-04.</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 Order No. C 2013-10 and Abandonment Order No. AD 2013-11 were subsequently issued.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>
4	Emerald Bay Energy Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 10, 2013	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-02.</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 Order No. C 2013-12 was subsequently issued.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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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
5	E-T Energy Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 10, 2013	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-03.</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>
6	NEO Exploration Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 10, 2013	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-01.</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>

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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	Nytis Exploration Company Inc..	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 14, 2013	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-07.</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>
8	Red Mountain Resources Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 14, 2013	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-08.</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 Order No. C 2013-07 and Abandonment Orders No. AD 2013-09 and AD 2013-10 were subsequently issued.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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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	Stealth Ventures Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	January 22, 2013	16 well licences	<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 Order No. C 2013-01.</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>Licensee failed to comply. Abandonment Orders No. AD 2013-25, AD 2013-26, AD 2013-27 AD 2013-28 and Closure/ Abandonment Order No. AD 2013-29 were subsequently issued.</p> <p>Compliance not yet achieved.</p>

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
1	Barrier Reef Resources	Nonpayment of ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	January 10, 2013	13 well licences 3 facility licences	<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 2013-03 and C 2013-04.</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 future occurrences. <p>Licensee submitted full payment of its ERCB Administration Fees, plus the 20 percent penalty, and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliant event	Date of enforcement	Location	ERCB action(s) and licensee follow-up
2	Petromin Resources Ltd.	Nonpayment of ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	January 10, 2013	07-17-057-03W4 (3 well licences at this location) 16-23-042-28W4	<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 Order No. C 2013-02.</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 the 20 per cent penalty fee, 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	Reid Resources Ltd.	Nonpayment of ERCB Administration Fees	Failure to pay the 2012 Administration Fees, plus 20 per cent penalty.	January 10, 2013	11-14-041-20W4 16-04-063-26W5	<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/Abandonment Order No. AD 2013-01.</p> <p>Abandonment of the pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus the 20 per cent penalty fee, 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. The ERCB has sent its pipelines to the Orphan Well Association to be abandoned.</p>
4	Saphonyx Energy Inc.	Noncompliance with Abandonment	Failure to pay the abandonment costs.	January 8, 2013	<p>Well licences 07-12-026-03W4 07-12-026-03W4 12-12-026-03W4 14-12-026-03W4 09-12-026-03W4</p> <p>Pipeline licences 07-12-026-03W4 09-12-026-03W4 14-12-026-03W4 12-12-026-03W4</p>	<p>Global Refer status.</p> <p>Issuance of Abandonment Cost Order No. ACO 2013-01.</p> <p>Licensee is required to pay the costs incurred by the ERCB for the abandonment of the licensee's ERCB licensed properties, plus 25 per cent penalty.</p> <p>Licensee failed to comply. The ERCB filed a Writ of Enforcement with the Court of Queen's Bench of Alberta.</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/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: 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.

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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.

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