

ST108: Monthly Enforcement Action Summary

October 2013

Effective June 17, 2013, the Alberta Energy Regulator (AER) succeeded the Energy Resources Conservation Board (ERCB).

For questions, contact AER Inquiries at 1-855-297-8311 or inquiries@aer.ca.

Alberta Energy Regulator
ST108: Monthly Enforcement Action Summary, October 2013

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Introduction

This report summarizes monthly information for October 2013 on any 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 AER Order), or Legislative/Regulatory Enforcement issued against a licensee.

The table below summarizes the enforcement actions issued.

Enforcement Action Summary: October 2013

Monthly Enforcement Action Summary					
Compliance Category*	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 AER Order)
Facilities Technical	1	0	0	0	0
Wells Technical	3	0	0	0	0
Enhanced Recovery Schemes	1	0	0	0	0
Injection/Disposal	1	0	0	0	0
Production Without Common Ownership	1	0	0	0	0
Noncompliance with Liability Management Program Requirements	0	0	0	0	8
General ERP Requirements	2	0	0	0	0
Sulphur Recovery Guidelines	1	0	0	0	0
Drilling Waste Inspections/Investigations	0	0	0	1	0
Oil Facilities Field Inspections/Investigations	3	0	0	0	0
Gas Facilities Field Inspections/Investigations	1	0	0	0	0
Well Site Inspections Field Inspections/Investigations	0	0	0	2	0
Pipelines Field Inspections/Investigations	13	1	0	0	0

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

Legislative/Regulatory Enforcement Actions	
Care and Custody	1
Corporate Status	1
Nonpayment of AER Administration Fees	11
Petroleum and Natural Gas Mineral Rights Expiry	1

Total Enforcement Actions Issued	
High Risk Enforcement Actions	27
High Risk Enforcement Actions (Persistent Noncompliance)	1
High Risk Enforcement Actions (Demonstrated Disregard)	0
High Risk Enforcement Actions (Failure to Comply)	3
Low Risk Enforcement Actions (Global Refer or AER Order)	8
Legislative/Regulatory Enforcement Actions	14
Total Enforcement Actions Issued	53

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

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	AltaGas Ltd.	Field Operations/ Pipelines	Company does not institute and maintain programs to mitigate internal corrosion that was indicated by the results of testing for corrosive agents.	October 24, 2013	15-32-042-13W4	<p>Operations suspended.</p> <p>Licensee emphasizes the importance of implementation of the pipeline operating manual.</p> <p>Licensee abandoned the pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
2	AltaGas Ltd.	Field Operations/ Pipelines	Mechanical excavation equipment used within 600 mm of a pipeline, or within any distance beneath a pipeline, is not under the direct supervision of a representative of the licensee.	October 25, 2013	12-12-018-13W4	<p>Operations suspended.</p> <p>Licensee met with its key field leadership personnel to discuss requirements.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
3	Apache Canada Ltd.	Field Operations/ Oil Facilities	Knockout drum or flare separator controls, equipment or design, does not meet requirements.	October 10, 2013	13-35-032-04W5	<p>Operations were not suspended as measures to prevent reoccurrences have already been implemented.</p> <p>Licensee immediately added a site call-out alarm.</p> <p>Licensee updated the site-specific operating procedure.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
4	ARC Resources Ltd.	Field Operations/ Pipelines	Discontinued or abandoned pipeline is not left in a safe condition.	October 17, 2013	05-29-056-20W4	<p>Operations were not suspended as the pipeline was not in operation.</p> <p>Licensee is planning to undertake a formal review of its pipeline operations and maintenance manual.</p> <p>Licensee removed the pipeline section.</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	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
5	Baytex Energy Ltd.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation.	October 16, 2013	07-05-062-03W4	<p>License or operation not suspended. The licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact on public safety, the environment, or resource conservation.</p> <p>AER has directed corrective action measures to the applicant/ licensee.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
6	Cenovus Energy Inc.	Field Operations/ Pipelines	<p>Proper procedures were not followed.</p> <p>Comment: Pipeline was not exposed prior to mechanical excavation.</p>	October 1, 2013	11-07-082-22W4	<p>Operations suspended.</p> <p>Licensee implemented an inspector competency verification program.</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	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
7	Cenovus Energy Inc.	Field Operations/ Pipelines	Licensee is not able to demonstrate that procedures in the manuals have been implemented, or it is not operating and maintaining its pipeline system in accordance with documented procedures.	October 10, 2013	07-27-019-07W4	<p>Operations suspended.</p> <p>Licensee will review and document field staff performance and adherence to ground disturbance practices and procedures.</p> <p>Licensee will develop additional requirements to confirm the identification of a pipeline before construction activities.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
8	Cenovus Energy Inc.	Resources Applications/ Enhanced Recovery	Failure to meet conditions of approval.	October 29, 2013	12-18-017-14W4	<p>Licence or operation not suspended. The licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact on public safety, the environment, or resource conservation.</p> <p>Licensee has submitted an application to coalesce Approvals No. 7330C and 7329B.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
9	Crew Energy Inc.	Facilities Applications/ Wells Technical	Failure to design the surface casing to meet all applicable requirements.	October 30, 2013	12-13-052-07W4	<p>Operation not suspended as the applicable AER requirements state that a suspension is not appropriate for this failure.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	DeeThree Exploration Ltd.	Resources Applications/ Injection/Disposal	Injection or disposal without approval.	October 7, 2013	00/02-24-003-09W4/2	<p>Licence or operation suspended.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
11	Duel Energy Inc.	Resources Applications/ Production Without Common Ownership	Production with a common ownership throughout a drilling spacing unit.	October 17, 2013	00/02-24-003-09W4/2	<p>Licence or operation suspended.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
12	Encana Corporation	Field Operations/ Gas Facilities	Failure to ensure that the licensee 24-hour emergency telephone number is posted by way of a conspicuous sign erected at the entrance to all licensees well and facility operations.	October 10, 2013	10-08-039-23W4	<p>Operations were not suspended as there was no immediate threat to the public.</p> <p>Licensee installed a sign with a 24-hour emergency telephone number.</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	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
13	Fort Calgary Resources Ltd.	Field Operations/ Oil Facilities	Flared/vented gas not reported to PETRINEX.	October 28, 2013	12-09-038-07W4	<p>Operations were not suspended as the noncompliance is of an administrative nature.</p> <p>Licensee updated PETRINEX.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
14	Glenogle Energy Inc.	Field Operations/ Pipelines	<p>Company does not monitor the effectiveness of its internal corrosion control programs.</p> <p>Pipeline is not discontinued, abandoned, or returned to service after 12 months of no active flow service.</p>	October 21, 2013	10-36-077-12W6	<p>Operations were not suspended as the licensee could demonstrate that it had an internal corrosion mitigation program in place.</p> <p>Licensee will do a monthly review of a corrective action report and will develop a plan to address if required.</p> <p>Licensee pigged, filmed, blinded and purged 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	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
15	Hanna Oil Gas Company – Canada ULC	Field Operations/ Pipelines	Licensee is not able to demonstrate that procedures in the manuals have been implemented, or it is not operating and maintaining its pipeline systems in accordance with documented procedures. Company does not monitor the effectiveness of its internal corrosion control programs.	October 29, 2013	12-04-078-02W6 10-28-077-02W6	Operations were not suspended as the licensee could demonstrate that it had an internal corrosion mitigation program in place. Licensee enhanced its internal corrosion control monitoring program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Harvest Operations Corp.	Field Operations/ Pipelines	Operator is aware of the pipe body issues but has not implemented mitigative measures.	October 1, 2013	04-29-040-01W4	Operations suspended. Licensee disconnected the pipeline. Licensee will complete an assessment of all composite pipelines it owns. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
17	Imperial Oil Resources Limited	Field Operations/ Pipelines	No operations and maintenance procedures manual, or not followed.	October 3, 2013	12-07-050-11W5	<p>Operations suspended.</p> <p>Licensee cut the failed section of the pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
18	Momentum Energy Corp.	Facilities Applications/ Wells Technical	Failure to design the surface casing to meet all applicable requirements.	October 21, 2013	16-13-034-14W4	<p>Licence or operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement.</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	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
19	Mosaic Energy Ltd.	Field Operations/ Pipelines	<p>Internal corrosion control no-records in corrosive environment.</p> <p>External corrosion control/cathodic surveys-no records of survey results.</p>	October 2, 2013	<p>15-06-063-01W6</p> <p>10-28-063-01W6</p> <p>08-33-062-03W6</p>	<p>Operations were not suspended as licensee could demonstrate internal corrosion mitigation was being applied to the system, despite no internal corrosion monitoring.</p> <p>Licensee will document all corrosion reports.</p> <p>Licensee will document all external corrosion/cathodic surveys.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>The AER conducted this inspection as a result of an operations inspection that was conducted on three licences and is to be counted as one inspection for enforcement escalation purposes.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
20	NuVista Energy Ltd.	Field Operations/ Pipelines	<p>Application not submitted after the construction of a pipeline, where a licensee changes, alters, adds to it, relocates, diverts, or extends the pipeline.</p> <p>Pipeline is not physically isolated from the operating system (dead leg or stagnant fluid traps) and is not maintained as an operating pipeline.</p>	October 18, 2013	13-21-027-09W4	<p>Operations were not suspended as there was no impact on public health and safety, the environment, resource conservation, or stakeholder confidence in the regulatory process.</p> <p>Licensee amendment has been submitted and approved by AER.</p> <p>Licensee will abandon pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
21	NuVista Energy Ltd.	Field Operations/ Pipelines	<p>For operating and discontinued metallic pipelines, licensee did not conduct and document the necessity for and suitability of internal corrosion mitigation procedures annually.</p> <p>Failure by the licensee to meet any of the overpressure protection requirements for artificial lift equipment in section 3.2(1) of Directive 077.</p> <p>Discontinued pipeline is not cleaned when necessary or purged with fresh water, air, or inert gas.</p>	October 18, 2013	06-16-027-09W4	<p>Operations were not suspended as there was no impact on public health and safety, the environment, resource conservation, or stakeholder confidence in the regulatory process.</p> <p>Licensee is installing internal corrosion monitoring procedures.</p> <p>Licensee updated its pipeline and operations maintenance manual to include annual inspections.</p> <p>Licensee will abandon pipeline and submit licence amendment.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
22	Pengrowth Energy Corporation	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	October 31, 2013	02-04-021-04W5	<p>Operations were not suspended in accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i>.</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	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
23	Plains Midstream Canada ULC	Emergency Management/ General ERP Requirements	Failure to provide information as requested by the AER for any audit, inspection, or investigation, including the Emergency Response (ER) Assessment Program.	October 16, 2013	Empress NGL Extraction Facility	<p>Operations were not suspended as there was no immediate impact on public safety, the environment, resource conservation, or stakeholder confidence in the regulatory process.</p> <p>Licensee submitted the ERP.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
24	Plains Midstream Canada ULC	Emergency Management/ General ERP Requirements	Failure to provide information as requested by the AER for any audit, inspection, or investigation, including the Emergency Response (ER) Assessment Program.	October 16, 2013	Kemp River area	<p>Operations were not suspended as there was no immediate impact on public safety, the environment, resource conservation, or stakeholder confidence in the regulatory process.</p> <p>Licensee submitted the ERP.</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	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
25	Spyglass Resources Corp.	Field Operations/ Oil Facilities	Flared/vented gas not reported to PETRINEX. Gas is being vented, not burned, where it could support stable combustion.	October 29, 2013	04-19-039-10W4	Operations suspended. Licensee submitted amended data to PETRINEX. Licensee met with AER. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
26	Strategic Oil & Gas Ltd.	Facilities Applications/ Wells Technical	No rights to substance(s) for the intended formation(s).	October 8, 2013	01-28-122-22W5	Licence or operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/licensee has completed the AER directed corrective action. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
27	Unconventional Gas Resources	Field Operations/ Pipelines	Company does not monitor the effectiveness of its internal corrosion control programs.	October 17, 2013	11-15-060-24W5	<p>Operations were not suspended as the licensee could demonstrate that it had an operational internal corrosion mitigation program in place.</p> <p>Licensee will sample produced water and perform full water analysis on its wells.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (Persistent Noncompliance)²

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Canadian Natural Resources Limited	Field Operations/ Pipelines	Discontinued or abandoned pipeline is not physically isolated or disconnected from any operating facility or other pipeline.	October 24, 2013	06-11-038-26W4	<p>Operations were not suspended as the pipeline is currently shut in.</p> <p>Licensee isolated and cleaned out the pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (Demonstrated Disregard)³

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
	None					

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Cowboy Exploration Ltd.	Field Operations/ Well Site Inspections	Failure to ensure that the licensee 24-hour emergency telephone number is posted by way of a conspicuous sign erected at the entrance to all licensees well and facility operations.	October 18, 2013	13-19-054-16W5	<p>Operations were not suspended as the well was already suspended, chained, and locked per AER Closure Order No. C 2013-46.</p> <p>Licensee is required to provide a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
2	Cowboy Exploration Ltd.	Field Operations/ Drilling Waste	Noncompliant with other high risk AER requirements. (Sump closure must be completed within 12 months of drilling rig release.)	October 29, 2013	13-19-054-16W5	<p>Operations were not suspended as the well was already suspended, chained, and locked per AER Closure Order No. C 2013-46.</p> <p>Licensee is required to provide a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
3	Gateway Petroleum Inc.	Field Operations/ Well Site Inspections	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	October 1, 2013	15-04-048-01W5 02-16-048-01W5	<p>This is an escalation of a previous enforcement action issued on August 28, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2013-96.</p> <p>Abandonment of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • take corrective actions immediately, • submit documentation confirming completion of abandonment operations, and • provide a plan to address the noncompliance and prevent future occurrence. <p>Licensee failed to comply. The AER has sent its wells to the Orphan Well Association to be abandoned.</p>

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Low Risk Enforcement Action (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
1	Expand Energy Corporation	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	October 17, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order MISC No. 2013-127.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee submitted full payment of its security deposit but did not provide an explanation to the AER. Global Refer status is maintained against the licensee.</p> <p>Compliance not yet achieved.</p>

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Low Risk Enforcement Action (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
2	Fairwest Energy Corporation	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	October 10, 2013	199 well licences 10 facility licences 57 pipeline licences	<p>This is an escalation from a previous enforcement action issued on June 6, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2013-55 and C 2013-56 and Closure/Abandonment Order No. AD 2013-98.</p> <p>Suspension and closure of well and facility licences as well as suspension and abandonment of pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Abandonment Orders No. AD 2013-102 through to AD 2013-130 were subsequently issued.</p>

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Low Risk Enforcement Action (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
3	Gateway Petroleum Inc.	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	October 1, 2013	Well licences 11-34-024-02W4 15-18-041-27W4 02-16-048-01W5 15-04-048-01W5 11-16-024-02W4 10-22-025-02W4 12-15-024-02W4 15-18-041-27W4 04-32-041-27W4 Pipeline licences 10-27-024-02W4 11-34-024-02W4 10-22-025-02W4 11-16-024-02W4	This is an escalation from a previous enforcement action issued on July 17, 2013. Global Refer status. Issuance of Abandonment Orders No. AD 2013-92, AD 2013-93, and AD 2013-94 and Closure/ Abandonment Order No. AD 2013-95. Abandonment of the well and pipeline licences. Licensee is required to <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Compliance not yet achieved.

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Low Risk Enforcement Action (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
4	Morumbi Capital Inc.	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	October 17, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-126.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-86 was subsequently issued.</p>
5	Reber Exploration Ltd.	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	October 15, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-125.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-100 was subsequently issued.</p>

If you require further information, contact the AER Customer Contact Centre by telephone at 1-855-297-8311 (toll free) or by e-mail to [inquiries@aer.ca](mailto:inquiries@ aer.ca).

Low Risk Enforcement Action (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
6	Sino-Western Petroleum, Inc.	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	October 15, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-124.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee submitted full payment of its security deposit but did not provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>
7	United Penn Oil & Gas, Ltd.	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	October 17, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-128.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Compliance not yet achieved.</p>

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Low Risk Enforcement Action (Global Refer or AER Order)⁵

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
8	Young West Oil and Gas Ltd.	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	October 17, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-129.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Compliance not yet achieved.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
1	Aspen Endeavour Resources Inc.	Care and Custody	Failure to provide care and custody of its licensed properties.	October 15, 2013	16-16-051-23W4 15-04-070-23W5 14-03-070-23W5	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2013-99.</p> <p>Suspension, closure, and abandonment of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the well licences and • submit documentation confirming completion of abandonment operations. <p>Licensee had entered into receivership. The receiver transferred some of the wells and provided a security deposit for the remaining wells. The receiver has been discharged. Licensee has not been given additional time.</p> <p>Licensee's remaining licences have been deemed orphaned for the purposes of abandonment.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
2	Barrier Reef Resources Ltd.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-119.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Compliance not yet achieved.</p>
3	Calver Resources Inc.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-118.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Compliance not yet achieved.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
5	Cowboy Exploration Ltd.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 10, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-122.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure/Abandonment Order No. AD 2013-146 was subsequently issued.</p>
7	Dreadnought Energy Inc.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-120.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Compliance not yet achieved.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
9	Duel Energy Inc.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-121.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Compliance not yet achieved.</p>
10	Fairwest Energy Corporation	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-112.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Compliance not yet achieved.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
11	Gateway Petroleum Inc.	Petroleum and Natural Gas Mineral Rights Expiry	Failure to prove to the satisfaction of the AER that the licensee has a valid entitlement to the right to produce the subject well.	October 17, 2013	11-16-024-02W4	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2013-100.</p> <p>Abandonment of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the well and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee did not comply. Well to be abandoned by AER.</p>
12	Qwest Diversified Capital Corp.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-113.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee submitted full payment of its AER administration fees, plus the 20 per cent penalty, and provided an explanation to the AER.</p> <p>Compliance achieved.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
13	Samson Oil and Gas Inc.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-114.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee submitted full payment of its AER administration fees, plus the 20 per cent penalty, but did not provide an explanation to the AER. Global Refer status is maintained against the licensee.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
15	Sunmatrix Petroleum Corp.	Corporate Status	Failure to be registered with an Active status under the <i>Business Corporations Act</i> .	October 30, 2013	14-20-007-07W4	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2013-101.</p> <p>Suspension, closure, and abandonment of the well licence.</p> <p>Licensee is required to complete one of the following:</p> <ul style="list-style-type: none"> • transfer the licensed property, • abandon the licensed property, or • provide confirmation to the AER that the licensee is registered with and has an Active status on the Alberta Corporate Registries System. <p>Compliance not yet achieved.</p>
16	Sunrise Energy Ltd.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-115.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Compliance not yet achieved.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
17	Term Oil Resources Inc.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 10, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-123.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee fully paid its proportionate share of the AER administration fees and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

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Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
18	Thoroughbred Energy Ltd.	Nonpayment of AER Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	October 3, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-116.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee fully paid its proportionate share of the AER administration fees and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

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

Endnotes

¹ **Directive 019—High Risk Enforcement Action (HREA)**

In accordance with *Directive 019: Compliance Assurance*, the AER issues 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 AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting from the noncompliance (any suspension of operations must not occur if it will increase the impact on 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 AER group (a licensee may also be required to submit the written action plan and meet with the AER group to discuss both the action plan and the licensee's compliance history); and notify the AER group that it has corrected and addressed the high risk noncompliance. The AER may also apply or require one or more of the following: noncompliance fees; self-audits 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 AER issues 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 AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting from the noncompliance (any suspension of operations must not occur if it will increase the impact on 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 AER 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 AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audits 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 AER) 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 AER issues 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 AER 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 AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact/hazard resulting from the noncompliance(s) (any suspension of operations must not occur if it will increase impact on 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 AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audits 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 AER) 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 AER issues an HREA (Failure to Comply) against a licensee if it failed to comply with the direction of the AER in an AER 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 AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting from the noncompliance(s) (any suspension of operations must not occur if it will increase the impact on 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 AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audits 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 AER) in the same compliance category before achieving overall compliance.

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⁵ **Directive 019—Low Risk Enforcement Action (LREA) (Global Refer or AER Order)** In accordance with *Directive 019: Compliance Assurance*, the AER issues an LREA (Global Refer) against a licensee if the licensee failed to comply with the direction of the AER 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 AER; notify the AER group that it has addressed the low risk noncompliant event(s); and develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the AER group; and meet with the AER group to discuss the low risk noncompliant event(s), the licensee's compliance history, or the written action plan. The AER 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 AER issues a Legislative/Regulatory Enforcement Action for noncompliance with AER requirements that fall outside the administration of *Directive 019: Compliance Assurance*. The AER 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 AER 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, or 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 AER 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 AER enforcement actions, see *Directive 019: Compliance Assurance* or contact the AER Compliance Assurance Section at compliancecoordination@aer.ca.

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