

ST108: Monthly Enforcement Action Summary

June 2014

Alberta Energy Regulator
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Introduction

This report summarizes monthly information for June 2014 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 Action issued against a licensee.

The table below summarizes the enforcement actions issued.

Enforcement Action Summary: June 2014

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)	Legislative/Regulatory Enforcement Actions (Global Refer or AER Order)
Facilities Technical	1	0	0	0	0	0
Participant Involvement	1	0	0	0	0	0
Wells Technical	2	0	0	0	0	0
Enhanced Recovery Schemes	1	0	0	0	0	0
Noncompliance with Liability Management Requirements	0	0	0	0	14	0
Orphan Levy	0	0	0	0	9	0
Administration Fees	0	0	0	0	0	2
Corporate Status	0	0	0	0	0	1
Drilling Operations	1	0	0	0	0	0
Gas Facilities	1	0	0	0	0	0
Oil Facilities	8	0	0	0	0	0
Well Site Inspections	5	0	0	0	0	1
Pipelines	8	0	0	1	0	0
General ERP Requirements	1	0	0	0	0	0
Total	29	0	0	1	23	4

* [Compliance Categories](#) with no published enforcement actions issued during June 2014 have not been listed here.

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).

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
1	1354465 Alberta Ltd.	Enforcement & Surveillance / 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 licensee well and facility operations.	June 20, 2014	13-05-041-17W4	<p>Operations suspended.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
2	Apache Canada Ltd.	Enforcement & Surveillance / Pipelines	Maximum test pressure of polyethylene pipelines exceeded manufacturer's recommendation.	June 19, 2014	10-29-060-20W5	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee will revise its manuals to include pressure testing procedures.</p> <p>Licensee will develop a presentation on lessons learned that will be presented to all field staff.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
3	Baytex Energy Ltd.	Enforcement & Surveillance / Gas Facilities	<p>Knockout drum or flare separator controls, equipment or design, does not meet requirements.</p> <p>Individual dehydrator(s) or site dehydrator benzene emissions over the limits.</p> <p>No secondary containment as required.</p>	June 6, 2014	10-19-044-10W5	<p>Operations were not suspended as licensee took the tank out of service.</p> <p>Licensee installed a high-level shutdown system.</p> <p>Licensee installed a permanent incinerator.</p> <p>Licensee modified its internal preventive maintenance program for tanks.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
4	Baytex Energy Ltd.	Enforcement & Surveillance / Oil Facilities	Offensive hydrocarbon odours outside the lease boundary.	June 17, 2014	16-18-084-18W5	<p>Operations suspended.</p> <p>Licensee installed high-pressure shutdown devices.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
5	Cenovus Energy Inc.	Resource Compliance / Enhanced Recovery Schemes	Injection of fluid without approval.	June 12, 2014	03/05-15-020-08W4/0	<p>Licence or operation not suspended as the applicant/licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact to public safety, environmental protection, or resource conservation.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
6	Harvest Operations Corp.	Enforcement & Surveillance / Oil Facilities	Gas is being vented, not burned, where it could support stable combustion.	June 26, 2014	14-32-046-04W4	<p>Operations were not suspended as licensee has shut in the wells.</p> <p>Licensee will monitor vent rates and review all similar producing properties in this field.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
7	Harvest Operations Corp.	Enforcement & Surveillance / Pipelines	<p>Coated pipe was not inspected for defects before backfilling.</p> <p>The licensee did not immediately notify the AER of pipeline contact damage.</p>	June 26, 2014	09-20-041-01W4	<p>Operations suspended.</p> <p>Licensee created a memo identifying expectations, requirement, and responsibilities for external coats to a new pipeline.</p> <p>Licensee met with field staff to raise awareness on incident investigation and reporting requirements.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
8	Hitic Energy Ltd.	Enforcement & Surveillance / Drilling Operations	<p>Fluid turns and/or pipe extensions between drilling spool/BOP outlet and innermost valve.</p> <p>Fluid turn(s) in bleed-off line(s) not made using right-angle connections constructed of tees and crosses blocked on fluid turns.</p>	June 16, 2014	14-10-054-13W5	<p>Operations suspended.</p> <p>Licensee revamped the blowout preventer.</p> <p>Licensee corrected the fluid turn pipes.</p> <p>Licensee will work with drilling contractors to ensure compliance with AER 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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
9	Insignia Energy Ltd.	Infrastructure Audit / Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction, and/or operation.	June 2, 2014	12-31-048-05W5 (unlicensed)	<p>Operation not suspended as there was no existing or potential impact/hazard to public safety, environmental protection, resource conservation, and/or stakeholder confidence.</p> <p>Applicant/licensee has completed the AER-directed corrective action.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	Mosaic Energy Ltd.	Enforcement & Surveillance / Pipelines	Company does not institute and maintain programs to mitigate internal corrosion that was indicated by the results of testing for corrosive agents.	June 3, 2014	16-30-059-21W4	<p>Operations suspended.</p> <p>Licensee has implemented ongoing monitoring and mitigation programs.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
11	Murphy Oil Company Ltd.	Enforcement & Surveillance / Oil Facilities	Offensive hydrocarbon odours outside the lease boundary.	June 20, 2014	01-27-083-15W5 16-26-083-15W5 03-27-083-15W5	<p>Operations suspended.</p> <p>Licensee turned down tank temperatures for the 16-26 and 03-27 locations.</p> <p>Licensee tied in a flare system at the 01-27 location.</p> <p>Licensee plans to reduce all venting at some locations and move towards 100% gas conservation at other locations.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
12	NEP Canada ULC	Enforcement & Surveillance / Pipelines	<p>Company does not institute and maintain programs to mitigate internal corrosion that was indicated by the results of testing for corrosive agents.</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>	June 19, 2014	12-20-049-25W5	<p>Operations were not suspended as the pipeline was discontinued.</p> <p>Licensee will take pipeline out of service.</p> <p>Licensee will focus on identifying dead leg portions of pipelines at its annual pipeline risk assessment review.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
13	Omers Energy Inc.	Emergency Response & Preparedness / General ERP Requirements	Failure to test the sour operation, HVP pipeline, or cavern storage facility ERP through tabletop and major exercises.	June 17, 2014	Simonette Area	<p>Operations were not suspended as there is no immediate or existing impact to public safety and /or the environment.</p> <p>Licensee conducted a major exercise.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
14	Pengrowth Energy Corporation	Enforcement & Surveillance / Well Site Inspections	Spill or release not contained/cleaned up.	June 10, 2014	16-25-037-21W5	<p>Operations were not suspended as operations were already suspended.</p> <p>Licensee cleaned up the spill.</p> <p>Licensee met with field staff to highlight spill/release response and reporting.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
15	Penn West Petroleum Ltd.	Enforcement & Surveillance / Pipelines	Company does not monitor the effectiveness of its internal corrosion control programs.	June 9, 2014	13-03-043-06W5	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee updated its corrosion mitigation program.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
16	Penn West Petroleum Ltd.	Enforcement & Surveillance / Oil Facilities	Offensive hydrocarbon odours outside the lease boundary.	June 27, 2014	13-32-083-18W5	<p>Operation suspended.</p> <p>Licensee installed a flare system to capture all gas.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
17	Peyto Exploration & Development Corp.	Enforcement & Surveillance / Well Site Inspections	Spill or release not contained/cleaned up.	June 23, 2014	05-16-055-08W5	<p>Operations were not suspended as incident occurred in the past.</p> <p>Licensee is required to submit 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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
18	Quicksilver Resources Canada Inc.	Enforcement & Surveillance / Pipelines	A notified licensee does not, before beginning to disturb the ground, accurately mark the horizontal position and alignment of the pipeline with distinct warning signs and markers at adequate intervals in accordance with the uniform colour code, and provide documentation of the markings to the person proposing the ground disturbance.	June 3, 2014	15-10-026-23W4	<p>Operations suspended.</p> <p>Licensee will do a full review of the facility drawings if the ground disturbance is close to a facility.</p> <p>Licensee will bring any conflicting information forward and the ground will be hydrovaced or hand exposed to identify pipelines.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
19	Redwater Energy Corp.	Enforcement & Surveillance / Oil Facilities	<p>Knockout drum or flare separator controls, equipment or design, does not meet requirements.</p> <p>No secondary containment as required.</p>	June 4, 2014	15-34-060-27W4	<p>Operations were not suspended as licensee immediately corrected the noncompliance.</p> <p>Licensee emptied the tank and closed the bypass valve.</p> <p>Licensee installed the site glass.</p> <p>Licensee is required to submit 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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
20	Regco Petroleum Ltd.	Enforcement & Surveillance / Well Site Inspections	Failure to ensure that a call to the licensee 24- hour emergency telephone number initiates immediate action.	June 19, 2014	05-13-054-26W4	Operations were not suspended as the noncompliance was immediately corrected. Licensee updated the 24-hour emergency telephone number. Licensee is required to submit a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
21	Rockeast Energy Corp.	Infrastructure Audit / Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	June 3, 2014	16-22-041-02W4	Operation not suspended as the noncompliant operation occurred in the past. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
22	Sino-Western Petroleum, Inc.	Enforcement & Surveillance / Oil 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 licensee well and facility operations.	June 24, 2014	07-31-049-26W4	Operations were not suspended as licensee immediately corrected the noncompliance. Licensee posted a sign with the 24- hour emergency telephone number. Licensee is required to submit a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
23	Sitka Exploration Ltd.	Enforcement & Surveillance / Well Site Inspections	Noncompliant with other High Risk AER requirement(s). (An appropriate disposal option was not utilized for a given waste stream.)	June 3, 2014	16-12-036-06W5	<p>Operations were not suspended as there was no immediate risk to the environment.</p> <p>Licensee sampled and cleaned up the soil.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
24	Spur Resources Ltd.	Enforcement & Surveillance / Pipelines	<p>Cathodic protection was not installed on steel pipeline within 1 year of installation, or is not maintained until pipeline is abandoned.</p> <p>Pipeline is not discontinued, abandoned, or returned to service after 12 months of no active flowing service.</p>	June 24, 2014	06-18-035-08W5 12-13-034-08W4	<p>Operations were not suspended as the pipelines were not active.</p> <p>Licensee updated the pipeline status to abandoned.</p> <p>Licensee will maintain and do a quarterly review of a master list of all pipelines in the area with no active flow for 6 months.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
25	Surge Energy Inc.	Enforcement & Surveillance / Pipelines	No internal/external corrosion control for steel risers and below-ground couplings connected to non-metallic pipe.	June 19, 2014	04-02-036-06W4	<p>Operations suspended.</p> <p>Licensee removed the uncoated steel risers.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
26	Tourmaline Oil Corp.	Infrastructure Audit / Wells Technical	Failure to acquire a mineral lease continuation (no agreement with DOE).	June 12, 2014	13-36-049-20W5	<p>Licence or operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
27	Tuzo Energy Corporation	Infrastructure Audit / Wells Technical	Failure to meet or address the water body setback requirement prior to filing the application.	June 24, 2014	09-23-037-04W5	<p>Operation not suspended as the noncompliant operation occurred in the past.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
28	Whitecap Resources Inc.	Enforcement & Surveillance / Oil Facilities	No flame arrester, equivalent safety device, or appropriate engineering and operating practices to prevent backflash where required.	June 24, 2014	16-36-074-15W5	<p>Operations were not suspended as operations were already suspended.</p> <p>Licensee implemented increased internal communications with field staff to ensure flame arresters have adequate backflash control.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
29	Winter Petroleum Ltd.	Enforcement & Surveillance / Oil Facilities	Spill or release not contained/cleaned up.	June 23, 2014	08-32-110-03W6	<p>Operations were not suspended as the facility was already shut in.</p> <p>Licensee is required to submit 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 (Persistent Noncompliance)²

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
	None					

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High Risk Enforcement Action (Demonstrated Disregard)³

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
	None					

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
1	Canadian Natural Resources Limited	Enforcement & Surveillance / Pipelines	Ditch bottom does not provide suitable support for the piping.	June 16, 2014	02-29-080-08W5	<p>Operations suspended.</p> <p>Licensee hired a firm to design the new support system.</p> <p>Licensee will review its ditching and backfilling procedure.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
1	1354465 Alberta Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 10, 2014	Well licences 13-05-041-17W4 10-18-029-15W4 Pipeline licence 10-18-029-15W4	<p>This is an escalation of a previous enforcement action issued on April 28, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-40.</p> <p>Suspension and closure of well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2014 Orphan Fund Levy 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 paid its proportionate share of the Orphan Fund Levy in full but did not provide an explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
2	ADM Agri-Industries Company	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 16, 2014	09-30-012-05W4	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2014-63.</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 2014-53 and Abandonment Order No. AD 2014-112 were subsequently issued.</p>
3	Big Lake Energy Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 6, 2014	05-29-033-02W4	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2014-05A.</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 and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
4	Brixton Energy Corp.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 16, 2014	Well licence 08-25-095-05W4 Pipeline licence 14-28-012-15W4	<p>This is an escalation of a previous enforcement action issued on June 15, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure/ Abandonment Orders No. AD 2014-59 and AD 2014-60.</p> <p>Abandonment of the well and pipeline licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 and 2014 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. AER is evaluating further actions.</p>

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
5	Brixton Energy Corp.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 16, 2014	Well licence 08-25-095-05W4 Pipeline licence 14-28-012-15W4	<p>This is an escalation of a previous enforcement action issued on May 14, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2014-57 and Closure/ Abandonment Order No. AD 2014-58.</p> <p>Abandonment of the well and pipeline licence</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. AER is evaluating further actions.</p>

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
6	Calver Resources Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 9, 2014	20 well licences 2 pipeline licences	<p>This is an escalation of a previous enforcement action issued on September 18, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2014-51, AD 2014-52, AD 2014-53, and Closure/ Abandonment Order No. AD 2014-54.</p> <p>Abandonment of the well and 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. Sixteen well licences and two pipeline licences turned over to the Orphan Well Association for abandonment. Remaining four well licences are required to be abandoned.</p>

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
7	Custom Energy Group Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 10, 2014	Well licences (2) 02-17-005-14W4 Facility licence 02-17-005-14W4	<p>This is an escalation of a previous enforcement action issued on April 28, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2014-38 and C 2014-39.</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 2013 and 2014 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full but did not provide an explanation to the AER. Global Refer status is maintained against the licensee.</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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
8	E-T Energy Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 16, 2014	148 well licences 1 facility licence	<p>This is an escalation of a previous enforcement action issued on May 14, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2014-46 and C 2014-48.</p> <p>Suspension and closure of the well and facility licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide 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 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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
9	Free Rein Resources Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 16, 2014	14-34-014-08W4	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2014-62.</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>

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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
10	Golden Coast Energy Corp.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 17, 2014	8 well licences 5 pipeline licences	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2014-64.</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 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](mailto:inquiries@ aer.ca).

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
11	Inland Development Company Ltd	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 10, 2014	Well licences (two) 10-29-061-22W4 Pipeline licences 07-35-060-24W4 10-29-061-22W4	<p>This is an escalation of a previous enforcement action issued on April 28, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-41.</p> <p>Suspension and closure of the well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2014 Orphan Fund Levy 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. Two well licences and two pipeline licences turned over to the Orphan Well Association for abandonment.</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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
12	Inland Development Company Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 24, 2014	Well licences (two) 10-29-061-22W4 Pipeline licence 07-35-060-24W4 10-29-061-22W4	<p>This is an escalation of a previous enforcement action issued on May 12, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2014-82 and Closure/Abandonment Order No. AD 2014-83.</p> <p>Abandonment of the well and facility licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Two well licences and two pipeline licences turned over to the Orphan Well Association for abandonment.</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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
13	Lateral Capital Corp. (now Jaguar Resources Inc.)	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 3, 2014	7 well licences 1 pipeline licence	<p>This is an escalation of a previous enforcement action issued on April 22, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. AD 2014-47 and AD 2014-48.</p> <p>Abandonment of the well and 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. The AER recommends that the licences be turned over to the Orphan Well Association for abandonment.</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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
14	Lateral Capital Corp. (now Jaguar Resources Inc.)	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 12, 2014	7 well licences 1 pipeline licence	<p>This is an escalation of a previous enforcement action issued on April 22, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. C 2014-55 and C 2014-56.</p> <p>Suspension and closure of the well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 and 2014 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. The AER recommends that the licences be turned over to the Orphan Well Association for abandonment.</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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
15	Morumbi Capital Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 17, 2014	Well licences 04-33-065-22W5 12-33-065-22W5 Pipeline licence 04-33-065-22W5	<p>This is an escalation of a previous enforcement action issued on May 14, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2014-73 and Closure/Abandonment Order No. AD 2014-74.</p> <p>Abandonment of the well and 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 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>

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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
16	Poplar Point Energy Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 6, 2014	6 well licences 2 pipeline licences	<p>This is an escalation of a previous enforcement action issued on April 28, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-36.</p> <p>Suspension and closure of the well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2014 Orphan Fund Levy 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. Well and pipeline licences turned over to the Orphan Well Association for abandonment.</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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
17	Precision Drilling Corporation	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 10, 2014	13-11-050-02W4 04-02-050-26W4	<p>This is an escalation of a previous enforcement action issued on April 28, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-37.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2014 Orphan Fund Levy 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 paid its proportionate share of the Orphan Fund Levy in full and provided an 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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
18	Ranchwest Energy Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 12, 2014	10 well licences 3 facility licences 4 pipeline licences	<p>This is an escalation of a previous enforcement action issued on April 17, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2014-44 and C 2014-45.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2014 Orphan Fund Levy 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 paid its proportionate share of the Orphan Fund Levy in full and provided a written explanation to the AER.</p> <p>Licensee remains on Global Refer due to other non-compliances.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
19	Ranchwest Energy Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 18, 2014	10 well licences 3 facility licences 4 pipeline licences	<p>This is an escalation of a previous enforcement action issued on May 14, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2014-77, AD 2014-78, and AD 2014-80 and Closure/ Abandonment Order No. AD 2014-79.</p> <p>Abandonment of the well, facility, and 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 submitted full payment of its security deposit 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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
19	Regco Petroleums Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 26, 2014	12 well licences 3 facility licences 2 pipeline licences	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2014-59A.</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 has entered into the Licensee Liability Rating Management Plan Program.</p> <p>Global Refer status remains.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
20	Stockwork Properties Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	June 4, 2014	16-06-053-22W4 01-02-079-09W6 10-02-025-09W4	<p>This is an escalation of a previous enforcement action issued on April 30, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-35.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2014 Orphan Fund Levy 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 paid its proportionate share of the Orphan Fund Levy in full but did not provide an explanation to the AER. Global Refer status is maintained against the licensee.</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.

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

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
22	United Penn Oil & Gas, Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 3, 2014	03-28-042-25W4	<p>This is an escalation of a previous enforcement action issued on April 22, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2014-50.</p> <p>Abandonment of the well licence.</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. AER is evaluating further actions.</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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
23	Winter Petroleum Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 13, 2014	140 well licences 7 facility licences 15 pipeline licences	<p>This is an escalation of a previous enforcement action issued on October 15, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure/ Abandonment Orders No. AD 2014-61, AD 2014-62, AD 2014-63, AD 2014-64, AD 2014-65, AD 2014-66, AD 2014-67, AD 2014-68, and AD 2014-69.</p> <p>Abandonment of the well, facility, and 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. One hundred twenty-six wells, five facilities, and fifteen pipelines turned over to the Orphan Well Association for abandonment.</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.

Legislative/Regulatory Enforcement Action⁶

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
1	ConocoPhillips Canada Resources Corp.	Enforcement & Surveillance / Well Site Inspections	Permitting a well to flow uncontrolled. Failing to control fluids encountered during drilling and completion.	June 20, 2014	00/01-18-043-02W5 02/10-18-043-02W5	Operation suspended on the 01-18 well. Licensee updated its well review process to identify and assess all wells that require a well control plan prior to completion operations. Licensee updated its well control plans. Licensee provided a plan to address the noncompliances and prevent future occurrences. Compliance achieved.

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 Action⁶

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
2	Custom Energy Group Ltd.	Liability Management / Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	June 23, 2014	02-17-005-14W4 (2 well licences) Facility licence 02-17-005-14W4	<p>This is an escalation of a previous enforcement action issued on May 12, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2014-51 & C 2014-52.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the administration fees plus 20 per cent penalty and • provide a written explanation acceptable to the 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>

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 Action⁶

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
3	Onstad Energy Corp.	Liability Management / Administration Fees	Failure to pay the 2013 administration fees, plus 20 per cent penalty.	June 23, 2014	72 well licences 2 facility licences 6 pipeline licences	<p>This is an escalation of a previous enforcement action issued on May 12, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2014-49 and C 2014-50.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the administration fees plus 20 per cent penalty and • provide a written explanation acceptable to the 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>

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 Action⁶

#	Licensee	AER Group / Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
4	United Penn Oil & Gas, Ltd.	Liability Management / Corporate Status	Failure to be registered with an active status under the <i>Business Corporations Act</i> .	June 3, 2014	03-28-042-25W4	<p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2014-46.</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>Licensee failed to comply. The AER is evaluating further actions.</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 issues an HREA against a licensee if it identifies a high risk noncompliance. To address an HREA, the licensee must

- immediately correct or address the high risk noncompliance;
- if necessary, either partially or fully suspend operations, when safe to do so, in order to remove the existing or potential impact or hazard associated with 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 AER group (the licensee may also be required to submit the plan and meet with the AER group to discuss both the 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 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 or 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 noncompliances, either in the same or in different compliance categories. To address an HREA (Persistent Noncompliance), the licensee must

- immediately correct or address the high risk noncompliance;
- if necessary, either partially or fully suspend operations, when safe to do so, in order to remove the existing or potential impact or hazard associated with 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 AER group (the action plan should address the root causes of any previous noncompliance and detail how the licensee will prevent future noncompliances);
- meet with the AER group to discuss the high risk noncompliance, 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.

The AER may also apply or 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 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 noncompliance but does not act to correct or address the noncompliance. The AER assesses demonstrated disregard on a case-by-case basis. To address an HREA (Demonstrated Disregard), the licensee must

- immediately correct or address the high risk noncompliance;
- if necessary, either partially or fully suspend operations, when safe to do so, in order to remove any existing or potential impact or hazard associated with 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 (the action plan should address the root cause of the noncompliance and detail how the licensee will prevent future noncompliances); meet with the AER group to discuss the high risk noncompliance, the licensee's compliance history, and the written action plan; and notify the AER group that it

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has corrected and addressed the high risk noncompliance. The AER may also apply 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 the permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); Refer status (focused or global; see definition on next page).

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 set out 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 or address the high risk noncompliance;
- if necessary, either partially or fully suspend operations ,when safe to do so, in order to remove the existing or potential impact or hazard associated with the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to the public or the environment; compliance must be achieved prior to start-up);
- develop, implement, and submit a written action plan (the action plan should address the root cause of the noncompliance and detail how the licensee will prevent future noncompliances);
- meet with the AER group to discuss the high risk noncompliance, the licensee's compliance history, and the written action plan; and
- notify the AER group that it has corrected or addressed the high risk noncompliance.

The AER may also apply 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 or addresses the noncompliance); suspension and/or cancellation of the 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.

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 against a licensee if it failed to comply with the direction of the AER set out in a Notice of Low Risk Noncompliance. To address an LREA, the licensee must

- immediately correct or address the low risk noncompliance;
- notify the AER group that it has addressed the low risk noncompliance; and
- develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the AER group.

The licensee may also be required to meet with the AER group to discuss the low risk noncompliance, the licensee's compliance history, or the written action plan. The AER may also apply one or more of the following: noncompliance fees; partial or full suspension of operations; suspension and/or cancellation of the permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

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).

⁶ Legislative/Regulatory Enforcement Action

The AER relies upon its statutory and regulatory authority to issue an enforcement action against a licensee for noncompliance with AER requirements that fall outside the administration of *Directive 019: Compliance Assurance*. The AER may apply a Refer status against the licensee and/or issue an Order (Closure, Miscellaneous, or Abandonment). The AER generally issues these enforcement actions because of a mineral or surface lease expiry; an environmental or public safety concern; or a failure to demonstrate the right to produce from the well, the right to access the surface, or a 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 Business Process Section at ComplianceCoordination@aer.ca.

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