



ERCBC Monthly Enforcement Action Summary

June 2008

ENERGY RESOURCES CONSERVATION BOARD
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High Risk Compliance Category Statistics				
ERCB	Compliance Category	June 2008		
		Initial Audits/ Inspections	Number of High Risk Noncompliance	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	64	0	100%
	Facilities Technical	14	2	86%
	Pipelines/Pipeline Installations Technical	23	0	100%
	Wells Technical	36	4	89%
Resources Applications Group Enforcement & Surveillance Section and Coal Section	Enhanced Recovery Scheme 9 months audits	39	1	97%
	Commingling	n/a	1	n/a
	Production Without Common Ownership	n/a	3	n/a
	Experimental In Situ Oil Sands Schemes	n/a	1	n/a
Subtotal		176	12	92%
Compliance and Operations Branch				
Operations Group Production Operations Section	Production Measurement & Reporting	0	0	0
	Sulphur Recovery	n/a	1	n/a
Environment Group Waste and Storage Section	Drilling Waste Audits	4	0	100%
	Storage Audits	8	0	100%
Subtotal		12	1	92%
Public Safety/Field Surveillance Branch				
	Drilling Operations	28	4	86%
	Well Servicing	25	0	100%
	Oil Facilities	534	0	100%
	Gas Facilities	211	8	96%
	Pipelines	140	19	86%
	Drilling Waste	3	0	100%
	Well Site Inspections	1965	4	99.7%
	Waste Management	4	2	50%
Subtotal		2910	37	98.7%
Resources Branch				
Geology and Reserves Group Reserves & Allowables Section	Oil Overproduction	492	0	100%
Subtotal		492	0	100%
Total Audit/Inspections High Risk		3590	50	98.6%

Note: Compliance category data are evaluated annually and results presented in *ST99 ERCB Provincial Surveillance and Compliance Summary*.

High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	Adamant Energy Ltd.	Field Surveillance/ Gas Facilities	Flame-type equipment without workable flame arrester less than 25 m from a process vessel.	June 12, 2008	08-14-085-25W5 M.D. of Northern Lights	<p>Operations were not suspended, as the noncompliance was corrected immediately.</p> <p>Licensee installed bolts/nuts on the flame arrester.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
2	AltaGas Ltd.	Field Surveillance/ Gas Facilities	<p>Noncompliant with other ERCB requirement – Directive 060 Section 10.2 – Inadequate flare or vent measurement or estimating procedures.</p> <p>Noncompliant with other ERCB requirement – Directive 060 Section 5.1 – Decision tree process not completed for new, existing and temporary flare, incinerators and vents as required.</p>	June 26, 2008	03-03-081-13W6 Saddle Hills County	<p>Operations were not suspended, as there was no immediate or potential hazard/ impact to the public and/ or environment.</p> <p>Licensee completed a decision tree for flaring and venting event.</p> <p>Licensee installed new flare meter to ensure accurate flare and vent measurement.</p> <p>Licensee completed a decision tree analysis.</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 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
3	ARC Resources Ltd.	Field Surveillance/ Gas Facilities	Flame-type equipment without workable flame arrester less than 25 m from a process vessel.	June 4, 2008	05-22-080-12W6 Saddle Hills County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee installed bolts/nuts on the flame arrester. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
4	Baytex Energy Ltd.	Field Surveillance/ Drilling Inspection	Accumulator has insufficient usable fluid available to operate the required BOP (blowout preventer) components, shear the drill pipe/coiled tubing and retain on the accumulator system a minimum pressure of 8400 kPa, or the minimum pressure required. Backup nitrogen system has insufficient equivalent litres of nitrogen available to operate the required BOP components, shear the drill pipe/coiled tubing and retain on the nitrogen system a minimum pressure of 8400 kPa, or the minimum pressure required.	June 2, 2008	06-32-047-10W5 Brazeau County	Operations suspended. Licensee corrected noncompliance immediately. Licensee has implemented a mitigation program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
5	Bonavista Petroleum Ltd.	Field Surveillance/ Pipelines	Corrosion Internal - there is no documented monitoring or mitigation in place and/or company is not following program.	June 23, 2008	08-04-078-06W6 M.D. of Spirit River	Operations suspended. Licensee has implemented a mitigation program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
6	Brahma Resources Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation – no agreement with Department of Energy.	June 25, 2008	09-29-049-01W4M County of Vermillion River	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
7	Canadian Natural Resources Limited	Resources Applications/ Commingling	Commingling without approval. Failure to resolve issues or notify the ERCB of unresolved issues. Improper use of SD (self declared) decision tree.	June 3, 2008	14-20-083-05W4 Regional Municipality of Wood Buffalo 11-08-052-04W4 County of Vermillion River 08-29-060-23W5 M.D. of Greenview 01-06-013-15W4 M.D. of Taber 14-36-036-26W4 Red Deer County	Operations suspended at 11-08- 052-04W4 and 14-36-036-26W4. 14-20-083-05W4 was not suspended, in accordance with Directive 044. Data corrections were submitted for 08-29-060-23W5 and 01-06-013- 15W4 and compliance has been restored. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
8	Cancen Oil Processors Inc.	Public Safety/Field Surveillance Branch/ Waste Facilities	Operator cannot verify integrity of tank(s) and demonstrate tank is not leaking.	June 11, 2008	06-11-050-22W4 Leduc County	Operations suspended. Operator verified tank integrity. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
9	Cancen Oil Processors Inc.	Public Safety/Field Surveillance Branch/ Waste Facilities	Spills on/off lease not adequately controlled and/or cleaned up. Surface water run on/ runoff control not installed where required.	June 11, 2008	14-10-050-22W4 Leduc County	Operations suspended. Licensee cleaned up the spill. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
10	Crew Energy Inc.	Field Surveillance/ Drilling Inspection	Fluid turns in flare line not made using right-angle connections constructed of tees and crosses blocked on fluid turns.	June 19, 2008	11-22-053-11W5 Yellowhead County	Operations suspended. Licensee installed proper right-angle connections. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
11	Cyries Energy Inc.	Field Surveillance /Pipelines	Corrosion Internal - there is no documented monitoring or mitigation program in place and/or company is not following program.	June 24, 2008	06-17-070-05W6 M.D. of Greenview	Operations suspended. Licensee repaired the pipeline and implemented a corrosion control program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
12	Devon Canada Corporation	Field Surveillance/ Pipelines	Damage by Others - Proper procedures were not followed.	June 5, 2008	10-35-080-04W6 M.D. of Fairview	Operations were not suspended, as the pipeline was abandoned. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
13	Devon Canada Corporation	Field Surveillance/ Pipelines	Poor construction practices resulting in failure within one year's service/operation.	June 11, 2008	10-35-080-04W6 M.D. of Fairview	Operations suspended. Licensee repaired the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
14	EnCana Corporation	Field Surveillance/ Pipelines	Noncompliant with other ERCB requirements – no decision tree process for venting from the pipeline.	June 6, 2008	01-02-019-14W4 County of Newell	Operations were not suspended, as the incident occurred prior to inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
15	Enerplus Resources Corporation	Field Surveillance/ Gas Facilities	Flame-type equipment without workable flame arrester less than 25 m from a process vessel.	June 20, 2008	05-08-019-13W4 County of Newell	Operations were not suspended, as the noncompliance was corrected immediately. Licensee installed bolts/nuts on the flame arrester. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	EOG Resources Canada Inc.	Field Surveillance / Pipelines	Contaminated material stored directly on the ground.	June 18, 2008	14-04-031-24W4 Kneehill County	Operations suspended. Licensee removed the contaminated material. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
17	Exceed Energy Inc.	Field Surveillance/ Gas Facilities	Failure to immediately notify the ERCB of H ₂ S emissions off lease.	June 16, 2008	04-17-047-10W5 Brazeau County	Operations suspended. Licensee replaced the relief hatch. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Grey Wolf Exploration Inc.	Field Surveillance/ Pipelines	Substance is different from that stated on licence and the line is operating. Internal Corrosion control – no records in corrosive environment. H ₂ S content is higher than that stated on licence and the line is operating. Pipeline sign missing or defaced on both sides of a crossing.	June 3, 2008	08-17-074-10W6 06-18-074-10W6 County of Grande Prairie 06-19-076-09W6 06-12-076-10W6 10-12-076-10W6 14-24-077-11W6 08-04-078-10W6 Saddle Hills County	Operations were not suspended, as there was no existing or potential impact/ hazard to the environment or the public. Licensee submitted an application to correct the substance listed. Licensee developed and implemented a corrosion control program. Licensee submitted an application to correct the content listed on the licence. Licensee replaced the signs. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
19	Harvest Operations Corp.	Field Surveillance/ Drilling Inspection	Invert Mud Systems – Use of oil based drilling fluids (or any other potentially toxic drilling additive) when drilling above the “Base of Groundwater Protection” depth.	June 3, 2008	16-14-038-07W5 Clearwater County	Operations suspended. Licensee replaced the oil-based drilling fluid with a water-based system. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
20	Harvest Operations Corp.	Field Surveillance/ Pipelines	Corrosion Internal - there is no documented monitoring or mitigation in place and/or company is not following program.	June 16, 2008	08-06-041-12W4 Flagstaff County	Operations suspended. Pipeline was not in service at the time of inspection. Licensee repaired and abandon the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
21	Harvest Operations Corp.	Resources Applications/ Production without Common Ownership	Production without common ownership throughout a DSU (drilling spacing unit).	June 20, 2008	09-34-041-01W4 M.D. of Wainwright	Operations suspended. Licensee confirmed in writing that the noncompliance has been corrected and the well was shut in. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
22	Hunt Oil Company of Canada Inc.	Field Surveillance/ Well Site Inspection	Noncompliant with other ERCB requirement – check valve installed in flare between test vessel and flare stack during well test flaring. (Directive 060)	June 17, 2008	07-35-068-07W6 M.D. of Greenview	Operations suspended. Licensee removed the check valve. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
23	Iteration Energy Ltd.	Facilities Applications/ Facilities Technical	Failure to submit a facility licence application as “Facilities- Technical nonroutine” when required.	June 16, 2008	01-17-054-20W4 Strathcona County	Licence not cancelled or suspended, as corrective action taken immediately. Licensee amended licence. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
24	Iteration Energy Ltd.	Field Surveillance/ Well Site Inspection	Spill on lease not adequately controlled/ cleaned up.	June 24, 2008	08-34-079-09W6 Saddle Hills County	Operations suspended. Licensee cleaned up the spill. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
25	JED Production Inc.	Operations Group/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	June 11, 2008	09-17-122-20W5 M.D. of Mackenzie	Operations were suspended until the acid gas injection well issues are resolved. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
26	Manitok Exploration Inc.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	June 17, 2008	08-36-055-14W4 County of Two Hills	License was not cancelled or suspended, as licensee amended the licence. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
27	Montello Resources Ltd.	Resources Applications/ Enhanced Recovery Schemes	Inadequate VRR (voidage replacement ratios).	June 27, 2008	Mulligan Charlie Lake B Approval No. 8235C	Operations suspended. Require licensee to submit VRR calculations. Require a plan to address the noncompliance and prevent future occurrences. Compliance not achieved.
28	Murelle Enterprises Inc.	Resources Applications/ Production without Common Ownership	Production without common ownership throughout a DSU (drilling spacing unit).	June 12, 2008	06-22-049-05W5 Brazeau County	Operations suspended. Licensee confirmed in writing that the noncompliance has been addressed and the well has been shut in. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
29	NAL Resources Limited	Field Surveillance/ Well Site Inspection	Surface Runoff Control- Release criteria in Directive 058 not met. (surface water)	June 17, 2008	03-23-039-27W4 Lacombe County	Operations suspended. Licensee obtained landowner consent. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
30	Paramount Resources Ltd.	Field Surveillance / Pipelines	Poor construction practices resulting in failure within one year's service/operation. Proper installation procedures were not used or followed.	June 26, 2008	09-31-121-04W6 Mackenzie County	Operations suspended. Licensee installed proper supports to stabilize the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
31	Pengrowth Corporation	Field Surveillance/ Gas Facilities	H ₂ S emissions off lease.	June 11, 2008	02-14-031-01W5 Mountain View County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee repaired the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
32	Penn West Petroleum Ltd.	Field Surveillance/ Gas Facilities	H ₂ S emissions off lease.	June 12, 2008	10-01-055-09W5 Yellowhead County	Operations suspended. Licensee repaired the pressure relief valve on the separator. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
33	Penn West Petroleum Ltd.	Facilities Applications/ Facilities Technical	Failure to submit a facility licence application as "Facilities-Technical nonroutine" when required.	June 18, 2008	11-15-015-11W4 County of Newell	Licence not cancelled or suspended, as mitigative measures are in place. Licensee amended licence. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
34	Petrobank Energy and Resources Ltd.	Resources Applications/ Experimental In Situ Oil Sands Schemes	Failure to resolve issues or notify the ERCB of unresolved issues (altering design or equipment incompatible with/detrimental to scheme).	June 23, 2008	16-12-077-09W4 Regional Municipality of Wood Buffalo	Operations suspended. Licensee provided a plan to address the root cause of the noncompliant event and prevent future occurrences. Compliance achieved.
35	Petroglobe Inc.	Field Surveillance/ Well Site Inspection	Spill on lease not adequately controlled/ cleaned up.	June 5, 2008	05-12-050-26W4 Leduc County	Operations suspended. Licensee cleaned up the spill. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
36	Primewest Energy Inc.	Field Surveillance/ Gas Facilities	No flame arrester on line from tank to flare stack where required.	June 2, 2008	09-01-029-01W5 Mountain View County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee installed a new flare supply line. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
37	Provident Energy Ltd.	Field Surveillance/ Pipelines	Internal Corrosion Control - no records in corrosive environment. Internal Corrosion Control - no monitoring and mitigation in corrosive environment.	June 23, 2008	05-20-040-10W4 Flagstaff County	Operations were not suspended, as the noncompliance was corrected immediately. Corrosion mitigation programs have been completed. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
38	Sabretooth Energy Ltd.	Field Surveillance/ Gas Facilities	No tank dike where required.	June 24, 2008	11-12-079-09W6 Saddle Hills County	Operations suspended. Licensee replaced tank and provided secondary containment. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
39	Stealth Ventures Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	June 12, 2008	16-36-050-06W4 15-23-049-06W4 County of Vermilion River	Licences cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
40	Synenco Energy Inc.	Field Surveillance/ Drilling Inspection	Blowout not reported to the ERCB Field Centre immediately. Noncompliant with other ERCB regulations and requirements – release criteria not met as per Directive 055.	June 3, 2008	08-14-099-06W4 Regional Municipality of Wood Buffalo	Operations were not suspended, as the incident occurred prior to inspection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Inspection will remain open until the well is abandoned, in accordance with Directive 020. Licensee has winter road access only. Compliance not achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
41	West Isle Energy Inc.	Resources Applications/ Production without Common Ownership	Production without common ownership throughout a DSU (drilling spacing unit).	June 12, 2008	05-19-048-08W5 Brazeau County	<p>Operations suspended.</p> <p>Licensee confirmed in writing that the noncompliance has been corrected and the well has been shut in.</p> <p>Licensee acquired petroleum and natural gas rights.</p> <p>Licensee provided a plan to correct the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action 2 (Persistent Noncompliance) ²						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	Penn West Petroleum Ltd.	Field Surveillance/ Pipelines	Discontinued Pipeline – not left in safe condition.	June 19, 2008	16-24-040-02W4 M.D. of Provost	Operations suspended. Licensee repaired the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee met with ERCB. Action plan approved. Compliance achieved.

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High Risk Enforcement Action 3 (Failure to Comply or Demonstrated Disregard) ³						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	None					

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
1	Arbour Energy Inc.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 10, 2008	10-11-033-10W4 16-11-033-10W4 Special Area 2 (near Kirkpatrick Lake) 06-32-028-03W5 M.D. of Rocky View Pipeline: 16-11-033-10W4 Special Area 2 (near Kirkpatrick Lake)	This is an escalation from previous enforcement actions of April 25, 2008, and May 6, 2008. Global Refer status Issuance of Abandonment Order No. AD 2008-7 and Closure/Abandonment Order No. AD 2008-8. Suspension and abandonment of well and pipeline licences. Licensee required to abandon the wells and pipeline or pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. ERCB notified licensee of its intention to have the properties abandoned as a result of breaching the abandonment orders.
2	Peace West Energy Corporation	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	June 27, 2008	01-13-108-19W5 01-18-109-19W5 02-06-109-19W5 13-21-109-19W5 15-31-108-19W5 08-24-108-19W5 01-25-108-19W5 15-33-108-19W5 Mackenzie County 07-24-073-10W5 05-26-073-10W5 M.D. of Big Lakes	This is an escalation from previous enforcement actions of May 2, 2008, and May 21, 2008. Global Refer status. Issuance of Abandonment Order No. AD 2008-9. Abandonment of well licences. Licensee required to: abandon the wells or pay the security deposit; and provide a written explanation acceptable to the ERCB

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Low Risk Enforcement Action – Global REFER Summary ⁴						
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						<p>addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>ERCB notified licensee of its intention to have the properties abandoned as a result of breaching the abandonment orders.</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
1	Canadian Natural Resources Limited	Corporate Compliance/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Canadian Natural Resources Limited has a valid entitlement to the right to produce the well.	June 6, 2008	15-07-025-01W4 M.D. of Acadia	<p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1113.</p> <p>Suspension of well licence.</p> <p>Licensee required to abandon the 15-07-025-01W4 well; complete the Digital Data Submission indicating both the downhole and surface abandonment; provide an action plan acceptable to the ERCB identifying the root causes of noncompliance, detailing what procedures the licensee has implemented internally to prevent occurrence of a similar event; and meet with the ERCB.</p> <p>Canadian Natural Resources Limited subsequently abandoned the well, provided an acceptable action plan, and met with the ERCB.</p> <p>Compliance achieved.</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
2	Desoto Resources Limited	Corporate Compliance/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Desoto Resources Limited has a valid entitlement to the right to produce the well. Please see ERCB Decision 2008-047.	June 20, 2008	11-13-038-25W4 Lacombe County	<p>Issuance of Closure Order No. C 1114.</p> <p>Suspension of licence.</p> <p>Licensee required to: abandon the 11-13-038-25W4 well and complete the Digital Data Submission indicating both the downhole and surface abandonment.</p> <p>The ERCB granted an extension to Closure Order No. C 1114 to November 9, 2008.</p>
3	Independence Energy Corp.	Corporate Compliance/ Corporate Profile Audit	Failure to prove to the satisfaction of the ERCB that Independence Energy Corp. is a resident of Alberta.	June 2, 2008	05-20-010-22W4 05-13-010-23W4 04-18-010-22W4 Special Area 2 (near Jenner)	<p>This is an escalation from a previous enforcement action initially reported on April 23, 2008.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2008-6</p> <p>Abandonment of well licences.</p> <p>Licensee required to complete one of the following:</p> <p>1) provide substantive information to show that Independence Energy Corp. has a fully functioning office in Alberta, or</p> <p>2) apply for the appointment of an approved agent should Independence deem that it does not have a fully functioning office in Alberta.</p> <p>In addition to points 1 and 2 above,</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						<p>Independence must also provide to the ERCB:</p> <p>3) a corporate profile update and a certificate of proof of insurance describing the coverage and the effective date of the insurance,</p> <p>4) a list of the working interest participants and their corresponding percentage of participation for each of Independence's wells listed,</p> <p>5) confirmation that Independence has active surface and mineral leases for the wells listed,</p> <p>6) a written action plan outlining procedures that have been implemented internally to prevent a occurrence of a similar event; and</p> <p>7) a senior company representative must meet with the ERCB to address the noncompliance issue and discuss the action plan.</p> <p>Alternatively, Independence could dispose of the wells by transferring properties to a responsible party, in accordance with <i>Directive 006: Licensee Liability Rating (LLR) Program and Licence Transfer Program</i>, OR abandon all properties, in accordance with <i>Directive 020: Well Abandonment</i> and <i>Directive 059: Well Drilling and Completion Data Filing Requirements</i>.</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						Independence Energy Corp. subsequently transferred all licences to a responsible party, in accordance with <i>Directive 006</i> , and the closure and abandonment orders were rescinded. However, Independence failed to submit the written action plan and meet with the ERCB. As Independence Energy Corp. remains a nonresident of Alberta, the Global Refer status is maintained.

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

Endnotes

¹ **Directive 019 – High Risk Enforcement Action 1 Summary**

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, High Risk Enforcement Action 1 is initiated against a licensee when the ERCB identifies a High Risk noncompliance event. To address High Risk Enforcement Action 1, the licensee must: immediately correct/address the High Risk noncompliance; if necessary, suspend operations (partial or full), when safe to do so, to remove the existing or potential impact/hazard (suspension will not occur if it results in an increased impact/hazard to the environment or public; compliance must be achieved prior to start-up); develop and implement a written action plan within 60 days (or in the time specified by the ERCB group); notify the ERCB group that the High Risk noncompliance has been corrected/addressed in the specified time. In addition, the ERCB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension until the noncompliance is corrected/addressed; suspension and/or cancellation of permit, licence, or approval.

² **Directive 019 – High Risk Enforcement Action 2 (Persistent Noncompliance) Summary**

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, High Risk Enforcement Action 2 is initiated against a licensee who has an unacceptable rate, ratio, percentage or number of noncompliances, either in the same or in different compliance categories. To address High Risk Enforcement Action 2, the licensee must: immediately correct/address the High Risk noncompliance; develop and implement a written action plan within 30 days (or in the time specified by the ERCB group) addressing the root causes of previous noncompliance events and detailing what the licensee will do to prevent future noncompliance events in this compliance category/categories; if operations were suspended, have the action plan approved by the ERCB group before start-up; and review the action plan with the ERCB group in a meeting. In addition, the ERCB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension; suspension and/or cancellation of permit, licence, or approval.

³ **Directive 019 – High Risk Enforcement Action 3 Summary**

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, High Risk Enforcement Action 3 is initiated against a licensee who has failed to comply with the requirements of High Risk Enforcement Action 1, 2, or 3, or has demonstrated disregard of ERCB requirements that have been identified as High Risk. To address High Risk Enforcement Action 3, the licensee must: immediately correct/address the High Risk noncompliance; if necessary, suspend operations (partial or full), when safe to do so, to remove the existing or potential impact/hazard (suspension will not occur if it results in an increased impact/hazard to the environment or public); develop and implement a written action plan acceptable to the ERCB group that addresses the root causes of noncompliance events and details what the licensee will do to prevent future noncompliance events in this compliance category; and meet with the ERCB group to review and have the action plan approved before start-up of operations if operations were suspended. The ERCB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; third-party audits or inspections; 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.

High Risk Enforcement Action 3 with global Refer results in formal orders to comply (Closure, Miscellaneous and Abandonment) and the imposition of the global Refer status against the licensee. The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. In addition, conditions for continued operation may be applied to the entire company.

⁴ **Directive 019 – Low Risk Enforcement Action – Global Refer Summary**

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, Low Risk Enforcement Action – global Refer is initiated against a licensee who has failed to correct/address a Low Risk noncompliance event in the time specified by the ERCB group. Low Risk Enforcement Action – global Refer enforcement results in the imposition of the global Refer status against the licensee and may result in formal orders to comply (Closure, Miscellaneous and Abandonment). The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. In addition, conditions of continued operation may be applied to the entire company. To address Low Risk Enforcement Action, the licensee must: immediately correct/address the Low Risk noncompliance within the time specified by the ERCB group; notify the ERCB group that the Low Risk noncompliance has been corrected/addressed in the specified time; and provide a written explanation acceptable to the ERCB group addressing the failure to respond and detailing steps to prevent future occurrences.

⁵ **Legislative/Regulatory Enforcement Action Summary**

In accordance with certain legislative authorities, Legislative/Regulatory enforcement results in the imposition of the global Refer status against the licensee and may result in formal orders to comply (Closure, Miscellaneous and Abandonment). The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. In addition, conditions for continued operation may be applied to the entire company. Enforcement actions that are not administered through *Directive 019*, but rather through existing legislation, and for which enforcement proceeds directly to a formal order and global Refer are: mineral lease expiry, surface lease expiry, environmental and public safety concerns, and failure to demonstrate the right to the purpose of the wellbore, the right to access the surface, and a working interest ownership in the property.