



ERCB Monthly Enforcement Action Summary

September 2012

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ENERGY RESOURCES CONSERVATION BOARD
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Contents

Introduction	1
ERCB Monthly Enforcement Action Summary*	1
High Risk Enforcement Action (HREA) ¹	2
High Risk Enforcement Action (Persistent Noncompliance) ²	12
High Risk Enforcement Action (Demonstrated Disregard) ³	13
High Risk Enforcement Action (Failure to Comply) ⁴	14
Low Risk Enforcement Action – (Global Refer) ⁵	18
Legislative/Regulatory Enforcement Action ⁶	31
Endnotes	32

Introduction

This report provides information on all licensees that have had a High Risk Enforcement Action¹, Low Risk Enforcement Action (Global Refer), or Legislative/Regulatory Enforcement issued against them and is published in the fourth month after the enforcement actions are issued.

The table below summarizes the enforcement actions issued by each ERCB group in September 2012.

ERCB Monthly Enforcement Action Summary*				
	Compliance Category	September 2012		
		Number of High Risk Enforcement ¹ Actions	Number of Low Risk Enforcement Actions (Global Refer)	Number of Legislative/Regulatory Enforcement Actions
Applications Branch				
Facilities Applications Group	Facilities Technical	2	0	0
	Wells Technical	5	0	0
Resources Applications Group	Commingling	1	0	0
	Drilling Waste Audits	1	0	0
	Material Storage Audits	1	0	0
	Spacing	2	0	0
Subtotal		12	0	0
Field Surveillance and Operations Branch				
Emergency Management	Technical ERP Requirements	1	0	0
Field Operations Group	Gas Facilities	2	0	0
	Pipelines	3	0	0
	Oil Facilities	3	0	0
	Well Site Inspections	5	0	0
Liability Management Group	Noncompliance with Liability Management Program Requirements	0	4	0
	Orphan Levy	0	9	0
	Surface Access Termination	0	0	1
Subtotal		14	13	1
Total Enforcement Actions issued		26	13	1

*This table only summarizes the compliance categories for which there were monthly enforcement actions issued.

¹ For high risk noncompliances, the ERCB may issue any of the following enforcement actions: High Risk Enforcement Action, High Risk Enforcement Action (Persistent Noncompliance), High Risk Enforcement Action (Failure to Comply), or High Risk Enforcement Action (Demonstrated Disregard).

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
1	ARC Resources Ltd.	Field Operations/ Well Site Inspections	Failure to report a known surface casing vent flow/gas migration.	September 11, 2012	06-09-012-19W4 County of Lethbridge	Operations were not suspended as suspending operations would not remove the existing impact. Licensee reported the surface casing vent flow in the Digital Data Submission System. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	ATCO Midstream Ltd.	Field Operations/ Gas Facilities	Off-lease H ₂ S odors.	September 25, 2012	08-27-051-27W4 Parkland County	Operations were not suspended as the licensee was able to immediately address the noncompliance. Licensee replaced and tested the thief hatch. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Baccalieu Energy Inc.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/ I W without approval.	September 19, 2012	13-20-049-11W5 14-20-049-11W5 15-19-049-11W5 16-19-049-11W5 Brazeau County	Licence/Operation suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
4	Baytex Energy Ltd.	Field Operations/ Gas Facilities	Single-walled underground storage tank not tested within past three years.	September 25, 2012	03-06-041-18W4 County of Stettler	Operations suspended. Licensee shut in the well and emptied and isolated the underground tank from the system. Licensee tested the underground tank. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	Cequence Energy Ltd.	Facilities Applications/ Wells Technical	Failure to have permission from the mineral rights owner or lessee to exceed the 15m maximum overhole depth prior to filing the application.	September 4, 2012	01-16-062-27W5 M.D. of Greenview	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.
6	Conserve Oil 1st Corporation	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	September 6, 2012	08-16-013-22W4 Vulcan County	Licence or Operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
7	Devon NEC Corporation	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	September 19, 2012	10-04-048-17W5 Yellowhead County	Licence or Operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
8	Dewpoint Resources Ltd.	Resources Applications/ Commingling	Improper use of the decision trees (Figures 3.1 AND 3.2, 3.3, or 3.4 of <i>Directive 065</i>).	September 28, 2012	15-35-053-09W5 Yellowhead County	Licence or Operation not suspended because suspension may result in further impacts or increased risk. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
9	Harvest Operations Corp.	Field Operations/ Pipelines	<p>Internal corrosion control – no monitoring and mitigation in corrosive environment.</p> <p>Cathodic potential is less than nominal -0.85 volts on an operating or discontinued system.</p> <p>Pipeline sign missing or defaced on both sides of a crossing.</p>	September 28, 2012	<p>07-01-008-15W4</p> <p>M.D. of Taber</p>	<p>Operations suspended.</p> <p>Licensee used its risk analysis process to monitor the parameters for changes and monitored the right of way.</p> <p>Licensee will install rectifiers to repair the issue.</p> <p>Licensee replaced all the missing signs.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved. Licensee has not submitted confirmation to the ERCB that the rectifiers have been installed.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
10	Hermes Energy Corp.	Field Operations/ Oil Facilities	Off-lease H ₂ S odors. Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	September 21, 2012	13-13-041-13W4 Flagstaff County	Operations were not suspended as the licensee was able to mitigate the noncompliances. Licensee turned off the makeup gas system to reduce the tank vapour pressure and prevent the thief hatches from popping. Licensee increased the vapour recovery unit. Licensee placed a temporary telephone number on the sign until new signs are able to be posted with the correct number. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
11	*Husky Oil Operations Limited	Facilities Applications/ Facilities Technical	Failure to file a licence amendment application when required that results in a higher category/type.	September 13, 2012	01-03-075-13W6 Saddle Hills County	Licence/Operation suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee required to amend the facility licence. Compliance not yet achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
12	Mackay Operating Corp.	Facilities Applications/ Wells Technical	No rights to substance(s) for the intended formation(s).	September 6, 2012	06-13-090-14W4 11-13-090-14W4 Regional Municipality of Wood Buffalo	Licence or Operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/Licensee has completed the ERCB directed corrective action. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	NEO Exploration Inc.	Field Operations/ Oil Facilities	Failure to ensure that a call to the licensee 24- hour emergency telephone number initiates immediate action.	September 28, 2012	03-26-029-29W4 Mountain View County	Operations were not suspended as the facility was already suspended at the time of inspection. Licensee re-activated its 24-hour emergency response number. 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	Location	ERCB Action(s) and Licensee Response
14	Pavilion Energy Corp.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation.	September 20, 2012	12-04-050-01W4 County of Vermilion River	Licence or Operation not suspended as there was no existing or potential impact/hazard to the public safety, environmental protection, resource conservation and/or stakeholder confidence. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
15	RON Resources Ltd.	Field Operations/ Well Site Inspections	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	September 18, 2012	07-06-040-03W4 M.D. of Provost	Operations suspended. Licensee implemented a 24-hour emergency telephone answering service. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
16	Scollard Energy Inc.	Field Operations/ Oil Facilities	<p>Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.</p> <p>Facility closer than 100 metres to the normal high water mark of a body of water or permanent stream with out appropriate protection measures.</p>	September 10, 2012	<p>03-19-038-28W4</p> <p>Red Deer County</p>	<p>Operations were not suspended as the wellsite was shut in at the time of inspection.</p> <p>Licensee posted new lease signs with the 24-hour emergency response number.</p> <p>Licensee did not re-locate the tank as the facility and well have been suspended and the tank was emptied prior to suspension. Licensee will propose to the ERCB the necessary corrective measures prior to resuming operations at the site.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
17	Shiningstar Energy Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the abandoned wellbore rights.	September 24, 2012	<p>03-25-080-10W6</p> <p>Saddle Hills County</p>	<p>Licence/Operation suspended.</p> <p>Suspension lifted on October 1, 2012.</p> <p>Applicant/Licensee has met the corrective actions specified with the ERCB accepted action plan.</p> <p>Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
18	Sinopec Daylight Energy Ltd.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/Unit/Block/Project/GTO/IW without approval.	September 18, 2012	10-16-047-03W5 10-21-047-03W5 12-16-047-03W5 12-22-047-03W5 13-16-047-03W5 14-22-047-03W5 County of Wetaskiwin	Licence/Operation suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Suncor Energy Inc.	Field Operations/ Pipelines	No operations and maintenance procedures manual, or not followed. Internal corrosion control – no records in corrosive environment.	September 27, 2012	08-33-047-20W5 Yellowhead County	Operations were not suspended as the licensee replaced the valves immediately. Licensee revised its pigging, failure investigation, and internal corrosion control procedures. Licensee communicated the noncompliance event to its operating areas. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
20	TAQA North Ltd.	Field Operations/ Pipelines	No operations and maintenance procedures manual, or not followed.	September 28, 2012	03-07-013-14W4 M.D. of Taber	<p>Operations were not suspended because the pipeline was shut in since the failure on June 23, 2012.</p> <p>Licensee repaired the failed segment of the pipeline and installed a free-standing internal liner in the full length of the pipeline.</p> <p>Licensee reviewed pipeline requirements with staff.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
21	Value Creation Inc.	Resources Applications/ Drilling Waste Audits	Sump closure was not completed within 12 months of drilling rig release.	September 7, 2012	07-29-089-08W4 Regional Municipality of Wood Buffalo	<p>Operations were not suspended because all required documents were submitted prior to the issued deadline.</p> <p>Licensee submitted a corrective action plan and initiated beginning stages of sump closure plan.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved. The sump is located in a winter access only area; licensee has until February 2013 to close the sump.</p>

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High Risk Enforcement Action (Persistent Noncompliance) ²						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
	None					

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

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High Risk Enforcement Action (Failure to Comply) ⁴						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
1	Benjaka Exploration Inc.	Emergency Management/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following requirements expected of a nonmember were requested to be verified:</i></p> <p>Failure of a nonmember of an oil spill cooperative to have an ERCB-approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a nonmember of an oil spill cooperative to meet spill response equipment requirements.</p>	September 13, 2012	11-27-052-16W5 12-27-052-16W5 06-34-052-17W5 Yellowhead County	<p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2012-32 and C 2012-33.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • address noncompliance and • submit an action plan to address the noncompliance and prevent future occurrences or • alternatively pay oil spill membership fees and be reinstated as a member in good standing. <p>Licensee has been reinstated as a member in good standing with Western Canadian Spill Services and provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (Failure to Comply) ⁴						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
2	Copper Creek Petroleum Inc.	Field Operations/ Well Site Inspections	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	September 5, 2012	3 well licences 01-23-001-20W4 Cardston County	Operations were not suspended as the wells were already suspended. Licensee is required to <ul style="list-style-type: none"> ensure that a call to its 24-hour emergency telephone number initiates immediate action and submit an action plan to address the noncompliance and prevent future occurrences. Licensee failed to comply. The ERCB is evaluating further actions.
3	Copper Creek Petroleum Inc.	Field Operations/ Well Site Inspections	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	September 21, 2012	11-14-041-20W4 County of Stettler	Operations were not suspended as the well was already suspended. Licensee is required to <ul style="list-style-type: none"> ensure that a call to its 24-hour emergency telephone number initiates immediate action, submit an action plan to address the noncompliance and prevent future occurrences, and meet with the ERCB to review the action plan. Licensee failed to comply. The ERCB is evaluating further actions.

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High Risk Enforcement Action (Failure to Comply) ⁴						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
4	Drake Energy Inc.	Field Operations/ Well Site Inspections	Failure to ensure that the licensee 24-hour emergency telephone number is posted by way of a conspicuous sign erected at the entrance to all licensee well and facility operations.	September 11, 2012	05-25-013-17W4 M.D. of Taber	<p>This is an escalation from a previous enforcement action issued on January 27, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2012-33.</p> <p>Abandonment of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • call the ERCB to confirm the 24-hour emergency response number is active, • submit e-mail confirmation to the ERCB when the noncompliance is corrected, • submit an action plan to the ERCB, and • meet with the ERCB to review the action plan. <p>Licensee failed to comply. Licensee is in receivership. The ERCB is evaluating further actions.</p>

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High Risk Enforcement Action (Failure to Comply) ⁴						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
5	Goodland Energy Ltd.	Resources Applications/ Material Storage Audits	Pre-1996 facility single-walled underground storage tank is not integrity verified every three years.	September 21, 2012	16-31-037-02W4 M.D. of Provost	<p>Operations were not suspended because the noncompliance could be immediately corrected without suspending operations.</p> <p>Licensee verified the integrity of the underground storage tanks.</p> <p>Licensee is required to submit an action plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
1	Acquire Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 12, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-25.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2012-43, Abandonment Order No. AD 2012-48, and Closure/Abandonment Order No. AD 2012-49 were subsequently issued, giving the Licensee until January 3, 2012 to abandon its properties.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
2	Arrow Point Oil & Gas Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	September 11, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-15.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its security deposit in full and provided a written explanation to the ERCB.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
3	Blue Horizon Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	September 12, 2012	01-20-079-22W5 13-10-079-22W5 16-19-079-22W5 M.D. of Smoky River	<p>This is an escalation from a previous enforcement action issued on August 15, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-35.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its security deposit in full and provided a written explanation to the ERCB.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
4	Clean Harbors Industrial Services Canada, Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 11, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-25.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB 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 ERCB.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
5	Copper Creek Petroleum Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	September 13, 2012	01-06-001-19W4 01-23-001-20W4 13-01-001-20W4 Cardston County 11-14-041-20W4 County of Stettler 01-32-062-24W5 16-04-063-26W5 M.D. of Greenview	<p>This is an escalation from a previous enforcement action issued on August 12, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. AD 2012-34 and 2012-35.</p> <p>Abandonment of well and facility licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit, • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences, and • meet with ERCB to review the licensee's noncompliant history and corrective action plan. <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
6	Copper Creek Petroleum Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 13, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-28.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure/Abandonment Order No. AD 2012-40 was subsequently issued.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
7	<p>Curlew Lake Resources Inc.</p> <p>O'Byrne Resource Management Ltd. (Agent)</p>	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	September 13, 2012	<p>02-16-057-24W4 09-14-057-24W4</p> <p>Sturgeon County</p>	<p>This is an escalation from a previous enforcement action issued on August 16, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-34.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure/Abandonment Orders No. AD 2012-45 and AD 2012-46 were subsequently issued.</p> <p>Licensee paid its security deposit in full and provided a written explanation to the ERCB.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
8	Ignition Energy Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 12, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-24.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure/Abandonment Order No. AD 2012-44 was subsequently issued.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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

Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
9	Nytis Exploration Company Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 12, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-23.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB 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 ERCB.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
10	Samson Oil and Gas Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 11, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-20.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB 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 ERCB.</p> <p>Compliance achieved.</p>

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

Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
11	Sandbox Energy Corp.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 13, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-27.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure/Abandonment Orders No. AD 2012-50, AD 2012-51, and AD 2012-52 were subsequently issued.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
12	Storm Cat Energy Corporation	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 11, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-21.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2012-39 and Abandonment Order No. AD 2012-28.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
13	Water Solutionz Enterprises Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	September 13, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-26.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20% penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order/Abandonment Order No. AD 2012-43 and AD 2012-47 were subsequently issued.</p> <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
1	Sandbox Energy Corp.	Liability Management/ Surface Access Termination	Failure to prove to the satisfaction of the ERCB that the licensee has valid entitlement to the right to access the wellsite.	September 13, 2012	03-22-049-27W4 04-21-049-27W4 12-22-049-26W4 Leduc County	Global Refer status. Issuance of Closure/Abandonment Orders No. AD 2012-36, AD 2012-37, and AD 2012-38. Abandonment of the well licences. Licensee is required to <ul style="list-style-type: none"> • abandon the well licences and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. The ERCB is evaluating further actions.

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

Endnotes

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

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA against a licensee if it identifies a high risk noncompliant event(s). To address an HREA, the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the ERCB; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop and implement a written action plan within 60 calendar days or in the time specified by the ERCB group (a licensee may also be required to submit the written action plan and meet with the ERCB group to discuss both the action plan and the licensee's compliance history); and notify the ERCB group that it has corrected and addressed the high risk noncompliance. The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects/addressed the noncompliance); suspension and/or cancellation of the permit, licence, or approval.

² **Directive 019—High Risk Enforcement Action (HREA) (Persistent Noncompliance)**

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA (Persistent Noncompliance) against a licensee with an unacceptable rate, ratio, percentage or number of noncompliant events, either in the same or in different compliance categories. To address an HREA (Persistent Noncompliance), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the ERCB; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the ERCB group (the action plan should address the root causes of any previous noncompliance(s) and detail how the licensee will prevent future noncompliant events); meet with the ERCB group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the ERCB group that it has corrected and addressed the high risk noncompliance(s). The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance(s)); suspension and/or cancellation of the permit, licence, or approval.

A licensee must operate in compliance for a period of 60 calendar days (or in a time specified by the ERCB) in the same compliance category before achieving overall compliance.

³ **Directive 019—High Risk Enforcement Action (HREA) (Demonstrated Disregard)**

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA (Demonstrated Disregard) against a licensee if the licensee knows or should know about a high risk noncompliant event(s) but does not act to correct and address the noncompliance(s). The ERCB assesses demonstrated disregard on a case-by-case basis. To address an HREA (Demonstrated Disregard), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the ERCB; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact/hazard resulting in the noncompliance(s) (any suspension of operations must not occur if it will increase impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan (the action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliant events); meet with the ERCB group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the ERCB group that it has corrected and addressed the high risk noncompliance(s). The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance(s)); suspension and/or cancellation of the permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

A licensee must operate in compliance for a period of 180 calendar days (or in the time specified by the ERCB) in the same compliance category before achieving overall compliance.

⁴ **Directive 019—High Risk Enforcement Action (HREA) (Failure to Comply)**

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA (Failure to Comply) against a licensee if it failed to comply with the direction of the ERCB in an ERCB Notice of High Risk Noncompliance, HREA, HREA (Persistent Noncompliance), HREA (Demonstrated Disregard), or a previous HREA (Failure to Comply). To address an HREA (Failure to Comply), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the ERCB; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance(s) (any suspension of operations must not occur if it will increase the impact or risk to the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan (the action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliant events); meet with the ERCB group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the ERCB group that it has corrected and addressed the high risk noncompliance(s). The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance); suspension and/or cancellation of permit, licensee, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

A licensee must operate in compliance for a period of 180 calendar days (or in the time specified by the ERCB) in the same compliance category before achieving overall compliance.

⁵ **Directive 019—Low Risk Enforcement Action (LREA) (Global Refer)** In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an LREA (Global Refer) against a licensee who failed to comply with the direction of the ERCB in a Notice of Low Risk Noncompliance. To address an LREA, the licensee must: immediately correct and address the low risk noncompliant event(s) identified by the ERCB; notify the ERCB group that it has addressed the low risk noncompliant event(s); and develop, implement, and submit written action plan within 30 calendar days or in the time specified by the ERCB group; and meet with the ERCB group to discuss the low risk noncompliant event(s), the licensee's compliance history, or the written action plan. The ERCB may also apply or require one or more of the following: noncompliance fees, partial or full suspension, suspension and/or cancellation of permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

⁶ **Legislative/Regulatory Enforcement Action**

The ERCB initiates a Legislative/Regulatory Enforcement Action for noncompliance with ERCB requirements that fall outside the administration of *Directive 019: Compliance Assurance*. The ERCB relies upon its statutory and regulatory authority to initiate the enforcement action against the licensee by applying a Refer status against the licensee and possibly issuing an Order (Closure, Miscellaneous, and Abandonment). The ERCB generally initiates these enforcement actions because of a mineral or surface lease expiry, an environmental and public safety concern, or a failure to demonstrate the right to the purpose of the wellbore, the right to access the surface, and working interest ownership in the property.

Refer Status—Focused or Global

This status indicates a licensee's inability or unwillingness to comply. If applied against a licensee, the ERCB will consider the status when deciding to approve or deny future and pending applications and may apply conditions for continued operation.

For further information on ERCB Enforcement Actions, see *Directive 019: Compliance Assurance* or contact the ERCB Compliance Assurance Section at compliancecoordination@ercb.ca.

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