

ST108: AER Monthly Enforcement Action Summary

February 2013

Effective June 17, 2013, the Alberta Energy Regulator (AER) succeeded the Energy Resources Conservation Board (ERCB). However, note that the actions reported in this summary are those as reported under the ERCB.

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

Alberta Energy Regulator
ST108: AER Monthly Enforcement Action Summary, February 2013

June 2013

Published by
Alberta Energy Regulator
Suite 1000, 250 – 5 Street SW
Calgary, Alberta
T2P 0R4

Telephone: 403-297-8311
Toll free: 1-855-297-8311
E-mail: infoservices@ aer.ca
Website: www.aer.ca

Contents

Introduction 2

High Risk Enforcement Action (HREA) 5

High Risk Enforcement Action (Persistent Noncompliance) 17

High Risk Enforcement Action (Demonstrated Disregard) 18

High Risk Enforcement Action (Failure to Comply) 19

Low Risk Enforcement Action – (Global Refer or Board Order) 20

Legislative/Regulatory Enforcement Action 29

Endnotes 30

Introduction

This report summarizes information 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 Board Order), or Legislative/Regulatory Enforcement issued against a licensee monthly and is published four months after the enforcement actions are issued.

The table below summarizes the enforcement actions issued by the Energy Resources Conservation Board (ERCB) in February 2013.

Enforcement Action Summary—February 2013

Compliance category ¹	High Risk Enforcement Actions	High Risk Enforcement Actions (Persistent Noncompliance)	High Risk Enforcement Actions (Demonstrated Disregard)	High Risk Enforcement Actions (Failure to Comply)	Low Risk Enforcement Actions (Global Refer or Board Order)
Facilities technical	2	0	0	0	0
Participant involvement	2	0	0	0	0
Wells technical	2	0	0	0	0
Injection/disposal	1	0	0	0	0
Noncompliance with Liability Management Program requirements	0	0	0	0	9
Glycol dehydrator benzene emissions	2	0	0	0	0
Flaring, incinerating and venting audits	1	0	0	0	0
Production measurement and reporting	1	0	0	0	0
Sulphur recovery guidelines	2	1	0	0	0
Drilling operations field inspections/investigations	1	0	0	0	0
Drilling waste field inspections/investigations	1	0	0	0	0
Oil facilities field inspections/investigations	1	0	0	0	0
Pipelines field inspections/investigations	4	0	0	0	0
Well site field inspections/investigations	2	0	0	0	0
Commercial in situ oil sands schemes	1	0	0	0	0

¹ [Compliance Categories](#) with no published enforcement actions issued during February 2013 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@ercb.ca.

Legislative/Regulatory Enforcement Action	
Subtotal Enforcement Action	0

Total Enforcement Actions Issued	
High Risk Enforcement Action	23
High Risk Enforcement Action (Persistent Noncompliance)	1
High Risk Enforcement Action (Demonstrated Disregard)	0
High Risk Enforcement Action (Failure to Comply)	0
Low Risk Enforcement Action (Global Refer or Board Order)	9
Legislative/Regulatory Enforcement Action	0
Total Enforcement Actions Issued	33

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@ercb.ca.

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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
1	1506928 Alberta Ltd.	Field Operations/ Oil Facilities	<p>Failure to ensure that the licensee's 24-hour emergency telephone number is posted by way of a conspicuous sign erected at the entrance to all licensee well and facility operations.</p> <p>No notification of a reportable spill or release to ERCB.</p>	February 6, 2013	16-32-018-10W4	<p>Operations were not suspended because the licensee immediately addressed the noncompliances.</p> <p>The licensee posted the sign with the 24-hour emergency number at the entrance to the facility.</p> <p>Licensee developed a check sheet to ensure reportable spill notification is done pursuant to ERCB requirements.</p> <p>Licensee provided a plan to address the noncompliances and to prevent future occurrences.</p> <p>Compliance achieved.</p>
2	Apache Canada Ltd.	Facilities Applications/ Wells Technical	Failure to design the surface casing to meet all applicable requirements.	February 1, 2013	13-24-069-10W5	<p>Licence or operation not suspended because the noncompliance was appropriately addressed or corrected before the enforcement was issued.</p> <p>Applicant/licensee completed the ERCB-directed corrective action.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

¹ 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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
3	Apache Canada Ltd.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	February 5, 2013	10-17-064-13W5	<p>Operations were not suspended in accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i>.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
4	Conserve Oil Corporation	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation.	February 12, 2013	03-30-038-16W4	<p>Licence or operation not suspended. The licensee took appropriate and prompt action to mitigate and correct the noncompliance. Public safety, environmental protection, and resource conservation were not affected.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Applicant/licensee completed the ERCB-directed corrective action.</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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
5	Crew Energy Inc.	Technical Operations/ Glycol Dehydrator Benzene Emissions	Individual dehydrator(s) or site dehydrator benzene emissions over the limits.	February 12, 2013	13-09-055-18W5	<p>Operations were not suspended as the audit was a review of 2011 operating data. Current year operations were verified as compliant at the onset of the audit process.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
6	Direct Energy Marketing Ltd.	Technical Operations/ Flaring, Incinerating and Venting Audits	Failure to comply with any condition of permit or approval (temporary permits, volume allowance threshold exceedance permits, and blanket permits).	February 15, 2013	01-30-028-08W5	<p>Operations were not suspended because the noncompliance was identified through an audit after the operations were completed.</p> <p>Licensee will include the approved hard limits of H₂S concentration in future workover/completion/testing programs. Licensee will review and sign the program and ensure the data is understood.</p> <p>Licensee provided a plan to address the noncompliance and to prevent future occurrences.</p> <p>Compliance achieved.</p>

¹ 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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
7	Enbridge Pipelines (Athabasca) Inc.	Facilities Applications/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	February 8, 2013	04-13-092-10W4	<p>Licence or operation not suspended as the licensee promptly corrected the noncompliance. No concerns or objections were expressed. Public safety, environmental protection, and resource conservation were not affected.</p> <p>Applicant/licensee completed the ERCB-directed corrective action.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
8	Encana Corporation	Facilities Applications/ Facilities Technical	Not completing an acceptable noise impact assessment prior to application.	February 1, 2013	02-06-079-11W6	<p>Licence or operation not suspended. The licensee took appropriate and prompt action to mitigate and correct the noncompliance. Public safety, environmental protection, and resource conservation were not affected.</p> <p>Applicant/licensee completed the ERCB-directed corrective action.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
9	Encana Corporation	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	February 6, 2013	04-08-075-07W6	<p>Operations were not suspended in accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i>.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	E-T Energy Ltd.	Field Operations/Well Site Inspections	<p>Failure to abandon cased-hole wells penetrating oil sands zones in accordance with requirements.</p> <p>Failure to conduct cut and cap operations in accordance with requirements.</p>	February 20, 2013	09-013-090-10W4 (W 0357480)	<p>Operations were not suspended because the well was inactive.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • submit an action plan to address the noncompliances; • submit an action plan to identify, remediate, and repair all other wells with similar noncompliances; and • meet with the ERCB Oil Sands Branch and Well Operations Group. <p>Compliance not yet achieved. The investigation is ongoing with a joint review by the ERCB Field Centre, Well Operations Group, Oil Sands Branch, and 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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
11	E-T Energy Ltd.	Field Operations/Well Site Inspections	Noncompliant with other high risk requirements— Wellhead improperly maintained so that well control may be compromised.	February 20, 2013	09-13-090-10W4 (W 0382944)	<p>Operations were not suspended because the well was inactive.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • submit an action plan to address the noncompliances; • submit an action plan to identify, remediate, and repair all other wells with similar noncompliances; and • meet with the ERCB Oil Sands Branch and Well Operations Group. <p>Compliance not yet achieved. The investigation is ongoing with a joint review by the ERCB Field Centre, Well Operations Group, Oil Sands Branch, and the licensee.</p>
12	Exshaw Oil Corp.	Field Operations/Drilling Waste	<p>Failure to dispose of cement returns as outlined in <i>Directive 050</i>.</p> <p>Comment: Failure to obtain permission from landowner before storing cement in an on site pit larger than 4 m².</p>	February 13, 2013	16-29-076-07W6	<p>Operations were not suspended because the cementing operation was already complete at the time of the inspection.</p> <p>Licensee obtained approval and hauled cement to an approved waste facility.</p> <p>Licensee provided a plan to address the noncompliance and to prevent future occurrences.</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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
13	Husky Oil Operations Limited	Resources Applications/ Injection/Disposal	Failure to meet conditions of approval (disposal)—High. Comment: Exceeded maximum wellhead injection pressure.	February 7, 2013	15-16-056-20W4	Licence/operation suspended. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
14	Husky Oil Operations Limited	Technical Operations/ Production Measurement and Reporting	No approval when required.	February 28, 2013	04-35-078-25W4	Operations were not suspended because the licensee addressed the noncompliance. Licensee submitted the Measurement, Accounting, and Reporting Plan (MARPs) application. The ERCB approved the licensee's MARPs application. Licensee provided a plan to address the noncompliance and to prevent future occurrence. Compliance achieved.
15	Newalta Corporation	Facilities Applications/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	February 13, 2013	12-23-054-12W5	Licence or operation not suspended as the licensee promptly corrected the noncompliance. No concerns or objections were expressed. Public safety, environmental protection, and resource conservation were not affected. Applicant/licensee completed the ERCB-directed corrective action. Applicant/licensee provided a plan to address the noncompliance 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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
16	Petrobakken Energy Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation—No agreement with Department of Energy (DOE) prior to applying for well licence.	February 7, 2013	08-17-069-09W5	<p>Licence or operation not suspended because noncompliance was appropriately addressed and corrected before the enforcement was issued.</p> <p>Applicant/licensee completed the ERCB-directed corrective action.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
17	Petrobakken Energy Ltd.	Field Operations/ Drilling Operations	<p>Choke manifold valve(s) not operable.</p> <p>BOP floor controls not capable of opening and closing each BOP component and the HCR in the diverter/bleed-off line.</p> <p>STICK diagram does not contain all the required information.</p>	February 22, 2013	02-14-115-22W5	<p>Operations were suspended.</p> <p>Licensee repaired the choke manifold valve, which is now operational from the doghouse, and repaired the blowout preventer (BOP) floor controls.</p> <p>Licensee updated the STICK diagram with all the required information.</p> <p>Licensee provided a plan to address the noncompliance and to prevent future occurrences.</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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
18	Plains Midstream Canada ULC	Field Operations/ Pipelines	Backfill procedures are unsatisfactory.	February 26, 2013	04-11-109-08W6	<p>Operations were suspended at the time of the pipeline failure. The ERCB has not imposed any additional suspension because there is no current hazard to the environment or public.</p> <p>Licensee required to confirm and demonstrate that the enhanced backfill procedure has been incorporated into a standard operating procedure or practice.</p> <p>Licensee provided a plan to address the noncompliance and to prevent future occurrences. This plan is currently under review by the ERCB Pipeline Operations Group.</p> <p>Compliance not yet 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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
19	Plains Midstream Canada ULC	Field Operations/ Pipelines	No operations and maintenance procedure manual or not followed.	February 26, 2013	04-11-109-08W6	<p>Operations were suspended at the time of the pipeline failure. The ERCB has not imposed any additional suspension because there is no current hazard to the environment or public.</p> <p>Licensee required to develop and implement a risk assessment procedure.</p> <p>Licensee provided a plan to address the noncompliance and to prevent future occurrences. The plan is currently under review by the ERCB Pipeline Operations Group.</p> <p>Compliance not yet achieved.</p>
20	Plains Midstream Canada ULC	Field Operations/ Pipelines	Leak detection unsatisfactory.	February 26, 2013	04-11-109-08W6	<p>Operations were suspended at the time of the pipeline failure. The ERCB has not imposed any additional suspension because there is no current hazard to the environment or public.</p> <p>Licensee enhanced both leak detection and pipeline restart procedures.</p> <p>Licensee provided a plan to address the noncompliance and to prevent future occurrences. The plan is currently under review by the ERCB Pipeline Operations Group.</p> <p>Compliance not yet 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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
21	RON Resources Ltd.	Field Operations/ Pipelines	<p>Internal corrosion control—no monitoring and mitigation in corrosive environment.</p> <p>Pipeline sign missing or defaced on both sides of a crossing.</p> <p>External corrosion control/cathodic surveys—no records of survey results.</p> <p>Cathodic protection system—not operational or not installed.</p>	February 25, 2013	07-06-040-03W4 (2 pipelines)	<p>Operations were suspended at Pipeline Licence No. 54411, Line No. 1. Operations were not suspended at Pipeline Licence No. 52874 because it was a relatively new pipeline and it had been externally coated to minimize the risk of external corrosion.</p> <p>Licensee completed the internal corrosion control and the annual cathodic protection survey.</p> <p>Licensee provided a plan to address the noncompliances and to prevent future occurrences.</p> <p>Compliance not yet achieved. An extension was granted until June 17, 2013, to implement corrosion monitoring and signage. An extension was also granted for Pipeline Licence No. 52874 until September 1, 2013, to correct the cathodic protection deficiencies.</p>
22	Statoil Canada Ltd.	In Situ Oil Sands/ Commercial In Situ Oil Sands Schemes	<p>Failure to meet conditions of approval.</p> <p>Comment: Failure to meet the minimum produced water recycle rate for the 2012 calendar year.</p>	February 14, 2013	Athabasca Oil Sands	<p>Operations were not suspended because suspending operations would not remove the existing impact.</p> <p>Licensee completed the ERCB-directed corrective action.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</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@ercb.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
23	Talisman Energy Inc.	Technical Operations/ Glycol Dehydrator Benzene Emissions	Individual dehydrator(s) or site dehydrator benzene emissions over the limits.	February 19, 2013	04-36-058-24W5	<p>Operations had already been suspended by the licensee when the audit began and the licensee reports no benzene emissions at this time.</p> <p>The audit was a review of 2011 operating data.</p> <p>Licensee conducted a self-audit of other locations with reported emission controls.</p> <p>Licensee is currently in the process of developing a comprehensive corrective action plan for managing the company's dehydrator population.</p> <p>Compliance not yet 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@ercb.ca.

High Risk Enforcement Action (Persistent Noncompliance)²

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
1	Keyera Energy Ltd.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	February 19, 2013	09-06-063-25W5	<p>Operations were not suspended, in accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i>.</p> <p>Plant raw gas inlet was restricted by 30 per cent from February 9 to May 10, 2013. Monthly reporting was implemented on sulphur recovery improvements and a final plan is being developed. Quarterly sulphur recovery performance tests are required for the next 12 months. If another sulphur recovery noncompliance event occurs between January and December of 2013, an additional inlet throughput reduction will be applied and the raw gas inlet will be cut by 50 per cent.</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@ercb.ca.

High Risk Enforcement Action (Demonstrated Disregard)³

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

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@ercb.ca.

High Risk Enforcement Action (Failure to Comply)⁴

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

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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
1	1471002 Alberta Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 14, 2013	Well licences 06-09-082-08W6 14-03-082-08W6 Pipeline licence 14-08-082-08W6	<p>This is an escalation from a previous enforcement action issued on October 29, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. AD 2013-06 and AD 2013-07 and Closure/Abandonment Order AD 2013-08.</p> <p>Abandonment of the well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the well and pipeline licences; • 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 the ERCB. <p>Licensee has until July 31, 2013, to abandon its properties.</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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
2	935821 Alberta Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 8, 2013	17 well licences 3 facility licences	<p>This is an escalation from a previous enforcement action issued on January 14, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2013-08 and C 2013-09.</p> <p>Suspension and closure of well and facility 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 transferred three well licences and paid the remaining security deposit in full but did not provide a written explanation to the ERCB. 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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
3	All Zone Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 7, 2013	Well licence 16-22-010-12W4 Facility licence 16-22-010-12W4	<p>This is an escalation from a previous enforcement action issued on January 14, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2013-05 and C 2013-06.</p> <p>Suspension and closure of well and facility licence.</p> <p>Licensee is required to pay the security deposit.</p> <p>Licensee paid its security deposit in full and provided a written explanation to the ERCB.</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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
4	Barrier Reef Resources Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 8, 2013	N/A (Against the licensee)	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-13.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Orders No. C 2013-14 and C 2013-15; Abandonment Orders No. AD 2013-40, AD 2013-41, and AD 2013-42; and Closure/Abandonment Order No. AD 2013-43 were subsequently issued.</p> <p>Licensee failed to comply. The ERCB 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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
5	Blue Horizon Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 8, 2013	01-20-079-22W5 13-10-079-22W5 16-19-079-22W5	<p>This is an escalation from a previous enforcement action issued on January 10, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2013-10.</p> <p>Suspension and closure of well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Abandonment Order No. AD 2013-11 was subsequently issued.</p> <p>Licensee failed to comply. The ERCB 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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
6	Hillcrest Investments Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 8, 2013	N/A (Against the licensee)	<p>Global Refer status</p> <p>Issuance of Miscellaneous Order No. MISC 2013-10.</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 but did not provide a written explanation to the ERCB. 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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
7	Lockhart Energy Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 8, 2013	N/A (Against the licensee)	<p>Global Refer Status</p> <p>Issuance of Miscellaneous Order No. MISC 2013-09</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-13 was subsequently issued.</p> <p>Licensee paid its security deposit in full and provided a written explanation to the ERCB.</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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
8	Red Mountain Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 6, 2013	03-36-019-19W4	<p>This is an escalation from a previous enforcement action issued on January 14, 2013.</p> <p>Global Refer Status.</p> <p>Issuance of Closure Order No. C 2013-07.</p> <p>Suspension and closure of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Abandonment Orders No. AD 2013-09 and AD 2013-10 were subsequently issued.</p> <p>Licensee failed to comply. The ERCB 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@ercb.ca.

Low Risk Enforcement Action – (Global Refer or Board Order)⁹

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
9	Rocket Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 11, 2013	N/A (Against the licensee)	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-12.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-11 and Abandonment Order No. AD 2013-30 were subsequently issued.</p> <p>Licensee failed to comply. The ERCB 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@ercb.ca.

Legislative/Regulatory Enforcement Action^b

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
	None					

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@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 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); 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 or Board Order)** 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.