

ST108: Monthly Enforcement Action Summary

May 2013

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

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

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

September 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

Introduction2

High Risk Enforcement Action (HREA)4

High Risk Enforcement Action (Persistent Noncompliance) 15

High Risk Enforcement Action (Demonstrated Disregard)..... 17

High Risk Enforcement Action (Failure to Comply)..... 18

Low Risk Enforcement Action – (Global Refer or AER Order)..... 19

Legislative/Regulatory Enforcement Action37

Endnotes41

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 AER 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 in May 2013.

Enforcement Action Summary—May 2013

Monthly Enforcement Action Summary					
Compliance Category	High Risk Enforcement Actions	High Risk Enforcement Actions (Persistent Noncompliance)	High Risk Enforcement Actions (Demonstrated Disregard)	High Risk Enforcement Actions (Failure to Comply)	Low Risk Enforcement Actions (Global Refer or AER Order)
Facilities Technical	2	0	0	0	0
Participant Involvement	2	0	0	0	0
Wells Technical	3	0	0	0	0
Groundwater Protection	1	0	0	0	0
Oilfield Waste Receiver Audits	1	0	0	0	0
Noncompliance with Liability Management Program Requirements	0	0	0	0	2
Orphan Levy	0	0	0	0	22
Glycol Dehydrator Benzene Emissions	2	0	0	0	0
Sulphur Recovery Guidelines	1	0	0	0	0
Oil Facilities Field Inspections/Investigations	1	0	0	0	0
Pipelines Field Inspections/Investigations	7	2	0	0	0
Coal Mines	1	0	0	0	0
Oil Overproduction	1	0	0	0	0

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

Legislative/Regulatory Enforcement Actions	
Corporate Status	3
Petroleum and Natural Gas Mineral Rights Expiry	1
Subtotal Enforcement Actions	4

Total Enforcement Actions Issued	
High Risk Enforcement Actions	22
High Risk Enforcement Actions (Persistent Noncompliance)	2
High Risk Enforcement Actions (Demonstrated Disregard)	0
High Risk Enforcement Actions (Failure to Comply)	0
Low Risk Enforcement Actions (Global Refer or AER Order)	24
Legislative/Regulatory Enforcement Actions	4
Total Enforcement Actions Issued	52

[Compliance Categories](#) with no published enforcement actions issued during May 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@aer.ca](mailto:Inquiries@ aer.ca).

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Apache Canada Ltd.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	May 7, 2013	13-12-116-06W6	<p>In accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i>, operations were not suspended.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
2	Canadian Natural Resources Limited	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction, or operation.	May 17, 2013	04-04-085-23W4 07-04-085-23W4	<p>License or operation not suspended. The licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact to public safety, environmental protection, or resource conservation.</p> <p>Applicant/licensee has completed the AER-directed corrective action.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
3	Canadian Natural Resources Limited	Facilities Applications/ Participant Involvement	Failure to disclose to the AER any outstanding public/industry objections/concerns, whether they are received prior to or after filing of the application or whether the party is inside or outside the minimum contact radius of personal consultation and notification.	May 23, 2013	14-06-065-07W4 (2 well licenses)	<p>Licence/operation suspended.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>AER has directed corrective action measures to the applicant/licensee.</p> <p>Compliance not yet achieved.</p>
4	Cenovus Energy Inc.	Field Operations/ Pipelines	Damage by others – proper procedures were not followed.	May 29, 2013	16-15-082-22W4	<p>Operations were suspended.</p> <p>Licensee repaired the pipeline.</p> <p>Licensee communicated the lessons from this noncompliance with its Pelican Lake inspectors.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
5	Coral Hill Energy Ltd.	Facilities Applications/ Participant Involvement	Failure to disclose to the AER any outstanding public/industry objections/concerns, whether they are received prior to or after filing of the application or whether the party is inside or outside the minimum contact radius of personal consultation and notification.	May 30, 2013	03-16-64-10W5 13-31-64-13W5 13-20-64-13W5	<p>Licence not suspended as licence was not issued.</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@aer.ca](mailto:Inquiries@ aer.ca).

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
6	Devon Canada Corporation	Field Operations/ Pipelines	<p>No operations and maintenance procedures manual, or not followed.</p> <p>Required function tests not conducted or recorded.</p> <p>External corrosion control/cathodic surveys – no records of survey results.</p>	May 7, 2013	<p>14-10-087-07W5 16-10-087-07W5 01-26-089-10W5 08-23-089-09W5 10-36-089-09W5 01-24-090-10W5 14-08-090-08W5</p>	<p>Operations were not suspended because the licensee identified and corrected a number of the noncompliances. Any outstanding noncompliances did not pose an immediate threat to public health and safety or the environment.</p> <p>Licensee will review and update its pipeline operations and maintenance manual and release it to its field staff.</p> <p>Licensee agreed to conduct and record required function tests annually.</p> <p>Licensee completed the cathodic protection surveys.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved. Due to unforeseen staffing changes, the licensee has been granted an extension to complete its pipeline operations and maintenance manual.</p>

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

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
7	Enerchem International Inc.	Resources Applications/ Oilfield Waste Receiver Audits	Waste facility accepts wastes they are not approved to receive or capable of handling.	May 31, 2013	NE ¼ 02-072-06W6 09-32-032-05W5	<p>Operations were not suspended because there was no immediate risk to public safety, environmental protection, or resource conservation. The AER exercised its discretion to not suspend operations on the understanding that the licensee had an acceptable plan to bring this matter into compliance and was working to implement that plan in a timely manner.</p> <p>Licensee voluntarily suspended operations at the NE ¼ 02-72 location and submitted an application for the 09-32 facility.</p> <p>Licensee met with the AER and will be submitting an action plan.</p> <p>Compliance not yet achieved. The AER is working with the licensee to address the noncompliance.</p>

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

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
8	EOG Resources Canada Inc.	Field Operations/ Pipelines	Operator is aware of a reportable release but neglects to report it. The AER may discover the spill during an inspection, receive a report from a third party, or receive a complaint. Depth of cover is unsatisfactory.	May 24, 2013	10-21-028-09W4	Operations were suspended. Licensee issued a bulletin to its staff and operators to clarify its regulatory notification protocol for pipeline leaks. Licensee properly fenced and marked the pipeline exposure. Licensee will address the exposure as part of its pipeline repair and abandonment. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
9	Forge Petroleum Corporation	Resources Applications/ Groundwater Protection	Failure to immediately notify the AER of water production above the threshold.	May 23, 2013	13-17-035-22W4	Licence or operation not suspended as there was no existing or potential impact/hazard to public safety, environmental protection, resource conservation, or stakeholder confidence. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. The AER is reviewing the action plan. Compliance achieved.

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

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
10	Grande Cache Coal Corporation	Oil Sands and Coal Mining/ Coal Mines	Operator materially alters the program of operations on which the holder's permit or licence was granted without AER approval.	May 23, 2013	No. 12 South B2 Underground Mine	Operations were not suspended because the mining had ceased in this area. No action to correct the noncompliance could be taken. The licensee met with the AER and has submitted a proposal for an action plan. The action plan remains outstanding. Compliance not yet achieved.
11	Imperial Oil Resources Limited	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	May 13, 2013	16-08-065-04W4 (2 well licences)	Licences cancelled. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
12	Kingsmere Resources Ltd.	Field Operations/ Oil Facilities	Facility closer than 100 metres to the normal high water mark of a body of water or permanent stream without appropriate protective measures. Spill or release not contained/cleaned up.	May 1, 2013	10-09-048-05W5	Operations were partially suspended. Licensee constructed a lease berm. Licensee cleaned up the spill. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.

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

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
13	One Earth Oil & Gas Inc.	Facilities Applications/ Wells Technical	Failure to acquire the necessary well licence prior to commencing site preparation, construction and/or operation.	May 13, 2013	13-33-080-12W5	<p>Licence or operation not suspended as noncompliance had been appropriately addressed or corrected prior to issuance of enforcement.</p> <p>Applicant/licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
14	Rife Resources Ltd.	Technical Operations/ Glycol Dehydrator Benzene Emissions	Individual dehydrator(s) or site dehydrator benzene emissions over the limits.	May 29, 2013	06-17-062-04W6	<p>Operations were not suspended because the audit was a review of 2012 operating data.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
15	Second Wave Petroleum Inc.	Regulatory Outcomes and Delivery/ Oil Overproduction	Failure to retire oil overproduction.	May 30, 2013	00/09-13-063-10W5/0 00/12-14-063-10W5/0	<p>Licensee confirmed in writing that the wells have been shut in and will remain shut in until all overproduction is retired.</p> <p>Licensee directed to develop and implement 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@aer.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
16	Shell Canada Limited	Field Operations/ Pipelines	Internal corrosion control – no records in a corrosive environment.	May 29, 2013	16-20-065-13W6	<p>Operations were suspended.</p> <p>Licensee implemented a biocide treatment program for the pipeline.</p> <p>Licensee is required to provide a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved.</p>
17	Strategic Oil & Gas Ltd.	Field Operations/ Pipelines	<p>Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.</p> <p>Failure to properly notify appropriate AER field centre after contact was made with a pipeline during ground disturbance.</p> <p>Safety precautions are unsatisfactory. Personnel were inadequately informed of safety requirements and responsibilities in the event of an emergency.</p>	May 16, 2013	09-17-122-20W5	<p>Operations were suspended.</p> <p>Licensee reviewed ground disturbance procedures with its facility and pipeline staff and contractor supervisors.</p> <p>Licensee revised its ground disturbance procedures to include talking to an AER representative.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
18	Talisman Energy Inc.	Technical Operations/ Glycol Dehydrator Benzene Emissions	Individual dehydrator(s) or site dehydrator benzene emissions over the limits.	May 31, 2013	06-25-054-21W5	<p>Operations were not suspended because the noncompliance event occurred in 2012.</p> <p>Operations were immediately brought into compliance.</p> <p>Licensee conducted a self-audit of other locations with reported emission controls.</p> <p>Licensee is in the process of developing a comprehensive corrective action plan for managing the company dehydrator population.</p> <p>Compliance not yet achieved.</p>
19	Terroco Industries Ltd.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction, and/or operation.	May 31, 2013	04-29-038-20W4	<p>Licence or operation not suspended. The licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact to public safety, environmental protection, or resource conservation.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>AER has directed corrective action measures to the applicant/licensee.</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@aer.ca](mailto:Inquiries@ aer.ca).

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
20	Twin Butte Energy Ltd.	Facilities Applications/ Wells Technical	No rights to substance(s) for the intended formation(s).	May 9, 2013	12-36-052-06W4	<p>License or operation not suspended as noncompliance had been appropriately addressed prior to issuance of enforcement.</p> <p>Applicant/licensee has completed the AER-directed corrective action.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
21	Yangarra Resources Ltd.	Field Operations/ Pipelines	Noncompliant with other AER requirement– not a member of Alberta One- Call.	May 28, 2013	03-11-038-08W5	<p>Operations were not suspended because the licensee corrected the noncompliance and the pipeline has been confirmed to be safe regarding additional ground disturbance by right-of-way inspection.</p> <p>Licensee is a registered member of Alberta One-call.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
22	Zargon Oil & Gas Ltd.	Field Operations/ Pipelines	Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	May 9, 2013	04-05-015-18W4	<p>Operations were partially suspended.</p> <p>Licensee implemented improvements for the proper execution of the <i>Ground Disturbance Code of Practice</i> requirements.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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

High Risk Enforcement Action (Persistent Noncompliance)²

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Canadian Natural Resources Limited	Field Operations/ Pipelines	<p>Pipe is operating but is shown as discontinued or abandoned on AER records.</p> <p>There is no documented monitoring or mitigation program in place or company is not following program.</p>	May 1, 2013	16-05-009-16W4	<p>This is an escalation of a previous enforcement action issued on March 15, 2013. Persistent Noncompliance was issued as this is the licensee's fourth High Risk within 90 days in this compliance category.</p> <p>Operations were suspended.</p> <p>Licensee will permanently and properly abandon the pipeline segment and build new pipelines to transport the production from the well associated with this pipeline.</p> <p>Licensee produced a valid monitoring/mitigation program to conduct pipeline system assessments.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved. The AER is currently discussing the corporate action plan with the licensee to address the Persistent Noncompliance status.</p>

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

High Risk Enforcement Action (Persistent Noncompliance)²

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
2	Canadian Natural Resources Limited	Field Operations/ Pipelines	Damage by others – proper procedures were not followed.	May 24, 2013	15-06-081-22W4	<p>Licensee continues to be on Persistent Noncompliance.</p> <p>Operations were suspended.</p> <p>Licensee repaired damage to pipeline.</p> <p>Licensee issued a safety bulletin outlining proper procedures for ground disturbance activities.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved; however, the licensee continues to be on Persistent Noncompliance because the AER is currently discussing the corporate action plan with the licensee to address the Persistent Noncompliance status. The licensee will be informed of an “operate in compliance period” upon AER acceptance of the licensee’s corporate action plan.</p>

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

High Risk Enforcement Action (Demonstrated Disregard)³

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

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

High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
	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@aer.ca](mailto:Inquiries@ aer.ca).

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
1	Acquire Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-35.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-24 was subsequently issued.</p>
2	All Zone Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-26.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
3	Aspen Endeavour Resources Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-36.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
4	Barrier Reef Resources Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	May 7, 2013	13 well licences 3 facility licences 1 pipeline licence	<p>This is an escalation of a previous enforcement action issued on February 8, 2013, and March 12, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. AD 2013-40, AD 2013-41, and AD 2013-42, and Closure/Abandonment Order No. AD 2013-43.</p> <p>Abandonment of the well, facility, and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the wells, facilities, and pipelines, • pay the security deposit, and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee submitted full payment of its security deposit and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
5	Benjaka Exploration Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-47.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closures No. C 2013-27 and C 2013-28 were subsequently issued.</p> <p>Licensee submitted full payment of its security deposit and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
6	Brixton Energy Corp.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-27.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-25 was subsequently issued.</p>
7	Calver Resources Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-48.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
8	Dreadnought Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-49.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Orders No. C 2013-29 and C 2013-30 were subsequently issued.</p> <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
9	Emerald Bay Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	May 7, 2013	15 well licences 8 pipeline licences	<p>This is an escalation of a previous enforcement actions issued on January 10, 2013 and March 21, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Orders No. AD 2013-35, AD 2013-36, and AD 2013-37, and Closure/Abandonment Order No. AD 2013-38.</p> <p>Abandonment of the well and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the wells and pipelines, • pay the security deposit, and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. The AER is evaluating further action.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
10	Expand Energy Corporation	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-50.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>
11	Gem Resources Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-20.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Licensee no longer has active licences in its name; therefore, no further enforcement action is taken.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
12	Grizzly Holdings Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-21.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full. Payment received concurrent with the issuance of the Miscellaneous Order; therefore, written explanation was not required.</p> <p>Compliance achieved.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
13	Marksman Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-22.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
14	Nytis Exploration Company Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-28.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>
15	Poplar Point Energy Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-23.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-22 was subsequently issued.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
16	Rocket Resources Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-24.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure/Abandonment Order No. C 2013-56 was subsequently issued.</p> <p>Licensee failed to comply. The AER is evaluating further action.</p>
17	Sagres Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-25.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Licensee no longer has active licences in its name; therefore, no further enforcement action taken.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
18	Shorthorn Exploration Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensees	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-37.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
19	Stockwork Properties Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-38.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>
20	Stout Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-39.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-26 was subsequently issued.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
21	Sunridge Energy Corp.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-29.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
22	Thoroughbred Energy Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-40.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
23	Twoco Petroleums Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-41.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee paid its proportionate share of the Orphan Fund Levy in full, but failed to provide a written explanation to the AER. Global Refer status is maintained against the licensee.</p>

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

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

#	Licensee	AER Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
24	Vanguard Exploration Corp.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	May 14, 2013	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2013-42.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply.</p> <p>No additional time was given to comply as the licensee's wells and facility licences were ordered abandoned due to another noncompliance. The AER orphaned the 06-09-034-21W4 well and sent it to the Orphan Well Association to be abandoned. The AER will abandon the remainder of the licensee's 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@aer.ca.

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
1	Earthrenew Corporation	Corporate Status	Failure to be registered with an Active status under the <i>Business Corporations Act</i> .	May 30, 2013	15-20-025-25W4	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2013-49.</p> <p>Suspension, closure, and abandonment of the pipeline licence.</p> <p>Licensee is required to complete one of the following:</p> <ul style="list-style-type: none"> • transfer the licensed property, • abandon the licensed property, or • provide confirmation to the AER that the licensee is registered with and has an Active status on the Alberta Corporate Registries System. <p>Licensee failed to comply. The AER has sent the licensee's well to the Orphan Well Association to be abandoned.</p>

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

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
2	Flotan Corporation	Corporate Status	Failure to be registered with an Active status under the <i>Business Corporations Act</i> .	May 17, 2013	16-27-062-24W4	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2013-44.</p> <p>Suspension, closure, and abandonment of the pipeline licence.</p> <p>Licensee is required to complete one of the following:</p> <ul style="list-style-type: none"> • transfer the licensed property, • abandon the licensed property, or • provide confirmation to the AER that the licensee is registered with and has an Active status on the Alberta Corporate Registries System. <p>Licensee failed to comply. AER is evaluating further actions.</p>

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

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
3	Sand Exploration Ltd.	Corporate Status	Failure to be registered with an Active status under the <i>Business Corporations Act</i> .	May 30, 2013	06-04-033-12W4	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2013-48.</p> <p>Suspension, closure, and abandonment of the pipeline licence.</p> <p>Licensee is required to complete one of the following:</p> <ul style="list-style-type: none"> • transfer the licensed property, • abandon the licensed property, or • provide confirmation to the AER that the licensee is registered with and has an Active status on the Alberta Corporate Registries System. <p>Licensee failed to comply. Licensee no longer has active licences in its name; therefore, no further enforcement action taken.</p>

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

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
4	Verity Energy Ltd.	Petroleum and Natural Gas Mineral Rights Expiry	Failure to prove to the satisfaction of the AER that the licensee has a valid entitlement to the right to produce the subject well.	May 8, 2013	15-18-017-22W4	<p>This is an escalation of a previous enforcement action issued on April 3, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2013-39.</p> <p>Abandonment of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the well and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee has until September 1, 2013, to reacquire the mineral rights in an upcoming land sale.</p>

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

Endnotes

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

In accordance with *Directive 019: Compliance Assurance*, the AER issues an HREA against a licensee if it identifies a high risk noncompliant event(s). To address an HREA, the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting 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 AER group (a licensee may also be required to submit the written action plan and meet with the AER group to discuss both the action plan and the licensee's compliance history); and notify the AER group that it has corrected and addressed the high risk noncompliance. The AER may also apply or require one or more of the following: noncompliance fees; self-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: Compliance Assurance*, the AER issues an HREA (Persistent Noncompliance) against a licensee with an unacceptable rate, ratio, percentage or number of noncompliant events, either in the same or in different compliance categories. To address an HREA (Persistent Noncompliance), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting 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 AER group (the action plan should address the root causes of any previous noncompliance(s) and detail how the licensee will prevent future noncompliant events); meet with the AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-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 AER) in the same compliance category before achieving overall compliance.

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

In accordance with *Directive 019: Compliance Assurance*, the AER issues an HREA (Demonstrated Disregard) against a licensee if the licensee knows or should know about a high risk noncompliant event(s) but does not act to correct and address the noncompliance(s). The AER assesses demonstrated disregard on a case-by-case basis. To address an HREA (Demonstrated Disregard), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact/hazard resulting 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 AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-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 AER) in the same compliance category before achieving overall compliance.

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

In accordance with *Directive 019: Compliance Assurance*, the AER issues an HREA (Failure to Comply) against a licensee if it failed to comply with the direction of the AER in an AER Notice of High Risk Noncompliance, HREA, HREA (Persistent Noncompliance), HREA (Demonstrated Disregard), or a previous HREA (Failure to Comply). To address an HREA (Failure to Comply), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting 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 AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-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, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

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

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

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

⁶ **Legislative/Regulatory Enforcement Action**

The AER issues a Legislative/Regulatory Enforcement Action for noncompliance with AER requirements that fall outside the administration of *Directive 019: Compliance Assurance*. The AER relies upon its statutory and regulatory authority to initiate the enforcement action against the licensee by applying a Refer status against the licensee and possibly issuing an Order (Closure, Miscellaneous, and Abandonment). The AER generally initiates these enforcement actions because of a mineral or surface lease expiry, an environmental and public safety concern, or a failure to demonstrate the right to the purpose of the wellbore, the right to access the surface, 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 AER will consider the status when deciding to approve or deny future and pending applications and may apply conditions for continued operation.

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

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