

ST108: Monthly Enforcement Action Summary

December 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, December 2013

May 2014

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 1

High Risk Enforcement Action (HREA) 2

High Risk Enforcement Action (Persistent Noncompliance) 9

High Risk Enforcement Action (Demonstrated Disregard).....10

High Risk Enforcement Action (Failure to Comply).....11

Low Risk Enforcement Action (Global Refer or AER Order)12

Legislative/Regulatory Enforcement Action17

Endnotes.....18

Introduction

This report summarizes monthly information for December 2013 on any High Risk Enforcement Action, High Risk Enforcement Action (Persistent Noncompliance), High Risk Enforcement Action (Demonstrated Disregard), High Risk Enforcement Action (Failure to Comply), Low Risk Enforcement Action (Global Refer or AER Order), or Legislative/Regulatory Enforcement Action issued against a licensee.

The table below summarizes the enforcement actions issued.

Enforcement Action Summary: December 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)	Legislative/Regulatory Enforcement Actions (Global Refer or AER Order)
Participant Involvement	2	0	0	0	0	0
Wells Technical	4	0	0	0	0	0
Enhanced Recovery Schemes	1	0	0	0	0	0
Groundwater Protection	1	0	0	0	0	0
Noncompliance with Liability Management Program Requirements	0	0	0	0	5	0
Corporate Status	0	0	0	0	0	1
Drilling Operations Field Inspections/Investigations	1	0	0	0	0	0
Oil Facilities Field Inspections/Investigations	2	0	0	0	0	0
Well Site Field Inspections/Investigations	3	0	0	0	0	0
Pipelines Field Inspections/Investigations	4	1	0	0	0	0
Total	18	1	0	0	5	1

* [Compliance Categories](#) with no published enforcement actions issued during December 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	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	1506928 Alberta Ltd.	Enforcement & Surveillance/ Oil Facilities	Gas is being vented, not burned, where it could support stable combustion. Venting practices not conducted in accordance with the requirements. Noncompliant with the other High Risk AER requirements. (Flared volumes were being reported as vented.)	December 9, 2013	16-31-114-05W6	Operations suspended. Licensee installed self-igniting pilot light. Licensee amended its records on PETRINEX. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
2	ARC Resources Ltd.	Enforcement & Surveillance/ Pipelines	Company does not institute and maintain programs to mitigate internal corrosion that was indicated by the results of testing for corrosive agents.	December 10, 2013	02-26-010-13W4	Operations suspended. Licensee installed a freestanding liner. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
3	Artisan Energy Corporation	Infrastructure Audit/ Wells Technical	Failure to acquire the rights to the intended formation(s).	December 18, 2013	02-32-005-15W4	Licence cancelled. 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@aer.ca.

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
4	Canadian Natural Resources Limited	Infrastructure Audit/ Participant Involvement	No attempt at public and/or industry personal consultation and notification prior to filing the application.	December 18, 2013	14-30-065-05W6	<p>Licence/operation suspended.</p> <p>Applicant/licensee has completed the AER-directed corrective actions.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
5	Cenovus Energy Inc.	Resource Compliance/ Enhanced Recovery	<p>Failure to meet conditions of approval.</p> <p>Injection of fluid without approval (excluding waterfloods).</p>	December 18, 2013	<p>00/12-06-025-17W4</p> <p>02/12-06-025-17W4</p>	<p>Licence/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>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	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
6	City of Medicine Hat	Enforcement & Surveillance/ Pipelines	<p>Licensee is not able to demonstrate that procedures in the manuals have been implemented, or it is not operating and maintaining its pipeline systems in accordance with documented procedures.</p> <p>The person involved in a ground disturbance activity that caused contact with a pipeline did not immediately notify the pipeline licensee of the contact location or of the damage caused by the contact.</p>	December 4, 2013	16-32-022-04W4	<p>Operations suspended.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
7	EOG Resources Canada Inc.	Enforcement & Surveillance/ Pipelines	The licensee does not submit a written report of a leak, a break, or contact damage to the AER as requested.	December 4 and 6, 2013	16-35-023-11W4 01-20-024-10W4 06-12-021-08W4 10-27-022-08W4 06-34-022-10W4 06-15-022-04W4	<p>Operations suspended.</p> <p>Licensee developed and implemented a new system for communication with the AER.</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](mailto:inquiries@ aer.ca).

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
8	MOGL Corp.	Infrastructure Audit/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	December 18, 2013	16-13-045-26W4	<p>Licensee/operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
9	NEP Canada ULC	Enforcement & Surveillance/ Well Site Inspections	Knockout drum or flare separator controls, equipment, or design does not meet requirements.	December 18, 2013	08-02-047-02W5	<p>Operations were not suspended as the well was already shut in.</p> <p>Licensee installed a shut-off valve and a call-out alarm.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
10	Nordic Oil & Gas Ltd.	Enforcement & Surveillance/ Well Site Inspections	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	December 9, 2013	03-24-038-25W4 03-18-038-25W4 09-04-050-03-W4	<p>Operations were not suspended as the well was already shut in.</p> <p>Licensee is required to provide 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	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
11	Penn West Petroleum Ltd.	Enforcement & Surveillance/ Pipelines	Existing pipeline coating was not evaluated before operating the pipeline at a temperature higher than the maximum designed operating temperature.	December 10, 2013	12-16-065-10W5	Operations were not suspended as the pipeline was already shut in. Licensee will review all high risk pipelines in the area and take appropriate measures. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
12	Petroglobe Inc.	Enforcement & Surveillance/ Well Site Inspections	Failure to ensure that a call to the licensee 24-emergency telephone number initiates immediate action.	December 11, 2013	06-23-047-03W5	Operations were not suspended as the well was already shut in. Licensee immediately re-established its 24-hour emergency contact service. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
13	Questfire Energy Corp.	Resource Compliance/ Groundwater Protection	Failure to immediately notify the AER of water production above the threshold.	December 20, 2013	13-06-038-20W4	Licence/operation not suspended because suspension may result in further impacts or increased risk. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
14	RON Resources Ltd.	Enforcement & Surveillance/ Oil Facilities	Flared/vented gas not reported to PETRINEX.	December 3, 2013	07-06-040-03W4	Operation suspended. Licensee reported flared/gas volume to PETRINEX. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
15	Spur Resources Ltd.	Infrastructure Audit/ Wells Technical	Failure to acquire the rights to the intended formation(s).	December 5, 2013	16-22-048-07W4	Licence cancelled. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Tower Ridge Enterprises Corp.	Infrastructure Audit/ Wells Technical	Failure to acquire the rights to the intended formation(s). Failure to design the surface casing to meet all applicable requirements.	December 11, 2013	13-02-038-08W4	Operation not suspended as the noncompliant operation occurred in the past. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
17	Twin Butte Energy Ltd.	Enforcement & Surveillance/ Drilling Operations	<p>Accumulator pressure dropped below 8400 kPa after function test with the recharge pump off.</p> <p>Blowout preventer (BOP) or hydraulically controlled valve on the diverter/bleed-off line failed to operate from the floor position.</p>	December 24, 2013	13-14-039-06W4	<p>Operations suspended.</p> <p>Licensee replaced the hydraulic fluid and the blowout preventer (BOP) is fully functioning.</p> <p>Licensee hired a third party to perform a function test on the BOP/accumulator system.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
18	Windtalker Energy Corp.	Infrastructure Audit/ Wells Technical	Failure to design the surface casing to meet all applicable requirements.	December 3, 2013	14-32-057-03W4	<p>Licence/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>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	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Canadian Natural Resources Limited	Enforcement & Surveillance/ Pipelines	Pipeline is not discontinued, abandoned, or returned to service after 12 months of no active flowing service.	December 5, 2013	15-05-067-04W4	<p>Operations were not suspended as the pipeline is abandoned.</p> <p>Licensee submitted a licence amendment to update the pipeline status.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</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.

High Risk Enforcement Action (Demonstrated Disregard)³

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	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).

High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	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	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
1	Black Rider Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 4, 2013	55 well licences Facility location 01-23-021-09W4	<p>This is an escalation of a previous enforcement action issued on October 10, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2013-83 and C 2013-84.</p> <p>Suspension of the licences and closure of the wells and facility.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>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).

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
2	Fairwest Energy Corporation	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	December 5, 2013	13-11-037-08W4	<p>This is an escalation of a previous enforcement action issued on November 20, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order AD 2013-149.</p> <p>Abandonment of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>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).

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
3	Fairwest Energy Corporation	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	December 5, 2013	13-20-033-10W4	<p>This is an escalation of a previous enforcement action issued on November 20, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order AD 2013-150.</p> <p>Abandonment of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>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).

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
4	Fairwest Energy Corporation	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	December 4, 2013	11-14-037-08W4	<p>This is an escalation of a previous enforcement action issued on October 10, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order AD 2013-148.</p> <p>Abandonment of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>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).

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
5	Fairwest Energy Corporation	Liability Management/ Noncompliance with the Liability Management Program Requirements	Failure to pay security deposit.	December 5, 2013	02-21-038-09W4	<p>This is an escalation of a previous enforcement action issued on November 20, 2013.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order AD 2013-151.</p> <p>Abandonment of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. <p>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).

Legislative/Regulatory Enforcement Action⁶

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
1	Padriv Development Ltd.	Liability Management/ Corporate Status	Failure to be registered with an Active status under the <i>Business Corporations Act</i> .	December 12, 2013	16-33-038-24W4 07-05-033-15W4 16-06-033-15W4 10-01-006-11W4	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2013-158.</p> <p>Abandonment of the pipeline licences.</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>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.

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 from the noncompliance (any suspension of operations must not occur if it will increase the impact on 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-audits or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects/addresses the noncompliance); suspension and/or cancellation of the permit, licence, or approval.

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

In accordance with *Directive 019: Compliance Assurance*, the AER issues an HREA (Persistent Noncompliance) against a licensee with an unacceptable rate, ratio, percentage, or number of 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 from the noncompliance (any suspension of operations must not occur if it will increase the impact on 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-audits 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 from the noncompliance(s) (any suspension of operations must not occur if it will increase impact on 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-audits 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 from the noncompliance(s) (any suspension of operations must not occur if it will increase the impact on 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-audits 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 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 if the licensee 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 a 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, or working interest ownership in the property.

Refer Status—Focused or Global

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

For further information on AER enforcement actions, see *Directive 019: Compliance Assurance* or contact the AER Business Process Section at compliancecoordination@aer.ca.

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.