



ERCB Monthly Enforcement Action Summary

December 2009

ENERGY RESOURCES CONSERVATION BOARD
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Contents

High Risk Compliance Category Statistics..... 1
High Risk Enforcement Action 1 2
High Risk Enforcement Action 2 (Persistent Noncompliance)..... 11
High Risk Enforcement Action 3 (Failure to Comply or Demonstrated Disregard)..... 13
Low Risk Enforcement Action – Global REFER Summary 14
Legislative/Regulatory Enforcement Action 17
Endnotes 23

High Risk Compliance Category Statistics				
ERCB	Compliance Category	December 2009		
		Initial Audits/ Inspections	Number of High Risk Noncompliance	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	56	0	100%
	Facilities Technical	14	2	86%
	Pipelines/Pipeline Installations Technical	18	0	100%
	Wells Technical	23	1	96%
Resources Applications Group Enforcement & Surveillance Section and Coal Section	Commingling	n/a	1	n/a
	Groundwater Protection	n/a	1	n/a
	Spacing	n/a	1	n/a
Subtotal		111	6	95%
Field Surveillance and Operations Branch				
Field Operations Group	Drilling Operations	18	5	72%
	Well Servicing	18	0	100%
	Oil Facilities	107	0	100%
	Gas Facilities	170	1	99.4%
	Pipelines	138	7	95.0%
	Drilling Waste	12	2	83%
	Well Site Inspections	209	0	100%
	Waste Management	3	0	100%
Technical Operations Group Production Operations Section	Production Measurement & Reporting	8	3	63%
Subtotal		683	18	97%
Geology, Environmental Science & Economics Branch				
Environmental Science Group Waste and Storage Section	Oilfield Waste Generator	n/a	2	n/a
Reserves and Pore-Space Management	Oil Overproduction	390	0	100%
Subtotal		390	2	99.5%
Total Audit/Inspections High Risk		1184	26	97.8%

High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	Apache Canada Ltd.	Field Operations/ Gas Facilities	Facility exceeding permissible sounds levels.	December 1, 2009	08-19-036-05W4 Special Area 4	Operations suspended. Licensee reduced sound levels. Licensee's action plan has not been fully implemented. Deadline is May 1, 2010. Compliance not yet achieved.
2	Apache Canada Ltd.	Technical Operations/ Production Measurement and Reporting	Inaccurate accounting and reporting of hydrocarbon liquid receipts.	December 15, 2009	04-09-070-10W5 M.D. of Big Lakes	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee submitted its accounting figures. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Bellatrix Exploration Ltd.	Field Operations/ Drilling Operations	Low-pressure and/or high-pressure test(s) not conducted on all required components and/or casing strings.	December 1, 2009	10-28-048-08W5 Brazeau County	Operations suspended. Licensee conducted an adequate pressure test. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
4	Berens Energy Ltd.	Field Operations/ Drilling Operations	Trip tank with a fluid level-monitoring system not operating properly. STICK diagram not posted in doghouse and/or on-site personnel have not reviewed or do not understand stick diagram information.	December 9, 2009	04-14-049-12W5 Yellowhead County	Operations were not suspended as drilling operations were already ceased due to ongoing hole/mud problems. Licensee will review all STICK diagrams to ensure accuracy of information. The STICK diagram will be discussed with the well site supervisor prior to drilling. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	Bumper Development Corporation	Field Operations/ Drilling Operations	Blowout preventor(s) or hydraulic controlled remote valve (HCR) on the diverter/bleed off line failed to operate from the floor position.	December 17, 2009	06-13-030-26W4 Kneehill County	Operations suspended. Licensee de-iced the system and performed a successful test of all required components. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
6	Compton Petroleum Corporation	Technical Operations/ Production Measurement and Reporting	Delivery point hydrocarbon liquid measuring device(s) does not exist, is not installed or used correctly, or not in use.	December 14, 2009	09-08-051-09W5 Yellowhead County	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee installed measuring device. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
7	Connacher Oil and Gas Limited	Field Operations/ Drilling Waste Inspection	Sump located in porous/ coarse soil.	December 2, 2009	10-18-082-11W4 Regional Municipality of Wood Buffalo	Operations suspended. Drilling waste has been removed Water pit was taken out of service. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
8	EnCana Oil & Gas Co. Ltd.	Field Operations/ Pipelines	Operator is aware of a reportable release but neglects to report it.	December 10, 2009	06-26-019-07W4 Cypress County	Operations were not suspended, as the pipeline has been isolated and depressurized. Licensee reviewed reporting procedures with staff. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
9	E-T Energy Ltd.	Field Operations/ Drilling Waste Inspection	Sump located in porous/coarse soil.	December 1, 2009	05-13-090-10W4 Regional Municipality of Wood Buffalo	Operations suspended. Licensee removed all drilling waste. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance not achieved, as licensee has not addressed all requirements.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
10	Fairborne Energy Ltd.	Technical Operations/ Production Measurement and Reporting	Inaccurate accounting and reporting of hydrocarbon liquid receipts.	December 15, 2009	06-27-047-14W5 Yellowhead County	<p>Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public.</p> <p>Licensee submitted its accounting figures.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
11	Harvest Operations Corp.	Field Operations/ Pipelines	Pressure control devices or pressure relief device installations unsatisfactory.	December 3, 2009	06-29-041-01W4 M.D. of Wainwright	<p>Operations were not suspended as the licensee will conduct plant rounds twice daily to ensure continued safe operation of the pipeline system.</p> <p>Licensee set pressure setting on emergency shutdown devices and pressure switches to below the lowest maximum operating pressure (MOP).</p> <p>Licensee relicensed the pipelines to the lower MOP.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
12	Ivory Energy Inc.	Resources Applications/ Commingling	Improper use of decision tree (Figure 3.3).	December 7, 2009	09-19-060-01W4 Westlock County	Operations suspended. Licensee confirmed in writing that the noncompliance has been addressed and that the well has been shut in and will remain shut in until the requisite approval has been obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	Midway Energy Ltd.	Field Operations/ Pipelines	Cathodic protection system-not operational or not installed.	December 8, 2009	16-17-075-15W5 M.D. of Big Lakes	Operations were not suspended as further review was needed. Licensee installed cathodic protection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
14	Penn West Petroleum Ltd.	Environmental Science/ Oilfield Waste Generator Audits	Oilfield waste was not disposed of in the appropriate class of disposal well.	December 21, 2009	06-27-079-11W6 Saddle Hills County	Suspension of operations at this time was not deemed appropriate as disposal operations were completed earlier this year. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
15	Progress Energy Ltd.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation.	December 14, 2009	03-17-065-15W5 03-01-065-16W5 M.D. of Greenview	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Provident Energy Ltd.	Field Operations/ Pipelines	Internal corrosion control – no records in corrosive environment. Leak detection unsatisfactory.	December 16, 2009	13-05-109-06W6 Mackenzie County	Operations were not suspended as the licensee was able to implement mitigative measures. Licensee hired a consultant to conduct a pipeline compliance inspection. Licensee updated its operations and maintenance manual. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
17	Rondo Petroleum Inc.	Field Operations/ Drilling Operations	Remote drill pipe pressure gauge(s) not provided or readily accessible for installation at choke manifold and remote choke location (if in use and/or required). Ten-minute flow checks not conducted at the required intervals.	December 10, 2009	07-26-048-11W5 Brazeau County	Operations suspended. Licensee repaired the gauge. Licensee implemented changes to the daily tower sheet routine. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
18	Spectra Energy Midstream Corporation	Environmental Science/ Oilfield Waste Generator Audits	Oilfield waste was not disposed of in the appropriate class of disposal well. Oilfield waste was not properly classified as either dangerous (DOW) or non-dangerous (non- DOW).	December 15, 2009	11-26-079-09W6 Saddle Hills County	Suspension of operations at this time was not deemed appropriate as disposal operations were completed in 2008. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Spry Energy Ltd.	Field Operations/ Pipelines	Road crossing pipeline specifications – road crossings are unsatisfactory (highway crossing wall thickness is below minimum standard of CSA Z662, Table 4.10).	December 1, 2009	05-34-047-03W5 Leduc County	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee completed a stress analysis and a waiver of minimum pipeline wall thickness, which has been approved. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
20	Success Resources Ltd.	Resources Applications/ Groundwater Protection	Failure to immediately notify the ERCB of water production above the threshold.	December 3, 2009	08-22-032-10W4 11-23-032-10W4 Special Area 2	<p>Operations were not suspended, in accordance with <i>Directive 044: Requirements for the Surveillance, Sampling, and Analysis of Water Production in Oil and Gas Wells Completed Above the Base of Groundwater Protection</i>.</p> <p>Licensee determined the source and composition of the produced water and provided a water analysis.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
21	Taqa North Ltd.	Field Operations/ Drilling Operations	Fluid turns in flare line not made using right-angle connections constructed of tees and crosses blacked on fluid turns.	December 16, 2009	07-24-055-09W5 Yellowhead County	<p>Operations suspended.</p> <p>Licensee installed right angle connections.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action 1 ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
22	West Energy Ltd.	Field Operations/ Pipelines	Contaminated material stored directly on the ground.	December 14, 2009	14-35-049-06W5 Brazeau County	<p>Operations were not suspended as there was no potential impact to the environment or the public.</p> <p>The licensee was directed to have the contaminated soil removed or contained.</p> <p>Licensee removed all contaminated material from site.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
23	Western Plains Petroleum Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the abandoned wellbore rights.	December 18, 2009	11-12-050-03W4 County of Vermillion River	<p>Licence(s) not cancelled as it is a re-entry/resume application.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action 2 (Persistent Noncompliance) ²						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response

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High Risk Enforcement Action 2 (Persistent Noncompliance) ²						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	EOG Resources Canada Inc.	Resources Applications/ Spacing	Failure to apply to rescind or vary the area of a holding when common ownership is no longer in place.	December 7, 2009	16 and 3/4 sections in 012-10W4 and 012- 11W4 Cypress County	<p>Licensee shut in all Milk River and Second White Speckled Shale producers in the holding lands (42 wells).</p> <p>Licensee provided the results of a self-audit of management systems to establish that sufficient mechanisms are in place to ensure ongoing compliance. Licensee in process of implementing new management systems.</p> <p>Licensee in process of conducting a self-audit for compliance with spacing requirements.</p> <p>Licensee conducted a self-audit to determine that common ownership is in place for the remaining holding lands.</p> <p>Licensee confirmed that it had no future plans with respect to production from the Milk River in the holding lands and applied to rescind the holding.</p> <p>Licensee confirmed that it had no future plans with respect to production from the Second White Speckled shale in the non-producing holding lands and applied to realign the holding boundaries.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Currently under review.</p>

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

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
1	Berry Creek Resources Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 21, 2009	N/A – Against Licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2009-55.</p> <p>Licensee required to pay security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Berry Creek Resources Inc. submitted full payment of its security deposit and provided a written explanation to the ERCB.</p> <p>Compliance achieved.</p>
2	Pemberton Energy Ltd.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 15, 2009	<p>08-25-095-05W5 M.D. of Opportunity</p> <p>06-15-082-03W6 10-15-082-03W6 M.D. of Fairview</p>	<p>This is an escalation from a previous enforcement action reported on November 30, 2009.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1190.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee required to pay security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Pemberton Energy Ltd. failed to comply. Abandonment Orders No. AD 2010-14 and AD 2010-15 and Closure/Abandonment Order No.</p>

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						AD 2010-16 were subsequently issued. Pemberton Energy Ltd. failed to comply.
3	Slate Energy Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 1, 2009	N/A – Against Licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2009-51. Licensee required to pay security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Slate Energy Inc. failed to comply. Closure/Abandonment Orders No. AD 2009-59, AD 2009-60, and AD 2009-61 were subsequently issued. Slate Energy Inc. failed to comply with the closure/abandonment orders. The ERCB notified Slate Energy Inc. of its intention to have the wells, facility, and pipeline abandoned as a result of the breaching of the closure/ abandonment orders.
4	SynCo Exploration Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 21, 2009	Well Licences: 16-10-030-08W4 Special Area 3 03-05-046-20W4 11-24-045-19W4 14-18-045-18W4 02-05-046-20W4 Camrose County	This is an escalation from a previous enforcement action reported on November 30, 2009. Global Refer status. Issuance of Closure Orders No. C 1188 and C 1189. Suspension and closure of well and facility licences.

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
					06-30-026-11W4 02-30-026-11W4 Special Area 2 03-30-097-19W5 14-14-097-20W5 M.D. of Northern Lights Facility Licence: 00/02-05-046-20W4 Camrose County	Closure/Abandonment Order No. AD 2009-56 issued. Closure and abandonment of well licence. Licensee required to pay security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. SynCo Exploration Inc. failed to comply. Abandonment Orders No. AD 2010-10 and AD 2010-11 and Closure/Abandonment Order No. AD 2010-12 were subsequently issued. SynCo Exploration Inc. failed to comply.
5	WestWind Resources Inc.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	December 1, 2009	N/A – Against Licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2009-53. Licensee required to pay security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. WestWind Resources Inc. submitted full payment of its security deposit and provided a written explanation to the ERCB. Compliance achieved.

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
1	Gusher Oil & Gas Ltd.	Corporate Compliance/ Environmental and Public Safety	Failure to pay abandonment costs.	December 15, 2009	09-27-054-22W4 Strathcona County	<p>This is a continuation from a previous enforcement action reported on July 24, 2009.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Cost Order No. ACO 2009-2A.</p> <p>Licensee required to pay abandonment costs plus 25% penalty.</p> <p>Abandonment Cost Order No. ACO 2009-2 amended to reflect recovered salvage costs associated with the wellhead.</p> <p>Gusher Oil & Gas Ltd. failed to comply.</p>
2	Hazelwood Energy Limited	Corporate Enforcement/ Right to Hold Audit	Failure to prove to the satisfaction of the ERCB that its pipeline licences are associated with operating wells or facilities.	December 7, 2009	11-17-029-04W4 15-31-030-09W4 Special Area 3 10-23-056-24W4 04-25-056-24W4 Sturgeon County	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2009-55.</p> <p>Suspension and abandonment of the pipeline licences.</p> <p>Licensee required to abandon the subject pipelines, in accordance with the requirements of <i>Directive 056: Energy Development Applications and Schedules</i>, Schedule 3; provide confirmation that the pipeline was properly abandoned, pursuant to Section 82(9)(g) of the <i>Pipeline Regulation</i>; and provide a written explanation</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						<p>acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Hazelwood Energy Limited failed to comply with the closure/abandonment order. The ERCB notified Hazelwood Energy Limited of its intention to have the pipelines abandoned as a result of the breaching of the closure/abandonment order.</p> <p>Hazelwood Energy Limited was subsequently deemed a defaulting working interest participant, and the pipeline licences designated orphan for the purposes of abandonment.</p>
3	PetroReal Energy Inc.	Corporate Enforcement/ Surface Lease Expiry	Failure to prove to the satisfaction of the ERCB that PetroReal Energy Inc. has a valid entitlement to the right to access the well site.	December 21, 2009	16-26-014-28W4 M.D. of Willow Creek	<p>This is an escalation from a previous enforcement action reported on October 29, 2009.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2009-54.</p> <p>Abandonment of the well licence.</p> <p>Licensee required to abandon the 16-26-014-28W4 well; complete the Digital Data Submission, indicating both the downhole and surface abandonment; provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						<p>prevent future occurrences; and meet with the ERCB to review its noncompliance history and action plan.</p> <p>PetroReal Energy Inc. failed to comply with the abandonment order.</p> <p>PetroReal Energy Inc. has proven valid entitlement to the right to access the well site, provided an acceptable action plan, and met with the ERCB.</p> <p>Compliance achieved.</p>
4	Shorthorn Exploration Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Shorthorn Exploration Ltd. has a valid entitlement to the right to produce the well.	December 7, 2009	10-04-026-10W4 Special Area 2 (Near Pollickville)	<p>This is an escalation from a previous enforcement action reported on November 4, 2009.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2009-53.</p> <p>Abandonment of the well licence.</p> <p>Licensee required to abandon the 10-04-026-10W4 well; complete the Digital Data Submission, indicating both the downhole and surface abandonment; provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences; and meet with the ERCB to review its noncompliance history and action plan.</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						Shorthorn Exploration Ltd. abandoned the well, provided an acceptable action plan, and met with the ERCB. Compliance achieved.
5	SynCo Exploration Inc.	Corporate Enforcement/ Corporate Profile Audit	Failure to prove to the satisfaction of the ERCB that SynCo Exploration Inc. has a valid entitlement to the right to access and produce the subject wells and facility.	December 21, 2009	Well Licences: 16-10-030-08W4 Special Area 3 03-05-046-20W4 11-24-045-19W4 14-18-045-18W4 02-05-046-20W4 Camrose County 06-30-026-11W4 02-30-026-11W4 Special Area 2 03-30-097-19W5 14-14-097-20W5 M.D. of Northern Facility Licence: 00/02-05-046-20W4 Camrose County	Global Refer status. Issuance of Closure Orders No. C 1191 and C 1192. Suspension and closure of the well and facility licences. Issuance of Closure/Abandonment Order No. AD 2009-57. Closure and abandonment of well licences. Licensee required to complete all of the following: a) confirm that SynCo has active surface leases and minerals right for each of the wells; b) confirm that SynCo has an active surface lease for the facility listed; c) confirm that SynCo understands the full responsibilities and liabilities of a pipeline licensee, pursuant to the <i>Pipeline Act</i> and <i>Pipeline Regulation</i> ; d) confirm the working interest participants in each of SynCo's licensed well and facility

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						<p>licences and their corresponding percentage and the contact names, phone number, and address of service of each working interest participant; and</p> <p>e) confirm SynCo's updated <i>Directive 067: Applying for Approval to Hold EUB Licences</i> corporate profile and certificate of proof of insurance.</p> <p>In addition, licensee is required to provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>SynCo Exploration Inc. failed to comply. Abandonment Orders No. AD 2010-7 and AD 2010-8 and Closure/Abandonment Order No. AD 2010-9 were subsequently issued.</p> <p>SynCo Exploration Inc. failed to comply.</p>
6	SynCo Exploration Inc.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that SynCo Exploration Inc. has a valid entitlement to the right to produce the well.	December 21, 2009	06-30-026-11W4 Special Area 2	<p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1193.</p> <p>Suspension and closure of the well licence.</p> <p>Licensee required to transfer the well and provide the ERCB with the appropriate documentation. If the</p>

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Legislative/Regulatory Enforcement Action ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						<p>well cannot be transferred to a viable mineral owner by the deadline, the well licence must be abandoned within the same timeframe. In addition, licensee must provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences and meet with the ERCB to review its noncompliance history and action plan.</p> <p>SynCo Exploration Inc. failed to comply. Abandonment Order No. 2010-6 was subsequently issued.</p> <p>SynCo Exploration Inc. failed to comply.</p>

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Endnotes

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

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

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

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

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

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

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

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

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

⁵ **Legislative/Regulatory Enforcement Action Summary**

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