



# ERCB Monthly Enforcement Action Summary

January 2011

**ENERGY RESOURCES CONSERVATION BOARD**  
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High Risk Compliance Category Statistics				
ERCB	Compliance Category	January 2011		
		Initial Audits/ Inspections	Number of High Risk Noncompliance	Compliance Rate with High Risk Noncompliance
<b>Applications Branch</b>				
Facilities Applications Group Audit Section	Participant Involvement	16	0	100%
	Facilities Technical	31	1	97%
	Pipelines/Pipeline Installations Technical	8	0	100%
	Wells Technical	15	5	67%
Resources Applications Group Enforcement & Surveillance Section	Enhanced Recovery Schemes	n/a	1	n/a
<b>Subtotal</b>		<b>70</b>	<b>7</b>	<b>90%</b>
<b>Field Surveillance and Operations Branch</b>				
Technical Operations Group	Flaring, Incinerating, and Venting	3	1	67%
	Sulphur Recovery Guidelines	98	3	97%
Field Operations Group	Drilling Operations	59	4	93%
	Well Servicing	20	0	100%
	Oil Facilities	259	6	98%
	Gas Facilities	175	8	95%
	Pipelines	151	16	89%
	Drilling Waste	16	0	100%
	Well Site Inspections	336	2	99.4%
	Waste Management	12	1	92%
<b>Subtotal</b>		<b>1 129</b>	<b>41</b>	<b>96%</b>
<b>Geology, Environmental Science, and Economics Branch</b>				
Reserves and Pore-Space Management Group Oil Reserves and Allowables Section	Oil Overproduction	371	0	100%
<b>Subtotal</b>		<b>371</b>	<b>0</b>	<b>100%</b>
<b>Total Audit/Inspections High Risk</b>		<b>1 570</b>	<b>48</b>	<b>96.9%</b>

High Risk Enforcement Action (HREA) <sup>1</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	Baytex Energy Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation—no agreement with the Department of Energy.	January 13, 2011	01-24-062-09W4 M.D. of Bonnyville	Licence(s) cancelled.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
2	Canadian Natural Resources Limited	Field Operations/ Pipelines	Proper procedures were not followed (pipeline hit).	January 13, 2011	10-34-069-05W6 M.D. of Greenview	Operations were already suspended at the time of the inspection.  Licensee repaired the pipeline.  Licensee updated the hazard assessment process.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
3	Canadian Natural Resources Limited	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	January 25, 2011	13-26-067-05W6 M.D. of Greenview	In accordance with <i>ID 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i> operations were not suspended.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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High Risk Enforcement Action (HREA) <sup>1</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
4	Cenovus Energy Inc.	Field Operations/ Pipelines	There is no approval to construct.	January 5, 2011	11-17-020-07W4 Cypress County	Operations were not suspended as the pipeline was already constructed and tested in December and the licensee had provided documentation that a licence had been issued.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
5	Coastal Resources Limited	Facilities Applications/ Wells Technical	Failure to acquire the necessary well licence prior to commencing site preparation, construction, and/or operation.	January 20, 2011	01-06-039-01W5 Red Deer County	Operations were not suspended as the licensee acquired the appropriate licence.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
6	Cutpick Energy Inc.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation—no agreement with the Department of Energy.	January 12, 2011	01-31-040-13W4 Flagstaff County	Licence(s) cancelled.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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High Risk Enforcement Action (HREA) <sup>1</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
7	Daylight Energy Ltd.	Technical Operations/ Flaring, Incinerating and Venting	Failure to comply with any condition of permit or approval (temporary permits, volume allowance threshold exceedance permits, and blanket permits).	January 21, 2011	01-31-068-08W6 M.D. of Greenview	Operations were not suspended as this was a review of data from November 2010.  Licensee met with the ERCB.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
8	Fairborne Energy Ltd.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation.	January 20, 2011	16-24-055-20W5 Yellowhead County	Licence/operations not suspended as there is no evidence of operational noncompliance.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
9	Harvest Operations Corp.	Field Operations/ Drilling Operations	Fluid(s) in bleed-off line(s) not made using right-angle connections constructed of tees and crosses blocked on fluid turns.	January 28, 2011	13-25-037-03W5 County of Vermilion River	Operation(s) suspended.  Licensee installed the proper fluid turn and pressure tested the line.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
10	Husky Oil Operations Limited	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation—no agreement with the Department of Energy.	January 5, 2011	01-11-041-03W4 M.D. of Provost	Licence(s) cancelled.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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High Risk Enforcement Action (HREA) <sup>1</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
11	Husky Oil Operations Limited	Field Operations/ Pipelines	Corrosion internal— there is no documented monitoring or mitigation program in place and/or company is not following program.	January 7, 2011	11-09-040-12W4  Flagstaff County	Operations suspended.  Licensee put in internally coated risers in the pipeline.  Licensee reviewed its corrosion mitigation program.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
12	Husky Oil Operations Limited	Field Operations/ Gas Facilities	Flared/vented gas not reported to the PRA (Petroleum Registry of Alberta).	January 18, 2011	13-30-040-10W4  Flagstaff County	Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public.  Licensee reported flared volumes to the PRA.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
13	Midway Energy Ltd.	Field Operations/ Pipelines	Corrosion internal— there is no documented monitoring or mitigation program in place and/or company is not following program.	January 26, 2011	12-31-074-14W5  M.D. of Big Lakes	Operations were already suspended at the time of the inspection.  Licensee installed pig senders /receivers in the pipelines.  Licensee will put in a chemical inhibitor and monitor the pipelines.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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High Risk Enforcement Action (HREA) <sup>1</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
14	Omers Energy Inc.	Field Operations/ Gas Facilities	Failure to ensure that the licensee 24-hour emergency telephone number is posted by way of a conspicuous sign erected at the entrance to all licensee well and facility operations.	January 18, 2011	04-25-051-15W4 County of Minburn	Operations were not suspended as licensee immediately installed the proper signage.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
15	Pavilion Energy Corp.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation—no agreement with the Department of Energy.	January 27, 2011	05-20-050-01W4 Vermilion River County	Licence(s) cancelled.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
16	Penn West Petroleum Ltd.	Resources Applications/ Enhanced Recovery Schemes	Failure to meet approval requirements (commencement of injection).	January 10, 2011	10-12-021-15W4 County of Newell	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 is obtained.  Licensee submitted an application in accordance with the April 2010 edition of <i>Directive 065: Resources Applications for Conventional Oil and Gas Reservoirs</i> for an appropriate amendment of Approval No. 8167.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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High Risk Enforcement Action (HREA) <sup>1</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
17	SemCams ULC	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	January 31, 2011	01-12-062-20W5 M.D. of Greenview	In accordance with <i>ID 2001-03</i> operations were not suspended.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
18	Shell Canada Limited	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	January 26, 2011	12-35-034-06W5 Clearwater County	In accordance with <i>ID 2001-03</i> operations were not suspended.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
19	Trilogy Resources Ltd.	Field Operations/ Pipelines	Overpressure failure— inappropriate construction or design or documented operating procedures not followed.	January 26, 2011	02-04-064-19W5 M.D. of Greenview	Operations were already suspended at the time of the inspection.  Licensee replaced a section of the pipeline and performed a stress analysis.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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High Risk Enforcement Action (Persistent Noncompliance) <sup>2</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	Canadian Natural Resources Limited	Field Operations/ Pipelines	Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	January 13, 2011	04-02-070-05W6 M.D. of Greenview	Operations suspended.  Licensee updated its internal safety management system.  Licensee met with the ERCB.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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

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High Risk Enforcement Action (Failure to Comply) <sup>4</sup>						
#	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) <sup>5</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
1	363440 Alberta Ltd.	Corporate Enforcement/ Environmental and Public Safety	Failure to pay abandonment costs.	January 6, 2011	04-29-052-25W4 16-30-052-25W4  Edmonton	Global Refer status.  Issuance of Abandonment Costs Order No. ACO 2011-01.  Licensee required to pay the invoiced costs plus a 25 per cent penalty against the invoiced costs.  Amended Abandonment Costs Order No. ACO 2011-1A issued to correct the amount owing.  363440 Alberta Ltd. failed to comply. The ERCB is evaluating further actions.
2	Arbour Energy Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 18, 2011	N/A—Against licensee	Global Refer status.  Issuance of Miscellaneous Order No. MISC 2011-04.  Licensee required to <ul style="list-style-type: none"> <li>• pay the security deposit,</li> <li>• provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences, and</li> <li>• meet with the ERCB to review its noncompliance history and action plan.</li> </ul> Arbour Energy Inc. failed to comply. Enforcement actions not escalated as the licensee's properties are currently being abandoned by the ERCB.

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Low Risk Enforcement Action – (Global Refer) <sup>5</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
3	Avondale Energy Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 7, 2011	<p>Well Licences: 16-36-034-27W4 04-11-063-25W5 01-03-063-25W5 11-32-062-25W5 08-17-079-22W5</p> <p>Pipeline Licences: 16-36-034-27W4 04-11-063-25W5 01-03-063-25W5 08-17-079-22W5 15-33-058-26W5</p> <p>Red Deer County, M.D. of Greenview, and M.D. of Smoky River</p>	<p>This is an escalation of a previous enforcement action reported on November 24, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1238.</p> <p>Suspension and closure of the well and pipeline licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• pay the security deposit,</li> <li>• provide a written explanation to the ERCB that addresses the failure to respond and details steps to prevent future occurrences.</li> </ul> <p>Avondale Energy Inc. failed to comply. Abandonment Orders No. AD 2011-14 and AD 2011-15 and Closure/Abandonment Orders No. AD 2011-16 were subsequently issued.</p> <p>Avondale Energy Inc. failed to comply. The ERCB is evaluating further actions.</p> <p>Amended Abandonment Order No. AD 2011-14A was subsequently issued giving the working interest participants until September 1, 2011 to abandon the 08-17 well.</p>

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Low Risk Enforcement Action – (Global Refer) <sup>5</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
4	Berry Creek Resources Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 18, 2011	N/A—Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2011-05 issued.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• pay the security deposit,</li> <li>• provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences, and</li> <li>• meet with the ERCB to review its noncompliance history and action plan.</li> </ul> <p>Berry Creek Resources Inc. failed to comply. Closure Order No. C 1241 was subsequently issued</p> <p>Berry Creek Resources Inc. submitted its full security deposit and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>
5	Dove Energy Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 14, 2011	<p>Well Licences: 11-06-010-09W4 06-12-010-10W4 06-24-009-10W4 06-03-010-10W4 06-01-010-10W4</p> <p>Pipeline Licences: 06-03-010-10W4 10-25-008-10W4 06-24-009-10W4</p> <p>County of Forty Mile</p>	<p>This is an escalation of a previous enforcement action reported on December 21, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1239.</p> <p>Suspension and closure of the well and pipeline licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• pay the security deposit</li> <li>• provide a written explanation</li> </ul>

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Low Risk Enforcement Action – (Global Refer) <sup>5</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences, and</p> <ul style="list-style-type: none"> <li>• meet with the ERCB to review its noncompliance history and action plan.</li> </ul> <p>Dove Energy Inc. failed to comply. Abandonment Orders No. AD 2011-17 and AD 2011-19 and Closure/Abandonment Order No. AD 2011-18 were subsequently issued.</p> <p>Dove Energy Inc. failed to comply. ERCB is evaluating further actions.</p>
6	First West Petroleum Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 18, 2011	N/A—Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2011-06.</p> <p>Suspension and closure of the well, pipeline, and facility licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• pay the security deposit,</li> <li>• provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences, and</li> <li>• meet with the ERCB to review its noncompliance history and action plan.</li> </ul> <p>First West Petroleum Inc. failed to comply. Closure/Abandonment Orders No. AD 2011-10, AD 2011-</p>

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Low Risk Enforcement Action – (Global Refer) <sup>5</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						11, and AD 2011-12 were subsequently issued.  First West Petroleum Inc. failed to comply. Licensee's properties have been sent to Orphan Well Association for abandonment.
7	Jordan Energy Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 18, 2011	N/A—Against licensee	Global Refer status.  Issuance of Miscellaneous Order No. MISC 2011-07.  Licensee required to <ul style="list-style-type: none"> <li>• pay the security deposit,</li> <li>• provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences, and</li> <li>• meet with the ERCB to review its noncompliance history and action plan.</li> </ul> Jordan Energy Inc. failed to comply. Closure/Abandonment Orders No. AD 2011-8 and AD 2011-9 were subsequently issued.  Jordan Energy Inc. failed to comply. The ERCB is acting on the breached abandonment orders and will pursue cost recovery from the licensee once complete.
8	Legal Oil & Gas Ltd.	Corporate Enforcement/ Environmental and Public Safety	Leaking well.	January 24, 2011	03-31-049-26W4  Leduc County	Global Refer Status  Issuance of Abandonment Order No. AD 2011-6.  Abandonment of the well licence.

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Low Risk Enforcement Action – (Global Refer) <sup>5</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>Licensee required to abandon the 03-31-049-26W4 well and submit the completed downhole and surface abandonment data through the ERCB's Digital Data Submission (DDS) system.</p> <p>Legal Oil &amp; Gas Ltd. failed to comply. Licensee's properties have been sent to Orphan Well Association for abandonment.</p>
9	Mr. Hugh Olson	Corporate Enforcement/ Environmental and Public Safety	Failure to pay abandonment costs.	January 13, 2011	04-29-052-25W4 16-30-052-25W4  Edmonton	<p>Global Refer status.</p> <p>Issuance of Abandonment Costs Order No. ACO 2011-02.</p> <p>Licensee required to pay the invoiced costs plus a 25 per cent penalty against the invoiced costs.</p> <p>Mr. Hugh Olson failed to comply. The ERCB is evaluating further actions.</p>
10	Petroflow Energy Ltd.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 18, 2011	N/A—Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2011-03.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• pay the security deposit and</li> <li>• provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences.</li> </ul> <p>Petroflow Energy Ltd. submitted its full security deposit and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – (Global Refer) <sup>5</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
11	Pyramid Petroleum Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 14, 2011	N/A—Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2011-02.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• pay the security deposit,</li> <li>• provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences, and</li> <li>• meet with the ERCB to review its noncompliance history and action plan.</li> </ul> <p>Pyramid Petroleum Inc. failed to comply. Closure Order No. C 1240 and Abandonment Order No. AD 2011-20 were subsequently issued.</p> <p>Pyramid Petroleum Inc. failed to comply. The ERCB is evaluating further actions.</p>
12	RIA Resources Corp.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 7, 2011	Multiple locations (wells and facilities).	<p>This is an escalation of previous enforcement actions reported on November 2, 2010, and November 24, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1236 and C 1237.</p> <p>Suspension and closure of the well and facility licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• pay the security deposit and</li> <li>• provide a written explanation acceptable to the ERCB that</li> </ul>

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Low Risk Enforcement Action – (Global Refer) <sup>5</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>addresses the failure to respond and details steps to prevent future occurrences.</p> <p>RIA Resources Corp. submitted its security deposit and the explanation to the ERCB.</p> <p>Compliance achieved.</p>
13	Saphonyx Energy Inc.	Corporate Enforcement/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	January 13, 2011	<p>Well Licences: 07-12-026-03W4 12-12-026-03W4 14-12-026-03W4 09-12-026-03W4</p> <p>Pipeline Licences: 07-12-026-03W4 09-12-026-03W4</p> <p>M.D. of Acadia</p>	<p>This is an escalation of previous enforcement actions reported on November 25, 2010, and December 9, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2011-04 and Closure/Abandonment Order No. AD 2011-05.</p> <p>Abandonment of the well and pipeline licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• pay the security deposit,</li> <li>• provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences, and</li> <li>• meet with the ERCB to review its noncompliance history and action plan.</li> </ul> <p>Saphonyx Energy Inc. failed to comply. The ERCB is acting on the breached abandonment orders and will pursue cost recovery from Saphonyx Energy Inc. once complete.</p>

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Legislative/Regulatory Enforcement Action <sup>6</sup>						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
1	Maverick Resources Ltd.	Corporate Enforcement/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Maverick Resources Ltd. has a valid entitlement to the right to produce the well.	January 11, 2011	05-08-111-02W6 04-09-111-02W6 05-17-111-02W6  M.D. of Mackenzie	<p>This is an escalation of a previous enforcement action reported on November 26, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2011-02 and AD 2011-03.</p> <p>Abandonment of well licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> <li>• abandon the wells,</li> <li>• submit the completed downhole and surface abandonment data through the ERCB's DDS system,</li> <li>• provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences, and</li> <li>• meet with the ERCB to review its noncompliance history and action plan.</li> </ul> <p>Maverick Resources Ltd. failed to comply. The ERCB is acting on the breached abandonment orders and will pursue cost recovery from Maverick Resources Ltd. once complete.</p>

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## Endnotes

### <sup>1</sup> **Directive 019—High Risk Enforcement Action (HREA)**

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

### <sup>2</sup> **Directive 019—High Risk Enforcement Action (HREA) (Persistent Noncompliance)**

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

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

### <sup>3</sup> **Directive 019—High Risk Enforcement Action (HREA) (Demonstrated Disregard)**

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

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

### <sup>4</sup> **Directive 019—High Risk Enforcement Action (HREA) (Failure to Comply)**

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

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



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

<sup>6</sup> **Legislative/Regulatory Enforcement Action**

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

**Refer Status—Focused or Global**

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

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