



ERCB Monthly Enforcement Action Summary

February 2011

ENERGY RESOURCES CONSERVATION BOARD
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High Risk Compliance Category Statistics				
ERCB	Compliance Category	February 2011		
		Initial Audits/ Inspections	Number of High Risk Noncompliances	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	12	0	100%
	Facilities Technical	13	1	92%
	Pipelines/Pipeline Installations Technical	3	0	100%
	Wells Technical	24	4	83%
Resources Applications Group Enforcement & Surveillance Section	Control Wells	n/a	1	n/a
	Commingling	n/a	2	n/a
Subtotal		52	8	85%
Field Surveillance and Operations Branch				
Technical Operations Group Production Operations Section	Glycol Dehydrator Benzene Emissions	n/a	1	n/a
	Flaring, Incinerating, and Venting Audits	n/a	2	n/a
Field Operations Group	Drilling Operations	49	4	92%
	Well Servicing	31	0	100%
	Oil Facilities	176	6	97%
	Gas Facilities	181	5	97%
	Pipelines	136	20	85%
	Drilling Waste	18	2	89%
	Well Site Inspections	234	7	97%
	Waste Management	1	0	100%
Subtotal		826	46	94%
Geology, Environmental Science and Economics Branch				
Geology and Reserves Group Reserves and Pore Space Management Section	Oil Overproduction	417	0	100%
Subtotal		417	0	100%
Total Audit/Inspections High Risk		1 295	54	95.8%

High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	Alberta Oilsands Inc.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation.	February 2, 2011	06-19-088-07W4 09-18-088-07W4 05-23-088-08W4 Regional Municipality of Wood Buffalo	Two licences cancelled and one licence amended to reflect the correct production and terminating formation. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	Barrick Energy Inc.	Field Operations/ Pipelines	Hand excavation. Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	February 16, 2011	03-05-069-21W5 M.D. of Greenview	Operations were suspended at the time of the inspection. Licensee updated its ground disturbance work procedures. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Canadian Forest Oil Ltd.	Field Operations/ Pipelines	Contaminated material stored directly on the ground.	February 25, 2011	15-25-097-16W5 Northern Sunrise County	Operations were not suspended as the contaminated soil has been put on a liner for temporary storage. Licensee transported the soil to a landfill. Licensee analyzed the soil and showed that there was no impact on the environment. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
4	Chinook Energy Inc.	Field Operations/ Pipelines	Internal corrosion control. No monitoring and mitigation in corrosive environment. Pressure control devices or pressure relief device installations unsatisfactory.	February 9, 2011	02-13-070-06W6 County of Grande Prairie	Operations suspended. Licensee discontinued the pipeline. Licensee pigged the pipeline and reconnected the cathodic protection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	City Of Medicine Hat	Field Operations/ Drilling Waste Inspection	There is migration of drilling waste off of the disposal site.	February 23, 2011	02-18-013-04W4 Cypress County	Operations were not suspended as the work had already been completed at the time of the inspection. Licensee analyzed the soil and showed that regulatory guidelines have been met. Licensee met with ERCB. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
6	Daylight Energy Ltd.	Field Operations/ Well Site Inspection	H ₂ S emissions at well that produces gas containing more than 10 mol/kmol of H ₂ S.	February 18, 2011	01-06-048-09W5 Brazeau County	<p>Operations were suspended at the time of the inspection.</p> <p>Licensee repaired the valve.</p> <p>Licensee will conduct regularly scheduled inspections.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
7	Emerge Oil & Gas Inc.	Field Operations/ Pipelines	Corrosion internal. There is no documented monitoring or mitigation program in place and/or company is not following program.	February 23, 2011	15-34-049-01W4 County of Vermilion River	<p>Operations were not suspended as the licensee was in the process of the abandoning the pipeline.</p> <p>Licensee redesigned and implemented a corrosion mitigation program.</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
8	EOG Resources Canada Inc.	Field Operations/ Pipelines	Discontinued pipeline. Not left in safe condition. Operating and maintenance procedures manual not followed.	February 14, 2011	01-09-021-20W4 Wheatland County	Operations were not suspended as the failed segment of pipeline was already shut in and isolated from the operating system. Licensee implemented procedures to conduct complete integrity assessments. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
9	Gear Energy Ltd.	Field Operations/ Oil Facilities	Single-walled underground storage tank not tested within past three years (tank installed prior to January 1, 1996).	February 25, 2011	05-15-037-03W4 M.D. of Provost	Operations suspended. Licensee removed the underground storage tanks from service. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
10	Gibson Energy ULC	Field Operations/ Pipelines	Discontinued pipeline. Not left in safe condition.	February 11, 2011	06-05-053-23W4 Strathcona County	Operations were not suspended as the licensee purged and repaired the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
11	Inter Pipeline (Corridor) Inc.	Field Operations/ Pipelines	Damage by others. Proper procedures were not followed.	February 23, 2011	14-17-079-14W4 Lac La Biche County	Operations suspended. Licensee repaired the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
12	Nexen Inc.	Resources Applications/ Groundwater Protection Resources Applications/ Commingling	Failure to resolve issues. Commingling without approval.	February 17, 2011	12-04-046-23W4 County of Wetaskiwin	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> Licensee determined the source and composition of the produced water and provided a water analysis. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	PanTerra Resource Corp.	Field Operations/ Pipelines	Operator is aware of a reportable release but neglects to report it.	February 8, 2011	16-01-053-13W5 Yellowhead County	Operations were suspended at the time of the inspection. Licensee updated its manual to include ERCB notification. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
14	Petrobakken Energy Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation. No agreement with the Department of Energy.	February 22, 2011	13-29-046-05W5 County of Wetaskiwin	Licence(s) cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
15	Petrobakken Energy Ltd.	Resources Applications/ Commingling	Improper use of decision tree (Figure 3.3).	February 4, 2011	08-18-025-03W4 M.D. of Acadia	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 provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Rock Energy Inc.	Technical Operations/ Flaring, Incinerating and Venting	No permit obtained to flare or incinerate sour gas containing more than 5% H ₂ S.	February 14, 2011	06-06-069-09W6 M.D. of Greenview	Operations were not suspended as this was a review of data from January 2011. Licensee obtained approval to flare sour gas containing greater than five per cent H ₂ S. Licensee met with ERCB. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
17	Seven Generations Energy Ltd.	Field Operations/ Pipelines	Pressure control devices or pressure relief devices. Required function tests not conducted or recorded.	February 14, 2011	01-21-063-02W6 M.D. of Greenview	Operations were not suspended as the licensee conducted the required function test on the valve that day. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Signalta Resources Ltd.	Field Operations/ Pipelines	Internal corrosion control. No records in noncorrosive environment. Leak detection unsatisfactory.	February 11, 2011	07-18-097-07W6 06-20-094-25W5 04-05-095-01W6 07-33-094-01W6 11-17-094-01W6 M.D. of Northern Lights	Operations were not suspended as suspension in extremely cold conditions would pose a higher risk to the public. Licensee has reviewed and updated its pipeline manual. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Solara Exploration Ltd.	Field Operations/ Pipelines	Discontinued pipeline. Not left in safe condition. Internal corrosion control. No monitoring and mitigation in corrosive environment. Non compliant with other ERCB requirements. Failure to permit or assist ERCB in pipeline exercise.	February 2, 2011	10-13-064-14W4 Lac La Biche County	Operations suspended. Licensee discontinued the pipeline. Licensee placed cathodic protection in the pipeline system. Licensee submitted fluid samples to test for corrosion tendencies. Licensee required to submit a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
20	Suncor Energy Inc.	Field Operations/ Oil Facilities	Spill or release not contained/cleaned up.	February 10, 2011	12-05-093-12W4 Regional Municipality of Wood Buffalo	Operations were not suspended as the frozen conditions on site minimized the potential for the waste to leach into the surrounding area. Licensee cleaned up the spill. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
21	Tourmaline Oil Corp.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary well licence prior to commencing site preparation, construction, and/or operation.	February 3, 2011	06-27-049-21W5 Yellowhead 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.
22	Tourmaline Oil Corp.	Technical Operations/ Glycol Dehydrator Benzene Emissions	Individual dehydrator(s) or site dehydrator benzene emissions over the limit.	February 10, 2011	07-34-049-21W5 Yellowhead County	Suspension of operations at this time was not deemed appropriate as the audit was a review of 2010 data. Licensee took corrective actions by reducing benzene emissions. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
23	Transaction Oil & Gas Ventures Inc.	Field Operations/ Oil Facilities	Flame type equipment within 25 meters of a well, oil storage tank, or other source of ignitable vapour.	February 25, 2011	05-15-075-04W6 Birch Hills County	Operations were not suspended as the licensee was able to replace the missing nuts on the face plate and install the drain plug. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
24	Trilogy Resources Ltd.	Technical Operations/ Flaring, Incinerating, and Venting	No permit obtained to flare or incinerate sour gas containing more than 5% H ₂ S.	February 8, 2011	04-36-076-08W6 Saddle Hills County	Operations were not suspended as this was a review of data from November 2010. Licensee obtained approval to flare sour gas containing greater than five per cent H ₂ S. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
25	Water Solutionz Enterprises Inc.	Field Operations/ Oil Facilities	No secondary containment as required. 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 licensed well and facility operations. Improper suspension for given well type (if suspended to lower risk level).	February 25, 2011	01-04-033-25W4 Kneehill County	Operations suspended. Licensee required to submit a plan to address the noncompliance and prevent future occurrences. The ERCB has escalated enforcement action. Compliance not achieved.

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
26	Water Solutionz Enterprises Inc.	Field Operations/ Well Site Inspections	Improper suspension for well type.	February 23, 2011	01-04-033-25W4 Kneehill County	Operations suspended. Licensee required to submit a plan to address the noncompliance and prevent future occurrences. The ERCB has escalated enforcement action. Compliance not achieved.

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High Risk Enforcement Action (Persistent Noncompliance) ²						
#	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	Test medium/disposal unsatisfactory. Test pressure/duration does not conform to requirements.	February 2, 2011	01-30-008-16W4 M.D. of Taber	Operations were not suspended as the pipeline was not in operation. Licensee removed and submitted the failed pipeline section for analysis. Licensee will not put the pipeline in operation until the analysis is complete and the integrity of the pipeline has been determined. 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) ³						
#	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)⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
1	981384 Alberta Ltd.	Resources Applications/ Control Wells	Failure to resolve issues.	February 17, 2011	14-22-033-21W4 13-27-032-21W4 Kneehill County	<p>Licensee failed to provide an updated action plan and failed to provide adequate pressure and flow control well coverage.</p> <p>Operator submitted an action plan to address the noncompliance and prevent future occurrences.</p> <p>Currently under review.</p>
2	SGG Resources Inc.	Field Operations/ Oil Facilities	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	February 18, 2011	08-30-072-15W5 M.D. of Big Lakes	<p>Operations were not suspended as the well was already shut in.</p> <p>Licensee failed to respond to the Notice of High Risk Noncompliance letter or notify ERCB of corrective action taken.</p> <p>Licensee updated the 24-hour emergency telephone number.</p> <p>Licensee met with the ERCB to review its action plan.</p> <p>Compliance achieved.</p>

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Low Risk Enforcement Action – (Global REFER)⁵

#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
1	Avondale Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 15, 2011	Well Licences: 16-36-034-27W4 04-11-063-25W5 01-03-063-25W5 11-32-062-25W5 08-17-079-22W5 Pipeline Licences: 16-36-034-27W4 04-11-063-25W5 01-03-063-25W5 08-17-079-22W5 15-33-058-26W5 Red Deer County, M.D. of Greenview, and M.D. of Smoky River	This is an escalation of previous enforcement actions reported on November 24, 2010, and January 7, 2011. Global Refer status. Issuance of Abandonment Orders No. AD 2011-14 and AD 2011-15 and Closure/Abandonment Order No. AD 2011-16. Abandonment of well and pipeline licences. Licensee required to <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences. Avondale Energy Inc. failed to comply. The ERCB is evaluating further actions. 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.
2	Berry Creek Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 2, 2011	Well Licences: 16-03-028-12W4 14-02-028-12W4 08-10-028-12W4 06-02-028-12W4 Pipeline Licences: 10-32-040-25W4	This is an escalation of a previous enforcement action reported on January 18, 2011. Global Refer status. Issuance of Closure Order No. C 1241.

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Low Risk Enforcement Action – (Global REFER) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
					06-33-040-25W4 06-34-040-25W4 10-33-040-25W4 08-10-028-12W4 Special Area 2 and Lacombe County	Well and pipeline licences suspended and closed. Licensee required to <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences. Berry Creek Resources Ltd. submitted its full security deposit and provided a written explanation to the ERCB. Compliance achieved.
3	Dove Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 14, 2011	Well Licences: 11-06-010-09W4 06-12-010-10W4 06-24-009-10W4 06-03-010-10W4 06-01-010-10W4 Pipeline Licences: 06-03-010-10W4 10-25-008-10W4 06-24-009-10W4 County of Forty Mile	This is an escalation of previous enforcement actions reported on December 21, 2010, and January 14, 2011. Global Refer status. Issuance of Abandonment Orders No. AD 2011-17 and AD 2011-19 and Closure/Abandonment Order No. AD 2011-18. Abandonment of well and pipeline licences. Licensee required to <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the ERCB that

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Low Risk Enforcement Action – (Global REFER) ⁵						
#	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>Dove Energy Inc. failed to comply. The ERCB is evaluating further actions.</p> <p>Amended Abandonment Orders No. AD 2011-17A and AD 2011-17B were subsequently issued, giving the working interest participants until July 31, 2011, to abandon the 06-12 well.</p>
4	First West Petroleum Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 2, 2011	<p>Well Licences: 01-36-066-24W4 08-32-047-06W4 01-32-047-06W4 08-32-047-06W4</p> <p>Facility Licence: 01-32-047-06W4</p> <p>Pipeline Licence: 05-03-058-14W5</p> <p>County of Athabasca, County of Vermilion River, and Woodlands County</p>	<p>This is an escalation of a previous enforcement action reported on January 18, 2011.</p> <p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Orders No. AD 2011-10, AD 2011-11, and AD 2011-12.</p> <p>Abandonment of well, facility, and pipeline licences.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences. <p>First West Petroleum Inc. failed to comply. The Orphan Well Association has been notified of the properties for abandonment.</p>

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Low Risk Enforcement Action – (Global REFER) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
5	Jordan Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 2, 2011	Well Licences: 16-35-066-03W4 09-23-061-02W4 Pipeline Licence: 09-23-061-02W4 M.D. of Bonnyville	This is an escalation of a previous enforcement action reported on January 18, 2011. Global Refer status. Issuance of Closure/Abandonment Orders No. AD 2011-8 and AD 2011-9. Abandonment of well and pipeline licences. Licensee required to <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences. 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.
6	Monarch Energy Limited.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	February 9, 2011	N/A – Against Licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2011-8. Licensee required to <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences.

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Low Risk Enforcement Action – (Global REFER) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow-up
						<p>Monarch Energy Limited submitted its full security deposit and provided an explanation to the ERCB.</p> <p>Compliance achieved.</p>

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
1	Avondale Energy Inc.	Liability Management/ Petroleum and Natural Gas Rights Expiry	Failure to prove to the satisfaction of the ERCB that Avondale Energy Inc. has a valid entitlement to the right to produce the well.	February 2, 2011	16-36-034-27W4 Red Deer County	<p>This is an escalation of a previous enforcement action reported on December 17, 2010.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2011-07.</p> <p>Abandonment of well licence.</p> <p>Licensee required to</p> <ul style="list-style-type: none"> • abandon the well; • submit the abandonment data through the ERCB's Digital Data Submission system, indicating both downhole and surface abandonment; • provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences; and • meet with the ERCB to review its noncompliance history and action plan. <p>Avondale Energy Inc. failed to comply. The ERCB is evaluating further actions.</p>
2	Delek Resources Ltd.	Liability Management/ Environmental and Public Safety	Failure to pay abandonment costs.	February 25, 2011	10-20-073-01W6 M.D. of Greenview	<p>Global Refer status.</p> <p>Issuance of Abandonment Costs Order No. ACO 2011-03.</p> <p>Licensee required to pay the invoiced costs plus a 25 per cent</p>

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Follow up
						penalty against the invoiced costs. Delek Resources Ltd. failed to comply. The ERCB has applied Delek Resources Ltd.'s security against its outstanding debt and registered a Writ of Enforcement for the remaining balance.
3	Norlake Energy Corp.	Liability Management/ Surface Abandonment	Failure to perform surface equipment removal and cleanup activities in accordance with <i>Directive 020: Well Abandonment</i> .	February 2, 2011	06-19-048-13W5 Yellowhead County	Global Refer Status. Issuance of Abandonment Order No. AD 2011-13. Abandonment of well licence. Licensee required to <ul style="list-style-type: none"> complete the cleanup and surface abandonment of the subject well in accordance with <i>Directive 020</i> and provide a written explanation acceptable to the ERCB that addresses the failure to respond and details steps to prevent future occurrences. Norlake Energy Corp. failed to comply. The ERCB is acting on the breached abandonment order and will pursue cost recovery from the licensee once complete.

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Endnotes

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

In accordance with *Directive 019: ERCB Compliance Assurance*, the ERCB initiates an HREA against a licensee if it identifies a high risk noncompliant event(s). To address an HREA, the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the ERCB; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop and implement a written action plan within 60 calendar days or in the time specified by the ERCB group (a licensee may also be required to submit the written action plan and meet with the ERCB group to discuss both the action plan and the licensee's compliance history); and notify the ERCB group that it has corrected and addressed the high risk noncompliance. The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects/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: ERCB Compliance Assurance*, the ERCB initiates an HREA (Persistent Noncompliance) against a licensee with an unacceptable rate, ratio, percentage or number of noncompliant events, either in the same or in different compliance categories. To address an HREA (Persistent Noncompliance), the licensee must: immediately correct and address the high risk noncompliant event(s) identified by the ERCB; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting in the noncompliance (any suspension of operations must not occur if it will increase the impact or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the ERCB group (the action plan should address the root causes of any previous noncompliance(s) and detail how the licensee will prevent future noncompliant events); meet with the ERCB group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the ERCB group that it has corrected and addressed the high risk noncompliance(s). The ERCB may also apply or require one or more of the following: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance(s)); suspension and/or cancellation of the permit, licence, or approval.

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

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

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

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

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

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

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

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

⁶ **Legislative/Regulatory Enforcement Action**

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

Refer Status—Focused or Global

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

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