



ERCB Monthly Enforcement Action Summary

January 2012

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ENERGY RESOURCES CONSERVATION BOARD
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Introduction

This report provides information on all licensees that have had a High Risk Enforcement Action,¹ Low Risk Enforcement Action (Global Refer), or Legislative/Regulatory Enforcement issued against them and is published in the fourth month after the enforcement actions are issued.

The table below summarizes the enforcement actions issued by each ERCB group in January 2012.

ERCB Monthly Enforcement Action Summary ^a						
ERCB	Compliance Category	January 2012				
		Number of High Risk Enforcement Actions	Number of High Risk Enforcement Actions (Persistent Noncompliance)	Number of High Risk Enforcement Actions (Failure to Comply)	Number of Low Risk Enforcement Actions (Global Refer)	Number of Legislative/Regulatory Enforcement Actions
Applications Branch						
Facilities Applications Group Audit Section	Facilities Technical	2	0	0	0	0
	Participant Involvement ^b	4	0	0	0	0
	Wells Technical ^b	4	1	0	0	0
Resources Applications Group	Acid Gas Injection/Disposal	1	0	0	0	0
	Control Wells	3	0	0	0	0
	Groundwater Protection	2	0	0	0	0
	Injection/Disposal	3	0	0	0	0
	Spacing	1	0	0	0	0
Subtotal		20	1	0	0	0
Field Surveillance and Operations Branch						
Field Operations Group	Drilling Operations	1	0	0	0	0
	Gas Facilities	1	0	1	0	0
	Pipelines	7	0	0	0	0
	Well Servicing	1	0	0	0	0
	Well Site Inspections	2	0	4	0	0
Liability Management Group	Noncompliance with Liability Management Program Requirements	0	0	0	4	1
Technical Operations Group	Flaring, Incinerating, and Venting Audits	1	0	0	0	0
	Sulphur Recovery Guidelines	2	0	0	0	0
Subtotal		15	0	5	4	1
Geology, Environmental Science, and Economics Branch						
Reserves and Pore-Space Management Group Oil Reserves and Allowables Section	Oil Overproduction	1	0	0	0	0
Subtotal		1	0	0	0	0
Total Enforcement Actions issued		36	1	5	4	1

^a This table only summarizes the compliance categories for which there were monthly enforcement actions issued.

^b One of the High Risk Enforcement Actions issued by the Facilities Applications Group/Audit Section covered two compliance categories—Participant Involvement and Wells Technical.

¹ For high risk noncompliances, the ERCB may issue any of the following enforcement actions: High Risk Enforcement Action, High Risk Enforcement Action (Persistent Noncompliance), High Risk Enforcement Action (Failure to Comply), or High Risk Enforcement Action (Demonstrated Disregard).

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	981384 Alberta Ltd.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	January 6, 2012	16-32-034-23W4 Kneehill County 08-35-033-21W4 Starland 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. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	981384 Alberta Ltd.	Resources Applications/ Groundwater Protection	Failure to immediately notify the ERCB of water production above the threshold.	January 24, 2012	05-30-035-22W4 Red Deer County	Operations suspended. 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.

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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
3	Apache Canada Ltd.	Resources Applications/ Injection/Disposal	Failure to meet conditions of approval (disposal).	January 31, 2012	04-36-034-08W4 Special Area 4	<p>Operations suspended.</p> <p>Licensee confirmed in writing that the noncompliance has been addressed and that the well has been shut in and will remain shut in until requirements have been met in accordance with <i>Directive 051: Injection and Disposal Wells – Well Classifications, Completions, Logging, and Testing Requirements</i>.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
4	Arsenal Energy Inc.	Field Operations/ Pipelines	Poor construction practices resulting in failure within one year's service/operation.	January 11, 2012	15-34-040-15W4 Flagstaff County	<p>Operations suspended.</p> <p>Licensee will discuss requirements at prejob meetings.</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 (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
5	Barrick Energy Inc.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved quarterly sulphur recovery requirements.	January 27, 2012	02-02-069-22W5 M.D. of Greenview	In accordance with <i>Interim Directive (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.
6	Baytex Energy Ltd.	Reserves and Pore-Space Management/ Oil Overproduction	Failure to retire oil overproduction.	January 5, 2012	02/06-21-048-01W4/0 (production string) County of Vermilion River	Licensee confirmed in writing that the well has been shut in and will remain shut in until all overproduction is retired. Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
7	Bonavista Energy Corporation	Field Operations/ Pipelines	Failure/Hit – Proper procedures were not followed.	January 25, 2012	16-15-057-19W5 Yellowhead County	Operations were not suspended as the pipeline was shut in at the time of inspection. Licensee will set up meetings with field staff to discuss ground-disturbance procedures. 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
8	Bonavista Energy Corporation	Facilities Applications/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	January 26, 2012	09-11-034-05W5 Mountain View County	Licence or operation was not suspended as noncompliance was appropriately addressed or corrected prior to issuance of the enforcement action. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
9	Border Acquisition Corporation	Field Operations/ Well Site Inspections	H ₂ S emissions at well that produces gas containing more than 10 mol/kmol of H ₂ S. (Leaking stuffing box).	January 19, 2012	14-32-048-26W4 Leduc County	Operations were not suspended as licensee shut in the well to correct the noncompliance. Licensee repacked the stuffing box and cleaned up the area. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
10	Brixton Energy Corp.	Field Operations/ Well Site Inspections	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 9, 2012	08-25-095-05W5 M.D. of Opportunity	Operations were not suspended as the well was shut in at the time of inspection. Licensee erected a sign and posted the 24-hour emergency number. 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	Canadian Natural Resources Limited	Field Operations/ Pipelines	Pressure Testing – Test medium/disposal unsatisfactory. Test pressure/duration does not conform to requirements.	January 13, 2012	07-36-039-27W4 Lacombe County	Operations were not suspended as pipeline was not yet in service. Licensee conducted a hydro test on the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
12	Canadian Natural Resources Limited	Resources Applications/ Groundwater Protection	Failure to immediately notify the ERCB of water production above the threshold.	January 24, 2012	10-12-039-21W4 County of Stettler	Operations were not suspended in accordance with <i>Directive 044: Requirements for Surveillance, Sampling, and Analysis of Water Production in Oil and Gas Wells Completed Above the Base of Groundwater Protection</i> . Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	Cansearch Resources Ltd.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	January 13, 2012	06-25-038-26W4 09-26-038-26W4 Lacombe 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. 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	Cenovus Energy Inc.	Resources Applications/ Injection/Disposal	Injection or disposal without approval.	January 26, 2012	13-32-106-21W5 14-33-105-21W5 Mackenzie 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 requirements in <i>Directive 051: Injection and Disposal Wells - Well Classifications, Completions, Logging, and Testing Requirements</i> have been met. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
15	Central Global Resources, ULC	Resources Applications/ Control Well	Producing wells without the requisite control wells in place.	January 27, 2012	05-02-042-18W4 County of Stettler	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. 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
16	Cequence 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, 2012	06-24-082-07W6 Saddle Hills County	Operations suspended. Licensee discontinued the pipeline. Licensee will evaluate its corrosion mitigation program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
17	Cutpick Energy Inc.	Resources Applications/ Spacing	Production of too many wells per pool per Drilling Spacing Unit (DSU) without approval.	January 11, 2012	13-039-12W4 (two wells in section) Flagstaff 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.
18	Deethree Exploration Ltd.	Facilities Applications/ Facilities Technical	Failure to meet the spacing requirements in the facility design.	January 5, 2012	04-32-003-17W4 County of Warner	Licence or operation was not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement 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
19	Devon Canada Corporation	Resources Applications/ Acid Gas Injection/ Disposal	Failure to meet conditions of approval.	January 3, 2012	06-12-081-04W6 M.D. of Fairview	Licensee addressed the noncompliance and is in compliance with all the conditions of its approval. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
20	Devon NEC Corporation	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation – No agreement with Department of Energy.	January 24, 2012	12-33-039-06W5 Clearwater County	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
21	Elmdale Resources Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s). Failure to acquire the abandoned wellbore rights.	January 13, 2012	16-31-014-22W4 Vulcan County	Licence suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee has not acquired the approvals from the Department of Energy for the mineral rights and the wellbore rights. Compliance not yet 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
22	EOG Resources Canada Inc.	Field Operations/ Pipelines	Depth of cover is unsatisfactory. Operator aware of a reportable release but neglected to report it.	January 10, 2012	09-15-022-04W4 Special Area 3	Operations were not suspended as the pipeline was discontinued at the time of inspection. Licensee completed the soil test and backfilled the pipeline. Licensee will update its corporate and operations policies. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
23	Guide Exploration Ltd.	Facilities Applications/ Participant Involvement	Failure to disclose to the ERCB any outstanding public/industry objections/concerns, whether they are received prior to or after filing of the application or whether the party is inside or outside the minimum contact radius of personal consultation and notification.	January 9, 2012	14-10-080-19W5 Northern Sunrise County	Licence or operation was not suspended as noncompliance was appropriately addressed or corrected prior to issuance of the enforcement action. 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
24	Husky Oil Operations Limited	Field Operations/ Gas Facilities	Single-wall underground tank not tested in last three years.	January 13, 2012	04-29-044-03W5 Ponoka County	Operations were not suspended as licensee took corrective actions by removing any liquids. Licensee integrity tested the underground tank. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
25	Laricina Energy Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation – No agreement with Department of Energy.	January 4, 2012	01-06-085-22W4 M.D. of Opportunity	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
26	Mancal Energy Inc.	Field Operations/ Well Servicing	Nitrogen bottle volume low (insufficient usable fluid available – sizing calculations performed).	January 26, 2012	14-30-056-21W4 Sturgeon County	Operations suspended. Licensee replaced the nitrogen bottle. 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
27	Paramount Resources Ltd.	Field Operations/ Pipelines	<p>Marking of existing pipeline inside a controlled area is unsatisfactory.</p> <p>Hand excavation: Mechanical excavation within 5 m of existing pipeline prior to hand exposure.</p>	January 19, 2012	<p>01-09-079-07W6</p> <p>Saddle Hills County</p>	<p>Operations suspended.</p> <p>Licensee will update its pipeline operations and maintenance manual.</p> <p>Licensee will ensure that all ground-disturbance supervisors are trained and certified by an accredited institution.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
28	Pengrowth Energy Corporation	Field Operations/ Pipelines	<p>No operations and maintenance procedures manual, or not followed.</p> <p>Inappropriate construction or design, or documented operating procedures not followed.</p>	January 12, 2012	<p>10-07-064-10W5</p> <p>Woodlands County</p>	<p>Operations were not suspended as the pipeline was shut in at the time of inspection.</p> <p>Licensee updated its pipeline operations and maintenance manual.</p> <p>Licensee met with employees to discuss and reinforce the requirements.</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 (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Surface Location	ERCB Action(s) and Licensee Response
29	Penn West Petroleum Ltd.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	January 31, 2012	04-12-034-26W4 Kneehill County	In accordance with <i>Interim Directive (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.
30	Second Wave Petroleum Incorporated	Technical Operations/ Flaring, Incinerating, and Venting	Exceeding oil and gas well test flaring, incinerating, and venting duration limits. Decision tree process not completed for new, existing, and temporary flares, incinerators, and vents as required.	January 12, 2012	13-30-063-09W5 Woodlands County	Operations were not suspended as this was a review of flared volumes from 2011. Licensee implemented in-line well testing procedures and provided the procedures to all personnel responsible for well test operations. 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
31	TAQA North Ltd.	Resources Applications/ Injection/Disposal	Injection or disposal without approval.	January 26, 2012	05-23-013-13W4 M.D. of Taber	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 requirements have been met in accordance with <i>Directive 051: Injection and Disposal Wells – Well Classifications, Completions, Logging, and Testing Requirements</i> . Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
32	Velvet Energy Ltd.	Facilities Applications/ Participant Involvement and Wells Technical	Filing the application before expiry of the 14- calendar-day notification period. Failure to meet or address the water body setback requirement prior to filing the application.	January 17, 2012	12-15-040-04W5 Lacombe County	Licence or operation was not suspended as the noncompliance was appropriately addressed or corrected prior to issuance of the enforcement action. 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
33	Vesta Energy Ltd.	Field Operations/ Drilling Operations	Use of oil-based drilling fluids (or any other potentially toxic drilling additive) when drilling above the "Base of Groundwater Protection" depth.	January 26, 2012	10-35-048-27W4 Leduc County	Operations suspended. Licensee implemented a checklist to confirm the base of groundwater protection and protection of groundwater above this depth before drilling commences. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
34	Wildcat Rentals Ltd.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction, and/or operation.	January 20, 2012	08-14-049-01W4 County of Vermilion River	Licence or operation was not suspended as the noncompliance was appropriately addressed or corrected prior to issuance of the enforcement action. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
35	Yangarra Resources Corp.	Facilities Applications/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	January 27, 2012	09-28-039-07W5 Clearwater County	Licence and operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance 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	Murphy Oil Company Ltd.	Facilities Applications/ Wells Technical	No rights to substance(s) for the intended formation(s).	January 16, 2012	13-03-083-15W5 Northern Sunrise County	Licence or operation was not suspended as the noncompliance was appropriately addressed or corrected prior to issuance of the enforcement action. 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	*Drake Energy Ltd.	Field Operations/ Well Site Inspections	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 27, 2012	05-25-013-17W4 M.D. of Taber	<p>This is an escalation from a previous enforcement action issued on November 7, 2011.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-15.</p> <p>Suspension and closure of well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • call the ERCB to confirm the 24-hour emergency response number is active, • submit e-mail confirmation to the ERCB when the noncompliance is corrected, • submit an action plan to the ERCB, and • meet with the ERCB to review the action plan. <p>Drake Energy Ltd. is in receivership. Additional time has been given to the receiver to correct the noncompliance.</p>

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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
2	*Drake Energy Ltd.	Field Operations/ Well Site Inspections	Improper suspension for given well type.	January 27, 2012	05-25-013-17W4 M.D. of Taber	<p>This is an escalation from a previous enforcement action issued on November 7, 2011.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-16.</p> <p>Suspension and closure of well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • submit information pertaining to the proper suspension of the well, • submit confirmation to the ERCB when the noncompliance is corrected, and • submit an action plan to the ERCB. <p>Drake Energy Ltd. is in receivership. Additional time has been given to the receiver to correct the noncompliance.</p>

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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
3	*Ignition Energy Ltd.	Field Operations/ Well Site Inspections	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 11, 2012	10-34-041-12W5 Clearwater County	<p>This is an escalation from a previous enforcement action issued on August 4, 2011.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-4.</p> <p>Suspension and closure of well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • call the ERCB to confirm the 24-hour emergency response number is active, • submit e-mail confirmation to the ERCB when the noncompliance is corrected, • submit an action plan to the ERCB, and • meet with the ERCB to review the action plan. <p>Ignition Energy Ltd. implemented the active 24-hour emergency telephone number, but did not provide an explanation to the ERCB.</p>

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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
4	*Ignition Energy Ltd.	Field Operations/ Well Site Inspections	Sump closure was not completed within 12 months of drilling rig release.	January 11, 2012	10-34-041-12W5 Clearwater County	<p>This is an escalation from a previous enforcement action issued on August 4, 2011.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-5.</p> <p>Suspension and closure of well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • close the sump at the well site, • submit e-mail confirmation to the ERCB when the noncompliance is corrected, • submit an action plan to the ERCB, and • meet with the ERCB to review the action plan. <p>Ignition Energy Ltd. closed the sump at the well site, but did not provide an explanation to the ERCB.</p>

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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
5	*Ignition Energy Ltd.	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 11, 2012	13-29-039-08W5 Clearwater County	<p>This is an escalation from a previous enforcement action issued on August 15, 2011.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-6.</p> <p>Suspension and closure of facility licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • call the ERCB to confirm the 24-hour emergency response number is active, • submit e-mail confirmation to the ERCB when the noncompliance is corrected, • submit an action plan to the ERCB, and • meet with the ERCB to review the action plan. <p>Ignition Energy Ltd. implemented the active 24-hour emergency telephone number, but did not provide an explanation to the ERCB.</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	Cougar Oil and Gas Canada Inc.	Liability Management/ Noncompliance with Liability Management Program Requirement	Failure to pay security deposit.	January 16, 2012	50 well licences 8 facility licences 24 pipeline licences Clearwater County Crowsnest Pass M.D. of Opportunity M.D. of Willow Creek Vulcan County	<p>This is an escalation from previous enforcement actions issued on December 15, 2011.</p> <p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2012-12 and C 2012-13.</p> <p>Suspension and closure of well, facility, and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit, and • provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Cougar Oil and Gas Canada Inc. paid its security deposit in full and provided a written explanation to the ERCB.</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
2	EECL Resources Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirement	Failure to pay security deposit.	January 11, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-01.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>EECL Resources Ltd. failed to comply. File referred to Alberta Environment and Water as reclamation-only liability remains.</p>

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

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
3	Jaycor Resources Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirement	Failure to pay security deposit.	January 6, 2012	<p>Well licences:</p> <p>01-02-052-23W4 06-34-051-23W4 06-34-051-23W4 Strathcona County</p> <p>12-18-049-25W4 13-18-049-25W4 Leduc County</p> <p>Facility licence:</p> <p>06-34-051-23W4 Strathcona County</p> <p>Pipeline licences:</p> <p>10-26-051-23W4 07-35-051-23W4 08-35-051-23W4 01-02-052-23W4 Strathcona County</p>	<p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2012-10 and C 2012-11.</p> <p>Suspension and closure of well, facility, and pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit, and • provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Jaycor Resources Ltd. failed to comply. Abandonment Orders No. AD 2012-2 and AD 2012-3 and Closure Abandonment Order No. AD 2012-4 were issued.</p> <p>Jaycor Resources Ltd. failed to comply. The ERCB is evaluating further actions.</p>

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

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
4	*Revolution Resources Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirement	Failure to pay security deposit.	January 11, 2012	Well licences: 11-21-048-08W5 Brazeau County 07-17-087-04W6 07-31-086-04W6 05-12-087-05W6 09-06-086-05W6 05-05-086-05W6 12-05-086-05W6 09-18-086-05W6 Clear Hills County Facility licence: 12-05-086-05W6 Clear Hills County	This is an escalation of a previous enforcement action issued on November 23, 2011. Global Refer status. Issuance of Closure Orders No. C 2012-7 and C 2012-8. Suspension and closure of well and facility licences. Licensee is required to <ul style="list-style-type: none"> • pay the security deposit, and • provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Revolution Resources Ltd. paid its security deposit in full and provided a written explanation to the ERCB. Compliance achieved.

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

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	Monarch Energy Limited	Liability Management/ Right to Operate	Failure to prove to the satisfaction of the ERCB that Monarch Energy Limited has valid entitlement to the right to access and produce the subject well.	January 10, 2012	07-19-073-18W4 Regional Municipality of Wood Buffalo	<p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2012-9.</p> <p>Suspension and closure of well licence.</p> <p>Licensee must confirm one of the following</p> <ul style="list-style-type: none"> • that it has an active surface lease and mineral rights, • that the well licence has been transferred to a viable licensee who has the right to hold, or • that the well has been abandoned. <p>In addition, the licensee is required to</p> <ul style="list-style-type: none"> • confirm the working interest participants and their corresponding percentages, contact names, phone numbers and addresses of service, and • provide and update its corporate profile and certificate of proof of insurance. <p>Monarch Energy Limited proved to the satisfaction of the ERCB that it has valid entitlement to the right to access and produce the subject well.</p> <p>Compliance achieved.</p>

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

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/addressed the noncompliance); suspension and/or cancellation of the permit, licence, or approval.

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

In accordance with *Directive 019: 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.

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