



ERCB Monthly Enforcement Action Summary

November 2012

ENERGY RESOURCES CONSERVATION BOARD
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Introduction

This report provides information on all licensees that have had a High Risk Enforcement Action¹, 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 November 2012.

ERCB Monthly Enforcement Action Summary*				
	Compliance Category	November 2012		
		Number of High Risk Enforcement ¹ Actions	Number of Low Risk Enforcement Actions (Global Refer)	Number of Legislative/Regulatory Enforcement Actions
Applications Branch				
Facilities Applications Group	Facilities Technical	1	0	0
	Participant Involvement	2	0	0
	Wells Technical	3	0	0
Resources Applications Group	Control Wells	5	0	0
	Spacing	1	0	0
Subtotal		12	0	0
Field Surveillance and Operations Branch				
Field Operations Group	Drilling Waste	1	0	0
	Gas Facilities	2	0	0
	Oil Facilities	4	0	0
	Pipelines	8	0	0
	Well Site Inspections	5	0	0
Liability Management Group	Noncompliance with Liability Management Program Requirements	0	4	0
	Orphan Levy	0	2	0
Technical Operations Group	Hydrocarbon Cavern Storage	1	0	0
Subtotal		21	6	0
	Noncompliance with Abandonment	0	0	1
	Nonpayment of the ERCB Administration Fees	0	0	1
	Petroleum and Natural Gas Mineral Rights Expiry	0	0	2
Subtotal		0	0	4
Geology, Environmental Science, and Economics Branch				
Regulatory Outcomes and Delivery Group Regulatory Delivery Section	Oil Overproduction	1	0	0
Subtotal		1	0	0
Total Enforcement Actions issued		34	6	4

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

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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
1	All Zone Energy Inc.	Field Operations/ Oil Facilities	<p>Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.</p> <p>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.</p>	November 14, 2012	16-22-010-12 W4 County of Forty Mile	<p>Operations were not suspended because the facility was already suspended at the time of inspection.</p> <p>Licensee placed an emergency telephone number on the site, fenced the wellhead, and changed the licensee name to reflect the new ownership.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
2	Angle Energy Inc.	Field Operations/ Drilling Waste	<p>Sump located in porous/coarse soil.</p> <p>Contaminated materials or material possessing the potential to leach stored directly on the ground.</p>	November 7, 2012	13-15-031-02W5 Mountain View County	<p>Operations were suspended.</p> <p>Licensee removed all impacted material from the cement pit and collected confirmatory sampling for analysis.</p> <p>Licensee reviewed the guidelines outlined in ERCB <i>Directives 050</i> and <i>055</i>.</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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
3	Apache Canada Ltd.	Field Operations/ Pipelines	There is no monitoring or mitigation program in place for pipelines with major potential public and environmental consequences.	November 5, 2012	07-09-039-10W4 County of Paintearth	<p>Operations were suspended.</p> <p>Licensee developed a Pipeline Integrity Management system and implemented a process to have non-producing pipelines suspended after 30 days.</p> <p>Licensee provided training to its personnel to ensure its Pipeline Decommissioning Procedures are followed.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
4	Apache Canada Ltd.	Field Operations/ Gas Facilities	No produced gas measurement.	November 13, 2012	08-19-036-05W4 Special Area 4	<p>Operations were not suspended because the absence of a meter for accounting purposes does not impact public health and safety, or environment.</p> <p>Licensee expects the inlet meter to be installed and commissioned prior to the end of February.</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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
5	Bonavista Energy Corporation	Field Operations/ Oil Facilities	Noncompliant with other ERCB requirement– Improper fluid content. Injection prior to meeting <i>Directive 051</i> requirements.	November 1, 2012	10-04-034-05W5 Mountain View County	Operations were partially suspended. Licensee suspended the injection of fracture flow back fluids into the subject Enhanced Oil Recovery scheme. Licensee applied to amend the current scheme approval to allow fracture flow back fluids for injection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
6	Canadian Natural Resources Limited	Resources Applications/ Control Wells	Violation of Conditions of Control Well Designation (pressure and flow control well not producing).	November 27, 2012	01-20-037-21W4 Red Deer County	Operation not suspended as the applicable ERCB requirements state a suspension is not appropriate for this failure. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
7	Devon Canada Corporation	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	November 27, 2012	05-12-038-18W4 15-12-038-18W4 County of Paintearth	Licence/Operation suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
8	Dow Chemical Canada ULC	Technical Operations/ Hydrocarbon Cavern Storage	Failure to conduct a mechanical integrity test in accordance with CSA Z341.2 that is capable of identifying any leaks in the wellhead seals, product casing, casing seat, and cavern cavity.	November 1, 2012	104/14-13-055-22W4 110/14-13-055-22W4 Sturgeon County	<p>Operations were not suspended immediately because shutting in the cavern could result in potential safety and environmental issues and an impact to resource conservation. Licensee is given time to ensure an orderly shut-down of the cavern.</p> <p>Licensee completed all necessary regulatory requirements and associated work to obtain approval to operate a replacement cavern. ERCB has not yet approved the licensee to operate the replacement cavern.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
9	Drake Energy Ltd.	Field Operations/ Pipelines	Noncompliant with other ERCB requirement—A licensee shall...update all warning signs by replacing them with new signs or applying durable permanent adhesive decals bearing the updated information before a telephone number indicated on the warning sign becomes invalid.	November 2, 2012	02-27-014-15W4 M.D. of Taber	<p>Operations were not suspended because the pipeline was not in service at the time of inspection.</p> <p>Licensee is required to update all warning signs with a valid telephone number.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved. ERCB is evaluating further actions.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
10	Drake Energy Ltd.	Field Operations/ Well Site Inspections	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	November 2, 2012	08-17-039-10W4 16-28-041-15W4 M.D. of Taber	<p>Operations were not suspended because the wells were not in service at the time of inspection.</p> <p>Licensee is required to ensure its 24-hour emergency telephone number initiates immediate action.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved. ERCB is evaluating further actions.</p>
11	Echoex Ltd.	Resources Applications/ Spacing	Production of too many wells per pool per DSU/Holding/ Unit/Block/Project/GTO/I W without approval.	November 9, 2012	13-27-055-20W4 14-27-055-20W4 Strathcona County	<p>Operation related to noncompliance is suspended.</p> <p>Applicant/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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
12	Ember Resources Inc.	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	November 29, 2012	02-19-029-28W4 02-20-029-28W4 04-16-029-28W4 04-19-029-28W4 05-24-035-19W4 08-19-029-28W4 08-20-029-28W4 10-19-029-28W4 10-20-029-28W4 12-16-029-28W4 12-17-029-28W4 14-19-029-28W4 14-20-029-28W4 16-17-029-28W4 16-19-029-28W4 16-20-029-28W4 Mountain View County	Licence/Operation suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	EnCana Corporation	Field Operations/ Gas Facilities	Release criteria of collected surface water not met prior to release to adjacent lands.	November 6, 2012	06-17-026-22W4 Wheatland County	Operations were not suspended because the noncompliance occurred in the past. Licensee contacted the county to improve its consultation process with the county. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
14	EnCana Corporation	Resources Applications/ Control Wells	Producing wells without the requisite control wells in place.	November 29, 2012	07-34-027-26W4 Rocky View County 06-35-029-24W4 10-25-029-26W4 01-17-030-24W4 06-17-030-24W4 14-14-032-23W4 Kneehill County 11-24-039-27W4 Lacombe County	Licence/Operation suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
15	Enerplus Corporation	Field Operations/ Pipelines	External corrosion control/cathodic surveys—no records of survey results.	November 7, 2012	14-19-033-12W4 Special Area 2	Operations were not suspended because the pipelines are externally coated and there has been no history of external corrosion failures on this system. Licensee inspected all risers/sites in 2012 and confirmed that adequate cathodic protection is in place. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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16	Hemisphere Energy Corporation	Field Operations/ Pipelines	Noncompliant with other ERCB requirement—not a member of Alberta One-Call.	November 22, 2012	11-25-021-09W4 Special Area 2	<p>Operations were not suspended. There was no impact to public health and safety, environment, resource conservation, or stakeholder confidence in the regulatory process because the entire system that was audited was self-contained and spread out over a very small area (2.4 km) with very low activity, as most of the wells were shut-in.</p> <p>Licensee registered with the Alberta One-Call service.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
17	Novus Energy Inc.	Field Operations/ Oil Facilities	Off-lease H ₂ S odors.	November 8, 2012	08-21-055-02W5 Lac Ste. Anne County	<p>Operations were suspended.</p> <p>Licensee shut-in the facility to eliminate H₂S emissions.</p> <p>Licensee fabricated and installed a Flare Stack Wind Guard.</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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
18	Padriv Development Ltd.	Field Operations/ Well Site Inspections	Failure to complete surface equipment removal and cleanup activities within 12 months.	November 28, 2012	16-33-038-24W4 (W 0142722) Lacombe County	<p>Operations were not suspended because the well was not producing at the time of inspection.</p> <p>Licensee is required to correct the noncompliance.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved. The well has been designated orphan to the Orphan Well Association for reclamation.</p>
19	Padriv Development Ltd.	Field Operations/ Well Site Inspections	Failure to ensure that the licensee 24-hour emergency telephone number is posted by the way of a conspicuous sign erected at the primary entrance to all licensee well and facility operations.	November 28, 2012	16-33-038-24W4 (W 0151151) Lacombe County	<p>Operations were not suspended because the well was not producing at the time of inspection.</p> <p>Licensee is required to correct the noncompliance.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved. The well has not been designated orphan; however, the Orphan Well Association will handle the reclamation because this well is on the same footprint as well licence W 0142722.</p>

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#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
20	Petro Buyers Inc.	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following the program (the licensee did not have an annual evaluation for internal corrosion mitigation on the pipeline).	November 7, 2012	02-36-049-06W5 Brazeau County	<p>Operations were not suspended because the licensee voluntarily suspended the pipeline upon detection of the pipeline failure.</p> <p>Licensee discontinued production operations at the wellsite and abandoned the pipeline.</p> <p>Licensee will conduct and document an annual evaluation of its pipelines in the Berrymoor field.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
21	Petrobakken Energy Ltd.	Field Operations/ Well Site Inspections	Exposed flame from an incinerator.	November 14, 2012	13-20-027-03W5 Rocky View County	<p>Operations were suspended.</p> <p>Licensee discussed <i>Directive 060</i> compliance assurance regarding incinerators with senior management and at operations 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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
22	Petrus Resources Limited.	Field Operations/ Pipelines	Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	November 28, 2012	08-25-077-06W6 M.D. of Spirit River	Operations were suspended. Licensee revised and implemented its ground disturbance and facility crossings procedures. Licensee distributed its pipeline manual to its operators and operations staff. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
23	Petrus Resources Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation – No agreement with the Department of Energy (DOE).	November 1, 2012	16-23-073-23W5 M.D. of Greenview	Licence cancelled. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
24	Plains Midstream Canada ULC	Field Operations/ Pipelines	Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	November 20, 2012	16-18-027-03W5 Rocky View County	Operations were suspended. Licensee personnel reviewed detailed work plans, Safe Operating Procedures, and requirements. Licensee held a meeting with all stakeholders to review the incident. 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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
25	Response Energy Corporation	Field Operations/ Well Site Inspections	Venting practices not conducted in accordance with the requirements (Venting operations were conducted at the location, but not all of the residents within the 500 m mandatory notification radius were notified).	November 15, 2012	03-33-012-05W4 Cypress County	<p>Operations were partially suspended. The well testing operations at this location have been suspended until residential notifications are complete.</p> <p>Licensee notified residents in writing of its plans to leave the well shut in until gas production is conserved via a pipeline to a nearby infrastructure.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
26	Shell Canada Limited	Facilities Applications/ Participant Involvement	<p>Filing the application before expiry of the 14-calendar-day notification period.</p> <p>Incomplete public and/or industry personal consultation and notification prior to filing the application.</p>	November 13, 2012	01-18-061-17W5 M.D. of Greenview	<p>Licence or Operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement.</p> <p>Applicant/Licensee has completed the ERCB-directed corrective action.</p> <p>Applicant/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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
27	Surge Energy Inc.	Facilities Applications/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	November 26, 2012	13-07-074-08W6 County of Grande Prairie	<p>This matter was brought to the Board to determine suspension and suspension was deemed not necessary as it would not bring the matter into compliance. Ultimate outcome to be determined by Board hearing scheduled on May 2013.</p> <p>The licensee notified the missed parties.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences</p> <p>Compliance not yet achieved.</p>
28	Sydco Energy Inc.	Regulatory Outcomes and Delivery/ Oil Overproduction	Failure to retire oil overproduction.	November 29, 2012	00/01-13-087-08W6/2 Clear Hills County	<p>Licensee confirmed in writing that the well has been shut in and will remain shut in until all overproduction is retired.</p> <p>Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA) ¹						
#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
29	Talisman Energy Inc.	Field Operations/ Oil Facilities	Off-lease H ₂ S odors.	November 16, 2012	08-29-044-04W4 M.D. of Wainwright	<p>Operations were not suspended because the licensee was able to begin mitigating the effects of the incident in a reasonable timeframe.</p> <p>Licensee batched both tanks with H₂S scavenger to eliminate the potential for further release of odors.</p> <p>Licensee immediately suspended trucking of all sour emulsion and water to the facility.</p> <p>Compliance achieved.</p>
30	Trident Exploration (Alberta) Corp.	Resources Applications/ Control Wells	Violation of Conditions of Control Well Designation (pressure and flow control well not producing).	November 29, 2012	16-32-043-25W4 Ponoka County	<p>Operation not suspended as the applicable ERCB requirements state a suspension is not appropriate for this failure.</p> <p>Applicant/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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
31	Twin Butte Energy Ltd.	Facilities Applications/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation.	November 15, 2012	03-05-041-11W4 Flagstaff County	<p>Licence or Operation not suspended as there was no existing or potential impact/hazard to the public safety, environmental protection, resource conservation, and/or stakeholder confidence.</p> <p>Applicant/Licensee has completed the ERCB directed corrective action.</p> <p>Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
32	Twin Butte Energy Ltd.	Facilities Applications/ Wells Technical	No rights to substance(s) for the intended formation(s).	November 27, 2012	13-01-053-05W4 County of Vermilion River	<p>Licence or Operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement.</p> <p>Applicant/Licensee has completed the ERCB directed corrective action.</p> <p>Applicant/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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
33	Zargon Oil & Gas Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	November 19, 2012	14-28-035-10W4 County of Paintearth	Licence/Operation suspended. Applicant/Licensee has completed the ERCB directed corrective action. Applicant/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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
1	Canadian Natural Resources Limited	Field Operations/ Pipelines	Leak detection unsatisfactory.	November 29, 2012	10-14-076-13W4 Lac La Biche County	<p>Licensee did not achieve compliance from a previous High Risk Enforcement Action (Persistent Noncompliance) issued on August 28, 2012.</p> <p>Operations were suspended.</p> <p>Licensee amended the existing water production report, reviewed the incident at safety meetings, and shared incident details and analysis to licensee's operating areas.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Licensee was required to operate in compliance for a period of 60 days commencing from November 29, 2012.</p> <p>Compliance achieved. Licensee is no longer on Persistent Noncompliance.</p>

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High Risk Enforcement Action (Demonstrated Disregard) ³						
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	None					

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Response
	None					

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
1	Benjaka Exploration Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	November 9, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-42.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Orders No. C 2012-47 and C 2012-50 were subsequently issued.</p> <p>Licensee submitted full payment of its security deposit, but did not provide an explanation to the ERCB. Global Refer status is maintained against the licensee.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
2	Eaglewood Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	November 9, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-44.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee submitted full payment of its security deposit and provided an 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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
3	Ignition Energy Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	November 1, 2012	07-32-039-08W5 09-04-041-11W5 10-34-041-12W5 Clearwater County	<p>This is an escalation of a previous enforcement action issued on September 12, 2012.</p> <p>Global Refer Status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2012-44.</p> <p>Abandonment of the pipeline licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. The ERCB has sent its pipelines to the Orphan Well Association to be abandoned.</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	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
4	Seistech Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	November 9, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-46.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Orders No. C 2012-51 and C 2012-52 were subsequently issued.</p> <p>Licensee submitted full payment of its security deposit, but did not provide an explanation to the ERCB. Global Refer status is maintained against the licensee.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
5	Stealth Ventures Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay the security deposit.	November 9, 2012	N/A – Against the licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-45.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the security deposit and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. Closure Order No. C 2013-01 was subsequently issued.</p> <p>Licensee has been given until March 31, 2013, to comply.</p>

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Low Risk Enforcement Action – (Global Refer) ⁵						
#	Licensee	ERCB Group/ Compliance Category	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow-up
6	Storm Cat Energy Corporation	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	November 29, 2012	16-25-057-20W4 Lamont County 06-04-047-25W4 10-11-047-25W4 County of Wetaskiwin	<p>This is an escalation from a previous enforcement action issued on October 10, 2012.</p> <p>Global Refer status.</p> <p>Issuance of Abandonment Order No. AD 2012-28.</p> <p>Abandonment of the well licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the 2012 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. The ERCB has sent its wells to the Orphan Well Association to be abandoned.</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.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
1	Condor Resources Inc.	Noncompliance with Abandonment	Failure to pay the abandonment costs.	November 29, 2012	19 well licences 3 facility licences 11 pipeline licences Brazeau County	<p>Global Refer status.</p> <p>Issuance of Abandonment Costs Order No. ACO 2012-02.</p> <p>Licensee is required to pay the costs incurred by the Orphan Well Association for the abandonment of the licensee's ERCB licensed properties, plus 25 per cent penalty.</p> <p>Licensee failed to comply. The ERCB filed a Writ of Enforcement with the Court of Queen's Bench of Alberta and registered it with the Personal Property Registry of Alberta.</p> <p>The ERCB filed a garnishee summons with the Court of Queen's Bench of Alberta to collect the debt on behalf of the Orphan Well Association.</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.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
2	Enerhance Resources Inc.	Petroleum and Natural Gas Mineral Rights Expiry	Failure to prove to the satisfaction of the ERCB that the licensee has a valid entitlement to the right to produce the subject well.	November 15, 2012	16-05-013-02W4 Cypress County	<p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2012-39.</p> <p>Suspension and abandonment of the well licence.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • abandon the well and • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee failed to comply. The ERCB is evaluating further actions.</p>

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Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
3	Riley Resources Inc.	Petroleum and Natural Gas Mineral Rights Expiry	Failure to prove to the satisfaction of the ERCB that the licensee has a valid entitlement to the right to produce the subject well.	November 16, 2012	01-35-061-17W4 Smoky Lake County 12-34-067-18W4 Athabasca County	<p>Global Refer status.</p> <p>Issuance of Closure Orders No. C 2012-31 and C 2012-37.</p> <p>Suspension and closure of the well licences.</p> <p>Licensee is required to submit documentation confirming one of the following is completed</p> <ul style="list-style-type: none"> • reacquire, reinstate, or post the mineral rights, • receive approval from the Department of Energy and the ERCB to convert the wells to water disposal or injection wells, or • transfer the wells to a viable licensee and link the wells to active mineral agreements. <p>Licensee is required to</p> <ul style="list-style-type: none"> • provide written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee has entered receivership. Enforcement actions have been suspended at this time to allow the Receiver to transfer the properties.</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.

Legislative/Regulatory Enforcement Action ⁶						
#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	ERCB Action(s) and Licensee Follow up
4	Sandbox Energy Corp.	Nonpayment of the ERCB Administration Fees	Failure to pay the 2012 Administration Fees plus 20 per cent penalty.	November 9, 2012	N/A – Against licensee	<p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2012-41.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> • pay the administration fees, plus 20 per cent penalty, and • provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. <p>Licensee 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.

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.

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.