

ST108: Monthly Enforcement Action Summary

July 2013

Effective June 17, 2013, the Alberta Energy Regulator (AER) succeeded the Energy Resources Conservation Board (ERCB).

For questions, contact AER Inquiries at 1-855-297-8311 or inquiries@aer.ca.

Alberta Energy Regulator
ST108: Monthly Enforcement Action Summary, July 2013

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Introduction

This report summarizes information on any High Risk Enforcement Action, High Risk Enforcement Action (Persistent Noncompliance), High Risk Enforcement Action (Demonstrated Disregard), High Risk Enforcement Action (Failure to Comply), Low Risk Enforcement Action (Global Refer or AER Order), or Legislative/Regulatory Enforcement issued against a licensee monthly and is published four months after the enforcement actions are issued.

The table below summarizes the enforcement actions issued in July 2013.

Enforcement Action Summary—July 2013

Monthly Enforcement Action Summary					
Compliance Category	High Risk Enforcement Actions	High Risk Enforcement Actions (Persistent Noncompliance)	High Risk Enforcement Actions (Demonstrated Disregard)	High Risk Enforcement Actions (Failure to Comply)	Low Risk Enforcement Actions (Global Refer or AER Order)
Facilities Technical	4 ^a	0	0	0	0
Participant Involvement	2 ^a	0	0	0	0
Pipelines/Pipeline Installations Technical	1	0	0	0	0
Wells Technical	3	0	0	0	0
Coalbed Methane	1 ^b	0	0	0	0
Control Wells	1 ^b	0	0	0	0
Injection/Disposal	1	0	0	0	0
Oil Facilities Field Inspections/Investigations	1	0	0	0	0
Gas Facilities Field Inspections/Investigations	1	0	0	0	0
Well Site Inspections Field Inspections/Investigations	3	0	0	0	0
Pipelines Field Inspections/Investigations	3	2	0	0	0
Noncompliance with Liability Management Program Requirements	0	0	0	0	13
Orphan Levy	0	0	0	0	7
Glycol Dehydrator Benzene Emissions	1	0	0	0	0
Sulphur Recovery Guidelines	2	0	0	0	0
Oil Overproduction	2	0	0	0	0

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

Legislative/Regulatory Enforcement Actions	
Pipelines Field Inspections/Investigations	1
Petroleum and Natural Gas Mineral Rights Expiry	1
Subtotal Enforcement Actions	2

Total Enforcement Actions Issued	
High Risk Enforcement Actions	24
High Risk Enforcement Actions (Persistent Noncompliance)	2
High Risk Enforcement Actions (Demonstrated Disregard)	0
High Risk Enforcement Actions (Failure to Comply)	0
Low Risk Enforcement Actions (Global Refer or AER Order)	20
Legislative/Regulatory Enforcement Actions	2
Total Enforcement Actions Issued	48

* [Compliance Categories](#) with no published enforcement actions issued during July 2013 have not been listed here.

^aOne High Risk Enforcement Action was issued for two compliance categories.

^bOne High Risk Enforcement Action was issued for two compliance categories.

High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Arsenal Energy Inc.	Field Operations/ Pipelines	There is no documented monitoring or mitigation program in place and/or company is not following program.	July 2, 2013	05-26-037-04W4	Operations were suspended. Licensee shut in and abandoned the pipeline. Licensee revised its pipeline operations and maintenance manual to address requirements for internal corrosion mitigation and monitoring. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
2	Barrick Energy Inc.	Resources Applications/ Injection/Disposal	Injection or disposal without approval.	July 23, 2013	00/10-32-071-26W5/0	Licence or operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Baytex Energy Ltd.	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	July 9, 2013	04-15-084-17W5 05-15-084-17W5 (2 well licences)	Licence/operation suspended. Applicant/licensee has completed the AER 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 (HREA)¹

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
4	Baytex Energy Ltd.	Facilities Applications/ Facilities Technical	Failure to submit a facility licence application as "Facilities-Technical nonroutine" when required.	July 25, 2013	13-10-084-17W5	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. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
5	Bonavista Energy Corporation	Field Operations/ Gas Facilities	Flared/vented gas not reported to PETRINEX.	July 9, 2013	08-01-034-06W5	Operations were not suspended because the deficiency was administrative in nature and did not pose a risk to the public or environment. Licensee updated the production reported in PETRINEX for this facility to include flared and vent volumes back to April 2013. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
6	Bonterra Energy Corp.	Field Operations/ Pipelines	Depth of cover is unsatisfactory.	July 15, 2013	02-23-047-08W5	Operations were not suspended, because the pipeline was abandoned. Licensee removed the pipeline segment. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
7	Canadian Natural Resources Limited	Technical Operations/ Glycol Dehydrator Benzene Emissions	Individual dehydrator(s) or site dehydrator benzene emissions over the limits.	July 5, 2013	05-01-046-01W5	Operations were not suspended because the audit was a review of 2011 operating data. Licensee is required to provide a plan to address the noncompliance and prevent future occurrence. Compliance not yet achieved.
8	Crew Energy Inc.	Facilities Applications/ Facilities Technical	Failure to submit a facility licence application as "Facilities-Technical nonroutine" when required.	July 23, 2013	04-31-016-10W4	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. Applicant/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	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
9	Ember Resources Inc.	Resources Applications / Coal Bed Methane Control Well	Producing wells without the requisite control wells in place	July 26, 2013	02/04-18-040-21W4/0 00/13-18-040-21W4/0 00/15-18-040-21W4/0	Licence/Operation suspended Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences Compliance achieved
10	Hard Rock Resources Ltd.	Field Operations/ Well Site Inspections	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	July 19, 2013	10-35-031-02W5	Operations were not suspended because the well was already shut in. Licensee updated the 24-hour emergency telephone number. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
11	Harvest Operations Corp.	Facilities Applications/ Facilities Technical	Failure to submit a facility licence application as "Facilities-Technical nonroutine" when required.	July 26, 2013	02-11-088-09W5	Licence or operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/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	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
12	Kasten Energy Inc.	Field Operations/ Oil Facilities	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	July 9, 2013	06-31-021-04W4	Operations were not suspended because the facility was already in a suspended state. Licensee updated the 24-hour emergency telephone number. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
13	Lateral Capital Corp.	Field Operations/ Well Site Inspections	Failure to perform a Surface Casing Vent Flow (SCVF) test as required. Failure to report a Surface Casing Vent Flow to the AER as required.	July 18, 2013	02-26-008-08W4	Operations were not suspended because the well was already shut in. Licensee requested an extension to the deadline date and AER granted the extension. Licensee is required to provide a plan to address the noncompliance and prevent future occurrence. Compliance not yet achieved.
14	Mosaic Energy Ltd.	Facilities Applications/ Wells Technical	Failure to acquire a mineral lease continuation - No agreement with Alberta Energy.	July 12, 2013	16-10-062-03W6	Licence/operation suspended. Applicant/licensee has completed the AER 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 (HREA)¹

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15	Newalta Corporation	Facilities Applications/ Wells Technical	Failure to acquire the rights to the intended formation(s).	July 25, 2013	03-05-084-06W4	Licence or operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Northern Utilities (Sask) 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's well and facility operations.	July 9, 2013	12-05-050-01W4	Operations were not suspended, because the licensee immediately corrected the noncompliance. Licensee posted a sign at the entrance with the 24-hour emergency telephone number. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
17	Pengrowth Energy Corporation	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	July 26, 2013	02-04-021-04W5	Operations were not suspended in accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i>. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
18	Pengrowth Energy Corporation	Facilities Applications/ Participant Involvement	Failure to disclose to the AER 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.	July 25, 2013	14-20-027-03W5	Licence not suspended as licence was not issued. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Plains Midstream Canada ULC	Field Operations/ Pipelines	Failure to notify appropriate AER Field Centre. (Failure to annually inspect pipeline water crossings.)	July 2, 2013	10-28-032-02W5	Operations were not suspended because the licensee immediately corrected the noncompliance. Licensee provided integrity-related verification immediately and the licensee committed to addressing the contact damage immediately. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
20	Second Wave Petroleum Inc.	Regulatory Outcomes and Delivery / Oil Overproduction	Failure to retire oil overproduction	July 5, 2013	02/04-14-063-10W5/0	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.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
21	The Paddon Hughes Development Co. Ltd.	Facilities Applications/ Facilities Technical and Participant Involvement	Failure to file a licence amendment application when required. Failure to disclose to the AER 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.	July 25, 2013	01-10-027-02W5	Licence/operation suspended. Applicant/Licensee provided a plan to address the noncompliance and prevent future occurrences as well as an application to bring the matter into compliance. The application is currently under review. Compliance not yet achieved.
22	Torc Oil & Gas Ltd.	Regulatory Outcomes and Delivery / Oil Overproduction	Failure to retire oil overproduction	July 5, 2013	00/01-14-060-20W5/0	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 not yet achieved.
23	Veresen Energy Infrastructure Inc.	Technical Operations/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	July 26, 2013	11-18-074-12W6	Operations were not suspended in accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i>. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
24	Zargon Oil & Gas Ltd	Facilities Applications/ Pipelines Technical	Failure to submit a pipeline/pipeline installation licence application as "pipelines/pipeline installations technical nonroutine" when required.	July 10, 2013	13-06-014-18W4	Licence/operation suspended. Applicant/licensee has completed the AER 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	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Canadian Natural Resources Limited	Field Operations/ Pipelines	No operations and maintenance procedures manual, or not followed.	July 23, 2013	15-30-065-22W5	Licensee continues to be on Persistent Noncompliance. Operations were suspended. Licensee met with AER to discuss the action plan and to address the Persistent Noncompliance status. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved
2	Canadian Natural Resources Limited	Field Operations/ Pipelines	Failure to notify appropriate AER field centre.	July 23, 2013	08-26-057-21W4	Licensee continues to be on Persistent Noncompliance. Operations were not suspended because the pipeline was already suspended due to the failure that occurred in April 2013. Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance not yet achieved. The AER is currently discussing the corporate action plan with the licensee to address the Persistent Noncompliance status.

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High Risk Enforcement Action (Demonstrated Disregard)³

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

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High Risk Enforcement Action (Failure to Comply)⁴

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

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
1	Acquire Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	July 3, 2013	08-17-050-27W4 04-19-036-08W4 13-19-036-08W4 16-19-036-08W4 Pipeline Licence 16-19-036-08W4	This is an escalation of a previous enforcement action issued on May 9, 2013. Global Refer status maintained. Issuance of Closure Order No. C 2013-24. AER suspended the well licences. Licensee is required to • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Abandonment Order No. AD 2013-57 and AD 2013-58 were subsequently issued. Three wells and one pipeline have been transferred and one well turned over to the OWA. Global Refer status is maintained against the licensee.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
2	Benjaka Exploration Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	July 3, 2013	12-27-052-16W5 06-34-052-17W5 11-27-052-16W5	This is an escalation of a previous enforcement action issued on May 14, 2013. Global Refer status. Issuance of Closure Orders No. C 2013-27 and C 2013-28. AER suspended the well licences. Licensee is required to • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee paid its proportionate share of the Orphan Fund Levy in full and provided a written explanation to the AER. Compliance achieved.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
3	BNP Resources Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 25, 2013	Well licences 12-05-081-05W6 16-05-003-20W4 02-08-003-20W4 12-04-003-20W4 11-08-003-20W4 Pipeline licences 02-08-003-20W4 16-05-003-20W4 16-05-003-20W4	This is an escalation of a previous enforcement action issued on June 5, 2013. Global Refer status. Issuance of Abandonment Order No. AD 2013-45 Closure/ Abandonment Order No. AD 2013-47. AER ordered the abandonment of the well and pipeline licences. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. The AER is evaluating further actions.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
4	Brixton Energy Corp.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	July 3, 2013	08-25-095-05W5	This is an escalation of a previous enforcement action issued on May 9, 2013. Global Refer status. Issuance of Closure Order No. C 2013-25. AER suspended the well licence. Licensee is required to • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee paid its proportionate share of the Orphan Fund Levy in full but did not provide a written explanation to the AER. Global Refer status is maintained against the licensee.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
5	Cowboy Exploration Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 17, 2013	N/A – Against the licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2013-53. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Closure Order No. C 2013-46 was subsequently issued.
6	Desmarais Energy Corporation	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 17, 2013	N/A – Against the licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2013-51. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee submitted full payment of its security deposit and provided an explanation to the AER. Compliance achieved.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
7	Drake Energy Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 26, 2013	03-28-109-04W6 16-29-014-14W4 16-28-014-15W4 08-27-014-15W4 02-27-014-15W4 07-09-040-04W5 (2 well licences)	This is an escalation of a previous enforcement action issued on October 14, 2011. Global Refer status. Issuance of Closure Order No. C 2013-42. AER suspended the well licences. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Abandonment Orders No. AD 2013-61, AD 2013-62, AD 2013-63, AD 2013-64 and Closure/Abandonment Orders No. AD 2013-65 was subsequently issued. Licensee failed to comply. AER is evaluating further actions.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
8	Dreadnought Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	July 3, 2013	5 well licences 6 facility licences	This is an escalation of a previous enforcement action issued on May 14, 2013. Global Refer status. Issuance of Closure Orders No. C 2013-29 and C 2013-30. AER suspended the well and facility licences. Licensee is required to • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee paid its proportionate share of the Orphan Fund Levy in full and provided a written explanation to the AER. Global Refer status removed for this noncompliance. Licensee remains on Global Refer status for other noncompliances. Compliance achieved.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
9	Dreadnought Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 17, 2013	N/A – Against the licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2013-52. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Closure Orders No. C 2013-44 and C 2013-45 were subsequently issued.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
10	Gateway Petroleum Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 17, 2013	11-34-024-02W4 15-18-041-27W4 02-16-048-01W5 15-04-048-01W5 11-16-024-02W4 10-22-025-02W4 12-15-024-02W4 15-18-041-27W4 04-32-041-27W4	This is an escalation of a previous enforcement action issued on June 6, 2013. Global Refer status. Issuance of Closure Orders No. C 2013-31. AER suspended the well licences. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Abandonment Orders No. AD 2013-992, AD 2013-93 and AD 2013-95 were subsequently issued.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

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11	Goodland Energy Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 17, 2013	N/A – Against the licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2013-55. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Closure Orders No. C2013-53 and C 2013-54 were subsequently issued.
12	Guardian Exploration Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 17, 2013	N/A – Against the licensee	Global Refer status. Issuance of Miscellaneous Order No. MISC 2013-54. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Closure Order No. C 2013-52 was subsequently issued.

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Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
13	Marksmen Energy Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 17, 2013	22 well licences 1 facility licence	This is an escalation of a previous enforcement action issued on June 6, 2013. Global Refer status. Issuance of Closure Orders No. C 2013-33 and C 2013-34. AER suspended the well and facility licences. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee submitted full payment of its security deposit but did not provide a written explanation to the AER. Global Refer status is maintained against the licensee.

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

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
14	Poplar Point Energy Ltd.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	July 3, 2013	12-30-040-04W5 13-32-040-04W5 13-33-040-04W5 11-31-040-04W5 11-30-040-04W5 12-33-040-04W5	This is an escalation of a previous enforcement action issued on May 14, 2013. Global Refer status. Issuance of Closure Order No. C 2013-22. AER suspended the well licences. Licensee is required to • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee paid its proportionate share of the Orphan Fund Levy in full and provided a written explanation to the AER. Compliance achieved.

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

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
15	Quattro Exploration and Production Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 17, 2013	40 well licences 3 facility licences	This is an escalation of a previous enforcement action issued on June 6, 2013. Global Refer status. Issuance of Closure Orders No. C 2013-35 and C 2013-36. AER suspended the well and facility licences. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Abandonment Orders No. AD 2013-89, AD 2013-90 and Closure/Abandonment Order No. AD 2013-91 were subsequently issued.

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

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
16	Rise Resources Corp.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 18, 2013	10-17-011-22W4 06-16-011-22W4 14-17-011-22W4 03-20-011-22W4 08-17-011-22W4	This is an escalation of a previous enforcement action issued on June 5, 2013. Global Refer status. Issuance of Closure Orders No. C 2013-32 and C 2013-37. AER suspended the well and facility licences. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee has entered receivership. All properties have been transferred. Global Refer status remains.

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

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
17	Rocket Resources Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	July 3, 2013	11-34-052-06W4 11-31-049-26W4 07-04-045-03W4	This is an escalation of a previous enforcement action issued on May 14, 2013. Global Refer status. Issuance of Closure/Abandonment Order No. AD 2013-56. AER ordered the abandonment of the well licences. Licensee is required to • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Compliance not yet achieved. The AER has deemed the wells orphan and sent them to the Orphan Well Association to be abandoned.

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

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
18	Stout Energy Inc.	Liability Management/ Orphan Levy	Failure to pay Orphan Fund Levy.	July 3, 2013	09-06-090-09W5 08-30-089-09W5 04-12-090-10W5	This is an escalation of a previous enforcement action issued on May 14, 2013. Global Refer status. Issuance of Closure Order No. C 2013-26. AER suspended the well licences. Licensee is required to • pay the 2013 Orphan Fund Levy plus 20 per cent penalty and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Compliance not yet achieved. The AER has deemed the wells orphan and sent them to the Orphan Well Association to be abandoned.

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

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
19	Sunrise Energy Ltd.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 18, 2013	27 well licences 3 facility licences	This is an escalation of a previous enforcement action issued on June 5, 2013. Global Refer status. Issuance of Closure Orders No. C 2013-38 and C 2013-39. AER suspended the well and facility licences. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Abandonment Orders No. AD 2013-85, AD 2013-86, AD 2013-87 and Closure/Abandonment Order No. AD 2013-88 were subsequently issued.

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

Low Risk Enforcement Action – (Global Refer or AER Order)⁵

#	Licensee	AER Group / Compliance Category	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow-up
20	Transaction Oil & Gas Ventures Inc.	Liability Management/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 19, 2013	15 well licences 3 facility licences	This is an escalation of a previous enforcement action issued on June 5, 2013. Global Refer status. Issuance of Closure Orders No. C 2013-40 and C 2013-41. AER suspended the well and facility licences. Licensee is required to • pay the security deposit and • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Abandonment Orders No. AD 2013-73, AD 2013-74, AD 2013-75, AD 2013-76, AD 2013-77, AD 2013-78, AD 2013-79, AD 2013-80, AD 2013-81, AD 2013-82, AD 2013-83 and Closure/Abandonment Order No. AD 2013-84 were subsequently issued.

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

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
1	Crimson Energy Ltd.	Petroleum and Natural Gas Mineral Rights Expiry	Failure to prove to the satisfaction of the AER that the licensee has a valid entitlement to the right to produce the subject well.	July 26, 2013	09-34-047-08W5	Global Refer status. Issuance of Closure Order No. C 2013-43. AER suspended the well licence. Licensee must submit documentation confirming one of the following: • mineral rights have been reacquired or reinstated, • the well licence has been transferred to a viable licensee and the wellbore is linked to an active mineral agreement, or • the well has been abandoned. Licensee is required to provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee has confirmed that the mineral rights were reacquired and linked to an active mineral agreement but did not provide a written explanation to the AER. Global Refer status is maintained against the licensee. Compliance not yet achieved.
2	Plains Midstream Canada ULC	Field Operations/ Pipelines	Staining found under union at LACT unit. Spill containment device sitting on ground.	July 4, 2013	04-35-031-04W5 10-18-039-03W5 16-21-042-02W5 06-22-042-02W5 01-32-045-04W5 (2 pipelines)	Order issued pursuant to section 22 of the <i>Oil and Gas Conservation Act</i>. As part of the order, the following conditions are imposed:

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

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
			LACT unit proving required monthly based on plant production volumes. Pipe has been discontinued or abandoned but is still shown as operating on AER records. No notification of facility abandonment. Inappropriate liquid sampling and sediments and water. Pipeline sign missing or defaced on both sides of a crossing. (2 pipelines) Depth of cover unsatisfactory. (3 pipelines) Hand excavation: Mechanical excavation takes place within 5 m of exiting pipeline prior to hand exposure. Backfill procedures are unsatisfactory. No operations and maintenance		04-12-034-26W4 04-11-109-08W6 03-20-027-03W5 01-01-086-13W5 10-28-032-02W5 15-10-33-05W5M	• The AER will perform a full audit of licensee's operations regarding emergency response, integrity management programs, risk assessment and mitigation, communications and stakeholder relations and regulatory reporting. • All existing and unapproved and future applications will be processed by the AER as non-routine. • All applications will be referred to the AER President and Chief Executive Officer for disposition. Compliance not yet achieved.

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

Legislative/Regulatory Enforcement Action⁶

#	Licensee	Noncompliance	Noncompliant Event	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
			procedure manual, or not followed. Leak detection unsatisfactory. Failure to notify appropriate AER Field Centre. Failure to annually inspect pipeline water crossings. Failure to complete engineering assessment to determine suitability of continued operation of the Rangeland Pipeline. Failure to demonstrate emergency response plan management process keeps emergency response plans up to date. Failure to demonstrate emergency response plan management process keeps emergency response plans up to date.			

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

Endnotes

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

In accordance with *Directive 019: Compliance Assurance*, the AER issues 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 AER; 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 AER group (a licensee may also be required to submit the written action plan and meet with the AER group to discuss both the action plan and the licensee's compliance history); and notify the AER group that it has corrected and addressed the high risk noncompliance. The AER 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: Compliance Assurance*, the AER issues 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 AER; 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 AER 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 AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER 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 AER) in the same compliance category before achieving overall compliance.

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

In accordance with *Directive 019: Compliance Assurance*, the AER issues 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 AER 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 AER; 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 AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER 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 AER) 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: Compliance Assurance*, the AER issues an HREA (Failure to Comply) against a licensee if it failed to comply with the direction of the AER in an AER 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 AER; 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 AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER 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 AER) in the same compliance category before achieving overall compliance.

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

⁵ **Directive 019—Low Risk Enforcement Action (LREA) (Global Refer or AER Order)** In accordance with *Directive 019: Compliance Assurance*, the AER issues an LREA (Global Refer) against a licensee who failed to comply with the direction of the AER 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 AER; notify the AER 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 AER group; and meet with the AER group to discuss the low risk noncompliant event(s), the licensee's compliance history, or the written action plan. The AER 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 AER issues a Legislative/Regulatory Enforcement Action for noncompliance with AER requirements that fall outside the administration of *Directive 019: Compliance Assurance*. The AER 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 AER 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 AER 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 AER Enforcement Actions, see *Directive 019: Compliance Assurance* or contact the AER Compliance Assurance Section at compliancecoordination@aer.ca.

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