



EUB Monthly Enforcement Action Summary

July 2007

ALBERTA ENERGY AND UTILITIES BOARD
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640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: (403) 297-8311
Fax: (403) 297-7040
E-mail: eub.infoservices@eub.ca
Web site: www.eub.ca

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High Risk Compliance Category Statistics				
EUB	Compliance Category	July 2007		
		Initial Audits/ Inspections	Number of High Risk Noncompliance	Compliance Rate with High Risk Noncompliance
Applications Branch				
Facilities Applications Group Audit Section	Participant Involvement	48	1	98%
	Facilities Technical	6	2	67%
	Pipelines/Pipeline Installations Technical	18	0	100%
	Wells Technical	31	4	87%
Resources Applications Group Enforcement & Surveillance Section and Coal Section	Enhanced Recovery Scheme	19	1	95%
	Production Without Common Ownership	N/A	3	N/A
	Gas Production in the Defined Oil Sands Strata	N/A	1	N/A
Subtotal		122	12	90%
Compliance and Operations Branch				
Operations Group Production Operations Section	Sulphur Recovery Guidelines	103	1	99%
Environmental Group Waste and Storage Section	Drilling Waste Audits	0	1	N/A
Subtotal		103	2	99%
Public Safety/Field Surveillance Branch				
	Drilling Operations	55	0	100%
	Well Servicing	33	0	100%
	Oil Facilities	425	12	97%
	Gas Facilities	364	9	98%
	Pipelines	163	9	94%
	Drilling Waste	19	1	95%
	Waste Management	7	0	100%
	Well Site Inspections	1612	3	99.8%
Subtotal		2678	34	99.0%
Resources Branch				
Geology and Reserves Group Reserves & Allowables Section	Oil Overproduction	604	3	99.5%
Subtotal		604	3	99.5%
Total Audit/Inspections High Risk		3507	51	98.5%

Note: Compliance category data are evaluated annually and results presented in *ST99: EUB Provincial Surveillance and Compliance Summary*.

High Risk Enforcement Action 1 ¹						
#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
1	403508 Alberta Ltd.	Field Surveillance/Oil Facilities	Spill on/off lease not adequately controlled/ 95 cleaned up.	July 9, 2007	04-08-043-27W4 Ponoka County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. The spill was cleaned up. Compliance achieved.
2	Alberta Oilsands Inc.	Field Surveillance/Oil Facilities	Flame type equipment without workable flame arrester less than 25 m from a process vessel.	July 17, 2007	07-31-049-26W4 Leduc County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee repaired the flame arrester. Compliance achieved.
3	Cabrera Resources Ltd.	Environment Group/Drilling Waste Audit	An appropriate disposal option was not utilized for a given waste stream.	July 30, 2007	11-26-040-02W5 Lacombe County	Operations were not suspended, as disposal operations were completed in early 2007. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
4	Caltex Energy Inc.	Facilities Applications/Wells Technical	Failure to acquire the abandoned wellbore rights.	July 5, 2007	10-24-053-17W5/2 Yellowhead County	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action 1 ¹						
#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
5	Canadian Natural Resources Ltd.	Operations Group/Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency.	July 20, 2007	13-26-067-05W6M M.D. of Greenview	In accordance with <i>ID 2001-03</i> , operations were not suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
6	Canadian Superior Energy Inc.	Field Surveillance/Gas Facilities	Flame type equipment without workable flame arrester less than 25 m from a process vessel. Underground tank(s) not tested at the required three-year frequency/ operator cannot demonstrate tank integrity.	July 12, 2007	04-08-029-19W4 Starland County	Operations were not suspended, as the licensee replaced the missing bolts on the flame arrester immediately and the underground tank was emptied and will remain empty until the tank passes an integrity test. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee tested the underground tank and the tank passed the integrity test. Compliance achieved.
7	Canadian Superior Energy Inc.	Field Surveillance/Gas Facilities	Underground tank(s) not tested at the required three-year frequency/ operator cannot demonstrate tank integrity.	July 12, 2007	10-12-029-20W4 Starland County	Operations were not suspended, as the licensee emptied the underground tank and it will remain empty until the tank passes an integrity test. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee tested the underground tank and the tank passed the integrity test. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
8	ConocoPhillips Canada Resources Corporation	Facilities Applications/Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	July 10, 2007	100/15-17-030-21W4 Kneehill County	Licence not cancelled or suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
9	Cyries Energy Inc.	Facilities Applications/Facilities Technical	Not completing an acceptable noise impact assessment prior to application.	July 9, 2007	07-07-073-10W6 County of Grande Prairie	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
10	Daylight Energy Ltd.	Facilities Applications/Wells Technical	Failure to acquire a mineral lease continuation - No agreement with Department of Energy.	July 19, 2007	102/10-19-056-19W5/0 Lamont County	Licence suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
11	Devon Canada Corporation	Facilities Applications/Facilities Technical	Failure to meet the spacing requirements in the facility design.	July 31, 2007	06-13-064-06W4 M.D. of Bonnyville	Licence suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
12	Direct Energy Marketing Limited (DEML)	Facilities Applications/Wells Technical	Failure to acquire the rights to the intended formation(s).	July 27, 2007	100/15-30-014-02W4/0 100/14-19-014-02W4/0 Cypress County	Licences cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
13	Enermark Inc.	Field Surveillance/Oil Facilities	H ₂ S emissions off lease.	July 24, 2007	01-01-013-13W4 M.D. of Taber	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
14	Enermark Inc.	Field Surveillance/Pipeline	Poor construction practices resulting in failure within one year's service/operation.	July 4, 2007	16-14-039-10W4 Flagstaff County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee has repaired and modified the pipeline with additional fittings to relieve any stresses. Compliance achieved.
15	Exalta Energy Inc.	Resources Applications / Production Without Common Ownership	Production without common ownership throughout a drilling spacing unit.	July 25, 2007	00/05-10-055-07W5/0 Yellowhead County	Operations suspended. Licensee confirmed well will remain shut in until the requisite Petroleum and Natural Gas rights are obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
16	Fairborne Energy Ltd.	Geology and Reserves / Oil Overproduction	Failure to retire oil overproduction.	July 31, 2007	00/04-16-048-15W5/3 Yellowhead County	Operations suspended. Licensee confirmed well will remain shut in until all overproduction is retired. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. All overproduction retired. Compliance achieved.
17	Halvar Resources Ltd.	Field Surveillance/Oil Facilities	H ₂ S emissions off lease.	July 24, 2007	06-04-053-25W4 Sturgeon County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Harvest Operations Corp.	Resources Applications/ Waterflood Schemes	Failure to commence injection.	July 24, 2007	Hayter Sparky E Pool Approval No. 10632 00/09-34-040-01W4/2 00/01-03-041-01W4/2 M.D. of Provost	Licensee suspended producing wells until continuous injection is feasible. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee commenced injection and submitted well status reports and injection volumes but has not commenced scheme operations.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
19	Harvest Operations Corp.	Field Surveillance/Oil Facilities	Noncompliant with other EUB requirement (flaring and venting volumes are greater than 900m ³ /day).	July 31, 2007	13-10-016-09W4 Cypress County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee made repairs and as a result flare volumes are within the allowable limits. Compliance achieved.
20	Husky Oil Operations Limited	Resources Applications/ Production Without Common Ownership	Production without common ownership throughout a drilling spacing unit.	July 16, 2007	02/10-24-062-27W4/3 County of Athabasca	Operations suspended. Licensee confirmed well will remain shut in until the requisite Petroleum and Natural Gas rights are obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
21	Joli Fou Petroleums Ltd.	Geology and Reserves / Oil Overproduction	Failure to retire oil overproduction.	July 31, 2007	05/02-10-038-21W4/0 County of Stettler	Operations suspended. Licensee confirmed all overproduction has been retired. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. Request for reconsideration of enforcement action denied. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
22	Midlake Oil & Gas Limited	Field Surveillance/Oil Facilities	No tank dike where required.	July 10, 2007	07-34-064-13W5 M.D. of Big Lakes	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee constructed dike. Compliance achieved.
23	NAL Resources Limited	Field Surveillance/Oil Facilities	Underground tank(s) not tested at the required three year frequency/ operator cannot demonstrate tank integrity. No flame arrester on line from tank to flare stack where required.	July 10, 2007	06-36-035-05W5 Clearwater County	Operations were not suspended, as NAL was able to schedule tank integrity testing within a week and turned off the flare's igniter and all other possible sources of ignition during unloading of underground tanks. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee tested the underground tank and the tank passed the integrity test. Licensee met with EUB. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
24	NAL Resources Limited	Field Surveillance/Well Site Inspections	<p>Noncompliant with other EUB requirements.</p> <p>Underground storage tanks on site were not integrity tested within the last 3 years.</p> <p>Flame arrestor does not exist on line from flare knockout tank to flare stack.</p>	July 10, 2007	06-02-036-05W5 Red Deer County	<p>Operations were not suspended, as NAL was able to schedule tank integrity testing within a week and turned off the flare's igniter and all other possible sources of ignition during unloading of underground tanks.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Licensee tested the underground tank and the tank passed the integrity test.</p> <p>Licensee met with EUB.</p> <p>Compliance achieved.</p>
25	Newpact Energy Corp.	Field Surveillance/Oil Facilities	No notification of reportable spill to EUB.	July 10, 2007	07-22-055-05W5 Lac Ste. Anne County	<p>Operations were not suspended, as there was no existing or potential impact/hazard to the environment or the public.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
26	Nuvista Energy Ltd.	Field Surveillance/Pipelines	There is no approval to construct.	July 26, 2007	06-16-027-09W4 Special Area 3	<p>Operations suspended.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Licence applications submitted and approved.</p> <p>Compliance achieved.</p>

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
27	Orleans Energy Ltd.	Geology and Reserves / Oil Overproduction	Failure to retire oil overproduction.	July 31, 2007	00/16-17-080-09W6/0 00/08-20-080-09W6/0 Saddle Hills County	Operations suspended. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. Licensee confirmed all overproduction has been retired. Compliance achieved.
28	Pembina Pipeline Corporation	Field Surveillance/Pipelines	Depth of cover is unsatisfactory. Pipeline sign missing or defaced on both sides of a crossing.	July 23, 2007	09-22-033-05W5 Mountain View County	Operations were not suspended, as the pipeline was discontinued. Require a plan to address the noncompliance and prevent future occurrences. Licensee removed the pipeline. Compliance achieved.
29	Pengrowth Corporation	Field Surveillance/Drilling Waste	Disposal is closer than allowable limits to surface water.	July 18, 2007.	11-24-058-05W4 County of St. Paul	Operations were not suspended, as there was no existing or potential impact/hazard to the environment or the public. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
30	Penn West Petroleum Ltd.	Field Surveillance/Well Site Inspections	Lease not diked where required.	July 10, 2007	16-33-047-07W5 Brazeau County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee constructed dike. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
31	Petrobank Energy and Resources Ltd.	Field Surveillance/Gas Facilities	Flame-type equipment without workable flame arrester less than 25m from a process vessel.	July 31, 2007	10-27-039-16W4 County of Paintearth	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee replaced the missing nuts. Compliance achieved.
32	Petro-Canada	Field Surveillance/Gas Facilities	Flame type equipment without workable flame arrester less than 25 m from a process vessel.	July 5, 2007	01-29-043-04W5 Ponoka County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee replaced the missing bolts. Compliance achieved.
33	Peyto Exploration & Development Corp.	Facilities Applications/Wells Technical	Failure to acquire a mineral lease continuation – No agreement with Department of Energy.	July 10, 2007	102/02-16-055-21W5/0 Yellowhead County	Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
34	Rife Resources Ltd.	Field Surveillance/Pipelines	Marking of existing pipelines inside a controlled area is unsatisfactory. Hand excavation: Mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure. Damage by others – Proper procedures were not followed.	July 4, 2007	12-26-040-01W4 M.D. of Provost	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Ground disturbance procedures were reviewed with all staff and contractors. Compliance achieved.
35	Rife Resources Ltd.	Field Surveillance/Pipelines	Operator is aware of a reportable release but neglects to report it.	July 4, 2007	12-26-040-01W4 M.D. of Provost	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
36	Taku Gas Ltd.	Field Surveillance/Pipelines	Damage by others- Proper procedures were not followed.	July 20, 2007	03-28-050-05W4 County of Vermillion River	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee had until November 15, 2007, to provide its action plan. The action plan is currently being reviewed.
37	Taku Gas Ltd.	Field Surveillance/Pipelines	Damage by others- Proper procedures were not followed.	July 20, 2007	03-28-050-05W4 County of Vermillion River	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee had until November 15, 2007, to provide their action plan. The action plan is currently being reviewed.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
38	TransGlobe Energy Corporation	Field Surveillance/Gas Facilities	Facility exceeding permissible sound levels.	July 18, 2007	13-34-037-21W4 County of Stettler	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee installed noise suppression equipment. Compliance achieved.
39	True Energy Inc.	Resources Applications/ Gas Production in the Defined Oil Sands Strata	Gas production in the oil sands strata without approval.	July 31, 2007	00/16-04-056-13W4/0 00/11-17-056-13W4/0	Operations suspended. Licensee confirmed well will remain shut in until the requisite approval to produce has been obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
40	Twin Butte Energy Ltd.	Field Surveillance/Gas Facilities	No tank dike where required.	July 5, 2007	13-06-030-02W4 Special Area 3 (near Esther)	Operations suspended. Licensee provided a plan to address noncompliance and prevent future occurrences. Licensee constructed dike. Compliance achieved.
41	Twin Butte Energy Ltd.	Field Surveillance/Gas Facilities	No tank dike where required.	July 5, 2007	10-32-029-02W4 Special Area 3 (near Sibbald)	Operations suspended. Licensee provided a plan to address noncompliance and prevent future occurrences. Licensee constructed dike. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
42	Vault Energy Inc.	Field Surveillance/Gas Facilities	Underground tank(s) not tested at the 3-year frequency/operator cannot demonstrate tank integrity.	July 23, 2007	16-05-035-26W4 Red Deer County	Operations were not suspended, as licensee scheduled tank integrity testing within a week. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee tested the underground tank and the tank passed the integrity test. Compliance achieved.
43	Vault Energy Inc.	Field Surveillance/Oil Facilities	Flame type equipment without workable flame arrester less than 25 m from a process vessel.	July 12, 2007	15-22-013-22W4 Vulcan County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee replaced missing bolts. Compliance achieved.
44	Vermillion Resources Ltd.	Field Surveillance/Oil Facilities	No tank dike where required.	July 24, 2007	16-29-081-09W5 Northern Sunrise County	Operations were not suspended, as the two tanks were immediately emptied and removed. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
45	Westhill Resources Limited	Field Surveillance/Gas Facilities	Flame type equipment without workable flame arrester less than 25 m from a process vessel.	July 5, 2007	15-10-058-05W5 County of Barrhead	Operations were not suspended, as the noncompliance item was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee replaced missing bolts. Compliance achieved.
46	Wrangler West Energy Corp.	Field Surveillance/Oil Facilities	H ₂ S emissions off lease.	July 24, 2007	10-11-012-13W4 Cypress County	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee replaced scrubber material. Compliance achieved.
47	Yangarra Resources Corp.	Resources Applications / Production Without Common Ownership	Production without common ownership throughout a drilling spacing unit.	July 25, 2007	00/08-33-009-06W4/0 Cypress County	Operations suspended. Licensee confirmed well will remain shut in until the requisite Petroleum and Natural Gas rights are obtained. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
48	Zargon Oil & Gas Ltd.	Field Surveillance/Well Site Inspections	Residents within required radius not notified of flaring or venting.	July 16, 2007	13-21-044-13W4 Flagstaff County	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee met with EUB. Compliance achieved.

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High Risk Enforcement Action 2 (Persistent Noncompliance) ²						
#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
1	Compass Petroleum Inc.	Field Surveillance/Oil Facilities	H ₂ S emissions off lease.	July 24, 2007	04-20-011-13W4 M.D. of Taber	Operations were not suspended, as the noncompliance was corrected immediately. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee met with EUB to review action plan. Compliance achieved.
2	Penn West Petroleum Ltd.	Field Surveillance/Pipelines	Damage by others - Proper procedures were not followed. Marking of existing pipelines inside a controlled area is unsatisfactory. Hand excavation: mechanical excavation takes place within 5 m of existing pipeline prior to hand exposure.	July 26, 2007.	01-30-036-07W4 Special Area 4	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee met with EUB to review action plan. Compliance achieved.

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High Risk Enforcement Action 3 (Failure to Comply or Demonstrated Disregard) ³						
#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/ Area	EUB Action(s) and Licensee Response
1	Husky Oil Operations Ltd.	Field Surveillance/Pipelines	Poor construction practices resulting in failure within one year's service/operation.	July 12, 2007	09-18-046-05W4 M.D. of Wainwright	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee met with EUB to review action plan. Compliance achieved.

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/Area	EUB Action(s) and Licensee Follow-up
1	Avalon Energy Ltd.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 27, 2007	Enforcement applied against licensee, not a location.	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order No. MISC 2007-12.</p> <p>Licensee required to pay a security deposit and to provide a written explanation acceptable to the EUB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>As Avalon Energy Ltd. did not activate its well resumption approval, the EUB cancelled the Directive 056 resumption approval. As a result, Avalon Energy Ltd.'s Licensee Liability Rating is equal to or greater than 1.0.</p> <p>Avalon Energy Ltd. provided a written explanation acceptable to the EUB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Compliance achieved.</p>
2	Canalta Energy Corporation	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 26, 2007	Enforcement applied against licensee, not a location.	<p>This is an escalation from the previously reported enforcement of June 1, 2007.</p> <p>Global Refer Status.</p> <p>Issuance of Abandonment Order No. AD 2007-3.</p> <p>Licensee required to pay a security deposit and to provide a written explanation acceptable to the EUB addressing the failure to respond and detailing steps to prevent future occurrences.</p>

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Low Risk Enforcement Action – Global REFER Summary⁴

#	Licensee	EUB Group/ Compliance Category	Noncompliance Event	Date of Enforcement	Location/Area	EUB Action(s) and Licensee Follow-up
						<p>Canalta Energy Corporation submitted the full security amount and provided a written explanation acceptable to the EUB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Compliance achieved.</p>
3	Reto Petroleum Canada Ltd.	Corporate Compliance/ Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	July 27, 2007	Enforcement applied against licensee, not a location.	<p>Global Refer Status.</p> <p>Issuance of Miscellaneous Order No. MISC 2007-11.</p> <p>Licensee required to pay a security deposit and to provide a written explanation acceptable to the EUB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Reto Petroleum Canada Ltd. failed to comply.</p>

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Legislative/Regulatory Enforcement Action⁵

#	Licensee	EUB Group/Compliance Category	Noncompliance Event	Date of Enforcement	Location/Area	EUB Action(s) and Licensee Follow up
1	JED Production Inc.	Corporate Compliance/ Right to Hold Audit	Failure to prove to the satisfaction of the EUB that it has a valid entitlement to the right to produce the well.	July 10, 2007	02/16-22-122-22W5 M.D. of Mackenzie	<p>Global Refer Status</p> <p>Issuance of Closure Order No. C 1090.</p> <p>Licensee required to complete one of the following:</p> <ul style="list-style-type: none"> a) reacquire or reinstate the mineral rights, b) convert the well for water disposal or injection, c) transfer the well licence to a viable licensee and link the wellbore to an active mineral agreement, or d) abandon the well. <p>In addition, licensee required to provide a written explanation acceptable to the EUB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>JED Production Inc. abandoned the subject well and provided a written explanation acceptable to the EUB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Compliance achieved.</p>

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Endnotes

1. **Directive 019 – High Risk Enforcement Action 1 Summary**

In accordance with *Directive 019: EUB Compliance Assurance–Enforcement*, High Risk Enforcement Action 1 is initiated against a licensee when the EUB identifies a High Risk noncompliance event. To address High Risk Enforcement Action 1, the licensee must: immediately correct/address the High Risk noncompliance; if necessary, suspend operations (partial or full), when safe to do so, to remove the existing or potential impact/hazard (suspension will not occur if it results in an increased impact/hazard to the environment or public; compliance must be achieved prior to start-up); develop and implement a written action plan within 60 days (or in the time specified by the EUB group); notify the EUB group that the High Risk noncompliance has been corrected/addressed in the specified time. In addition, the EUB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension until the noncompliance is corrected/addressed; suspension and/or cancellation of permit, licence, or approval.

2. **Directive 019 – High Risk Enforcement Action 2 (Persistent Noncompliance) Summary**

In accordance with *Directive 019: EUB Compliance Assurance–Enforcement*, High Risk Enforcement Action 2 is initiated against a licensee who has an unacceptable rate, ratio, percentage or number of noncompliances, either in the same or in different compliance categories. To address High Risk Enforcement Action 2, the licensee must: immediately correct/address the High Risk noncompliance; develop and implement a written action plan within 30 days (or in the time specified by the EUB group) addressing the root causes of previous noncompliance events and detailing what the licensee will do to prevent future noncompliance events in this compliance category/categories; if operations were suspended, have the action plan approved by the EUB group before start-up; and review the action plan with the EUB group in a meeting. In addition, the EUB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; increased audits or inspections; partial or full suspension; suspension and/or cancellation of permit, licence, or approval.

3. **Directive 019 – High Risk Enforcement Action 3 Summary**

In accordance with *Directive 019: EUB Compliance Assurance–Enforcement*, High Risk Enforcement Action 3 is initiated against a licensee who has failed to comply with the requirements of High Risk Enforcement Action 1, 2, or 3, or has demonstrated disregard of EUB requirements that have been identified as High Risk. To address High Risk Enforcement Action 3, the licensee must: immediately correct/address the High Risk noncompliance; if necessary, suspend operations (partial or full), when safe to do so, to remove the existing or potential impact/hazard (suspension will not occur if it results in an increased impact/hazard to the environment or public); develop and implement a written action plan acceptable to the EUB group that addresses the root causes of noncompliance events and details what the licensee will do to prevent future noncompliance events in this compliance category; and meet with the EUB group to review and have the action plan approved before start-up of operations if operations were suspended. The EUB will also apply one or more of the following enforcement actions as its authority provides: noncompliance fees; self-audit or inspections; third-party audits or inspections; 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.

High Risk Enforcement Action 3 with global Refer results in formal orders to comply (Closure, Miscellaneous and Abandonment) and the imposition of the global Refer status against the licensee. The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the EUB when deciding to approve or deny future and pending applications by the licensee to the EUB. In addition, conditions for continued operation may be applied to the entire company.

4. **Directive 019 – Low Risk Enforcement Action – Global Refer Summary**

In accordance with *Directive 019: EUB Compliance Assurance–Enforcement*, Low Risk Enforcement Action – global Refer is initiated against a licensee who has failed to correct/address a Low Risk noncompliance event in the time specified by the EUB group. Low Risk Enforcement Action – global Refer enforcement results in the imposition of the global Refer status against the licensee and may result in formal orders to comply (Closure, Miscellaneous and Abandonment). The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the EUB when deciding to approve or deny future and pending applications by the licensee to the EUB. In addition, conditions of continued operation may be applied to the entire company. To address Low Risk Enforcement Action, the licensee must: immediately correct/address the Low Risk noncompliance within the time specified by the EUB group; notify the EUB group that the Low Risk noncompliance has been corrected/addressed in the specified time; and provide a written explanation acceptable to the EUB group addressing the failure to respond and detailing steps to prevent future occurrences.

5. **Legislative/Regulatory Enforcement Action Summary**

In accordance with certain legislative authorities, Legislative/Regulatory enforcement results in the imposition of the global Refer status against the licensee and may result in formal orders to comply (Closure, Miscellaneous and Abandonment). The global Refer status indicates a licensee’s inability or unwillingness to comply. The status will be considered by the EUB when deciding to approve or deny future and pending applications by the licensee to the EUB. In addition, conditions for continued operation may be applied to the entire company. Enforcement actions that are not administered through *Directive 019*, but rather through existing legislation, and for which enforcement proceeds directly to a formal order and global Refer are: mineral lease expiry, surface lease expiry, environmental and public safety concerns, and failure to demonstrate the right to the purpose of the wellbore, the right to access the surface, and a working interest ownership in the property.

If you require further information, contact Customer Contact Centre, (403) 297-8311 or eub.inquiries@eub.ca.