



ERCBC Monthly Enforcement Action Summary

May 2008

Page 19 revised November 12, 2008

ENERGY RESOURCES CONSERVATION BOARD
ST108: ERCB Monthly Enforcement Action Summary, May 2008

September 2008

Published by

Energy Resources Conservation Board
640 – 5 Avenue SW
Calgary, Alberta
T2P 3G4

Telephone: 403-297-8311
Fax: 403-297-7040
E-mail: Publications@ercb.ca
Web site: www.ercb.ca

Contents

High Risk Compliance Category Statistics..... 1

High Risk Enforcement Action 1 2

High Risk Enforcement Action 2 (Persistent Noncompliance)..... 14

High Risk Enforcement Action 3 (Failure to Comply or Demonstrated Disregard)..... 15

Low Risk Enforcement Action – Global REFER Summary 17

Legislative/Regulatory Enforcement Action 21

Endnotes 22

| High Risk Compliance Category Statistics | | | | |
|--|---|--------------------------------|---|---|
| ERCB | Compliance Category | May 2008 | | |
| | | Initial Audits/ Inspections | Number of High Risk Noncompliance | Compliance Rate with High Risk Noncompliance |
| Applications Branch | | | | |
| Facilities Applications Group Audit Section | Participant Involvement | 65 | 2 | 97% |
| | Facilities Technical | 22 | 3 | 86% |
| | Pipelines/Pipeline Installations Technical | 33 | 1 | 97% |
| | Wells Technical | 31 | 2 | 94% |
| Resources Applications Group Enforcement & Surveillance Section and Coal Section | Gas Allowables | n/a | 2 | n/a |
| Subtotal | | 151 | 10 | 93% |
| Compliance and Operations Branch | | | | |
| Operations Group Production Operations Section | Production Measurement & Reporting | n/a | 1 | n/a |
| Subtotal | | n/a | 1 | n/a |
| Public Safety/Field Surveillance Branch | | | | |
| | Drilling Operations | 7 | 0 | 100% |
| | Well Servicing | 20 | 0 | 100% |
| | Oil Facilities | 384 | 12 | 97% |
| | Gas Facilities | 154 | 3 | 98% |
| | Pipelines | 116 | 8 | 93% |
| | Drilling Waste | 1 | 0 | 100% |
| | Well Site Inspections | 659 | 4 | 99.4% |
| | Waste Management | 5 | 0 | 100% |
| Subtotal | | 1346 | 27 | 98% |
| Resources Branch | | | | |
| Geology and Reserves Group Reserves & Allowables Section | Oil Overproduction | 519 | 2 | 100% |
| Subtotal | | 519 | 2 | 99.6% |
| Total Audit/Inspections High Risk | | 2016 | 40 | 98.0% |

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

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|---------------------|---|--|------------------------|---------------------------------------|---|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 1 | 385417 Alberta Ltd. | Field Surveillance/ Oil Facilities | No leak detection and secondary containment where required. Spill on/off lease not adequately controlled/ cleaned up. | May 1, 2008 | 02-20-048-02W5 Leduc County | Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee removed the underground tank. Licensee cleaned up the spill. Licensee provided a plan to address the noncompliances and prevent future occurrences. Compliance achieved. |
| 2 | Apache Canada Ltd. | Field Surveillance/ Oil Facilities | Flame type equipment without workable flame arrester less than 25 m from a process vessel. | May 5, 2008 | 03-03-037-03W4 M.D. of Provost | Operations suspended. Licensee installed bolts/nuts on the flame arrester. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 3 | Apache Canada Ltd. | Field Surveillance/ Well Site Inspection | Pumping well within 800 m of public development and does not have a fence. Surface runoff control – lease not diked where required. | May 27, 2008 | 06-25-039-23W4 Lacombe County | Operations suspended. Licensee installed a fence. Licensee installed surface runoff control. Licensee provided a plan to address the noncompliances and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|--------------------------|---|---|------------------------|---|---|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 4 | Baytex Energy Ltd. | Resources Applications/ Gas Allowables | Production prior to the assignment of a yearly allowable. | May 8, 2008 | 06-081-19W5 Northern Sunrise County | Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 5 | Birchcliff Energy Ltd. | Geology and Reserves/ Oil Overproduction | Failure to retire oil overproduction. | May 30, 2008 | 16-26-072-04W6 County of Grande Prairie | Operations suspended. Licensee confirmed the well has been shut in and will remain shut in until all overproduction has been retired. Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences. All overproduction retired. |
| 6 | Bonavista Petroleum Ltd. | Field Surveillance/ Well Site Inspection | Non compliant with other ERCB requirement. (Release criteria in <i>Directive 055/Directive 058</i> not met prior to release.) | May 8, 2008 | 06-11-053-06W4 County of Vermilion River | Operations suspended. Licensee made repairs to the dike to prevent surface runoff. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 7 | Bonavista Petroleum Ltd. | Field Surveillance/ Well Site Inspection | Pumping well within 800 m of public development and does not have fence. | May 20, 2008 | 12-15-012-23W4 County of Lethbridge | Operations suspended. Licensee installed a fence. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|-----------------------------|---------------------------------------|---|------------------------|---|---|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 8 | Bonavista Petroleum Ltd. | Field Surveillance/ Pipelines | Joining/Inspection and Testing – joining/ radiograph is unsatisfactory. | May 26, 2008 | 16-16-050-05W4 County of Vermilion River | Operations suspended. Licensee implemented a pipeline installation guide for employees. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 9 | Bonterra Energy Corp. | Field Surveillance/ Pipelines | Marking of existing pipelines inside controlled area is unsatisfactory. Non compliant with other ERCB requirement (ground disturbance). | May 23, 2008 | 09-26-047-09W5 Brazeau County | 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 noncompliances and prevent future occurrences. Compliance achieved. |
| 10 | Brahma Resources Ltd. | Field Surveillance/ Oil Facilities | Surface Runoff Control – Release criteria in <i>Directive 055/Directive 058</i> not met prior to release. | May 2, 2008 | 14-14-050-02W4 County of Vermilion River | Operations suspended. Licensee repaired the dike to prevent surface runoff. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 11 | Bronco Energy Ltd. | Field Surveillance/ Pipelines | Construction Approval – there is no approval to construct. Failure to notify appropriate ERCB Field Centre (pipeline leak). | May 14, 2007 | 12-30-079-22W4 M.D. of Opportunity | Operations were not suspended as the event occurred prior to the inspection. Licensee implemented a pipeline testing checklist. Licensee provided a plan to address the noncompliances and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|------------------------------------|---|--|------------------------|--|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 12 | Canadian Natural Resources Limited | Facilities Applications/ Facilities Technical | Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation. | May 1, 2008 | 09-23-048-01W4 County of Vermillion River | Noncompliance found prior to licence approval. Licensee provided a plan to address the noncompliance and prevent future occurrences. Approval not issued until noncompliance addressed. |
| 13 | Compass Petroleum Inc. | Field Surveillance/ Oil Facilities | H ₂ S emissions off lease. | May 21, 2008 | 02-31-011-12W4 Cypress County | Operations suspended. Licensee repaired the seal that was the cause of the odours. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 14 | Deepwell Energy Services Ltd. | Facilities Applications/ Participant Involvement | Failure to disclose to the ERCB any outstanding public/industry objections/concerns, whether they are received prior to or after filing of the application or whether the party is inside or outside the minimum contact radius of personal consultation and notification. | May 23, 2008 | 08-27-087-10W6 M.D. of Clear Hills | Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 15 | Echoex Ltd. | Facilities Applications/ Wells Technical | Failure to acquire a mineral lease continuation – No agreement with Department of Energy. | May 13, 2008 | 12-04-046-02W4 County of Vermillion River | Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|--------------------------------------|--|---|------------------------|--|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 16 | Enbridge Midstream Inc. | Facilities Applications/ Pipelines Technical | The valves, flanges, fittings are not suitable for the applied for maximum operating pressure as defined in Canadian Standards Association. | May 1, 2008 | 01-30-042-09W4 M.D. of Provost | Licence was not cancelled or suspended as the licensee amended the licence. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 17 | Enerplus Resources Corporation | Operations Group/ Production Measurement & Reporting | Inaccurate accounting and reporting of actual gas production. | May 26, 2008 | 08-33-017-12W4 County of Newell | 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. Although this has been received and reviewed, volumes reported to the Registry still require further amending and therefore compliance has not been achieved to date. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|---------------------------|---|--|------------------------|---|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 18 | Eng-Land Energy Ltd. | Field Surveillance/ Oil Facilities | <p>Noncompliant with other ERCB requirement – failure to implement results of decision tree (including meeting performance requirements) as per <i>Directive 060</i>.</p> <p>Non compliant with other ERCB requirement – no high-level alarm or high-level facility shutdown on knockout drum/flare separator where required as per <i>Directive 060</i>.</p> <p>Non compliant with other ERCB requirement – exceeding oil and gas well test flaring/ incinerating and venting duration limits without approval as per <i>Directive 060</i>.</p> | May 28, 2008 | 04-19-048-05W5 Brazeau County | <p>Operations suspended.</p> <p>Licensee updated economic evaluation potential on the well.</p> <p>Licensee installed a high-level shutdown alarm.</p> <p>Licensee provided a plan to address the noncompliances and prevent future occurrences.</p> <p>Compliance achieved.</p> |
| 19 | EOG Resources Canada Inc. | Field Surveillance/ Well Site Inspection | <p>Venting practices not in accordance with <i>Directive 060</i> or local Field Centre Agreement.</p> <p>Residents within required radius not notified of flaring or venting.</p> | May 27, 2008 | 15-08-030-10W4 Special Area 2 (near Richdale) | <p>Operations suspended.</p> <p>Licensee implemented an internal standard operating policy for unplanned/planned venting.</p> <p>Licensee provided a plan to address the noncompliances and prevent future occurrences.</p> <p>Compliance achieved.</p> |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|------------------------------------|--|---|------------------------|---|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 20 | Husky Oil Operations Limited | Facilities Applications/ Facilities Technical | Failure to submit a facility license application as "Facilities- technical nonroutine" when required. | May 8, 2008 | 10-09-051-19W5 Yellowhead County | <p>License not suspended or cancelled as mitigative measures are in place.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p> |
| 21 | Husky Oil Operations Limited | Field Surveillance/ Gas Facilities | Newly installed tank(s) and associated piping not tested prior to service. | May 28, 2008 | 13-29-033-21W4 Starland County | <p>Operations suspended.</p> <p>Licensee completed integrity testing on the tank.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p> |
| 22 | Keyera Energy Ltd. | Geology and Reserves/ Oil Overproduction | Failure to retire oil overproduction. | May 30, 2008 | 05-33-049-08W5 Brazeau County | <p>Operations suspended.</p> <p>Licensee confirmed the well has been shut-in and will remain shut-in until all overproduction has been retired.</p> <p>Licensee was directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>All overproduction retired.</p> |
| 23 | Panwestern Energy Inc. | Field Surveillance/ Pipelines | No operations and maintenance procedures manual or not followed. | May 13, 2008 | 01-05-037-5W5 Clearwater County | <p>Operations suspended.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p> |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|--------------------------|---|--|------------------------|---|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 24 | Pengrowth Corporation | Resources Applications/ Gas Allowables | Production prior to the assignment of a yearly allowable. | May 9, 2008 | 01-31-026-13W4 Special Area 2 (near Sunnynook) 04-05-056-15W5 Yellowhead County | Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 25 | Pengrowth Corporation | Field Surveillance/ Pipelines | Proper procedures were not followed – ground disturbance activities. | May 22, 2008 | 07-22-037-20W4 County of Stettler | Operations suspended. Licensee cleaned up the spill and repaired the pipeline. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 26 | Penn West Petroleum Ltd. | Facilities Applications/ Participant Involvement | No attempt at public and/or industry personal consultation and notification prior to filing the application. | May 15, 2008 | 01-05-037-5W5 M.D. of Clearwater | Operations suspended. Licensee addressed the outstanding public concerns. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 27 | Penn West Petroleum Ltd. | Field Surveillance/ Pipelines | Road Crossing Pipe Specifications – road crossings are unsatisfactory. | May 15, 2008 | 02-13-061-09W4 M.D. of Bonnyville | Operations suspended. Licensee replaced the pipeline that did not meet specifications. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|-------------------------------|--|---|------------------------|---|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 28 | Petenco Resources Ltd. | Field Surveillance/ Pipelines | Pipeline sign missing or defaced on both sides of a crossing. | May 22, 2008 | 08-32-029-04W5 Mountain View County | Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee installed new signs. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 29 | Primewest Energy Inc. | Facilities Applications/ Wells Technical | Failure to acquire the rights to the intended formation(s). | May 26, 2008 | 16-08-042-09-W5 M.D. of Clearwater | Licence cancelled. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 30 | Redcliffe Exploration | Field Surveillance/ Oil Facilities | Flame type equipment without workable flame arrestor less than 25 m from a process vessel. | May 13, 2008 | 10-06-039-04W5 Clearwater County | Operations suspended. Licensee cleaned the flame arrestor. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 31 | Ridgeback Exploration Ltd. | Facilities Applications/ Facilities Technical | Failure to meet the spacing requirements in the facility design. | May 15, 2008 | 01-19-086-24W5 M.D. of Northern Lights | Licence not suspended or cancelled as mitigative measures are in place. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|-------------------------|---------------------------------------|--|------------------------|---|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 32 | Rife Resources Ltd. | Field Surveillance/ Oil Facilities | Spill on/off lease not adequately controlled/ cleaned up. Release criteria in <i>Directive 055/Directive 058</i> not met prior to release. | May 14, 2008 | 16-09-062-04W6 M.D. of Greenview | Operations suspended. Licensee cleaned up the spill. Licensee will test any fluids in the future prior to release. Licensee provided a plan to address the noncompliances and prevent future occurrences. Compliance achieved. |
| 33 | San Juan Resources Inc. | Field Surveillance/ Oil Facilities | Pit containing produced fluids or process chemicals. | May 16, 2008 | 10-35-024-13W4 Special Area 2 (near Pollickville) | Operations were not suspended as the noncompliance was corrected immediately. Licensee removed the liquids from the pit. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 34 | Suncor Energy Inc. | Field Surveillance/ Gas Facilities | Underground tank(s) not tested at the required 3 year frequency/operator cannot demonstrate tank integrity. | May 5, 2008 | 16-11-054-15W5 Yellowhead County | Operations were not suspended as there was no existing or potential impact/hazard to the environment or the public. Licensee conducted integrity testing on the tanks. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|----------------------------|---------------------------------------|--|------------------------|----------------------------------|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 35 | Wrangler West Energy Corp. | Field Surveillance/ Oil Facilities | Flame-type equipment without workable flame arrester less than 25 m from a process vessel. | May 1, 2008 | 10-11-012-13W4 M.D. of Taber | Operations suspended. Licensee installed bolts/nuts on the flame arrester. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 36 | Zargon Oil & Gas Ltd. | Field Surveillance/ Oil Facilities | H ₂ S emissions off lease. | May 7, 2008 | 15-36-007-17W4 M.D. of Taber | Operations were not suspended as the noncompliance was corrected immediately. Licensee repaired the vapour recovery unit. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |
| 37 | Zargon Oil & Gas Ltd. | Field Surveillance/ Oil Facilities | Flame-type equipment without workable flame arrester less than 25 m from a process vessel. | May 7, 2008 | 12-21-048-05W5 Brazeau County | Operations were not suspended as the noncompliance was corrected immediately. Licensee installed bolts/nuts on the flame arrester. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 1 ¹ | | | | | | |
|---|--------------------------|---------------------------------------|--|------------------------|---------------------------------------|---|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 38 | Zargon Oil & Gas Ltd. | Field Surveillance/ Oil Facilities | Flame-type equipment without workable flame arrester less than 25 m for a process vessel. | May 28, 2008 | 14-26-032-25W4 Kneehill County | Operations suspended. Licensee repaired the holes in the flame arrester. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 2 (Persistent Noncompliance) ² | | | | | | |
|--|------------------|---------------------------------------|--|------------------------|---|---|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 1 | Crew Energy Inc. | Field Surveillance/ Gas Facilities | H ₂ S emissions off lease. | May 27, 2008 | 12-11-046-17W5 Yellowhead County | Operations suspended. Licensee took the truck out of service that was the cause of the leak. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee met with the ERCB, action plan reviewed and approved. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 3 (Failure to Comply or Demonstrated Disregard) ³ | | | | | | |
|---|------------------------------------|------------------------------------|---|------------------------|---|---|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 1 | Husky Oil Operations Limited | Field Surveillance/ Pipelines | Pipe is operating but is shown as discontinued or abandoned in ERCB records. | May 27, 2008 | 07-25-105-01W6 M.D. of Mackenzie | Operations suspended. Licensee amended the licence. Licensee provided a plan to address the noncompliance and prevent future occurrences. Licensee met with the ERCB, action plan reviewed and approved. Compliance achieved. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| High Risk Enforcement Action 3 (Failure to Comply or Demonstrated Disregard) ³ | | | | | | |
|---|--------------------------|---|--|------------------------|---|---|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Response |
| 2 | S.V.C. Resources Inc. | Environment Group/ Oilfield Waste Receiver Audits | <p>The licensee generating an oilfield waste does not properly characterize and classify the waste material.</p> <p>Waste facility accepts wastes they are not approved to receive or capable of handling.</p> | May 16, 2008 | 07-13-022-08W4 Special Area 2 (near Jenner) | <p>Operations suspended.</p> <p>Require a plan to address the noncompliances and prevent future occurrences.</p> <p>Licensee continued to fail to comply, resulting in the imposition of the Global Refer status and issuance of Closure Order No. C 1116. In addition, the licensee was also required to</p> <p>1a) Develop and implement a program to ensure that the facility only receives characterized materials that it is approved to handle.</p> <p>b) Provide a written action plan as to how S.V.C. Resources Inc. will ensure that all residuals generated by the facility will be properly characterized and classified prior to shipment and disposal.</p> <p>2) S.V.C. Resources Inc. develops and submits an action plan in writing addressing items 1a and 1b. In addition, S.V.C. must also include a written explanation addressing the failure to respond to ERCB direction and detailing steps to prevent future occurrences.</p> <p>3) A documented meeting is held with the ERCB to review S.V.C. Resources Inc.'s noncompliant history and action plan.</p> |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

Low Risk Enforcement Action – Global REFER Summary⁴

| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Follow-up |
|---|-----------------------|---|-------------------------------------|------------------------|---|--|
| 1 | Arbour Energy Inc. | Corporate Compliance/ Noncompliance with Liability Management Program Requirements | Failure to pay security deposit. | May 6, 2008 | 10-11-033-10W4 16-11-033-10W4 Special Area 2 (near Richdale) 06-32-028-03W5 M.D. of Rocky View | <p>This is an escalation from a previous enforcement action item initially reported on April 25, 2008.</p> <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1109.</p> <p>Suspension of well licences.</p> <p>Licensee required to pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Arbour Energy Inc. failed to comply. Abandonment Order No. AD 2008-7 and Closure/Abandonment Order No. AD 2008-8 issued.</p> <p>ERCB notified licensee of its intention to have the properties abandoned as a result of the breaching of the Abandonment Orders.</p> |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

Low Risk Enforcement Action – Global REFER Summary⁴

| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Follow-up |
|---|---------------------------|---|-------------------------------------|------------------------|------------------------|--|
| 2 | Cavador Resources Ltd. | Corporate Compliance/ Noncompliance with Liability Management Program Requirements | Failure to pay security deposit. | May 20, 2008 | N/A – Against Licensee | <p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2008-7.</p> <p>Licensee required to pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Cavador Resources Ltd. submitted the full security deposit and provided an acceptable action plan.</p> <p>Compliance achieved.</p> |
| 3 | Dinas Corporation | Corporate Compliance/ Noncompliance with Liability Management Program Requirements | Failure to pay security deposit. | May 6, 2008 | N/A – Against Licensee | <p>Global Refer status.</p> <p>Issuance of Miscellaneous Order No. MISC 2008-5</p> <p>Licensee required to pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Licensee failed to comply. File referred to Alberta Environment as reclamation-only liability remains in the company.</p> |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

Low Risk Enforcement Action – Global REFER Summary⁴

| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Follow-up |
|---|-------------------------------|---|----------------------------------|------------------------|--|---|
| 4 | Peace West Energy Corporation | Corporate Compliance/ Noncompliance with Liability Management Program Requirements | Failure to pay security deposit. | May 2, 2008 | N/A – Against Licensee | Global Refer status. Issuance of Miscellaneous Order No. MISC 2008-4. Licensee required to pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. |
| 5 | Peace West Energy Corporation | Corporate Compliance/ Noncompliance with Liability Management Program Requirements | Failure to pay security deposit. | May 21, 2008 | 01-13-108-19W5 01-18-109-19W5 02-06-109-19W5 13-21-109-19W5 15-31-108-19W5 08-24-108-19W5 01-25-108-19W5 15-33-108-19W5 M.D. of Mackenzie 07-24-073-10W5 05-26-073-10W5 M.D. of Big Lakes | This is an escalation from a previous enforcement action item initially reported on May 2, 2008. Global Refer status. Issuance of Closure Order No. C 1112. Suspension of well licences. Licensee required to pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences. Peace West Energy Corporation failed to comply. Abandonment Order No. AD 2008-9 was issued. ERCB notified licensee of its intention to have the properties abandoned as a result of the Abandonment Order breaching. |
| 6 | Slate Energy Inc. | Corporate Compliance/ | Failure to pay security | May 20, 2008 | N/A – Against Licensee | Global Refer status. |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

Low Risk Enforcement Action – Global REFER Summary⁴

| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Follow-up |
|---|----------|--|---|------------------------|------------------|---|
| | | Noncompliance with Liability Management Program Requirements | deposit (<i>Directives 001, 006, 024</i>) | | | <p>Issuance of Miscellaneous Order No. MISC 2008-6.</p> <p>Licensee required to pay the security deposit and provide a written explanation acceptable to the ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Slate Energy Inc. submitted the full security deposit and provided an acceptable action plan to the ERCB.</p> <p>Compliance achieved.</p> |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

| Legislative/Regulatory Enforcement Action ⁵ | | | | | | |
|--|---|---|---|------------------------|-------------------------------------|--|
| # | Licensee | ERCB Group/ Compliance Category | Noncompliance Event | Date of Enforcement | Surface Location | ERCB Action(s) and Licensee Follow up |
| 1 | Petrobank Energy and Resources Ltd. | Corporate Compliance/ Petroleum and Natural Gas Rights Expiry | Failure to prove to the satisfaction of the ERCB that it has a valid entitlement to the right to produce the well. | May 16, 2008 | 10-26-019-23W4 Vulcan County | <p>Global Refer status.</p> <p>Issuance of Closure Order No. C 1110.</p> <p>Suspension of well licence.</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 ERCB addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Petrobank Energy and Resources Ltd. subsequently abandoned the well and provided an acceptable action plan to the ERCB.</p> <p>Compliance achieved.</p> |

If you require further information, contact Customer Contact Centre, 403-297-8311 or Inquiries@ercb.ca.

Endnotes

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

In accordance with *Directive 019: ERCB Compliance Assurance–Enforcement*, High Risk Enforcement Action 1 is initiated against a licensee when the ERCB 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 ERCB group); notify the ERCB group that the High Risk noncompliance has been corrected/addressed in the specified time. In addition, the ERCB 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: ERCB 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 ERCB 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 ERCB group before start-up; and review the action plan with the ERCB group in a meeting. In addition, the ERCB 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: ERCB 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 ERCB 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 ERCB 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 ERCB group to review and have the action plan approved before start-up of operations if operations were suspended. The ERCB 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 ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. 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: ERCB 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 ERCB 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 ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. 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 ERCB group; notify the ERCB group that the Low Risk noncompliance has been corrected/addressed in the specified time; and provide a written explanation acceptable to the ERCB 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 ERCB when deciding to approve or deny future and pending applications by the licensee to the ERCB. 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.