ST108: Monthly Enforcement Action Summary

April 2014

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, April 2014

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Introduction

This report summarizes monthly information for April 2014 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 Action issued against a licensee.

The table below summarizes the enforcement actions issued.

Enforcement Action Summary: April 2014

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)	Legislative/ Regulatory Enforcement Actions (Global Refer or AER Order)
Wells Technical	2	0	0	0	0	0
Oil Overproduction	2	0	0	0	0	0
Flaring, Incinerating, and Venting Audits	1	0	0	0	0	0
Packer Testing	1	0	0	0	0	0
General ERP requirements	1	0	0	0	0	0
Noncompliance with Liability Management Requirements	0	0	0	0	8	0
Orphan Levy	0	0	0	0	24	0
Corporate Status	0	0	0	0	0	2
Drilling Operations	1	0	0	0	0	0
Gas Facilities	2	0	0	0	0	0
Oil Facilities	2	0	0	0	0	0
Well Site Inspections	4	0	0	0	0	0
Pipelines	5	1	0	0	0	0
Total	**21**	**1**	**0**	**0**	**32**	**2**

* Compliance Categories with no published enforcement actions issued during April 2014 have not been listed here.

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.

High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
1	Apache Canada Ltd.	Enforcement & Surveillance/ Well Site Inspections	Well closer than 100 metres to the normal high water mark of a body of water or permanent stream without appropriate protective measures.	April 23, 2014	05-14-038-08W4	Operations suspended. Licensee installed equipment to prevent fluids from reaching the body of water. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
2	ARC Resources Ltd.	Enforcement & Surveillance/ Oil Facilities	Any H_2S off-lease odours.	April 8, 2014	14-14-049-06W5	Operations were not suspended as operations were already suspended. Licensee took the tank out of service. 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	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
3	ATCO Energy Solutions Ltd.	Enforcement & Surveillance/ Pipelines	The system does not provide enough current to satisfy the selected criteria for cathodic protection.	April 8, 2014	09-09-020-01W4 (2 pipeline licences)	Operations were not suspended as there was no immediate impact on public health and safety, environment, resource conservation, or stakeholder confidence in the regulatory process. Licensee updated its reporting and monitoring procedures to identify any unit that is out of tolerance. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.

High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
4	Bearspaw Petroleum Ltd.	Emergency Response & Preparedness/ General ERP Requirements	Failure to demonstrate that the plan management system ensures that the ERPs are up-to-date as changes are identified. Failure to provide a copy of the public information package to all identified residences in the EPZ every two years and/or conduct a public awareness program with members of the public through personal consultative processes. Failure to distribute changes in information that are instrumental to implementing the ERP to all required plan holders. Failure to test the sour operations, HVP pipeline, or cavern storage facility ERP through tabletop and major exercises.	April 29, 2014	Against licensee	Operations were not suspended as there was no immediate or existing impact to public safety or the environment. Licensee updated its ERP. Licensee provided a copy of the public information package and conducted a public awareness session. Licensee distributed the updated ERP to all required plan holders. Licensee completed an ERP exercise. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
5	Bellatrix Exploration Ltd.	Enforcement & Surveillance/ Well Site Inspections	Noncompliant with other High Risk AER requirement(s). (Sump closure was not completed within 12 months of drilling rig release.)	April 17, 2014	01-28-044-10W5	Operations were not suspended as the well was already abandoned. Licensee will do assessment of the site, then determine the remediation process. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
6	Bellatrix Exploration Ltd.	Enforcement & Surveillance/ Pipelines	Pressure control and overpressure protection system not designed in accordance with *CSA Z662*.	April 25, 2014	06-36-046-04W5	Operations were not suspended as operations were already suspended. Licensee completed a pressure test on the pipeline. Licensee will perform and document function tests. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
7	Blackspur Oil Corp.	Enforcement & Surveillance/ Well Site Inspections	Spill or release not contained/cleaned up. No notification of a reportable spill or release to the AER.	April 14, 2014	13-32-020-17W4	Operations were not suspended as suspension will not remove the impact. Licensee performed a substance release assessment to identify the best method to clean up the spill. Licensee cleaned up the spill. Licensee reviewed and familiarized itself with the notification criteria. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
8	Cenovus Energy Inc.	Enforcement & Surveillance/ Pipelines	The system does not provide enough current to satisfy the selected criteria for cathodic protection. Company does not take action to correct deficiencies found in the cathodic protection survey.	April 2, 2014	06-24-018-07W4	Operations were not suspended as there was no immediate impact on public health and safety, the environment, resource conservation, or stakeholder confidence in the regulatory process. Licensee will assess and perform annual cathodic protection surveys. Licensee developed work flow templates specific to cathodic protection. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.

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High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
9	Cenovus Energy Inc.	Enforcement & Surveillance/ Pipelines	An existing pipeline within 5 m of a proposed ground disturbance was not located by hand excavation, or the hand excavation procedures are not acceptable to the licensee of the pipeline. Licensee is not able to demonstrate that procedures in the manuals have been implemented, or it is not operating and maintaining its pipeline systems in accordance with documented procedures.	April 7, 2014	13-22-027-20W4	Operations suspended. Licensee will conduct risk assessment and mitigation plan if all pipelines cannot be identified. Licensee reviewed and communicated its ground disturbance practices with staff. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
10	Chinook Energy Inc.	Enforcement & Surveillance/ Gas Facilities	Spill or release not contained/cleaned up.	April 4, 2014	10-08-041-01W5	Operations were not suspended as suspension will not remove the impact. Licensee cleaned up the spill. Licensee will ensure that waste disposal methods are improved. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
11	Devon Canada	Rate Applications/ Oil Overproduction	Failure to retire all cumulative overproduction in accordance with *Directive 007-1: Allowables Handbook*.	April 30, 2014	00/05-09-065-10W6/0	Operations shut in and remain shut in until all overproduction is retired. Licensee was directed to develop and implement an action plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
12	Gear Energy Ltd.	Resource Compliance/ Flaring, Incinerating and Venting Audits	Flaring, incinerating, or venting solution gas from an oil/bitumen well with a gas oil ratio greater than 3000 m^3/m^3.	April 29, 2014	08-17-048-04W4	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	Manitok Energy Inc.	Enforcement & Surveillance/ Oil Facilities	No secondary containment as required.	April 8, 2014	03-29-042-15W5 06-29-042-15W5	Operations were not suspended as licensee immediately emptied and isolated the tank. Licensee will ensure that requirements in the AER's *Directive 055: Storage Requirements for the Upstream Petroleum Industry* are followed. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
14	Progress Energy Canada Ltd.	Enforcement & Surveillance/ Pipelines	Company does not institute and maintain programs to mitigate internal corrosion that was indicated by the results of testing for corrosive agents.	April 7, 2014	08-26-069-07W6	Operations suspended. Licensee will update its internal corrosion mitigation program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
15	Strategic Oil & Gas Ltd.	Enforcement & Surveillance/ Gas Facilities	Dilution gas volumes not metered.	April 9, 2014	06-32-122-02W6	Operations were not suspended as suspension may result in impacts on the environment or the public. Licensee will ensure that the vapour recovery unit remains in service. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Surge Energy Inc.	Resource Compliance/ Packer Testing	Failure to perform repairs and report repair results to the AER within 90 days of detection.	April 25, 2014	00/10-33-015-22W4/0 05/05-13-040-04W4/0	Operations were not suspended as the well was already shut in. Licensee resolved failed packer issues. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
17	TORC Oil & Gas Ltd.	Enforcement & Surveillance/ Well Site Inspections	Contaminated materials or materials possessing the potential to leach stored directly on the ground.	April 30, 2014	11-24-045-12W5	Operations were not suspended as the well was already shut in. Licensee will ensure that materials are properly contained. Licensee will perform regular inspections. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Tourmaline Oil Corp.	Rate Applications/ Oil Overproduction	Failure to retire all cumulative overproduction in accordance with *Directive 007-1: Allowables Handbook*.	April 30, 2014	00/13-08-083-08W6/0	Operations shut in and remain shut in until all overproduction is retired. Licensee directed to develop and implement an action plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Trilogy Resources Ltd.	Enforcement & Surveillance/ Drilling Operations	Noncompliance with other AER regulations and requirements. (Licensee shall ensure that surface casing is cemented full length before drilling more than 10 metres beyond the casing setting depth.)	April 11, 2014	12-03-064-18W5	Operations suspended. Licensee will update its drilling program to ensure cement top is at surface before proceeding with operations. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

High Risk Enforcement Action (HREA)[1]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
20	Whitecap Resources Inc.	Infrastructure Audit/ Wells Technical	Failure to acquire a mineral lease continuation (no agreement with Department of Energy)	April 11, 2014	04-15-035-03W5 (W0466108)	Licence cancelled Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
21	Whitecap Resources Inc.	Infrastructure Audit/ Wells Technical	Failure to acquire a mineral lease continuation (no agreement with Department of Energy)	April 30, 2014	04-15-035-03W5 (W0466343)	Licence cancelled. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

High Risk Enforcement Action (Persistent Noncompliance)[2]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
1	EOG Resources Canada Inc.	Enforcement & Surveillance/ Pipelines	Company does not institute and maintain programs to mitigate internal corrosion that was indicated by the results of testing for corrosive agents.	April 17, 2014	14-02-032-23W4	Operations were not suspended as the pipeline was already suspended. Licensee is required to submit a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.

High Risk Enforcement Action (Demonstrated Disregard)[3]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
	None					

High Risk Enforcement Action (Failure to Comply)[4]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
	None					

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
1	1354465 Alberta Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-21. Licensee is required to • pay the 2013 and 2014 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 2014 Orphan Fund Levy. Licensee failed to comply for the 2013 Orphan Fund Levy. Closure Order No. C 2014-40 was subsequently issued.
2	Advantage Well Servicing Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-22. Licensee is required to • pay the 2014 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.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
3	Antelope Land Services Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	April 16, 2014	Well licences: 11-17-031-23W4 08-29-031-23W4 05-17-031-23W4 Pipeline licence: 06-14-050-26W4	Global Refer status. Issuance of Miscellaneous Order No. MISC 2014-12. Abandonment of the wells and pipelines. Licensee is required to • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. Closure/Abandonment Orders No. AD 2014-70, AD 2014-71, and AD 2014-72 were subsequently issued. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
4	Benjaka Exploration Inc.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-35. Licensee is required to • pay the 2014 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 an explanation to the AER. Licensee submitted plan for the Licensee Liability Rating (LLR) Management Plan as outlined in *AER Bulletin 2014-06*. Global Refer status is maintained against the licensee.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
5	Brixton Energy Corp.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-45. Licensee is required to • pay the 2013 and 2014 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 Orders No. AD 2014-59 and AD 2014-60 were subsequently issued. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
6	Calver Resources Inc.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-23. Licensee is required to • pay the 2014 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. The AER has sent its wells and pipelines to the Orphan Well Association to be abandoned.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
7	Custom Energy Group Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-24. Licensee is required to • pay the 2013 and 2014 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. Closure Orders No. C2014-38 and C2014-39 were subsequently issued. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
8	Delek Resources Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-25. Licensee is required to • pay the 2014 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.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
9	Detector Exploration Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-36. Licensee is required to • pay the 2014 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 an explanation to the AER. Global Refer status is maintained against the licensee.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
10	Duel Energy Inc.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-26. Licensee is required to • pay the 2014 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 and provided a written explanation to the AER. Licensee is currently noncompliant with other AER requirements. Global Refer status maintained.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
11	Elmdale Resources Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-27. Licensee accepted into Licensee Liability Rating (LLR) Management Plan as detailed in *AER Bulletin 2014-06*. Licensee is required to • pay the 2014 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 and provided a written explanation to the AER. Licensee is currently noncompliant with other AER requirements. Global Refer status maintained.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
12	Foret Management Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-28. Licensee is required to • pay the 2014 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. The AER has sent its licences to the Orphan Well Association to be abandoned.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
13	Hansen Drilling Ventures Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-29. Licensee is required to • pay the 2014 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. Global Refer status is maintained.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
14	Inland Development Company Ltd	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	April 16, 2014	Well licences 10-29-061-22W4 (2 licences) Pipeline licences 07-35-060-24W4 10-29-061-22W4	Global Refer status. Issuance of Miscellaneous Order No. MISC 2014-14. Licensee accepted into Licensee Liability Rating (LLR) Management Plan as outlined in *AER Bulletin 2014-06*. Licensee is required to • pay the security deposit and • provide a 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 2014-27 was subsequently issued. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
15	Inland Development Company Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-30. Licensee is required to • pay the 2014 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. Closure Order No. C 2014-41 was subsequently issued. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
16	Kerrisdale Resources Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	April 17, 2014	10 well licences 5 pipeline licences	This an escalation of a previous enforcement action issued on November 20, 2013. Global Refer status. Issuance of Abandonment Orders No. AD 2014-19 and AD 2014-20, and Closure/Abandonment Order No. AD 2014-21. Abandonment of the wells and pipelines. Licensee is required to • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee failed to comply. The AER has sent its wells and pipelines to the Orphan Well Association to be abandoned.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
17	Kerrisdale Resources Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-31. Licensee is required to • pay the 2014 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. The AER has sent its licences to the Orphan Well Association to be abandoned.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
18	Lateral Capital Corp.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-38. Licensee is required to • pay the 2014 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. Closure/Abandonment Orders No. AD 2014-55 and AD 2014-56 was subsequently issued. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
19	Linklater Energy Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-39. Licensee is required to • pay the 2014 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 an explanation to the AER. Compliance achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
20	Luxor Oil And Gas Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-40. Licensee is required to • pay the 2014 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 an explanation to the AER. Licensee is currently noncompliant with other AER requirements. Global Refer status maintained.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
21	Nomad Exploration Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-41. Licensee is required to • pay the 2014 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. Global Refer status is maintained.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
22	Nordic Oil & Gas Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-32. Licensee is required to • pay the 2014 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. Licensee submitted plan for the Licensee Liability Rating (LLR) Management Plan as outlined in *AER Bulletin 2014-06*. Global Refer status is maintained against the licensee.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
23	Nytis Exploration Company Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	April 17, 2014	92 well lcences 2 facility licences 18 pipeline licences	Global Refer status. Issuance of Miscellaneous Order No. MISC 2014-07A. Licensee is required to • pay the security deposit and • provide a 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.
24	Pamoco Resources Ltd.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	April 17, 2014	03-02-039-16W4	Global Refer status. Issuance of Miscellaneous Order No. MISC 2014-20. Licensee is required to • pay the security deposit and • provide a 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.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
25	Petroleo Resources Inc.	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	April 16, 2014	16-29-040-12W4 (2 well licences) 08-34-040-12W4	Global Refer status. Issuance of Miscellaneous Order No. MISC 2014-11. Licensee is required to • pay the security deposit and • provide a 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 a written explanation to the AER. Compliance achieved.
26	Poplar Point Energy Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-33. Licensee is required to • pay the 2014 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. Closure Order No. C2014-36 was subsequently issued. Compliance not achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
27	Precision Drilling Corporation	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 28, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-34. Licensee is required to • pay the 2014 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. Closure Order No. C 2014-37 was subsequently issued. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
28	Qwest Diversified Capital Corporation	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	April 16, 2014	24 well licences 1 facility licence 7 pipeline licences	Global Refer status. Issuance of Miscellaneous Order No. MISC 2014-13. Licensee is required to • pay the security deposit and • provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences. Licensee submitted plan for the Licensee Liability Rating (LLR) Management Plan as outlined in *AER Bulletin 2014-06*. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
29	Ranchwest Energy Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-42. Licensee is required to • pay the 2014 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 an explanation to the AER. Licensee is currently noncompliant with other AER requirements. Global Refer status maintained.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
30	Richard J. Churchill Limited	Liability Management / Noncompliance with Liability Management Program Requirements	Failure to pay security deposit.	April 17, 2014	Well 06-22-054-25W4 Pipelines 06-22-054-25W4 11-22-054-25W4	This an escalation of a previous enforcement action issued on November 20, 2013. Global Refer status. Issuance of Abandonment Order No. AD 2014-22 and Closure/Abandonment Order No. AD 2014-23. Abandonment of the wells and pipelines. Licensee is required to • pay the security deposit and • provide a 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.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
31	Stockwork Properties Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-43. Licensee is required to • pay the 2014 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. Closure Order No. C 2014-35 was subsequently issued. Compliance not yet achieved.

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

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
32	Thoroughbred Energy Ltd.	Liability Management / Orphan Levy	Failure to pay Orphan Fund Levy.	April 30, 2014	Against licensee	Global Refer status. Issuance of Miscellaneous Order No. 2014-44. Licensee is required to • pay the 2014 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.

Legislative/Regulatory Enforcement Action[6]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
1	339157 Alberta Ltd.	Liability Management / Corporate Status	Failure to be registered with an active status.	April 9, 2014	Wells 05-13-047-08W4 11-22-049-26W4 Pipelines 05-13-047-08W4 11-22-049-26W4	Global Refer status. Issuance of Closure Order No. C 2014-13. Suspension and closure of the well and pipeline licences. Licensee is required to complete one of the following: • transfer the licensed property, • abandon the licensed property, or • provide confirmation to the AER that the licensee is registered with and has an Active status on the Alberta Corporate Registries System. Licensee failed to comply. Abandonment Orders No. AD 2014-35 and AD 2014-36 were subsequently issued. The AER has sent its wells and pipelines to the Orphan Well Association to be abandoned.

Legislative/Regulatory Enforcement Action[6]

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Follow-up
2	Richards Oil & Gas Limited	Liability Management / Corporate Status	Failure to be registered with an active status.	April 24, 2014	22 well licences 1 pipeline licence	Global Refer status. Issuance of Closure Order No. C 2014-22. Suspension and closure of the well and pipeline licences. Licensee is required to complete one of the following: • transfer the licensed property, • abandon the licensed property, or • provide confirmation to the AER that the licensee is registered with and has an Active status on the Alberta Corporate Registries System. Licensee is now registered with an active status but did not provide a written explanation. Global Refer status is maintained against the licensee.

Endnotes

[1] ***Directive 019*** **– High Risk Enforcement Action (HREA)**

In accordance with *Directive 019: Compliance Assurance*, the issues an HREA against a licensee if it identifies a high risk noncompliance. To address an HREA, the licensee must

- immediately correct or address the high risk noncompliance;
- if necessary, either partially or fully suspend operations, when safe to do so, in order to remove the existing or potential impact or hazard associated with 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 (the licensee may also be required to submit the plan and meet with the AER group to discuss both the 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 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 or 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 noncompliances, either in the same or in different compliance categories. To address an HREA (Persistent Noncompliance), the licensee must

- immediately correct or address the high risk noncompliance;
- if necessary, either partially or fully suspend operations, when safe to do so, in order to remove the existing or potential impact or hazard associated with 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 and detail how the licensee will prevent future noncompliances);
- meet with the AER group to discuss the high risk noncompliance, 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.

The AER may also apply or 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 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 noncompliance but does not act to correct or address the noncompliance. The AER assesses demonstrated disregard on a case-by-case basis. To address an HREA (Demonstrated Disregard), the licensee must

- immediately correct or address the high risk noncompliance;
- if necessary, either partially or fully suspend operations, when safe to do so, in order to remove any existing or potential impact or hazard associated with 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 (the action plan should address the root cause of the noncompliance and detail how the licensee will prevent future noncompliances); meet with the AER group to discuss the high risk noncompliance, the licensee's compliance history, and the written action plan; and notify the AER group that it

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has corrected and addressed the high risk noncompliance. The AER may also apply 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 the permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); Refer status (focused or global; see definition on next page).

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 set out 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 or address the high risk noncompliance;
- if necessary, either partially or fully suspend operations ,when safe to do so, in order to remove the existing or potential impact or hazard associated with the noncompliance (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 of the noncompliance and detail how the licensee will prevent future noncompliances);
- meet with the AER group to discuss the high risk noncompliance, the licensee's compliance history, and the written action plan; and
- notify the AER group that it has corrected or addressed the high risk noncompliance.

The AER may also apply 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 or addresses the noncompliance); suspension and/or cancellation of the 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.

[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 against a licensee if it failed to comply with the direction of the AER set out in a Notice of Low Risk Noncompliance. To address an LREA, the licensee must

- immediately correct or address the low risk noncompliance;
- notify the AER group that it has addressed the low risk noncompliance; and
- develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the AER group.

The licensee may also be required to meet with the AER group to discuss the low risk noncompliance, the licensee's compliance history, or the written action plan. The AER may also apply one or more of the following: noncompliance fees; partial or full suspension of operations; suspension and/or cancellation of the permit, licence, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

[6] **Legislative/Regulatory Enforcement Action**

The AER can issue an enforcement action against a licensee for noncompliance with AER requirements that fall outside the administration of *Directive 019: Compliance Assurance*. In accordance with its regulatory authority, the AER may apply a Refer status against the licensee and/or issue an Order (Closure, Miscellaneous, or Abandonment). The AER generally issues these enforcement actions because of a mineral or surface lease expiry; an environmental or public safety concern; or a failure to demonstrate the right to produce from the well, the right to access the surface, or a working interest ownership in the property.

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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 Business Process Section at ComplianceCoordination@aer.ca .

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