

ST108: Monthly Enforcement Action Summary

January 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, January 2014

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Introduction

This report summarizes monthly information for January 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: January 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)
Facilities Technical	1	0	0	0	0	0
Participant Involvement	3	0	0	0	0	0
Wells Technical	5	0	0	0	0	0
Oil Overproduction	3	0	0	0	0	0
Commingling	1	0	0	0	0	0
Enhanced Recovery	4	0	0	0	0	0
Groundwater Protection	1	0	0	0	0	0
Drilling Waste Field Inspections/Investigations	1	0	0	0	0	0
Oil Facilities Field Inspections/Investigations	4	1	0	0	0	0
Well Site Field Inspections/Investigations	0	0	0	1	0	0
Pipelines Field Inspections/Investigations	7	0	0	0	0	0
Technical ERP Requirements	0	0	0	5	0	0
Total	30	1	0	6	0	0

* [Compliance Categories](#) with no published enforcement actions issued during January 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](mailto: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	1506928 Alberta Ltd.	Enforcement & Surveillance/ Oil Facilities	Spill or release not contained/cleaned up.	January 15, 2014	01-26-114-06W6	Operations were not suspended as the facility was already shut in. Licensee is required to provide a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
2	Altima Resources Ltd.	Infrastructure Audit / Wells Technical	Failure to acquire a mineral lease continuation - No agreement with Department of Energy.	January 29, 2014	05-35-041-11W5 09-35-041-11W5	Licence cancelled. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
3	Apache Canada Ltd.	Enforcement & Surveillance/ Pipelines	Company does not monitor the effectiveness of its internal corrosion control programs. Pipeline is not discontinued, abandoned, or returned to service after 12 months of no active flowing service. Pipeline is not physically isolated from the operating system (dead leg or stagnant fluid traps) and is not maintained as an operating pipeline.	January 9, 2014	13-12-116-06W6 (2 pipelines)	Operations were not suspended as shutting in the pipelines could pose more of a risk and cause damage to the pipelines. Licensee implemented a process to monitor and assess pipeline risk. Licensee engaged a third party to do a risk assessment of its pipelines. Licensee submitted a pipeline licence amendment. Licensee provided a plan to address the noncompliance and prevent future occurrence. 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
4	ARC Resources Ltd.	Enforcement & Surveillance/ Pipelines	<p>For gas pipeline systems, the company does not have a leak detection program that includes regular surveys.</p> <p>A large facility identification sign is not installed at the entrance to any gas compressor station or oil pumping station in accordance with schedule 2, or the sign does not contain appropriate warning symbols.</p> <p>Right-of-way is not inspected annually or in accordance with the inspection interval stated in the integrity management plan.</p>	January 15, 2014	<p>07-35-095-02W6</p> <p>06-36-094-06W6</p> <p>10-36-094-06W6</p> <p>03-06-095-05W6</p>	<p>Operations were not suspended as shutting in the pipelines could pose more of a risk and cause damage to the pipelines.</p> <p>Licensee updated its leak detection and right-of-way surveillance programs.</p> <p>Licensee replaced the flammable sticker sign.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved.</p>
5	Bonterra Energy Corp.	Infrastructure Audit/ Wells Technical	Failure to acquire a mineral lease continuation - No agreement with Department of Energy.	January 10, 2014	05-33-050-12W5 (2 wells)	<p>Licence cancelled.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
6	Bonterra Energy Corp.	Resource Compliance/ Enhanced Recovery	Failure to meet conditions of approval.	January 29, 2014	10-32-048-04W5	<p>Licence/operation not suspended as the licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact on public safety, environmental protection, or resource conservation.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
7	Canadian Natural Resources Limited	Enforcement & Surveillance/ Oil Facilities	No notification of a reportable spill or release to the AER.	January 22, 2014	09-21-067-04W4	<p>Operations were not suspended as the incident occurred in the past.</p> <p>Licensee cleaned up and removed the spill.</p> <p>Licensee communicated with all environmental field coordinators to clarify reporting of potential future incidents.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
8	Canadian Natural Resources Limited	Resource Compliance/ Enhanced Recovery	Failure to meet conditions of approval.	January 22, 2014	08-01-007-17W4 15-01-007-17W4	<p>Operation related to noncompliance is suspended.</p> <p>Applicant/licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
9	Cenovus Energy Inc.	Enforcement & Surveillance/ Drilling Waste	Landspray while drilling results in clumping or pooling of waste on the land, causes migration off the disposal area, or causes land erosion.	January 22, 2014	16-05-015-11W4	<p>Operations were not suspended as the operations had already been completed.</p> <p>Licensee updated its field policies and training manuals to reflect better communication and field inspections.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
10	Chinook Energy Inc.	Enforcement & Surveillance/ Pipelines	<p>Company does not have an acceptable leak detection program for all liquid hydrocarbon pipelines.</p> <p>Right-of-way (ROW) is not inspected annually or in accordance with the inspection interval stated in the integrity management plan.</p>	January 7, 2014	<p>07-25-109-05W6</p> <p>05-16-111-07W6</p> <p>14-28-110-07W6</p> <p>09-25-109-04W6</p>	<p>Operations were not suspended as the noncompliances can be rectified in a very short period, and suspension in cold conditions will have a higher potential risk.</p> <p>Licensee updated its field operating procedures.</p> <p>Licensee documented all pipeline ROWs with copies submitted to head office.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
11	Chinook Energy Inc.	Infrastructure Audit/ Participant Involvement	Failure to meet the airport notification requirements prior to filing the application.	January 14, 2014	14-20-071-10W6	Operations not suspended as the noncompliant operation occurred in the past. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
12	Crescent Point Energy Corp.	Resource Compliance/ Enhanced Recovery	Failure to meet conditions of approval.	January 21, 2014	02-22-001-16W4 01-27-001-16W4	Operation related to noncompliance is suspended. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	EOG Resources Canada Inc.	Enforcement & Surveillance/ Pipelines	For operating and discontinued metallic pipelines, licensee did not conduct and document the necessity for and suitability of internal corrosion mitigation procedures annually and prior to operation of new pipeline or resumption of existing pipeline, or records are not maintained and provided to the AER on request.	January 31, 2014	06-27-022-10W4	Operations were not suspended as the pipeline was already shut in. Licensee is performing field verification of its pipelines to establish a data set and a detailed baseline risk assessment program. Licensee provided a plan to address the noncompliance and prevent future occurrence. 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
14	Forge Petroleum Corporation	Authorizations Subsurface/ Oil Overproduction	Failure to retire all cumulative overproduction in accordance with <i>Directive 007-1: Allowables Handbook</i> .	January 3, 2014	00/13-21-035-22W4/0	<p>Licensee confirmed in writing that the well has been shut in and will remain shut in until all overproduction is retired.</p> <p>Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
15	Fort Calgary Resources Ltd.	Enforcement & Surveillance/ Oil Facilities	<p>Flared/vented gas not reported to the PETRINEX.</p> <p>Decision tree or economic evaluation not completed or results not implemented for new, existing, and temporary flares, incinerators, and vents as required.</p>	January 14, 2014	13-06-039-09W4 16-01-039-10W4	<p>Operations suspended.</p> <p>Licensee will incorporate a monthly monitoring system to ensure that all data is available for input into PETRINEX.</p> <p>Licensee will run economic evaluations as required.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved.</p>
16	Fort Calgary Resources Ltd.	Infrastructure Audit / Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation	January 27, 2014	13-06-039-09W4	<p>Licence/operation suspended.</p> <p>AER has directed corrective action measures to the applicant/ licensee.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
17	Keyera Energy Ltd.	Infrastructure Audit/ Wells Technical	Failure to acquire the rights to the intended formation(s).	January 9, 2014	06-14-055-22W4	Licence cancelled. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
18	Long Run Exploration Ltd.	Infrastructure Audit/ Wells Technical	No rights to substance(s) for the intended formation.	January 21, 2014	16-32-076-21W5	Licence/operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/licensee has completed the AER-directed corrective action. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Marquee Energy Ltd.	Enforcement & Surveillance/ Pipelines	Licensor 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. For operating and discontinued metallic pipelines, licensor did not conduct and document the necessity for and suitability of	January 7, 2014	16-10-052-13W5	Operations were not suspended as the pipeline was already shut in. Licensor implemented monthly meetings to review and/or update any issues. Licensor implemented a schedule to monitor pipelines for corrosion. Licensor provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
			<p>internal corrosion mitigation procedures annually, and prior to operation of new pipeline or resumption of existing pipeline, or records are not maintained and provided to the AER upon request.</p> <p>Company does not monitor the effectiveness of its internal corrosion control programs.</p>			
20	NuVista Energy Ltd.	Resource Compliance/ Groundwater Protection	Failure to immediately notify the AER of water production above the threshold.	January 29, 2014	03-30-027-09W4	<p>Licence/operation not suspended because suspension may result in further impacts or increased risk.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
21	Pembina Pipeline Corporation	Enforcement & Surveillance/ Pipelines	A representative of the licensee is not present when the pipeline was exposed. Mechanical excavation equipment used within 600 mm of a pipeline, or within any distance beneath a pipeline, is not under the direct supervision of a representative of the licensee of the existing pipeline.	January 20, 2014	02-05-063-22W5	Operations suspended. Licensee updated its ground disturbance policy. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
22	Pengrowth Energy Corporation	Resource Compliance/ Enhanced Recovery	Injection prior to meeting <i>Directive 051</i> requirements.	January 6, 2014	00/08-32-013-16W4/0	Operation related to noncompliance is suspended. Applicant/licensee has completed the corrective actions specified in the AER-accepted action plan. Compliance achieved.
23	Penn West Petroleum Ltd.	Authorizations Subsurface/ Oil Overproduction	Failure to retire all cumulative overproduction in accordance with <i>Directive 007-1: Allowables Handbook</i> .	January 3, 2014	00/02-36-068-03W5/0	Licensee confirmed in writing that the well has been shut in and will remain shut in until all overproduction is retired. Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences. Compliance achieved.

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
24	Petrobank Energy and Resources Ltd.	Infrastructure Audit/ Participant Involvement	No attempt at public and/or industry personal consultation and notification prior to filing the application.	January 29, 2014	05-17-081-15W5	<p>License cancelled.</p> <p>Applicant/licensee has completed the AER-directed corrective action.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
25	Sinopec Daylight Energy Ltd.	Enforcement & Surveillance/ Oil Facilities	<p>H₂S emissions at any facility that receives gas containing more than 10 mol/kmol of H₂S.</p> <p>No notification of a reportable spill or release to the AER.</p>	January 9, 2014	01-02-049-09W5	<p>Operations were not suspended as there was no ongoing risk to the public or environment.</p> <p>Licensee will meet with field staff to review procedures and reinforce AER requirements.</p> <p>Licensee sent out to all operating areas a bulletin that details required response to a release.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved.</p>

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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
26	Sojourn Energy Inc.	Infrastructure Audit/ Wells Technical	Failure to design the surface casing to meet all applicable requirements.	January 20, 2014	05-33-048-01W4	<p>Licence/operation not suspended as there was no existing or potential impact on or hazard to public safety, environmental protection, resource conservation, or stakeholder confidence.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
27	Spyglass Resources Corp.	Infrastructure Audit/ Participant Involvement	Filing the application before expiry of the 14-calendar-day notification period.	January 15, 2014	04-04-040-12W4	<p>Licence/operation not suspended as the licensee promptly corrected the noncompliance and no concerns or objections were expressed. This noncompliance has no impact to public safety, environmental protection, and resource conservation.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
28	Strategic Oil & Gas Ltd.	Enforcement & Surveillance/ Pipelines	<p>Company does not have an acceptable leak detection program for all liquid hydrocarbon pipelines.</p> <p>Right-of-way (ROW) is not inspected annually or in accordance with the inspection interval stated in the integrity management plan.</p>	January 28, 2014	<p>09-17-122-20W5</p> <p>09-17-122-20W5</p> <p>03-32-126-18W5</p> <p>13-17-121-20W5</p>	<p>Operations were not suspended as the noncompliances can be rectified in a very short period and suspension in cold conditions will have a higher potential risk.</p> <p>Licensee will track all inspections in a pipeline database and annually notify when inspections are due.</p> <p>Licensee developed a new <i>Pipeline Operations and Maintenance</i></p>

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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
			<p>Licensee does not have a manual containing procedures for pipeline operation, corrosion control, integrity management, maintenance and repair, or does not provide the manuals to the AER upon request.</p> <p>Company does not take action to correct deficiencies found in the cathodic protection survey.</p> <p>For gas pipeline systems, the company does not have a leak detection program that includes regular surveys.</p> <p>ROW inspections are not conducted in accordance with the <i>Pipeline Rules</i> at least annually for a pipeline that crosses water or unstable ground.</p> <p>Pipeline is not physically isolated from the operating system (dead leg or stagnant fluid traps) and is not maintained as an operating pipeline.</p>			<p><i>Manual.</i></p> <p>Licensee is evaluating and working on risk assessments for each segment.</p> <p>Licensees will document all historical and future external corrosion/cathodic survey reports.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (HREA)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
29	Strategic Oil & Gas Ltd.	Authorizations Subsurface/ Oil Overproduction	Failure to retire all cumulative overproduction in accordance with <i>Directive 007-1: Allowables Handbook</i> .	January 3, 2014	00/02-36-121-23W5/4	<p>Licensee confirmed in writing that the well has been shut in and will remain shut in until all overproduction is retired.</p> <p>Licensee directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
30	Zargon Oil & Gas Ltd.	Resource Compliance/ Commingling	Commingling without approval.	January 30, 2014	00/03-01-008-17W4/2 02/09-36-007-17W4/0	<p>License/operation suspended.</p> <p>Applicant/licensee has completed the corrective actions specified in the AER-accepted action plan.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (Persistent Noncompliance)²

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
1	1506928 Alberta Ltd.	Enforcement & Surveillance/ Oil Facilities	<p>Gas is being vented, not burned, where it could support stable combustion.</p> <p>Venting practices not conducted in accordance with the requirements.</p> <p>Contaminated materials or materials possessing the potential to leach stored directly on the ground.</p> <p>Spill or release not contained/cleaned up.</p>	January 24, 2014	16-31-114-05W5	<p>Operation suspended.</p> <p>Licensee installed a flare igniter system.</p> <p>Licensee implemented procedures for flaring incidents.</p> <p>Licensee adopted new spill procedures.</p> <p>Licensee cleaned up and removed the spill.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>

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High Risk Enforcement Action (Demonstrated Disregard)³

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

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
1	935821 Alberta Ltd.	Emergency Response & Preparedness/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following is requested of a nonmember to verified:</i></p> <p>Failure of a non-member of an oil spill cooperative to have an AER approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a non-member of an oil spill cooperative to meet spill response equipment requirements.</p>	January 10, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action issued December 16, 2013.</p> <p>Operations were not suspended as failure to pay annual membership fees is treated as an administrative action item as the noncompliance can be remedied immediately if payment occurred; as well, there was no immediate impact on public safety or the environment as there was no incident occurring.</p> <p>Licensee is required to address noncompliance and submit an action plan to address the noncompliance and prevent future occurrences, or alternatively pay oil spill membership fees and be reinstated as a member in good standing.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
2	Duel Energy Inc.	Emergency Response & Preparedness Group/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following is requested of a nonmember to verified:</i></p> <p>Failure of a non-member of an oil spill cooperative to have an AER approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a non-member of an oil spill cooperative to meet spill response equipment requirements.</p>	January 9, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action issued December 16, 2013.</p> <p>Operations were not suspended as failure to pay annual membership fees is treated as an administrative action item as the noncompliance can be remedied immediately if payment occurred; as well, there was no immediate impact on public safety or the environment as there was no incident occurring.</p> <p>Licensee is required to address noncompliance and submit an action plan to address the noncompliance and prevent future occurrences, or alternatively pay oil spill membership fees and be reinstated as a member in good standing.</p> <p>Compliance not yet achieved.</p>
3	Lateral Capital Corp.	Enforcement & Surveillance/ Well Site Inspections	<p>Failure to perform surface casing vent flow/gas migration tests as required.</p> <p>Failure to report a known Surface Casing Vent Flow/Gas Migration.</p>	January 30, 2014	02-26-008-08W4	<p>Operations were not suspended as the well was already shut in.</p> <p>Licensee required to provide a plan to address the noncompliance and prevent future occurrence.</p> <p>Licensee failed to comply. Abandonment Order subsequently issued.</p>

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
4	Nordic Oil & Gas Ltd.	Emergency Response & Preparedness/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following is requested of a nonmember to verified:</i></p> <p>Failure of a non-member of an oil spill cooperative to have an AER approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a non-member of an oil spill cooperative to meet spill response equipment requirements.</p>	January 9, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action issued December 16, 2013.</p> <p>Operations were not suspended as failure to pay annual membership fees is treated as an administrative action item as the noncompliance can be remedied immediately if payment occurred; as well, there was no immediate impact on public safety or the environment as there was no incident occurring.</p> <p>Licensee is required to address noncompliance and submit an action plan to address the noncompliance and prevent future occurrences, or alternatively pay oil spill membership fees and be reinstated as a member in good standing.</p> <p>Compliance not yet achieved.</p>

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High Risk Enforcement Action (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
5	Onstad Energy Corp.	Emergency Response & Preparedness/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following is requested of a nonmember to verified:</i></p> <p>Failure of a non-member of an oil spill cooperative to have an AER approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a non-member of an oil spill cooperative to meet spill response equipment requirements.</p>	January 9, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action issued December 16, 2013.</p> <p>Operations were not suspended as failure to pay annual membership fees is treated as an administrative action item as the noncompliance can be remedied immediately if payment occurred; as well, there was no immediate impact on public safety or the environment as there was no incident occurring.</p> <p>Licensee is required to address noncompliance and submit an action plan to address the noncompliance and prevent future occurrences, or alternatively pay oil spill membership fees and be reinstated as a member in good standing.</p> <p>Compliance not yet achieved.</p>

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 (Failure to Comply)⁴

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
6	Sedna Oil and Gas Ltd.	Emergency Response & Preparedness/ Technical ERP Requirements	<p><i>Note: As a member of the Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, the following is requested of a nonmember to verified:</i></p> <p>Failure of a non-member of an oil spill cooperative to have an AER approved plan in place to address a release of any liquid product onto land or water.</p> <p>Failure of a non-member of an oil spill cooperative to meet spill response equipment requirements.</p>	January 9, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action issued December 16, 2013.</p> <p>Operations were not suspended as failure to pay annual membership fees is treated as an administrative action item as the noncompliance can be remedied immediately if payment occurred; as well, there was no immediate impact on public safety or the environment as there was no incident occurring.</p> <p>Licensee is required to address noncompliance and submit an action plan to address the noncompliance and prevent future occurrences, or alternatively pay oil spill membership fees and be reinstated as a member in good standing.</p> <p>Compliance not yet achieved.</p>

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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
	None					

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Legislative/Regulatory Enforcement Action⁶

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

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](mailto:inquiries@ aer.ca).

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.

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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.

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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