

# **ST108: Monthly Enforcement Action Summary**

**February 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](mailto:inquiries@aer.ca).

**Alberta Energy Regulator**  
**ST108: Monthly Enforcement Action Summary, February 2014**

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## Introduction

This report summarizes monthly information for February 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: February 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	2	0	0	0	0	0
Wells Technical	5	0	0	0	0	0
Oilfield Waste Receiver Audits	0	0	0	0	0	1
Oil Overproduction	1	0	0	0	0	0
Enhanced Recovery Schemes	3	0	0	0	0	0
Gas Allowables	1	0	0	0	0	0
Spacing	1	0	0	0	0	0
Gas Facilities	1	0	0	0	0	0
Pipelines	11	1	0	0	0	0
Well Site Inspections	4	0	0	1	0	0
Technical ERP Requirements	0	0	0	4	0	0
Corporate Status	0	0	0	0	0	1
Petroleum and Natural Gas Mineral Rights Expiry	0	0	0	0	0	1
Surface Access Termination	0	0	0	0	0	1
<b>Total</b>	<b>30</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>4</b>

\* [Compliance Categories](#) with no published enforcement actions issued during February 2014 have not been listed here.

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### High Risk Enforcement Action (HREA)<sup>1</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Alberta Products Pipe Line Ltd.	Enforcement & Surveillance/ Pipelines	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.	February 26, 2014	10-04-032-28W4	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee implemented additional ground disturbance procedures.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
2	AltaGas Ltd.	Enforcement & Surveillance/ Pipelines	Pipeline is not discontinued, abandoned, or returned to service after 12 months of no active flowing service.	February 6, 2014	07-24-053-18W4	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee will abandon the pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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### High Risk Enforcement Action (HREA)<sup>1</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
3	Apache Canada Ltd.	Enforcement & Surveillance/ Pipelines	Discontinued or abandoned pipeline is not left in a safe condition.	February 14, 2014	01-24-075-02W5	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee reviewed and updated its pipeline compliance and integrity management program.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
4	Arsenal Energy Inc.	Infrastructure Audit/ Wells Technical	Failure to acquire the abandoned wellbore rights.	February 4, 2014	07-34-037-04W4 08-34-037-04W4	<p>Licence/operation suspended.</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>
5	Artek Exploration Ltd.	Enforcement & Surveillance/ Pipelines	Pipeline is not discontinued, abandoned, or returned to service after 12 months of no active flowing service.	February 27, 2014	11-18-074-13W6	<p>Operations were not suspended as the pipeline was inactive at the time of inspection.</p> <p>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)<sup>1</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
6	Artisan Energy Corporation	Authorizations Subsurface/ Oil Overproduction	Failure to retire all cumulative oil overproduction in accordance with <i>Directive 007-1: Allowables Handbook</i> .	February 28, 2014	00/16-08-043-27W4/0	<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 was directed to develop and implement a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
7	Barnwell of Canada, Limited	Enforcement & Surveillance/ Pipelines	<p>Pipeline is not discontinued, abandoned, or returned to service after 12 months of no active flowing service.</p> <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>The substance being transmitted through the pipeline is not authorized by the licence.</p> <p>Internal corrosion mitigation evaluation did not include, as necessary, an evaluation of production records, operating experience, monitoring data, and inspection data.</p> <p>Underwater crossings are not inspected periodically to ensure safety or integrity of the crossing.</p>	February 7, 2014	<p>10-01-089-09W5</p> <p>12-06-089-08W5</p> <p>12-31-088-08W5</p> <p>04-01-089-09W5</p>	<p>Operations suspended.</p> <p>Licensee abandoned the pipeline.</p> <p>Licensee provided its pipeline operation manuals.</p> <p>Licensee updated its record keeping for the corrosion mitigation program.</p> <p>Licensee will perform electronic depth survey on pipelines with water crossings.</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)<sup>1</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
			Flared/vented gas not reported to PETRINEX.			
8	BDJ Energy Inc.	Resource Compliance/ Spacing	Failure to meet application notification requirements.	February 13, 2014	N/2 02-055-12W5	<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 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>
9	Bonavista Energy Corporation	Enforcement & Surveillance/ Pipelines	<p>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.</p> <p>Company does not institute and maintain programs to mitigate internal corrosion that was indicated by the results of testing for corrosive agents.</p> <p>Company does not monitor the effectiveness of its internal corrosion control programs.</p>	February 27, 2014	16-01-054-15W5	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee updated pipeline mitigation program.</p> <p>Licensee communicated with field personnel to emphasize the importance of following its integrity management program.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
10	Bonavista Energy Corporation	Resource Compliance/ Enhanced Recovery Schemes	Failure to commence injection. Note: failure to respond.	February 7, 2014	Willesden Green field	Operation 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.
11	Chevron Canada Limited	Infrastructure Audit/ Wells Technical	Failure to acquire a mineral lease continuation – No agreement with the Alberta Department of Energy.	February 21, 2014	8 well licences	Licence/operation not suspended as noncompliance has been appropriately addressed or corrected before enforcement was issued  Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
12	ConocoPhillips Canada Resources Corp.	Infrastructure Audit/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	February 3, 2014	6 well licences	AER closed the application.  Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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**High Risk Enforcement Action (HREA)<sup>1</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
13	Deethree Exploration Ltd.	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.	February 24, 2014	14-21-003-16W4	<p>Operations suspended.</p> <p>Licensee sent ground disturbance instructions and training packages to field staff.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>
14	Diaz Resources Ltd.	Infrastructure Audit/ Facilities Technical	Failure to acquire the necessary facility licence prior to commencing site preparation, construction and/or operation.	February 7, 2014	02-19-048-01W4	<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 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>

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**High Risk Enforcement Action (HREA)<sup>1</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
15	Endurance Energy Ltd.	Enforcement & Surveillance/ Pipelines	Right-of-way is not inspected annually or in accordance with the inspection interval stated in the integrity management plan.	February 10, 2014	07-13-049-12W4 04-05-050-11W4 13-33-049-11W4 07-20-050-12W4	<p>Operations were not suspended as the licensee immediately corrected the noncompliance.</p> <p>Licensee implemented an electronic database to schedule inspections.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance not yet achieved.</p>
16	Keyera Energy Ltd.	Enforcement & Surveillance/ Pipelines	<p>A person proposing to disturb the ground did not take all precautions reasonably necessary to check for pipelines within 30 m of the perimeter of the ground disturbance area.</p> <p>Ground is disturbed within 5 m of a pipeline with no ROW without the written approval of the pipeline licensee (within 21 days of the date of approval request), or of the AER if approval cannot be reasonably obtained from the licensee.</p> <p>A person proceeded to disturb the ground within the controlled area before locating and marking of the pipeline.</p> <p>An existing pipeline within 5 m of a proposed ground disturbance was not located by hand excavation, or the hand excavation procedures are not</p>	February 14, 2014	16-35-048-12W5	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee will review ground disturbance practices to identify any gaps and to change or clarify any wording.</p> <p>Licensee will do a final review before disturbing the ground.</p> <p>Licensee will review its training system and ensure ground disturbance requirements are emphasized.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrence.</p> <p>Compliance achieved.</p>

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**High Risk Enforcement Action (HREA)<sup>1</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
			<p>acceptable to the licensee of the pipeline.</p> <p>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.</p> <p>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.</p>			
17	Legacy Oil + Gas Inc.	Infrastructure Audit/ Participant Involvement	Incomplete public and/or industry personal consultation and notification prior to filing the application.	February 25, 2014	04-26-019-03W5 04-25-019-03W5	<p>Licence not suspended as licence was not issued.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
18	Palliser Oil & Gas Corporation	Infrastructure Audit/ Wells Technical	Failure to design the surface casing to meet all applicable requirements.	February 4, 2014	13-34-051-01W4	<p>Operation not suspended as the noncompliant operation occurred in the past.</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)<sup>1</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
19	Penn West Petroleum Ltd.	Resource Compliance/ Enhanced Recovery Schemes	Failure to meet conditions of approval.  Note: well used for disposal; not enhanced recovery as per approval.	February 18, 2014	00/10-04-051-09W5/0	Operation related to noncompliance is suspended.  Applicant/licensee has met the corrective actions specified with the AER accepted action plan.  Compliance achieved.
20	Questfire Energy Corp.	Enforcement & Surveillance/ Pipelines	The licensee does not immediately notify the AER of pipeline contact damage.	February 3, 2014	07-22-047-08W4	Operations were not suspended as the pipeline did not have an impact on the environment or public safety.  Licensee trained field staff on reporting requirements.  Licensee reviewed ground disturbance policies with field staff.  Licensee provided a plan to address the noncompliance and prevent future occurrence.  Compliance achieved.
21	Sahara Energy Ltd.	Enforcement & Surveillance/ Well Site Inspections	Failure to complete surface equipment removal and cleanup activities within 12 months.	February 10, 2014	12-28-041-23W4	Operations were not suspended as the site was already abandoned.  Licensee implemented a process to examine and analyze abandoned wells.  Licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.

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**High Risk Enforcement Action (HREA)<sup>1</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
22	Sinopec Daylight Energy Ltd.	Resource Compliance/ Enhanced Recovery Schemes	Failure to resolve issues.	February 27, 2014	02/11-03-050-06W5/0	<p>Operation not suspended as the applicable AER requirements state a suspension is not appropriate for this failure.</p> <p>Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
23	Sitka Exploration Ltd.	Enforcement & Surveillance/ Well Site Inspections	Release criteria of collected surface water not met prior to release to adjacent lands.	February 26, 2014	16-12-036-06W5	<p>Operations were not suspended as operations were already completed.</p> <p>Licensee communicated with field staff the requirements of fluid disposal.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
24	Strategic Oil & Gas Ltd.	Enforcement & Surveillance/ Well Site Inspections	<p>Failure to repair a serious Surface Casing Vent Flow/Gas Migration (SCVF/GM).</p> <p>Failure to report a known SCVF/GM.</p>	February 10, 2014	10-28-122-21W5	<p>Operations suspended.</p> <p>Licensee repaired the SCVF.</p> <p>Licensee submitted notification of a serious SCVF to the AER.</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 (HREA)<sup>1</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
25	TORC Oil & Gas Ltd.	Enforcement & Surveillance/ Well Site Inspections	No notification of a reportable spill or release to AER.	February 18, 2014	07-22-045-12W5	<p>Operations were not suspended as the licensee addressed the noncompliance.</p> <p>Licensee will communicate with field staff to ensure AER regulation is adhered to.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
26	Tuscany Energy Ltd.	Enforcement & Surveillance/ Pipelines	<p>Application not submitted after the construction of a pipeline, where a licensee changes, alters, adds to it, relocates, diverts, or extends the pipeline.</p> <p>Discontinued or abandoned pipeline is not physically isolated or disconnected from any operating facility or other pipeline.</p> <p>Company does not act to correct deficiencies found in the cathodic protection survey.</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>Valve, fitting, or another component connected to the pipeline does not have a</p>	February 28, 2014	<p>11-07-012-15W4</p> <p>06-17-012-15W4</p> <p>04-10-012-15W4</p> <p>16-31-012-15W4</p>	<p>Operations were not suspended as the pipeline was not operating at the time of inspection.</p> <p>Licensee submitted pipeline licence amendment.</p> <p>Licensee properly discontinued the pipeline.</p> <p>Licensee carried out the cathodic protection system repairs.</p> <p>Licensee placed internal corrosion mitigation program on pipeline.</p> <p>Licensee implemented a site specific pigging program.</p> <p>Licensee modified the pipeline to meet standards</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p>

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**High Risk Enforcement Action (HREA)<sup>1</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
			manufacturers rating that is equal to or greater than the maximum operating pressure authorized by the AER, or the pressure rating exceeds those specified in the applicable CSA material standard.			Compliance not yet achieved.
27	Velvet Energy Ltd.	Infrastructure Audit/ Wells Technical	Failure to acquire the necessary well licence before beginning site preparation, construction, or operation.	February 6, 2014	04-29-050-13W5	Licence/operation not suspended as noncompliance has been appropriately addressed or corrected before enforcement was issued.  Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences.  Compliance achieved.
28	Waldron Energy Corporation	Resource Compliance/ Gas Allowables	Production prior to the assignment of a yearly allowable.	February 3, 2014	12-17-043-27W4	Operation related to noncompliance is suspended.  Applicant/licensee has met the corrective actions specified in the AER-accepted action plan.  Compliance achieved.

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**High Risk Enforcement Action (HREA)<sup>1</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
29	Waldron Energy Corporation	Enforcement & Surveillance/ Gas Facilities	<p>Failure to ensure that the licensee 24-hour emergency telephone number is posted by way of a conspicuous sign erected at the entrance to all licensee well and facility operations.</p> <p>Spill or release not contained/cleaned up.</p>	February 28, 2014	05-24-043-01W5	<p>Operations were not suspended as the licensee immediately corrected the noncompliance.</p> <p>Licensee posted a sign with the 24-hour emergency telephone number.</p> <p>Licensee cleaned up the spill.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
30	Yangarra Resources Corp.	Infrastructure Audit/ Wells Technical	Failure to acquire a mineral lease continuation—no agreement with the Alberta Department of Energy.	February 12, 2014	04-02-038-08W5	<p>Licence cancelled.</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 (Persistent Noncompliance)<sup>2</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	Canadian Natural Resources Limited	Enforcement & Surveillance/ Pipelines	<p>Discontinued or abandoned pipeline is not physically isolated or discontinued from any operating facility or other pipeline.</p> <p>Discontinued pipeline is not cleaned when necessary or purged with fresh water, air, or inert gas.</p>	February 3, 2014	01-20-073-07W5	<p>Operation suspended.</p> <p>Licensee purged and isolated the pipeline.</p> <p>Licensee reviewed <i>AER Manual 005 Pipeline Inspections</i> with its technical and operations staff.</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 (Demonstrated Disregard)<sup>3</sup>**

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

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### High Risk Enforcement Action (Failure to Comply)<sup>4</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
1	935821 Alberta Ltd.	Emergency Response & Preparedness/ Technical ERP Requirements	<p>Note: As a member of Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, a non-member is asked to verify the following:</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 nonmember of an oil spill cooperative to meet spill response equipment requirements.</p>	February 20, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action (Failure to Comply) issued on January 9, 2014.</p> <p>Global Refer status.</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 occurred.</p> <p>Issuance of Closure Orders No. C2014-03 and C2014-04.</p> <p>Suspension and closure of well and facility licences.</p> <p>Licensee is required to either</p> <ul style="list-style-type: none"> <li>• have an AER spill response plan,</li> <li>• show records of all spill response exercises in the past year,</li> <li>• have its own appropriate spill cleanup equipment, and</li> <li>• have the equipment in good working order and stored in general area, or it must</li> <li>• submit full membership payment to the WCSS.</li> </ul> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Licensee submitted full payment of its WCSS</p>

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#### High Risk Enforcement Action (Failure to Comply)<sup>4</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
						fees but did not provide a written explanation to the AER. Global Refer status has been maintained against the licensee.
2	Duel Energy Inc.	Emergency Response & Preparedness/ Technical ERP Requirements	<p>Note: As a member of Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, a non-member is asked to verify the following:</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 nonmember of an oil spill cooperative to meet spill response equipment requirements.</p>	February 20, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action (Failure to Comply) issued on January 9, 2014.</p> <p>Global Refer Status.</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 no incident was occurring.</p> <p>Issuance of Closure Orders No. C 2014-5 and C 2014-06.</p> <p>Suspension and closure of well and facility licences.</p> <p>Licensee is required to either</p> <ul style="list-style-type: none"> <li>• have an AER spill response plan,</li> <li>• show records of all spill response exercises in the past year,</li> <li>• have its own appropriate spill cleanup equipment, and</li> <li>• have the equipment in good working order and stored in general area, or it must</li> <li>• submit full membership payment to the WCSS.</li> </ul> <p>Licensee is required to submit a plan to address the noncompliance and prevent</p>

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### High Risk Enforcement Action (Failure to Comply)<sup>4</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
						<p>future occurrences.</p> <p>Licensee submitted full payment of its WCSS fees and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>
3	Nordic Oil & Gas Ltd.	Enforcement & Surveillance/ Well Site Inspections	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action.	February 12, 2014	03-18-038-24W4 09-04-050-03W4 03-24-038-25W4 03-24-038-25W4	<p>Operations were not suspended as the well was already shut in.</p> <p>Licensee required to submit confirmation when noncompliance has been corrected.</p> <p>Licensee must meet with AER to review the action plan.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
4	Nordic Oil & Gas Ltd.	Emergency Response & Preparedness/ Technical ERP Requirements	<p>Note: As a member of Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, a non-member is asked to verify the following:</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 nonmember of</p>	February 19, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action (Failure to Comply) issued on January 9, 2014.</p> <p>Global Refer Status.</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 no incident was occurring.</p> <p>Issuance of Closure Orders No. C 2014-07 and C 2014-08.</p>

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### High Risk Enforcement Action (Failure to Comply)<sup>4</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
			an oil spill cooperative to meet spill response equipment requirements.			<p>Suspension and closure of well and faculty licences.</p> <p>Licensee is required to either</p> <ul style="list-style-type: none"> <li>• have an AER spill response plan,</li> <li>• show records of all spill response exercises in the past year,</li> <li>• have its own appropriate spill cleanup equipment, and</li> <li>• have the equipment in good working order and stored in general area, or it must</li> <li>• submit full membership payment to the WCSS.</li> </ul> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Licensee submitted full payment of its WCSS fees but did not provide a written explanation to the AER. Global Refer status has been maintained against the licensee.</p>
5	Onstad Energy Corp.	Emergency Response & Preparedness/ Technical ERP Requirements	<p>Note: As a member of Western Canadian Spill Services Ltd. (WCSS), the licensee failed to pay its annual membership fees. As a result, a non-member is asked to verify the following:</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</p>	February 18, 2014	Against licensee	<p>This is an escalation of a High Risk Enforcement Action (Failure to Comply) issued on January 9, 2014.</p> <p>Global Refer status.</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 no incident was occurring.</p>

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**High Risk Enforcement Action (Failure to Comply)<sup>4</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Response
			<p>onto land or water.</p> <p>Failure of a nonmember of an oil spill cooperative to meet spill response equipment requirements.</p>			<p>Issuance of Closure Orders No. C2014-01 and C 2014-02.</p> <p>Suspension and closure of well and facility licences.</p> <p>Licensee is required to either</p> <ul style="list-style-type: none"> <li>• have an AER spill response plan,</li> <li>• show records of all spill response exercises in the past year,</li> <li>• have its own appropriate spill clean up equipment, and</li> <li>• have the equipment in good working order and stored in general area, or it was</li> <li>• submit full membership payment to the WCSS.</li> </ul> <p>Licensee submitted full payment of its WCSS fees and provided a written explanation to the AER.</p> <p>Compliance achieved.</p>

**Low Risk Enforcement Action (Global Refer or AER Order)<sup>5</sup>**

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) 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).

### Legislative/Regulatory Enforcement Action<sup>6</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
1	Eco-Industrial Business Park Inc.	Authorizations Waste and Storage/ Oilfield Waste Receiver Audit	Operating an oilfield waste management facility without an AER-ordered approval	February 11, 2014	10-17-053-23W5 11-17-053-23W5	<p>Licensee must suspend facility when safe to do so.</p> <p>Licensee must stop accepting all waste streams not stated in the Alberta Environment and Sustainable Resource Development's approval.</p> <p>Licensee must obtain an AER approval to receive or accept oilfield waste. AER approval issued for the 11-17 location.</p> <p>Licensee must provide written confirmation to the AER when items have been completed.</p> <p>Compliance achieved for the 11-17 location. Suspension for the 10-17 location is still in effect.</p>

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### Legislative/Regulatory Enforcement Action<sup>6</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
2	Golden Goose Energy Ltd.	Liability Management/ Corporate Status	Failure to be registered with an active status.	February 20, 2014	15-30-060-11W5	<p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-10.</p> <p>Suspension and closure of the well and facility licences.</p> <p>Licensee is required to</p> <ul style="list-style-type: none"> <li>• transfer the subject well licence,</li> <li>• abandon the subject well licence, or</li> <li>• provide confirmation to the AER that the licensee is registered with and has an Active status on the Alberta Corporate Registries System.</li> </ul> <p>Licensee is required to provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Licensee provided confirmation that it is registered with and has an Active status on the Alberta Corporate Registries System and has provided a written explanation.</p> <p>Compliance achieved.</p>

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### Legislative/Regulatory Enforcement Action<sup>6</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
3	Hansar Energy Corp.	Liability Management / Petroleum and Natural Gas Mineral Rights Expiry	Failure to prove to the satisfaction of the AER that it has a valid entitlement to the right to produce the subject well.	February 20, 2014	01-01-008-13W4	<p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-09.</p> <p>Suspension and closure of the well licence.</p> <p>Licensee must submit documentation confirming one of the following:</p> <ul style="list-style-type: none"> <li>• mineral rights have been reacquired or reinstated,</li> <li>• the well has been approved by the Department of Energy and the AER for water disposal or injection,</li> <li>• the well licence has been transferred to a viable licensee and the wellbore is linked to an active mineral agreement, or</li> <li>• the well has been abandoned.</li> </ul> <p>Licensee is required to provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Licensee failed to comply. Abandonment Order No. AD 2014-18 was subsequently issued.</p> <p>Compliance not yet achieved.</p>

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### Legislative/Regulatory Enforcement Action<sup>6</sup>

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Action(s) and Licensee Follow up
4	Nomad Exploration Ltd.	Liability Management/ Surface Access Termination	Failure to provide to the satisfaction of the AER that it has valid entitlement to the right of access for the subject well.	February 21, 2014	07-10-004-29W4	<p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-11.</p> <p>Licensee must submit documentation confirming one of the following:</p> <ul style="list-style-type: none"> <li>• the surface lease has been reacquired or reinstated, or</li> <li>• the well licence has been transferred to a viable licensee who has the right to access.</li> </ul> <p>Licensee is required to provide a written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences.</p> <p>Licensee failed to comply. Abandonment Order No. AD 2014-02 was subsequently issued.</p> <p>Compliance not yet achieved.</p>

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## Endnotes

### <sup>1</sup> **Directive 019—High Risk Enforcement Action (HREA)**

In accordance with *Directive 019: Compliance Assurance*, the AER issues an HREA against a licensee if it identifies a high risk noncompliant event(s). To address an HREA, the licensee must immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting from the noncompliance (any suspension of operations must not occur if it will increase the impact on or risk to either the public or the environment; compliance must be achieved prior to start-up); develop and implement a written action plan within 60 calendar days or in the time specified by the AER group (a licensee may also be required to submit the written action plan and meet with the AER group to discuss both the action plan and the licensee's compliance history); and notify the AER group that it has corrected and addressed the high risk noncompliance. The AER may also apply or require one or more of the following: noncompliance fees; self-audits or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects/addresses the noncompliance); suspension and/or cancellation of the permit, licence, or approval.

### <sup>2</sup> **Directive 019—High Risk Enforcement Action (HREA) (Persistent Noncompliance)**

In accordance with *Directive 019: Compliance Assurance*, the AER issues an HREA (Persistent Noncompliance) against a licensee with an unacceptable rate, ratio, percentage, or number of noncompliant events, either in the same or in different compliance categories. To address an HREA (Persistent Noncompliance), the licensee must immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting from the noncompliance (any suspension of operations must not occur if it will increase the impact on or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the AER group (the action plan should address the root causes of any previous noncompliance(s) and detail how the licensee will prevent future noncompliant events); meet with the AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audits or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance[s]); suspension and/or cancellation of the permit, licence, or approval.

A licensee must operate in compliance for a period of 60 calendar days (or in a time specified by the AER) in the same compliance category before achieving overall compliance.

### <sup>3</sup> **Directive 019—High Risk Enforcement Action (HREA) (Demonstrated Disregard)**

In accordance with *Directive 019: Compliance Assurance*, the AER issues an HREA (Demonstrated Disregard) against a licensee if the licensee knows or should know about a high risk noncompliant event(s) but does not act to correct and address the noncompliance(s). The AER assesses demonstrated disregard on a case-by-case basis. To address an HREA (Demonstrated Disregard), the licensee must immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact/hazard resulting from the noncompliance(s) (any suspension of operations must not occur if it will increase impact on or risk to either the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan (the action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliant events); meet with the AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audits or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance[s]); suspension and/or cancellation of the permit, licence, or approval; issuance of an order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

A licensee must operate in compliance for a period of 180 calendar days (or in the time specified by the AER) in the same compliance category before achieving overall compliance.

### <sup>4</sup> **Directive 019—High Risk Enforcement Action (HREA) (Failure to Comply)**

In accordance with *Directive 019: Compliance Assurance*, the AER issues an HREA (Failure to Comply) against a licensee if it failed to comply with the direction of the AER in an AER Notice of High Risk Noncompliance, HREA, HREA (Persistent Noncompliance), HREA (Demonstrated Disregard), or a previous HREA (Failure to Comply). To address an HREA (Failure to Comply), the licensee must immediately correct and address the high risk noncompliant event(s) identified by the AER; if necessary, suspend operations, either partially or fully and when safe to do so, to remove the existing or potential impact or hazard resulting from the noncompliance(s) (any suspension of operations must not occur if it will increase the impact on or risk to the public or the environment; compliance must be achieved prior to start-up); develop, implement, and submit a written action plan (the action plan should address the root cause(s) of the noncompliant event(s) and detail how the licensee will prevent future noncompliant events); meet with the AER group to discuss the high risk noncompliant event(s), the licensee's compliance history, and the written action plan; and notify the AER group that it has corrected and addressed the high risk noncompliance(s). The AER may also apply or require one or more of the following: noncompliance fees; self-audits or inspections; increased audits or inspections; partial or full suspension of operations (until the licensee corrects and addresses the noncompliance); suspension and/or cancellation of permit, licensee, or approval; issuance of an Order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

A licensee must operate in compliance for a period of 180 calendar days (or in the time specified by the AER) in the same compliance category before achieving overall compliance.

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<sup>5</sup> **Directive 019—Low Risk Enforcement Action (LREA) (Global Refer or AER Order)** In accordance with *Directive 019: Compliance Assurance*, the AER issues an LREA (Global Refer) against a licensee if the licensee failed to comply with the direction of the AER in a Notice of Low Risk Noncompliance. To address an LREA, the licensee must immediately correct and address the low risk noncompliant event(s) identified by the AER; notify the AER group that it has addressed the low risk noncompliant event(s); and develop, implement, and submit a written action plan within 30 calendar days or in the time specified by the AER group; and meet with the AER group to discuss the low risk noncompliant event(s), the licensee's compliance history, or the written action plan. The AER may also apply or require one or more of the following: noncompliance fees, partial or full suspension, suspension and/or cancellation of permit, licence, or approval; issuance of an order (Miscellaneous, Closure, or Abandonment); "Refer" status (focused or global).

<sup>6</sup> **Legislative/Regulatory Enforcement Action**

The AER issues a Legislative/Regulatory Enforcement Action for noncompliance with AER requirements that fall outside the administration of *Directive 019: Compliance Assurance*. The AER relies upon its statutory and regulatory authority to initiate the enforcement action against the licensee by applying a Refer status against the licensee and possibly issuing an order (Closure, Miscellaneous, and Abandonment). The AER generally initiates these enforcement actions because of a mineral or surface lease expiry, an environmental and public safety concern, or a failure to demonstrate the right to the purpose of the wellbore, the right to access the surface, or 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](mailto:compliancecoordination@aer.ca).

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