

ST108: Monthly Enforcement Action Summary

March 2014

Alberta Energy Regulator
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Introduction

This report summarizes monthly information for March 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: March 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	1	0	0	0	0	0
Pipelines/Pipeline Installations Technical	1	0	0	0	0	0
Wells Technical	2	0	0	0	0	0
Petroleum and Natural Gas Mineral Rights Expiry	0	0	0	0	0	1
Surface Casing Vent Flow/Gas Migration Audits	0	0	0	1	0	0
Gas Allowables	2	0	0	0	0	0
Groundwater Protection	1	0	0	0	0	0
Packer Testing	2	0	0	0	0	0
Flaring, Incinerating, and Venting Audits	3	0	0	0	0	0
Drilling Operations	1	0	0	0	0	0
Drilling Waste	1	0	0	0	0	0
Gas Facilities	9	0	0	0	0	0
Oil Facilities	4	0	0	0	0	0
Well Site Inspections	4	0	0	0	0	0
Pipelines	6	2	0	1	0	0
Sulphur Recovery Requirements	1	0	0	0	0	0
Total	39	2	0	2	0	1

* [Compliance Categories](#) with no published enforcement actions issued during March 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	935821 Alberta Ltd.	Enforcement & Surveillance/ Oil Facilities	Failure to ensure that a call to the licensee 24-hour emergency telephone number initiates immediate action. Spill or release not contained/cleaned up.	March 3, 2014	08-09-007-14W4	Operations suspended. Licensee is required to submit a plan to address the noncompliance and prevent future occurrences. Compliance not yet achieved.
2	Apache Canada Ltd.	Enforcement & Surveillance/ Sulphur Recovery Guidelines	Failure to meet the approved calendar quarter-year sulphur recovery efficiency. (2 nd event)	March 24, 2014	10-17-064-13W5	Operations were not suspended in accordance with <i>Interim Directive (ID) 2001-03: Sulphur Recovery Guidelines for the Province of Alberta</i> . Licensee provided a plan to address the noncompliance and prevent future occurrence. Compliance achieved.
3	ARC Resources Ltd.	Enforcement & Surveillance/ Drilling Waste	Disposal is conducted within 100 metres of a water body.	March 10, 2014	09-22-048-05W5	Operations were not suspended as the drilling waste disposal had already been completed. Licensee implemented new processes for land spraying. 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
4	Bellatrix Exploration Ltd.	Enforcement & Surveillance/ Oil Facilities	No secondary containment as required.	March 19, 2014	13-10-043-09W5	<p>Operations were not suspended as licensee immediately corrected the noncompliance.</p> <p>Licensee disconnected and emptied the tank.</p> <p>Licensee installed a secondary containment.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
5	Blackpearl Resources Inc.	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.	March 27, 2014	16-18-072-07W5	<p>Operations suspended.</p> <p>Licensee repaired the berm.</p> <p>Licensee developed and implemented a pipeline integrity plan and a lease integrity plan.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
6	Bonavista Energy Corporation	Resource Compliance/ Flaring, Incinerating and Venting Audits	Flaring, incinerating, or venting solution gas from an oil/bitumen well with a gas oil ratio (GOR) greater than 3000 m ³ /m ³ .	March 26, 2014	02/04-19-036-03W5/0	Operations suspended. Licensee implemented a system to flag any facility that exceeds the GOR. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
7	Bonterra Energy Corp.	Infrastructure Audit/ Participant Involvement	Failure to disclose to the AER any outstanding public/industry concerns/ objections, whether they are received prior to or after filing of the application or whether the party is inside or outside the contact radius of personal consultation and notification. Failure to meet the coal notification requirements prior to filing the application.	March 12, 2014	13-08-048-04W5	Licence/operation not suspended as noncompliance has been appropriately addressed or corrected prior to issuance of enforcement. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
8	Canadian Natural Resources Limited	Infrastructure Audit/ Wells Technical	Failure to acquire the rights to the intended formation(s).	March 18, 2014	12-27-096-11W4	Licence cancelled. Applicant/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
9	Canadian Natural Resources Limited	Infrastructure Audit/ Pipelines Technical/ Pipeline Installations Technical	Failure to submit a pipeline/pipeline installation licence application as “pipelines/pipeline installations-technical nonroutine” when required.	March 21, 2014	03-06-098-10W6 09-21-097-10W6	<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>
10	Canadian Oil & Gas International Inc.	Resource Compliance/ Gas Allowables	Production prior to the assignment of a yearly allowable.	March 6, 2014	W0/12-34-040-28W4/2	<p>Operation not suspended as the applicable AER requirements state a suspension is not appropriate for this failure.</p> <p>Applicant/licensee has met the corrective actions specified with the AER-accepted action plan.</p> <p>Compliance achieved.</p>
11	Canadian Oil & Gas International Inc.	Enforcement & Surveillance/ Gas Facilities	Single-walled underground storage tank not tested within past three years (tank installed prior to January 1, 1996.)	March 21, 2014	10-24-039-04W5	<p>Operations suspended.</p> <p>Licensee integrity tested the underground tank.</p> <p>Licensee developed an integrity testing schedule for all its tanks.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
12	ConocoPhillips Canada Operations	Enforcement & Surveillance/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 3, 2014	06-19-073-08W6	Operations were not suspended as suspension may result in impacts to the environment or the public. Licensee updated the flared volumes in PETRINEX. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
13	ConocoPhillips Canada Resources Corp.	Infrastructure Audit/ Wells Technical	Failure to meet or address the waterbody setback requirement prior to filing the application. Failure to submit a survey plan that meets all applicable requirements.	March 10, 2014	14-13-071-09W6 (2 well licences)	Licences cancelled. Applicant/licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
14	Devon Canada Corporation	Enforcement & Surveillance/ Pipelines	A person proceeded to disturb the ground within the controlled area before locating and marking of the pipeline.	March 12, 2014	11-29-039-07W5	Operations were not suspended as the pipeline was already shut in. Licensee immediately assigned a second supervisor at sites with ground disturbance activities. Licensee will review its ground disturbance practice to identify areas for improvement. 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
15	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.	March 21, 2014	08-07-028-18W4	Operations suspended. Licensee will conduct a risk assessment and implement a corrosion mitigation program. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
16	Glencoe Resources Ltd.	Resource Compliance/ Packer Testing	Failure to perform repairs and report repair results to the AER within 90 days of detection.	March 21, 2014	00/14-33-043-26W4/0 00/06-04-044-26W4/0	Licence or operation not suspended as the licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact to public safety, environmental protection, or resource conservation. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
17	Goldenkey Oil Inc.	Resource Compliance/ Flaring, Incinerating, and Venting Audits	Flaring, incinerating, or venting solution gas from an oil/bitumen well with a GOR greater than 3000 m ³ /m ³ .	March 26, 2014	02-29-049-12W4	Operations suspended. 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
18	Husky Oil Operations Limited	Resource Compliance/ Flaring, Incinerating, and Venting Audits	Flaring, incinerating, or venting solution gas from an oil/bitumen well with a GOR greater than 3000 m ³ /m ³ .	March 26, 2014	13-25-055-20W4	Operations suspended. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
19	Husky Oil Operations Limited	Enforcement & Surveillance/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 3, 2014	08-14-040-03W4	Operations were not suspended as suspension may result in impacts to the environment or public. Licensee installed a blanket gas meter. Licensee will check the flare probe and meter on a regular schedule. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
20	Husky Oil Operations Limited	Enforcement & Surveillance/ Pipelines	Pressure control and overpressure protection system not design in accordance with CSA Z662.	March 21, 2014	14-16-007-16W4	Operations suspended. Licensee will install ESD valves. Licensee will survey all similar wells in the area for shut in surface pressure. 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
21	Laricina Energy Ltd.	Enforcement & Surveillance/ Oil Facilities	<p>Failure to have an up-to-date copy of the Emergency Response Plan (ERP) at a response location(s) in area of operations.</p> <p>Oilfield waste generator not tracking oilfield waste from cradle to grave.</p> <p>No notification of a reportable spill or release to AER.</p>	March 27, 2014	03-26-085-19W4	<p>Operations were not suspended as there was no impact on public safety and the environment.</p> <p>Licensee will update its ERP.</p> <p>Licensee will implement a waste tracking system.</p> <p>Licensee will ensure that all equipment is fully functional.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
22	Longview Oil Corporation	Enforcement & Surveillance/ Drilling Operations	Use of oil-based drilling fluids (or any other potentially toxic drilling additive) when drilling above the "Base of Groundwater Protection" depth.	March 26, 2014	03-31-040-06W5	<p>Operations were not suspended as suspension may result in impacts on the environment.</p> <p>Licensee updated its drilling program to emphasize the Groundwater Protection requirements.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
23	Mancal Energy Inc.	Enforcement & Surveillance/ Well Site Inspections	Contaminated materials or materials possessing the potential to leach stored directly on the ground. 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.	March 20, 2014	13-36-048-12W5	Operations were not suspended as licensee immediately corrected the noncompliances. Licensee cleaned up the spill. Licensee will leave instructions at site to clear any contaminated materials. Licensee installed a sign with the 24 hour emergency number. Licensee provided a plan to address the noncompliance and prevent future occurrences. Compliance achieved.
24	MFC Energy Corporation (formerly Compton Petroleum Corporation)	Enforcement & Surveillance/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 3, 2014	01-35-019-28W4	Operations were not suspended as suspension may result in impacts to on the environment. Licensee updated the flared volumes in PETRINEX. 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
25	NEP Canada ULC	Enforcement & Surveillance/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 3, 2014	07-23-049-27W4	<p>Operations were not suspended as suspension may result in impacts on the environment.</p> <p>Licensee installed a new metre.</p> <p>Licensee updated the flared volumes in PETRINEX.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
26	Nordegg Resources Inc.	Enforcement & Surveillance/ Pipelines	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.	March 21, 2014	15-13-081-15W5	<p>Operations suspended.</p> <p>Licensee will ensure that pipeline locators get a location on each separate pipeline where multiple pipelines exist.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
27	Paramount Resources Ltd.	Resource Compliance/ Groundwater Protection	Failure to immediately notify AER of water production above threshold.	March 13, 2014	02/06-11-033-18W4/2	<p>Licence/operation not suspended as the licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact to 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>
28	Pembina Pipeline Corporation	Enforcement & Surveillance/ Pipelines	Non-distribution specification gas is intentionally released from a pipeline, and not burned, where it could support stable combustion, or did not meet criteria for allowable venting.	March 19, 2014	03-05-049-06W5	<p>Operations were not suspended as the licensee immediately emptied the tank.</p> <p>Licensee revised maintenance schedules to change the sulphate medium.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
29	Pengrowth Energy Corporation	Enforcement & Surveillance/ Well Site Inspections	Contaminated materials or materials possessing the potential to leach stored directly on the ground.	March 5, 2014	09-07-020-08W4	<p>Operations were not suspended as licensee immediately removed the contaminated materials.</p> <p>Licensee communicated with staff about spill response requirements and will review incident at a monthly safety meeting.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
30	Pengrowth Energy Corporation	Enforcement & Surveillance/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 3, 2014	04-33-031-23W4	<p>Operations were not suspended as suspension may result in impacts to the environment.</p> <p>Licensee updated the flared volumes in PETRINEX.</p> <p>Licensee updated its production accounting procedures.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
31	Rife Resources Ltd.	Enforcement & Surveillance/ Pipelines	<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>Company does not take action to correct deficiencies found in the cathodic protection survey.</p>	March 21, 2014	16-15-043-21W4	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance not yet achieved.</p>
32	Second Wave Petroleum Inc.	Enforcement & Surveillance/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 3, 2014	08-24-063-10W5	<p>Operations were not suspended as suspension may result in impacts on the environment.</p> <p>Licensee recalibrated the meter.</p> <p>Licensee updated the flared volumes in PETRINEX.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
33	Shell Canada Limited	Resource Compliance/ Packer Testing	<p>Failure to complete the necessary reporting of required packer testing by September 1 of each year.</p> <p>Failure to perform repairs and report repair results to the AER within 90 days of detection.</p>	March 7, 2014	00/06-06-023-06W5/0	<p>License or operation not suspended as the licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact to public safety, environmental protection, or resource conservation.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
34	Spyglass Resources Corp.	Resource Compliance/ Gas Allowables	Production prior to the assignment of a yearly allowable.	March 6, 2014	00/03-26-014-20W4/2	<p>Operation related to noncompliance is suspended.</p> <p>Applicant/licensee has met the corrective actions specified with the AER accepted action plan.</p> <p>Compliance achieved.</p>
35	Strategic Oil & Gas Ltd.	Enforcement & Surveillance/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 3, 2014	09-17-122-20W5	<p>Operations were not suspended as suspension may result in impacts to the environment.</p> <p>Licensee will ensure the vapour recovery unit remains in service and functional.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
36	Taq North Ltd.	Enforcement & Surveillance/ Gas Facilities	Exceeding the annual flare volume limits at a gas plant.	March 3, 2014	13-21-076-09W6	<p>Operations were not suspended as suspension may result in impacts to the environment.</p> <p>Licensee updated the flared volumes in PETRINEX.</p> <p>Licensee implemented a peer review system to verify data for submission.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
37	The Canadian Salt Company Limited La Societe Canadienne	Enforcement & Surveillance/ Well Site Inspections	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.	March 19, 2014	12-26-056-05W4	<p>Operations were not suspended as the well was already suspended.</p> <p>Licensee posted a sign with the 24-hour emergency telephone number.</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)¹

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
38	Triaxon Oil Operations Ltd.	Enforcement & Surveillance/ Oil Facilities	Spill or release not contained/cleaned up.	March 6, 2014	05-24-032-03W5	<p>Operations were not suspended as the licensee immediately cleaned up the spill.</p> <p>Licensee will immediately clean up spill and contact Regulator if an incident occurs in the future.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
39	Whitecap Resources Inc.	Infrastructure Audit/ Facilities Technical	Failure to complete an acceptable noise assessment prior to application.	March 28, 2014	16-29-045-06W5	<p>Licence/operation not suspended as the licensee took appropriate and prompt action to mitigate and correct this failure. This failure had no impact to public safety, environmental protection, or resource conservation.</p> <p>Applicant/licensee has met the corrective actions specified with the AER accepted action plan.</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 (Persistent Noncompliance)²

#	Licensee	AER Group/ Compliance Category	Noncompliance(s)	Date of Enforcement	Location	AER Actions and Licensee Response
1	Devon Canada Corporation	Enforcement & Surveillance/ Pipelines	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.	March 13, 2014	16-32-039-28W4	<p>Operations were not suspended as the pipeline was already shut in.</p> <p>Licensee immediately assigned a second supervisor at sites with ground disturbance activities.</p> <p>Licensee will review its ground disturbance practice to identify areas for improvement.</p> <p>Licensee met with the AER.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
2	EOG Resources Canada Inc.	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>No internal corrosion mitigation program was developed before sour fluids were admitted to the pipeline, or the effectiveness of the corrosion mitigation program was not</p>	March 31, 2014	06-14-024-10W4 08-30-023-13W4	<p>Operations were not suspended as there would be minimal environmental effects if a failure occurs.</p> <p>Licensee will update its manual and develop training programs.</p> <p>Licensee will implement corporate wide corrosion mitigation programs.</p> <p>Licensee installed remote monitoring units on its cathodic protection systems.</p> <p>Licensee created a work flow for responding to failures.</p> <p>Licensee established a single point</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
			<p>monitored.</p> <p>Company does not take action to correct efficiencies 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>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.</p>			<p>of contact for licensing.</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	Canadian Natural Resources Limited	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.	March 13, 2014	06-33-074-07W6 03-13-039-21W4	<p>Operations suspended.</p> <p>Licensee conducted third party review of its ground disturbance and internal corrosion programs.</p> <p>Licensee shut in its pipeline.</p> <p>Licensee provided a plan to address the noncompliance and prevent future occurrences.</p> <p>Compliance achieved.</p>
2	Lateral Capital Corp.	Liability Management/ Surface Casing Vent Flow/ Gas Migration Audits	<p>Failure to perform SCVF/GM tests as required.</p> <p>Failure to report a known SCVF/GM.</p>	March 24, 2014	02-26-008-08W4	<p>This is an escalation of a previous enforcement action issued on January 30, 2014.</p> <p>Global Refer status.</p> <p>Issuance of Closure/Abandonment Order No. AD 2014-01.</p> <p>Licensee has shut in the well.</p> <p>Licensee is required to submit a plan to address the noncompliance and prevent future occurrences.</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](mailto:inquiries@ aer.ca).

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
1	Nordic Oil & Gas Ltd.	Liability Management/ Petroleum and Natural Gas Mineral Rights Expiry	Failure to prove to the satisfaction of the AER that the licensee has a valid entitlement to the right to produce the subject well.	March 26, 2014	00/09-04-050-03W4/0	<p>Global Refer status.</p> <p>Issuance of Closure Order No. C 2014-14.</p> <p>Suspension and closure of the well licence.</p> <p>Licensee accepted into Licensee Liability Rating (LLR) Management Plan as detailed in AER Bulletin 2014-06.</p> <p>Licensee must submit documentation confirming one of the following:</p> <ul style="list-style-type: none"> • mineral rights have been reacquired or reinstated, • the well has been approved by the DOE and the AER for water disposal or injection, • the well licence has been transferred to a viable licensee and the wellbore is linked to an active mineral agreement, or • the well has been abandoned. <p>Licensee is required to</p> <ul style="list-style-type: none"> • provide written explanation acceptable to the AER addressing the failure to respond and detailing steps to prevent future occurrences and <p>Compliance not yet achieved.</p>

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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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