

National Energy
Board



Office national
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File OF-Surv-AMP-2014 0201
20 November 2014

Mr. Steve Laut
President
Canadian Natural Resources Limited
855-2 Street S.W., Suite 2500
Calgary, AB T2P 4J8
Facsimile 403-517-7350

Mr. Robert Steedman
AMP Officer
National Energy Board
517 Tenth Avenue S.W.
Calgary, AB T2R 0A8

Dear Messrs. Laut and Steedman:

Canadian Natural Resources Limited (CNRL) Request to Review AMP-002-2014

The Administrative Monetary Penalty (AMP) Officer issued a Notice of Violation AMP-002-2014 to CNRL on 5 June 2014 for non-compliance with subsection 25(1) of the *National Energy Board Onshore Pipeline Regulations* (OPR) in the amount of \$28,000. On 3 July 2014, the National Energy Board (Board) received CNRL's Request for Review of both the penalty amount and the facts of the violation.

The Board issued a letter on 18 July 2014 setting out the process through which the review would be considered. In accordance with this process, the Board is in receipt of CNRL's submissions dated 2 September 2014 and 30 October 2014. The Board has also received the materials included in the AMP Officer's Disclosure Package, as well as its submission dated 30 September 2014.

For the reasons that follow, the Board has determined that CNRL committed the violation and that the amount of the penalty was determined in accordance with the *Administrative Monetary Penalties Regulations (National Energy Board)* (AMP Regulations).

Violation

Subsection 25(1) of the OPR provides:

25. (1) Pressure testing shall be performed under the direct supervision of the company or an agent appointed by it.

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The fact that CNRL left the Ladyfern Pipeline unattended in a pressurized state for a 14-hour period is not disputed. In doing so, the Board finds that CNRL did not meet the requirements of this provision. Subsection 25(1) of the OPR requires supervision of the test itself, rather than supervision of those conducting the pressure test. The former is consistent with protection of property and the environment and the safety and security of the public and of the company's employees.

Penalty

CNRL submits that the magnitude of the penalty assessed by the Board is excessive given that no harmful or detrimental effects occurred to any persons or the environment as a result of the actions taken. The mitigating and aggravating factors that can be considered in calculating a penalty are set out in section 4 of the AMP Regulations. While risk of harm to people or the environment can be an aggravating factor, a lack of risk or lack of harm itself cannot be considered as a mitigating factor. Accordingly, the Board finds that the AMP Officer determined the amount of the penalty in accordance with the AMP Regulations.

Yours truly,

Sheri Young
Secretary of the Board

cc: Mr. Nelson Lord, Lead Regulatory Coordinator, CNRL
Facsimile 403-517-7350

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