



Administrative Monetary Penalty / Sanction administrative pécuniaire
NOTICE OF VIOLATION / AVIS D'INFRACTION

REFERENCE NUMBER / N° DE RÉFÉRENCE: AMP-012-2015

Information for Pipeline Company / Third Party / Individual:

Information pour la société pipelinière / une tierce partie / un particulier :

Name / Nom :	ConocoPhillips Canada Operations Ltd.	TOTAL PENALTY AMOUNT / MONTANT TOTAL DES PÉNALITÉS:
Contact / Contactez:	Ken Lueers	
Title / Titre:	President	\$ 28,000
Address / Adresse:		Date of Notice / Date de l'Avis:
	401-9th Ave SW	02 December, 2015
		Regulatory Instrument # / N° de l'instrument réglementaire:
City / Ville:	Calgary	
Province / State / État	Alberta, T2P2H7	
Telephone / Téléphone:		
Fax / Télécopieur:		
E-mail / Courriel:		

On / Le Jan 16, 2014

ConocoPhillips Canada Operations Ltd.

was observed to be in violation of a NEB regulatory requirement. This violation is subject to an administrative monetary penalty, as outlined below.

a commis une infraction aux exigences réglementaires de l'ONÉ, sujet à la sanction administrative pécuniaire ci-dessous.

1. VIOLATION DETAILS / RENSEIGNEMENTS SUR L'INFRACTION**Date of Violation / Date d'infraction :**

(from / du): 16 Jan 2014

(to / au): 16 Jan 2014

Total Number of Days / Nombre total de jours:

1

Has compliance been achieved?**La situation est-elle rétablie?** Yes / Oui No / NonIf no, a subsequent NoV may be issued.
Si non, un autre avis d'infraction pourrait être envoyé.**Location of Violation / Lieu de l'infraction:***e.g. Facility/plant/head office or nearest geographical point* Elmworth Station U to B Pipeline Integrity Project, Beavertail
or lat/long / ie: usine/siege central/lieu géographique Creek**Short Form Description of Violation / Description abrégée de l'infraction**(Refer to Schedule 1 of the [AMP Regulations](#)) / (Voir l'annexe 1 du [Règlement](#))

Provision and Short-form Description /

Disposition et Sommaire

NEB Act / Loi sur l'ONÉ

30(1) Operation of a pipeline without a certificate and leave to open (Type B) / Exploitation d'un pipeline en l'absence du certificat et de l'autorisation de mise en service (Type B)

*Contravention of an Order or Decision made under the Act (ss. 2(2) of the AMP Regulations) / Dérogation à une ordonnance ou à une décision rendue sous le régime de la Loi (paragraphe 2(2) du Règlement sur les sanctions administratives pécuniaires)**Failure to comply with a term or condition of any certificate, licence, permit, leave or exemption granted under the Act (ss. 2(3) of the AMP Regulations) / Manquement à une condition d'un certificat, d'une licence, d'un permis, d'une autorisation ou d'une exemption accordé sous le régime de la Loi (paragraphe 2(3) du Règlement sur les sanctions administratives pécuniaires)***2. RELEVANT FACTS / FAITS SAILLANTS***Briefly describe reasonable grounds to believe a violation has occurred / Décrire brièvement les motifs raisonnables de croire qu'une infraction a été commise*

1. Subsection 30(1) of the National Energy Board Act (NEB Act) states: "No company shall operate a pipeline unless

(a) there is a certificate in force with respect to that pipeline; and

(b) leave has been given under this Part to the company to open the pipeline."

2. On 19 July 2013, ConocoPhillips Canada Operations Ltd. (ConocoPhillips) made an application under Burlington Resources Canada (Hunter) Ltd. (Burlington) to construct and tie-in a segment (approximately 350 m) of pipe and to decommission an existing segment (approximately 350 m) of pipe located at the Beavertail Creek for the Elmworth Station U to B Pipeline Integrity Project (Project).

3. On 26 September 2013, the National Energy Board (NEB or the Board) issued Letter and Order XG-B105-018-2013 pursuant to section 58 of the NEB Act and section 45.1 of the Onshore Pipeline Regulations, approving the Project. In its letter the Board specifically reminded Burlington to apply for Leave to Open pursuant to section 47 of the NEB Act, prior to the facilities being placed in operation.

4. On 20 August 2014, the Board received a letter from ConocoPhillips indicating that the Project (owned and operated by ConocoPhillips) had been "completed and constructed in compliance with all applicable conditions" in Order XG-B105-018-2013. The letter stated that construction and decommissioning of the pipeline was completed on 16 January 2014. ConocoPhillips stated it would be making a subsequent application for a Leave to Open (LTO) for the Project.

5. On 20 November 2014, the Board received a letter from ConocoPhillips applying for LTO of the Project. The letter also stated that ConocoPhillips had accidentally overlooked several conditions contained in Order XG-B105-018-2013. The applicable condition and direction from the Board included:

- submit a LTO pursuant to Section 47 of the NEB Act, prior to facilities being placed in operation; and
- file with Board, within 30 days of the Project being placed into service, a confirmation that the Project was completed and constructed in compliance with all applicable conditions of the Order.

6. This letter stated "operation of the pipeline resumed in March 2014". This letter also included ConocoPhillips assessment of the conditions that led to the non-compliances, the steps ConocoPhillips would take to prevent reoccurrence of similar non-compliances and corrective actions underway.

7. On 24 November 2014, the NEB sent ConocoPhillips an information request (IR) #1 regarding its LTO application. The information request sought to confirm that NEB requirements relating to safety and pipeline integrity had been met. The NEB indicated responses should be provided by 28 November 2014.

8. On 4 December 2014, after being granted an extension, the NEB received a reply from ConocoPhillips to the NEB's IR #1.

9. On 9 December 2014, the NEB sent ConocoPhillips IR #2 regarding its LTO application. This IR asked ConocoPhillips to provide additional, specific information related to pressure testing of the pipe and evidence of non-destructive examination (NDE) of all welds. The NEB also required ConocoPhillips to:

"Provide details regarding the operating history of this project, including date that construction was completed, date hydrostatic pressure testing completed, date project placed into service, date project ceased service (if applicable) and other details regarding operation of this project until present day."

10. On 19 December 2014, the NEB received a reply from ConocoPhillips to the NEB's 9 December 2014 IR #2. Among other things, ConocoPhillips again confirmed in its response that it had placed the Project into service in March of 2014, without first obtaining leave to open from the Board.

11. On 22 January 2015, the NEB sent IR #3 to ConocoPhillips regarding its LTO application. This IR again sought information in order to confirm NEB requirements related to safety had been met. The NEB indicated responses should be provided by 30 January 2015. On 29 January 2015, the NEB received a reply from ConocoPhillips to the NEB's IR #3 which provided satisfactory information confirming requirements had been met.

12. On 29 May 2015, ConocoPhillips submitted an application for transfer of ownership from Burlington to ConocoPhillips for the Project as approved in Order XG-B105-018-2013. This Project was not included in a previous application by ConocoPhillips in 2014 of existing lines from Burlington to ConocoPhillips. On 31 July 2015, the Board issued a letter and amending order AO-001-XG-B105-018-2013 approving the transfer of ownership for the Project from Burlington to ConocoPhillips.

13. On 7 August 2015 in response to the NEB's IR #4 seeking clarification as to the in-service date of the Project, ConocoPhillips indicated in its response to the IR that the pipelines had actually begun operation on 16 January 2014 rather than the original date of March 2014 provided in its LTO application.

14. On 12 November 2015, the Board sent a letter to ConocoPhillips approving its LTO application for the Project.

3. PENALTY CALCULATION / CALCUL DES SANCTIONS

(a) BASELINE PENALTY (Gravity Value = 0) / PÉNALITÉ DE BASE (côte de gravité = 0)

Category / Catégorie	(Type A)	Individual / Personne physique	Any Other Person / Autre Personne
	(Type B)		
		<input type="checkbox"/> \$1,365	<input type="checkbox"/> \$5,025
		<input type="checkbox"/> \$10,000	<input checked="" type="checkbox"/> \$40,000

[Refer to [AMP Regulations](#), Subsection 4(1) / Voir le [Règlement](#), paragraphe 4(1)]

(b) APPLICABLE GRAVITY VALUE / COTE DE GRAVITE GLOBALE APPLICABLES

[Refer to [AMP Regulations](#), Subsection 4(2) / Voir le [Règlement](#), paragraphe 4(2)]

	Mitigating / Atténuer			Aggravating / Aggravantes		
	-2	-1	0	+1	+2	+3
<input checked="" type="checkbox"/> Other violations in previous seven (7) years / Autres infractions au cours des sept (7) années précédentes	--	--	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	--
N/A						
<input checked="" type="checkbox"/> Any competitive or economic benefit from violation / Avantages concurrentiels ou économiques découlant de l'infraction	--	--	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	--
N/A						
<input checked="" type="checkbox"/> Reasonable efforts to mitigate / reverse violation's effect / Efforts raisonnables déployés pour atténuer ou annuler les effets de l'infraction	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	--
N/A						
<input checked="" type="checkbox"/> Negligence on part of person who committed violation / Négligence de la part de la personne ayant commis l'infraction	--	--	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	--
Failure to exercise due diligence contributed to the commission of the violation.						
<input checked="" type="checkbox"/> Reasonable assistance to Board with respect to violation / Collaboration raisonnable avec l'Office en ce qui a trait à l'infraction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	--
Although there was a delay in reporting the violation to the Board, ConocoPhillips was cooperative in responding to the NEB staff's information requests and providing the necessary information about the in-service date of the Project.						
<input checked="" type="checkbox"/> Promptly reported violation to Board / Infraction signalée sans délai à l'Office	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	--
N/A						
<input checked="" type="checkbox"/> Steps taken to prevent reoccurrence of violation / Mesures prises pour prévenir les récidives	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	--
In its LTO of October 21, 2014, ConocoPhillips indicated that it had overlooked several conditions contained in Order XG-B105-018-2013, and provided an assessment of the conditions that led to the violation. The company provided the Board with steps it would take to prevent re-occurrence of a similar non-compliance, and the corrective actions that were already underway.						
<input checked="" type="checkbox"/> Violation was primarily reporting / record-keeping failure / Infraction reliée principalement à la production de rapports ou à la tenue des dossiers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	--	--	--
N/A						

<input checked="" type="checkbox"/> Any aggravating factors in relation to risk of harm to people or environment / Facteurs aggravants pouvant causer du tort au public ou à l'environnement	--	--	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N/A						
(c) TOTAL GRAVITY VALUE / COTE DE GRAVITÉ GLOBALE						-1
(d) DAILY PENALTY / SANCTIONS QUOTIDIENNES (The baseline penalty, adjusted for the final gravity level) (Pénalité de base d'après la côte de gravité)						\$ 28,000
(e) NUMBER OF DAYS OF VIOLATION / DURÉE DE L'INFRACTION (If more than one day, then the justification must be provided.) (Si plus d'une journée, prière de justifier.)						1
Notes to explain decision to apply multiple daily penalties, or "Not Applicable" / Notes pour expliquer la décision d'appliquer des pénalités multiples quotidiennes, ou «sans objet»						
N/A						
4. TOTAL PENALTY AMOUNT / MONTANT TOTAL DE LA PÉNALITÉ						\$ 28,000
Note: The total penalty amount shown is based on the period described in Step 1 above. If compliance has not been achieved, a subsequent Notice of Violation may be issued. Le montant total de la pénalité est calculé d'après la période décrite à l'étape 1 ci-dessus. Si la situation n'a pas été rétablie, un autre avis d'infraction pourrait être envoyé.						
5. DUE DATE (30 days from receipt of Notice of Violation)						05 January, 2016
DATE LIMITE (30 jours à compter de la réception de l'Avis d'infraction)						

Notes

You have the right to make a request for a review of the amount of the penalty or the facts of the violation, or both, within 30 days after the Notice of Violation was received.

If you do not pay the penalty nor request a review within the prescribed period, you are considered to have committed the violation and you are liable for the penalty set out in the Notice of Violation. The penalty is due on the date indicated above.

The unpaid penalty amount is a debt due to the Crown and may be recovered by collection procedures stipulated in the [Financial Administration Act](#).

The information regarding the violation may be posted on the NEB website:

- a) 30 days from the date this Notice of Violation was received
- or;
- b) upon issuing a decision following a Request for Review.

To Make Payment:

You may remit your fee payment by Electronic Funds Transfer (EFT) or by cheque payable to the order of Receiver General for Canada.

EFT payments can be arranged by contacting the Director of Financial Services, Monday to Friday, from 09:00 to 16:00 Mountain Time:

Telephone: 403-919-4743 / 800-899-1265
Fax: 403-292-5503 / 877-288-8803

Cheques should be made out to the "Receiver General for Canada" and mailed to:

National Energy Board
Attention: Finance
Centre 10, 517 – 10th Avenue SW
Calgary, Alberta
T2R 0A8

Your completed *Payment* form should be enclosed with your payment.

Notes

Vous disposez de 30 jours après la signification de l'Avis d'infraction pour demander une révision du montant de la pénalité, ou les faits rapportés, ou les deux.

Si les sanctions ne sont pas acquittées et qu'aucune révision n'est demandée, vous êtes considérés comme coupable de l'infraction et vous devez payer les sanctions précisées dans l'Avis d'infraction. Les sanctions sont payables à la date indiquée ci-dessus.

Un défaut de paiement constitue une créance envers l'Etat et peut être recouvré en utilisant tous les recours prévus dans la [Loi sur la gestion des finances publiques](#).

L'information concernant l'infraction pourrait également être affichée sur le site Web de l'ONÉ:

- a) 30 jours après la date de réception de l'Avis;
- b) dès qu'une décision a été rendue à la suite d'une Demande de révision.

Paiement:

Vous pouvez payer le montant dû par transfert électronique de fonds (TEF) ou par chèque établi à l'ordre du Receveur général du Canada.

Pour se prévaloir du service de transfert électronique, communiquer par téléphone avec le Directeur, Service des finances, du lundi au vendredi, de 9 h à 16 h, heure des Rocheuses :

Telephone: 403-919-4743/ 800-899-1265
Telec. : 403-292-5503/877-288-8803

Les chèques doivent être établis à l'ordre du Receveur général du Canada et postés à l'adresse suivante:

Office national de l'énergie
Service des finances
Centre 10, 517 – 10e Avenue S.-O.
Calgary (Alberta)
T2R 0A8

Le formulaire de *paiement* dûment rempli doit accompagner le paiement.

To Request a Review

Pursuant to the NEB Act, Section 144, you may file a request for a review of this Notice of Violation by the Board.

The date of filing is the date on which the document is received, as indicated by the date on an e-mail submission or the stamped on the document by a NEB employee.

If you elect to make a request for a review, complete and submit the attached *Request for Review* form to:

Administrative Monetary Penalty - Reviews
National Energy Board
Centre 10, 517 – 10th Avenue SW
Calgary, Alberta
T2R 0A8

For more information on reviews, please see the Administrative Monetary Penalties Process Guide available on the NEB's [website](#).

If you have any questions regarding this matter, please contact the undersigned.

Sincerely,

Demande de révision

En vertu de l'article 144 de la Loi sur l'ONE, vous pouvez présenter à l'Office une *Demande de révision* de cet Avis l'infraction.

La date du dépôt correspond à la date de réception du document, qui apparaît sur l'envoi électronique ou le timbre apposé sur le document par un employé de l'ONE.

Si vous voulez demander une révision, veuillez remplir et soumettre le formulaire de Demande de révision à l'adresse suivante :

Sanction administrative pécuniaire - Révision
Office national de l'énergie
Centre 10, 517 – 10e Avenue S.-O.
Calgary (Alberta)
T2R 0A8

Pour de plus amples informations sur le processus de révision, prière de consulter le Guide sur le processus relatif aux sanctions administratives pécuniaires sur le [site Web](#).

Pour toute question à ce sujet, veuillez communiquer avec la personne soussignée.

Sincères salutations,

Robert Steedman

Designated Officer
Administrative Monetary Penalties

Fonctionnaire désigné
Sanctions administratives pécuniaires

403-299-3178