



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

REFERENCE NUMBER / N° DE REFERENCE: OF-SURV-AMP-005-2014

Information for Pipeline Company / Third Party / Individual:
Information pour la société pipelinière / une tierce partie / un particulier :

Name / Nom :	Steve Minotakis	TOTAL PENALTY AMOUNT / MONTANT TOTAL DES PÉNALITÉS:
Contact / Contactez:	Mr. Steve Minotakis	
Title / Titre:	Chief Financial Officer, c/o DR Four Beat Energy Corp.	25,000
Address / Adresse:	[REDACTED]	Date of Notice / Date de l'Avis:
		08 September, 2014
		Regulatory Instrument # / N° de l'instrument réglementaire:
		AO-002-XG-S103-032-2003
City / Ville:	[REDACTED]	
Province / State / État	[REDACTED]	
Telephone / Téléphone:	[REDACTED]	
Fax / Télécopieur:	[REDACTED]	
E-mail / Courriel:	[REDACTED]	

On / Le 26 May 2014

STEVE MINOTAKIS

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): May 26, 2014

(to / au): May 26, 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* Meter station and piping located between NW5-1-11W4 and
or lat/long / ie: usine/siege central/lieu géographique SW-1-11W4 near Aden, AB Canada.**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*Choose an item / Choisir*

Choose an item / Choisir

Contravention of an Order or Decision made under the Act (ss. 2(2) of the AMP Regulations)

Board Order SG-D081-01-2013

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)**2. RELEVANT FACTS***Briefly describe reasonable grounds to believe a violation has occurred / Décrire brièvement les motifs raisonnables de croire qu'une infraction a été commise*

On 18 April 2013, the NEB issued Board Order SG-D081-01-2013, to DR Four Beat, for the Knappen Border Pipeline and Meter Station (Pipeline) (707348). The Board determined that DR Four Beat's Emergency Procedures Manual (EPM) for the Pipeline did not meet the Board's requirements for safe and secure operation of the pipelines under its jurisdiction pursuant to the requirements of section 32 of the National Energy Board Onshore Pipeline Regulations (OPR). Consequently, the Board ordered the following:

1. Suspend the operation of the Pipeline.
2. Within five (5) days of the date of this Order, provide written confirmation to the Board of its compliance with Condition 1 of this Order.
3. Maintain the Pipeline in a deactivated mode as required pursuant to CSA Z662 section 10.15.1 for the deactivation of piping.
4. On or before 15 May 2013, file an Emergency Procedures Manual.
5. At least 21 days prior to resuming operation of the Pipeline, file a written request to the Board seeking approval to do so. The request shall include evidence that the requirement of Condition 4 of this Order has been met.

Condition 1 was met with the Inspection Officer Order SR-001-2013 that was issued to the operator, CNRL on 18 April 2013 to suspend the operation of the pipeline in a safe manner, and notify the NEB to that effect. Condition 2 was met via email dated 22 April 2013 (708343) from Steve Minotakis, CFO of DR Four Beat confirming compliance with Condition 1. On 24 April 2013, NEB Inspectors conducted an on-site inspection to verify suspension of the Pipeline, and confirmed that the requirements of the Inspection Officer Order and Condition 1 of the Board Order had been met.

Conditions 3 and 4 were not complied with by the specified date as set out in the Board Order, and remain out of compliance to this date.

Condition 5 only applies upon resuming operation of the Pipeline.

On 3 June 2013, the Board sent a letter to Michael Siemer, President and Steve Minotakis, CFO of DR Four Beat confirming that Conditions 1 and 2 of the Board Order had been met, but that Conditions 3 and 4 were not in compliance. The Board requested confirmation for Condition 3 by 17 June 2013, and the submission of an adequate EPM as per Condition 4.

On 18 June 2013, on behalf of DR Four Beat, S. Minotakis faxed a letter to the Board requesting an extension to the 17 June 2013 deadline for deactivation. On 2 August 2013, the Board acknowledged receipt of that letter, and denied the extension of the deadline for deactivation. The Board stated that enforcement action was in process and would continue until compliance with Board Order SG-D081-01-2013 was met.

On 5 August 2013, S. Minotakis sent an email to NEB staff, addressed to the Secretary of the Board, explaining that the company is currently not economically able to get into deactivation mode and is seeking economic solutions to meet NEB requirements.

On 14 August 2013, the NEB filed Board Order SG-D081-01-2013 in Federal Court as a result of DR Four Beat's status of non-compliance to Conditions 3 and 4 of the Order.

On 22 August 2013, on behalf of DR Four Beat, S. Minotakis sent an email with an update on deactivation and long term regulatory compliance issues.

On 26 August 2013, the Board sent a letter to the company notifying them that the Order had been registered in Federal Court.

On 27 January 2014, NEB staff held a conference call with Mr. S. Minotakis of DR Four Beat. The purpose of the call was to request an update on the outstanding compliance status with Conditions 3 and 4 of the Order. S. Minotakis stated that the company was wrapping up negotiations to sell off a non-NEB regulated portion of the Knappen Pipeline, and was expecting funds in the upcoming weeks that would help fund the deactivation of the line, plus to pay for the services of a consulting company to review and update their EPM.

On 31 January 2014, S. Minotakis sent an e-mail stating that he expected the deactivation (Condition 3) to take place by the end of February 2014, and that there would be no further attempt to update the EPM until Condition 3 was satisfied. Confirmation of DR Four Beat's plan of action for deactivation was further confirmed in an e-mail from S. Minotakis on 13 February 2014.

On 20 and 26 of February, NEB staff sent an e-mail request to S. Minotakis, requesting confirmation and plan for deactivation of the Knappen Pipeline that was supposed to take place at the end of February. No response was received from the company or officer of the Corporation.

On 8 April 2014, the Federal Court granted a Notice of Motion and issued Order T-1413-03 against DR Four Beat, granting the Board the authority to have work performed on the Pipeline pertaining to the depressurization of the Pipeline. Then, on 15 April 2014, the Board sent a letter notifying the company of the Federal Court Order.

On 26 May 2014, depressurization of the Knappen Pipeline was completed by Migar Consulting on behalf of the Board. The activity was confirmed by NEB Inspection Officers who were on site while the work was being performed. The Pipeline has been in a non-operational state since 18 April 2013 when the Pipeline was suspended by the Board Order.

As of 26 May 2014, DR Four Beat had not maintained the Pipeline in a deactivated mode as per condition 3 of Board Order SG-D081-01-2013, nor submitted to the Board an updated emergency procedures manual as required by s. 32 of the OPR, and Condition 4 of the Board Order.

Liability to include a director, officer, agent or mandatary of the corporation who directed, authorized, assented to, acquiesced in or participated in the commission of the violation as per s. 137 of the National Energy Board Act. All NEB communications and correspondence on this compliance matter has been through the Chief Financial Officer of the corporation, S. Minotakis.

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
		<input type="checkbox"/> \$1,365	<input type="checkbox"/> \$5,025
	(Type B)	<input checked="" type="checkbox"/> \$10,000	<input 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"/>	--
* insert additional information, as required *						
<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"/>	--
* insert additional information, as required *						
<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	--
Over the past year, DR Four Beat has made limited efforts to comply with legislative requirements, despite assurances from a company representative to the Board and NEB staff that they were willing to comply. DR Four Beat contacted a contractor to obtain an estimate for the cost of the deactivation, but did not carry through to have the work completed as per Condition 3 of the Board Order. Furthermore, the company has not made any effort to update their Emergency Management Program and Emergency Procedures Manual, as required by s. 32 of the OPR and Condition 4 of the Board Order.						
<input checked="" type="checkbox"/> Negligence on part of person who committed violation / Négligence de la part de la personne ayant commis l'infraction	--	--	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	--
* insert additional information, as required *						
<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 type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	--
DR Four Beat has not provided reasonable assistance to comply with Board Order SG-D081-2013, nor for meeting the OPR requirement to have an adequate EPM. NEB Inspection Officers made multiple attempts to obtain information and updates with regards to the companies plans for obtaining compliance to the violations, and no substantial assistance was provided to the Board to ensure the safety of people and the protection of the environment.						
<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"/>	--
* insert additional information, as required *						
<input checked="" type="checkbox"/> Steps taken to prevent reoccurrence of violation / Mesures prises pour prévenir les récidives	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	--
* insert additional information, as required *						
<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"/>	--	--	--

* insert additional information, as required *

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

-- --

As of May 2013, DR Four Beat did not have a third party company contracted to operate the pipeline, nor did they have adequate management programs in place as required by the OPR. Therefore, risk to the public and the environment continued to exist while natural gas remained in the line until the Board contracted a third party company to depressurize the NEB regulated portion of the Knappen Pipeline on 26 May 2014.

(c) TOTAL GRAVITY VALUE / COTE DE GRAVITÉ GLOBALE +5

(d) DAILY PENALTY / SANCTIONS QUOTIDIENNES
(The baseline penalty, adjusted for the final gravity level) \$ 25,000
(Pénalité de base d'après la côte de gravité)

(e) NUMBER OF DAYS OF VIOLATION / DURÉE DE L'INFRACTION
(If more than one day, then the justification must be provided.) 1
(Si plus d'une journée, prière de justifier.)

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»
Not Applicable

4. TOTAL PENALTY AMOUNT / MONTANT TOTAL DE LA PÉNALITÉ	\$ 25,000
<p>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.</p>	
5. DUE DATE (30 days from receipt of Notice of Violation)	08 October, 2014
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.

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.

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.

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.

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

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*.

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

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

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

- 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.

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.

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.

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

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: 403-606-0779 / 800-899-1265
Fax: 403-292-5503 / 877-288-8803

Telephone: 403-606-0779/ 800-899-1265
Telec. : 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

517 10th Avenue SW
Calgary, AB
T2R 0A8

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

517 10e Avenue S.-O.
Calgary, AB
T2R 0A8

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

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
517, 10th Avenue SW
Calgary, AB
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,

Demander 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.

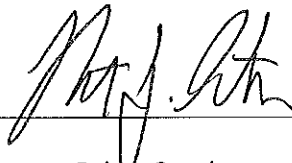
Si vous voulez demander une révision, veuillez remplir et soumettre le formulaire de Demande de révision à l'adresse suivante :

Sanction administrative pécuniaire - Révision
Office national de l'énergie
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

