

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

REFERENCE NUMBER / Nº DE REFERENCE: OF-SURV-AMP-004-2014

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

Name / Nom:	DR FOUR BEAT ENERGY CORPORATION	TOTAL PENALTY AMOUNT / MONTANT TOTAL DES
Contact / Contactez:	Michael Siemer and Daryl Siemer	PÉNALITÉS:
Title / Titre:	Directors	100,000
Address / Adresse:		
		Date of Notice / Date de l'Avis:
	Suite 900, 1959 Upper Water Street	05 August, 2014
		Regulatory Instrument # / N° de l'instrument réglementaire:
City / Ville:	Halifax	AO-002-XG-S103-032-2003
Province / State / État	Nova Scotia B3J 2X2	
Telephone / Téléphone:		
Fax / Télécopieur:		
E-mail / Courriel:		

On / Le

26 May 2014

DR FOUR BEAT ENERGY CORPORATION (DR FOUR BEAT)

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.



Date of Violation / Date d'infraction :	Has compliance been achieved?			
(from / du): May 26, 2014 (to / au): May 26, 2014	La situation est-elle rétablie? Yes / Oui • No / Non			
Total Number of Days / Nombre total de jours:	If no, a subsequent NoV may be issued. Si non, un autre avis d'infraction pourrait êt 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 Aden, AB Canada.			
e.g. Facility/plant/head office or nearest geographical point Meter station and				
e.g. Facility/plant/head office or nearest geographical point Meter station and or lat/long / ie: usine/siege central/lieu géographique SW-1-11W4 near Short Form Description of Violation / Description abrégée de l'infraction	Aden, AB Canada. Provision and Short-form Description /			

 \boxtimes Board Order SG-D081-01-2013

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

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). 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 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 e-mail 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 e-mail 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 2014, 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.

3. PENALTY CALCULAT	ION / CALCUL DES	SANCTIONS						
(a) BASELINE PENALTY (Gravity Value = 0) / PÉN/	ALITÉ DE BASE (côte de grav	rité = 0)					
Category / Catégorie [Refer to AMP Regulations, Subs	(Type A) (Type B) section 4(1) / Voir le <u>Règlen</u>	Individual / Personne physique \$1,365 \$10,000 ment, paragraphe 4(1)]		<i>A</i>	y Other Autre Pe ☐ \$5,02 ☑ \$40,0	ersonne 25	/	
(b) APPLICABLE GRAVIT	Y VALUE / COTE DE	E GRAVITE GLOBALE AP	PLICABL	ES				
[Refer to AMP Regulations, Subs	ection 4(2) / Voir le Règler	nent, paragraphe 4(2)]						
				gating / ténuer			Aggravatin Aggravant	_
			-2	-1	0	+1	+2	+3
Other violations in previo des sept (7) années précéd		utres infractions au cours						
* insert additional information,	as required *							
Any competitive or econo concurrentiels ou économ								==
* insert additional information,	as required *							
Reasonable efforts to miti raisonnables déployés pou								
Over the past year, DR Four Berepresentative to the Board and cost of the deactivation, but did company has not made any effort the OPR and Condition 4 of the OPR.	NEB staff that they were not carry through to hav rt to update their Emerge	e willing to comply. DR Four B re the work completed as per Co	Seat contact endition 3 o	ted a conti of the Boar	ractor to c rd Order.	obtain an Furthern	estimate f nore, the	
Negligence on part of perspart de la personne ayant	son who committed viccommis l'infraction	olation / Négligence de la						
* insert additional information,	as required *							
Reasonable assistance to he raisonnable avec l'Office of								
DR Four Beat has not provided have an adequate EPM. NEB Ir plans for obtaining compliance the protection of the environment	nspection Officers made to the violations, and no	multiple attempts to obtain info	rmation an	d updates	with rega	ards to the	e compan	ies
Promptly reported violation I'Office	on to Board / Infraction	n signalée sans délai à			\boxtimes			
* insert additional information,	as required *					,		
Steps taken to prevent reo prévenir les récidives	ccurrence of violation	/ Mesures prises pour						
* insert additional information,	as required *							
Violation was primarily re reliée principalement à la	porting / record-keepi production de rapports	ing failure / Infraction s ou à la tenue des dossiers			\boxtimes		— —	

* insert additional information, as required *				
Any aggravating factors in relation to risk of harm to people or				
As of May 2013, DR Four Beat did not have a third party company contracted to operate the pipeline, nor management programs in place as required by the OPR. DR Four Beat has not committed the necessary requirements, such as developing, maintaining, implementing and updating the necessary manuals and plan Therefore, risk to the public and the environment continued to exist while natural gas remained in the line depressurized on 26 May 2014.	sources to as to safely	comply v	vith legisla a pipeline.	
(c) TOTAL GRAVITY VALUE / COTE DE GRAVITÉ GLOBALE			+5	
(d) DAILY PENALTY / SANCTIONS QUOTIDIENNES (The baseline penalty, adjusted for the final gravity level) (Pénalité de base d'après la côte de gravité)	\$	10	0,000	
(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 explaintes pénalités multiples quotidiennes, ou «sans objet» Not Applicable	liquer la de	écision c	l'applique	er

4. TOTAL PENALTY AMOUNT / MONTANT TOTAL DE LA PÉNALITÉ

\$

100,000

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)

DATE LIMITE (30 jours à compter de la réception de l'Avis d'infraction)

04 September, 2014

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: 403-606-0779 / 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

517 10th Avenue S.W. Calgary, AB T2R 0A8

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

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 <u>Loi sur la gestion</u> <u>des finances publiques.</u>

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

- a) 30 jours après la date de réception de l'Avis;
- 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: 403-606-0779/ 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

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

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 1'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 apparait sur l'envoi électronique ou le timbre appose 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 <u>site Web</u>.

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 pécunaires

403-299-3178

	•	
1		
, y		
)		
, and the second		
N		



Administrative Monetary Penalty Sanction administrative pécuniaire

PAYMENT FORM FORMULAIRE DE PAIEMENT

REFERENCE NO. / N° DE RÉFÉRENCE: AMP-004-2014

Name of Company/Third Party/Individual: Nom de la société/tiers/individu:	TOTAL PENALTY AMOUNT (\$): MONTANT TOTAL DE LA PÉNALITÉ (\$):
DR FOUR BEAT ENERGY CORP.	\$100,000
DRIVOR BEAT ENERGY CORT.	Notice of Violation Date:
Contact name and title for company/third party: Nom et titre de la personne de contact de la société/tiers:	Date de l'Avis d'infraction: 05 August 2014
Daryl Siemer and Michael Siemer, Directors	Due Date /Date d'échéance: [30 days from the receipt of Notice of Violation / 30 jours après la réception de l'Avis d'infraction]
Company/Third Party/Individual address: Adresse de la société/tiers/individu: 1959 Upper Water Street, Suite 900 Halifax, Nova Scotia B3J 2X2	04 September 2014

Société/tiers/individu
(Nom, adresse, # de téléphone et télécopieur)

PAYMENT INSTRUCTIONS / INSTRUCTIONS DE PAIEMENT

Your completed Payment form should be enclosed with your payment. Ce formulaire de paiement doit être joint à votre paiement.

- A. For payments made by cheque, money order or bank draft / Paiement par chèque, mandat ou traite bancaire:
 - Attach a copy of this form with your payment.
 Annexer une copie du présent formulaire à votre paiement.
 - Payments must be made payable to Receiver General for Canada.
 Payer à l'ordre du Receveur général du Canada.
 - Payments must be denominated in Canadian dollars.
 Libeller l'instrument de paiement en dollars canadiens.

SEE IMPORTANT NOTES ON REVERSE / VOIR VERSO POUR NOTES IMPORTANTES



Page 1 of 2

Remittances must be sent to:

National Energy Board 517, 10th Avenue SW Calgary, AB T2R 0A8 Envoyer le paiement à :

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

B. For remittances made using electronic funds transfer / Paiement par transfert électronique:

- Remittances must be made in accordance with instructions provided by the National Energy Board.
 Observer les instructions de l'Office national de l'énergie.
- Remittances must be denominated in Canadian dollars. Le paiement doit être en dollars canadiens.
- 3. If you wish to utilize the electronic funds transfer service, please contact the Director of Financial Services at 403-606-0779 or 1-800-899-1265, 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 au 403-606-0779 ou 1-800-899-1265, du lundi au vendredi, de 9 h à 16 h, heure des Rocheuses.

NOTES

- Remittances in currencies other than Canadian dollars or sent to other government agencies will be deemed not to have been received by the National Energy Board.
 - Les versements qui ne sont pas en dollars canadiens ou qui sont envoyés à d'autres organismes gouvernementaux seront considérés comme n'étant pas parvenus à l'Office national de l'énergie.
- 2. If payments are not received in accordance with the terms of the Notice of Violation, penalties will be assessed in accordance with the *Financial Administration Act*.
 - Si les paiements ne sont pas effectués conformément aux conditions de l'Avis d'infraction, des pénalités seront imputées en application de la Loi sur la gestion des finances publiques.
- 3. Overdue accounts will be charged interest at the rate of 1.5 % per month compounded monthly. Pour les comptes en souffrance, un intérêt de 1,5 % par mois, composé mensuellement, sera appliqué.

For information about the National Energy Board and its activities please go to the National Energy Board website: Pour obtenir de l'information sur l'Office national de l'énergie et ses activités, consulter le site web à l'adresse suivante: www.neb-one.gc.ca

To obtain additional information about and view the *National Energy Board Administrative Monetary Penalties Regulations*, please go to:

http://laws-lois.justice.gc.ca/eng/acts/N-7/index.html#r31R3g

Le Règlement sur les sanctions administratives pécuniaires de l'Office national de l'énergie est disponible à l'adresse suivante:

http://laws-lois.justice.gc.ca/fra/lois/N-7/index.html

National Energy Board

Name of Pipeline Company/Third Party/Individual:

Nom de la société / tiers / individu:



Office national de l'énergie

NEB AMP File # / No. DU DOSSIER

Administrative Monetary Penalty Sanction administrative pécuniaire

Request for Review Demande de révision

DR FOUR BEAT ENERGY CORP.	AMP-004-2014			
Contact name and title for company/third party: Nom et titre de la personne de contact de la société / tiers: Daryl Siemer and Michael Siemer, Directors	Notice of Violation Date / Date de l'Avis d'infraction : 05 August 2014			
Company/Third party/Individual address, phone and fax numbers: Adresse, numéros de téléphone et télécopieur de la société / tiers /individu: 1950 Upper Water Street, Suite 900 Halifax, Nova Scotia B3J 2X2	TOTAL PENALTY AMOUNT: / TOTAL DE LA PÉNALITÉ : \$ 100,000			
DATE OF REQUEST (must be RECEIVED by the NEB by the due date indicated on the Notice of Violation) DATE DE LA DEMANDE DE RÉVISION (doit être reçue par l'Office avant la date d'échéance indiquée sur l'Avis d'infraction)				
REQUESTING REVIEW OF / DEMANDE DE RÉVI Penalty Amount / Montant de la pénalité [Provide brief reason why the Board should find the amount of the penality explication des motifs pour lesquels l'Office devrait trouver que le règlements]	Ity was not determined in accordance with the regulations / Fournir une			
Facts of Violation / Faits de l'infraction [Provide brief reason why the Board should find that you did not commi l'Office devrait trouver que vous n'avez pas commis l'infraction]	t the violation / Fournir une brève explication des motifs pour lesquels			
Both / Les deux [Provide brief reason why the Board should find that the amount of the penalty was not determined in accordance with the regulations and you did not commit the violation / Fournir une brève explication des motifs pour lesquels l'Office devrait trouver que le montant de la sanction n'a pas été déterminé en conformité avec les règlements et que vous n'avez pas commis l'infraction]				
LEGAL REPRESENTATION / CONSEILLER JURIDIQUE Self Legal Counsel Agent Soi-même Conseiller juridique Représen	Name and contact information for Legal Representative or Agent / Nom et communication pour conseiller juridique ou représentant			



REQUEST FOR REVIEW INSTRUCTIONS

(La version française suit)

You can submit a Request for Review form by:

1. Filling out this form and mailing it to:

National Energy Board Administrative Monetary Penalties 517, 10th Avenue SW Calgary, AB, T2R 0A8

- 2. Filling out this form and faxing it to: 403-292-5503
- 3. Filling out an on-line form from the NEB website; www.neb-one.gc.ca

The completed Request for Review form must be received by the NEB within 30 days from the receipt of the Notice of Violation.

The review process will be conducted in writing.

The information requested on this form should be complete. Omitting information could delay the review process.

Additional information on process and timelines will be provided upon reception of your request for review.

INSTRUCTIONS POUR LA DEMANDE DE RÉVISION

Pour soumettre une demande de révision:

1. Remplissez ce formulaire et l'envoyer par courrier à:

Office national de l'énergie Sanctions administratives pécuniaires 517, 10° Avenue S.-O. Calgary (Alberta) T2R 0A8

- Remplissez ce formulaire et l'envoyer par télécopieur à: 403-292-5503
- Remplissez le formulaire électronique se trouvant sur le site web suivant: www.neb-one.gc.ca

La demande de révision doit être complétée et reçue à l'Office dans les 30 jours suivants la date de réception de l'Avis d'infraction.

L'examen de révision est un processus écrit.

Les renseignements demandés dans le présent formulaire doivent être complets. Un manque de renseignements pourrait retarder le processus d'examen.

Des renseignements supplémentaires sur le processus et les échéances seront fournis dès réception de votre demande de révision.

For information about the National Energy Board and its activities, please go to the National Energy Board website: Pour obtenir de l'information sur l'Office national de l'énergie et ses activités, consulter le site web à l'adresse suivante:

www.neb-one.gc.ca

To obtain additional information about and view the *National Energy Board Administrative Monetary Penalties Regulations*, please go to:

http://laws-lois.justice.gc.ca/eng/acts/N-7/index.html

Le Règlement sur les sanctions administratives pécuniaires de l'Office national de l'énergie est disponible à l'adresse suivante: http://laws-lois.justice.gc.ca/fra/lois/N-7/index.html

Request for Review / Demande de révision
This document is not controlled once printed. / Ce document n'est pas contrôlé une fois imprimé.

Version Date: 2014-02-28