

IN THE MATTER of a CONTRAVENTION
of the *OIL AND GAS ACTIVITIES ACT*
[SBC 2008] Chapter 36
before
The BC OIL AND GAS COMMISSION
Case File 2018-018DC

BETWEEN

The BC Oil and Gas Commission

AND

Leucrotta Exploration Inc.

AND

Parker B's Enterprises Inc.

ADMINISTRATIVE FINDING

Before

Vice President, Operations, Andy
Johnson

Representing the Oil and Gas Commission

Compliance and Enforcement Officer,
Kate Mana

Representing Leucrotta Exploration Inc.

Terry Trudeau, COO & VP Operations

Introduction:

1. On October 25, 2018 the BCOGC (Commission) was notified by Leucrotta Exploration Inc. (Leucrotta) that there had been a fluid release from an above ground water storage system – commonly referred to as a C-Ring. This release had occurred the day before at the 8-22-81-14 wellsite facility (8-22) in the Doe River area. The fluid released was estimated at 40m³.
2. The Commission dispatched an Oil and Gas Officer to visit the site. The officer confirmed with the onsite consultant contracted by Leucrotta, Parker Brunner of Parker B's Enterprises Inc. (Parker B), that the C-Ring had sunk into the ground thus spilling fluid from the C-Ring. Leucrotta subsequently advised that 29m³ of spilled fluid had been recovered of the estimated 40m³.
3. A Contravention Report (the Report) was prepared by a Compliance and Enforcement Officer and sent to me by the Director, Compliance and Enforcement on July 2, 2020 alleging that Leucrotta contravened sections 51(1)(c), 51(6)(g), 51(6)(h), and 51(6)(j) of the *Drilling and Production Regulation* (DPR) and that Parker B contravened sections 51(1)(c), 51(6)(h), and 51(6)(j) of the DPR.
4. On September 24, 2020, the BC Oil and Gas Commission (the Commission) sent Leucrotta a letter and the Report informing Leucrotta that the Commission was considering making a finding that Leucrotta contravened sections 51(1)(c), 51(6)(g), 51(6)(h), and 51(6)(j) of the DPR. The letter informed Leucrotta of its opportunity to be heard in written form (the Leucrotta OTBH Letter) and advised that a finding of contravention might result in the Commission imposing an administrative penalty in accordance with section 63 of the *Oil and Gas Activities Act* (OGAA).
5. Leucrotta provided a response in a letter dated October 21, 2020 (the Leucrotta Response).
6. On September 24, 2020, the Commission sent Parker B a letter and the Report informing Parker B that the Commission was considering making a finding that Parker B contravened sections 51(1)(c), 51(6)(g), 51(6)(h), and 51(6)(j) of the DPR. The letter informed Parker B of its opportunity to be heard in written form (the OTBH Letter) and advised that a finding of contravention might result in the Commission imposing an administrative penalty in accordance with section 63 of OGAA.
7. Parker B provided a response in a letter dated October 9, 2020 (the Parker B Response).
8. I have been delegated authority under sections 62 and 63 of OGAA. I will be making a determination with regards to: whether Leucrotta contravened sections 51(1)(c), 51(6)(g), 51(6)(h), and 51(6)(j) of the DPR; whether Parker B contravened sections 51(1)(c), 51(6)(h), and 51(6)(j) of the DPR; whether to impose an administrative penalty under section 63 of OGAA to Leucrotta and/or Parker B; and the amount of the penalties, if any. Although the OTBH letter to Parker B identified that the Commission was considering making a finding that Parker B contravened section 51(6)(g) of the DPR, this was not alleged in the Report and I will not be making a finding in this respect. I have reviewed the Report, Leucrotta's Response and Parker B's response. In making a determination, I rely on these documents, and the applicable legislation.

Applicable Legislation

9. Section 51(1)(c) of the DPR states:

51(1) A well permit holder must ensure that formation water, oil, drilling fluid, completion fluid, waste, chemical substances or refuse from a well, tank or other facility do not do any of the following:

(c) run over, pollute or damage any land or public road;

10. Maximum penalties for specific violations are set by regulation. Section 5(1) of the *Administrative Penalties Regulation* (APR) provides that a person who contravenes section 51(1) of the DPR is liable to an administrative penalty not exceeding \$500 000.”

11. Sections 51(6)(g), (h) and (j) state:

A well permit holder who uses an above ground structure with a liner as the primary means of containment to store waterbased fluids with a concentration of total dissolved solids greater than 4 000 ppm must ensure that:

(g) the ground surface has been prepared to the satisfaction of the commission,

(h) the structure is filled to not more than 50 cm below the point of overflow at any given time, [...]

(j) when the structure contains fluid, it is inspected daily for leaks and a record of inspection is maintained until the site is decommissioned

12. Section 5(5) of the APR provides that a person who contravenes section 51(6) of the DPR is liable to an administrative penalty not exceeding \$50 000.

13. Section 62(1) of OGAA states that, after providing an opportunity to be heard to a person who is alleged to have contravened a provision of the Act, the regulations, a permit, an authorization or an order, the Commission may find that the person has contravened the provision.

14. Section 62(4) of the OGAA states that if a person contravenes a provision referred to in subsection (1), any other person who (a) is directly or indirectly responsible for the act or omission that constitutes the contravention, and (b) is a contractor, employee or agent of the person or of an other person described in paragraph (a) also contravenes the provision.

15. Section 62(5) of OGAA states, in part, that the Commission may not find that a person has contravened a provision of OGAA or the regulations if the person demonstrates to the satisfaction of the Commission that they exercised due diligence to prevent the contravention.

16. Section 63(1) states that, if the Commission finds that a person contravened a provision of OGAA or its regulations, the Commission may impose an administrative penalty. Section

63(2) of OGAA sets out the factors that must be considered when determining whether to impose an administrative penalty under section 63(1) and the amount of the penalty. These include:

- (a) previous contraventions by, administrative penalties imposed on, or orders issued to the person;
- (b) the gravity and magnitude of the contravention;
- (c) the extent of harm to others resulting from the contravention;
- (d) whether the contravention was repeated or continuous;
- (e) whether the contravention was deliberate;
- (f) any economic benefit derived by the person from the contravention;
- (g) the person's efforts to prevent and correct the contravention; and
- (h) other prescribed matters.

Background

17. Leucrotta operates a produced water storage system (C-Ring) to support completions operations at its 8-22-81-14 well site. For this purpose, Leucrotta hired Parker B to act as its worksite supervisor. Pursuant to their agreement, Parker B was responsible for, amongst other things, directing and coordinating the efforts of all employers at the worksite, including the safe transportation, storage, use and disposal of hazardous substances. In addition, Parker B was responsible for ensuring compliance with applicable legislation and safe work procedures.
18. Leucrotta's Worksite Supervisor Orientation material also describes the responsibilities of Parker B. Responsibilities include the monitoring of "work performed by all contractors to verify compliance with applicable legislation as well as Leucrotta requirements" and ensuring that "procedures for handling, transportation, disposal, storage, and use of hazardous substances follows applicable regulations and safe practices."
19. Parker B has not disputed that it was the contractor for Leucrotta at the facility. Nor has Parker B disputed that as Leucrotta's contractor, it was responsible for the ensuring compliance of the C-Ring with applicable legislation.
20. On the afternoon of October 24, 2018, Mr. Brunner of Parker B was notified of produced water running over the edge of a C-Ring storing produced water from completion operations at Leucrotta's 8-22-81-14 well site. Leucrotta estimated that 40m³ of fluid was released to ground, notified the Commission, and began clean-up operations. Leucrotta retrieved about 29m³ of the original estimated release.
21. Leucrotta completed an internal incident report. This report identified that the area under the C-Ring was not sufficiently compacted and settled into the ground with the weight of produced water once it was filled. The incidence report also noted that the C-Ring was overfilled to a minimum of 0.16m of free board.
22. A subsequent water analysis report dated September 6, 2018 completed by AGAT Laboratories confirmed that the fluid stored in the C-Ring contained a total dissolved solids concentration of 104798 mg/L or 104798 PPM.

Issues

23. The issues which I will decide are:

Section 51(1)(c) of the DPR:

- Did Leucrotta fail to ensure completion fluid from a tank did not run over, pollute or damage any land or public road?
- Did Leucrotta exercise due diligence in its efforts to ensure completion fluid from a tank did not run over, pollute or damage any land or public road?
- Did Leucrotta contravene section 51(1)(c) of the DPR?
- If Leucrotta contravened section 51(1)(c) of the DPR, was Parker B, as Leucrotta's contractor, directly or indirectly responsible for the act or omission that constituted the contravention?
- Did Parker B exercise due diligence in its efforts to ensure completion fluid from a tank did not run over, pollute or damage any land or public road?
- Did Parker B contravene section 51(1)(c) of the DPR?

Section 51(6)(g) of the DPR:

- Did Leucrotta fail to ensure that the ground surface was prepared to the satisfaction of the Commission for the above ground water structure?
- Did Leucrotta exercise due diligence in its efforts to ensure that the ground surface was prepared to the satisfaction of the Commission for the above ground water structure?
- Did Leucrotta contravene section 51(6)(g) of the DPR?

Section 51(6)(h) of the DPR:

- Did Leucrotta fail to ensure the above ground structure was not filled to more than 50 cm below the point of overflow at any given time?
- Did Leucrotta exercise due diligence in its efforts to ensure the above ground structure was not filled to more than 50 cm below the point of overflow at any given time?
- Did Leucrotta contravene section 51(6)(h) of the DPR?
- If Leucrotta contravened section 51(6)(h) of the DPR, was Parker B, as Leucrotta's contractor, directly or indirectly responsible for the act or omission that constituted the contravention?
- Did Parker B exercise due diligence in its efforts to ensure the above ground structure was not filled to more than 50 cm below the point of overflow at any given time?
- Did Parker B contravene section 51(6)(h) of the DPR?

Section 51(6)(j) of the DPR:

- Did Leucrotta fail to ensure that when the structure contains fluid, it is inspected daily for leaks and a record of inspection is maintained until the site is decommissioned?

- Did Leucrotta exercise due diligence in its efforts to ensure that when the structure contains fluid, it is inspected daily for leaks and a record of inspection is maintained until the site is decommissioned?
- Did Leucrotta contravene section 51(6)(j) of the DPR?
- If Leucrotta contravened section 51(6)(j) of the DPR, was Parker B, as Leucrotta's contractor, directly or indirectly responsible for the act or omission that constituted the contravention?
- Did Parker B exercise due diligence in its efforts to ensure that when the structure contains fluid, it is inspected daily for leaks and a record of inspection is maintained until the site is decommissioned?
- Did Parker B contravene section 51(6)(j) of the DPR?

Section 63 of OGAA

- If Leucrotta is found to have contravened sections 51(1)(c), 51(6)(g), 51(6)(h), and/or 51(6)(j) of the DPR what if any, administrative penalty to impose?
- If Parker B is found to have contravened sections 51(1)(c), 51(6)(h), and/or 51(6)(j) of the DPR what if any, administrative penalty to impose?

Section 51(1)(c) of the DPR:

Did Leucrotta fail to ensure that completion fluid from a tank did not run over, pollute or damage any land or public road?

24. The Report alleges that Leucrotta failed to ensure completion fluid from a tank did not run over, pollute or damage any land or public road. The incident report submitted by Leucrotta indicates that produced water required for hydraulic fracturing operations ran over the C-Ring and migrated across the lease. Leucrotta did not dispute the fact that there was a spill out of the C-ring.
25. I find that Leucrotta failed to ensure that completion fluid from a tank did not run over, pollute or damage any land or public road. While the contamination and impacts may have been temporary in nature and confined to the lease, the C-Ring did overflow and completion fluids did run over the land at the time of the incident.

Did Leucrotta exercise due diligence in its efforts to ensure that completion fluid from a tank did not run over, pollute or damage any land or public road?

26. The run over of produced water from the C-Ring was because the area under the C-Ring was not sufficiently compacted and because the C-Ring was overfilled. Leucrotta could have had policies and procedures in place that would ensure the C-ring installation and operation met regulatory requirements; however, their construction processes did not include any ground compacting testing or engineering review for this C-Ring.
27. Parker B was the workplace supervisor and responsible for ensuring that the C-Ring was filled consistent with the regulatory requirements. Leucrotta indicated that it has developed programs to ensure that applicable regulations are adhered to and are shared with its contractor before an operation begins. However, Leucrotta did not have any policies or

procedures in place to ensure that this information was reviewed or that the contractor was properly trained or following the regulatory requirements at the time of the contravention.

28. Leucrotta has failed to satisfy me that it took all reasonable steps to prevent the contravention.

Did Leucrotta contravene section 51(1)(c) of the DPR?

29. I find that Leucrotta has failed to ensure that completion fluid from a tank did not run over, pollute or damage any land or public road. I am not satisfied that Leucrotta exercised due diligence to prevent the contravention. As such, I find that Leucrotta contravened section 51(1)(c) of the DPR.

If Leucrotta contravened section 51(1)(c) of the DPR, was Parker B, as Leucrotta's contractor, directly or indirectly responsible for the act or omission that constituted the contravention?

30. Section 51(1)(c) of the DPR requires a **well permit holder** to ensure that completion fluid from a tank does not run over, pollute or damage any land or public road. The Report includes the permit for the well, which identifies Leucrotta as the well permit holder. The identity of the well permit holder is undisputed in evidence.
31. Although Parker B is not the well permit holder, section 62(4) of the OGAA provides that if a person contravenes a provision, any other person who (a) is directly or indirectly responsible for the act or omission that constitutes the contravention, and (b) is a contractor, employee or agent of the person or of an other person described in paragraph (a) also contravenes the provision. Based on my conclusions above, I have found Leucrotta contravened section 51(1)(c) of the DPR. I also note that the Report identifies that Parker B was a contractor of Leucrotta, which Parker B has not disputed. Therefore, I accept that Parker B was a contractor of Leucrotta.
32. I must therefore consider whether Parker B was directly or indirectly responsible for the contravention of Leucrotta.
33. The incident report identified that the cause of the fluid running over the C-Ring was because the area under the C-Ring was not sufficiently compacted and settled into the ground with the weight of produced water once it was filled and because the C-Ring was overfilled to a minimum of 0.16m of free board.
34. Mr. Brunner is the sole director of Parker B and was Leucrotta's contract consultant at the C-Ring. Mr. Brunner admitted that he was unaware of regulatory requirements that require a daily inspection of a C-Ring for leaks, the requirement to maintain records of these inspections or the requirement that the structure not be filled more than 50 cm below the point of overflow. In fact, Mr. Brunner stated that he believed that he could fill the C-Ring "to the top" as long as he was present at the site.
35. Mr. Brunner failed to inform himself of the basic operational and regulatory requirements necessary to ensure the safe operation of the C-Ring to prevent any fluids from running over the C-Ring. Mr. Brunner admitted that he had no understanding of British Columbia regulatory requirements and failed to inform himself of those requirements. Parker B did not dispute any of these conclusions in its Response.

36. As a result, Parker B allowed the C-Ring to overflow, which contributed to the run over of fluid from the C-Ring. These actions/omissions by Parker B directly resulted in the contravention by Leucrotta of section 51(1)(c) of the DPR.

Did Parker B exercise due diligence its efforts to ensure completion fluid from a tank did not run over, pollute or damage any land or public road?

37. Parker B provided no evidence of any policies or procedures related to the operation of the C-Ring, or any steps that Parker B undertook to meet the regulatory requirements relating to the operation of the C-ring.

38. Parker B has failed to satisfy me that it took all reasonable steps to prevent the contravention.

Did Parker B contravene section 51(1)(c) of the DPR?

39. I find that Parker B has failed to ensure that completion fluid from a tank did not run over, pollute or damage any land or public road. I am not satisfied that Parker B exercised due diligence to prevent the contravention. As such, I find that Parker B contravened section 51(1)(c) of the DPR.

Section 51(6)(g) of the DPR:

Did Leucrotta fail to ensure that the ground surface was prepared to the satisfaction of the Commission for the above ground water structure?

40. The requirements set out in section 51(6) apply to above ground structures where the fluids stored have a concentration of total dissolve solids greater than 4000 ppm. The analysis of the fluid by AGAT (Lab Number 18WF379465A) showed that the fluid stored in the C-Ring contained a total dissolved solids of 104798 ppm. This clearly exceeded the amount specified under section 51(6) of the DPR.
41. The Commission's Management of Saline Fluids for Hydraulic Fracturing Guideline (Guideline) requires a permit holder to ensure and document that the ground surface preparation is acceptable prior to installation. The Guideline recommends that a permit holder consider site-specific conditions such as the substrate stability and bearing capacity, slope and grade, surface conditions and the need for a geotextile cushion.
42. There was no evidence provided to suggest any verification or assessment of the suitability of the soil to support the C-Ring was ever completed and no documentation to this effect has been submitted to the Commission. Rather, Leucrotta acknowledged that there was no engineering review of the construction or adequate compaction testing prior to the use of the C-Ring.
43. I find that Leucrotta failed to ensure that the ground surface was prepared to the satisfaction of the Commission for the above ground water structure.

Did Leucrotta exercise due diligence in its efforts to ensure that the ground surface was prepared to the satisfaction of the Commission for the above ground water structure?

44. There was no evidence provided on any policies and procedures related to the construction and operation of C-rings and in particular related to meeting the regulatory requirements around ground surface preparation. As noted previously, Leucrotta acknowledged that there was no engineering review of the construction or adequate compaction testing prior to the use of the C-Ring.

Did Leucrotta contravene section 51(6)(g) of the DPR?

45. I find that Leucrotta failed to ensure that the above ground water structure was prepared to the satisfaction of the Commission. I am not satisfied that Leucrotta exercised due diligence to prevent the contravention. As such, I find that Leucrotta contravened section 51(6)(g) of the DPR.

Section 51(6)(h) of the DPR:

Did Leucrotta fail to ensure the above ground structure was not filled to more than 50 cm below the point of overflow at any given time?

46. Leucrotta did not dispute that there was not adequate freeboard as required by the regulations and it is mentioned in its internal Incident Report as being 25 cm on the southside and 16 cm on the northside of the C-Ring.
47. I find that Leucrotta filled the C-Ring such that it did not have the required 50 cm freeboard below the point of overflow.

Did Leucrotta exercise due diligence in its efforts to ensure the above ground structure was not filled to more than 50 cm below the point of overflow at any given time?

48. Leucrotta could have had policies and procedures in place that would ensure that operation of its above ground walled storage systems met regulatory requirements including ensuring that a C-Ring was not overfilled. Leucrotta provided insufficient evidence that the fluid levels were being monitored to ensure compliance with the requirements.
49. Leucrotta has failed to satisfy me that it took all reasonable steps to prevent the contravention.

Did Leucrotta contravene section 51(6)(h) of the DPR?

50. I find that Leucrotta failed to ensure that the structure was filled to not more than 50 cm below the point of overflow at any given time. I am not satisfied that Leucrotta exercised due diligence to prevent the contravention. As such, I find that Leucrotta contravened section 51(6)(h) of the DPR.

If Leucrotta contravened section 51(6)(h) of the DPR, was Parker B, as Leucrotta's contractor, directly or indirectly responsible for the act or omission that constituted the contravention?

51. Section 51(6)(h) of the DPR requires a well permit holder to ensure that an above ground structure is not filled to more than 50 cm below the point of overflow. Again, Parker B is not the well permit holder. I must therefore consider, in accordance with section 62(4) of the OGAA, if Parker B, as Leucrotta's contractor, had a role (direct or indirect) in the contravention of section 51(6)(h).
52. The Commission's Guideline states that a minimum of 50 cm of freeboard must be maintained within an above ground walled storage system. Mr. Brunner of Parker B admitted that he was unaware of legislation or requirements in British Columbia and failed to contact the Commission for guidance. In fact, Mr. Brunner stated it was his belief that he could fill the C-Ring as full as he wanted as long as he remained on site.
53. I find that Parker B had direct responsibility for the failure to ensure that the structure was filled to not more than 50 cm below the point of overflow at any given time.

Did Parker B exercise due diligence in its efforts to ensure the above ground structure was not filled to more than 50 cm below the point of overflow at any given time?

54. In its Response, Parker B acknowledges the findings and conclusions outlined in the Report and presented no evidence of any steps it took to ensure the C-Ring was not filled to more than 50 cm below the point of overflow.
55. I find that Parker B has not demonstrated that it exercise due diligence to prevent this contravention.

Did Parker B contravene section 51(6)(h) of the DPR?

56. I find that Parker B failed to ensure that the structure was filled to not more than 50 cm below the point of overflow at any given time. I am not satisfied that Parker B exercised due diligence to prevent the contravention. As such, I find that Parker B contravened section 51(6)(h) of the DPR.

Section 51(6)(j) of the DPR:

Did Leucrotta fail to ensure that when the structure contains fluid, it is inspected daily for leaks and a record of inspection is maintained until the site is decommissioned?

57. There was no evidence provided to confirm that a record of inspections was kept for this site during its operating phase. Parker B, Leucrotta's contractor admitted that there were no documentation of records related to inspections of the C-Rings.
58. I find that Leucrotta failed to ensure inspected daily for leaks and a record of inspection is maintained until the site is decommissioned.

Did Leucrotta exercise due diligence in its efforts to ensure that when the structure contains fluid, it is inspected daily for leaks and a record of inspection is maintained until the site is decommissioned?

59. Had the required inspections been carried out there is a chance that the issue of the soil settling under the C-Ring might have been caught earlier and thus avoided the spill or diminished it in size.
60. Leucrotta's Response notes that it has Safe Operating Procedures to address the proper use of C-Rings, including a daily inspection. Leucrotta did not provide these policies and procedures in its Response and, in any event, acknowledges that the policies and procedures were updated following this incident to incorporate additional regulatory requirements.
61. Furthermore, Leucrotta did not provide any evidence to demonstrate how contractors are informed of these policies and procedures, nor of how compliance with these policies and procedures is monitored. Parker B, who was responsible as Leucrotta's contractor, was clearly unfamiliar with the requirements to complete and document the required inspections.
62. Despite the existence of Safe Operating Procedures, if employees and contractors are unaware or unfamiliar with existing policies and procedures, they provide little assurance to support the safe operation of a permit holder's activities.
63. Leucrotta has failed to satisfy me that it took all reasonable steps to prevent the contravention.

Did Leucrotta contravene section 51(6)(j) of the DPR?

64. I find that Leucrotta has failed to maintain daily inspection records while their structure contained fluid. I am not satisfied that Leucrotta exercised due diligence to prevent the contravention. As such, I find that Leucrotta contravened section 51(6)(j) of the DPR.

If Leucrotta contravened section 51(6)(j) of the DPR, was Parker B, as Leucrotta's contractor, directly or indirectly responsible for the act or omission that constituted the contravention?

65. Section 51(6)(j) of the DPR requires a well permit holder to ensure that when an above ground walled storage system contains fluid, it is inspected daily for leaks and a record of inspection is maintained until the site is decommissioned. Again, Parker B is not the well permit holder. I must therefore consider, in accordance with section 62(4) of the OGAA, if Parker B, as Leucrotta's contractor, had a role (direct or indirect) in the contravention of section 51(6)(j).
66. Mr. Brunner admitted that no documentation or records of C-Ring inspections were completed. He further admitted to measuring the C-Ring with a tape measure, but failed to document any of his checks and had no way of demonstrating that the inspections were completed. Parker B did not contest any of these conclusions.
67. I find that Parker B had direct responsibility for the failure to ensure that the structure was inspected daily for leaks and a record of inspection maintained.

Did Parker B exercise due diligence in its efforts to ensure that when the structure contains fluid, it is inspected daily for leaks and a record of inspection is maintained until the site is decommissioned?

68. In its Response, Parker B acknowledges the findings and conclusions outlined in the Report and presented no evidence of any steps it took to ensure complete the inspections of make a record of those inspections.

69. I find that Parker B has not demonstrated that it exercise due diligence to prevent this contravention.

Did Parker B contravene section 51(6)(j) of the DPR?

70. I find that Parker B has failed to maintain daily inspection records while the structure contained fluid. I am not satisfied that Parker B exercised due diligence to prevent the contravention. As such, I find that Parker B contravened section 51(6)(j) of the DPR.

If Leucrotta is found to have contravened sections 51(1)(c), 51(6)(g), 51(6)(h) and/or 51(6)(j) of the DPR what if any, administrative penalty to impose?

71. Section 63 of OGAA sets out factors that the Commission must take into consideration when determining whether or not to impose an administrative penalty. In the following paragraphs, I consider the applicability of those factors to these contraventions.

72. There have been no previous contraventions or administrative penalties, but at the time of the contravention, Leucrotta had three previous general orders issued and one ticket.

73. The contravention was of relatively minor gravity and magnitude. A small amount of fluid was released; the impact to the environment was temporary; and a follow-up inspection confirmed the vegetation in the offsite spill area was not negatively affected.

74. There was no harm to others as a result of this contravention.

75. There is no evidence that the contravention was repeated or continuous and Leucrotta took corrective action as soon as it became aware of the incident.

76. The contravention was not deliberate.

77. Leucrotta did not derive any economic benefit and the expenses incurred for containment, clean-up, environmental assessments and remedial works likely outweigh any savings from not having proper procedures and oversight.

78. Leucrotta noted in their response that they have developed and continue to update internal procedures to ensure safety and compliance including referencing BCOGC Regulations in their *Work-site Supervisor Orientation*.

79. The subsequent implementation of further corrective actions and operational measures in order to prevent another incident from reoccurring does warrant some consideration.

80. In consideration of the foregoing, I find that Leucrotta contravened sections 51(1)(c) and 51(6)(g) and 51(6)(h) and 51(6)(j) of the DPR. I am imposing an administrative penalty of \$20,000.

If Parker B is found to have contravened sections 50(1)(c), 51(6)(h), and/or 51(6)(j) of the DPR what if any, administrative penalty to impose?

81. Parker B has not been subject to any previous contravention decisions, administrative penalties at the time of this contravention or any general orders.
82. The contravention was of relatively minor gravity and magnitude. A small amount of fluid was released; the impact to the environment was temporary; and a follow-up inspection confirmed the vegetation in the offsite spill area was not negatively affected.
83. There was no harm to others as a result of this contravention.
84. There is no evidence that the contravention was repeated or continuous, however, there is no evidence that Parker B took any steps to assist Leucrotta in taking corrective action.
85. The contravention was not deliberate.
86. Parker B did not derive any economic benefit.
87. Parker B did not provide any evidence of any policies or procedures that have been implemented or updated to ensure that regulatory and Commission guidance relating to the management of above ground walled storage systems will be adhered to. Further, while admitting that Mr. Brunner was unfamiliar with British Columbia requirements despite evidence of significant work in the Province, Parker B provided no evidence of any attempt to provide relevant training or education regarding related provincial requirements.
88. In consideration of the foregoing, I find that Parker B contravened sections 51(1)(c) and 51(6)(h) and 51(6)(j) of the DPR. I am imposing an administrative penalty of \$5,000.



Andy Johnson
Vice President, Operations
BC Oil and Gas Commission

Date: December 07, 2020