

May 25, 2020

Enforcement File: 2019-028FSJ

Sanling Energy Ltd
Livingston Place, West Tower
1700, 250-2nd Street, SW
Calgary, Alberta T2P 0C1

Attention: Mr. Mark Hartzler, COO

Re: General Order 2019-004

Dear Mr. Hartzler:

On April 17, 2019, the BC Oil and Gas Commission (Commission) issued General Order 2019-004 to Sanling Energy Ltd. (Sanling).

Sanling has satisfied all the requirements of the Order.

Please be advised that pursuant to section 49(8) of the *Oil and Gas Activities Act*, General Order 2019-004 is hereby terminated.

If you have any questions or concerns, please do not hesitate to contact the Commission.

Sincerely,



Patrick Smook
Director, Compliance & Enforcement
BC Oil and Gas Commission

GENERAL ORDER 2019-004
Section 49 *Oil and Gas Activities Act*

Issued to:

Sanling Energy Ltd.
Livingston Place, West Tower
1700, 250-2nd Street, SW
Calgary, Alberta T2P 0C1

Attention: Mr. Mark Hartzler, COO

Order:

Pursuant to section 49(1)(d) of the *Oil and Gas Activities Act* (the Act), I, Patrick Smook, order that Sanling Energy Ltd. (Sanling) must:

1. On or before 4:00 PM on April 26, 2019 provide the date, time, location and description of the tabletop or functional exercise that is acceptable to the Oil and Gas Commission (Commission) for the Helmet, Thetlaandoa, Kotcho Last East, Sierra, Yoyo, Ekwan, Gunnell Creek, Kotcho Lake, Mel, Gunnell Creek South, Sextet, Klua, Dawson Creek and Sunrise fields (the fields) to be conducted no later than May 27, 2019.
2. On or before May 27, 2019, conduct the tabletop or functional exercise for the fields.
3. Submit the information required by item 1 electronically to C&E@bcogc.ca.

Conditions:

- A. This order shall remain in effect until amended or terminated in whole or in part by the Commission.

Reasons:

I make this Order for the following reasons:

- i. Sanling is a permit holder under the Act for 28 facilities, 90 wells and 38 pipelines in the fields.
- ii. Pursuant to section 4(2) of the Emergency Management Regulation (EMR), a permit holder must conduct a full-scale (major) exercise, as described in clause A.4.10 of Annex A of CSA Z246.2, at least once every 3 years.

- iii. Pursuant to section 4(3)(a) of the EMR, a permit holder must conduct a tabletop or functional exercise, as described in clause A.4.10 of Annex A of CSA Z246.2, in each year that an exercise referred to in section 4(2) is not conducted.
- iv. Pursuant to section 4(4) of the EMR, a permit holder must, at least 30 days before conducting an exercise referred to in section 4(2) or 4(3), provide notice to the Commission along with a description of the exercise to be conducted.
- v. As of April 16, 2019 Commission records indicated that Sanling's tabletop or functional exercise for the fields was 200 days overdue.
- vi. On February 12, 2019 the Commission requested that within 30 days Sanling provide 30 days' notice of the date, time and location for the outstanding tabletop or functional exercise, together with a copy of the exercise scenario, to be held within 60 days of the notice.
- vii. On March 19, 2019 the Commission informed Sanling that Commission records indicated that Sanling's tabletop or functional exercise for the fields listed in the February 12th correspondence remained overdue.
- viii. On March 22, 2019 the Commission received a reply from Ling Bai of Sanling stating that most of their plants are shut in and they do not have operators.
- ix. On March 22, 2019 the Commission e-mailed Ling Bai expressing concerns including with respect to a lack of operators assigned to a number of suspended assets in the fields and requesting an explanation as to how they planned to respond to an incident.
- x. On March 25, 2019 Ling Bai provided the Commission with a letter stating that Sanling planned to conduct a functional tabletop exercise for the fields in May 2019.
- xi. I am of the opinion that Sanling is not in compliance with section 4 of the Emergency Management Regulation.

Review and Appeal:

Sanling may request a review of this order under section 70 of the Act by submitting a request for review to ogc.determinationreviews@bcogc.ca.

Sanling may appeal this order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals may be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 9425 Stn Prov Govt
Victoria, BC, V8W 9V1



Patrick Smook
Director, Compliance and Enforcement
Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 17th day of April 2019.