

September 7, 2022

Enforcement File: 2021-0053

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

Attention: Mr. Mark Hartzler

Re: General Order 2021-0053-01

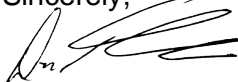
Dear Mr. Hartzler,

On April 19, 2021, Sanling Energy Ltd. (Sanling) was issued General order 2021-0053-01. This order pertained to WA 26814. On February 4, 2022, WA 26814 was transferred to Falls Creek Resources Inc. and is no longer the property of Sanling.

Pursuant to section 49(8) of the *Oil and Gas Activities Act*, the Commission hereby terminates General Order 2021-0053-01. The termination of this Order does not affect or relieve Sanling from any consequences of any previous failure(s) to comply.

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

Sincerely,



Dax Bourke
Executive Director, Compliance & Operations
BC Oil and Gas Commission

GENERAL ORDER 2021-0053-01
Section 49 *Oil and Gas Activities Act*

Issued to:

Sanling Energy Ltd.
Livingston Place, West Tower
1700, 250-2nd Street, S.W.
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, April 26th, 2021:
 - a) maintain a hydrogen sulphide (H₂S) detection and alarm system that is continuously monitored for well WA 26814 (the subject well) located at 16-20-087-15W6M (the location); **or**
 - b) downhole suspend the subject well in accordance with section 25(5) of the Drilling and Production Regulation.
2. On or before 4:00 PM, April 30th, 2021 electronically submit evidence that Item 1 has been completed to the Compliance and Enforcement mailbox at C&E@bcogc.ca.
3. On or before 4:00 PM May 31st, 2021 adequately anchor the flare stack at the location.

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 the permit holder of the subject well and associated facilities.
- ii. A gas reading completed in 2013 identified 4.0% hydrogen sulphide (H₂S) content at the subject well.
- iii. Section 39(4) of the Drilling and Production Regulation (DPR) states:

(4) If an uncontrolled flow of oil or gas from a completed well, other than a well suspended in accordance with section 25, could produce a hydrogen sulphide concentration greater than 100 ppm in atmosphere within 50 metres of the well, the permit holder of the well must install and maintain:

- (a) an automated system to isolate the well in the event of an uncontrolled flow of oil or gas, and
 - (b) if the well is located within 1600m of a populated area, a hydrogen sulphide detection and alarm system that is continuously monitored and is capable of activating the automated system referred to in paragraph (a).
- iv. The subject well is located approximately 1400 metres from a populated area.
 - v. Dispersion modeling shows that uncontrolled flow of gas from the subject well could produce an H₂S concentration greater than 100 ppm in atmosphere within 50 metres of the subject well.
 - vi. The subject well meets the requirements of a medium risk well and has not been suspended in accordance with section 25 of the DPR (no downhole suspension to prevent flow coming up the wellbore).
 - vii. On September 3, 2020 and February 16, 2021 Commission staff attended to the subject well and observed that the site's H₂S detection and alarm system was noted to be not working.
 - viii. On September 3, 2020 Commission staff inspected the flare stack at the location and noted the wood base at the bottom of the stack was rotting and the stack was leaning toward one guide wire with only two wires holding the stack up.
 - ix. Section 44(a) of the DPR states: A permit holder of a well or facility must ensure all of the following:
 - a) that flare stacks are adequately anchored.
 - x. I am of the opinion that Sanling is not in compliance with section 39(4) and 44(a) of the DPR.

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.

Alternatively, 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
Executive Director, Compliance and Enforcement
Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 19th day of April, 2021.