

September 13, 2019

Enforcement File: 17-254FSJ

Saguaro Resources Ltd.
Suite 440, 222- 3rd Avenue SW
Calgary, Alberta T2P 0B4

Attention: Stacy Knull, President & CEO

Re: General Order 2017-105

Dear Mr. Knull:

On November 3, 2017, the BC Oil and Gas Commission (Commission) issued General Order 2017-105 to Saguaro Resources Ltd (Saguaro).

Saguaro 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 2017-105 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 2017-105
Section 49 *Oil and Gas Activities Act*

Issued to:

Saguaro Resources Ltd.
Suite 440, 222- 3rd Avenue SW
Calgary, Alberta T2P 0B4

Attention: Stacy Knull, President & CEO

Order:

Pursuant to section 49(1)(b) of the *Oil and Gas Activities Act* (the Act), I, Lance Ollenberger, order that Saguaro Resources Ltd. (Saguaro) must:

1. On or before December 15, 2017, remove all the live storage water (i.e. all water stored in the structure that is above the native grade elevation) from Saguaro's fresh water storage dams located at C-24-H/94-G-8 and B-83-H/94-G-8 (the Structures) and subsequently maintain the water level in the Structures at or below that level.
2. On or before December 15, 2017, submit a plan (the Plan) satisfactory to the BC Oil and Gas Commission (Commission) on how Saguaro will either reclaim the Structures that are no longer required or, if for those Structures that are required, how Saguaro will apply for the requisite water licenses through Front Counter BC. The timelines included in the Plan must be as soon as practicable for the completion of the reclamation work or submission of applications. The Plan must be submitted to the Commission electronically at 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. Saguaro is the holder of the *Land Act* authorization for the Structures.
- ii. The Structures are dams under the *Water Sustainability Act* (WSA).
- iii. On May 13, 2016 Saguaro was issued a "Requirement to Provide Information" requesting Saguaro to provide designs, drawings or specifications, etc., that detail total storage volume, live storage volume, berm height, water source (including NCD, stream and groundwater inflow), location and dam

classification, and further, if Saguaro assessed the Structures as dams and they are currently impounding water, to provide an assessment by a qualified Professional Engineer as to the structural integrity of the dam, the construction of the dam in relation to minimum design requirements, and any risk to public safety or the environment associated with a failure of the dam.

- iv. On August 3, 2016 Industry Bulletin 2016-26 was published detailing Crown Land application requirements for freshwater storage sites.
- v. On October 21, 2016 Saguaro was contacted by the Commission summarizing the options Saguaro had to bring the Structures into compliance.
- vi. During a field assessment conducted by the Commission on May 17, 2017, it was observed by Dam Safety Officer Justin Anderson that the structure located at c-24-H/94-G-8 displayed slumping inside of the berm, pooling water and erosion.
- vii. Saguaro has not provided information as requested to allow the Commission to assess the structural integrity of the Structures and whether they meet minimum design requirements.
- viii. The Structures are currently not registered per the WSA and the *Dam Safety Regulation* as required.
- ix. In the absence of such information or regulatory licensing, there is concern that the Structures may pose a risk to public safety or the environment.
- x. I am of the opinion that this order is required for the protection of the environment and to mitigate a risk to public safety.

Review and Appeal

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

Saguaro 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 4925 Stn Prov Govt
Victoria, BC V8W 9V1



Lance Ollenberger
Vice President, Operations
BC Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 3rd day of November 2017.