

August 30, 2021

Enforcement File: 2021-0139

Canlin Energy Corporation
PO Box 4335, Station C
Calgary, Alberta T2T 5N2

Attention: Todd Lane, Environment and Regulatory Manager

Re: Warning: Fail To Comply With A Condition Of A Special Project Order

Dear Mr. Lane,

On May 9, 2019, Canlin was issued Special Project Order 19-02-007. This Order designates an area in the Parkland field-Cadomin formation as a Special Project under Section 75 of the Oil And Gas Activities Act for the operation and use of a storage reservoir for the disposal of produced water. Canlin was granted authority to inject produced water into WA 23159 located at A6-29-81-15 W6M.

Condition m of the Order states the following:

Not conduct a hydraulic fracture stimulation on any formation in the subject well without prior Commission approval.

On October 3, 2020, Canlin hydraulically fractured WA 23159.

On August 13, 2021 during a review of a completion workover report for WA 23159 the Commission learned the subject well had been hydraulically fractured. A copy of the required Commission approval was requested from Canlin.

On August 23, 2021, Canlin responded to the Commission by stating it did not have approval for the fracture operation. Canlin stated they mis-filed the Order within their well file records and at the time of the operation it was without a Regulatory Advisor who would normally fulfill this notification role and have the knowledge to assure review of the Order.

Canlin has, since the fracture operation, re-staffed the Regulatory Advisor position. Canlin has also cooperated and provided information when requested by the Commission in a timely manner related to this incident.

Canlin is hereby warned for the following:

Canlin, on or about October 3, 2020, at or near Fort St. John, in the Province of British Columbia, did fail to comply with a condition of Special Project Order 19-02-007 and did thereby contravene Section 82 of the Oil And Gas Activities Act.

This warning letter will be included as part of Canlin's official compliance history.

Sincerely,

<original signed by>

Manager, Enforcement
BC Oil and Gas Commission