

July 9, 2021

Enforcement File:2021-0107

Issued to:

AQT Water Management Inc.
11039 78 Avenue, Unit # 102A
Grande Prairie, AB T8W 2J7

Attention: Nicholas Haddow, Regulatory Specialist

Re: General Order 2021-0107-01

Dear Mr. Haddow,

In general Order 2021-0107-01, DATED AT Fort St. John, in the Province of British Columbia, this 25 day of, 2021 is hereby corrected as follows:

“DATED AT Fort St. John, in the Province of British Columbia, this 25 day of June 2021.”

If AQT has any questions about this correction, please do not hesitate to contact the BC Oil and Gas Commission.

Thank you in advance for your attention to this matter.

Sincerely,



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

GENERAL ORDER #2021-0107-01
Section 49 *Oil and Gas Activities Act*

Issued to:

AQT Water Management Inc.
11039 78 Avenue, Unit # 102A
Grande Prairie, AB T8W 2J7

Attention: Nicholas Haddow, Regulatory Specialist

Order:

Pursuant to section 49(1)(e)(ii) of the *Oil and Gas Activities Act* (the Act), I, Patrick Smook, order that AQT Water Management Inc. (AQT) must:

1. On or before July 09, 2021, commence flowback of AQT's Well Authorization 35043 (the subject well).
2. Submit evidence of flowback volume and wellhead pressures to the Oil and Gas Commission (Commission) within 14 days of the date of this General Order and every seven days thereafter.
3. By September 30, 2021, reduce the measured reservoir pressure to 15,400 kPaa or less and provide a reservoir pressure test to the Commission that demonstrates the reservoir pressure is at or below 15,400 kPaa measured at 1,415.5 mKB TVD.

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. AQT is the permit holder for the subject well.
- ii. AQT is the holder of an approval for produced water disposal into the Bluesky Formation of the subject well issued by the Commission pursuant to section 75 of the Act under Order 20-02-007 Amendment #1 (Order).
- iii. Condition (i) of the Order requires AQT to cease injection upon reaching a maximum formation pressure of 15,400 kPaa, measured at 1,415.5 mKB TVD.
- iv. On March 21, 2021, the Commission received a "Drilling Incident - Kick" report regarding an off-setting well which indicated anomalously high pressure in the Bluesky formation.

General Order 2021-0001-01

- v. As a result of the high pressure observed in the Bluesky Formation at the off-setting well, AQT ceased disposal injection into the subject well.
- vi. On March 26, 2021, AQT provided the Commission records of wellhead pressure from the subject well measured on March 24, 2021. The records confirmed a pressure of 29,820 kPa at the datum depth of 1,415.5 mKB TVD which significantly exceeded the maximum reservoir storage pressure limit.
- vii. On March 26, 2021, the Commission suspended the Order to prevent further disposal injection.
- viii. The wellhead tubing pressure measured June 17, 2021, and provided to the Commission on June 18, 2021, indicated a reservoir pressure value of 26,400 kPa at the datum depth of 1,415.5 mKB TVD.
- ix. Commission staff are of the view that highly overpressure disposal fluid presents an unacceptable risk of a loss of wellbore integrity of the subject well and existing offsetting wells.
- x. A loss of wellbore integrity of the subject well or existing offsetting wells may result in contamination of shallower zones or a spill to the surface environment.
- xi. I am of the opinion that this order is necessary to protect the environment.

Review and Appeal

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

AQT 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



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

DATED AT Fort St. John, in the Province of British Columbia, this 25 day of, 2021.