

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of Earliest Event Reported): December 30, 2021

Petrolia Energy Corporation

(Exact name of Registrant as specified in its charter)

Texas

(State or other jurisdiction of
incorporation)

000-52690

(Commission
File Number)

86-1061005

(IRS Employer
Identification No.)

710 N. Post Oak Rd., Ste. 400, Houston, Texas
(Address of principal executive offices)

77024
(Zip Code)

Registrant's telephone number, including area code: **(832) 723-1266**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares	BBLS	OTC Pink

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01 Other Events

Petrolia Energy Corporation ("Petrolia" or the "Company") is the operator of thirty-eight (38) inactive wells in New Mexico, at the Twin Lakes San Andres Unit ("TLSAU"). TLSAU is located 45 miles from Roswell, Chaves County, New Mexico.

As previously reported and in Petrolia's Form 8-K dated October 25, 2021 (reference to which is hereby made), on April 8, 2021, the State of New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division (the "OCD") issued a Notice of Violation (the "NOV") to Petrolia alleging that the Company violated four regulations under Title 19, Chapter 15 of the New Mexico Administrative Code (the "NMAC") by: (i) failing to file production reports for certain wells, (ii) exceeding the number of inactive wells allowed, (iii) failing to provide financial assurance in the amount required, and (iv) failing to provide additional financial assurance in the amount required.

The Company acknowledged the violations alleged in the NOV and requested an informal resolution. On December 30, 2021, to resolve this matter, Petrolia entered into a Stipulated Final Order (the "SFO") in Case No. 21982 with the OCD whereby Petrolia among other things agreed to: (i) submit appropriate forms for wells identified on the SFO Inactive Well List, (ii) plug the specific TLSAU wells listed in section 8 (c) and (d) of the SFO, as well as submit all required information and forms specified in the SFO, (iii) open an escrow account meeting the terms listed in the SFO, (iv) deposit funds into an escrow account within the timeframe described in the SFO, and (v) provide the OCD with a report proposing deadlines for bringing all remaining wells into compliance. A copy of the SFO is being submitted as an exhibit with this filing.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
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1.1*	State of New Mexico: Energy, Minerals and Natural Resources Department, Oil Conservation Division, Stipulated Final Order in Case No. 21982
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* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Petrolia Energy Corporation

/s/ Mark M. Allen

Mark M. Allen
Chief Executive Officer

Date: January 14, 2022

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN RE PETROLIA ENERGY CORPORATION

CASE NO. 21982

STIPULATED FINAL ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(C) NMAC, the Director of the Oil Conservation Division ("OCD") and Petrolia Energy Corporation, OGRID #371666 ("Petrolia") enter into this Stipulated Final Order ("Order") to resolve the above-referenced matter.

1. OCD is charged with the administration and enforcement of the Act and the implementing rules and has jurisdiction to regulate Petrolia's wells in the state of New Mexico.
2. Petrolia is the Operator of record for the thirty-eight (38) wells identified in **Exhibit A**, which is attached and incorporated by reference.
3. Petrolia's address of record is 710 North Post Oak Road, Suite 400, Houston, Texas, 77024.
4. Petrolia's central contact is Mark Allen. Email: mark.a@petroliaenergy.com
5. On April 8, 2021, OCD issued a Notice of Violation ("NOV") to Petrolia alleging:
 - a. Petrolia failed to report production required by 19.15.7.24 NMAC;
 - b. Petrolia exceeded the number of inactive wells allowed by 19.15.5.9(A)(4)(b) NMAC;
 - c. Petrolia failed to provide financial assurance in the amount required by 19.15.8.9(C) NMAC;
 - d. Petrolia failed to provide additional financial assurance in the amount required by 19.15.8.9(D) NMAC.
6. Petrolia requested informal resolution of the NOV.
7. Petrolia acknowledges the violations alleged in the NOV.
8. To resolve the alleged violations, Petrolia agrees that:
 - a. No later than 15 days after the OCD Director signs this Order, Petrolia shall update or verify its address of record and central contact information in the OCD Permitting system;
 - b. No later than 30 days after the OCD Director signs this Order, Petrolia shall submit complete and accurate C-115 forms for each well listed in Exhibit A. Thereafter, Petrolia shall submit monthly C-115 forms for every well not plugged and released

- by OCD. Petrolia understands and acknowledges that if no production occurs, Petrolia must report zero production to the OCD;
- c. No later than six weeks after the OCD Director signs this order, Petrolia shall plug the Twin Lakes San Andres Unit #018 well, API 30-005-60536, and submit all required information and C-103 forms to OCD through the OCD Permitting system;
 - d. No later than April 30, 2022, Petrolia shall plug the Twin Lakes San Andres Unit #029 well, API 30-005-60569, and submit all required information and form C-103 to OCD through the OCD Permitting system;
 - e. No later than January 31, 2022, Petrolia shall open an escrow account according to the following terms;
 - i. Petrolia shall designate OCD as the beneficiary of the escrow account;
 - ii. Petrolia shall not retain the ability to withdraw funds from the escrow account without the written agreement of the OCD. This restriction shall apply to any of Petrolia's agents, assigns, contractors, and successors in interest;
 - iii. No later than February 15, 2022, Petrolia shall provide documentation of the escrow account to the OCD, to include relevant account information, identification of the escrow agent, and a copy of the escrow agreement;
 - iv. At least 30 days after OCD notifies Petrolia in writing of its intent to withdraw funds, the OCD may withdraw escrow funds from the account only for the purposes of OCD's plugging and abandonment, restoration, or remediation of wells identified in **Exhibit A**, or for reimbursement of expenses for the same.
 - v. The escrow account may be closed upon OCD written acknowledgment to escrow agent that Petrolia has fulfilled all of its obligations under this Order, or upon withdrawal of all remaining funds for the purposes set forth in paragraph 8(c)(iv). Any funds remaining in the account upon closure due to Petrolia's fulfillment of its obligations under this Order will be returned to Petrolia.
 - f. Petrolia is not required to provide additional inactive well financial assurance under 19.15.8.9(D) NMAC. In lieu of providing inactive well financial assurance, Petrolia shall fund the escrow account as follows:
 - i. No later than February 28, 2021, Petrolia shall deposit ten thousand dollars (\$10,000.00) in the escrow account;
 - ii. No later than March 31, 2022, Petrolia shall deposit an additional ten thousand dollars (\$10,000.00) in the escrow account;
 - iii. No later than May 31, 2022, Petrolia shall deposit an additional ten thousand dollars (\$10,000.00) in the escrow account;
 - iv. No later than June 30, 2022, Petrolia shall deposit an additional ten thousand dollars (\$10,000.00) in the escrow account;
 - v. Also in lieu of inactive well financial assurance, the OCD will agree to release single-well financial assurance for any well fully plugged and abandoned by Petrolia, pursuant to a turnover letter. The turnover letter, executed by both Petrolia and the OCD shall direct the entity holding any single-well bond to make a check payable to the escrow agent designated by Petrolia. Single-well bonds released by OCD will be subject to all escrow provisions in this Order.
 - g. No later than July 30, 2021, Petrolia shall provide a report for OCD consideration and consent proposing deadlines by which Petrolia shall bring all remaining wells

into compliance. If OCD and Petrolia cannot agree upon remaining compliance deadlines, Petrolia shall comply with the following schedule:

- i. Any remaining wells which may be brought into production, must do so within 120 days;
 - ii. Petrolia shall plug and abandon at least one inactive well every 60 days until all inactive wells are plugged and abandoned and released by OCD.
9. Should Petrolia fail to meet any deadline for plugging, escrow payment, or plan submissions set forth in paragraph 8 of this Order, OCD may immediately plug and abandon, restore, and/or remediate any of the wells identified in **Exhibit A**. Petrolia agrees that it will forfeit any financial assurance associated with any well in **Exhibit A** which is plugged and abandoned, restored, or remediated by the OCD.
10. Written notice required by paragraph 8 shall be given to OCD at the following electronic mail address: OCD.Engineer@state.nm.us.
11. Petrolia admits OCD's jurisdiction to file the NOV, consents to the relief specified herein, and waives the rights of hearing and appeal.
12. The persons executing this Order represent that they have the requisite authority to bind their respective parties and such representation shall be legally sufficient evidence of their actual or apparent authority.
13. If Petrolia complies with this Stipulated Final Order, OCD shall abate all of the civil penalties.
14. So long as Petrolia complies with all conditions of paragraph 8 of this Order, and specifically with any subsequent compliance schedule under paragraph 8(g), OCD will not withhold authorization to transport or approval of otherwise acceptable injection permits due solely to Petrolia's outstanding compliance deficiencies covered by this Order.
15. Nothing herein prevents Petrolia from assigning its rights, title, interest and obligations to any other party, subject to OCD approval.

OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 12/31/21

PETROLIA ENERGY CORPORATION



Mark M. Allen
CEO

Date: DECEMBER 30, 2021

Inactive Well List

Total Well Count: 38 Inactive Well Count: 38
 Printed On: Thursday, December 09 2021

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-005-60470	TWIN LAKES SAN ANDRES UNIT #016	D-36-08S-28E	D	371666	PETROLIA ENERGY CORPORATION	S	O	01/2012			
2	30-005-60536	TWIN LAKES SAN ANDRES UNIT #018	B-36-08S-28E	B	371666	PETROLIA ENERGY CORPORATION	S	O	05/2012			
2	30-005-60031	TWIN LAKES SAN ANDRES UNIT #028	F-36-08S-28E	F	371666	PETROLIA ENERGY CORPORATION	S	O	10/2016			
2	30-005-60569	TWIN LAKES SAN ANDRES UNIT #040	H-36-08S-28E	H	371666	PETROLIA ENERGY CORPORATION	S	O	10/2016			
2	30-005-60329	TWIN LAKES SAN ANDRES UNIT #036	J-36-08S-28E	J	371666	PETROLIA ENERGY CORPORATION	S	O	06/2012			
2	30-005-60073	TWIN LAKES SAN ANDRES UNIT #037	J-36-08S-28E	J	371666	PETROLIA ENERGY CORPORATION	S	O	01/2020			
2	30-005-60657	TWIN LAKES SAN ANDRES UNIT #039	3-31-08S-29E	L	371666	PETROLIA ENERGY CORPORATION	P	O	10/2016			
2	30-005-60696	TWIN LAKES SAN ANDRES UNIT #040	K-31-08S-29E	K	371666	PETROLIA ENERGY CORPORATION	P	S	06/2018	SWD-1443		
2	30-005-00342	TWIN LAKES SAN ANDRES UNIT #045	N-36-08S-28E	N	371666	PETROLIA ENERGY CORPORATION	S	O	10/2012			
2	30-005-60767	TWIN LAKES SAN ANDRES UNIT #049	N-31-08S-29E	N	371666	PETROLIA ENERGY CORPORATION	P	O	06/2016			
2	30-005-60796	TWIN LAKES SAN ANDRES UNIT #050	O-31-08S-29E	O	371666	PETROLIA ENERGY CORPORATION	P	I	05/2012	LOST INJ AUTHORITY 6/10/13		
2	30-005-60028	TWIN LAKES SAN ANDRES UNIT #056	2-01-08S-28E	B	371666	PETROLIA ENERGY CORPORATION	P	O	01/2020			
2	30-005-61031	TWIN LAKES SAN ANDRES UNIT #058	4-06-09S-29E	D	371666	PETROLIA ENERGY CORPORATION	P	O	01/2020			
2	30-005-60807	TWIN LAKES SAN ANDRES UNIT #059	3-06-09S-29E	C	371666	PETROLIA ENERGY CORPORATION	P	I	06/2012	LOST INJ AUTHORITY 6/10/13		
2	30-005-62059	TWIN LAKES SAN ANDRES UNIT #064	E-01-09S-28E	E	371666	PETROLIA ENERGY CORPORATION	P	O	06/2012			
2	30-005-61096	TWIN LAKES SAN ANDRES UNIT #067	H-01-09S-28E	H	371666	PETROLIA ENERGY CORPORATION	P	O	01/2020			
2	30-005-61007	TWIN LAKES SAN ANDRES UNIT #068	5-06-09S-29E	E	371666	PETROLIA ENERGY CORPORATION	P	I	05/2012	LOST INJ AUTHORITY 6/10/13		
2	30-005-60885	TWIN LAKES SAN ANDRES UNIT #070	G-06-09S-29E	G	371666	PETROLIA ENERGY CORPORATION	P	I	06/2012	LOST INJ AUTHORITY 6/10/13		
2	30-005-62212	TWIN LAKES SAN ANDRES UNIT #071	2-06-09S-29E	B	371666	PETROLIA ENERGY CORPORATION	P	O	09/2019			
2	30-005-61032	TWIN LAKES SAN ANDRES UNIT #077	6-06-09S-29E	L	371666	PETROLIA ENERGY CORPORATION	P	O	02/2012		T	9/14/2006
2	30-005-62213	TWIN LAKES SAN ANDRES UNIT #080	G-06-09S-29E	G	371666	PETROLIA ENERGY CORPORATION	P	O	12/2011			
2	30-005-60659	TWIN LAKES SAN ANDRES UNIT #085	O-01-09S-28E	O	371666	PETROLIA ENERGY CORPORATION	P	O	01/2020			
2	30-005-61006	TWIN LAKES SAN ANDRES UNIT #088	O-06-09S-29E	O	371666	PETROLIA ENERGY CORPORATION	P	I	06/2012	LOST INJ AUTHORITY 6/10/13		
2	30-005-61095	TWIN LAKES SAN ANDRES UNIT #092	A-12-09S-28E	A	371666	PETROLIA ENERGY CORPORATION	P	O	07/2012			
2	30-005-61106	TWIN LAKES SAN ANDRES UNIT #094	B-07-09S-29E	B	371666	PETROLIA ENERGY CORPORATION	P	O	01/2020			
2	30-005-61452	TWIN LAKES SAN ANDRES UNIT #101	1-07-09S-29E	D	371666	PETROLIA ENERGY CORPORATION	P	O	09/2012			

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OCD Permitting

Exhibit A: Case 21982 SFO

Well ID	Operator	Location	Section	Direction	Permit Type	Company	Status	Start Date	End Date	Notes
2 30-005-60844	TWIN LAKES SAN ANDRES UNIT #102	F-07-09S-29E	F	371666	PETROLIA ENERGY CORPORATION	P	O	09/2012		
2 30-005-61332	TWIN LAKES SAN ANDRES UNIT #106	3-07-09S-29E	L	371666	PETROLIA ENERGY CORPORATION	P	O	06/2012		
2 30-005-62845	TWIN LAKES SAN ANDRES UNIT #123	F-31-08S-28E	F	371666	PETROLIA ENERGY CORPORATION	P	O	01/2020		
2 30-005-63138	TWIN LAKES SAN ANDRES UNIT #200	I-12-09S-28E	I	371666	PETROLIA ENERGY CORPORATION	P	O	11/2016		SAN ANDRES
2 30-005-63147	TWIN LAKES SAN ANDRES UNIT #202	M-36-08S-28E	M	371666	PETROLIA ENERGY CORPORATION	S	O	10/2016		SAN ANDRES
2 30-005-63140	TWIN LAKES SAN ANDRES UNIT #203	K-06-09S-29E	K	371666	PETROLIA ENERGY CORPORATION	P	O	01/2020		SAN ANDRES
2 30-005-63185	TWIN LAKES SAN ANDRES UNIT #316	I-35-08S-28E	I	371666	PETROLIA ENERGY CORPORATION	S	O	01/2020		SAN ANDRES
2 30-005-63187	TWIN LAKES SAN ANDRES UNIT #319	J-31-08S-29E		371666	PETROLIA ENERGY CORPORATION	P	O	02/2014		SAN ANDRES
2 30-005-63188	TWIN LAKES SAN ANDRES UNIT #321	1-31-08S-29E		371666	PETROLIA ENERGY CORPORATION	P	O	10/2016		SAN ANDRES
2 30-005-63189	TWIN LAKES SAN ANDRES UNIT #326	N-31-08S-29E		371666	PETROLIA ENERGY CORPORATION	P	O	09/2019		SAN ANDRES
2 30-005-63190	TWIN LAKES SAN ANDRES UNIT #329	3-06-09S-29E		371666	PETROLIA ENERGY CORPORATION	P	O	01/2020		SAN ANDRES
2 30-005-63192	TWIN LAKES SAN ANDRES UNIT #331	F-09-09S-29E		371666	PETROLIA ENERGY CORPORATION	P	O	01/2020		SAN ANDRES

WHERE Operator:371666, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period