

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20724

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| In the Matter of PETROLIA ENERGY CORPORATION, Respondent. |
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**PETROLIA ENERGY CORPORATION'S RESPONSE TO
COMMISSION'S REQUEST FOR ADDITIONAL BRIEFING
REGARDING RESPONDENT'S REMEDIAL EFFORTS**

David Loev (713) 524-4110
dloev@loevlaw.com
Timothy J. Henderson (713) 667-7878
timjhenderson@msn.com
6300 West Loop South, Suite 280
Bellaire, Texas 77401

COUNSEL FOR
PETROLIA ENERGY CORPORATION

Table of Contents

| | Page |
|---|-------------|
| I. INTRODUCTION AND BACKGROUND | 3 |
| II. UPDATE OF THE EXTENT OF BBL'S EFFORTS TO REMEDY ITS PAST VIOLATIONS:..... | 4 |
| III. EXPLANATION OF WHY BBL'S FAILED TO COMPLY WITH ITS PROPOSED SCHEDULE AND ITS REPRESENTATION THAT IT WOULD IMMEDIATELY ACQUIESCE TO REVOCATION OF ITS REGISTRATION IF IT FAILED TO DO SO: | 5 |
| IV. DISCUSSION OF BBL'S STEPS TO ENSURE FUTURE COMPLIANCE AND THE CREDIBILITY OF ITS ASSURANCES AGAINST FURTHER VIOLATIONS: | 8 |
| V. CONCLUSION..... | 11 |
| CERTIFICATE OF SERVICE | 13 |

**RESPONSE TO COMMISSION’S REQUEST FOR ADDITIONAL
BRIEFING REGARDING RESPONDENT’S REMEDIAL EFFORTS**

I. INTRODUCTION AND BACKGROUND

On April 18, 2023, the Office of the General Counsel (“General Counsel”) of the United States Securities and Exchange Commission (the “Commission”), requested Petrolia Energy Corporation (“BLS”) provide the Commission a Brief, describing BLS’s remedial efforts since the Administrative Proceeding (File No. 3-20724) was instituted. Specifically, the Commission asked BLS to address the extent of BLS’s efforts to remedy its past violations and ensure future compliance and the credibility of its assurances, if any, against further violations. The Commission also requested that BLS explain why it failed to comply with its proposed schedule and its representation that it would immediately acquiesce to revocation of its registration if it failed to do so. Such requests come from the multi-factor test established in *Gateway International Holdings, Inc.*

Below is a summary of the efforts BLS has made to remedy its past violations and ensure future compliance and the credibility of its assurances, if any, against further violation and an explanation of why it failed to comply with its proposed schedule and its representation that it would immediately acquiesce to revocation of its registration if it failed to do so.

II. UPDATE OF THE EXTENT OF BBL'S EFFORTS TO REMEDY ITS PAST VIOLATIONS:

As shown by BBL'S filings on the Commission's Electronic Data Gathering, Analysis, and Retrieval system ("Edgar"), since the Administrative Proceeding was originally filed on January 28, 2022, BBL'S has filed the following periodic reports which were deficient as of the initial date of the Administrative Proceeding, its: (1) Annual Report on Form 10-K for the year ended December 31, 2020; and (2) Quarterly Reports on Form 10-Q for each of the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021 (four total periodic reports).

BBL'S has also filed the following periodic reports which became due after the original filing date of the Administrative Proceeding, its: (1) Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 10-K"); (2) Quarterly Reports on Form 10-Q for each of the quarters ended March 31, 2022, June 30, 2022 and September 30, 2022; (3) Annual Report on Form 10-K for the year ended December 31, 2022 (which was just filed on May 12, 2023); and (4) its Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (which was filed on May 15, 2023)(a total of six reports).

BBL'S has since the date the Administrative Proceeding was filed made its reporting compliance its top priority by dedicating nearly all of the efforts of its only

two contracted service providers (i.e., independent contractors), to preparing and filing its periodic reports and working to become current in its Commission reporting requirements. The filing of the above reports, in the condensed timeline described above, has taken a near herculean effort and a significant amount of effort from BBLs's management, consultants and auditors; but as shown by the filings, such effort was not in vain as BBLs accomplished what it set out to do and what it advised the Commission that it would do.

As discussed above, effective on May [15], 2023, BBLs's goal has been met, and BBLs is now current in its periodic filing requirements with the Commission.

III. EXPLANATION OF WHY BBLs FAILED TO COMPLY WITH ITS PROPOSED SCHEDULE AND ITS REPRESENTATION THAT IT WOULD IMMEDIATELY ACQUIESCE TO REVOCATION OF ITS REGISTRATION IF IT FAILED TO DO SO:

One of the challenges BBLs experienced in filing the 2021 10-K was a lack of cooperation from its former CEO, Zel C. Khan. He resigned in September 2021, due to a recommendation from the Board of Directors (the "Board") based on certain improprieties which were discovered by the Board. A few months later BBLs filed a lawsuit against Mr. Khan. Mr. Khan refused to sign certain year-end 2022 audit confirmation letters related to his salary payable and loan balance payable, therefore prolonging unnecessarily, the 2021 audit. Mr. Khan also made certain inaccurate

comments to the auditors and his father failed to sign requested audit confirmation letters, requiring BBLs's auditors to undertake additional reviews of the company and implement alternative, more time intensive, audit procedures, which further slowed the audit process.

Additionally, because BBLs was already late in filing its deficient reports with the Commission, its auditors would stop working on BBLs's filings during busy times when they needed to focus on other client deadlines which they deemed timelier, which unfortunately, also somewhat delayed BBLs's process of completing late filings — Note that now that BBLs is current in its Commission filings, the auditors have assured management that they will prioritize the review and audit of BBLs's filings the same as all of their other clients, and don't anticipate being a detriment to BBLs timely filing periodic reports with the Commission moving forward.

Separately, when BBLs's former Controller resigned in October 2021, she gave no notice to management, and as a result, there wasn't a proper transition of roles and responsibilities. BBLs engaged a new Controller quickly, but it took time to bring her up to speed and get her current on BBLs's processes, accounting books and financial records, which she is now familiar with.

Notwithstanding BBL's prior failure to timely file its periodic reports, for the reasons described above, BBL has always reported certain material corporate events on a more current basis through Current Report on Form 8-K filings to announce major events that shareholders should know about and as required by Form 8-K. BBL has filed fourteen Current Reports on Form 8-K's from September 3, 2021 through March 15, 2023.

As described above, and shown by BBL's filings on Edgar, BBL is now current in its filings with the Commission. The Extent of BBL's efforts to remedy its past violations is shown by the fact that it is now current.

BBL was unable to comply with its proposed filing schedule due to the reasons discussed above: (1) the refusal of its prior CEO and his father to sign year-end 2022 audit confirmation letters and inaccurate statements made by the prior CEO to the company's auditors, which required BBL's auditors to undertake additional reviews of the company and implement alternative, more time intensive, audit procedures; (2) delays caused by BBL's auditors placing BBL's draft filings at the bottom of their queues, since BBL, unlike their other clients, was already deficient in its filings with the Commission; and (3) the abrupt resignation of BBL's controller, and timing required to bring a new controller up to speed on the company's books, records and processes.

The matters discussed above were unfortunate, but also were unavoidable, and were outside of the control of BBLs management. When management provided the original timeline for its filings, the above delays were unforeseen. Management believes that had the filings not been delayed for the reasons above, the original timeline would have been met.

When the original statement that BBLs would immediately acquiesce to revocation of its registration if it failed to meet its self-imposed timeline was made, management did not, and could not have, foreseen the number of matters that eventually delayed its filings with the Commission. Although BBLs did not meet its self-imposed deadlines, that was through no lack of effort and resources, and was due solely to issues that it could not control.

BBLs does not believe it should be penalized for things it could not control and requests that the registration of its common stock under Section 12 of the Securities Exchange Act of 1934, as amended, not be revoked.

IV. DISCUSSION OF BBLs'S STEPS TO ENSURE FUTURE COMPLIANCE AND THE CREDIBILITY OF ITS ASSURANCES AGAINST FURTHER VIOLATIONS:

As discussed above, BBLs's current management believes that the underlying reasons that BBLs became deficient in its Commission filings initially, were due to prior bad management and poor financial execution, both of which have since been

remedied. BBLs's current management has already demonstrated its ability to file deficient reports and bring BBLs current in its Commission filing obligations and believes that it is well positioned, especially now that BBLs can focus on one periodic period filing at a time, to ensure future timely filings of Commission Reports.

BBLs is also under contract with its independent registered accounting firm (M&K CPAs) for the 2023 fiscal year. This is the same auditing firm BBLs has used for the past two years, and which assisted with the review and audit of BBLs's prior deficient reports. It is anticipated that BBLs will continue to use M&K CPAs subsequent to 2023. BBLs believes that M&K CPAs has the resources, and knowledge of the company, to help ensure that BBLs's periodic reports are reviewed and audited in a timely fashion.

BBLs plans to incentivize its Chief Executive Officer and Chief Financial Officer through performance measures, such as stock grants, , to timely file quarterly and annual reports. Additionally, through the process of expediting the filing of the numerous previously deficient periodic reports, management and its consultants, have fine-tuned the process and procedures relating to the drafting, review, edgarization, and approval, of periodic reports, and expect to budget sufficient time to timely file each such report.

BBLS has also implemented procedures, such as integrated spreadsheets which have reduced the cycle time required to produce the audit and review documentation for periodic reports and plans to hire additional contract staff in the future to assist with audit and review activities, if required.

Finally, as discussed above, now that BBLS can focus on one periodic report at a time, together with approximately three or more months between each periodic filing deadline (other than the first quarter report, which BBLS acknowledges is required to be filed on an accelerated deadline, but which deadline was already timely met by BBLS in connection with the quarter ended March 31, 2023), BBLS believes that it will be able to timely file each periodic report due in the future.

BBLS does not expect any future violations relating to failure to timely file periodic reports for the reasons above.

BBLS's assurances that it will continue to be compliant are credible for two reasons: (1) BBLS met the majority of its self-imposed deadlines, except for its Annual Report on Form 10-K for the year ended December 31, 2021, and future periodic filings thereafter, which it was unfortunately unable to timely meet due to the reasons discussed above, which were outside of its control, and compounded by the fact that the company was attempting to re-file a significant number of deficient filings, rather than just focusing on one filing at a time, but which have been met as

of the date of this Response; and (2) BBLs has established it has sufficient resources to prepare future filings; and (3) timely filing of SEC reports is a top priority of the current BBLs management team.

BBLs has engaged and paid external accounting professionals. BBLs has shown that it has the resources, suggesting the strong likelihood of continuing or future timely filing. Such financial ability negates the conclusion that a lack of resources mandates a revocation. See, *America's Sports Voice, Inc.*, Exchange Act Release No. 55511, 2007 WL 858747, at *4 (2007).

The evidence of the filing to cure the filing deficiencies both before and after the July 8, 2021, delinquency letter from the Commission, including its current compliance with Commission filing requirements, establishes the credibility of BBLs's assurances against future violations.

BBLs is not a shell company. BBLs now has operating revenue sufficient to pay its outside accountants, to review and audit, as necessary, future filings with the Commission. The assurances of future compliance are credible.

V. CONCLUSION

BBLs has worked consistently to honor its commitments to the Commission and its investors and to meet its obligations as a Securities Exchange Act of 1934, Section 12 registrant. As of the date of this Response, BBLs is current in its

Commission filings and expects to remain current moving forward. For the reasons set forth above, BBLs requests that the Administrative Proceeding be terminated, and the Commission's request to terminate BBLs's Section 12 registration of its common stock be rescinded.

Dated: May 15, 2023

Respectfully submitted,

By: 

David Loev, Esq.
State Bar No. 24002490
The Loev Law Firm, PC
6300 West Loop South, Suite 280
Bellaire, Texas 77401-2905
713.524.4110
713.524.4122. (fax)
dloev@loevlaw.com

COUNSEL FOR BBLs –
PETROLIA ENERGY CORPORATION

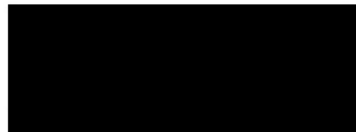
OF COUNSEL:

Timothy J. Henderson
State Bar. No. 09432500
6300 West Loop South, Suite 280
Bellaire, Texas 77401-2905
713.667.7878
713.668.5697 (fax)
timjhenderson@msn.com

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the above Response to Commission's Request for Additional Briefing Regarding Respondent's Remedial Efforts for was served electronically through the electronic filing manager and/or by email by upon all persons or counsel at the address(es) below on the 15th day of May 2023:

Samantha Williams (202) 551-4061
williamssam@sec.gov
Sandhya C Harris (202) 551-4882
harrissan@sec.gov
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-6011
COUNSEL FOR
DIVISION OF ENFORCEMENT



David Loev