



7th Floor - 4922 48th Street,
P.O. Box 2130, Yellowknife NT X1A 2P6

Tel: 867-669-0506 Fax: 867-873-6610
www.mvlwb.com

July 10, 2020

File: MV2019X0016

Craig Langford
Environmental Coordinator
Obsidian Energy Ltd.
Suite 200, 207 – 9th Avenue S.W
Calgary Ab T2P 1K3

Sent via email

Dear Craig Langford:

**Issuance of Type A Land Use Permit
Miscellaneous – Fort Liard North**

Attached is Type A Land Use Permit MV2019X0016 granted by the Mackenzie Valley Land and Water Board (MVLWB or the Board) in accordance with the *Mackenzie Valley Resource Management Act* (MVRMA). This Permit has been approved for a period of five years effective July 10, 2020 and expiring July 9, 2025.

Permit Conditions

Please read all conditions carefully. For the purpose of submitting plans in accordance with this Permit, the date of this letter, July 10, 2020, is the date of commencement.

Reclamation Security

In accordance with Permit condition 50, a security deposit in the amount of \$37,000.00 of security shall be posted with the Minister and copied to the Board prior to the start of the operation under section 32 of the Mackenzie Valley Land Use Regulations. As delegated under Schedule A of the Delegation Instrument under the MVRMA, this security deposit, **payable to the Government of the Northwest Territories** in the amount of \$37,000.00, shall be submitted to: the Government of the Northwest Territories, Department of Lands, North Slave Regional Office, 140 Bristol Avenue, Yellowknife NT, X1A 3T2. For more information about posting security with the GNWT, please contact Charlene Coe, Land Use Advisor, at (867) 767-9187 (ext. 24194). Please send a copy of the receipt for the security deposit to the MVLWB office prior to the start of your operation.

Management Plans - Approved

The Board hereby approves the following Plans as summarized in Table 1:

Table 1: Plans

Condition Number	Title of Plan	Date Received
43	Waste Management Plan	April 27, 2020
63	Spill Contingency Plan	April 27, 2020

Management Plans – Resubmission Required and New Plan Requirements

The Board hereby requires that Obsidian Energy Ltd. resubmit the Engagement Plan in accordance with comments made during this review. The Board also hereby requires that Obsidian Energy Ltd create and submit a Reclamation and Remediation Plan in accordance with the comments made during this review.

Table 2: Plans

Condition Number	Title of Plan	LUP Requirement	Comments and Recommendations
77	Reclamation and Remediation Plan	90 days prior to the commencement of operation the Permittee shall submit to the Board for approval a Reclamation and Remediation Plan specific to the site.	ADKFN – 4 GNWT LANDS – 2 GNWT LANDS - 3
83	Engagement Plan	90 days prior to the commencement of operation the Permittee shall submit to the Board for approval an updated Engagement Plan.	ADKFN – 2 ADKFN - 3

Discontinuance

Should you wish to discontinue your land-use operation at any time prior to the expiry date set out in the Permit, a written notice of discontinuance is required as per section 37 of the MVLUR, in addition to the submission of a final plan.

Public Registry

A copy of this Permit and all related correspondence and documents has been filed on the [Public Registry](#) at the MVLWB office. Please be advised that this letter, inspection reports, and related correspondence is part of the Public Registry and is intended to keep all interested parties informed of the manner in which the Permit requirements are being met. All Public Registry material will be considered if an amendment to the Permit is requested.

The full cooperation of Obsidian Energy Ltd is anticipated and appreciated. If you have any questions or concerns, please contact Tyree Mullaney at (867) 766-7464 or email tyree@mvlwb.com.

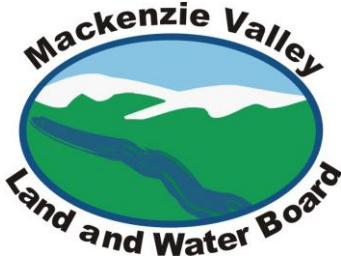
Yours sincerely,



Mavis Cli-Michaud
MVLWB, Chair

Copied to: Distribution List
Charlene Coe, GNWT, Land Use Advisor

Attached: Land Use Permit MV2019X0016
Reasons for Decision



Land Use Permit

Permit Class	Permit No	Amendment No
A	MV2019X0016	

Subject to the Mackenzie Valley Land Use Regulations and the terms and conditions in this Permit, authority is hereby granted to:

Obsidian Energy Ltd.

Permittee

to proceed with the land use operation described in the Application of:

Signature Craig Langford	Date May 28, 2019
Type of Land Use Operation Miscellaneous – Clean up	
Location North Liard Area	

This Permit may be assigned, extended, discontinued, suspended, or cancelled pursuant to the Mackenzie Valley Land Use Regulations.

Dated at Yellowknife this 10 day of July, 2020

Signature Chair

Mavis Cli-Michaud

Signature Witness

Amanda Gauthier

Effective Date:

July 10, 2020

Expiry Date:

July 9, 2025

ATTENTION

It is a condition of this Permit that the Permittee comply with the provisions of the *Mackenzie Valley Resource Management Act* and Regulations and the terms and conditions set out herein. A failure to comply may result in suspension or cancellation of this Permit.

Conditions Annexed to and Forming Part of Land Use Permit #MV2019X0016

Part A: Scope of Permit

1. This Permit entitles the Permittee to conduct the following land-use operation associated with the remediation and Reclamation of former oil and gas well sites southeast of Fort Liard, NT:
 - a) The use of equipment and vehicles;
 - b) Use and storage of fuel; and
 - c) Clearing and maintenance of access corridors and/or well sites.
2. This Permit is issued subject to the conditions contained herein with respect to the use of land for the activities and area identified in Part A, item 1 of this Permit.
3. Compliance with the terms and conditions of this Permit does not excuse the Permittee from its obligation to comply with the requirements of any applicable Federal, Territorial, Tłıchǫ, or Municipal laws.

Part B: Definitions (defined terms are capitalized throughout the Permit)

Act - the *Mackenzie Valley Resource Management Act*.

Board - the Mackenzie Valley Land and Water Board established under Part 4 of the Act.

Borehole - a hole that is made in the surface of the ground by drilling or boring.

Closure and Reclamation - the process and activities that facilitate the return of areas affected by the Project to viable and, wherever practicable, self-sustaining ecosystems that are compatible with a healthy environment, human activities, and the surrounding environment.

Dogleg - the clearing of a line, trail, or right-of-way that is curved sufficiently so that no part of the clearing beyond the curve is visible when approached from either direction.

Drilling Fluid - any liquid mixture of water, sediment, drilling muds, chemical additives or other wastes that are pumped down hole while drilling and are specifically related to drilling activity.

Drilling Waste - all materials or chemicals, solid or liquid, associated with drilling, including drill cuttings and Drilling Fluids.

Durable Land - land that is able to withstand repeated use, such as gravel or sand with minimal vegetative cover.

Engagement Plan - a document, developed in accordance with the Board's *Engagement and Consultation Policy* and the *Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*, that clearly describes how, when, and which engagement activities will occur with an affected party during the life of the project.

Engineered Structure - any structure or facility designed and approved by a Professional Engineer, including but not limited to the [enter list of structures/facilities] associated with the Project.

Flowing Artesian Well - a well in which water:

- a) Naturally rises above the ground surface or the top of any casing; and
- b) Flows naturally, either intermittently or continuously.

Fracturing Fluid - the fluid used to perform a hydraulic fracturing treatment, including the applicable base fluid and all additives.

Fuel Storage Container - a container for the storage of petroleum or allied petroleum products with a capacity of less than 230 litres.

Fuel Storage Tank - a closed container for the storage of petroleum or allied petroleum products with a capacity of more than 230 litres.

Greywater - all liquid wastes from showers, baths, sinks, kitchens, and domestic washing facilities but not including toilet wastes.

Habitat - the area or type of site where a species or an individual of a species of wildlife naturally occurs or on which it depends, directly or indirectly, to carry out its life processes.

Inspector - an Inspector designated by the Minister under the Act.

Minister - the Minister of Indian Affairs and Northern Development Canada or the Minister of the Government of the Northwest Territories – Department of Lands, as the case may be.

Oil and Gas Drilling Sump - a surface excavation, constructed of material that exhibits low permeability (hydraulic conductivity of less than 10^{-6} cm/s), for the purpose of depositing and containing Drilling Waste.

Ordinary High Water Mark - the usual or average level to which a body of water rises at its highest point and remains for sufficient time so as to change the characteristics of the land. In flowing waters (rivers, streams) this refers to the “active channel/bank-full level” which is often the 1:2 year flood flow return level. In inland lakes, wetlands, or marine environments, it refers to those parts of the Watercourse bed and banks that are frequently flooded by water so as to leave a mark on the land and where the natural vegetation changes from predominately aquatic vegetation to terrestrial vegetation (excepting water tolerant species). For reservoirs, this refers to normal high operating levels (full supply level).

Permittee - the holder of this permit.

Permafrost - ground (soil or rock) that remains at or below 0°C for at least two consecutive years.

Professional Engineer - a person registered with the Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists to practice as a Professional Engineer in the Northwest Territories as per the territorial *Engineering and Geoscience Professions Act*, and whose professional field of specialization is appropriate to address the components of the Project at hand.

Progressive Reclamation - Closure and Reclamation activities conducted during the operating phase of the project.

Secondary Containment - containment that prevents liquids that leak from Fuel Storage Tanks or containers from reaching outside the containment area and includes double-walled Tanks, piping, liners, and impermeable barriers.

Sewage - all toilet wastes and Greywater.

Shut Down Period – The seasonal shut down of the operation.

Spill Contingency Plan - a document, developed in accordance with Aboriginal Affairs and Northern Development Canada's *Guidelines for Spill Contingency Planning* that describes the set of procedures to be implemented to minimize the effects of a spill.

Spring Break-up – April 15 each year, for the purpose of this operation.

Safety Data Sheet - a technical document, typically written by the manufacturer or supplier of a chemical, that provides information about the hazards associated with the product, advice about safe handling and storage, and emergency response procedures.

Sump - a human-made pit or natural depression in the earth's surface used for the purpose of depositing Waste that does not contain Toxic Material, such as non-toxic Drilling Waste or Sewage, therein.

Toxic Material - any substance that enters or may enter the environment in a quantity or concentration or under conditions such that it:

- a) Has or may have an immediate or long-term harmful effect on the environment or its biological diversity;
- b) Constitutes or may constitute a danger to the environment on which life depends; or
- c) Constitutes or may constitute a danger in Canada to human life or health.

Waste - any garbage, debris, chemical, or Toxic Material to be used, stored, disposed of, or handled on land, and also as defined in section 51 of the Act.

Waste Management Plan - a document, developed in accordance with the Board's Guidelines for Developing a Waste Management Plan, that describes the methods of Waste management from Waste generation to final disposal.

Watercourse - a natural body of flowing or standing water or an area occupied by water during part of the year, and includes streams, springs, swamps and gulches but does not include groundwater.

Part C: Conditions Applying to All Activities (headings correspond to subsection 26(1) of the Mackenzie Valley Land Use Regulations)

26(1)(a) Location and Area

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| 1. | The Permittee shall only conduct this land-use operation on lands designated in the application. | LOCATION OF ACTIVITIES |
| 2. | The Permittee shall not conduct any part of the land-use operation within 300 metres of any privately owned or leased land or structures, including cabins used for traditional activities, unless otherwise approved by the Board. | PRIVATE PROPERTY SETBACK |
| 3. | The Permittee shall not locate any Sump within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. | SUMP SETBACK |
| 4. | Prior to the commencement of the land-use operation, the Permittee shall accompany an Inspector during an inspection of the proposed land use area. | INSPECT LOCATIONS |

26(1)(b) Time

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| 5. | At least 48 hours prior to the initial commencement of the land-use operation, the Permittee's Field Supervisor shall contact an Inspector at (867) 695-2626 | INITIAL NOTIFICATION – CONTACT INSPECTOR |
| 6. | At least 48 hours prior to returning to the worksite following a seasonal Shut Down Period, the Permittee's Field Supervisor shall contact an Inspector at (867) 695-2626 | SEASONAL NOTIFICATION – CONTACT INSPECTOR |
| 7. | At least 48 hours prior to commencement of the land-use operation, the Permittee shall provide the following information, in writing, to the Board and an Inspector: <ul style="list-style-type: none"> a) the name(s) of the person(s) in charge of the field operation; b) alternates; and c) all methods for contacting the above person(s). | IDENTIFY AGENT |
| 8. | At least ten days prior to the Shut Down Period or Spring Break-up, the Permittee shall advise an Inspector of: <ul style="list-style-type: none"> a) the plan for removal or storage of equipment and materials; and b) when cleanup and Progressive Reclamation of the land used will be completed. | REPORTS BEFORE SEASONAL REMOVAL |
| 9. | At least ten days prior to the completion of the land-use operation, the Permittee shall advise an Inspector of: <ul style="list-style-type: none"> a) the plan for removal or storage of equipment and materials; b) when final cleanup and reclamation of the land used will be completed; and c) when the Final Plan will be submitted. | REPORTS BEFORE FINAL REMOVAL |

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| 10. | The Permittee shall not conduct any activity associated with the land-use operation during the Shut Down Period. | SEASONAL SHUT
DOWN |
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26(1)(c) Type and Size of Equipment

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| 11. | The Permittee shall only use equipment of a similar type, size, and number to that listed in the complete application. | USE APPROVED
EQUIPMENT |
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26(1)(d) Methods and Techniques

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| 12. | The Permittee shall Dogleg lines, trails and right-of-ways that approach Watercourses or public roads. | DOGLEG
APPROACHES |
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| 13. | Prior to the movement of any vehicle that exerts pressure on the ground in excess of 35 kPa, the Permittee shall scout proposed lines and routes to select the best location for crossing streams and avoiding terrain obstacles. | DETOURS AND
CROSSINGS |
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| 14. | The Permittee shall construct and maintain the overland portion of winter roads with a minimum of 10 cm of packed snow and/or ice at all times during this land-use operation. | WINTER ROADS |
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| 15. | The Permittee shall not erect camps or store material, other than that required for immediate use, on the ice surface of a Watercourse. | STORAGE ON ICE |
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| 16. | Prior to the expiry end of the land-use operation, the Permittee shall replace all excavated material, unless otherwise authorized in writing by an Inspector. | EXCAVATED
MATERIAL
TEST PITS |
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| 17. | The Permittee shall leave a buffer strip of undisturbed vegetation at least 30 metres in width between cleared areas and public roads | TREE SCREEN |
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26(1)(e) Type, Location, Capacity, and Operation of All Facilities

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| 18. | The Permittee shall ensure that the land use area is kept clean at all times. | CLEAN WORK AREA |
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26(1)(f) Control or Prevention of Ponding of Water, Flooding, Erosion, Slides, and Subsidence of Land

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| 19. | The land-use operation shall not cause obstruction to any natural drainage. | NATURAL DRAINAGE |
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| 20. | The Permittee shall install and maintain suitable erosion control structures as the land-use operation progresses. | PROGRESSIVE
EROSION CONTROL |
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| 21. | The Permittee shall apply appropriate mitigation at the first sign of erosion. | REPAIR
EROSION |
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| 22. | The Permittee shall, where flowing water from a Borehole is encountered:
a) plug the Borehole in such a manner as to permanently prevent any further outflow of water; and
b) immediately report the occurrence to the Board and an Inspector. | FLOWING ARTESIAN
WELL |
| 23. | The Permittee shall only conduct off-road vehicle travel on snow-covered surfaces. | OFF-ROAD VEHICLE
TRAVEL |
| 24. | The Permittee shall prepare the site in such a manner as to prevent rutting or gouging of the ground surface. | PREVENTION OF
RUTTING |
| 25. | The Permittee shall suspend overland travel of equipment or vehicles at the first sign of rutting or gouging. | SUSPEND OVERLAND
TRAVEL |
| 26. | The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging. | VEHICLE
MOVEMENT FREEZE-
UP |
| 27. | The Permittee shall only use clean water and snow in the construction of ice bridges and snow fills. | CONSTRUCT
ICE BRIDGES
SNOWFILLS |
| 28. | Prior to Spring Break-up or completion of the land-use operation, the Permittee shall clean up and either remove or v-notch all ice bridges and snowfills from stream crossings, unless otherwise authorized in writing by an Inspector. | REMOVE
ICE BRIDGES/
SNOWFILLS |
| 29. | The Permittee shall not cut any stream bank, unless otherwise authorized in writing by an Inspector. | STREAM BANKS |
| 30. | The Permittee shall minimize approach grades on all Watercourse crossings. | MINIMIZE
APPROACH |
| 31. | The Permittee shall use temporary bridges or dry fording when crossing streams. | DRY FORDING |
| 32. | The Permittee shall slope the sides of Waste material piles, excavations, and embankments — except in solid rock — to a minimum ratio of 2:1 vertical, unless otherwise authorized in writing by an Inspector. | EXCAVATION AND
EMBANKMENTS |
| 33. | The Permittee shall not remove vegetation or operate heavy equipment within 100 metres of the Ordinary High Water Mark of any Watercourse. | EQUIPMENT:
WATERCOURSE
BUFFER |
| 34. | The Permittee shall not excavate land within 100 metres of the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. | EXCAVATION
SETBACK |

26(1)(g) Use, Storage, Handling, and Ultimate Disposal of Any Chemical or Toxic Material

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| 35. | At least seven days prior to the use of any chemicals that were not identified in the complete application, the Safety Data Sheets must be provided to the Board and an Inspector. | CHEMICALS |
| 36. | Prior to Spring Break-up, the Permittee shall reclaim all Oil and Gas Drilling Sumps, unless otherwise authorized in writing by an Inspector. | RECLAIM
OIL AND GAS SUMPS |
| 37. | Prior to the expiry date of this Permit or the end of the land-use operation whichever comes first, the Permittee shall backfill and restore all Sumps, unless otherwise authorized in writing by an Inspector. | RECLAIM
NON-OIL AND GAS
SUMPS |
| 38. | At least ten days prior to backfilling any Oil and Gas Drilling Sump, the Permittee shall notify an Inspector. | NOTIFICATION OF
OIL AND GAS SUMP
BACKFILLING |
| 39. | The Permittee shall dispose of all Toxic Material as described in the approved Waste Management Plan. | WASTE CHEMICAL
DISPOSAL |
| 40. | The Permittee shall dispose of all combustible Waste petroleum products by removal to an approved disposal facility. | WASTE PETROLEUM
DISPOSAL |
| 41. | The Permittee shall provide written notification to the Board and Inspector a minimum of 10 days prior to the initial deposit of Waste, demonstrating that the licenced disposal facility has agreed to accept the Waste and has the capacity to receive the volumes of Waste requested. | NOTIFICATION OF
SOLID WASTE
DISPOSAL |

26(1)(h) Wildlife and Fish Habitat

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| 42. | The Permittee shall take all reasonable measures to prevent damage to wildlife and fish Habitat during this land-use operation. | HABITAT DAMAGE |
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26(1)(i) Storage, Handling, and Disposal of Refuse or Sewage

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| 43. | The Permittee shall adhere to the Waste Management Plan , once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval. | WASTE
MANAGEMENT |
| 44. | The Permittee shall keep all garbage and debris in a secure container until disposal. | GARBAGE
CONTAINER |
| 45. | The Permittee shall dispose of all Sewage and Greywater into a Sump at least 100 metres from the Ordinary High Water Mark of any Watercourse. | SEWAGE DISPOSAL –
SUMP
SETBACK |

46. The Permittee shall dispose of all Sewage and Greywater as described in the approved Waste Management Plan. **SEWAGE DISPOSAL - PLAN**

26(1)(j) Protection of Historical, Archaeological, and Burial Sites

47. The Permittee shall not operate any vehicle or equipment within 150 metres of a known or suspected historical or archaeological site or burial ground. **ARCHAEOLOGICAL BUFFER**

48. The Permittee shall not knowingly remove, disturb, or displace any archaeological specimen or site. **SITE DISTURBANCE**

49. The Permittee shall, where a suspected archaeological or historical site, or burial ground is discovered: **SITE DISCOVERY AND NOTIFICATION**

- a) immediately suspend operations on the site; and
- b) notify the Board at (867) 669-0506 or an Inspector at (867) 695-2626 ext. 203, and the Prince of Wales Northern Heritage Centre at 767-9347 ext. 71250 or ext. 71251.

26(1)(k) Objects and Places of Recreational, Scenic, and Ecological Value

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26(1)(l) Security Deposit

50. Prior to the commencement of the land-use operation, the Permittee shall deposit with the Minister a security deposit in the amount of \$37,000.00 **SECURITY DEPOSIT**

51. All costs to remediate the area under this Permit are the responsibility of the Permittee. **RESPONSIBILITY FOR REMEDIATION COSTS**

26(1)(m) Fuel Storage

52. The Permittee shall: **REPAIR LEAKS**
a) examine all Fuel Storage Containers and Tank for leaks; and
b) repair all leaks immediately.

53. The Permittee shall place Fuel Storage Containers and or Tanks a minimum of 100 metres from the Ordinary High Water Mark of any Watercourse, unless otherwise authorized in writing by an Inspector. **FUEL STORAGE SETBACK**

54. The Permittee shall ensure that all fuel caches have adequate Secondary Containment. **FUEL CACHE SECONDARY CONTAINMENT**

55. The Permittee shall set up all refueling points with Secondary Containment. **SECONDARY CONTAINMENT – REFUELING**

56.	The Permittee shall not allow petroleum products to spread to surrounding lands or Watercourses.	FUEL CONTAINMENT
57.	The Permittee shall locate mobile fuel facilities on land when the facilities are stationary for more than 12 hours.	FUEL ON LAND
58.	The Permittee shall mark all Fuel Storage Containers and Tanks with the Permittee's name.	MARK CONTAINERS AND TANKS
59.	The Permittee shall mark all stationary fuel caches and fuel storage facilities with flags, posts, or similar devices so that they are at all times plainly visible to local vehicle travel.	MARK FUEL LOCATION
60.	The Permittee shall have a maximum of 28,410 litres of fuel stored on the land use site at any time, unless otherwise approved by the Board.	MAXIMUM FUEL ON SITE
61.	Within ten days of the establishment of any fuel cache, the Permittee shall report the location and quantity of the cache in writing to the Board and an Inspector.	REPORT FUEL LOCATION
62.	The Permittee shall seal all outlets of Fuel Storage Containers and store the containers on their sides with the outlets located at 3 and 9 o'clock, except for containers currently in use.	SEAL OUTLET
63.	The Permittee shall adhere to the Spill Contingency Plan , once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations, technology, chemicals, or fuels, or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval.	SPILL CONTINGENCY PLAN
64.	Prior to commencement of the land-use operation the Permittee shall ensure that spill-response equipment is in place to respond to any potential spills.	SPILL RESPONSE
65.	All equipment that may be parked for two hours or more, shall have a haz-mat/drip tray under it or be sufficiently diapered. Leaky equipment shall be repaired immediately.	DRIP TRAYS
66.	The Permittee shall clean up all leaks, spills, and contaminated material immediately	CLEAN UP SPILLS
67.	During the period of this Permit, if a spill occurs or is foreseeable, the Permittee shall: <ul style="list-style-type: none"> a) implement the approved Spill Contingency Plan; b) report it-immediately using the NU-NT Spill Report Form by one of the following methods: <ul style="list-style-type: none"> • Telephone: (867) 920-8130 • Fax: (867) 873-6924 • E-mail: spills@gov.nt.ca • <u>Online: Spill Reporting and Tracking Database</u> c) within 24 hours, notify the Board and an Inspector; and d) within 30 days of initially reporting the incident, submit a detailed report to the Board and an Inspector, including descriptions of causes, response actions, and any changes to procedures to prevent similar occurrences in the future. Any updates to 	REPORT SPILLS

this report shall be provided to the Board and an Inspector in writing as changes occur.

26(1)(n) Methods and Techniques for Debris and Brush Disposal

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| 68. | The Permittee shall progressively dispose of all brush and trees; all disposal shall be completed prior to the end of this land use operation | BRUSH DISPOSAL/
TIME |
| 69. | The Permittee shall not clear areas larger than identified in the complete application. | MINIMIZE AREA
CLEARED |

26(1)(o) Restoration of the Lands

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| 70. | All areas affected by construction or removal activities shall be stabilized and landscaped to their pre-construction profiles, unless otherwise authorized in writing by an Inspector. | PRE-CONSTRUCTION
PROFILES |
| 71. | The Permittee shall dispose of all overburden as approved by the Board, or as otherwise authorized in writing by an Inspector. | DISPOSAL OF
OVERBURDEN |
| 72. | The Permittee shall save the organic soil stripped from the land use area and shall use the organic soil for reclamation as approved by the Board, or otherwise authorized in writing by an Inspector. | SAVE AND PLACE
ORGANIC SOIL |
| 73. | Prior to the end of the land-use operation, the Permittee shall complete all cleanup and restoration of the lands used. | FINAL CLEANUP AND
RESTORATION |
| 74. | Prior to the end of the land-use operation, the Permittee shall prepare the site in such a manner as to facilitate natural revegetation. | NATURAL
VEGETATION |
| 75. | Prior to the end of the land-use operation, the Permittee shall initiate active revegetation of disturbed areas. | ACTIVE
REVEGETATION |
| 76. | The Permittee shall carry out Progressive Reclamation of disturbed areas as soon as it is practical to do so. | PROGRESSIVE
RECLAMATION |
| 77. | 90 days prior to the commencement of operation the Permittee shall submit to the Board for approval a Reclamation and Remediation Plan specific to the site. | RECLAMATION AND
REMEDIATION PLAN |
| 78. | Prior to the end of the land-use operation, the Permittee shall restore any trails impacted by the land-use operation by removing fallen trees and any other obstructions from the trails. | TRAILS
RESTORATION |

26(1)(p) Display of Permits and Permit Numbers

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| 79. | The Permittee shall display a copy of this Permit in each campsite established to carry out this land-use operation. | DISPLAY PERMIT |
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80. The Permittee shall keep a copy of this Permit on hand at all times during this land-use operation. **COPY OF PERMIT**

26(1)(q) Biological and Physical Protection of the Land

81. If nesting areas are encountered during the course of operations, the Permittee shall minimize all activity so as to not disturb them. **MIGRATORY BIRD NEST DISTURBANCE**

82. If any plan is not approved by the Board, the Permittee shall revise the plan according to the Board’s direction and re-submit it to the Board for approval. **RESUBMIT PLAN**

83. 90 days prior to the commencement of operation the Permittee shall submit to the Board for approval an updated **Engagement Plan**. **UPDATED ENGAGEMENT PLAN**

84. The Permittee shall adhere to the **Engagement Plan**, once approved, and shall annually review the plan and make any necessary revisions to reflect changes in operations or as directed by the Board. Revisions to the plan shall be submitted to the Board for approval. **ENGAGEMENT PLAN**

85. All revised plans submitted to the Board shall include a brief summary of the changes made to the plan. **SUMMARY OF CHANGES**



Mackenzie Valley Land and Water Board
7th Floor - 4922 48th Street
P.O. Box 2130
YELLOWKNIFE NT X1A 2P6
Phone (867) 669-0506
FAX (867) 873-6610

Reasons for Decision

Issued pursuant to paragraph 40(2)(c) of the Mackenzie Valley Land Use Regulations (MVLUR) and section 121 of the *Mackenzie Valley Resource Management Act* (MVRMA)

Land Use Permit Application	
Preliminary Screener	MVLWB
Reference/File Number	MV2019X0016
Company	Obsidian Energy Ltd.
Project	Miscellaneous – North Fort Liard Area, NT
Date of Decision	June 25, 2020

These Reasons for Decision set out the Mackenzie Valley Land and Water Board’s (the Board or MVLWB) decision on an Application made by Obsidian Energy Ltd. (Obsidian) to the Board on May 31, 2019 for Land Use Permit (Permit) MV2019X0016.

1.0 Background

On May 31, 2019, Obsidian submitted an application for the remediation of two oil and gas sites. The work that is proposed to be done on site will be done in the summer or in the winter dependent on the availability of equipment, activity type, and logistics. At this time Obsidian has not submitted a water licence application as activities do not trigger the requirement, however, if A licence is triggered Obsidian will submit the required information and application(s). Activities on site include the following:

- Transport of equipment to site;
- Repairing bridge and culvert as required;
- Improvements or clearing of both the access and wellsites as required;
- Conduct Phase II Environmental Site Assessment of wellsite and sumps;
- Remediation of impacts identified; as necessary;
- Conduct downhole abandonment and cutting and capping of the wellheads;
- Repair of any existing erosion;
- Slope stabilization;
- Re-contouring surrounding soils and drainage channels to re-establish natural drainage pattern;
- Creation of water diversion and erosion control features, as required;
- Removal of bridges, culverts, approaches and barge landings;
- Selective seeding of disturbed areas; (if required and/or approved); and
- Demobilization of equipment.

The application was deemed incomplete on June 7, 2019 with additional information being submitted April 27, 2020. The application was subsequently deemed complete and distributed for public review and comment on the Online Review System on May 1, 2020.

2.0 Public Review

By May 21, 2020, comments and recommendations on the Application were received from 6 reviewers:

- Acho Dene Koe First Nation
- Government of the Northwest Territories – Environment and Natural Resources (Environmental Assessment and Monitoring)
- Government of the Northwest Territories – Department of Lands (Inspector)
- Government of the Northwest Territories – Department of Lands (North Slave Region)
- Government of the Northwest Territories – Department of Lands; and
- Northwest Territories – Office of the Regulator of Oil and Gas Operations.

Obsidian responded by May 27, 2020. The Review Summary and Attachments (attached) presents the concerns identified through this review.

Main Issues Raised during the Review

The following summarizes the main issues raised during the review:

- Engagement moving forwards; and
- Reclamation and remediation specifics of the site.

Obsidian responded appropriately to all comments.

GNWT – Lands -Inspector submitted recommendations to the Board on the draft conditions.

3.0 Adequacy of Management Plans

A Waste Management Plan, Spill Contingency Plan, and Engagement Plan were included with the Application.

4.0 Security

Obsidian completed the Board’s reclamation security worksheet and determined a total reclamation cost of \$22,118.50 The GNWT-Inspector did not recommend security during the public review but did recommend that the Board request security to be held for the operation. The Board completed the reclamation security worksheet and have calculated that the cost to remediate the site would be \$81,680.00. The table below summarize this information/the differences between these estimates.

Table 1: Security Estimates

Line Item	Obsidian Estimate	Board Estimate	Notes
Camp (C1)	\$2,400.00	\$14,887.50	Board staff to the total probably maximum people on site and multiplied it be 365

Regulated/ Hazardous Materials (R1)	\$2,000.00	\$4,500.00	There was a difference in the total number of heavy equipment. Board staff to the number from the application
Hydrocarbon Storage and Transfer (H1)	\$5,272.50	\$10,142.50	Board staff used the total amount of fuel as listed in the application
Land Disturbance (L1_	\$5,045.00	\$40,500.00	Obsidian only incorporated land use from the previous Phase 1 site assessment (MV2011X0009) which only covered C31 and C31A. Board staff included land use from the previous drilling permit which included K32 and access roads (N1998A0949) and the Phase 1 site assessment
Equipment (E1)	\$7,400.00	\$11,650.00	Board staff used the equipment lists in the application which delineated which pieces of equipment was determined to be “heavy” and “light”
Total	\$22,117.50	\$81,680.00	

*The numbers in these columns do not directly add up because of multipliers (for site access, performance, and environmental risks) in the Board’s security template

On June 2, 2020, Board staff distributed the security worksheet that Obsidian provided with their response to comment. Distributing the security worksheet allowed for all reviewers to have an opportunity to comment and provide recommendations on what Obsidian proposed.

On June 10, 2020, comments and recommendations were received from 4 organizations:

- GNWT – ENR;
- GNWT – Lands (Inspector);
- GNWT – Lands; and
- MVLWB Staff.

GNWT – Lands did not provide specific comments relating to the security estimate submitted by Obsidian. They only recommended that the Oil and Gas RECLAIM model be used. Board staff included questions of clarification for the specific line items that were in the estimate provided by Obsidian.

On June 16, 2020 Obsidian provided responses in the Comment Summary Table – Security .

Obsidian updated the Board’s reclamation security worksheet and determined a total reclamation cost of \$31,772.50 Board staff have re-calculated the reclamation security worksheet and have determined that the cost to remediate the site would be \$37,142.50. As these estimates were conducted using the Board’s security calculation template, they are directly comparable to the Board staff estimate. The table below summarize this information/the differences between these estimates.

Table 2: Board staff's security estimate:

Line Item	Obsidian Estimate	Board staff Estimate	Notes
Camp (C1)	\$2,400.00	\$2,400.00	Obsidian clarified that there would be 25 persons maximum on site for a period of approximately 32 days.
Regulated/ Hazardous Materials (R1)	\$4,500.00	\$4,500.00	
Hydrocarbon Storage and Transfer (H1)	\$6,772.50	\$10,142.50	Obsidian updated their initial security estimate however, Board staff used the total amount of fuel as listed in the application.
Land Disturbance (L1_	\$8,450.00	\$8,450.00	Obsidian provided additional clarification relating to the total lands use. Obsidian indicated that the amount of land use was reached by using the lease surveys for both wells, access roads; and campsites.
Equipment (E1)	\$9,650.00	\$11,650.00	Board used the equipment lists in the application which delineated which pieces of equipment was determined to be "heavy" and "light"
Total	\$31,772.50	\$37,142.50.00	

The Board has determined and decided that including the requirement of security for the reclamation of the site will be \$37,000.00

5.0 Decision

In rendering its decision, the Board is satisfied that:

- notice of the Application was given in accordance with sections 63 and 64 of the MVRMA. The Board is satisfied that a reasonable period of notice was given to communities and First Nations so comments could be provided to the Board;
- the development has been screened pursuant to the MVRMA; any potential adverse environmental effects are insignificant or mitigable with known technology; and,
- there is no likelihood that the proposed development might be a cause of public concern.

After reviewing the evidence and submissions of the Applicant, the written comments and submissions received by the Board and the Staff Report prepared for the Board, the Board, having due regard to the facts, circumstances, the merits of the submissions made to it, and to the purpose, scope, and intent of the MVRMA and Regulations made thereunder, has determined that Land Use Permit MV2019X0016 be issued subject to the term, scope, definitions, and conditions contained therein. The Board's determinations and reasons for this decision are set out below.

- The Board is satisfied that appropriate consultation has been conducted and that advice has been sought and considered, in accordance with sections 63 and 64 of the MVRMA.
- The use of land proposed by the Applicant is of a nature contemplated by the MVRMA.
- The operation will likely contribute to the socio-economic well-being and economic development of the region.
- The Board has reviewed the information contained in the June 2, 2020 Staff Report regarding environmental impacts and/or public concerns.
- The scope of the Permit ensures Obsidian Energy Ltd. is entitled to conduct activities which have been applied for and screened by the Board. In setting the scope, the Board endeavored to provide enough detail to identify and describe the authorized activities without being unduly restrictive or prescriptive, and to allow for project flexibility throughout the life of the Permit.
- The conditions set forth in the Permit have been imposed to address the Board’s statutory responsibilities and ensure the land-use operation is conducted in a manner which ensures impacts to surrounding lands and waters are minimized.
- The Board has approved the Spill Contingency and Waste Management because they meet the applicable guidelines and sufficiently reflect the scope of the proposed activities.
- The Engagement Plan cannot be approved at this time and should be revised and re-submitted 90 days prior to the commencement of operations to reflect updates as agreed to during the public review and to reflect the scope of the proposed activities.
- The definitions and conditions in the Permit are from the MVLWB’s *Standard Land Use Permit Conditions Template* (Standard Template), and are not discussed in detail in these reasons unless notable due to recommendations or concerns raised by reviewers. After considering the information gathered through the public review, the Board made the following changes, with rationale, to the conditions:

Condition	Change	Rationale
Private Property Setback	Distance added – 300m	Inspector recommended distance
Initial Notification – Contact Inspector	Modified the phone number	Inspector recommended change
Seasonal Notification – Contact Inspector	Modified the phone number	Inspector recommended change
Reclamation and Remediation Plan	Added	Condition was added in responses to comments and recommendations put forward by reviewers as well as the response submitted by Obsidian.
Updated Engagement Plan	Added	Condition was added in response to comments and recommendations put forward by reviewers as well as the responses submitted by Obsidian

5.1 Engagement

The Board’s requirements for engagement are set out in its Engagement and Consultation Policy (the Policy). The Policy was developed to ensure that the Board’s obligations for achieving meaningful consultation (as set out by the land claims and applicable legislation) with all affected parties, including Aboriginal groups in the Mackenzie Valley, are met and consultation results clearly articulated. The Policy has three broad objectives, namely to guide applicants in proactive engagement related to land and water applications; to assist the Board to meet its own statutory requirements by providing a forum for consultation on concerns and proposed mitigations; and to assist in ensuring the adequacy of Crown consultation.

An Engagement Record and Engagement Plan were included in the Application. Obsidian noted they engaged with the following parties:

- Acho Dene Koe First Nation
- Acho Dene Koe Band Land Services
- Dehcho Land Use Planning Committee
- Dehcho First Nations
- Dene Nation
- Dene Tah' First Nation
- Hamlet of Fort Liard
- Nahᓃą Dehé Dene Band
- Sambaa K'e First Nation
- Sambaa K'e Development Corporation

As outlined in the Engagement Log, engagement was complete between February 2019 and May 2019.

In keeping with the Board's [*Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits*](#), the Board finds that parties were engaged during the application process.

5.2 Acho Dene Koe First Nation Concerns

On May 20, 2020, Acho Dene Koe First Nation (ADKFN) submitted comments to the Board by the way of posting a letter and subsequent line items to the Online Review System.

Upon review, the Board found that all of the concerns set out by ADKFN that fell under the Board's jurisdiction were addressed in the permit process. In light of Obsidian's commitments and the conditions set by the Board, the Board determined that the permit application could proceed without additional delay.

The Board finds that the remediation of the North Fort Liard gas field is in the public interest (both environmentally and economically) and should continue if possible. Indeed, given ADKFN Treaty rights to hunt and fish in this area, it is the Board's view that the remediation work could enhance the potential for traditional use of this area.

However, the Board is requiring Obsidian to conduct further Engagement with the Acho Dene Koe First Nation in accordance with comments and commitments made during the review of the Application. The Board also required that the Engagement Plan be updated and submitted to the Board for decisions 90 days prior to the commencement of activities.

6.0 Conclusion

Land Use Permit MV2019X0016 contains provisions that the Board deems necessary to ensure and monitor compliance with the MVRMA and the Regulations made thereunder, and to provide appropriate safeguards in respect of Obsidian Energy Ltd.'s use of the land affected by the Permit.

SIGNATURE

Mackenzie Valley Land and Water Board



Mavis Cli-Michaud, Chair

June 25, 2020

Date