



## Sahtu Land and Water Board

### Staff Report

<b>Division:</b> Land and Water Program	<b>Report No.</b> 2
<b>Date Prepared:</b> August 16, 2018	<b>File No.</b> S13A-002 / S13L1-005

**Meeting Date:** August 24, 2018

**Subject:** Husky Oil Operations Slater River Program – Type A Land Use Permit Extension and Type B Water Licence Term Amendment

#### 1. Purpose/Report Summary

To inform the Board about an application made by Husky Oil Operations to extend the term of their Land Use Permit S13A-002 by two years and to amend the term of the Water Licence S13L1-005 for the Slater River Drilling Program.

#### 2. Background

##### Project Overview

Husky Oil Operations Limited (Husky) is aware that Land Use Permit (Permit) S13A-002 expired on July 18, 2018 and that Water Licence (Licence) S13L1-005 expired on July 18, 2018. Husky requested a two-year extension on the Permit with a revised expiry date of July 18, 2020 and a renewal of the Licence (amendment of the term) with a revised expiry date of July 18, 2020. This Permit and Licence is applicable to Husky's oil and gas exploration activities associated with the Slater River project. This Permit includes four leases:

- Little Bear O-41 and Little Bear G-70 (both permitted but were never drilled)
- Little Bear N-09 and Little Bear H-64 (both currently suspended)

The Little Bear N-09 and Little Bear H-64 wells were originally permitted under Permit S11A-003 and licenced under Licence S11L1-003. In order to allow for improved efficiency and overall reporting to the Sahtu Land and Water Board (SLWB), Husky consolidated Permit S11A-003 into the new Permit S13A-002 in 2013 and consolidated Licence S11L1-003 into the new Licence S13L1-005 in 2013. These Permit and Licence authorizations have been focused on operation activities but are now in the decommissioning and reclamation phase.

Husky will be carrying out suspension and abandonment activities necessary to keep its N-09 and H-64 wells in compliance with the Well Suspension and Abandonment Guidelines and Interpretation Notes issued by the Government of Northwest Territories Office of the Regulator of Oil and Gas Operations (OROGO). The well abandonment phase of the project is anticipated to begin in February 2019 and the decommissioning procedure is expected to require 30 days to complete. Husky is currently working on, and will submit to the SLWB, the associated documents including Project Description, Stakeholder Engagement, Spill Contingency Plan, Waste Management Plan, Closure and Reclamation Plan.

No new footprint is required during the extension period; abandonment activities will be conducted on existing and approved leases. As outlined in the engagement record submitted with the application Husky has informed affected Indigenous communities, Land Corporations, Renewable Resource Councils and regulators in the Sahtu Region of its intention to request a two year extension of the Permit. No concerns have been raised to Husky regarding the request for an extension to the Permit term.

Given that this Permit extension request and amendment of Licence term will not require any new land use or modifications to approved works, Husky requested that the Permit extension and Licence amendment be exempt from Preliminary Screening.

## 2.1 Process Requirements

**Application Received:** July 10, 2018

**Application Deemed Complete:** July 17, 2018

**Application Forwarded for Review:** July 17, 2018

**Number of Review Agencies:** 36

**Review Period End Date:** August 7, 2018

**Proponent Response to Reviewer Comments:** August 14, 2018

**Board Meeting:** August 24, 2018

The Land Use Permit Extension Request will be processed under paragraph 26(6) of the Mackenzie Valley Land Use Regulations (MVLUR); which grants the Board the authority to extend the term of the permit for an additional period not exceeding two years. A draft permit was not prepared as the conditions will remain the same as the activities remain largely unchanged however are progressing from operations/exploration into reclamation activities.

The Water Licence Renewal Application will be processed in accordance with the Mackenzie Valley Resource Management Act (MVRMA). A cheque for \$30.00 application fee was received with the application.

## **3. Comments**

### 3.1 Permission of Land Owner

The proposed activity is located on a mix of Sahtu Surface Lands and Crown Lands in the Tulita District. Husky holds the exploration licence for parcel EL 463. An Access Agreement with the Tulita District Land Corporation Ltd. for EL 463 was made with the Tulita District Land Corporation as of September 1, 2011 and contains signatures from Husky and the Tulita District Land Corporation Ltd. A Benefits Agreement with the Tulita Land Corporation, the Norman Wells Land Corporation and the Fort Norman Metis Land Corporation is also in effect. The identified affected communities are Tulita and Norman Wells.

### 3.2 Community Engagement

As outlined in the engagement record attached as [Schedule A](#) to Husky's request for a 2-year extension of the Permit S13A-002, and request for amendment of the term of the Licence S13L1-005, Husky has informed affected Indigenous communities, Land Corporations, Renewable Resource

Councils and regulators in the Sahtu Region of its intention to request a renewal of the Licence and extension of the Permit. No concerns have been raised to Husky regarding these requests.

### 3.3 Traditional Environmental Knowledge

No new Traditional Environmental Knowledge (TEK) was gathered regarding these applications. TEK was previously gathered and submitted by Husky under an associated Permit S11A-003. This included maps marking traditional trails, camp sites and cabins which were submitted to the SLWB and are on file. Due to the extensive nature of the information, duplication of the TEK at this time would be redundant.

### 3.4 Potential for Environmental Impacts and Mitigation Measures

Given that this Permit extension request and amendment of Licence term will not require any new land use or modifications to approved works or Permit and Licence conditions, no new environmental impacts are anticipated.

### 3.5 Preliminary Environmental Screening

Part 5 paragraph 143(1)(c) of the *Mackenzie Valley Resource Management Act* (MVRMA) exempts any development or class of class of development from a preliminary screening for reasons as listed under the Exemption List Regulations Part 1 subsection 2(a) a development, or part thereof, for which renewal of a permit, licence, or authorization is requested that has not been modified.

The applicant has confirmed that these applications will not require any new land use or modifications to approved works and through the regulatory review process there will be no changes to the Licence or Permit conditions. Board staff therefore recommend that the applications be exempt from preliminary screening.

### 3.6 Conformity with Land Use Plan

According to Section 2.5 (D) of the Sahtu Land Use Plan (SLUP) regarding application to land uses that are a legacy of decisions before the approval of the Plan, a land use that has been authorized when the Plan is approved may be undertaken or continued despite any nonconformity with the Plan until the authorization or disposition on which it depends expires or becomes eligible for renewal or amendment. From that date forward the Plan applies to the land use depending on certain circumstances.

The current authorizations are considered a legacy land use based on oil and gas exploration licences. The application for renewal and extension of these authorizations was submitted prior to the expiry dates. Since the renewal and extension will be issued under the provision that does not allow for changes to conditions governing the land use, that land use is exempt from all Conformity Requirements.

The SLWB has met the referral obligations set out in section 47 of the *Mackenzie Valley Resource Management Act* (MVRMA).

### 3.7 Annual Report and Summer Site Inspection

The SLWB received the 2017 Annual Report and the 2017 Summer Site Inspection Report for the Slater River Drilling Program (Exploration Licence 494) for Licence S13L1-005 on October 26, 2017.

Although formal approval of Annual Reports is not required under the Licence, the Board must be satisfied that the Licensee has reported and acted in accordance with the requirements of their Licence. The Reports were distributed for review on the Online Review System on October 26, 2017 with reviewer comments to be received by November 23, 2017 and proponent responses received by December 7, 2017. There was only one review comment letter received by the GNWT-ENR, and they had no comments or recommendations on the submitted reports.

### 3.8 Draft Licence

The conditions of the Licence have not been modified from the previous authorization; however, the Licence format was revised and definitions updated to reflect changes in legislation. A draft Water Licence cover page with term amended to July 18, 2020 has been prepared (Attachment 4). The updated Water Licence conditions have been prepared (Attachment 5).

### 3.9 Draft Permit

The conditions of the Permit have not been modified from the previous authorization; however, the Permit conditions were updated to reflect the wording of the Standard Land Use Permit Conditions Template. Any non-standard conditions in the original Permit were retained and no new conditions were added. A draft Land Use Permit cover page with term amended to July 18, 2020 has been prepared (Attachment 6). The updated Land Use Permit conditions have been prepared (Attachment 7).

### 3.8 Security Deposit

Since there are no changes to the conditions of the Licence or Permit, a new security estimate was not requested. The existing security of \$361,659.00 held for the Water Licence S3L1-005 and \$244,946.00 held for Land Use Permit S13A-002 will ensure proper closure and reclamation of the area affected by the operation. A closure cost estimate will be a requirement for the suspension and abandonment activities to be completed in 2019.

## **4. Other Agency Comments**

The application was circulated to 36 organizations of the Tulita Region Distribution List requesting a reply by August 7, 2018. Four written responses were received. The following organizations offered comments on the application (see Review Comment Summary Table and attached letters - Attachment 3):

- Environment and Climate Change Canada (ECCC)- no comments or recommendations;
- GNWT-Environment and Natural Resources (ENR) - ENR notes that the requested renewal of the Water Licence and Land Use Permit is to allow for sufficient time to conduct decommissioning and reclamation activities. As well, ENR understands that annual reporting and site inspections will continue to be conducted and the additional documents will be submitted in the future (for the well suspension and abandonment activities). As such, ENR has no comments or recommendations at this time.
- GNWT-Lands- Sahtu region - The Department supports the request and looks forward to working with Husky on the completion of the Slater River Program.
- NWT – Office of the Regulator of Oil and Gas Operations (OROGO) – Husky will require an Operations Authorization (OA) issued under the *Oil and Gas Operations Act* (OGOA) and associated well approvals for the works and activities proposed in its request for extension (the well suspension and abandonment phase of the project anticipated to begin in

February 2019). At this time, OROGO has no other specific comments on Husky's application for an extension to Land Use Permit S13A-002 and Water Licence S13L1-005.

There were no proponent responses submitted for these comments as there were no issues to be addressed. Reviewer comments and recommendations support the applications for Permit extension and Licence term amendment.

## 5. Conclusion

The Husky applications for extension of Permit S13A-002 and amendment of the term of the Licence S13L1-005 meet all of the regulatory requirements for approval. There were no concerns raised from the engagement with affected Indigenous communities, Land Corporations, Renewable Resource Councils and regulators in the Sahtu Region and no comments or recommendations raised through the public review process. The applications will not require any new land use or modifications to approved works and through the regulatory review process there will be no changes to the Licence or Permit conditions. Board staff therefore recommend that the applications be exempt from preliminary screening (Part 5 of the MVRMA). The current authorizations are considered a legacy land use of the Sahtu Land Use Plan and the application for renewal and extension of these authorizations was submitted prior to the expiry dates. As there will be no changes to conditions governing the land use, that land use is exempt from all Conformity Requirements of the Sahtu Land Use Plan.

## 6. Recommendation

Board staff recommend that the Board proceed with the regulatory process for this Land Use Permit and Water Licence including:

- a) Approve the Exemption from Preliminary Screening;
- b) Approve the Water Licence amendment of term for two years;
- c) Approve the Land Use Permit extension of term for two years;
- d) Approve the draft Reasons for Decision (Attachment 8); and
- e) Approve the draft Issuance Letter (Attachment 9)

## 7. Reference Material Attached

- 7.1 Application for Water Licence Renewal ([hyperlink only](#))
- 7.2 Request for Land Use Permit extension ([hyperlink only](#))
- 7.3 Review Comment Summary Table and attached letters
- 7.4 Draft Licence Cover Page
- 7.5 Draft Updated Water Licence Conditions
- 7.6 Draft Land Use Permit Cover Page
- 7.7 Draft Updated Land Use Permit Conditions
- 7.8 Draft Reasons for Decision
- 7.9 Draft Issuance Letter

Respectfully submitted,



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