



John Gregory
Conventional Operations Superintendent
+1 281 384 4314
john.c.gregory@exxonmobil.com

February 12, 2024

Sahtu Land and Water Board
P.O. Box 1
Fort Good Hope, NT
X0E 0H0

Attention: Mr. Philippe Di Pizzo, Interim Chair

Sent via email

Dear Mr. Di Pizzo,

**Re: Water Licence S13L1-007 ("Water Licence")
Imperial Oil Resources N.W.T. Limited ("Imperial")
Request for Consideration – Board-Initiated Extension to Term of Water Licence**

INTRODUCTION

As mentioned in our prior correspondence, Imperial remains focused on continuing to operate its Norman Wells Operation ("NWO") while preparing for ultimate closure. There are three main areas of regulatory work ongoing at this time:

- Line 490 corridor replacement activities ("Replacement Activities"),
- Extension of the operating term for current licences and authorizations, and
- Closure planning.

Given that Imperial's activities covered by the Water Licence will remain unchanged, and to give closure planning activities the focus required by communities, regulators, and Imperial, Imperial is requesting the Sahtu Land and Water Board ("SLWB" or the "Board") consider a Board-initiated extension to the term of the Water Licence. The Board has the authority to extend the term of the Water Licence under section 72.12 of the Mackenzie Valley Resource Management Act. This letter puts forward considerations and rationale relevant to the use of this approach.

CURRENT OPERATIONS STATUS AND RELEVANT BACKGROUND

The Water Licence was issued on December 4, 2014 (effective March 5, 2015) with a ten-year term as requested in the associated application and is scheduled to expire on March 4, 2025. Imperial currently anticipates that operations at NWO will continue for another five to ten years at an estimated annual production rate between four and eight thousand barrels of oil per day. Oil price, operating costs and continued reliability are the primary decision factors with respect to continued operations at NWO. At present, approximately one-third of production at NWO is shut-in awaiting replacement of lines within the Line 490 corridor between Bear and Goose Islands (which will be carried out through the Replacement Activities). The current production status is resulting in lower oil production as well as lower production of natural gas which is currently used to support lower greenhouse gas intensity (GHGi) power generation for the facility and the Town of Norman Wells.

CURRENT REGULATORY WORK

The three main areas of regulatory work ongoing at this time are described in the sections below.

LINE 490 CORRIDOR REPLACEMENT ACTIVITIES

As previously communicated to the SLWB through letter and by copy on Canada Energy Regulator (“CER”) correspondence, there is now an unexpected additional regulatory application associated with the CER’s regulatory process to replace this critical infrastructure.

As such, the regulatory process to support the Replacement Activities requires focused effort at this time. Imperial provided a regulatory submission to the CER on February 6, 2024 in respect of the Replacement Activities and, as noted in Imperial’s letter to the Board dated January 25, 2024, Imperial also plans to file associated Land Use Permit and Type B Water Licence applications with the SLWB to facilitate this work.

EXTENSION OF THE OPERATING TERM FOR CURRENT LICENCES AND AUTHORIZATIONS TO SUPPORT CONTINUED OPERATIONS

Imperial submitted a variance request to the CER on November 1, 2023 (as copied to the SLWB) to extend the term of the existing Operations Authorization for NWO for a further ten years (to the end of 2034). Imperial has not planned for any alterations to the NWO operational footprint or industrial processes, and is not applying for closure at this time. As a part of this regulatory proceeding, the Commission of the CER has determined a public hearing is required and the process steps are currently underway.

Continuation of the existing operation will also require an extension of term for the Water Licence and is the subject of this letter. This is discussed in further detail in the last section of this submission.

CLOSURE PLANNING

The near-term regulatory submissions identified above are not intended to address the closure plan for NWO. In recognition of the complexity and importance of the closure planning process, Imperial has invested substantial time and effort working in collaboration with the Northern Projects Management Office (“NPMO”), Crown-Indigenous Relations and Northern Affairs Canada (“CIRNAC”), the Mackenzie Valley Environmental Impact Review Board (“MVEIRB”), the CER and the SLWB to clarify the processes required for Imperial’s final Closure and Reclamation Plan to be reviewed in the applicable regulatory system.

Imperial anticipates that an Environmental Assessment (“EA”) is the appropriate forum for review of the NWO final Closure and Reclamation Plan. The EA process will allow for communities, stakeholders, regulators and governments to study and review aspects of the final closure plan. Regulatory agencies have been diligently working to understand how the existing MVEIRB EA process can meet the requirements of each regulator and facilitate meaningful engagement with communities in the Sahtu.

Recent focus has been on understanding the support processes that are available to prepare all parties for an EA process. The goal is to provide appropriate lead time so parties enter the process prepared.

At this time, Imperial understands that preparing for and conducting an EA, and subsequent permitting and licensing will take at least five to seven years to complete and will be a significant draw on local resources. Respecting that 2024 is a year of high engagement demands in the Sahtu, once the near-term regulatory processes for continuation of operations are substantially complete, Imperial expects to turn our attention to the EA journey.

TIMING CONSIDERATIONS

Timing for the ongoing and anticipated regulatory work outlined above is overlapping. This is illustrated by the information provided in the table below.

Purpose	Primary Agency	Application Format	Planned Submission/Start	Anticipated Decision or Completion
Line 490 Replacement Activities	CER	Variance to use HDD for Replacement Activities	February 2024	October 2024
	SLWB	Geotechnical Study - Land Use Permit	February 2024	May 2024
	SLWB	Type A Land Use Permit and Type B Water Licence	Spring 2024 (to be confirmed)	October 2024
	DFO	<i>Fisheries Act</i> Notification- Project Review	Early 2025	Mid 2025
	Transport Canada	Minor Works Notification	Early 2025	-
Continued Operations	CER	Variance application to extend term	November 2023	October 2024
	SLWB	<i>subject of this letter</i>		January 2025
Closure and Reclamation	NPMO and others	Processes to support EA preparedness	Start near end 2024 at the earliest Estimated duration 5-7 years	
	MVEIRB	Environmental Assessment and permitting		
	SLWB			
	CER			
	Others			

REGULATORY EFFICIENCY FOR THE WATER LICENCE

Imperial recognizes that its operational regulatory and engagement needs are not the only matters of interest for surrounding communities or the only applications before regulatory bodies. Other major projects in the Sahtu Region such as the ongoing EA for the Mackenzie Valley Highway require time commitments with limited resources. This recognition has prompted Imperial to engage with regulators to look for efficiencies in the regulatory processes.

In Imperial's view, a change in the expiry date of the Water Licence is predominantly administrative in nature and a Board-initiated extension of the Water Licence could be a practical and efficient outcome for communities, regulators, stakeholders, and Imperial.

In March 2014, during the previous ten-year renewal of Imperial's Water Licence, the SLWB determined that because there had not been any significant alterations to the operational footprint or industrial processes noted in Imperial's application for the Water Licence, a new preliminary screening was not required pursuant to Schedule 1: Part 1, subpart 2 of the *Exemption List Regulations* and Section 143(1)(c) of the *Mackenzie Valley Resource Management Act* ("MVRMA"). For these same reasons, a screening to support a term extension for the Water Licence should not be required at this time.

The following additional points further highlight the rationale for a Board-initiated term extension:

- The SLWB has a well-maintained Public Registry and an Online Review System that allows for work completed and materials prepared over decades at NWO to be accessible to all interested parties. As such, Imperial submits that any full application from Imperial for a term extension to the Water Licence would largely reference information already on the public record (SLWB Public Registry), publicly reviewed (Online Review System) and accepted by the Board.
- Significant work was undertaken in 2020 and 2021 to review the Water Licence in support of Imperial's Waste Management Facility ("WMF") application. At the time, the SLWB carried out a comprehensive review of the existing Water Licence and put forward proposed updates to the terms and conditions of the Water Licence to align with the Board's current standards. Given that Imperial is not proposing to add a WMF to the Water Licence, the proposed updates to the terms and conditions are likely appropriate for the current NWO provided that WMF-specific conditions are removed.

As outlined above, Imperial expects the closure planning discussions and regulatory process will take significantly longer than the work required to extend the existing permits for the ongoing operation. This important work is expected to begin once the near term regulatory requirements submissions for continuation of operations are substantially complete and it is Imperial's desire to turn its attention to that important collaborative work as soon as reasonably practical. A Board-initiated extension could help focus attention on the important closure planning work ahead.

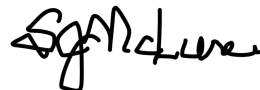
CONCLUSION

Based on the foregoing, Imperial respectfully requests that the SLWB consider a Board-initiated extension to the term of the Water Licence giving consideration to the documentation already submitted on the record for Imperial's existing operations at NWO. Such an approach would promote regulatory efficiency given the multiple ongoing regulatory proceedings, allow efforts to be focused on preparing for closure and critical infrastructure replacements, and would utilize previous work that has been completed by Board staff.

Sincerely,



John Gregory
Conventional Operations Superintendent
Imperial



Sarah McLaren
Director, Norman Wells Strategy
Imperial

cc: Chad Grummett, Senior Advocacy Advisor, Imperial
Jaclyn Mersereau, Environment and Regulatory Technical Lead, Imperial
Benjamin Fraser, Environment and Regulatory Advisor, Imperial
Nathan Baines, Senior Counsel, Imperial
Iain Colquhoun, Chief Conservation Officer, CER
Ramona Sladic, Secretary of the Commission, CER
Tim Morton, Resource Management Officer, CIRNAC