



# Sahtu Land and Water Board

## Staff Report

<b>Division:</b> Land Program/ Waters Program	<b>Report No. 1</b>
<b>Date Prepared:</b> June 10, 2020	<b>File No.</b> S19A-004/S19L1-003
<b>Meeting Date:</b> June 18, 2020	
<b>Subject:</b> Land Use Permit Application – Additional time required for review – Staff recommendation for invoking paragraph 22 (2) (b)	
<b>Project:</b> MGM’s Closure and Reclamation Consolidation Project in Colville Lake Area, NT	

### 1. Purpose/Report Summary

The purpose of this report is to request that the Sahtu Land and Water Board (SLWB or the Board) consider that further studies or investigations be made for Type A Land Use Permit (LUP or Permit) Application S19A-004 as per paragraph 22(2)(b) of the *Mackenzie Valley Land Use Regulations* (MVLUR). This will allow for additional time to prepare draft permit conditions and draft licence conditions for the associated Type B Water Licence (WL or Licence) S19L1-003 application. These applications were submitted by MGM Energy (MGM) for the consolidation of four sets of LUP and WL for Oil and Gas exploration activities in Colville Lake Area, NT; the new LUP/WL is sought so that MGM energy can proceed with the final closure and reclamation of the well-sites.

### 2. Background

#### 2.1 Process Requirements

**Applications Received:** Nov 5, 2019

**Applications Deemed Incomplete:** Nov 14, 2019

**Additional Information Extension Request from MGM:** Feb 11, 2020

**Additional Information Extension Request from MGM:** Mar 24, 2020

**Additional Information Response from MGM:** April 24, 2020

**Applications Deemed Incomplete:** May 7, 2020

**Applications Deemed Complete:** June 2, 2020

**Applications Distributed for Review:** June 3, 2020 (review materials did not include draft permit or licence conditions)

**Number of Review Agencies (Kasho Gotine Dist. Distribution list, SLWB):** 38

**Review Period End Date:** July 2, 2020

**Proponent Response End Date:** July 16, 2020

**Proposed distribution of Draft Permit and Licence Conditions:** July 21, 2020

**Review Period End Date:** August 5, 2020

**Proponent Response End Date:** August 12, 2020

Proposed Board Meeting: August 26, 2020

## **Conflicts**

**End of 42-day timeline for LUP Application:** July 14, 2020

**Staff recommendation to invoke paragraph 22(2)(b) of the MVLUR presented to the Board for decision:** June 18, 2020

### **3. Discussion**

On June 2, 2020 MGM Energy Applications for a Type A Permit S19A-004 and a Type B Licence S19L1-003 for final closure and reclamation of nine Oil and Gas exploration well sites in the Colville Lake area, NT were deemed complete. The purpose of these Applications is to obtain valid authorizations consolidating the activities under several expired licences and permits to proceed with well abandonment and site reclamation (final closure and reclamation) of oil exploration well sites.

The expired licences and permits to be consolidated are:

- a) **S01A-007** (Permit) and **S01L1-003** (Licence);
- b) **S03A-007** (Permit) and **S03L1-015** (Licence);
- c) **S03A-008** (Permit) and **S03L1-016** (Licence) and
- d) **S04A-010** (Permit) and **S04L1-011** (Licence).

All of these authorizations were for Oil and Gas exploration drilling projects that are currently at the monitoring/reclamation stage and operating under a 2012 Sahtu Reclamation Plan.

These permits and licences were originally held by Apache Canada Ltd. and were Assigned to MGM Energy on September 26, 2018. The Permit and Licence are being sought so that MGM can comply with the Office of the Regulator of Oil and Gas Operations (“OROGO”) Oil and Gas Operations Act (OGOA) and Oil and Gas Drilling and Production Regulations (OGDPR). MGM envisions the winter road/lease construction and abandonment operations to occur no later than the winter 2022-2023 season.

The scope of activities includes use of water to construct winter roads and ice pads at the well sites, well abandonment operations, reclamation, remediation, camps, helicopter access and monitoring. MGM has requested the permit and licence to be valid for five years. The activities for final closure and reclamation and camp-sites trigger a Type A Permit as per MVLUR sections 4 a (ii, iii and iv) and 4b (ii, iii and iv), and a Type B Licence for use of water for road and lease construction, watercourse crossings, well abandonment and camp activities per Schedule D of the Water Regulations for Industrial Undertakings.

The Applicant (MGM Energy) has requested an exemption from preliminary screening in accordance with the Exemption List Regulations because all activities under the new permit and licence applications were previously screened when the original permits/licences were acquired, and the Project has not been modified.

The Applications were distributed for review on the Online Review System on June 3, 2020 with a deadline for reviewer comments on July 2, 2020 (a longer 4 -week period was required as a long list of documents are included in the review). The end of the 42-day time period for approval of the Type A Permit ends on July 14, 2020. However, draft Permit and Licence conditions were not included in the

initial distribution as Board staff are seeking input from reviewers on the development of conditions. Currently there are no examples in the Sahtu of this type of Project consolidation for well abandonment and site reclamation related to oil and gas exploratory drilling Projects. Once the first review period closes on July 16, 2020, Board staff will distribute draft Permit and draft Licence conditions for a second (shorter) review period., Board staff and Sahtu reviewers will therefore require an extended time period (longer than 42 days of receiving the complete application) to process this Permit application. Board staff requests the Board to invoke section 22(2)(b) of the MVLUR that allows for further studies or investigations (development of draft conditions) and to align the timelines for MGM's Colville Lake Area Closure and Reclamation Consolidation Project Land Use Permit (S19A-004) and Water Licence (S19L1-003) applications.

Section 22(2) and paragraph 22(2)(b) of the MVLUR read as follows:

*(2) Subject to sections 23.1 and 24, if the Board does not return an application under paragraph (1)(a), it shall, within 42 days after receipt of the complete application,*

*(b) conduct a hearing under section 24 of the Act or **require that further studies or investigations be made** respecting the lands proposed to be used in the land use operation and notify the applicant in writing of the reasons for the hearing, studies or investigations.*

#### 4. Conclusion

In order to accommodate the additional time required for a complete review of the Permit and Licence Applications, especially in the development and distribution of draft Permit and Licence conditions for a second round of review and comment that would exceed the 42-day time limit for processing a Type A Permit, the Board may wish invoke paragraph 22(2)(b) of the MVLUR, to allow this further study and investigation to be conducted for the Applications to ensure all reviewers have adequate opportunity to provide recommendations for conditions and to allow reviewers to comment on draft conditions proposed by Board staff. The Board will make its decision on the basis of all the evidence and arguments filed by all parties.

#### 5. Recommendation

Board staff recommend that the Board invoke paragraph 22(2)(b) of the MVLUR to allow for additional review time to develop draft conditions for the Type A Permit S19A-004 and the associated Type B Licence S19L1-003 regulatory process.

#### 6. Attachments

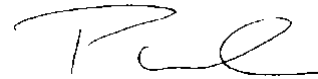
- i) [LUP Application](#) (hyperlink only)
- ii) [Online Review Page for S19A-004 and S19L1-003](#) (hyperlink only);
- iii) Draft Reasons for Decision; and
- iv) Draft Decision Letter from the Board.

Respectfully submitted,



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Regulatory Specialist

Executive Director Comments:



Paul Dixon  
Executive Director