

John Hawkins
Director, Asset Management
Paramount Resources Ltd.
SUITE 2800, 421 – 7 AVE SW
CALGARY AT T2P 4K9

Steve Sterling
Manager, ARO, Environment & Regulatory
Obsidian Energy Ltd.
SUITE 200 PENN WEST PLAZA
207 – 9 AVE SW
CALGARY AB T2P 1K3

James Ireland
Manager, Abandonments Engineering
Canadian Natural Resources Limited
SUITE 2100, 855 – 2 ST SW
CALGARY AB T2P 4J8

Angie Stastook
Specialist Asset Liability & ESG
Prairie Providence Resources Canada Ltd.
1100, 640 – 5 AVE SW
CALGARY AB T2P 3G4

December 14, 2022

Dear John Hawkins, Steve Sterling, James Ireland, and Angie Stastook:

Decision: Extension of Abandonment Deadline for Wells in the Fort Liard Area

The Office of the Regulatory of Oil and Gas Operations (OROGO) recently received requests from Paramount Resources Ltd. (Paramount), Canadian Natural Resources Limited (CNRL), Obsidian Energy Ltd. (Obsidian), and Prairie Provident Resources Canada Ltd. (PPR) (the operators) to delay abandonment of the wells listed below in Table 1 to summer 2023.

Table 1: Well Subject to Delayed Abandonment Requests

Operator	Wells
Paramount	Liard F-25A (WID1621), Liard 2M-25 (WID 2008), Liard K-29A (WID2030), Liard 2K-29 (WID1980), Liard 3K-29 (WID1999), Liard M-25 (WID1867), and Mackay Lakes O-80 (WID1866)
CNRL	Liard P-16 (1976)
PPR	S. Pointed Mountain L-68 (WID1207)
Obsidian	North Liard C-31A (WID1907)

The abandonment deadline for these wells is currently March 31, 2023.

.../2

Any other oil and gas infrastructure associated with these wells must be abandoned-in-place (subsurface infrastructure) or removed (surface facilities or infrastructure) within 12 months of completing the well abandonments, to the satisfaction of the Regulator.

The operators make the following arguments in favour of deferring the well abandonments to summer 2023:

1. Local resources to support the operations are in limited supply.
2. Specialized equipment required to conduct the operations is in limited supply.
3. Summer operations occur in warmer temperatures and longer daylight hours, which reduces the safety risks associated with the operations.
4. Deferring the abandonments for all operators in the area allows them to continue to work together, resulting in operational efficiencies, increased safety of operations, and a smaller environmental footprint.

I have considered the operators' arguments in relation to section 2 of the *Oil and Gas Operations Act*, which establishes the purpose of the Act and, therefore, of the Regulator. The Regulator's mandate is primarily to promote human safety and protect the environment. The Regulator does not have an economic mandate related to the oil and gas industry.

Human Safety

I agree that the summer's warmer temperatures and longer daylight operation hours will improve the safety of these operations in comparison with winter operations. The risk to individual workers will be reduced, as will the risk of equipment breakdown or malfunction because of cold weather.

I also agree that there may be some limited reduction in safety risk associated with improved access to local resources and specialized equipment and to the operators working together to complete these abandonments.

Environmental Protection

I agree that having operators work together to complete the abandonments would reduce the environmental footprint of the activity in comparison with having some winter and some summer operations in the same area.

However, summer operations may entail different, but not necessarily fewer, environmental risks from the operations.

Other Arguments

The other arguments presented by the operators relate to:

- Economic development opportunities for local communities, which would be improved by spreading out the work across two seasons to allow greater use of limited local support resources.
- Economies of scale for the operators associated with working together to complete the abandonments.

While these are valid objectives, they do not fall under the Regulator's mandate and, therefore, do not have a bearing on this decision.

Decision

Based on my consideration of the arguments made by Paramount, CNRL, Obsidian, and PPR, I find that the operators have made a reasonable case for delaying the abandonment of the wells listed in Table 1 to summer 2023.

Therefore, I extend the deadline for the abandonment of the wells listed in Table 1 to September 15, 2023.

Any other oil and gas infrastructure associated with these wells must be abandoned-in-place (subsurface infrastructure) or removed (surface facilities or infrastructure) within 12 months of completing the well abandonments, to the satisfaction of the Regulator.

Direction

I direct Paramount, CNRL, Obsidian, and PPR to review the Operations Authorizations and Well Approvals in place for the abandonment of the wells listed in Table 1 and identify any changes required to their safety plans, environmental protection plans, contingency plans, and wellbore abandonment programs to reflect summer operations.

Updated documents and requests for variation to Well Approvals must be submitted to OROGO by April 3, 2023, at orogo@gov.nt.ca.

Sincerely,



Pauline de Jong
Regulator

c. Cliff Swadling, VP Operations, Obsidian