



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

P.O. Box 1320, Yellowknife, NT X1A 2L9

Tel: 867-767-9097 • Fax: 867-920-0798 • Web: www.orogo.gov.nt.ca

Courier Address: 4th floor, 5201 – 50th Avenue, Yellowknife, NT X1A 3S9

Ryan E. Rawlyk
President & Chief Executive Officer
Prairie Provident Resources Canada Ltd.
1100, 640 – 5 AVE SW
CALGARY AB T2P 3G4

March 18, 2024

Dear Ryan Rawlyk:

Decision: ACW-2021-PPR-L-68-WID1207 Variation 5 – Request for Variation

On February 5, 2024, the Office of the Regulator of Oil and Gas Operations (OROGO) received a request from Prairie Provident Resources Canada Ltd. (PPR) to extend ACW-2021-PPR-L-68-WID1207 variation 5 to September 15, 2026, to accommodate a delay in well abandonment operations at the South Pointed Mountain L-68 well (WID1207) until summer 2026.

OROGO also received PPR's response to Information Request (IR) No. 4 for ACW-2021-PPR-L-68-WID1207 on March 7, 2024.

This letter contains:

- Context for the decision.
- My consideration of PPR's arguments.
- My decision on PPR's request.

Context

The South Pointed Mountain L-68 well is identified as Non-Compliant Suspended in OROGO's records. Prior to end of rig operations in late August 2023, a cement squeeze was performed into all perforations in the well and 80 linear meters of cement was circulated on top of the cement retainer within the tubing. At that point, the wellhead was placed back on the well and the well had a surface casing vent flow (SCVF). An SCVF is considered an incident under the *Oil and Gas Drilling and Production Regulations* and a spill reportable to the NT/NU Spill Line.

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As the abandonment was not completed in summer 2023, on September 5, 2023, the abandonment deadline was extended to September 15, 2024. PPR committed to completing the abandonment in summer 2024 as follows:

- In a status report submitted to OROGO on August 28, 2023, PPR stated “PPR is planning to suspend operations and demobilize equipment immediately until the Summer of 2024”.
- In the Well Operations Report (dated October 4, 2023) for its summer 2023 operations, PPR ends its description of operations by stating “rig operations were completed at this point until 2024”.

The remaining steps in PPR’s approved abandonment program for the South Pointed Mountain L-68 well (dated August 12, 2023) include:

- Pulling the tubing from the well.
- Conducting a noise/temperature log and a cement bond log to determine if remedial cementing is required to repair the SCVF or for the isolation of oil and gas bearing zones and potable ground water.
- Abandoning the liner by setting a bridge plug with cement in the well.
- Completing any remedial cementing required and confirming the SCVF is repaired.
- Cutting and capping the well in accordance with OROGO’s requirements.

Consideration of PPR’s arguments

In its request of February 5, 2024, and response to IR No. 4 on March 7, 2024, PPR states:

1. It is waiting for the results of SCVF testing in spring 2024 to plan the remainder of the abandonment operations as “the results of this information may significantly change the approach to effectively mitigate the SCVF”.
2. It would like to coordinate its operations with other operators in the Fort Liard area and is “in the early stages of looking at all options for working with other operators” who are “still in the process of determining their plans for the 2024/2025 years”.
3. Delays in divesting some operating properties in Alberta “significantly delayed our ability to plan and execute” the abandonment as scheduled. In its response to IR No. 4, PPR indicated that these transactions have now been completed, but implied that PPR does not have the financial resources to complete the abandonment operations as scheduled.

SCVF testing and future operations

With respect to the impact of SCVF testing on PPR's operations, it is unlikely it will materially affect the remaining steps in the approved abandonment program, as all are required under the *Well Suspension and Abandonment Guidelines and Interpretation Notes* and must be completed regardless of the results of the testing.

Therefore, it is reasonable for PPR to continue with its approved program. If a variation to the program is required, it can be processed during a brief pause in operations. I find that PPR's intention to conduct SCVF testing in spring 2024 does not support its request to delay operations until summer 2026.

Working with other operators

With respect to the environmental, safety, and operational benefits of working with other operators in the area, PPR identifies three possible companies to work with:

1. Canadian Natural Resources Ltd. (CNRL) – CNRL is planning operations at the Liard P-16 well in summer 2024. This well does not share access with the South Pointed Mountain L-68 well, so there is no environmental or operational benefit to be obtained from a shared access road. However, there may be an operational benefit to sharing the cost of bringing the barge into service for the river crossing portion of the access. The CNRL operation may involve a service rig and sharing a rig has some potential to improve the operational efficiency of PPR's operation.
2. Paramount Resources Ltd. (Paramount) – Paramount is planning surface operations in the Liard West field in summer 2024. This field does not share access with the South Pointed Mountain L-68 well, so there is no environmental or operational benefit to be obtained from a shared access road. However, there may be an operational benefit to sharing the cost of bringing the barge into service for the river crossing portion of the access. The Paramount operation does not involve a service rig, so there is no opportunity to gain operational efficiencies by sharing a rig.
3. Enbridge – I presume PPR is referring to the Westcoast Energy Inc. application to the Canada Energy Regulator, the Mackenzie Valley Land and Water Board (MVLWB), and others to abandon the Pointed Mountain Pipeline. This project has not yet been approved and does not have a start date. It appears from *Attachment 3 – Project Map Package – Part 1 of 2*, posted on the MVLWB's Online Review System for this project, that access to the Pointed Mountain Pipeline could be partially shared with access to the South Pointed Mountain L-68 wellsite. However, as this road was already brought back into service by PPR in summer 2023, it would be most efficient to use it again as soon as possible, avoiding further environmental impacts and reducing the costs required for future repairs.

PPR has not yet obtained any commitments to working together from other operators in the project area. Of the three opportunities PPR has identified, none stands out at this time as offering significant environmental, safety, or operational benefits that would support PPR's request to delay operations until summer 2026.

Financial capacity

With respect to its financial capacity to carry out the abandonment as scheduled, PPR's response to IR No. 4 indicates that the transactions referred to in its February 5, 2024, request have been approved and closed. Therefore, the delay in completing these transactions is no longer an argument in favour of PPR's request to delay operations until summer 2026.

However, also in its response to IR No. 4, PPR indicates that it is "in the middle of a crucial stage of refinancing" and is finalizing a plan that will allow "a return to normal day-to-day operations". PPR states it cannot provide more information because the work is confidential and PPR is a publicly traded company. PPR referenced its Third Quarter 2023 Financial and Operating Results and stated it expects its audited financial statements for 2023 to be available at the end of March.

The Regulator's mandate is to administer the *Oil and Gas Operations Act (OGOA)*. The purpose of OGOA is primarily to promote safety, protection of the environment, and conservation of oil and gas resources (section 2, OGOA). While PPR's response to IR No. 4 implies that it does not have the financial resources to complete the abandonment in 2024, PPR has not provided evidence to support its assertion that this situation will change in the future or identified how proceeding with the abandonment in 2024 would affect safety, protection of the environment, or conservation of oil and gas resources under its current circumstances. I find that the information PPR has provided about its financial capacity does not support its request to delay operations until summer 2026.

Decision

Based on my consideration of PPR's arguments, I find that its request to delay the abandonment of the South Pointed Mountain L-68 well to summer 2026 is premature, as it is based on the results of SCVF testing that has not yet occurred and the benefits of joint operations that have not yet been agreed to. The extent to which PPR's current financial situation affects its ability to carry out the abandonment safely and while protecting the environment is not clear, nor has PPR provided evidence that this situation will change in the future.

Therefore, PPR's request is denied.

PPR is welcome to submit another request for extension to the abandonment deadline for the South Pointed Mountain L-68 well if additional information becomes available. I remind PPR that information submitted to the Regulator may be deemed confidential under section 22(2) of OGOA if it meets certain criteria. More information on the criteria and the process for requesting confidentiality can be found in section 3 of the [Public Access to Information Guidelines and Interpretation Notes](#).

Sincerely,



Pauline de Jong
Regulator

c. Angie Stastock, Specialist Asset Liability & ESG, PPR