

February 4, 2023

Office of the Regulator of Oil and Gas Operations

PO Box 1320
Yellowknife NT, X1A 2L9

By Email: orogo@gov.nt.ca

RE: In Field Variation to F-75 (2022-SOG-F-75-WID 1971)

ELM Inc, acting on behalf of Alvarez & Marsal Canada Inc in their capacity as the receiver for Strategic Oil and Gas Ltd is requesting a variation to the currently approved program based on current well conditions observed during the abandonment operation.

ELM is presently carrying out step 20 of the approved abandonment program, which is to run in a casing scraper after drilling out the shallow permanent bridge plug. While tripping into the well, water began flowing out of the surface casing vent. This water will flow out of the well when pumping on it, or when running in and displacing the water with tubing. This started only after drilling out the permanent bridge plug. There are two potential causes, either a casing failure with direct communication to the surface casing vent, or the wellhead seals have failed.

ELM proposes to determine the source of this flow by adding in a step to run in the well with a packer and pressure test the casing above and below the surface casing shoe. From there, work up or down with the packer until the failure point has been found.

ELM proposes to do this testing after running the cement bond log in steps 22 to 25 due to availability of the wireline truck, and the potential for log to indicate a problem spot. Once the leak source has been found, new plans can be made and finalized with OROGO.

Should you have any questions or require further information, please contact the undersigned at christopher@elminc.ca

Sincerely,

Christopher Gagnon, EIT

ELM Inc, acting as a consultant to Alvarez & Marsal Canada Inc