



Matthew Davie
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January 7, 2022

Office of the Regulator of Oil and Gas Operations
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT
X1A 2L9

Attention: Mike Martin
Chief Conservation Officer

Mr. Mike Martin:

Re: Mackenzie Gas Project – Annual Report

In the Imperial Oil Resources Ventures Limited Application for an Extension to the Sunset Clause for the Mackenzie Gas Project (OA-2015-001) the NWT Office of the Regulator of Oil and Gas Operations included the following planning condition in their approval:

The Proponents shall file an Annual Report with the Regulator by December 31st of each year beginning in December 2017. The report will describe any steps the Proponents have taken to advance activities or decisions that are preconditions to the Proponents' "Final Decision to Construct" the MGS, including but not limited to:

- *Re-staffing*
- *Engineering*
- *Field programs*
- *Initiating applications for site-specific permits from other regulators*
- *The timing of a "Final Decision to Construct" and whether construction of MGS can reasonably be expected to commence prior to 31 December 2022*

The current natural gas market in North America continues to be well supplied from low cost resources. Furthermore, the long-term supply-demand outlook for future energy remains uncertain due to the continued COVID-19 pandemic and energy transition. Our consistent view is that strengthened market fundamentals are required before resuming work on the Mackenzie Gas Project. Imperial continues to monitor and assess gas market fundamentals but as of year-end 2021, we are not planning for construction of the Mackenzie Gas Project to begin prior to December 31, 2022. Imperial will continue to monitor the situation throughout 2022 and revert to the NWT Office of the Regulator of Oil and Gas Operations should the current plan change.

Aligned with the passing of the December 31, 2021 deadline for submission of an extension request, Imperial will not pursue a further extension of the Extension to the Sunset Clause for the Mackenzie Gas Project (OA-2015-001), which is set to expire at year end 2022.

Sincerely,

Matthew K. Davie
Vice President – Reservoir Engineering, Geoscience, & Asset Development
Imperial Oil Resources Limited