

Tony Berthelet
President and CEO
Strategic Oil and Gas Ltd.
1100, 645 – 7TH AVENUE SW
CALGARY AB T2P 4G8

March 20, 2019

Dear Tony Berthelet:

**Letter of Decision: Application for an
Operations Authorization for the Cameron Hills Field (OA-2018-003-SOG)**

On November 21, 2018, the Office of the Regulator of Oil and Gas Operations (OROGO) received a complete application from Strategic Oil and Gas Ltd. (Strategic) for an Operations Authorization for well and infrastructure maintenance and abandonment / decommissioning activities leading to the closure of the Cameron Hills field.

Strategic also filed additional information with OROGO in response to the following Information Requests:

- Information Request No. 1 – received from Strategic on December 4, 2018
- Information Request No. 2 – received from Strategic on January 11, 2019
- Information Request No. 3 – received from Strategic on January 2, 2019
- Information Request No. 4 – received from Strategic on February 7, 2019
- Information Request No. 5 – received from Strategic on February 27, 2019

The Regulator, designated under section 121 of the *Oil and Gas Operations Act* (OGOA), may issue an Operations Authorization under section 10(1)(b) of that act. The Regulator has delegated the power to issue authorizations under section 10(1)(b) of OGOA to the Chief Conservation Officer, in accordance with section 8 of that act.

The Regulator, or its delegate, must fulfill its obligations as a regulatory authority under the *Mackenzie Valley Resource Management Act* (MVRMA). It must also determine the adequacy of Aboriginal consultation, where a decision has the potential to adversely impact an asserted or existing Aboriginal right.

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I make the following findings with respect to Strategic's application for an Operations Authorization:

1. Strategic's application and supplemental information submissions satisfy the application requirements of OGOA and the *Oil and Gas Drilling and Production Regulations* in relation to the proposed activities. I am persuaded that Strategic intends to conduct the proposed activities in a manner consistent with the purposes set out in OGOA.
2. Preliminary Screening – The Cameron Hills field was subject to several environmental assessments by the Mackenzie Valley Environmental Impact Review Board (EA00-004, EA01-005 and EA03-005). It is therefore exempt from preliminary screening in accordance with Schedule 1, section 2.1 of the *Exemption List Regulations* established under the *Mackenzie Valley Resource Management Act* (MVRMA).

OROGO will advise the MVEIRB of this determination.

3. Land Use Plan Conformity – The proposed activities take place near the Alberta border in the South Slave region of the NWT. They do not fall within the boundaries of a Land Use Plan approved under the MVRMA. Therefore, there is no requirement to assess land use plan conformity under the MVRMA.
4. Indigenous and community consultation – Strategic has conducted consultation and engagement activities with the relevant organizations representative of Aboriginal rights holders. The MVEIRB and MVLWB also undertook public processes for the environmental assessments of the Cameron Hills field and the issuance of the Land Use Permit and Water Licence associated with the field. Taking into account the nature and scale of the activity and the concerns raised, consultation undertaken by Strategic on the activities proposed under OA-2018-003-SOG is adequate.
5. Proof of Financial Responsibility – Strategic has provided satisfactory proof of financial responsibility in accordance with sections 13 and 64(1) of OGOA. This proof of financial responsibility must remain in force for the duration of the activity.

6. Safety – I have consulted with the Chief Safety Officer, in accordance with section 12 of OGOA, and am satisfied with the safety of the proposed activities.

Strategic's application is approved, subject to the terms contained in the attached Operations Authorization.

Strategic must post a copy of the attached Operations Authorization in a clearly visible location at the work site.

Sincerely,

A handwritten signature in blue ink, appearing to be 'P. de Jong', written in a cursive style.

Pauline de Jong
Chief Conservation Officer

Encl. Operations Authorization OA-2018-003-SOG

c. Alyssa Bruce, Manager, Land, Strategic Oil and Gas Ltd.

OPERATIONS AUTHORIZATION

Subject to the terms listed below, authorization is granted under Section 10 of the *Oil and Gas Operations Act* and Part 2 of the *Oil and Gas Drilling and Production Regulations* to

Company Name	Company Operating Licence #
Strategic Oil and Gas Ltd.	NWT-OL-2014-007
Responsible Officer and Title	
Tony Berthelet, President and CEO	


to proceed with the works and activities described in its November 21, 2018 application for

Scope of Work	Settlement Area or Region
Well and infrastructure maintenance and abandonment / decommissioning leading to the closure of the Cameron Hills field.	South Slave

This authorization may be varied by the Regulator or its delegate under Section 10 of the *Oil and Gas Operations Act*.

This authorization expires on April 1, 2025.

Dated at Yellowknife, Northwest Territories on March 20, 2019.

Name of Regulator / Delegate	
Ms. Pauline de Jong	
Title	
Chief Conservation Officer	

ADDITIONAL TERMS

1. Strategic Oil and Gas Ltd. shall cause the approved work and activities to be conducted in accordance with the requirements of the *Oil and Gas Operations Act* and the *Oil and Gas Drilling and Production Regulations*, as well as any other acts or legislation as may apply.
2. Strategic Oil and Gas Ltd. shall cause the approved work and activities to be conducted in accordance with any guidelines and/or interpretation notes issued by the Regulator under section 18 of the *Oil and Gas Operations Act*.
3. Strategic Oil and Gas Ltd. shall cause the approved work and activities to be conducted in accordance with the specifications, standards and other information referred to in its application and subsequent submissions.
4. Strategic Oil and Gas Ltd. shall request approval from the Chief Conservation Officer prior to undertaking any change to or deviation from the authorized work or activities, including but not limited to key personnel, the safety plan, the environmental protection plan and contingency plans.
5. Strategic Oil and Gas Ltd. shall notify OROGO immediately of any changes to its financial situation and shall submit to OROGO audited financial statements within ten (10) business days of their public release.
6. Strategic Oil and Gas Ltd. shall submit to OROGO confirmation that its insurance policy remains in place annually upon its renewal.
7. Strategic Oil and Gas Ltd. shall notify OROGO at least ten (10) days prior of commencement of field inspection, maintenance and/or monitoring activities.
8. Strategic Oil and Gas Ltd. shall submit to OROGO an updated operator contact list for this program prior to any work or activity.
9. Strategic Oil and Gas Ltd. shall provide notification to OROGO at least five (5) days prior to cessation of winter field maintenance operations.

10. Strategic Oil and Gas Ltd. shall submit an amended Emergency Response Plan by April 30, 2019 which provides updates for the following:
 - a. Northwest Territories Petroleum Industry Release Reporting Requirements table (pg. 78), identifying the correct email contact as OROGO@gov.nt.ca for submission of written investigation reports;
 - b. Lead Agencies & Priority Contacts (pg. 247), correctly identifying all lead agencies and their contact numbers (e.g. Department of Infrastructure); and
 - c. Field Map (pg. 248) and Well Table (pg. 249), reflecting the current state of suspended wells and associated facilities.

11. Strategic Oil and Gas Ltd. shall provide all staff and contractors for this program with its Emergency Response Plan and the OROGO 24-hour Incident Reporting phone number (867-445-8551) prior to commencing any work or activity.