



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

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

Bill Peterson
Senior VP, Development Operations
Canadian Natural Resources Ltd.
Suite 2100, 8500 – 2 ST SW
CALGARY AB T2P 4J8

June 04, 2019

Dear Bill Peterson:

**Information Request No. 5:
Canadian Natural Resources Ltd. Application
for an Operations Authorization for Well Abandonments (OA-2018-005)**

On November 26, 2018, the Office of the Regulator of Oil and Gas Operations (OROGO) received a complete application from Canadian Natural Resources Ltd. (CNRL) for an Operations Authorization (OA). The OA covers the proposed abandonment of thirteen wells operated by CNRL in the Fort Liard area.

On November 29, 2018, the then Chief Conservation Officer, James Fulford, issued Information Request (IR) 2, requesting additional information from CNRL with respect to Proof of Financial Responsibility (PFR).

OROGO has reviewed the additional information on PFR provided by CNRL on December 12, 2018, and requires additional information in order to complete its review of CNRL's OA application, as set out in the attached Information Request No. 5.

Please send your written responses and any associated correspondence to me by email at oro.go@gov.nt.ca or through OROGO's secure file transfer site.

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Bureau de l'organisme de réglementation des opérations pétrolières et gazières

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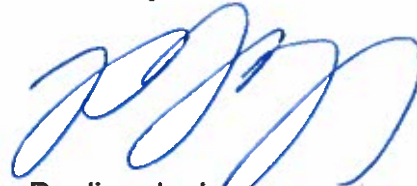
Adresse de messagerie : 4^e étage, 5201 – 50^e Avenue, Yellowknife TNO X1A 3S9



BUREAU DE L'ORGANISME DE RÉGLEMENTATION DES OPÉRATIONS PÉTROLIÈRES ET GAZIÈRES DES TN-O

Please submit your response on or before 4:00 p.m. on July 15, 2019. If you are unable to respond within this timeframe or have any questions, please contact me at (867)767-9097 or by email at pauline_dejong@gov.nt.ca.

Sincerely,



Pauline de Jong
Chief Conservation Officer

Attachment

- c. Arly Castillo, Regulatory Coordinator, Canadian Natural Resources Ltd.

Canadian Natural Resources Ltd. (CNRL)
Application for an Operations Authorization (OA-2018-005)
Information Request No. 5

5.1 Proposed Amount of Proof of Financial Responsibility

Preamble: Section 64(1) of the *Oil and Gas Operations Act (OGOA)* requires that an applicant for an OA provide proof of financial responsibility (PFR) in a form and amount satisfactory to the Regulator.

Section 64(3) of OGOA requires that the Regulator have funds available to be paid out in the event of a claim for actual loss or damage, or costs and expenses, attributable to an authorized activity.

Section 61(1) of OGOA defines loss or damages as including “the loss of income, including future income, and, with respect to any Aboriginal peoples of Canada, includes loss of hunting, fishing and gathering opportunities”.

In its December 12, 2018 response to IR2, CNRL asserts that the two most likely events that could result in a loss or damage are a spill or gas release during operations. Based a database of statistics collected since 2014 for CNRL’s operations, it then assesses the likelihood of a spill, on a per well basis, as 0.302% and the likelihood of a gas release, as 0.018%. Further, CNRL indicates that the largest cost it has incurred to date related to similar events was \$4,000.

In its OA application, CNRL is proposing a multi-year, 13 well abandonment program in a geographically extensive and largely undeveloped area on the west and east sides of the Liard River where ground access is seasonal. These operations will occur in a challenging environment in which CNRL has not conducted well operations during the time it has collected data for its historical database. Costs and expenses associated with incident response in this area cannot be analogized to average costs derived from data in southern jurisdictions.

Furthermore, the area of the proposed operations is also subject to Treaty 11, and is in the asserted traditional use area of the Acho Dene Koe First Nation and Dehcho First Nations. CNRL’s response to IR2 does not take into account the possible costs associated with impacts on Aboriginal hunting, fishing and gathering opportunities from a spill or debris.

Request: Please provide:

- a) An assessment of potential clean-up costs that takes into account remote northern operating conditions and assesses probability based all 13 wells under the OA; and
- b) An assessment that quantifies the potential lost traditional harvesting opportunities for Aboriginal rights holders in the area

that takes into account the extended time frame and regionally extensive nature of the operations proposed by CNRL.

5.2 Most Recent Financial Statements

Preamble: Up to date financial statements are required to support CNRL's assertions with respect to the company's financial viability.

Request: Please provide a copy of CNRL's audited financial statements for the most recent fiscal year end.