
From: Scott Reed <Scott.Reed@cnrl.com>
Sent: October 22, 2019 3:25 PM
To: Peter Lennie-Misgeld
Subject: RE: Letter of Decision - Proof of Financial Responsibility (OA-2018-005-CNRL) - additional information
Attachments: GNWT v1-ILOC_TEMPLATE_-_2014.doc; Wire Payment Instructions.pdf

Hi Peter,
Thanks for this it is helpful and we will get started right away. Could you please confirm if the attached documents are required by the NWT or can we use our banks LC just want to make sure we get this right the first time.
Thanks,
Scott

From: Peter Lennie-Misgeld [mailto:Peter_Lennie-Misgeld@gov.nt.ca]
Sent: Tuesday, October 22, 2019 2:30 PM
To: Scott Reed
Subject: RE: Letter of Decision - Proof of Financial Responsibility (OA-2018-005-CNRL) - additional information

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Hi Scott,

Here is some information on the Proof of Financial Responsibility (PFR) requirements. The relevant legislation for PFR is contained in the *Oil and Gas Operations Act (OGOA)* and sections 61-65 deal specifically with potential liabilities associated with spills and debris. Particular clauses that may be helpful include 63. (1) and 64. (1). Here are some basic facts about PFR:

- The Regulator cannot approve a work or activity unless the operator provides Proof of Financial Responsibility (PFR) in a form and amount satisfactory to the Regulator.
- The Regulator can use PFR to pay compensation to someone who experienced loss or damage from the spill or debris or paid to help clean up the spills or debris.
- The operator is responsible for all loss or damage or clean-up costs that result from spills or debris that are the operator's fault, even if the costs are greater than the PFR.
- PFR is separate from amounts collected by land and water boards to address the costs of reclamation at oil and gas sites.

Another relevant piece of regulation, are the Oil and Gas Spills and Debris Liability Regulations:
<https://www.justice.gov.nt.ca/en/files/legislation/oil-and-gas-operations/oil-and-gas-operations.r7.pdf>
[justice.gov.nt.ca].

Note that under these regulations, there is a maximum amount of \$10 million for oil and gas activities located more than 200 meters from a body of water.

OROGO has also developed a discussion paper on spills and debris which may be helpful to better understand the legislative framework: https://www.orogo.gov.nt.ca/sites/orogo/files/resources/discussion_paper.pdf
[orogo.gov.nt.ca].

Specific info on what should be included in the Irrevocable Letter of Credit consists of:

The ILOC should:

- Show as beneficiary “Government of the Northwest Territories, 4th floor, 5201-50th Avenue, PO Box 1320, Yellowknife, Northwest Territories, X1A 2L9, Canada”;
- Be to the attention of “Executive Director, Office of the Regulator of Oil and Gas Operations”;
- Allow for automatic renewal with at least 90 days’ notice to the Regulator if the ILOC is to be cancelled, not renewed or expire; and
- Allow for multiple partial drawings.

Hope this is helpful and please contact me if you have any questions.

Mr. Janpeter Lennie-Misgeld

Senior Advisor, Legislation and Policy | Conseiller principal, Législation et politiques
Office of the Regulator of Oil and Gas Operations | Bureau de l’organisme de réglementation des opérations pétrolières et gazières
Government of the Northwest Territories | Gouvernement des Territoires du Nord-Ouest
PO Box 1320
Yellowknife NT X1A 2L9
Tel | Tél: 867-767-9097
Fax | Téléc: 867-920-0798
Web | Site web : www.orogo.gov.nt.ca [orogo.gov.nt.ca]
NWT-NU Spill Line: 867-920-8130
OROGO Incident Reporting Line | Pour signaler un incident: 867-445-8551

Mársı | Kinanāskomitin | Thank you | Merci | Hąj’ | Quana | Qujannamiik | Quyanainni | Máhsı | Máhsı | Mahsi

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From: Scott Reed [<mailto:Scott.Reed@cnrl.com>]
Sent: October 21, 2019 1:20 PM
To: Peter Lennie-Misgeld

Cc: Arly Castillo; Ryan N Munro

Subject: Letter of Decision - Proof of Financial Responsibility (OA-2018-005-CNRL)

Hi Peter,

As per our discussion on the phone this morning I am sending you this e-mail asking for an extension to submit the above noted letter of credit. Sorry for the delay but there is a fairly lengthy process that I have to go through to get all the pieces in place. You have my commitment that I am working on them and will have the letter of credit to you by November 15th. Also since this letter of credit is so large it will be going through our management committee and it would be helpful to have a copy or at least some information on where I can find the legislation requiring us to provide for the event most likely to occur with the highest consequence. Also is there information on what exactly the LC should contain and look like as well a contact that we get in touch with directly regarding any questions (I assume it is you but not sure).

Thanks for your help,

Scott Reed

403 386-5784