



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

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

January 17, 2020

Dear Bill Peterson:

**Decision: Request for Variation to Term #9 of
Operations Authorization OA-2018-005-CNRL and Continued Non-Compliance**

On January 15, 2020, the Office of the Regulator of Oil and Gas Operations (OROGO) received a request from Canadian Natural Resources Ltd. (CNRL) to extend the deadline contained in Term #9 of its OA for the abandonment of twelve wells in the Fort Liard region of the Northwest Territories (OA-2018-005-CNRL). Term #9 requires CNRL to submit complete applications to Alter the Condition of a Well (ACW applications) for nine wells that are non-compliant with the *Well Suspension and Abandonment Guidelines and Interpretation Notes* (Guidelines) by noon on January 9, 2020. CNRL has requested an extension to March 31, 2020 for submission of these applications, which would require varying the terms of the OA under section 10 of the *Oil and Gas Operations Act* (OGOA).

CNRL was first notified of the requirement to bring these nine wells into compliance with the Guidelines by August 31, 2019 on August 31, 2017.

On November 26, 2018, CNRL's application for OA-2018-005-CNRL was deemed complete. The application requested an extension to the abandonment deadline for the nine non-compliant wells to the end of the winter 2023 work season. CNRL's December 13, 2018 response to Information Request No. 1 indicated that CNRL did not intend to prioritize the abandonment of the nine non-compliant wells or complete these abandonments within the August 31, 2019 deadline.

On December 17, 2018, Mr. James Fulford, then Chief Conservation Officer, issued a decision denying CNRL's request for an extension to the deadline for the abandonment of the nine non-compliant wells. Mr. Fulford found that CNRL did not provide reasonable or adequate justification for granting an exception to the deadline for the abandonment of these wells as set out in the Guidelines.

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

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On June 3, 2019, OROGO issued Information Request No. 4, requesting a detailed schedule for the completion of the well abandonments proposed in CNRL's OA application. On June 25, 2019, CNRL responded with a schedule proposing that all twelve well abandonments, including the abandonments of the nine non-compliant wells, would be completed during the winter 2023 work season. Once again, CNRL did not propose prioritizing the non-compliant wells for abandonment or respect the January 31, 2023 date contained in section 1 of the Guidelines for the abandonment of compliant wells suspended before the Guidelines came into effect.

On August 21, 2019, I reaffirmed the decision issued by Mr. Fulford on December 17, 2018, requiring CNRL to submit ACW applications for the abandonment of the nine non-compliant wells by October 31, 2019, with the abandonments to be completed by April 1, 2021.

On October 30, 2019, CNRL submitted ACW applications for the 9 non-compliant wells.

On November 1, 2019, I responded to CNRL stating that the ACW applications for the 9 non-compliant wells were incomplete as the required information prescribed by the *Oil and Gas Operations Act (OGOA)*, section 12(a) of the *Oil and Gas Drilling and Production Regulations (OGDPR)* and the Guidelines was not provided.

On November 26, 2019 I issued OA-2018-005-CNRL to CNRL with term #9 requiring complete ACW applications for the nine non-compliant wells to be submitted no later than January 9, 2019.

On January 10, 2020, I sent a letter of direction to CNRL indicating that CNRL is non-compliant with Term #9 of its OA as the required ACW applications had not been received. The letter directed CNRL to submit the required applications no later than noon on January 17, 2020. CNRL's response was its letter of January 15, 2020, requesting an extension to March 31, 2020.

OROGO would like to remind CNRL that the nine wells subject to Term #9 of OA-2018-005-CNRL are in a potentially unsafe state and are non-compliant with the requirements set out in the Guidelines. The wells in question are:

Arrowhead River J-74 (WID 1987)	Arrowhead River I-75 (WID 1981)
Emile Lake A-77 (WID 1964)	Liard P-16 (WID 1976)
SW Arrowhead M-35 (WID 1989)	Arrowhead River K-35 (WID 1991)
Netla K-77 (WID 1862)	Netla C-07 (WID 0191)
	Arrowhead River O-38 (WID 1983)


I hereby direct CNRL to submit complete ACW applications for the nine non-compliant wells listed in Term #9 of its OA no later than noon (MT) on February 28, 2020. Until the nine complete ACW applications are received, CNRL continues to be non-compliant with respect to Term #9 of its OA. Should CNRL fail to bring itself back into compliance with its OA by the above deadline, OROGO may take further enforcement action, up to and including an Order of the Regulator under section 20 of OGOA and/or legal action as allowed under section 114 of OGOA, with respect to CNRL's non-compliance with term #9 of OA-2018-005-CNRL.

Sincerely,



Pauline de Jong
Chief Conservation Officer

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

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