



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations
P.O. Box 1320, Yellowknife, NT X1A 2L9
Tel: 867-767-9097 • Fax: 867-920-0798 • Web: www.oro.go.gov.nt.ca
Courier Address: 4th floor, 5201 – 50th Avenue, Yellowknife, NT X1A 3S9

Derek Warren
Manager, Stakeholder Relations and Environment
Obsidian Energy Ltd.
Suite 200, Penn West Plaza
207 – 9 AVE SW
CALGARY AB T2P 1K3

November 26, 2019

Dear Derek Warren:

**Information Request No.3: Obsidian Energy Ltd.
Additional Technical Information (OA-2019-001-OBS)**

On September 18, 2019, the Office of the Regulator of Oil and Gas Operations (OROGO) received a complete application from Obsidian Energy Ltd. (Obsidian) for an Operations Authorization (OA). The OA covers the proposed abandonment of two wells operated by Obsidian in the Fort Liard area of the Northwest Territories.

On October 1, 2019 OROGO issued Information Request No. 2 which requested additional technical information from Obsidian. OROGO has reviewed the additional information provided by Obsidian on October 31, 2019 and requires additional information in order to complete its review of Obsidian's OA application, as set out in the attached Information Request No.3.

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.

Please submit your response on or before 4:00 p.m. on January 10, 2019. If you are unable to respond within this timeframe or have any questions, please contact OROGO at (867)767-9097 or by email at oro.go@gov.nt.ca.

Sincerely,

Janpeter Lennie-Misgeld
Senior Advisor, Legislation and Policy

c. Craig Langford, Environmental Coordinator, Obsidian Energy Ltd.

Information Request No. 3

Obsidian Energy OA-2019-001-OBS

3.1 Safety Plan

PREAMBLE: On October 31, 2019, Obsidian submitted a Safety Plan with an updated concordance table. However, this information does not satisfy the requirements of Sections 8(c), (d) and (f) of the *Oil and Gas Drilling and Production Regulations* (OGDPR).

No project specific information was included that identifies and describes potential hazards, completed risk evaluations and safety appropriate measures to avoid, prevent, reduce and manage identified hazards.

Table 1 (page 3) of the Safety Plan – Fort Liard Area provides a description of the roles associated with the managing the project. However, an organizational chart was not provided which identifies the command structure and relationships for the project.

REQUEST: To ensure compliance with sections 8(c), (d) and (f) of the OGDPR, Obsidian is required to submit an updated Safety Plan that:

1. provides descriptions of potential hazards, completed risk evaluations and appropriate measures to avoid, prevent, reduce and manage identified hazards analysis and mitigation measures; and
2. includes an organization chart that identifies the command structure and relationships for the project.

3.2 Environmental Protection Plan

PREAMBLE: On October 31, 2019, Obsidian submitted only an updated concordance table for a previously submitted Environmental Protection Plan (EPP) and corporate SMART Program Manuals. The updated concordance table and SMART Manuals still do not provide sufficient NWT project specific detail to meet the requirements of section 9(a) and (f) of the OGDPR, related to the application of management systems and descriptions of the organizational structures that includes the relationships between positions and how they will be applied with regard to environmental protection.

The updated concordance table states that contacts and roles are outlined in applicable documents and summarized in the OROGO EPP. To date, OROGO has only received a copy of an Environment Protection Plan that was submitted for the purpose of obtaining a the Land Use Permit. OROGO cannot determine the organizational command structure, roles and their relationships and the how

the described management system will be applied to the project specific work to ensure environmental protection.

Additionally, the EPP concordance table references Phase I Environmental Site Assessment(s) that were not included in any submissions for this application.

REQUEST: To ensure compliance with sections 9(a) and (f) of the OGDPR, Obsidian must provide an updated EPP and concordance table which provides project specific details that clearly define the proposed organizational command structure, roles and relationships and how the described management system will be applied to the project specific work to ensure environmental protection. Obsidian is also required to provide a copy of the Phase I Environmental Site Assessment(s) referenced in the EPP concordance table.

3.3 Contingency Plan

PREAMBLE: On October 31, 2019 Obsidian submitted its NWT Emergency Response Plan. This plan:

- does not identify on-site response resources, mitigation measures for environmental impacts and coordination with external parties in the event of an on-site emergency, as required by section 6(j) of the OGDPR.
- provides inaccurate and incomplete contact information (e.g. phone numbers) for the relevant agencies and other stakeholders.
- does not reflect the requirement (from section 75 of the OGDPR) to report **all** incidents and near-misses to the Regulator as soon as the circumstances permit by calling 1-867-445-8551 (additional information regarding incident reporting can be found on OROGO's website: OROGO.gov.nt.ca)

REQUEST: Obsidian is required to submit a Site Specific Emergency response plan that identifies the correct contact information for responders and regulators in the Northwest Territories as well as detailed information on resources available for the planned operations and coordination of those resources in the event of an emergency, to fulfill the requirements of sections 6(j) and 75 of the OGDPR.

3.4 Well Abandonment

PREAMBLE: On October 31, 2019, Obsidian submitted well abandonment plans for Fort Liard K-32 (WID1860). Section 6 of the *Well Suspension and Abandonment Guidelines and Interpretation Notes* (Guidelines) requires that the well bore must be filled with non-saline water at abandonment. The proposed abandonment program for Fort Liard K-32 does not include procedures for ensuring that the wellbore will be filled with non-saline water on abandonment.

REQUEST: To ensure compliance with section 6 of the Guidelines, Obsidian is required to submit proposed procedural steps that clearly demonstrate that the well bore will be filled with non-saline water on abandonment.

3.5 Flaring and Venting

PREAMBLE: On October 31, 2019, Obsidian submitted well abandonment plans for the Fort Liard K-32 (WID1860) and North Liard C-31A (WID1907) wells. Obsidian indicated that no flaring is anticipated during well abandonment operations. However, the North Liard C-31A well has reported shut in pressures of over 13 kPa, indicating a potential requirement to bleed off the pressure by venting the well bore. Section 6(e) of the OGDPR requires that an application for an OA include "information on any proposed flaring or venting of gas, including the rationale and the estimate rate, quantity and period of the flaring or venting". Section 67(a) of the ODGPR states that no operator shall flare vent gas unless "it is otherwise permitted in the approval ... or in the authorization".

REQUEST: Obsidian is required explain how the well abandonment operations will be conducted without the need to vent the well and provide estimates of the rate, quantity and period of venting that may be required as per section 6(e) of the OGDPR.

3.6 Water Wells

PREAMBLE: Sections 5.2.2 and 5.7 of the Land Use Permit application provided by Obsidian identify the existence of 2 water wells at the C-31A well site. Obsidian also states that these wells could be used during abandonment operations as a water source and that once operations are completed, the water wells will be abandoned by packing the casing with bentonite to the entire depth of the each well.

On October 31, 2019, Obsidian stated that no information has been found regarding the water wells associated with C-31A but efforts continue to find the requested information.

OROGO requires information on the current status and depth of the two water wells in order to determine if the abandonment of these wells is subject to the *Oil and Gas Operations Act* and associated regulations.

REQUEST: Obsidian is requested to identify the administrative and/or in-field activities that will be conducted to provide the necessary water well information.