

Derek Warren
Manager, Stakeholder Relations and Environment
Obsidian Energy Ltd.
SUITE 200, PENN WEST PLAZA
207 – 9 AVE SW
CALGARY AB T2P 1K3

February 3, 2020

Dear Derek Warren:

**Direction: Failure to Respond to
Information Request No. 1 – Proof of Financial Responsibility (OA-2019-001-OBS)**

On January 10, 2020, I extended the deadline for responding to Information Request (IR) No. 1, relating to proof of financial responsibility, to January 31, 2020. Obsidian Energy Ltd. (Obsidian) did not provide the required information by the deadline.

IR No. 1 was issued to Obsidian on October 1, 2019. In the four months since IR No. 1 was issued, Obsidian has failed to respond to the IR despite numerous deadline extensions and specific direction from me, issued on November 19, 2019, to respond to the IR.

I am concerned that Obsidian's repeated failure to respond to IR No. 1 demonstrates an unwillingness to participate meaningfully in the application process necessary to obtain an Operations Authorization for the abandonment of the wells for which Obsidian is responsible in the jurisdiction of the Office of the Regulator of Oil and Gas Operations (OROGO). This is particularly significant since one of the two wells requiring abandonment, the North Liard C-31A well, is not in compliance with the suspension requirements set out in the *Well Suspension and Abandonment Guidelines and Interpretation Notes (Guidelines)*.

I remind Obsidian that section 64(1) of the *Oil and Gas Operations Act* requires an applicant for an Operations Authorization to provide proof of financial responsibility in a form and amount satisfactory to the Regulator. The maximum allowable amount of proof of financial responsibility is set in section 1 (c) and (d) the *Oil and Gas Spills and Debris Liability Regulations* at either \$25 million, for works and activities taking place within 200 meters or less of a "river, stream, lake or other body of inland water", or \$10 million, for works and activities taking place in other onshore areas.

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I hereby direct Obsidian to respond to IR No. 1 by 4:00 p.m. (MST) on Friday, February 7, 2020.

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

Sincerely,

Pauline de Jong
Chief Conservation Officer

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

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