



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

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Craig Dansereau
Field Regulatory Coordinator
Obsidian Energy Ltd.
Suite 200, Penn West Plaza
207 – 9 AVE SW
CALGARY AB T2P 1K3

February 21, 2020

Dear Craig Dansereau:

**Information Request No.4: 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 November 26, 2019 OROGO issued Information Request No. 3 which requested additional technical information from Obsidian. Obsidian submitted a response to Information Request No. 3 on January 31, 2020. OROGO has reviewed the information provided by Obsidian and requires additional information in order to complete its review of Obsidian's OA application, as set out in the attached Information Request No. 4.

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 March 6, 2020. 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. Steve Sterling, Obsidian Energy Ltd.

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

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BUREAU DE L'ORGANISME DE RÉGLEMENTATION DES OPÉRATIONS PÉTROLIÈRES ET GAZIÈRES DESTINO

Obsidian Energy
Application for an Operations Authorization (OA-2019-001-OBS)
Information Request No. 4

4.1 Safety Plan

PREAMBLE: On January 31, 2020, Obsidian Energy (Obsidian) submitted additional information to its Safety Plan that does not meet the requirements stipulated in Section 8(c) and (d) of the *Oil and Gas Drilling and Production Regulations (OGDPR)*. Specifically, Obsidian has not submitted descriptions of potential hazards, associated mitigation measures, completed risk evaluations, and measures to avoid, reduce and manage identified hazards. Obsidian instead provided a blank Project Hazard Assessment form that does not meet the requirements of the OGDPR.

In the cover letter to its January 31, 2020 response, Obsidian stated that the Project Hazard Assessment Form will be completed "when the next on-site inspection occurs or when the Application to Alter the Condition of a well is approved, and the full project scope is developed". The Regulator cannot approve any Application to Alter the Condition of a Well until an Operations Authorization is in place. The information requested in IR No. 3 with respect to Obsidian's Safety Plan is required in order to issue an Operations Authorization.

Additionally, Obsidian has not submitted the command structure that would identify the inter-relationships between positions responsible for day to day safety operations as required by Section 8(f) of the OGDPR. Obsidian has only provided a blank Incident Command System (ICS) hierarchy template that does not include any company or position specific information. The specific company information that was provided refers to the Environmental Protection Plan, not the Safety Plan, and provides little detail on how positions are organized to ensure that operations are conducted safely on a daily basis.

REQUEST: Obsidian is required to provide a detailed description of the potential hazards, completed risk evaluations and appropriate measures to avoid, reduce and manage identified hazards and the associated mitigation measures as required by Section 8(c) and (d) of the OGDPR.

Additionally, Obsidian is required to provide a detailed organizational chart that identifies key staff, their position and their role in executing daily safety management during operations. This information must include, but is not limited to:

- Name, position and contact information of key personnel; and
- Their responsibilities and how they fit into the command structure as it relates to daily safety management operations.

4.2 Environmental Protection Plan

PREAMBLE: On January 31, 2020, Obsidian identified that its command structure in the Emergency Response Plan and Safety Plan and associated concordance tables can be referenced from the Environmental Protection Plan. The Emergency Response Plan (May 2011) and the Safety Plan (June 25, 2019) do not contain a concordance table or command structure as required under section 9 of the OGDPR. Information Request No.3 required that Obsidian provide an updated Environmental Protection Plan and concordance table with references to the requirements of sections 9(a) and (f) of the OGDPR, but this information was not submitted.

REQUEST: Obsidian is required to provide a detailed Environmental Protection Plan that is in compliance with Section 9 of the OGDPR and which must include the following information:

- A summary of and references to the management system that demonstrate how it will be applied to the proposed work or activity and how the duties set out in the OGDPR with regard to Environmental Protection is fulfilled;
- A description of the organizational structure for the proposed activity which clearly explains the relationship between positions and the contact information and position of the persons accountable for the Environmental Protection Plan and the person responsible for implementing it; and
- Correct contact information for all relevant regulatory authorities in the Northwest Territories.

4.3 Contingency Plan

PREAMBLE: On January 31, 2020, Obsidian submitted a site specific Emergency Response Plan (EPP) which was not compliant with 6(j) of the OGDPR. Obsidian references the EPP and Spill Response Plan as containing information related to response resources and mitigation measures for environmental impacts. However, these documents do not include any specific information related to locally available resources and only contain a brief description of how contaminated soil will be collected and disposed of. Additionally, the information provided does not reflect the proper contact information for incident reporting to OROGO as defined in section 75 of the OGDPR.

REQUEST: Obsidian is required to provide a detailed Site Specific Emergency Response Plan and concordance table that contains the current contact information for all relevant regulatory authorities in the Northwest Territories as well as detailed information on local resources available (safety and environmental) to respond to potential emergencies as required under section 6(j) of the OGDPR.

4.4 Well Abandonment

PREAMBLE: On January 31, 2020, Obsidian provided its proposed well program for the K-32 well. The program does not provide sufficient information to demonstrate that the well bore fluid meets Section 6 of the *Well Suspension and Abandonment Guidelines and Interpretation Notes (Guidelines)*, which requires that the well bore must be filled with non-saline water at abandonment. Obsidian's well inspection, conducted on August 16, 2019, noted (on page 11) trace amounts of diesel escaping from the casing valve following removal of the bull plug, which could indicate that the well bore fluid is not in compliance with section 6 of the Guidelines. Obsidian states, in the proposed program (Step 3, Page 6), that it will conduct in-field sampling and analysis of the well bore fluid.

REQUEST: Obsidian Energy is required to provide the following information to meet section 6 of the Guidelines:

- A timeline for conducting detailed in-field sampling programs and analytical techniques to confirm that saline water, diesel or other chemicals are not present in the well bore; and
- A contingency plan to bring the wellbore into compliance with section 6 of the Guidelines should it be determined that there is saline water, diesel or other chemicals in the well bore.

4.5 Flaring and Venting

PREAMBLE: On February 4, 2020, Obsidian provided additional technical information on the proposed C-31A well abandonment program as requested under section 3.5 of IR No.3. OROGO has reviewed the additional technical information submitted by Obsidian and requires that detailed information be submitted on how operations will be conducted safely without venting or flaring. If it is anticipated that flaring or venting will be conducted, information on estimated rates, quantities and periods of venting is required under section 6(e) of the OGDPR.

REQUEST: Obsidian is required, under section 6(e) of the OGDPR, to provide detailed information on how its proposed well operations will be safely conducted without venting or flaring. If flaring or venting is to be conducted, Obsidian must provide information on estimated rates, quantities and periods of venting as required under section 6(e) of the OGDPR.

4.6 Water Wells

PREAMBLE: In its response to IR No.3, Obsidian committed to investigating and obtaining information regarding the water wells. A well is defined under OGOA as:

"well" means any opening in the ground, not being a seismic shot hole, that is made, to be made or is in the process of being made by drilling, boring or other method

- (a) for the production of oil or gas,
- (b) for the purpose of searching for or obtaining oil or gas,
- (c) for the purpose of obtaining water to inject into an underground formation,
- (d) for the purpose of injecting gas, air, water or other substance into an underground formation, or
- (e) for any purpose, if made through sedimentary rocks to a depth of at least 150 metres.

REQUEST: In order to determine if these water wells are subject to regulation under OGOA, Obsidian must provide definitive information that clarifies the following:

- Purpose of the water wells (e.g. water injection, water monitoring); and
- Depth of the wells.

In absence of this information, OROGO will consider these wells to be subject to regulation under OGOA and will require that a Well Approval Application be submitted to alter the condition of the water wells for the purpose of abandonment.



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TO		SHIPPER		DECLARED VALUE \$		IMPORTANT			
STREET ADDRESS (P.O. BOX NOT ACCEPTABLE)		X SIGNATURE		INTERLINE/CUSTOMER REFERENCE No.		OTHER			
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