



March 6, 2020  
*Sent via email only*

Office of the Regulator of Oil and Gas Operations  
Government of the Northwest Territories  
4th Floor Northwest Tower  
5201 – 50th Avenue  
Yellowknife NT X1A 3S9

**RE: Information Request No. 5: Application for Operations Authorization  
Proof of Financial Responsibility Obsidian Energy (OA-2019-001-OBS)**

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Dear Madam:

Obsidian Energy Ltd (Obsidian) is responding to the Information Request No. 5 (IR No. 5) letter dated February 21, 2020 from the Office of the Regulator of Oil and Gas Operations (OROGO) with

5.1 Proof of Financial Responsibility

**Preamble:**

In Information Request No. 1, Obsidian Energy Ltd., was asked to provide the following:

- (a) Obsidians' assessment of the most likely event to occur with the highest potential for "actual loss or damage" or costs and expenses as a result of Obsidian's proposed activities;
- (b) Based on request (a), an estimate for the cost to a third party of cleaning up a spill associated with abandonment of the 2 wells. The cost estimate should include costs for establishment of camp facilities, access roads and other infrastructure that would be required to complete clean-up operations, as well as the clean-up itself and disposal of any contaminated materials.

Obsidian noted in its response that the likelihood of spills occurring from wellbore decommissioning is negligible and that if a spill occurred, clean up would be initiated immediately by crews already on-site.

Section 64(3) of OGOA states that the Regulator may make payments out of funds held as proof of financial responsibility in the event of a claim for actual loss or damage, or costs and expenses incurred by a third party to clean up a spill or debris attributable to an authorized activity.

Request:

Please provide an estimate for the cost to a third party of cleaning up a spill as identified in Obsidian's response to Information Request No. 1. The cost estimate should include costs for establishment of camp facilities, access roads and other infrastructure that would be required to complete clean-up operations, as well as the clean-up itself and disposal of any contaminated materials.

**Response:**

To expand on the previous response, please see the explanation breakdown per well below;

- K32 – The work required on this well is surface abandonment (cut and cap only) and there will no fuel storage on location. Considering this, the risk of a spill is limited to the potential for very small volumes or leaks from equipment on site. As a result, there will be no camp or access requirements for spill cleanup. Contaminated material would be removed in soil bags by the crews already onsite and disposed of at an approved waste facility. All the costs in Table 1 for K32 are estimates of expenses that would be incurred by a third party to clean up a potential spill.
- C-31 –Considering the abandonment crews will be staged out of Ft. Liard with access infrastructure already in place, there will be no camp or access requirement costs associated with completing cleanup operations of a spill. Any potential spill cleanup activities would be completed by crews and equipment already on site with impacted material being removed for disposal at an approved waste facility. All the costs in Table 1 for C31 are estimates of expenses that would be incurred by a third party to clean up a potential spill.

**Table 1: Cost Estimate**

Activity	Cost Estimate (K32)	Cost Estimate (C-31)
Crew Mobilization & Accommodations (Liard)	\$0	\$5,000
Access (same work season as spill)	\$0	\$5,000
Clean-Up Costs (material removal and disposal)	\$5,000	\$10,000
TOTAL	\$5,000	\$20,000

If you have any questions or wish to discuss further, please contact the undersigned at (403) 539-6454.

Obsidian Energy Ltd.

A handwritten signature in black ink, appearing to read 'Steve Sterling', with a long horizontal flourish extending to the right.

Steve Sterling  
Manager, Environment and Regulatory  
Obsidian Energy Ltd.  
200 – 207 9<sup>th</sup> Avenue SW  
Calgary, Alberta  
Canada T2P 1K3

cc. Cliff Swadling, Director Operations  
Aaron Smith, Senior Vice President of Development and Operations  
Craig Langford, Environment Coordinator  
Craig Dansereau, Regulatory Coordinator