



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

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Aaron V. Smith
Senior Vice President, Development and Operations
Obsidian Energy Ltd.
Suite 200, Penn West Plaza
207 – 9 AVE SW
CALGARY AB T2P 1K3

November 17, 2020

Dear Aaron Smith:

Decision: Abandonment of Two Existing Water Wells near the North Liard C-31A Well Site Not Subject to Regulation under the *Oil and Gas Operations Act* (OA-2019-001-OBS)

On November 12, 2020, the Office of the Regulator of Oil and Gas Operations (OROGO) received additional information from Obsidian Energy Ltd. (Obsidian) on the two existing water wells near the North Liard C-31A well. Obsidian proposes to abandon these wells in tandem with other well abandonment operations under OA-2019-001-OBS.

Obsidian provided daily reports from Pajak Engineering Ltd. for the period during which the two water wells were drilled. These reports indicate that the wells were drilled to a depth of 100 feet (daily report dated August 2, 2020) and 180 feet (daily report dated August 4, 2020). Obsidian also confirmed that the wells were drilled to obtain water for use at the camp and in during drilling operations.

The *Oil and Gas Operations Act* (OGOA), section 1, defines a well by its purpose:

1. production of oil or gas;
2. searching for or obtaining oil or gas;
3. obtaining water to inject into an underground formation;
4. injecting gas, air, water or other substance into an underground formation; or
5. for other purposes (related to oil and gas activity), if:
 - a. made through sedimentary rocks and
 - b. to a depth of at least 150 meters.

Based on the information provided by Obsidian, the two wells were drilled to obtain water, not for the purposes of producing, searching for or obtaining oil or gas (#1 and #2). Although they were drilled for the purposes of obtaining water, the water was not then injected into an underground formation. Therefore, #3 does not apply. The wells were also not drilled for the purpose of injecting gas, air, water or another substance into an underground formation (#4).

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However, the wells were drilled for a purpose related to oil and gas activity: to provide water to the camp and for drilling. Therefore, #5 would apply if the conditions for location and depth were met. Based on their proximity to the North Liard C-31A well, I have inferred that the water wells were drilled through sedimentary rock. However, the recorded depths of the water wells (100 feet or ~ 30 meters and 180 feet or ~55 meters) are shallower than 150 meters.

Therefore, I conclude that the two water wells in question are not wells for the purposes of regulation under OGOA and their abandonment does not require separate Well Approvals under OA-2019-001-OBS.

If you have any questions, please do not hesitate to contact OROGO at (867) 767-9097 or by email at orogo@gov.nt.ca.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Pauline de Jong', is written over the typed name.

Pauline de Jong
Regulator

Regulatory@obsidianenergy.com

