



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 24, 2020

Dear Aaron Smith:

Decision: Application for Operations Authorization – Abandonment of the North Liard C-31A (WID 1907) and Fort Liard K-32 Wells (WID 1860) (OA-2019-001-OBS)

On May 7, 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 for the abandonment of two wells in the Fort Liard region: North Liard C-31A (WID 1907) and Fort Liard K-32 (WID 1860).

Obsidian also filed additional information with OROGO in response to the following information requests:

- Information Request No. 1 – received on October 11, 2019
- Information Request No. 2 – received on October 11, 2019
- Information Request No. 3 – received on January 31, 2020
- Information Request No. 4 – received on March 6, 2020
- Information Request No. 5 – received on March 6, 2020
- Information Request No. 6 – received on June 25, 2020
- Information Request No. 7 – received on September 1, 2020
- Information Request No. 8 – received on August 8, 2020
- Information Request No. 9 – received on September 4, 2020
- Information Request No. 10 – received on October 9, 2020
- Information Request No. 11 – received on October 9, 2020

The Regulator, designated under section 121 of the *Oil and Gas Operations Act* (OGOA), may issue an Operations Authorization under section 10(1)(b) of that act. On August 2, 2020, the Commissioner in Executive Council designated me as the Regulator under section 121 of OGOA.

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The Regulator must fulfill its obligations as a regulatory authority under the *Mackenzie Valley Resource Management Act* (MVRMA). It must also determine the adequacy of Aboriginal consultation, where a decision has the potential to adversely impact an asserted or existing Aboriginal right.

I make the following findings with respect to Obsidian's application for an Operations Authorization:

1. Obsidian's application and supplemental information submissions satisfy the minimum application requirements of OGOA and of section 5 of the *Oil and Gas Drilling and Production Regulations* (OGDPR) in relation to the proposed activities. However, the application and supplementation information submissions do not fully meet the specific requirements of sections 6, 8, and 9 of the OGDPR, which relate to the Contingency Plan, Safety Plan and Environmental Protection Plan. To mitigate these deficiencies, I have established specific conditions for this authorization that must be met before the authorized activity may be carried out.
2. Preliminary Screening – Obsidian applied to the Mackenzie Valley Land and Water Board (MVLWB) for Land Use Permit (LUP) MV2019X0016 to abandon the two wells in question. The MVLWB conducted a preliminary screening of the application and issued the LUP on July 10, 2020. I have determined that the preliminary screening of LUP MV2019X0016 conducted by the MVLWB meets my obligations as a regulatory authority under the MVRMA and have adopted the preliminary screening. I have notified the Mackenzie Valley Environmental Impact Review Board of this determination.
3. Land Use Plan Conformity – The proposed activities take place in the Fort Liard area of the NWT. They do not fall within the boundaries of a Land Use Plan approved under the MVRMA. Therefore, there is no requirement to assess land use plan conformity under the MVRMA.
4. Indigenous and Community Consultation – Obsidian has conducted consultation and engagement activities with the relevant organizations representative of Aboriginal rights holders. The MVLWB also undertook a public process for the issuance of the LUP associated with the well abandonments. Considering the nature and scale of the activity and the concerns raised, consultation undertaken by Obsidian on the activities proposed under OA-2019-001-OBS is adequate.

5. Proof of Financial Responsibility – Obsidian has provided satisfactory proof of financial responsibility in accordance with section 13 and 64(1) of OGOA. This proof of financial responsibility must remain in force for the duration of the approved work or activity and for one year after the Regulator notifies Obsidian that the abandonment program has been successfully completed.
6. Safety – I have consulted with the Chief Safety Officer, in accordance with section 12 of OGOA, and am satisfied with the safety of the proposed activities, contingent on fulfillment of the additional conditions referenced in item 1 above.

Obsidian's application is approved, subject to the terms contained in the attached Operations Authorization.

Obsidian must post a copy of the attached Operations Authorization in a clearly visible location at the work site.

Sincerely,

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

Pauline de Jong
Regulator

Encl. Operation Authorization OA-2019-001-OBS

c. regulatory@obsidianenergy.com

OPERATIONS AUTHORIZATION

Subject to the terms listed below, authorization is granted under Section 10 of the *Oil and Gas Operations Act* and Part 2 of the *Oil and Gas Drilling and Production Regulations* to

Company Name	Company Operating Licence #
Obsidian Energy Ltd.	NWT-OL-2014-015
Responsible Officer and Title	
Aaron V. Smith, Senior Vice President, Development and Operations	


to proceed with the works and activities described in its May 7, 2019 application for

Scope of Work	Settlement Area or Region
Abandonment of the North Liard C-31A and Fort Liard K-32 wells	Dehcho

This authorization may be varied by the Regulator or its delegate under Section 10 of the *Oil and Gas Operations Act*.

This authorization expires on November 1, 2021.

Dated at Yellowknife, Northwest Territories on November 24, 2020.

Name of Regulator / Delegate	
Pauline de Jong	
Title Regulator	

ADDITIONAL TERMS

1. Obsidian Energy Ltd. shall cause the approved work and activities to be conducted in accordance with the requirements of the *Oil and Gas Operations Act* and the *Oil and Gas Drilling and Production Regulations*, as well as any other acts or legislation as may apply.
2. Obsidian Energy Ltd. shall cause the approved work and activities to be conducted in accordance with any guidelines and/or interpretation notes issued by the Regulator under section 18 of the *Oil and Gas Operations Act*.
3. Obsidian Energy Ltd. shall cause the approved work and activities to be conducted in accordance with the specifications, standards and other information referred to in its application and subsequent submissions.
4. Obsidian Energy Ltd. shall request approval from the Regulator prior to undertaking any change to or deviation from the authorized work or activities, including but not limited to key personnel, the safety plan, the environmental protection plan and contingency plans.
5. Pursuant to section 67 of the *Oil and Gas Drilling and Production Regulations*, Obsidian Energy Ltd. is approved to conduct controlled venting of sweet gas as part of well kill operations at a maximum daily flow rate of $100 \times 10^3 \text{ m}^3/\text{day}$ for a maximum daily duration of 4.0 hours per day. Obsidian Energy Ltd. shall include the volume, flow rate and composition of any amount of vented gas in its daily report to OROGO. Flaring and/or venting of any volume, daily flow rate and/or duration greater than the approved maximum daily flow shall be reported to OROGO as an incident under section 75 of the *Oil and Gas Drilling and Production Regulations*.
6. Pursuant to section 6(j)(i) of the *Oil and Gas Drilling and Production Regulations*, Obsidian Energy Ltd shall submit for approval, before the start of operations and no later than January 4, 2020, an updated Contingency Plan that consolidates the contingency planning information provided in its application and subsequent submissions into a single document with a comprehensive table of contents. The Contingency Plan must provide detailed and comprehensive coordination measures, procedures and communications protocols for coordinating emergency response with identified municipal, territorial, aboriginal and federal governments.
7. Pursuant to section 6 of the *Oil and Gas Drilling and Production Regulations*, Obsidian Energy Ltd. shall provide, before the start of operations and no later than January 4, 2020, an updated Safety Plan that consolidates the safety planning information provided in its application and subsequent submissions into a single document that includes a concordance table identifying where the requirements of section 8 of the *Oil and Gas*

Drilling and Production Regulations are met within the consolidated Safety Plan. The concordance table must specify the following for each requirement: full document name, date, section and page number.

8. Pursuant to section 6 of the *Oil and Gas Drilling and Production Regulations*, Obsidian Energy Ltd. shall provide, before the start of operations and no later than January 4, 2020, an updated Environmental Protection Plan that consolidates the environmental protection planning information provided in its application and subsequent submissions into a single document that includes a concordance table identifying where the requirements of section 9 of the *Oil and Gas Drilling and Production Regulations* are met within the consolidated Environmental Protection Plan. The concordance table must specify the following for each requirement: full document name, date, section and page number.
9. Pursuant to section 9(d) of the *Oil and Gas Drilling and Production Regulations*, Obsidian Energy Ltd. shall submit for approval, before the start of operations and no later than January 4, 2020, a comprehensive plan that identifies environmental risks and mitigation measures. The plan must address, but not be limited to, the storage, transfer, use and transportation of fuel/chemicals. This submission must be included in the updated Environmental Protection Plan identified in condition 8.
10. Pursuant to section 9(e) of the *Oil and Gas Drilling and Production Regulations*, Obsidian Energy Ltd. shall submit for approval, before the start of operations and no later than January 4, 2020, a comprehensive list of all structures, facilities, equipment and systems critical to environmental protection. This must include on site resources that are independent of any other oil and gas operations active in the area and are sufficient to mitigate environmental risks identified in the plan required in condition 9. This submission must be included in the updated Environmental Protection Plan identified in condition 8.
11. Obsidian Energy Ltd. shall provide all staff and contractors for this program with its Emergency Response Plan and the OROGO 24-hour Incident Reporting phone number (867-445-8551) prior to commencing any work or activity.
12. Obsidian Energy Ltd. shall submit to OROGO an updated operator contact list for this program prior to any work or activity.