



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

January 22, 2021

Dear Aaron V. Smith:

**Notice: Obsidian Energy Ltd. Non-Compliance with Authorization (OA-2019-001 variation #2) and Denial of Extension Request for Reporting**

On January 20, 2021, the Office of the Regulator of Oil and Gas Operations (OROGO) received an email from Obsidian Energy Ltd. (Obsidian) requesting an extension for the submission of updated Environmental Protection, Contingency and Safety Plans (plans) to February 15, 2021. Obsidian's approved Operations Authorization (OA), OA-2019-001-OBS Variation #2, required the updated plans to be submitted by January 20, 2021.

Prior to issuing the OA, OROGO made numerous attempts throughout the application review process to ensure that Obsidian understood the requirements of the *Oil and Gas Drilling and Production Regulations* (OGDPR) and was afforded a reasonable timeframe to comply.

Information requests (IRs) associated with the plans were issued to Obsidian on October 1, 2019 (IR #2), November 26, 2019 (IR #3), February 21, 2020 (IR #4), March 25, 2020 (IR #6), July 10, 2020 (IR #8), August 20, 2020 (IR #9) and September 18, 2020 (IR #11). In each case, Obsidian's response did not address all the deficiencies identified by OROGO.

In my decision letter dated November 24, 2020, I noted that Obsidian's application and supplemental information submissions did not fully meet the specific requirements of sections 6, 8 and 9 of the OGDPR. To mitigate these deficiencies, the OA included conditions 6, 7, 8, 9 and 10 which identified areas where the plans needed be updated and submitted for review and approval. These updated plans were due no later than January 4, 2021.

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On December 15, 2020, the NWT Chief Public Health Officer clarified that, based on the potential risk of COVID-19 transmission into the NWT and the rising number of cases in most jurisdictions, which increases the transmission risk to the NWT, she supported deferring well abandonment programs planned for winter 2021 to winter 2022.

On December 17, 2020, I issued variation #1 to the OA reflecting the deferral of abandonment operations and changing the deadline for Obsidian to submit the updated plans to January 11, 2021.

On January 7, 2021, OROGO received an email from Obsidian requesting an extension for the submission of the updated plans to January 20, 2021. On January 8, 2021 I granted the extension to the submission of the updated plans and issued variation #2 to the OA with the January 20, 2021 deadline for Obsidian to submit the updated plans, as requested.

Obsidian's January 20, 2021 email does not provide sufficient detail to justify a further extension, particularly since OROGO has provided at least ten opportunities for Obsidian to submit updated plans in compliance with the OGDPR throughout the application process and after the OA was issued.

Therefore, I deny Obsidian's request for an extension to the deadline for the submission of the updated plans required under conditions 6, 7, 8, 9 and 10 of OA-2019-001-OBS variation #2 and notify Obsidian that it is non-compliant and will remain so until conditions 6, 7, 8, 9 and 10 of OA-2019-001-OBS variation #2 are satisfied.

Failure to take appropriate and timely action to become compliant with conditions 6, 7, 8, 9 and 10 of OA-2019-001-OBS variation #2 may result in enforcement action under the *Oil and Gas Operations Act*.

Sincerely,



Pauline de Jong  
Regulator

- c. Craig Langford, Environmental Coordinator, Obsidian Energy  
[regulatory@obsidianenergy.com](mailto:regulatory@obsidianenergy.com)