



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

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John Hawkins
Director, Asset Management
MGM Energy
Suite 2800, 421 – 7 AVE SW
CALGARY AB T2P 4K9

August 20, 2019

Dear John Hawkins:

Letter of Decision: Extension to the Deadline for Abandonment of the Nogha C-49 (WID 1934) and West Nogha K-14 (WID 2006) Wells (OA-2019-002-MGM)

On June 12, 2019, the Office of the Regulator of Oil and Gas Operations (OROGO) received a complete application from MGM Energy (MGM) for an Operations Authorization (OA). The OA covers the proposed abandonment of seven wells operated by MGM in the Sahtu Settlement Area of the Northwest Territories.

The Regulator, designated under section 121 of the *Oil and Gas Operations Act* (OGOA), may issue an OA under section 10(1)(b) of that act. The Regulator has delegated the power to issue OA's under section 10(1) (b) of OGOA to me, in accordance with section 8 of that act.

Two of the wells proposed for abandonment under OA-2019-002-MGM are not in compliance with the suspension requirements set out in the *Well Suspension and Abandonment Guidelines and Interpretation Notes* (Guidelines), issued by the Regulator in February 2017. The two wells in question are the Nogha C-49 well and the West Nogha K-14 well.

On August 31, 2017, MGM was notified of the requirement to bring these two wells into compliance with the Guidelines by August 31, 2019.

MGM's OA application states that all seven wells will be abandoned in the winter 2021 or winter 2022 seasons and requests that the OA remain valid until December 31, 2023. The OA application does not provide a specific order in which the abandonments will be completed. However, it does indicate that MGM intends to abandon all seven wells as one operation in order to align with the net environmental benefit to the area. Although MGM does not specifically request an extension to the August 1, 2019 deadline for bringing the Nogha C-49 and West Nogha K-14 wells into compliance with the Guidelines, the timeframe proposed in the OA application for completing the work implies such a request.

MGM has been aware of the requirement to bring these two wells into compliance with the guidelines for nearly two years. In addition to the August 31, 2017 notification, OROGO staff met with MGM staff in person on June 26, 2018, to discuss the requirements of the Guidelines and the OA application process.

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

Furthermore, on January 9, 2019, OROGO sent MGM a letter reminding it of the deadline for compliance with the Guidelines and indicating that MGM is also not in compliance with section 6 of OGOA, which prohibits the carrying out of any oil and gas activity without an OA. This letter required MGM to submit the following by May 31, 2019:

- An OA application for bringing the two wells into compliance;
- Confirmation that MGM has submitted a Benefits Plan or request for waiver to the Government of the Northwest Territories;
- Confirmation that MGM has applied to the Sahtu Land and Water Board for any land use permit or water licence required to complete the work; and
- A plan for conducting twice-yearly inspections of the non-compliant wells until such time as they are abandoned.

I recognize the potential environmental benefits of carrying out the abandonment activities as a group, rather than piecemeal over several years. However, the two non-compliant wells represent a higher risk to the environment than the other, compliant wells as they either do not have two independent and tested well barriers in place (Nogha C-49) or have reported shut-in tubing pressure indicating a possible leaking barrier (West Nogha K-14).

Therefore, I approve an extension to the deadline for the abandonment of the Nogha C-49 and West Nogha K-14 wells to April 1, 2021 and I require that MGM submit applications to Alter the Condition of a Well (ACW) for these two abandonments to OROGO by noon (MDT) on October 31, 2019.

Sincerely,



Pauline de Jong
Chief Conservation Officer

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