



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

P.O. Box 1320, Yellowknife, NT X1A 2L9

Tel: 867-767-9097 • Fax: 867-920-0798 • Web: www.orogo.gov.nt.ca

Courier Address: 4th floor, 5201 – 50th Avenue, Yellowknife, NT X1A 3S9

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

October 21, 2022

Dear John Hawkins:

Information Request No. 5: Proof of Financial Responsibility (OA-2019-002-MGM)

On September 6, 2019, I issued a decision on the amount of Proof of Financial Responsibility (PFR) required for MGM Energy's application to abandon seven wells in the Sahtu Region under Operations Authorization OA-2019-002-MGM. MGM Energy (MGM) provided a draft Irrevocable Letter of Credit (ILOC) to the Office of the Regulator of Oil and Gas Operations (OROGO) on September 25, 2019. However, MGM did not submit an executed ILOC and OA-2019-002-MGM has not yet been issued.

My September 2019 decision on the amount PFR was based on information received from MGM in 2019. At that time, the deadline for abandonment of the Nogha C-49 and West Nogha K-14 wells was April 1, 2021, and the deadline for abandonment of the remaining five wells was January 31, 2023.

On February 22, 2021, due to COVID and the limited northern operating season, I approved extension of the deadline for abandonment of all seven wells to March 31, 2023. On December 20, 2021, due to further COVID-related delays, I approved an additional extension of the deadline for abandonment of all seven wells to March 31, 2024. As a result, the proposed abandonment operations are scheduled to take place between January and March 2024.

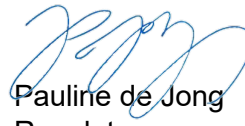
Since my 2019 decision on the amount of PFR, OROGO has issued [Proof of Financial Responsibility Guidelines and Interpretation Notes](#) (Guidelines), which clarify the purpose of PFR and the information required to calculate PFR. I also anticipate that the cost of cleaning up a spill or debris has changed during this time. Therefore, OROGO requires updated information from MGM to confirm the appropriate amount of PFR for the abandonment operations proposed under OA-2019-002-MGM.

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Please submit the information identified under “application requirements” in section 6 of the Guidelines to OROGO at orogo@gov.nt.ca or through OROGO’s secure file transfer site no later than 4 p.m. on November 15, 2022.

Sincerely,

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

Pauline de Jong
Regulator