



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

April 13, 2023

Dear John Hawkins:

Information Request No. 6: Proof of Financial Responsibility (OA-2019-002-MGM)

On December 2, 2022, MGM Energy (MGM) submitted its response to Information Request No. 5 for OA-2019-002-MGM to the Office of the Regulator of Oil and Gas Operations (OROGO).

OROGO has reviewed MGM's response to Information Request No. 5 and requires additional information to complete its review of MGM's application for an Operations Authorization, as set out in the attached Information Request No. 6.

Please send your written responses and any associated correspondence to OROGO at oro.go@gov.nt.ca or through OROGO's secure file transfer site, on or before 4:00 pm on May 1, 2023. If you are unable to respond within this timeframe or have any questions, please contact OROGO at 867-767-9097 or by email at oro.go@gov.nt.ca.

Sincerely,



Pauline de Jong
Regulator

Information Request No. 6

OA-2019-002-MGM

6.1 Estimated Cost of Third-Party Clean-Up

Preamble:

In its response to Information Request No. 5, MGM states that the worst-case scenario associated with well abandonment operations in the Sahtu under OA-2019-002-MGM would be a spill of diesel fuel used during operations. MGM's cost estimate for third-party clean-up of the spill includes initial clean-up in winter followed by two consecutive summers of post-clean-up monitoring and site inspections.

MGM's estimates the total cost of third-party clean-up of such a spill is \$562,166.

For all except one of its wells in the Sahtu, MGM plans to work with Suncor Energy Inc., which also has wells scheduled for abandonment along the same winter road route. Suncor holds OA-2021-003-SUN for its operations in the Sahtu. During the application process, Suncor provided its worst-case scenario, which was also a spill of diesel fuel used during operations. Suncor's [cost estimate for third-party clean-up](#) of the spill also included initial clean-up in winter followed by two consecutive summers of post-clean-up monitoring and site inspections.

Suncor estimated the total cost of third-party clean-up of its worst-case scenario spill is \$1,315,255, more than twice MGM's estimated cost.

Request:

Provide a rationale for the discrepancy between MGM's estimated cost of third-party clean-up for its worst-case scenario spill and Suncor's.