

John Hawkins
Director Asset Management
MGM Energy
SUTIE 4700, 888 – 3 ST SW
CALGARY AB T2P 5C5

July 18, 2024

Dear John Hawkins:

**Proof of Financial Responsibility, Potential Sale of Wells,
and Alternative Abandonment Methodologies (OA-2019-002-MGM)**

On July 15, 2024, the Office of the Regulator of Oil and Gas Operations (OROGO) received a response to Information Request (IR) No. 10 from Paramount Resources Ltd. (Paramount). Paramount's response to IR No. 10:

- Describes its plans to provide the proof of financial responsibility required for OA-2019-002-MGM;
- References the potential sale of MGM's wells associated with OA-2019-002-MGM; and
- References alternative methodologies for completing the well abandonments by March 31, 2025.

Each of these topics is discussed further below.

Proof of Financial Responsibility

In its response to IR No. 10, MGM states that it intends to amend the Irrevocable Letter of Credit provided as proof of financial responsibility for OA-2023-001-MGM for use as proof of financial responsibility for OA-2019-002-MGM.

Section 64(2)(b) of the *Oil and Gas Operations Act* (OGOA) states that the proof of financial responsibility for an operations authorization must remain in place for one year after the Regulator "notifies the holder that all works in respect of which the authorization was granted have been successfully abandoned...". In the case of OA-2023-001-MGM, the successful abandonment of the East Mackay I-78 well (WID2078)

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was confirmed in my letter of March 18, 2024. Therefore, the proof of financial responsibility for OA-2023-001-MGM must remain in place until March 17, 2025, and cannot be used for operations scheduled to take place between January and March 17, 2025.

Therefore, MGM must provide separate proof of financial responsibility for OA-2019-002-MGM, as described in my decision letter of May 19, 2023.

Sale of Wells

In its response to IR No. 10, MGM indicates that it “has been approached by an entity to acquire our assets at Colville Lake” and that it is considering this option.

There is no requirement under OGOA for the Regulator to approve the sale of individual wells. However, MGM, and any purchasers of the wells covered under OA-2019-002-MGM, should be aware that:

1. A change in ownership of the wells does not change the requirement to abandon them (or bring them back into use) by March 31, 2025.
2. OROGO's [Change of Ownership Policy](#), which addresses notification requirements and requirements for new owners to immediately obtain an operating licence and operations authorization for the wells, would apply.
3. If only some of the wells associated with OA-2019-002-MGM are sold to a new owner, MGM remains obligated to abandon the remaining wells by March 31, 2025.

OROGO is happy to meet with MGM and any potential purchasers to discuss its requirements and the process for obtaining an operating licence and operations authorization.

Alternative Abandonment Methodologies

In its response to IR No. 10, MGM indicates it is considering alternative methodologies for completing the abandonments under OA-2019-002-MGM by March 31, 2025. MGM states that it will finalize its plans by September 30, 2024, and, presumably, would communicate with OROGO at that time if it wishes to propose changes to the current abandonment programs.

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The current abandonment programs for all six wells associated with OA-2019-002-MGM were submitted to OROGO in July 2022 but the well approvals were not issued, pending issuance of OA-2019-002-MGM. If MGM proposes significant changes to the abandonment programs, there may also be changes required to the management plans associated with OA-2019-002-MGM. Therefore, to allow sufficient time for OROGO to review the proposed alternative methodologies and any ensuing changes to the management plans for OA-2019-002-MGM prior to start of operations in early January 2025, I request that MGM send any proposed changes in abandonment methodology to OROGO at orogo@gov.nt.ca by **4:00 pm on August 29, 2024**.

If you have any questions, please contact OROGO at orogo@gov.nt.ca.

Sincerely,



Pauline de Jong
Regulator