



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 Corp.
SUITE 4700, 888 – 3 ST SW
CALGARY AB T2P 5C5

April 10, 2025

Dear John Hawkins:

Decision: Request for Extension to Well Abandonment Deadline (OA-2019-002-MGM)

On February 7, 2025, the Office of the Regulator of Oil and Gas Operations (OROGO) received a request from MGM Energy Corp. (MGM) to vary OA-2019-002-MGM. Specifically, MGM requested an extension to the abandonment deadline for four of the six wells scoped into OA-2019-002-MGM, from March 31, 2025, to March 31, 2026. The four wells in question are:

- Nogha C-49 (WID1934)
- Nogha M-17 (WID1970)
- Nogha B-23 (WID 1998)
- West Nogha K-14 (WID2004)

MGM provided additional information in its March 18, 2025, response to Information Request No. 12 (issued on February 11, 2025).

This decision:

- Provides context for MGM's request;
- Considers MGM's arguments in support of its request; and
- Concludes with my decision on the request.

Context

OA-2019-002-MGM is for the abandonment of six wells in the Sahtu Settlement area of the NWT, near Colville Lake. MGM began abandonment operations in January 2025 with the intention of completing all six abandonments. Ultimately, MGM completed abandonment operations at two of the wells (Lac Maunoir C-34 and Lac Maunoir E-35) in winter 2025, as scheduled. The remaining four wells are the subject of MGM's extension request.

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Two of the remaining wells (Nogha M-17 and B-23) are compliant with the requirements of the *Well Suspension and Abandonment Guidelines and Interpretation Notes* (Abandonment Guidelines) and two (Nogha C-49 and West Nogha K-14) are not, due to concerns over the downhole suspension barriers in place in those wells. The February 7, 2025, request is MGM's second request to extend the abandonment deadline for the Nogha wells to March 31, 2026.

This section of my decision provides background on the non-compliant and compliant wells and on MGM's previous extension request for these abandonments, received on June 15, 2023.

Non-compliant wells

The original deadline for the abandonment of the two non-compliant wells was August 31, 2019. This deadline was established in the Abandonment Guidelines and was communicated to MGM in August 2017, and again in 2019.

In June 2018, OROGO staff met with MGM to clarify the application process and timelines for the abandonment of the two non-compliant wells. Because the two non-compliant wells are only accessible in winter, the abandonment operation would have to take place between January and March 2019 to meet the August 2019 abandonment deadline.

By January 9, 2019, MGM had not submitted any applications for the abandonment of the non-compliant wells. It had also not submitted a request for extension. Therefore, the Chief Conservation Officer determined that MGM was not compliant with the Abandonment Guidelines and directed MGM to conduct twice-yearly inspections of these wells until their abandonment.

On June 6, 2019, OROGO received a complete application for OA-2019-002-MGM which indirectly requested an extension of the abandonment deadline for the Nogha C-49 and West Nogha K-14 wells to April 1, 2021, to align operations with other planned well abandonments in the area.

On August 20, 2019, using delegated authority from the Regulator, I approved an extension to the abandonment deadline for the two non-compliant wells to April 1, 2021, based on the environmental benefits of carrying out all well abandonments in the area in one season. I also re-iterated my direction to MGM to conduct twice yearly inspections of these wells.

On July 30, 2020, in response to MGM's request, I deferred further inspections of the non-compliant suspended wells to 2021 due to the health and safety challenges associated with COVID-19.

In December 2020, again due to COVID-19, I extended the deadline for abandonment of these wells to April 1, 2022.

In January 2021, MGM submitted to OROGO a plan to abandon all the wells near Colville Lake by March 31, 2023. On February 22, 2021, I denied MGM's request for a further extension to the abandonment deadline for the two non-compliant wells (the deadline remained April 1, 2022). I also provided direction on the submission of applications for Well Approvals for the planned operations.

On December 20, 2021, while OROGO was processing MGM's application for an Operations Authorization, I extended the deadline for completing these well abandonments to March 31, 2024, due to the impact of the Chief Public Health Officer's Orders related to COVID-19 on MGM's ability to mobilize equipment to Colville Lake a year prior to abandonment operations.

On December 19, 2022, I extended the deadline for completing these well abandonments to March 31, 2025, based on the potential impacts on operational safety and the environmental benefits associated with sharing operations with Suncor Energy Inc. In my decision, I stated the potential economic benefits to local communities do not fall under the Regulator's mandate and, therefore, did not have a bearing on the decision.

MGM inspected the non-compliant wells in May and August 2019, September 2021, July 2022, October 2023, and July 2024. Gas migration testing was completed on the non-compliant wells in July 2024 and no issues were identified.

Compliant wells

The original deadline for the abandonment of the compliant wells was January 31, 2023. This deadline was established in the Guidelines and was communicated to MGM in August 2017, and again in 2019 and 2020.

In January 2021, MGM submitted to OROGO its plan to abandon all the wells near Colville Lake by March 31, 2023. On February 22, 2021, I granted MGM's request for a 60-day extension to the abandonment deadline for the two compliant wells, to March 31, 2023. I also provided direction on the submission of applications for Well Approvals for the planned operations.

On December 20, 2021, while OROGO was processing MGM's application for an Operations Authorization, I extended the deadline for completing these well abandonments to March 31, 2024, due to the impact of the Chief Public Health Officer's Orders related to COVID-19 on MGM's ability to mobilize equipment to Colville Lake.

On December 19, 2022, I extended the deadline for completing these well abandonments to March 31, 2025, based on the potential impacts on operational safety and the environmental benefits associated with sharing operations with Suncor Energy Inc. (Suncor) In my decision, I stated the potential economic benefits to local communities do not fall under the Regulator's mandate and, therefore, did not have a bearing on the decision.

MGM inspected the compliant wells in September 2021, July 2022, October 2023, and July 2024. Gas migration testing was completed on the compliant wells in July 2024 and no issues were identified.

Previous extension request

On June 15, 2023, MGM requested an extension to March 31, 2026, for the abandonment of the Nogha wells. MGM's arguments in support of the extension were that it would:

- Give an opportunity for local businesses to benefit economically from the operation.
- Allow MGM time to develop a resource plan to ensure the safety of the remote work by working together with Suncor Energy Inc.

MGM's 2023 request for an extension was denied, in part because economic benefits to communities from participation in abandonment operations do not fall under the Regulator's mandate.

Since MGM's 2023 request for extension, Suncor Energy Inc. has amended its well abandonment programs in the Colville Lake area to reflect heli-portable operations in summer 2025.

Consideration of MGM's Arguments

In its February 7, 2025, request for extension and March 18, 2025, response to Information Request No. 12, MGM argues that it cannot complete its well abandonment operations under OA-2019-002-MGM safely and in a way that protects the environment because:

- The Joint Venture (JV) company providing winter road access and camp facilities did not perform adequately and was unable to develop the winter road access to the Nogha well sites in time for abandonment operations to be completed before the end of the winter season.
- MGM did not stage additional equipment to Colville Lake in winter 2024 to support its operations.
- The GNWT Department of Transportation's winter road system into Colville Lake was not up to 100% loads.

While MGM presents these as three separate arguments, MGM's submissions makes it clear that the heart of the matter is the capacity of the JV company to construct winter road access as scheduled.

I consider each of these arguments below.

JV company capacity

In its February 7, 2025, application for an extension to the abandonment deadline, MGM states it has entered into an agreement with a new JV company established by the Behdzi Ahda' First Nation to complete the winter road access to the well sites and provide camp facilities. The JV company has not performed due to unreliable equipment and resources. MGM states it flew in a mechanic to assist in the maintenance of the JV equipment and brought in additional equipment and resources from Fort Good Hope and Norman Wells to assist with the winter road access. OROGO confirmed the presence of MGM's mechanic and the status of road building equipment during an inspection on February 22 and 23, 2025.

In its response to Information Request No. 12, MGM states "it was impossible to complete the access to the Nogha wells and maintain the [Lac Maunoir wellsites] access due to poor performance of the local contractors." MGM also states it "attempted to alleviate the performance delays by flying in a full-time mechanic for the duration of the program, [entering an] agreement with the Government of the Northwest Territories for road construction and maintenance and accessing additional equipment from the region".

In its response to Information Request No. 12, MGM states that attempting to complete the Nogha abandonments by the March 31, 2025, deadline would cause environmental and safety impacts:

- Injury, spills, or damage to equipment due to accidents resulting from perceived haste such as vehicle rollovers, loss of traction on steep hills, and stream crossing breakthroughs.
- Environmental damage due to "attempting to extend the operating season beyond what is prudent", including rutting on winter roads, damage to riparian areas, subsequent silting during spring runoff, and increased potential for spills.

I agree that delaying well abandonment operations to later in the season could cause the safety and environmental impacts MGM identifies. However, whether this supports MGM's request for an extension depends on MGM's level of responsibility for the situation and ability to mitigate it.

On the one hand, MGM is responsible for contracting with appropriate service providers to safely complete the required work by the existing deadline. The request for an extension flows from MGM's decision to contract with a new, and therefore unproven, JV company. In its submissions, MGM states it contracted with this JV company because of its Benefits Plan.

The implementation of Benefits Plans does not fall under the Regulator's mandate and, therefore, does not have a bearing on my decision. However, I note that there are no penalties for operators that are unable to obtain appropriate local services and therefore unable to fully implement their Benefits Plans in the *Benefits Plan Guidelines for Northwest Territories Petroleum Lands*, issued by the Department of Industry, Tourism, and Investment, the *Oil and Gas Operations Act*, or the *Petroleum Resources Act*.

On the other hand, it appears that MGM was not aware of the JV company's capacity issues until the beginning of the winter 2025 work season. By then, it is unlikely that MGM could have secured an alternative contractor because of the lack of other contractors in Colville Lake and the fact that construction of the wellsite access was scheduled prior to the opening of the winter road into Colville Lake, which would be required to bring in contractors from another community. Furthermore, MGM made efforts to mitigate the situation by bringing in its own mechanic, working with the GNWT, and bringing in additional equipment.

Given these mitigating factors, I find that the environmental and safety concerns resulting from the JV company's lack of capacity support MGM's request for an extension to the abandonment deadline for the Nogha wells.

Staging in winter 2024

In its February 7, 2025, application for an extension to the abandonment deadline, MGM states it did not stage equipment in Colville Lake in winter 2024, as scheduled in its approved abandonment program, as the JV contractor was not in place, a participating industry operator's abandonment plan was under review, and MGM had been informed capacity existed in Colville Lake to start the wellsite access development. MGM's response to Information Request No. 12 did not provide any additional information on this topic.

The question of MGM's contract with the JV company and that company's capacity is addressed above.

In its previous application for an extension to the abandonment deadline for these wells, submitted in June 2023, MGM argued that an extension would allow MGM time to develop a resource plan to ensure the safety of the remote work by working together with Suncor. My decision denying the requested extension was issued on October 16, 2023.

Suncor began the process of amending its Operations Authorization to allow for summer operations on January 31, 2024. While I recognize that Suncor's change to summer operations means MGM can no longer collaborate with it to complete these abandonments, I expect that, had MGM intended to stage equipment to Colville Lake in winter 2024, arrangements to do so would have been made well before January 2024 and would have been underway at the time Suncor initiated its amendment process. This was not the case.

Furthermore, while I appreciate that MGM wants to partner with other operators where possible, MGM is responsible for completing its abandonment obligations on schedule and in a safe and environmentally responsible manner regardless of whether partner operators are available. Therefore, I find that the lack of a partner with which to share resources does not adequately explain MGM's decision not to stage equipment to Colville Lake in winter 2024.

I find that the changes to Suncor's operational plans do not support MGM's request for an extension to the abandonment deadline for the Nogha wells.

Winter road capacity

In its February 7, 2025, application for an extension to the abandonment deadline, MGM states that, as of the date of application, the GNWT Department of Transportation's winter road system into Colville Lake was not up to 100% loads.

In its response to Information Request No. 12, MGM provided additional information, stating the second service rig scheduled for use during the abandonment operations was to have been brought in from Alberta when the winter road met load specifications (approximately March 7, 2025). The second rig was to have been used on the Nogha well abandonments. However, due to the performance issues with the JV company discussed above, MGM could not open the access to the Nogha wells and did not mobilize the second service rig.

I agree that the delay in fully opening the Department of Transportation's winter road to Colville Lake would have affected MGM's ability to bring in a second service rig to complete the abandonments. However, I infer from MGM's submissions that the impact of winter road capacity on its ability to complete the abandonments as scheduled was secondary to the impact of the JV company's capacity, which is addressed above.

Decision

Based on the context for this decision and my consideration of MGM's arguments, I conclude that MGM's inability to complete the Nogha well abandonments as scheduled was, at least partially, out of its control.

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Therefore, MGM's request to extend the abandonment deadline for the Nogha C-49 (WID1934), Nogha M-17 (WID1970), Nogha B-23 (WID 1998), and West Nogha K-14 (WID2004) wells to March 31, 2026, is approved.

Sincerely,



Pauline de Jong
Regulator

Encl. OA-2019-002-MGM variation 1

OPERATIONS AUTHORIZATION

Subject to the terms listed below, operations authorization **OA-2019-002-MGM variation #1** is granted under Section 10 of the *Oil and Gas Operations Act* and Part 2 of the *Oil and Gas Drilling and Production Regulations* to


Company Name	Operating Licence #
MGM Energy Corp.	NWT-OL-2014-009
Responsible Officer	
John Hawkins, Director Asset Management	

for

Scope of Work	Region
Abandonment	Sahtu

This authorization, originally issued on October 3, 2024, has been varied by the Regulator or their delegate under Section 10(6) of the *Oil and Gas Operations Act*.

This authorization expires on **May 31, 2027**.

Issued at	Issued on
Yellowknife, Northwest Territories	April 10, 2025
Issued by	Signature
Pauline de Jong, Regulator	

Additional Terms

1. MGM Energy Corp. shall cause the approved work and activities to be conducted in accordance with the requirements of the *Oil and Gas Operations Act* and the *Oil and Gas Drilling and Production Regulations*, as well as any other acts or legislation as may apply.
2. MGM Energy Corp. shall cause the approved work and activities to be conducted in accordance with any guidelines and/or interpretation notes issued by the Regulator under section 18 of the *Oil and Gas Operations Act*.
3. MGM Energy Corp. shall cause the approved work and activities to be conducted in accordance with the specifications, standards and other information referred to in its application dated June 12, 2019, request for variation dated February 7, 2025, and other submissions.
4. MGM Energy Corp. shall request approval from the Regulator prior to undertaking any change to or deviation from the authorized work or activities, including but not limited to key personnel, the safety plan, the environmental protection plan and contingency plans.
5. MGM Energy Corp. shall provide all staff and contractors for this program with its Emergency Response Plan and the OROGO 24-hour Incident Reporting phone number (867-445-8551) prior to commencing any work or activity.
6. MGM Energy Corp. shall submit to OROGO an updated operator contact list for this program prior to any work or activity.
7. MGM Energy Corp. shall complete well abandonment operations under OA-2019-002-MGM by March 31, 2026.