
Application for Operations Authorization Prairie Provident Resources Canada Ltd. (PPR.) Mount Coty 2K-02 S. Pointed Mountain L-68

Introduction

Prairie Provident Resources Canada Ltd. (PPR) operates two suspended wells in the Fort Liard area which require abandonment:

- 2K-02-60-20-123-30 Mount Coty 2K-02 (WID 1993)
- L-68-60-20-123-45 S. Pointed Mountain L-68 (WID 1207)

PPR plans to abandon the wells in compliance with the requirements of OROGO. Abandonment is currently planned for January 2022. As operator of record, PPR is submitting this Application for Operations Authorization, and remains responsible for the wells and the related operations.

PPR intends to diligently pursue abandonment operations of these (and other) wells in OROGO jurisdiction, but to allow operational flexibility and minimize administrative overhead, PPR requests that the Operations Authorization be valid for 24 months.

For ease of review and completeness, this application will follow the format of the OA Application Checklist – Section 4.4 for the Draft Guidelines for Application for Well Suspension or Abandonment.

Operating License – OGOA 10(1)

Prairie Provident Resources has operating license NWT-OL-2017-001 expiring March 31, 2022.

A copy of the license is provided in Attachment #1.

PPR will maintain a valid operating license for the duration of the Operations Authorization.

Operations Authorization Application – OGOA 10(1)

The signed application form is provided in Attachment #2.

Declaration of Fitness for Purpose – OGOA 15

PPR will ensure that:

- The equipment used in the abandonment activities under this Authorization will be fit for the purposes for which they are to be used.
- The related operating procedures are appropriate.
- The personnel who are employed in connection with them are qualified and competent for the task.
- That as the abandonment work continues, the equipment, and operating procedures continue to be fit for the purposes, and the personnel qualified and competent.

The Declaration by Applicant form required by OROGO is provided in Attachment #3.

Benefits Plan Approval – OGOA 17

PPR is in the process of submitting a Benefit Plan to the Petroleum Resources Division of the Department of Industry, Tourism and Investment (ITI) in parallel to this application to OROGO. Once PPR has an approved Benefits Plan from ITI, it will be sent to OROGO prior to OA approval.

Proof of Financial Responsibility – OGOA 13 & 64

PPR protects its balance sheet through an active hedging program and manages risk by allocating capital to opportunities offering maximum shareholder returns. PPR is a capable of, and committed to meeting its obligations under the regulations, and any unforeseen events arising from these operations.

As proof of financial responsibility as required by OGOA 13 and 64(1) PPR submits the following:

- Certificate of insurance (Attachment #4)
- Up to date financial statements for year end and quarter end (Attachments #5 & #6, respectively)

Wellbore decommissioning operations are lower risk for the potential of spills or environmental damage than typical wellbore operations. Treating fluids used during abandonment operations will primarily be fresh water. For the proposed operations there will be no testing or stimulations, which would result in the flow back of reservoir fluids. No chemicals will be used to stimulate the reservoirs. All fluids, including fluids circulated from the well during the operation will be contained in temporary storage vessels on location (tanks, fluid hauling trucks), and will be emptied at the end of operations. Based on these facts there is a low probability of a release that would cause an environmental impact.

In the unlikely event that a spill was to occur, maximum estimated on lease release volume would be 50m³. A cleanup would be initiated immediately (winter season) utilizing existing access and camp facilities. An estimate for cleanup costs associated with an unlikely unmitigated release is as follows;

Service	Units	# Units	Unit Price	Total
Access	Existing		\$ -	\$ -
Camp/Accommodations	Existing		\$ -	\$ -
Hydrovac	2	days	\$ 2,000.00	\$ 4,000.00
Project Management	20	hours	\$ 150.00	\$ 3,000.00
Spill Professional	35	hours	\$ 90.00	\$ 3,150.00
Reporting	10	hours	\$ 90.00	\$ 900.00
Geomatics	5	hours	\$ 80.00	\$ 400.00
Vehicle day rate	3	days	\$ 150.00	\$ 450.00
Mileage	1500	km	\$ 1.00	\$ 1,500.00
Sampling/Laboratory/Environmental Services	10	samples	\$ 450.00	\$ 4,500.00
Removal & Disposal of Contaminated Materials	50	m ³	\$ 350.00	\$ 17,500.00
Subtotal				\$ 35,400.00
Contingency			30%	\$ 10,620.00
Total				\$ 46,020.00

Scope of Proposed Activities – OGDPR 6 (a)

As per the introduction above, this application is for all the activities associated with the abandonment of two suspended wells in the Fort Liard area, in compliance with OROGO's requirements.

The subject wells have been inspected annually up to 2021, and abandonment is planned for January 2022. The L-68 well was found to have a non-serious surface casing vent flow (SCVF), is being monitored and will be repaired during abandonment operations.

The operations will consist of the following:

- 1) Construction of access roads and a temporary campsite
- 2) Downhole abandonment of the wells listed below, including:
 - a. Removal of tubing and other downhole equipment as required
 - b. Repair SCVF if exists
 - c. Isolation of perforations in accordance with OROGO regulations and guidelines
 - d. Verification of annular isolation in accordance with OROGO regulations and guidelines
 - e. Displacement of wellbore fluid in accordance with OROGO regulations and guidelines (if required)

Mount Coty 2K-02 (WID 1993)
S. Pointed Mountain L-68 (WID 1207)
- 3) Surface abandonment including the removal of wellhead, cut and cap of casing, and installation of well marker.
- 4) Filling excavation and restoring of final grade around wellhead.
- 5) Remove any remaining lease equipment.

Execution Plan and Schedule – OGDPR 6 (b)

PPR plans on having the abandonment operations completed in January 2022. In the event that well conditions do not allow for the timelines proposed to be achieved, OROGO will be consulted and appropriate modifications to the execution plan will be proposed.

Please see abandonment information packages in Attachments #7 and #8 for the detailed execution plan for the abandonment operations for Mount Coty 2K-02 (WID 1993) and S. Pointed Mountain L-68 (WID 1207). The abandonment information packages include:

- Proposed type of well servicing equipment to be used
- Proposed type of well control equipment to be used

- Class and pressure rating for proposed well servicing and well control equipment

The following is the anticipated schedule of operations and timing. Actual timing and order of operations is subject to weather conditions, access and equipment availability.

- 1) Commence building access roads and camp installation – December 2021 (subject to weather)
- 2) Mobilize service rig and associated equipment – January 2022
- 3) Perform downhole abandonments – January to February 2022
- 4) Excavate around wellheads and perform cut and cap operations. Backfill and re-grade as required – March 2022
- 5) Complete equipment removal (if any) – March 2022
- 6) Decommission winter roads – March 2022
- 7) Submit final reports

Safety Plan – OGDPR 6 (c) & OGDPR 8

Excellence in Health, Safety, Environment and Regulatory Compliance (“HSE”) practices is vital to the well-being of our employees, contractors and the communities in which we operate and is an integral part of the business operations of PPR.

PPR’s Safety Plan and Health, Safety and Environment (HSE) Manual is provided in Attachment #9. The Health, Safety and Environment (HSE) Manual is designed to provide both employees and contractors with practical guidance in HSE issues. The manual also sets specific standards for the company's Health and Safety Management System. The standards and rules are to be followed by all employees and contractors. Wherever possible and applicable, legislative requirements have been incorporated from in which Prairie Provident operates. The plan is intended to meet the requirements of section 6 (c) of the OGDPR.

Environmental Protection Plan – OGDPR 6 (d) & OGDPR 9

PPR has developed an Environmental Protection Plan to minimize any effect on the environment caused by operations and/or accidental events associated with the project. The document contains background on the development activities, proposed activities, emergency response and safety protocols, environmental consultations, concerns and mitigation measures.

A copy of the Environmental Protection Plan is provided in Attachment #10.

Flaring and Venting of Gas – OGDPR 6 (e)

Subject to application and approval of the Operations Authorization, flaring and venting of gas will be kept to a minimum. No flaring is anticipated on either of the wellbores. Execution of the proposed abandonment operations will not include provisions for well testing. Flaring and venting will be limited to the purging of surface equipment, well kill operations, and in the event of well control operations.

Burning of Oil – OGDPR 6 (f)

No oil will be burned during the conduct of these operations.

Contingency Plan (Emergency Response Plan) – OGDPR 6 (j)

PPR has a comprehensive corporate Emergency Management program in place to ensure that the company is properly prepared for the safe and well-coordinated response to potential accidents and incidents. This program includes but is not limited to:

This document is provided in Attachment #11. A site specific map of the Fort Liard area is also included in Attachment #12. The company ERP's meet regulatory requirements for all assets that fall under OROGO jurisdiction and are compliant to Canadian industry standards.

All emergency operations will be conducted as per protocols, policies and procedures as set forth in the company's Corporate and area specific ERP.

Decommissioning and Abandonment Plan – OGDPR 6 (k)

Well abandonment activities will be conducted as approved in the Well Authorization plan. Activities will include the removal of downhole equipment (as appropriate), plugging of completed zones, confirmation of hydraulic isolation of zones via primary cement, confirmation and protection of casing integrity, and removal of the wellhead.

The site will be decommissioned and reclaimed in an appropriate timeframe, after the well abandonment is completed.

Preliminary Screening – MVLWA 124 Land Use Permit and Water License

The operations will include both a Land Use Permit and a Water License Permit. The goal of this project is to abandon the wells and allow the locations to return to their natural state. This project will include:

- a) Abandonment and reclamation of the wellsites;
- b) Use and maintenance of all access roads, camps, staging areas, barge landing sites, and related facilities;
- c) Use and maintenance of bridges and culverts;
- d) Use of heavy equipment;
- e) Installation and maintenance of erosion control measures;
- f) Other related activities, including reclamation; and
- g) Fuel and hazardous materials storage.

Proposed land use activities are within scope of operations of MV2018X0002 (expiry August 1, 2023). A LUP update was provided to the MVLWB on April 30th, 2021. A copy of the LUP permit is included in Attachment #13.

PPR is currently in the process of applying to the Water Board to obtain a water license.

Engagement Record and Engagement Plan

PPR has consulted with the Aboriginal rights holders affected or potentially affected by these operations.

No concerns were raised by any of the parties involved.

The Engagement Plans and Engagement Records are included in Attachments #14 and #15, respectively.

Attachments

- Attachment #1 – Prairie Provident Resources Operating License
- Attachment #2 - Operations Authorization Application Form
- Attachment #3 - Declaration by Applicant
- Attachment #4 – Certificate of Insurance
- Attachment #5 - Audited Financial Statements for the last Fiscal Year
- Attachment #6 - Unaudited Financial Statements for the last quarter
- Attachment #7 – Abandonment Information Package (K-2)
- Attachment #8 – Abandonment Information Package (L-68)
- Attachment #9 – Safety Plan (PPR HSE Manual)
- Attachment #10 - Environmental Protection Plan
- Attachment #11 - Corporate Emergency Response Plan
- Attachment #12 – Site Specific Emergency Response Plan
- Attachment #13 – Land Use Permit
- Attachment #14 - Engagement Plan
- Attachment #15 – Engagement Tracker