



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

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Sherri Evers  
Vice President  
Imperial Oil Limited  
505 QUARRY PARK BLVD.  
CALGARY AB T2C 5N1

August 13, 2021

Dear Sherri Evers:

**Information Request No. 1: Imperial Oil Limited  
Proof of Financial Responsibility - Additional Information Required (OA-2021-004-IMP)**

On July 29, 2021, the Office of the Regulator of Oil and Gas Operations (OROGO) received a complete application for an Operations Authorization (OA) for the abandonment of the Jean Marie B-48 Well (WID0448) near Jean Marie River from Imperial Oil Limited (Imperial).

OROGO has reviewed the information provided by Imperial in its OA application in relation to Proof of Financial Responsibility and requires additional information in order to complete its review of Imperial's OA application, as set out in the attached Information Request No. 1.

Prior to responding to this Information Request, please review the [Proof of Financial Responsibility Guidelines and Interpretation Notes](#) issued by the Regulator on April 9, 2021.

Please send your written responses and any associated correspondence to me by email at [oroogo@gov.nt.ca](mailto:oroogo@gov.nt.ca) or through OROGO's secure file transfer site.

Please submit your response on or before 4:00 p.m. on August 30, 2021. If you are unable to respond within this timeframe or have any questions, please contact OROGO at (867) 765-8160 or by email at [oroogo@gov.nt.ca](mailto:oroogo@gov.nt.ca).

Sincerely,

Janpeter Lennie-Misgeld  
Senior Advisor, Legislation and Policy

c. Esther Choi, Project Manager, Imperial Oil Resources Limited

**Imperial Oil Limited. OA-2021-004-IMP**  
**Application for an Operations Authorization**  
**Jean Marie B-48 (WID0448) Well**  
**Information Request No.1**

## **1.1 Proof of Financial Responsibility**

### **Preamble:**

In its OA application, Imperial Oil Limited (Imperial) provided the following information on Proof of Financial Responsibility (PFR):

- Worst Case Credible Scenario – Imperial states that this consists of a diesel spill equal to the size of a storage tank or fuel truck which is approximately 25 m<sup>3</sup>. Imperial states that a mobile rig will use a portable, approved diesel fuel storage tank and diesel fuel will be trucked to the location, using qualified fuel transport contractors, on an ice road across the Jean Marie River. Imperial also states that the probability of a spill, either onsite or while in transit, is very low and that frozen ground conditions will help to clean-up the spill. Imperial estimates the clean-up cost (containing, loading, and hauling impacted snow and ice) to be \$500,000 with an additional \$250,000 for later monitoring and testing for a total of \$750,000.
- Worst Case Scenario – Imperial states that this consists of a well control problem where control is lost and brackish water with dissolved H<sub>2</sub>S is spilled. It is unlikely that a fire would result from this; however, surface land environmental damage could occur. In the case of this scenario, additional costs would be incurred due to the additional time and material spent to control the well and clean-up during and after the event. The estimated time and cost to control the well in this scenario is two to three days and \$300,000. The clean-up would utilize heavy equipment to break up and haul the frozen spill material to an approved containment site where it would be melted and disposed of per local regulations. Imperial estimates the total costs for clean-up to be \$4,300,000.

**Request:**

Please provide the following information:

- A description of any potential impacts of the worst case scenario on Indigenous and other land use; and
- An estimate of the amount of loss or damage that would occur if the spill or debris were not cleaned up to the Regulator's satisfaction, including information on how this estimate was developed and who was involved in its development.

**1.1.1 Third Party Clean-Up Costs****Preamble:**

Proof of Financial Responsibility, as required under Section 64. (1) of the *Oil and Gas Operations Act*, is intended to compensate the Government of the Northwest Territories or another third party in the event that Imperial does not adequately clean up a spill or debris.

The compensation may be for costs and expenses incurred cleaning up the spill or debris. It may also be for loss or damages incurred as a result of the spill or debris. Such a spill or debris may not come to light until after the winter work season during which it occurred. In its OA application, Imperial estimates that it will cost \$ 4,300,000.00 to clean-up a spill, but no information is provided on third party clean-up costs.

**Request:**

Please provide an estimate for a third party to clean-up the worst case scenario that could occur from a spill or debris during the operation. This estimate should include the following information on third party costs:

- Crew costs;
- Accommodation costs for the crew, either in a camp, hotel or other facility;
- Equipment cost to obtain and hire equipment for the removal of contaminated material or other waste;

- Sampling costs to conduct sampling required to demonstrate that the clean-up has been completed effectively;
- Transportation and disposal costs to transport the contaminated material or other waste to an approved disposal site and dispose of it;
- Access costs to access the well site in order to complete the clean-up. Identify the season of access (summer or winter), the types of access (aircraft, barge, winter road, etc.), and the length and cost per kilometer of any roads to be constructed; and
- Indirect costs, including:
  - Project management;
  - Regulatory approvals;
  - Financial, administrative; and
  - Other relevant costs.

