



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

P.O. Box 1320, Yellowknife, NT X1A 2L9

Tel: 867-767-9097 • Fax: 867-920-0798 • Web: www.oro.go.gov.nt.ca

Courier Address: 4th floor, 5201 – 50th Avenue, Yellowknife, NT X1A 3S9

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

November 20, 2023

Dear John Hawkins:

Decision: Proof of Financial Responsibility for OA-2023-001-MGM

On August 30, 2023, the Office of the Regulator of Oil and Gas Operations (OROGO) received a complete application from MGM Energy (MGM) for an Operations Authorization (OA) for the abandonment of the East Mackay I-78 well (WID2078) near Tulita, NT. MGM responded to Information Request No. 1 for this application on September 29, 2023.

Section 13 of the *Oil and Gas Operations Act* (OGOA) requires that MGM provide satisfactory proof of financial responsibility, in accordance with section 64(1) of OGOA, prior to the issuance of an OA.

Sections 61-64 of OGOA describe the operator's responsibilities in the event of a spill or debris and what steps may be taken by the Regulator if the operator does not fulfill those responsibilities. These sections also describe the operator's liability, without proof of fault or negligence, for losses or damage resulting from, and costs and expenses associated with clean-up of, any spill or debris.

Third parties may make a claim through the courts under section 63 up to the maximum amount specified in the *Oil and Gas Spills and Debris Regulations*. Proof of financial responsibility is the amount held by the Regulator to respond to such claims under section 64(3) without going through the court process. If the Regulator does not hold the maximum amount of proof of financial responsibility, claims may still be pursued through the courts for the remaining funds, up to the maximum amount.

.../2

Having reviewed the information contained in MGM's OA application and response to Information Request No.1, I find that:

1. MGM provided a scenario of the event most likely to occur with the highest consequence related to the proposed activities in its application;
2. MGM provided sufficient information on the costs associated with addressing this scenario; and
3. MGM has proposed an adequate amount of proof of financial responsibility (\$536,866).

Please submit an Irrevocable Letter of Credit (ILOC) in the amount of \$536,866 to OROGO as soon as possible. The ILOC should:

- Show as beneficiary "Government of the Northwest Territories, 4th floor, 5201 – 50th Avenue, PO Box 1320, Yellowknife, Northwest Territories, X1A 2L9, Canada";
- Be to the attention of "Executive Director, Office of the Regulator of Oil and Gas Operations";
- Allow for automatic renewal with at least 90 days' notice to the Regulator if the ILOC is to be cancelled, not renewed, or expire; and
- Allow for multiple partial drawings.

I cannot issue OA-2023-001-MGM until I receive a signed ILOC that meets these requirements.

If you have any questions, please do not hesitate to contact OROGO at orogo@gov.nt.ca or by phone at 867-767-9097.

Sincerely,



Pauline de Jong
Regulator