



NWT OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS

Office of the Regulator of Oil and Gas Operations

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John Hogg  
Ikhil Asset Manager  
Trisummit Utilities  
2100 – 400 5 AVE SW  
CALGARY AB T2P 2T8

July 7, 2021

Dear John Hogg:

**Decision: Confidentiality Request for Ikhil Reserve Information**

On April 28, 2021, the Office of the Regulator of Oil and Gas Operations (OROGO) and the Canada Energy Regulator (CER) received a request from Trisummit Utilities Ltd. (Trisummit) for information relating to the Ikhil Gas Field reserves to be deemed confidential by the Regulator under section 22(2) of the *Oil and Gas Operations Act* (OGOA).

Trisummit's request specifically refers to information contained in paragraphs 3 through 6 of page 3 of the *2020 Production Operations Report* and any discussion of that information during the 2020 Annual Meeting between Trisummit, OROGO and the CER, held on June 11, 2021 (detailed reserves data).

On June 11, 2021, Trisummit also filed additional information with OROGO in response to Information Request (IR) No.1 from OROGO.

This letter addresses the following topics:

- The context for Trisummit's request;
- My authority with respect to Trisummit's request;
- The legislative requirements;
- My findings; and
- My decision.

**Context**

Trisummit submitted its request for confidentiality on behalf of Utilities Group Facilities Inc. (UGFI), which is wholly owned by Trisummit through Trisummit Utility Group Inc.

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UGFI, the Inuvialuit Petroleum Corporation (IPC) and ATCO Midstream NWT Ltd. (ATCO), jointly own the Ikhil Joint Venture (IJV), which holds the Operations Authorization (OA-2520-2620) for the Ikhil Gas Development Project (the Project). UGFI operates the Project.

Natural gas produced by the Project is sold to:

- Inuvik Gas Ltd. (IGL), which distributes it to the town of Inuvik and residents for the purpose of home heating; and
- The Northwest Territories Power Corporation (NTPC), for the purpose of electric power generation for the town of Inuvik.

In both cases, natural gas from the Project is used to replace other sources of energy when these are seasonally unavailable or otherwise interrupted.

IGL is jointly owned by the IPC, ATCO and Trisummit (through Trisummit Utility Group Inc. and Trisummit Utility Holdings Inc.).

### **Authority**

Trisummit's request was made to both OROGO and the CER because the Project crosses the boundary between the Inuvialuit Settlement Region (regulated by the CER under section 1 of OGOA) and the Gwich'in Settlement Area (regulated by the Regulator designated under section 121 of OGOA) in the Northwest Territories. The Project is therefore jointly regulated by both the CER and OROGO and both regulators must make a determination on Trisummit's confidentiality request.

On August 2, 2020, the Commissioner in Executive Council designated me as the Regulator under section 121 of OGOA.

### **Legislative Requirements**

Section 22(2) of OGOA indicates that the Regulator shall make "financial, commercial, scientific or technical information" available to the public unless UGFI demonstrates that:

- It has consistently treated the information as confidential (section 22(2)(a));
- Its interest in confidentiality outweighs the public interest in disclosure (section 22(2)(b)); and
- The information is not publicly available (section 22(2)(c)).

## Findings

I am satisfied that the detailed reserves data is technical information for the purposes of section 22(2) of OGOA.

Based on UGFI's initial request and its response to IR No.1, I am satisfied that the two tests concerning how UGFI has treated this information in the past (sections 22(2)(a) and (c) of OGOA) have been met.

The third test for deeming information confidential is whether UGFI's interest in confidentiality of the detailed reserves data outweighs the public interest in its disclosure. For this decision, I consider "interest" to mean "advantage" or "benefit". As the other requirements of section 22(2) are met, this is the key question in determining whether the detailed reserves data should be deemed confidential.

### *Impact of Disclosure on UGFI*

In its initial request and response to IR No.1, UGFI states that making the detailed reserves data public will disadvantage it by making it less competitive and affecting its negotiations with other parties.

UGFI states that it is in competition with "propane suppliers and with the proponents of IESP [the Inuvialuit Energy Security Project]". I infer that this competition is for providing natural gas (or propane as a substitute for natural gas, in the case of propane suppliers) to UGFI's two purchasers for the production from the Project:

- Inuvik Gas Limited (IGL); and
- the Northwest Territories Power Corporation (NTPC).

UGFI also states that it may "enter into commercial negotiations with the proponents of the IESP in the future for potential offtake of natural gas from IESP's proposed M-18 well". The nature or purpose of this "offtake of natural gas" is not explained further. However, I infer that it refers to a purchase of natural gas from the IESP.

I am satisfied that, to at least some extent, public knowledge of the detailed reserves data could negatively affect UGFI's ability to compete with other propane and natural gas suppliers and to negotiate a beneficial price for natural gas from the IESP.

*Impact of Disclosure on the Public*

In its initial application, UGFI states that the residents of the Town of Inuvik “currently rely on the single producing well and the propane air system as their only heating source”. Similarly, NTPC relies on natural gas from the Project for electricity generation for the Town of Inuvik during certain times of the year.

Therefore, I infer that the detailed reserves data would be useful to the Town of Inuvik and its residents for energy security planning.

In its response to IR No. 1, UGFI states that “numerous general statements about the decline and the expected lifespan of the Ikhil Gas Field reserves have been made publicly in the past” and specifically notes “general statements made by IGL and the IPC on their respective websites and in the IESP Project Description”.

The IESP Project Description, submitted to the Environmental Impact Screening Committee in the fall of 2020 by the IPC, states in a number of places that production from the Project is likely to end in the near future (for example, on p. 5-6, 6-1, 9-2 and 9-3).

The IPC website states that “the reserves of the K-35 well can no longer be accessed and the reserves of the J-35 well have been in critical decline for the last several years”. K-35 and J-35 are the two wells at the Ikhil field.

UGFI states in its response to IR No. 1 that it provides the detailed reserves data in question to IGL on a confidential basis, “where the information is necessary for the safe, efficient, and reliable supply of energy to the Town of Inuvik, including for security planning purposes”. Conversely, UGFI states that it does not provide detailed reserves data to the NTPC on a confidential basis.

I am satisfied that IGL has the detailed reserves data necessary to address the Town of Inuvik’s energy security planning needs for heating fuel. I am also satisfied that enough general information about the state of the Ikhil field is publicly available to allow for future planning and the consideration of alternative energy sources, as demonstrated by the proposed IESP. I recognize, however, that NTPC does not have access to the detailed reserves data and must rely on the information that is available to the public.

In its response to IR No. 1, UGFI also argues that making detailed reserves data public could disadvantage the public because of its effect on the negotiations between IGL and potential suppliers other than UGFI, which could result in higher prices for propane and, therefore, heat.

I am satisfied that, at least to some extent, the impact of disclosing the detailed reserves data on IGL's negotiations with potential suppliers could also have a negative impact on the price residents of Inuvik pay for heating fuel.

### **Decision**

Paragraphs 3 through 6 of page 3 of the *2020 Production Operations Report* and any discussion of that information during the 2020 Annual Meeting between Trisummit, OROGO and the CER, held on June 11, 2021 are deemed confidential under section 22(2) of OGOA because:

1. It is technical information;
2. UGFI has consistently treated this information as confidential and it is not publicly available;
3. The potential negative impact of disclosing this information on UGFI's competitiveness and on the price of heating for the Town of Inuvik and its residents outweighs the potential benefit to the public of disclosing this information for the purpose of energy security planning, over and above the general information already available and in use for this purpose.

A redacted version of UGFI's *2020 Production Operations Report* will be provided to UGFI for its records and posted on OROGO's public registry.

Sincerely,



Pauline de Jong  
Regulator

- c. Dr. Iain Colquhoun, Chief Conservation Officer, Canada Energy Regulator