



Canada Energy Régie de l'énergie
Regulator du Canada

Suite 210 517, Dixième Avenue S.-O.
517 Tenth Avenue SW bureau 210
Calgary, Alberta Calgary (Alberta)
T2R 0A8 T2R 0A8

File OF-AF-AbComp 0601
22 October 2021

David Trask
Deep Panuke Decommissioning Lead, Subsea, and Onshore
Ovintiv Canada ULC
Suite 700, 1701 Hollis Street
Halifax, NS B3J 3M8
Email david.trask@encana.com

Dear David Trask:

**Ovintiv Canada ULC (Ovintiv)
Updated Abandonment Cost Estimate for Deep Panuke Pipeline (Application)
Pursuant to section 242 of the *Canadian Energy Regulator Act* (CER Act)**

The Commission of the Canada Energy Regulator (**Commission**) has considered Ovintiv's [Application](#), dated 27 November 2020, for approval of the updated Abandonment Cost Estimate (**ACE**) for the Deep Panuke Pipeline. In its Application, Ovintiv stated that all abandonment activities for the onshore portion and the offshore portion of the Deep Panuke CER-regulated facilities are now complete, and Ovintiv has updated and reduced the Deep Panuke ACE accordingly. Ovintiv further submitted that the costs for abandonment activities have now been removed, and the only costs remaining in the updated ACE are for the provision of post abandonment activities (Cost Category 3b).

On 9 June 2021, in response to Information Request No. 1, Ovintiv provided a further [updated ACE](#) which includes additional provisions for post-abandonment monitoring and contingency for the offshore portion of the pipeline. Those provisions consider the expected liabilities and risks of incidents associated with the offshore pipeline and include funding for remediation of a snagging hazard and providing fisheries compensation, if such events were to occur in the future.

On 16 September 2021, the Canada-Nova Scotia Offshore Petroleum Board (**CNSOPB**) filed a [letter](#) with the Canada Energy Regulator (**CER**) providing a detailed overview of Ovintiv's financial instruments and responsibilities as they relate to the Deep Panuke Pipeline.

On 20 October 2021, Ovintiv filed a [letter](#) with the CER indicating that in response to Condition 13 of [Order ZO-E112-001-2019](#) (**Order**) and its financial instrument, Ovintiv plans to file a surety bond with the CER in the amount of the updated ACE for the Deep Panuke Pipeline of \$1,850,000, as soon as it is approved.

The Commission has reviewed Ovintiv's updated ACE and finds it to be reasonable, based on the circumstances and evidence provided. The Commission approves the updated ACE amount of \$1,850,000 (2020 CAD). The sufficiency of the ACE will continue to be reviewed by the Commission every five years as part of the ACE review process which may result in changes to this approved ACE.

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The Commission also directs Ovintiv to file with the Commission for approval, as per the 20 October 2021 letter from Ovintiv, a [surety bond](#) for \$1,850,000 by 19 November 2021. The Commission reminds Ovintiv that it must have the surety bond approved by the Commission before proceeding with any changes or adjustments to the financial instrument with the CNSOPB.

The Commission directs Ovintiv to serve a copy of this letter on CNSOPB, and all other interested parties.

Yours sincerely,

Signed by

Jean-Denis Charlebois
Secretary of the Commission