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File OF-EP-OA-I184-1414 02  
8 August 2023

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Dear Travis Balaski and Shawn Petrie:

**Inuvialuit Energy Security Project Ltd.  
Inuvialuit Energy Security Project – Application for Authorization for Well  
Workover, pursuant to paragraph 10(1)(b) of the Northwest Territories' *Oil and  
Gas Operations Act* – Hearing Order MH-002-2022  
Well Workover Authorization Approval: OA-1414-002  
Reasons for decision**

**Before: M. Watton, Presiding Commissioner; K. Penney, Commissioner;  
W. Jackknife, Commissioner**

On [29 July 2022](#), Inuvialuit Energy Security Project Ltd. (**IESPL**) filed with the Canada Energy Regulator (**CER**) an application for an authorization for a well workover (**Well Workover Application**) for the Inuvialuit Energy Security Project (**IESP**), pursuant to paragraph 10(1)(b) of the Northwest Territories' *Oil and Gas Operations Act*<sup>1</sup> (**OGOA**).

## **1. Commission's Decision**

By [Letter Decision](#) dated 28 June 2023, the Commission of the CER approved IESPL's Well Workover Application, subject to certain conditions, with reasons to follow. These are the Commission's reasons for decision.

In reaching its decision, the Commission considered IESPL's Well Workover Application and all submissions relevant to the well workover filed on the [MH-002-2022](#) hearing record, including letters of support for the IESP from potentially affected Indigenous Peoples and organizations, relevant submissions from the technical conference held on 24 May 2023, and the submissions made by the CER Crown Consultation Coordinator (**CCC**).

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<sup>1</sup> SNWT 2014, c 14

## 2. Background

The IESP is located on Inuvialuit private lands, approximately 16 kilometres (**km**) south of Tuktoyaktuk and 4 km west of the Inuvik-to-Tuktoyaktuk highway in the Northwest Territories, within the Inuvialuit Settlement Region. The Inuvialuit own and administer the surface and subsurface interests in these Inuvialuit private lands pursuant to the *Inuvialuit Final Agreement*.<sup>2</sup>

IESPL intends for the IESP to replace the Town of Inuvik's gas supply from the nearby Ikhil field and the supplies of liquid natural gas and propane that are trucked from southern Canada. The IESP consists of:

- developing the suspended TUK M-18 gas well to support the IESP;
- installing and operating a prefabricated modular gas processing facility (the **Energy Centre**) to produce compressed natural gas (**CNG**), propane, and synthetic diesel;
- constructing an all-season road to access the facility from the Inuvik-to-Tuktoyaktuk highway;
- constructing gravel pads for the wellsite and the Energy Centre;
- installing storage tanks for the propane and synthetic diesel; and
- trucking the CNG, propane, and synthetic diesel to commercial and residential consumers from the communities of Inuvik and Tuktoyaktuk.

Pursuant to the *Inuvialuit Final Agreement*, the Environmental Impact Screening Committee (**EISC**) reviewed the development plan for the IESP and determined that the development may proceed without an environmental impact assessment and review on the basis that it will have no significant negative impact on the environment, if authorized subject to environmental terms and conditions recommended by the EISC.

The Commission approved a development plan for the IESP on 8 March 2022, which was submitted by the Inuvialuit Petroleum Corporation (**IPC**). On 25 March 2022, IESPL filed a [letter](#) with the CER explaining that IPC had created IESPL as a subsidiary corporation to become the proponent for the IESP. IESPL subsequently applied for amendments to the development plan, which the Commission approved on [22 June 2023](#).

IESPL stated that the EISC had been updated through the process and is aware of the amendments to the development plan. The EISC did not request any additional information, alter any terms or conditions it previously recommended, or otherwise indicate that it had any concerns with the proposed amendment.

On 30 November 2021, the Government of the Northwest Territories' Minister of Industry, Tourism and Investment confirmed that she waived the requirement for approval of a benefits plan for the IESP, in accordance with subsection 17(2) of the OGOA.<sup>3</sup> As a result, a benefits plan is not required before the Commission may issue an authorization for the well workover for the IESP.

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<sup>2</sup> The *Inuvialuit Final Agreement* is a land claim agreement between the Inuvialuit and the Government of Canada, signed 5 June 1984. The *Inuvialuit Final Agreement* was approved, given effect, and declared valid by the *Western Arctic (Inuvialuit) Claims Settlement Act*, SC 1984, c 24, which came into force on 25 July 1984.

<sup>3</sup> OGOA, subsection 17(2): "No approval of a development plan may be granted under subsection 14(1) and no authorization of any work or activity may be issued under paragraph 10(1)(b) until the Minister has approved, or waived the requirement for approval of, a benefits plan in respect of the work or activity."

In the Well Workover Application, IESPL requested an authorization for the following activities:

- extending the wellhead and cellar to adjust for additional fill around the pad;
- constructing the well pad as a work area and to protect the permafrost;
- installing blowout prevention equipment;
- drilling out existing cement and plugs;
- circulating the well to remove debris;
- installing production tubing and a subsurface safety valve;
- insulating gas production from the permafrost;
- installing connections for the subsurface safety valve control line;
- re-installing the wellhead; and
- securing the well for future tie-in with the Energy Centre.

IESPL proposes to undertake the well workover activities in the spring of 2024.

IESPL also applied for two other authorizations for the IESP, one for early site works and the other for the installation and operation of the Energy Centre. By [Letter Decision](#) dated 28 June 2023, the Commission issued an authorization for early site works, subject to certain conditions; and on 8 August 2023, the Commission issued its reasons for decision for the early site works authorization. The Commission will issue its decision for the installation and operation of the Energy Centre at a later date.

### **3. The Hearing Process**

On 1 September 2022, the Commission issued a Hearing Order (MH-002-2022) for the Well Workover Application, as well as the related application for an authorization for early site works. The Notice of Hearing, attached to the Hearing Order, included information regarding the availability of participant funding for Indigenous Peoples and organizations who wished to participate in the public hearing. The Hearing Order also contained information regarding process support for anyone that required assistance, to facilitate their participation.

The Commission directed IESPL to post the Notice of Hearing on its IESP webpage as well as on the Inuvialuit Regional Corporation's Facebook page; publish the Notice of Hearing in a minimum of three newspapers; and distribute the Notice of Hearing to specified persons, including Indigenous Peoples and organizations potentially affected in the Project area. The Commission further directed IESPL to make copies of both applications available to the public at its office. The CER also posted the Notice of Hearing on its project webpage for the IESP. The process to register to participate as an intervenor in the hearing was open from 1 September to 30 September 2022. No one registered to participate.

IESPL applied for a third authorization, to install and operate the Energy Centre, on [30 September 2022](#). The Commission added the Energy Centre application to the hearing process for the other two authorization applications (MH-002-2022) to maximize regulatory efficiency. The Commission re-opened the registration to participate process, from 7 October to 25 October 2022, to provide an opportunity for any persons interested in the Energy Centre application to register to participate in the hearing. No one registered to participate.

On 24 March 2023, the Commission held a technical conference to obtain additional information it required on certain amendments IESPL proposed for the IESP development plan. During the technical conference, the Commission also asked for, and IESPL provided, further information about the Well Workover Application and the early site works application. The Tuktoyaktuk Community Corporation provided oral comments during the technical conference, reiterating their support for the IESP and associated authorizations applications.

#### **4. CER Crown Consultation Coordinator's Activities**

On 18 October 2022, the CCC filed a [letter](#) on the hearing record for all three authorization applications. In the letter, the CCC summarized its actions in relation to the original development plan application for the IESP. The CCC stated that it would not be conducting further engagement or supplemental Crown consultation activities with potentially affected Indigenous Peoples and organizations in relation to the IESP (including the three authorizations applications) based on previous feedback received and evidence filed on the record for the original development plan application. The CCC specifically highlighted that, through its engagement activities, it learned that Indigenous Peoples and organizations were satisfied that their concerns and comments were or will be addressed by the applicant, and that the applicant will continue to work with them. Further, Indigenous Peoples and organizations in the project area had engaged minimally with the CCC, and no specific project-related concerns were raised with the CCC.

As a result, the CCC indicated that the CER would rely entirely on the Commission's regulatory process to meet the Crown's duty to consult. The CCC encouraged interested Indigenous Peoples and organizations to participate in the Commission's hearing process should they have any concerns with any of the authorization applications in relation to the IESP.

The CCC did not file any additional submissions on the hearing record for the Well Workover Application.

#### **5. Assessment of the Well Workover Application**

##### **5.1 Effects of the Well Workover on the Rights of Indigenous Peoples**

###### *5.1.1 Applicant's Engagement Activities*

IESPL submitted that the Traditional Knowledge Guide for the Inuvialuit Settlement Region encourages developers and traditional knowledge holders to work extensively together prior to an environmental impact assessment to gain the full value of traditional knowledge during project planning. IESPL stated that IPC used this philosophy to improve its environmental assessment for the IESP development plan.

IESPL stated that IPC initiated community engagement in early 2016, during the project design, and continued throughout the development of numerous studies and project plans. Formal community presentations and consultations about the proposed IESP began in early 2020, as soon as most of the feasibility studies were completed and conceptual plans and information on potential impacts were available for discussion. IESPL submitted that at that time, specific meetings with communities and community organizations were initiated and IPC reached out to the co-management bodies established under the *Inuvialuit Final Agreement* to provide information and answer any questions. Engagement activities for the IESP included a range of communication methods and opportunities, including presentations

followed by written correspondence, meetings, question and answer, brochures, and telephone calls.

IESPL further submitted that IPC held meetings with government leaders and co-management bodies to problem-solve specific issues and determine the overall level of support for the IESP. Input from local communities, harvesters, and other stakeholders, including traditional knowledge, has been documented and considered, and informed the IESP. The input received also helped to shape mitigation and management plans, and engineering designs.

IESPL noted that engaging early and comprehensively, including with elders, harvesters, youth, local leaders, community members, and co-management bodies, resulted in letters of support for the IESP from the following organizations:

- Aklavik Community Corporation;
- Aklavik Hunters and Trappers Committee;
- Hamlet of Tuktoyaktuk;
- Inuvialuit Game Council;
- Inuvialuit Regional Corporation;
- Inuvik Community Corporation;
- Inuvik Hunters and Trappers Committee;
- Olokhtomiut Hunters and Trappers Committee;
- Paulatuk Community Corporation;
- Paulatuk Hunters and Trappers Committee;
- Sachs Harbour Community Corporation;
- Sachs Harbour Hunters and Trappers Committee;
- Town of Inuvik;
- Tuktoyaktuk Community Corporation;
- Tuktoyaktuk Hunters and Trappers Committee; and
- Ulukhaktok Community Corporation.

IESPL also submitted that it has received verbal support from numerous organizations, including the Inuvik Native Band and the Gwich'in Tribal Council. The Commission notes that two letters were also filed on the record for the authorization applications demonstrating support for the project from the [Hamlet of Tuktoyaktuk and Tuktoyaktuk Community Corporation](#) and from the [Tuktoyaktuk Community Corporation](#).

On 18 November 2022 and 5 June 2023, IESPL provided its community engagement and meetings logs to the Commission, which outline engagement activities undertaken for the IESP including details about concerns and/or comments raised, and how IESP responded. The Commission notes that, as documented in IESPL's logs, IESPL responded to each of the comments or concerns raised. Further, no interested persons or organizations have raised outstanding concerns to the Commission regarding the IESP or IESPL's engagement activities.

IESPL submitted that it is committed to continuing to engage with all those potentially impacted throughout the CER's regulatory processes, as well as through the planning, construction, commissioning, operation, and decommissioning phases of the IESP.

### 5.1.2 CER's Consultation with Indigenous Peoples

Regulatory tribunals such as the Commission must perform the duties and exercise the powers assigned to them in their governing legislation not only in accordance with their legislative mandates, but also in accordance with section 35 of the *Constitution Act, 1982* and other applicable laws.

The framework within which the CER operates (and under which its decisions are made), including the requirement that a project assessment process be conducted in a procedurally fair manner, can provide a practical, effective, and efficient way for Indigenous Peoples to raise concerns and seek resolution from the applicant or the Commission regarding project-related impacts on their rights and interests.

The Commission's hearing process provided several opportunities for impacted Indigenous Peoples and organizations to learn about the IESP and bring forward any comments or project-related concerns to the Commission. The CER offered funding and process support to facilitate Indigenous Peoples' participation in the Commission's hearing process.

Additionally, as noted in section 4 above, the CCC did not engage or consult with Indigenous Peoples for the Well Workover Application. This decision not to conduct further engagement or supplemental Crown consultation activities for the Well Workover Application was based on feedback received and evidence filed on the hearing record in relation to IESPL's application for a development plan, suggesting that Indigenous Peoples and organizations were satisfied that their concerns in relation to the IESP were, or would be, addressed by IESPL. The CCC advised that the CER would rely entirely on the Commission's hearing process to satisfy the Crown's duty to consult.

### 5.1.3 Assessment of the Effects of Well Workover on the Rights of Indigenous Peoples

IESPL submitted that the Inuvialuit Regional Corporation is mandated under the *Inuvialuit Final Agreement* to represent the rights and interests of the Inuvialuit, and that the Inuvialuit Regional Corporation supports the requested authorizations. IESPL is an Inuvialuit corporation, which is wholly owned by the Inuvialuit Regional Corporation and its subsidiary, the IPC, which was established under the *Inuvialuit Final Agreement*. IESPL submitted that it shares the Inuvialuit Regional Corporation's mandate to act in the interests of the Inuvialuit.

IESPL submitted that the early site works, the well workover, and the installation and operation of the Energy Centre will have a positive effect on the existing rights of Indigenous Peoples with an interest in the project area, and particularly on the Inuvialuit. IESPL highlighted that the IESP is located entirely within Inuvialuit lands and the Inuvialuit Settlement Region, as defined under the *Inuvialuit Final Agreement*.

IESPL submitted that the IESP will support the energy security of the Inuvialuit Settlement Region and directly benefit the Inuvialuit, while also respecting Inuvialuit values related to the land and principles of sustainable development established under the *Inuvialuit Final Agreement*. IESPL asserted that the availability of a reliable, regional source of energy will reduce the environmental footprint of the current energy infrastructure used to supply the Inuvialuit Settlement Region, and reduce the economic burden associated with providing energy to the region.

Further, IESPL submitted that delaying the authorizations and the project would continue to have a negative effect on the rights and interests of the Inuvialuit, including their ability to preserve the environment on Inuvialuit lands and their ability to be equal and meaningful participants in the northern and national economy and society.

### ***Commission analysis and findings***

#### ***Applicant's Engagement Activities***

The Commission finds that IESPL appropriately identified and engaged those potentially impacted by the well workover, including Indigenous Peoples, landowners, communities, organizations, co-management boards, and other stakeholders. The Commission is satisfied with IESPL's approach to engagement and engagement activities, based on the small physical footprint of the IESP, the potential for the IESP to positively affect energy security in the region, IESPL's responses to comments or concerns raised to date, the evidence of community support for the project, and IESPL's commitment to continued engagement throughout the lifecycle of the IESP.

The Commission is also satisfied that sufficient notice was provided of the Well Workover Application and the Commission's assessment process, and that all those who are potentially impacted by the well workover had sufficient opportunity to participate in the Commission's hearing process.

IESPL's community engagement and meeting logs demonstrate that IESPL has been engaging, and continues to engage, with interested community members and organizations potentially affected by the IESP, and that IESPL has appropriately responded to comments or concerns raised to date. The Commission is satisfied with IESPL's commitment to continue to engage with Indigenous Peoples and organizations to resolve any project-related concerns, including any potential impacts on the rights and interests of Indigenous Peoples associated with the well workover for the IESP.

Throughout its review of the Well Workover Application, the Commission carefully considered all commitments made by IESPL. The Commission imposes **Condition 9** (Commitment Tracking Table), requiring IESPL to track and fulfil all the commitments it made in its Well Workover Application and related submissions, including an update on the status of each commitment. This condition also requires IESPL to file with the CER a list of its commitments and post the list on the IESP website, at least 45 days prior to commencing well workover construction and then on a quarterly basis.

#### ***CER's Consultation with Indigenous Peoples***

The Commission is satisfied that the engagement and consultation that has taken place has been adequate for the purpose of the Commission's decision on the Well Workover Application and that its decision is consistent with section 35 of the *Constitution Act, 1982*. In reaching this conclusion, the Commission considered its hearing process, which included sufficient opportunities for Indigenous Peoples to obtain information about the IESP and share any information or concerns with the Commission about the potential impacts of the well workover to their rights or interests; as well as opportunities to intervene in the hearing process, obtain participant funding, and access process support.



The Commission notes that no Indigenous Peoples participated in the hearing process as intervenors. As such, the Commission relied on IESPL's submissions about its engagement activities to assess potential impacts of the well workover on the rights and interests of Indigenous Peoples. The Commission also considered the evidence of community support for the IESP filed or referenced on the hearing record ([MH-002-2022](#)) for IESPL's three authorization applications and for the amendments to the approved development plan (and as further detailed in [MH-002-2021](#) for the approved development plan).

### *Assessment of the Effects of the Well Workover on the Rights of Indigenous Peoples*

The Commission finds that the well workover is unlikely to adversely affect the rights of Indigenous Peoples because of the location of the well on Inuvialuit private lands, the small scope of the activities involved in the proposed well workover, and the low potential for negative impacts on the environment and socio-economic factors during and after construction, as described in these reasons for decision. In fact, as discussed in greater detail in these reasons for decision, the Commission accepts that the proposed IESP is likely to have a positive impact on the rights and interests of Indigenous Peoples and organizations in the region, due to the focus of the project on enhancing energy security and reducing energy costs, as well as reducing the environmental footprint of the current energy infrastructure in the region.

## **5.2 Environment Matters**

IESPL submitted an Environmental Protection Plan (**EPP**) comprised of six environmental management plans, including the following: Archaeological Site Management Plan, Wildlife Management and Monitoring Plan (**WMMP**), Permafrost Protection and Management Plan, Fish and Fish Habitat Protection Plan (**FFHPP**), Waste Management Plan, and Erosion and Sediment Control Management Plan. The Archaeological Site Management Plan is discussed in section 5.3 – Socio-economic Matters of these reasons for decision. The remaining five environmental management plans are discussed in more detail below.

IESPL stated that the well workover will occur in the 2024 winter season (in March) and will include the following activities:

- completing the well pad;
- extending the cellar and wellhead to elevation;
- installing blowout prevention equipment;
- drilling out existing cement and plugs;
- circulating the well to remove debris;
- installing production tubing;
- insulating gas production from the permafrost;
- capping the well with a new wellhead; and
- pressure testing the wellhead and securing it for future tie-in with the gas plant.

Section 9 of the Northwest Territories' *Oil and Gas Drilling and Production Regulations*<sup>4</sup> sets out specific requirements for an environmental protection plan that must accompany any authorization application. IESPL submitted that the EPP contains the required information and provided a concordance table to indicate where in the EPP the information is located.

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<sup>4</sup> R-027-2014.



In each plan within the EPP, IESPL provided an overview of the project and a discussion, including potential impacts, mitigation, monitoring, adaptive management, and reporting specific to each plan. Information regarding roles and responsibilities, record keeping, and training are also included. The content of each plan is summarized below in the relevant subsections of the Environmental Matters section of these reasons for decision.

IESPL included an adaptive management plan for each of the plans within the EPP. At least annually, or following an environmental incident, IESPL will review monitoring results and mitigation outcomes and allow for discussions of adaptive management actions related to the project. IESPL will use the outcomes of the review to identify where mitigation or reclamation measures are not adequate and to identify additional mitigative, monitoring, or reclamation measures to be applied. In addition, IESPL committed to incorporating continual improvement into each of the plans. Each plan will be reviewed on an annual basis and updated as required based on observations and monitoring results gathered throughout the year. The plans may also be updated due to legislative changes and/or consultation with Indigenous communities and organizations as required.

In the EPP, IESPL refers to a number of procedures that it was still developing at the time the Commission was considering the Well Workover Application. These procedures include the ambient Air (dust) Monitoring Procedure, Noise Monitoring Procedure, Digital Light Intensity Monitoring Procedure, Wildlife Sighting Reporting Procedure, Bear Den Screening Procedure, Ground Temperature Monitoring Procedure, Driver Monitoring Procedure, and Land User Interaction Procedure. IESPL stated that the ground temperature monitoring procedure is already in place and has been used for three years. IESPL further stated that, for the construction of the early site works and the well workover, the driver monitoring and land user interaction monitoring procedures will be established through the sole contract and formal procedures in these areas will be established during the operations phase. IESPL submitted that the remaining procedures would be available in June 2023.

#### 5.2.1 *Wildlife Management and Monitoring Plan*

IESPL engaged with the following five organizations in the development of the WMMP for the IESP: the Government of the Northwest Territories Environment and Natural Resources, Inuvialuit Game Council, Tuktoyaktuk Hunters and Trappers Committee, Inuvik Hunters and Trappers Committee, and the Wildlife Management Advisory Council of the Northwest Territories. IESPL stated that these organizations will continue to be involved in the annual reviews and continual improvement of the WMMP and therefore have formed the IESP WMMP Review Committee.

IESPL stated that the project area includes habitat for barren-ground caribou, grizzly bears, wolverines, horned grebe, red-necked phalarope, short-eared owl, Harris's sparrow, and rusty blackbird. All of these species, except for barren-ground caribou, are listed as special concern on Schedule 1 of the federal *Species at Risk Act*.<sup>5</sup>

IESPL identified that potential effects of the IESP on wildlife include loss of habitat due to vegetation clearing and gravel fill for the pad; risk of injury or mortality due to accidental destruction of bird nests, eggs, or young during operations; localized minor degradation of wildlife habitat due to possible soil erosion; impacts to wildlife habitat due to possible particulate matter (dust) emissions from traffic; wildlife habitat pollution due to fuel and/or

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<sup>5</sup> SC 2002, c 29. The Commission notes that Schedule 1 lists all of the species identified by IESPL as special concern, including Harris's sparrow which was listed in February 2023.

chemicals spills; and wildlife disruption or habitat degradation due to fire, explosion, or blowout. Wildlife may experience sensory disturbance due to lighting, noise, traffic, physical barriers, and vibration, or be attracted to the project site due to light, noise, and/or domestic waste. The project may result in direct interactions with wildlife through vehicle collisions; wildlife attempting to nest in equipment; and disturbance of winter dens; and may result in injury or mortality of bears, wolverine, or foxes attracted to the facility.

IESPL stated that during the design of the project, it chose design elements to help minimize the potential effects of the well workover on wildlife. These elements include scheduling the work activities in the winter to minimize the effects of sensory disturbance and integrating the well pad with the new sump cap to minimize the gravel footprint and the area to be cleared. To minimize dust from traffic, IESPL stated that it will restrict traffic to project vehicles only, put speed limits in place, and implement dust suppression measures during construction and summer operation activities.

IESPL committed to site-specific mitigation measures for the well workover phase of the IESP with respect to migratory birds and species at risk. These measures include scheduling the well workover activities over the winter season to ensure that there is no overlap between the migratory bird window and well workover activities within the project area. IESPL stated that there are currently no well workover activities planned during the bird nesting and breeding season. IESPL committed that, if it needs to conduct an activity during the breeding season, then it will conduct pre-disturbance surveys no more than four days before the start of the activity to identify any active nests and implement setbacks until the nests are no longer active.

IESPL stated that it will conduct annual surveys to identify critical habitat, nesting or denning locations, and other habitat features (e.g., overwintering habitat) of species at risk within the local study area. Due to the local study area containing areas of higher suitability grizzly bear den habitat, IESPL committed to conducting bear den surveys in the fall (starting in September prior to snowfall) prior to starting IESP activities in the winter construction season. For caribou, IESPL committed to having wildlife monitors scout ahead of the equipment to avoid disturbing caribou, and not starting work until caribou are more than 500 metres (m) away. IESPL also set out further mitigation measures to follow if caribou approach the site while work is underway.

IESPL committed to immediately clean up any spills and dispose of any impacted snow or gravel according to regulations.

IESPL further stated that it will manage wildlife attractants by containing all food, garbage, grease, oils, and/or fuels in bear proof areas or bear proof containers. To minimize sensory disturbance to wildlife, IESPL stated that the noise will be restricted to the immediate vicinity of the work in progress. Equipment will be maintained in good repair with the provision of appropriate mufflers for all internal combustion engines. The lighting will be sufficient to meet the demands of the construction activity with minimal light spillage, reflectivity, or spread to areas outside of the requirement zone or to the night sky.

IESPL stated that it will focus wildlife effects monitoring on the project footprint and the local study area. IESPL explained that the mitigation monitoring program will identify, document, and report on proper implementation of mitigation procedures and equipment, the presence of wildlife onsite, risks to wildlife or habitat and human safety, and other wildlife incidents (e.g., injury, mortality, wildlife-human interactions) that require a management response. IESPL committed to having a trained wildlife monitor onsite during all project phases. IESPL

committed that it will, during the implementation of the project's activities, document and report to the appropriate authorities all significant wildlife features (e.g., nests and dens), wildlife sightings, human/wildlife conflicts, and wildlife incidents. In addition, the site will be monitored on an ongoing basis and may include assessment of potential disturbance to nests and dens, and monitoring of nests and dens during the spring for emergence, if required.

IESPL stated that it will conduct an annual review of its IESP Integrated Management System, including the WMMP, to evaluate the system's continuing suitability, adequacy, and effectiveness. IESPL stated that it and the IESP WMMP Review Committee will review the results of the monitoring and mitigation outcomes to discuss wildlife-related adaptive management actions related to the project.

IESPL stated that during the well workover activities, the wildlife monitor will complete a daily wildlife sighting form and a weekly report summarizing the information collected during the week. During operations, the wildlife monitor will complete a weekly report. IESPL further stated that the contractors are required to submit a report on any findings, non-compliances, and non-conformances, and self-created action plans to the wildlife monitor.

### *5.2.2 Permafrost Protection and Management Plan*

IESPL stated that a geotechnical site investigation conducted in 2020 confirmed permafrost conditions, as well as soils comprising lacustrine and glacial deposited silts and clays containing excess ice underlying the project area. These soils were found to contain excess ground ice and are considered thaw sensitive. The IESP is in an area of continuous permafrost, with measured ground temperatures of -3.6 to -5.5 °C. The relatively cold ground temperatures reduce the sensitivity to permafrost warming but the consequence of permafrost thaw is high.

IESPL stated that to some degree, thermal erosion of permafrost following construction on permafrost terrain is inevitable due to the change in thermal regime resulting from construction. The degree of thermal erosion and permafrost thaw can be mitigated by employing appropriate measures during construction. It becomes impractical to restore permafrost once thermal erosion has occurred, and the permafrost will naturally need to establish a new equilibrium.

IESPL stated that the design of the IESP includes measures to protect the permafrost. The gravel pad is designed to insulate the underlying permafrost to keep the subsoil frozen, prevent ponding, and move the frozen layer of soil upwards into the well pad. To do this, the active layer of soil and organics will be left intact where possible and gravel for the pad will be placed directly on the tundra without disturbing it. Ground temperature cables will be used to monitor the thermal regimes of the pad embankments. IESPL also committed to filling the area between the well casing and the production tubing with a gelled fluid that will limit the heat transferred from the well to the surrounding frozen ground to protect the permafrost.

IESPL stated that proper surface water drainage is essential for preserving permafrost stability. IESPL proposed general protection measures to ensure proper drainage, including commitments to not excavate drainage ditches in permafrost with excess ground ice, grading the area within four metres of a structure at four per cent slope to facilitate rapid drainage of surface water away from the structure, and placing additional fill at select locations to promote positive drainage and avoid water ponding under or next to a structure or foundation during spring thaw.

IESPL stated that snowbanks and snow drifts alongside pads and around structures can reduce ventilation and insulate the ground, which can impede the cooling of the active layer and the underlying permafrost in winter. To mitigate this risk, IESPL committed to implementing a snow management/maintenance program to keep snow cleared and stored in a designated location during the winter. IESPL stated that if it is not practical to remove the snow drifts, a snow study will be undertaken to determine if other snow management mitigation measures can be implemented.

IESPL stated that permafrost monitoring around the well pad will include observing the embankments for signs of significant deformation, cracking, sloughing, ponding water, and vegetation changes alongside the embankments. Inspections will focus on indicators of potential permafrost degradation or thaw settlement, which include erosion, seepage, sinkholes, slumping, and tension cracks. In addition, ground temperature monitoring will be conducted throughout the project lifecycle through ground temperature cables installed near the well pad.

IESPL stated that it will use adaptive management, through a permafrost response framework, to respond to conditions potentially resulting in degradation of permafrost. The permafrost response framework identifies low, moderate, and high action level responses to specific kinds of observations, such as ponding water.

IESPL stated that regular permafrost observation and monitoring reports will be prepared during construction, and an annual report of all permafrost monitoring activities will be prepared for the construction period. Reports will include results of monitoring activities, any identified issues, and corrective actions required.

### *5.2.3 Fish and Fish Habitat Protection Plan*

IESPL committed to conducting all civil work that is near water during the winter to avoid impacts to fish and fish habitat. IESPL stated that it does not intend to conduct in-stream work at any phase of the IESP and it expects that the watercourses within the project area will freeze to the bed during the winter. IESPL identified potential effects of the IESP to include disturbances or harm to fish and fish habitat through water quality degradation, release of deleterious substances, sediment release during bridge construction, hydrology changes, removal of riparian vegetation, increased dust particulate in the watercourse and on riparian vegetation, and changes in structure and cover for terrestrial and aquatic habitats.

IESPL also committed to collaborating and facilitating the coordination of monitoring activities with the Imaryuk Monitoring Program, Inuvik Hunters and Trappers Committee, Tuktoyaktuk Hunters and Trappers Committee, and, where relevant, the Community Based Monitoring Program.

In addition, IESPL listed a number of mitigation measures and best management practices in relation to erosion and sediment control, the removal and restoration of riparian vegetation, disturbance or harm to fish, use and refuelling of machinery onsite, spill management, water quality, dewatering, culvert installation and maintenance, dust suppression, and the use of concrete during bridge construction. IESPL also committed to having an environmental monitor on site prior to start of construction, operations, or decommissioning works to ensure that all project personnel are aware of the environmental sensitivities and the requirements of the FFHPP, as well as to ensure that these requirements are effectively implemented.

IESPL committed to specific monitoring activities to aid in the proper implementation of the mitigation measures and best management practices identified in the FFHPP. IESPL will monitor water quality annually as part of the long-term surface water sampling procedure and will compare the results with the baseline water quality samples taken in the IESP 2021 Baseline Environmental Report completed by Kiggiak-EBA. For the duration of the project, IESPL will conduct visual monitoring of the watercourse weekly during the annual freshet and immediately mitigate any sediment plumes observed due to construction-related activities. An ambient dust monitoring program will be in place during summers to provide timely information on the effectiveness of dust management along the access road.

IESPL stated that it will prepare and retain weekly environmental monitoring reports. These weekly reports will include a description, photos, and the status of construction by area, including within environmentally sensitive areas; environmental meetings and key issues discussed; key communications with environmental authorities; and any outstanding environmental issues and/or non-compliances and the required corrective actions.

IESPL concluded that if the mitigation measures outlined in the FFHPP are implemented, then it does not anticipate any residual harmful effects to fish and fish habitat as a result of the IESP.

#### 5.2.4 *Waste Management Plan*

IESPL stated that the well workover phase of the project will not generate significant waste. The waste streams include domestic waste (kitchen and sewage), solid industrial waste, flared gas, and completion fluids. The Waste Management Plan incorporates the basic principles of the waste hierarchy, which are source reduction, reuse, recycle or recover, treatment, and disposal.

IESPL stated that domestic (kitchen) waste includes food scraps, paper, and bottles, and may also include fabric; empty glass, metal, or plastic containers; plastics; or other non-hazardous wastes. IESPL will gather these wastes daily and store them in an airtight bear-proof container before transporting them to the landfill in Tuktoyaktuk for disposal at least once per week.

Plastic and aluminum beverage containers will be stored securely until donated to a charity or transported to a recycling depot in Tuktoyaktuk or Inuvik. Raw sewage and domestic wastewater will be collected into heated and insulated holding tanks. A vacuum truck will transport sewage off-site to the Tuktoyaktuk sewage lagoon on a weekly basis. However, the heated and insulated storage tanks will have capacity to hold two weeks of effluent to allow for contingency in the event severe weather hampers the travel of mobile equipment. The Hamlet of Tuktoyaktuk has confirmed its approval for the disposal of domestic waste and raw sewage. IESPL stated that there will never be a landfill on-site.

Solid industrial waste such as packaging, tubing connectors, swab cups, and cement cuttings will be stored in a disposal bin and recycled where possible, and the remainder sent to a Class II landfill. Any waste lube oil from rig and support equipment will be stored in a waste hazardous material drum until transported to a local waste oil burner. Hazardous wastes include well workover fluids, spent diesel, produced liquid hydrocarbon, and methanol. IESPL anticipates very small volumes of hazardous waste during the project. All hazardous waste generated at the project will be classified, collected in appropriately labeled containers, segregated into compatible groups, securely stored, transported, and disposed of, in an appropriate and approved manner. IESPL will obtain a waste generator number

under the *Transportation of Dangerous Goods Act*.<sup>6</sup> IESPL stated that on-site storage of hazardous waste will be short-term (i.e., less than 180 days) and within the allowable limits. IESPL will dispose of hazardous waste generated during the IESP in British Columbia or Alberta at an approved and licensed hazardous waste disposal facility. The spent diesel and produced liquid hydrocarbon may be stabilized and used in a local waste oil burner.

IESPL committed to tracking and keeping detailed information about waste, such as dates and quantities of waste in storage, being transported, treated, and disposed of. IESPL will track all waste from cradle to grave and keep records for a period of at least five years. IESPL will keep an accurate record of all hazardous waste materials generated on-site and all materials transported off site. A waste manifest form will be completed and accompany the shipment of hazardous waste in accordance with the Government of Northwest Territories' *Guideline for Hazardous Waste Management* and other provincial hazardous waste regulations.

As an adaptive management measure, IESPL has committed to reviewing incidents related to waste management and/or changing site conditions to identify any lessons learned. IESPL will apply new measures in order to improve its environmental performance related to waste management.

#### 5.2.5 *Erosion and Sediment Control Management Plan*

IESPL stated that a gravel pad will be built at the well site and joined with the new sump cap to create a single pad to be used for future well servicing and/or emergency work. IESPL will examine the existing sump cap for settlement and grade or fill areas as needed. During operation, the regular placement and grading of fill and gravel to build up and/or maintain the well pad will require on-going erosion and sediment control measures.

IESPL identified the potential effects of the well workover activities to include erosion and sedimentation to waterbodies. Erosion can lead to permafrost degradation.

IESPL provided a list of its project commitments, mitigation measures, and best management practices to prevent or minimize erosion and sedimentation, as well as to prevent ponding of surface water around the IESP site, to minimize effects on fish and fish habitat and permafrost. These commitments include completing well workover activities in the winter months, laying down or cutting shrubs instead of blading, not placing soil or debris piles within 100 m of a watercourse, and applying dust suppression in the summer to minimize dust from truck traffic. IESPL also committed to regular monitoring for erosion and sedimentation at the gravel pad and remediated sump cap.

Additional mitigation measures and best management practices IESPL plans to implement for the IESP include minimizing exposed soils, minimizing work in wet soil or wet weather conditions, preserving and using existing drainage patterns and systems, maintaining site grading and drainage to facilitate surface water drainage away from infrastructure, stabilizing soil stockpiles with seeding or a tarp cover to minimize wind and water erosion, providing clear signage at sensitive zones, reducing slope erosion using slope protection (e.g., vegetative cover, matting, riprap) or slope texturing (i.e., roughening the surface soils through contouring to promote water infiltration, trap seeds, and reduce water velocity and rill

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<sup>6</sup> SC 1992, c 43, or RSNWT 1988, c 81 (supp), as applicable.

development), and installing silt fencing to intercept runoff, reduce velocity, and allow water to temporarily pond and settle out sediments.

IESPL committed to regularly monitor the work areas during construction and operation to evaluate the effectiveness of the erosion and sediment control measures in place and to identify any areas where the erosion and sediment control measures are failing, damaged, or degrading. IESPL stated that any minor deficiencies with the erosion and sediment control measures should be corrected within 24 hours from when the problem was first identified. Major deficiencies must be corrected immediately, which can require halting construction activities in the specific area until the concerned areas have been satisfactorily protected. During construction, IESPL committed to inspecting the erosion and sediment control measures at least once every seven days and after significant rain or snowmelt events. During operation, IESPL will inspect the erosion and sediment control measures once per week prior to spring freshet. Prior to spring freshet and winter freeze up, the inspections should verify that the erosion and sediment control measures are properly installed. The routine inspections should be completed again after spring freshet to ensure that erosion and sediment control measures withstood the seasonal flows, which are typically the highest of the year.

IESPL committed to having an ambient dust monitoring program in place during summers to provide timely feedback to lower dust levels along the access road. The monitoring plan may include regular monitoring of dust levels using ambient air monitoring equipment, and includes trucking in clean water for water-controlled dust suppression or the use of approved dust suppressants on the access road throughout the life of the project.

IESPL stated that it will prepare weekly erosion and sediment control summary reports that identify any minor or major deficiencies in the erosion and sediment control measures. The reports will include photos, issues, incidents, non-conformances and non-compliances, corrective actions taken, any anticipated issues from observed concerns, and ongoing issues that have not been addressed.

IESPL concluded that the potential effects from the type of work being carried out at the site are well understood and the environmental effects can be mitigated using proven techniques from road and site development in the area. As a result, IESPL expects that residual effects will be minimal. This expectation will be confirmed through construction and operations monitoring, as well as adaptive management, should impacts be observed.

### ***Commission analysis and findings***

The Commission finds that IESPL has, in the EPP and in responses to information requests, identified and committed to implementing appropriate mitigation and avoidance measures to protect the environment during the well workover activities. The Commission finds that, with the implementation of IESPL's mitigation measures and commitments, as well as the Commission's imposed conditions, the environment will be adequately protected during well workover activities.

The Commission notes that no parties potentially impacted by the IESP identified any environmental concerns with the IESP. The Commission also notes that IESPL incorporated a number of avoidance and mitigation measures into both the design and the construction schedule for the IESP. Further, the EPP contains both general and site-specific mitigation measures, as well as best management practices, to be implemented during well workover activities and operation of the well.



At the time that the Commission was considering the Well Workover Application, IESPL indicated that a number of procedures were not yet available. The Commission released a potential draft condition for comment that requires IESPL to submit these procedures 90 days prior to commencing well workover construction (draft Condition 7). IESPL requested that the Commission amend this draft condition to exclude the Ambient Air Monitoring Procedure, Noise Monitoring Procedure, and Digital Light Intensity Monitoring Procedure. IESPL stated that the well workover activities will occur in the winter months with day shift operations only. Dust, noise, and light will not be a concern based on the planned work schedule for well workover activities and, as a result, monitoring these aspects is unnecessary for the well workover activities and will add cost and effort with no meaningful benefit. The Commission clarifies that draft Condition 7 did not include a requirement that the monitoring is conducted for the well workover activities; rather, IESPL must only file the monitoring procedures. Based on IESPL's indication that it would complete the noted procedures by June of 2023, the Commission imposes **Condition 6** (Environmental Procedures) requiring IESPL to file the noted procedures, including the procedures for air, noise, and light monitoring, at least 90 days prior to commencing well workover activities. Where formal procedures are not being developed at this stage of the project (i.e., driver monitoring and land user interaction monitoring procedures), IESPL is to provide key elements of those informal procedures since they are being undertaken through contracts.

The Commission is of the view that a robust post-construction environmental monitoring program is a fundamental tool to verify that potential adverse effects have been effectively mitigated. To be satisfied that post-construction environmental monitoring is thorough and effective, the Commission imposes **Condition 13** (Post-Construction Environmental Monitoring Report), which sets out the requirements for IESPL's post-construction environmental monitoring program.

The Commission notes that in response to the draft conditions it issued for comment on 3 March 2023, IESPL requested that this condition be amended to allow IESPL to combine reporting of the requested information for the early site works with reporting for the well workover and the Energy Centre, where efficient and appropriate. The Commission is of the view that the timing outlined in the condition is important in order to identify early on any environmental issues that are not advancing as expected after completion of construction of each phase, including the well workover activities. The Commission has decided not to adjust the timing of the condition as requested; however, the Commission is not opposed to IESPL filing information for the different phases of the project (e.g., early site works, well workover) in the same filing if the timing aligns.

### **5.3 Socio-Economic Matters**

In its Well Workover Application and related submissions, IESPL described the potential impacts of the well workover on socio-economic valued components, as well as a number of proposed mitigation measures to address potential impacts. These socio-economic valued components include heritage resources, traditional land and resource use, social and cultural well-being, water quality and quantity, infrastructure and services, human health and aesthetics, human occupancy and resource use, acoustic environment, and public safety.

IESPL submitted that there are no significant social or environmental impacts anticipated from the IESP. IESPL submitted that, in fact, once mitigations are applied, there are several significant positive economic and social benefits expected from the project, including energy security; a reduction in local energy costs; extensive training; school visits; capacity building

of local community services, such as the fire department and ambulance services; long-term employment opportunities; gender equal opportunities; and local business opportunities.

As noted in the Background section above, pursuant to the *Inuvialuit Final Agreement*, the Environmental Impact Screening Committee (**EISC**) reviewed IPC's proposal for the IESP and determined that the development may proceed without an environmental impact assessment and review on the basis that it will have no significant negative impact on the environment, if authorized subject to environmental terms and conditions recommended by the EISC.

### *5.3.1 Heritage Resources*

IESPL advised that qualified archeologists licensed by the Prince of Wales Northern Heritage Centre investigated historical land use within the regional area of the IESP (i.e., within a 10 km radius of the Energy Centre). In 2021, all areas of archeological potential were investigated through field assessment and no surface or subsurface cultural material or features warranting protection were found. IESPL confirmed that it has met all requirements and received all necessary clearances and permits relating to heritage and archeological resources for the IESP.

IESPL indicated that it will follow, throughout the life of the IESP, the Archaeological Site Management Plan and the procedure for chance discoveries of heritage resources included in the EPP submitted with the Well Workover Application.

### *5.3.2 Traditional Land and Resource Use*

IESPL submitted that there are no traditional land users within the project area, with the closest cabin to the project being 7.62 km to the east, on the other side of the Inuvik-to-Tuktoyaktuk highway. IESPL reviewed traditional land use information from a number of existing studies, including the Summary of Existing Traditional Knowledge for the Inuvik to Tuktoyaktuk Highway Study Area, and has had multiple discussions and meetings with the Inuvialuit Game Council, Tuktoyaktuk Hunters and Trappers Committee, and the Inuvik Hunters and Trappers Committee since 2018.

### *5.3.3 Health, social and economic effects*

IESPL stated that, as part of the application to the EISC, an assessment was conducted on the health, social, and economic effects of the project. The assessment concluded that once mitigation measures were applied, residual effects from the IESP are predicted to be positive regarding energy security, local business and employment opportunities, local infrastructure, training and capacity building, reduction in local diesel fuel and gas costs, and health (sump remediation). IESPL stated that there are no significant negative effects predicted for the project. IESPL advised that the EISC agreed with the IESPL impact assessment that the project would have no significant negative impacts. IESPL submitted that it has addressed all concerns to the satisfaction of interested parties.

IESPL submitted that the IESP is an important foundation to the economic development of the Inuvialuit region and is critical to a secure and affordable energy supply for local communities. With local gas reserves anticipated to last more than 50 years, the IESP represents the most reliable and viable replacement for the dwindling Ikhil gas well. The IESP would also provide a more affordable supply of natural gas, propane, and synthetic diesel to the residents of Tuktoyaktuk, which would improve access to energy and improve

quality of life overall. In addition, the IESP will also displace natural gas and propane that are currently trucked in from southern Canada, reducing the costs that local residents and businesses must pay for energy. The IESP will be located entirely on Inuvialuit Private Lands and aligns with core objectives of various relevant governance and policy documents for the economic and energy development for the Inuvialuit Private Lands and the broader region.

### ***Commission analysis and findings***

The Commission finds that the well workover for the IESP will have no or negligible negative effects on socio-economic matters and, in fact, will likely result in overall positive social and economic impacts. In reaching this conclusion, the Commission considered the small scope of the well workover activities and their location on Inuvialuit private lands, and the low potential for impacts on socio-economic valued components, as well as IESPL's proposed mitigation measures to address any potential negative residual effects of the well workover. In considering the potential positive impacts of the project, the Commission considered the IESP's capacity to enhance economic development and security in the region through enhanced energy security, benefits for local business and employment opportunities, improvements to local infrastructure, training and capacity building and reduction in local diesel fuel and gas costs.

The Commission also considered EISC's conclusions on the project and the letters of support from potentially affected Indigenous Peoples and organizations filed or referenced on the record, outlining the necessity of the project for their communities.

The Commission notes that there is no evidence of traditional land use in the project area and that it received no submissions from those potentially impacted by the IESP identifying socio-economic concerns with the proposed well workover.

The Commission acknowledges IESPL's submission that it has obtained all clearances and permits relating to archaeology and heritage resources for the IESP and is satisfied with IESPL's commitment to follow its Archaeological Site Management Plan and related procedures in the event of a chance find or discovery.

The Commission is also satisfied with IESPL's submission that it has addressed all concerns raised to date to the satisfaction of interested parties, as well as with IESPL's commitment to continued engagement throughout the CER regulatory processes and the lifecycle of the IESP.

### **5.4. Financial Matters**

IESPL stated that it is a wholly owned subsidiary of IPC and the Inuvialuit Regional Corporation. The Inuvialuit Regional Corporation is a government entity established in 1984 to manage the settlement outlined in the *Inuvialuit Final Agreement*. IESPL submitted that the Inuvialuit Regional Corporation represents the collective Inuvialuit interests in dealings with governments and the world at large.

To assess its potential financial responsibility for the Well Workover Application, IESPL submitted its analysis and quantification of the risks with the greatest potential to cause loss or damage associated with the Well Workover Application and the authorization application for early site works. IESPL stated that the largest financial risk it identified for the Well Workover Application was a transport-related spill into a flowing water course in the amount of 1.3 million dollars. IESPL submitted that the assumptions and the analysis underpinning

the worst-case scenario of 1.3 million dollars would be accurate for all phases of the IESP. IESPL is proposing the same amount of financial security in the form of a parental guarantee from IPC in the amount of 1.3 million dollars for both the Well Workover Application and the authorization application for the early site works.

IESPL submitted evidence of insurance that it holds, including a certificate of insurance that details the liability limits for three separate policies held (namely, Commercial General Liability, Umbrella Liability, and Contractors Environmental Liability. In terms of the availability of readily accessible funds, IESPL stated that IPC can provide funds as required by IESPL on short notice, and that most of IPC's marketable securities can be converted to cash within 48 hours.

### ***Commission analysis and findings***

The Commission is satisfied that IESPL has submitted sufficient evidence to support, and therefore approves, the use of a parental guarantee from IPC as proof of financial responsibility for the Well Workover Application. In accepting a parental guarantee as proof of financial responsibility, the Commission considered evidence of IESPL's corporate insurance programs, IPC's 2021 and 2022 financial statements, and IESPL's analysis in respect of readily accessible funds.

The Commission further accepts IESPL's financial risk analysis, which identified 1.3 million dollars as the appropriate amount of financial responsibility to be posted through the parental guarantee. In reaching this conclusion, the Commission considered and accepts as reasonable IESPL's analysis that a transport-related spill into a flowing watercourse would represent the risk with the greatest potential to cause loss or damage associated with the Well Workover Application.

To ensure the continued and ongoing financial position of IPC, as the entity to provide the parental guarantee to IESPL, the Commission has imposed two conditions. **Condition 8** (Financial Material Changes) requires IESPL to update the CER if there are any material changes in the financial position of the guarantor or its proof of financial responsibility.

During its assessment of the Well Workover Application, IESPL provided a draft form of parental guarantee for the Commission's consideration. The Commission has also imposed **Condition 7** (Parental Guarantee and Insurance), which requires IESPL to submit a final, signed, executed copy of the parental guarantee **for approval**, at least 45 days before well workover construction.

### **5.5. Engineering Matters**

IESPL stated the following details regarding the current state of the TUK M-18 well that is subject to the well workover:

- the well was suspended by Devon Energy in 2001-2002 with two bridge plugs with cement caps; and
- the well production tests flowed significant gas and liquids from the Kamik sandstone reservoirs at gas rates of 287 thousand cubic metres per day (e<sup>3</sup>m<sup>3</sup>/d) and 423 e<sup>3</sup>m<sup>3</sup>/d.

IESPL submitted that the purpose of the well workover phase of the IESP is to develop the TUK M-18 well to put it on production as a gas well to support the IESP.

The workover will consist of ten steps:

1. Extending the wellhead and cellar to adjust for additional fill around the pad;
2. Constructing the well pad as a work area and to protect the permafrost;
3. Installing blowout prevention equipment;
4. Drilling out existing cement and plugs;
5. Circulating the well to remove debris;
6. Installing production tubing and subsurface safety valve;
7. Insulating gas production from the permafrost;
8. Installing connections for the subsurface safety valve control line;
9. Re-installing the wellhead; and
10. Securing the well for future tie-in with the Energy Centre.

IESPL stated that the well workover includes provision for protection of the permafrost, both through the design of the flare stack and installation of vacuum insulated tubing over the upper 400 m or more of the wellbore.

For the well control measures during the well workover phase, IESPL submitted that:

- there will always be at least two barriers to flow installed to maintain control of the well;
- while the wellhead is removed for the installation of the extension spools, well control will be maintained by the bridge plugs and the hydrostatic head;
- a 35 megapascal Class III blowout preventer will be installed and tested prior to drilling out the plugs; and
- the blowout preventer will remain in place until after a downhole packer, subsurface safety valve, tubing hanger, and back pressure valve are installed.

IESPL stated that the production tubing it will use for the well workover is designed to provide protection from corrosion resulting from the carbon dioxide in the produced gas, and that all downhole equipment is designed for the maximum flow rate of 285 e<sup>3</sup>m<sup>3</sup>/d.

IESPL stated that it will ensure that:

- equipment that is to be used in the well workover activities will be fit for the purposes for which it will be used;
- the related operating procedures and site-specific procedures are appropriate;
- the personnel who are to be employed in connection with the well workover scope of work are qualified and competent for the task required of them;
- staff and contractors engaged in the supervision of this work will have suitable experience; and
- supervisory personnel will have certain minimum training.

## **Commission analysis and findings**

The Commission finds that the activities proposed for the well workover phase of the IESP are typical for putting a suspended well into production and that IESPL has provided sufficient detail regarding well control measures to be employed during this work.

The Commission notes that IESPL has committed to ensuring that the equipment to be used will be fit for purpose, as is required by section 15 of the OGOA. The Commission also notes that IESPL has included mitigation measures to reduce the potential for permafrost degradation, which could affect the equipment being installed in the well workover phase of the IESP.

The Commission finds that IESPL has demonstrated an appropriate commitment to following applicable legislation related to the equipment to be used in the well workover for the TUK M-18 gas well.

### **5.6. Safety and Emergency Response Matters**

#### **5.6.1. Safety**

IESPL stated that it has developed a safety management program in alignment with the Northwest Territories' *Oil and Gas Drilling and Production Regulations*, ISO 45001:2018, ANSI/ASSE Z10-2012 (R2017), and the Northwest Territories' *Safety Act* and regulations. The safety management program includes a health, safety, environment, and quality integrated management system; a Health and Safety Plan; and health and safety procedures. In the Health and Safety Plan, IESPL stated that it has completed a hazard identification study, and summarized the hazards and mitigations related to the well workover, which include severe weather, vehicle accidents, a loss of well control, and risks associated with working near pressurized equipment.

In the Well Workover Application, IESPL stated that the well workover phase will be contracted. The strategy for selecting and overseeing contractors is summarized in the Health and Safety Plan. IESPL stated it will have an on-site manager to oversee the contractor's work. The on-site manager's duties will include, but not be limited to, ensuring regulatory requirements are met, ensuring safe work procedures are developed for high-risk jobs, and immediately stopping unsafe work.

In the Health and Safety Plan and related submissions, IESPL identified several processes and procedures that are under development and will be available prior to commencement of the well workover, which includes IESPL's Contractor Management Procedure. IESPL committed to ensuring that its staff and contractors supervising work will have suitable experience and training, including the Energy Safety Canada Well Service Blowout Prevention training. IESPL submitted that critical service rig equipment, including the blowout preventers, draw works, and carrier-mounted equipment, will be inspected and certified where applicable in accordance with the recommended practices of the Canadian Association of Energy Contractors.

## ***Commission analysis and findings***

The Commission finds that the information in IESPL's Well Workover Application and related submissions, including the Health and Safety Plan, demonstrates that IESPL will sufficiently manage the safety of the well workover. The hazards identified, evaluation of risks, and proposed mitigation measures, are logical and appropriate for the proposed work activities.

Because IESPL will rely on contractors to complete the well workover, prudent selection and oversight of contractors provide the most significant opportunities for IESPL to ensure that the work will be executed safely. For this reason, the Commission finds appropriate IESPL's commitment to having an on-site construction manager oversee the work performed by contractors.

The Commission also finds appropriate IESPL's commitment to ensure that critical service rig components will be inspected and certified following the recommended practices of the Canadian Association of Energy Contractors.

To provide confidence and transparency that IESPL will complete the necessary processes and procedures to protect the health and safety of workers before the well workover begins, the Commission imposes **Condition 5** (Safety and Emergency Management Documents), requiring IESPL to file updated copies of its Contractor Management Procedure and Incident Accident Reporting and Management Procedure at least 90 days prior to commencing the well workover construction, specifically reflecting the well workover activities.

### ***5.6.2. Emergency Management***

IESPL stated that the Emergency Management Program is a key component of the Health, Safety, Environment and Quality Management System and that the Emergency Management Program establishes a framework that ensures that appropriate levels of emergency response and support capabilities are in place across all levels of IESPL's business practices.

IESPL indicated that each element of its emergency response plan is based on the outcome of a detailed hazard, risk, vulnerabilities, and capabilities assessment, and that this assessment process will be completed at the outset of each major project phase and refreshed as needed at various stages of the IESP lifecycle. IESPL also submitted a TUK M-18 Well Workover Emergency Response Plan, which is specific to the well workover activities and includes a unique hazards matrix that addresses potential emergency scenarios and planned mitigation measures.

In the TUK M-18 Well Workover Emergency Response Plan, IESPL described the role of the CER and the external agency notification requirements. In the Incident Accident Reporting and Management Procedure for the IESP, IESPL committed to reporting and reviewing all incidents, accidents, and non-conformities (i.e., failures to fulfill requirements) for various reasons, including compliance with regulatory reporting requirements and to identify causes and prevent reoccurrences. Further, IESPL stated that current contact lists are continually updated on the IESP SharePoint site and available in Section 6.0 of the emergency response plan.



IESPL committed to using the Incident Command System for its emergency management programs, processes, and training, and stated that IESPL believes that the Incident Command System provides the best option for coordination measures with any relevant municipal, provincial, territorial, or federal emergency response plans. In addition, IESPL submitted that it will conduct a public information program 90 days prior to the commencement of operations of the well workover activities and that part of this program will include in-person agency visits to determine search and rescue capabilities and limitations, and to discuss joint response strategies and/or unified command opportunities.

IESPL stated that emergency response communications will be supported by microwave, satellite, and cell phones at the project site and that cell boosters will be used as needed. IESPL's training policy states that the company provides its employees with ongoing training in safety, first aid, emergency response, spill prevention, ignition, environmental protection, and control procedures, as required. IESPL committed to training supervisors and all personnel involved in the incident command system, and to conducting tabletop exercises and multiple field drills prior to IESP activities. IESPL identified that its Vice President of Health, Safety, Security and Environmental Quality is responsible for responder training, records of training, and overall preparedness.

IESPL noted in several sections of the TUK M-18 Well Workover Emergency Response Plan that certain information would be finalized or updated 90 days prior to commencing operations. This includes:

- contents of spill clean-up equipment / kits;
- contact information for:
  - the Incident Management Team at the wellsite;
  - the Regional Emergency Operations Centre Team in Tuktoyaktuk;
  - the Corporate Emergency Operations Centre Team in Calgary; and
  - other company contacts;
- overview of operations;
- the IESP general telephone numbers and email address;
- inventory of emergency response equipment;
- location of ignition equipment;
- table of product(s) produced and consumed;
- well list(s);
- maps of emergency planning zones.

The TUK M-18 Well Workover Emergency Response Plan also indicates that training of personnel for their designated duties will be completed 90 days prior to commencement of operations. In addition, IESPL submitted that the unique Hazards Matrix in the Well Workover Application is not yet finalized and stated that additional procedures, called field operating guides, are under development.

### ***Commission analysis and findings***

The Commission is satisfied that IESPL's commitment to adhere to applicable safety standards, combined with the emergency management framework described in the Well Workover Application and related submissions, planned engagement with local agencies, and IESPL's commitment to providing a completed emergency response plan for well workover activities, corresponds to the CER's emergency management expectations, which include the application of an all-hazard approach, the development of specific emergency

response procedures, and links with public authorities. The Commission notes that the CER aims to prevent any accidents and malfunctions associated with CER-regulated projects. In the event of an accident or malfunction, the CER will hold IESPL accountable for an appropriate response under IESPL's Emergency Management Program.

In assessing IESPL's submissions regarding its preparedness for response to an emergency resulting from well workover activities related to the IESP, the Commission considered the requirements of the Northwest Territories' *Oil and Gas Drilling and Production Regulations*,<sup>7</sup> the Northwest Territories Office of the Regulator of Oil and Gas Operations' *Contingency Plan Guidelines and Interpretation Notes*,<sup>8</sup> and common core elements of emergency management programs.

Although the TUK M-18 Well Workover Emergency Response Plan lacks information related to company contact numbers, emergency response equipment, and emergency response training for the well workover activities, the Commission recognizes that IESPL is finalizing its site design, plans, and staffing, and accepts that some content will be developed closer to the date of operations when there is more certainty on what the exact operations entail and when telephone numbers are assigned.

Based on IESPL's submission that each element of its emergency response plan is based on the outcome of a detailed hazard, risk, vulnerabilities, and capabilities assessment, which will be completed at the outset of each major project phase and refreshed as needed at various stages of the IESP lifecycle, and considering that the elements of the TUK M-18 Well Workover Emergency Response Plan and supporting documentation depend on the results of any refreshed assessment, the Commission imposes **Condition 5** (Safety and Emergency Management Documents), which requires IESPL to file a revised TUK M-18 Well Workover Emergency Response Plan and related field operating guides for emergency response at least 90 days prior to commencing well workover activities.

The Commission directs IESPL to serve a copy of these reasons for decision on all persons and organizations listed in Appendix II of the Commission's 28 June 2023 Letter Decision for the Well Workover Application.

For any questions regarding these reasons for decision, please contact Tony Epp, Process Advisor, by email at [IESP.ProcessHelp@cer-rec.gc.ca](mailto:IESP.ProcessHelp@cer-rec.gc.ca) or by telephone at 1-800-899-1265.

Yours sincerely,

*Signed by*

Ramona Sladic  
Secretary of the Commission

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<sup>7</sup> R-027-2014.

<sup>8</sup> Available on the Office of the Regulator of Oil and Gas Operations' website: [orogo.gov.nt.ca](http://orogo.gov.nt.ca).