



Canada Energy
Regulator

Régie de l'énergie
du Canada

Suite 210
517 Tenth Avenue SW
Calgary, Alberta
T2R 0A8

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

LETTER DECISION

File OF-EP-OA-I184-1414 02
28 June 2023

Travis Balaski
President
Inuvialuit Energy Security Project Ltd.
Suite 1100, 110 – 9th Avenue SW
Calgary, AB X0E 0T0
Email tbalaski@inuvaluit.com

Shawn Petrie
Manager of Legal Services
Inuvialuit Corporate Group
Suite 1100, 110 – 9th Avenue SW
Calgary, AB X0E 0T0
Email spetrie@inuvaluit.com

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
Decision with Reasons to Follow**

**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* (**OGOA**).

Through 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.

.../2

The Commission of the CER previously approved the development plan for the IESP under subsection 14(4) of OGOA. By Letter Decision dated [22 June 2023](#), the Commission approved IESPL's 17 March 2023 request to amend the development plan for the IESP, pursuant to paragraph 14(5)(a) of the OGOA. The Commission notes that its approval of the amendments to Part 1 of the development plan are subject to the consent of the Northwest Territories' Commissioner in Executive Council, which is outstanding as of the date of this Letter Decision.¹

Decision

The Commission approves the Well Workover Application and issues the requested authorization for the well workover, subject to the conditions in Appendix I of this Letter Decision. To reach this decision, the Commission considered the contents of the Well Workover Application; 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; and relevant submissions from the technical conference held on 24 May 2023. The Commission also considered the safety of the proposed well workover, based on a review of the system as a whole and its components, following the Commission's consultations with the Chief Safety Officer in accordance with section 12 of OGOA. The Commission will issue its reasons for this decision in due course.

The Commission reminds IESPL that it must also obtain a well approval pursuant to section 10 of the Northwest Territories' *Oil and Gas Drilling and Production Regulations* before it can drill, re-enter, work over, complete, or recomplete the well.

The Commission directs IESPL to serve a copy of this Letter Decision on all persons and organizations listed in Appendix II.

For any questions regarding this decision, please contact Tony Epp, Process Advisor, by email at IESP.ProcessHelp@cer-rec.gc.ca or by telephone at 1-800-899-1265.

Yours sincerely,

Signed by

Ramona Sladic
Secretary of the Commission

Attachments

¹ Paragraph 14(5)(a) of the OGOA states that "(...) no amendment of the development plan may be made unless it is approved by the Regulator and, in the case of an amendment to Part 1 of the development plan, the Commissioner in Executive Council consents to the approval".

Appendix I
Conditions under paragraph 10(1)(b) of the
Northwest Territories' *Oil and Gas Operations Act*
Authorization granted for the Well Workover
of the Inuvialuit Energy Security Project
Hearing Order MH-002-2022

The terms and expressions below (in bold) have the following meanings:

Well Workover: Activities involving 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 IESP Energy Centre.

For approval: Where a condition requires a filing for Commission approval, IESPL must not commence the indicated activity until the Commission issues its written approval of that filing.

Include: Use of this term, or any variant of it, is not intended to limit the elements to just those listed. Rather, it implies minimum requirements with the potential for augmentation, as appropriate.

General / Overarching Conditions

1. Condition Compliance

IESPL must comply with all of the conditions contained in this authorization for the Well Workover unless the Commission otherwise directs or, where appropriate, an authorization or exemption is granted pursuant to subsection 54(1) of the Northwest Territories' *Oil and Gas Operations Act*.

2. Design, Location, Construction, and Operation

IESPL must cause the approved well workover to be designed, located, constructed, and operated in accordance with the specifications, standards, commitments made, and other information referred to in the application for authorization for the Well Workover and related submissions.

3. Environmental Protection

IESPL must implement or cause to be implemented all of the policies, practices, programs, mitigation measures, recommendations, procedures, and its commitments for the protection of the environment included or referred to in the application for authorization for the Well Workover and related submissions.

4. Sunset Clause

This authorization will expire on 28 June 2026, unless Well Workover construction has commenced by that date.

Pre-Construction

5. Safety and Emergency Management Documents

IESPL must file with the CER, **at least 90 days prior to commencing Well Workover construction**, updated copies of the following documents specifically reflecting the Well Workover:

- a) Contractor Management Procedure;
- b) Incident Accident Reporting and Management Procedure;
- c) Emergency Response Plan; and
- d) Field operating guides for emergency response.

6. Environmental Procedures

IESPL must file with the CER, **at least 90 days prior to commencing Well Workover construction**, the following documents:

- a) Ambient Air (Dust) Monitoring Procedure;
- b) Noise Monitoring Procedure;
- c) Digital Light Intensity Monitoring Procedure;
- d) Wildlife Sighting Reporting Procedure;
- e) Bear Den Screening Procedure;
- f) Ground Temperature Monitoring Procedure;
- g) Driver Monitoring Procedure; and
- h) Land User Interaction Reporting Procedure.

7. Financial Responsibility – Parental Guarantee and Insurance

IESPL must file with the CER, **at least 90 days before Well Workover construction**:

- a) for approval, a final, executed copy of the parental guarantee, in the amount and substantively in the final form submitted by IESPL on the MH-002-2022 hearing record, as proof of financial responsibility in relation to the Well Workover; and
- b) a final copy of the insurance policy or policies in relation to the Well Workover, referenced on the MH-002-2022 hearing record.

8. Financial Material Changes

IESPL must notify the CER in writing, **within five business days of learning that there are, or there will be**, any material changes to:

- a) the financial position of the guarantor that may affect IESPL's ability to address loss, damage, costs, and expenses caused by spills or debris from the Well Workover for the IESP. An example of a material change in financial position may be a significant draw of credit;
- b) IESPL's form of proof of financial responsibility, as filed in support of **Condition 7** to this authorization, including but not limited to cancellation or amendments to the parental guarantee;

- c) the financial information submitted by IESPL as part of the MH-002-2022 hearing in support of its proposed form and amount of proof of financial responsibility, including material changes to relevant insurance policies; or
- d) IESPL's ability to continue to own and/or operate the IESP.

9. Commitment Tracking Table

IESPL must:

- a) file with the CER and post on the IESP website, **at least 45 days prior to commencing Well Workover construction**, a Commitment Tracking Table listing all commitments made by IESPL in the application for authorization for the Well Workover and related submissions, which includes:
 - i) reference to the documentation in which each commitment appears (for example: the application and subsequent filings; responses to information requests; any permit, authorization, or approval requirements; condition filings; Environmental Impact Screening Committee decision; or other documents);
 - ii) the accountable lead person for implementing each commitment; and
 - iii) the estimated timeline required to fulfill each commitment.
- b) update the status of each commitment in part a) on the IESP website and file these updates with the CER, identifying the updates in a blackline version, on a quarterly basis until the end of the seventh year following the completion of Well Workover construction.
- c) maintain at IESPL's construction office(s):
 - i) a current copy of the Commitment Tracking Table required in (a) above, and the status of each condition, as required in (b) above;
 - ii) copies of any permits, approvals, or authorizations issued by federal, territorial, or other permitting authorities, which include environmental conditions, recommendations, or site-specific mitigation or monitoring measures; and
 - iii) any subsequent changes to permits, approvals, or authorizations referenced in c) ii).

10. Construction Schedule

IESPL must file with the CER, **at least 30 days prior to commencing Well Workover construction**, a detailed construction schedule or schedules identifying major construction activities and must notify the CER of any modifications to the schedule or schedules as they occur.

During construction

11. Construction Progress Reports

IESPL must file with the CER, **by the 15th and the last day of each month during Well Workover construction**, construction progress reports. Each report must include:

- a) information on the activities carried out during the reporting period;
- b) any environmental, socio-economic, safety, and security issues, and issues of non-compliance;

- c) the measures undertaken for the resolution of each issue identified in paragraph b) above; and
- d) information on safety performance indicator trends, such as, but not limited to:
 - i) cumulative total, and contractors', recordable injury rates and/or frequency;
 - ii) total, and contractors', lost time injury rates and/or frequency;
 - iii) total, and contractors', preventable motor vehicle incident rates and/or frequency; and
 - iv) respective benchmarks for all safety performance indicators submitted, as set by IESPL.

Post-Construction

12. Condition Compliance by the Responsible Officer

IESPL must file with the CER, **within 30 days after completing Well Workover construction**, a confirmation that the Well Workover was completed and constructed in compliance with all applicable conditions in this Letter Decision. If compliance with any of these conditions cannot be confirmed, IESPL must file with the CER details as to why compliance cannot be confirmed. The filing required by this condition must include a statement confirming that the signatory to the filing is a responsible officer of IESPL.

13. Post-Construction Environmental Monitoring Report

IESPL must file with the CER, **on or before 31 January** following each of the first, third, fifth, and seventh complete growing seasons after completing final clean-up from Well Workover construction, a Post-Construction Environmental Monitoring Report that:

- a) describes the methodology used for monitoring, the criteria established for evaluating success, and the results found;
- b) identifies the issues to be monitored, including but not limited to unexpected issues that arose during construction, and their locations (for example, on a map or diagram, in a table);
- c) describes the current status of the issues (i.e., resolved or unresolved), any deviations from plans, and corrective actions undertaken;
- d) assesses the effectiveness of the mitigation measures, both planned and corrective, applied against the criteria for success;
- e) includes a detailed summary of IESPL's consultation undertaken with the appropriate territorial and federal authorities, co-management boards, and interested Indigenous Peoples; and
- f) provides proposed mitigation measures and the schedule that IESPL would implement to address ongoing issues or concerns.

The report must include, but is not limited to, information specific to the effectiveness of mitigation measures applied to minimize effects on: soil (erosion and sedimentation), permafrost, watercourse crossings, water quality, wildlife and wildlife habitat, and wildlife species at risk and of special concern.

Appendix II – List of potentially impacted Indigenous Peoples and organizations in the project area

Inuvialuit Regional Corporation

- Aklavik Community Corporation
- Inuvik Community Corporation
- Paulatuk Community Corporation
- Sachs Harbour Community Corporation
- Tuktoyaktuk Community Corporation
- Ulukhaktok Community Corporation

Inuvialuit Game Council

- Aklavik Hunters and Trappers Committee
- Inuvik Hunters and Trappers Committee
- Paulatuk Hunters and Trappers
- Sachs Harbour Hunters and Trappers Committee
- Tuktoyaktuk Hunters and Trappers Committee
- Ulukhaktok Hunters and Trappers Committee

Gwich'in Renewable Resources Board

Gwichi'in Tribal Council

Nihtat Gwichi'in Council

Nihtat Gwich'in Renewable Resources Council

Inuvik Native Band

Inuvik Métis Council

Aklavik Indian Band

Ehdiitat Gwich'in Council

Ehdiitat Gwich'in Renewable Resource Council

Town of Inuvik

Hamlet of Tuktoyaktuk

Inuvialuit Land Administration

Wildlife Management Advisory Council (NWT)

Fisheries Joint Management Committee

Environmental Impact Screening Committee

Environmental Impact Review Board

Inuvialuit Water Board