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Regulator

Régie de l'énergie
du Canada

Canada Energy Regulator's 2022-23 Annual Report of activities under the Northwest Territories' *Oil and Gas Operations Act*



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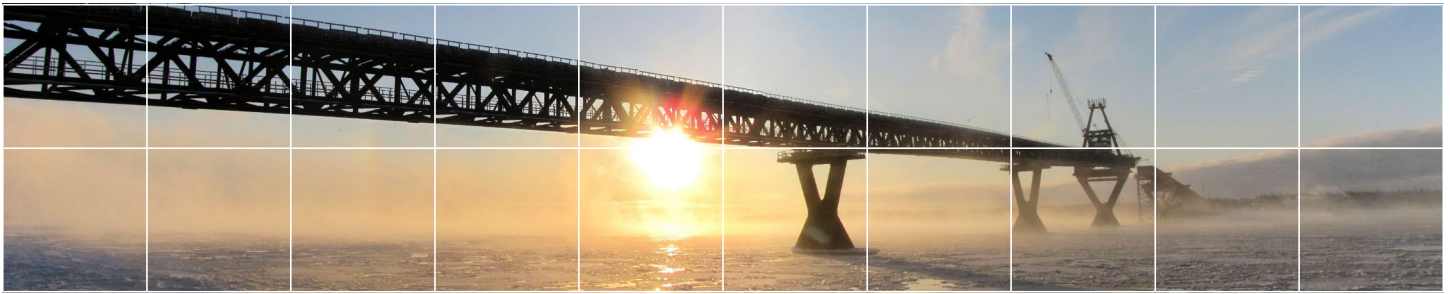
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Overview

The Canada Energy Regulator (CER) is pleased to present the 2022-23 Annual Report of activities under the Northwest Territories' *Oil and Gas Operations Act* (OGO), which is one of the CER's three Annual Report documents that summarize the CER's activities for this fiscal year. Pursuant to the OGO, the CER is required to submit an annual report to the Minister of Industry, Tourism and Investment (ITI) of the Government of the Northwest Territories.

The CER regulates oil and gas exploration and production in the onshore portion of the Inuvialuit Settlement Region (ISR) in the Northwest Territories under the OGO. The CER is a group of over 500 people with its main office located in Calgary and its Northern Regional Office located in Yellowknife. Additional CER regional offices are located in Vancouver and Montreal.

The Commission of the CER is an independent adjudicative body established under the Canadian Energy Regulator Act, whose primary role under the OGO is to adjudicate oil and gas exploration and production projects. The Commission is comprised of seven full-time Commissioners appointed by the Governor in Council, including the Lead Commissioner and Deputy Lead Commissioner.

With the easing of COVID-19 travel restrictions, the CER was able to attend meetings, forums and conferences both virtually and in person in 2022-23. The CER looks forward to continuing meeting with colleagues in-person in the Northwest Territories in 2023.

Designations / Appointments

The Chief Executive Officer did not make any new designations or appointments during the 2022-23 fiscal year. The following designations remain in effect:

- Iain Colquhoun, Professional Leader, Engineering, as Chief Conservation Officer and Paula Futoransky, Vice-President of Energy Adjudications, to act in his absence.
- Keith Landra, Professional Leader, Safety, as Chief Safety Officer and Claudine Bradley, Technical Leader, Research and Innovation, to act in his absence.

Delegations

The Commission did not make any new delegations during the 2022-23 fiscal year. Iain Colquhoun's and Paula Futoransky's delegation of certain powers under the OGO (see Appendix A), including the authority to issue operating licences, authorizations and well approvals, remains in effect.

Applications and Decisions

The CER received five applications in the 2022-23 fiscal year:

- On 24 June 2022, the Inuvialuit Energy Security Project Ltd. (IESPL) filed an application for an authorization to complete Early Site Works in relation to the Inuvialuit Energy Security Project (IESP).
- On 29 July 2022, IESPL filed an [application](#) for authorization for the TUK M-18 Well Workover in relation to the IESP.
- On 30 September 2022, IESPL filed an [application](#) for an authorization for the Installation and Operation of the IESP Energy Centre.
- On 17 March 2023, IESPL filed a letter providing an update to the Development Plan (originally approved by the Commission on 8 March 2022). On 24 March 2023, the Commission decided to treat IESPL's letter as a request to amend the development plan. The Commission also noted that an amendment to the Development Plan can only be made if it is approved by the Regulator and, in the case of amendment to Part 1 of the Development Plan, if the Government of the

Northwest Territories' Commissioner in Executive Council consents to the approval. Approval of the Development Plan amendment and authorizations by the Commission are required before the IESPL can construct and operate any portion of the IESP. Updates on the IESP can be found on the CER website.

- On 6 July 2022, MGM Energy [applied](#) for an authorization to conduct shut-in well inspections in the Mackenzie Delta.

Operating Licences Issued

The CER granted eight companies annual operating licences under the OGOA during 2022-23. A list of all current operating licence holders [are posted on the CER website, in Open Government and listed in Appendix B.](#) Operating licences are administrative documents that do not permit any activity on their own. They are a prerequisite to performing any work or activity under the OGOA.

The following table lists oil and gas companies whose activities in the onshore portion of the ISR are regulated under the OGOA:

Company Operating in the ISR Regulated under the OGOA	Associated Facilities
Utilities Group Facilities Inc.	Ikhil Gas Production Field
MGM Energy	Ten suspended wells
Inuvialuit Petroleum Corporation	One suspended well



OGOA Compliance Verification Activities

Keeping people safe and the environment protected are at the core of the CER's mandate. Regulated companies are required by the CER to anticipate, manage, and mitigate any potential harm to safety and the environment that may occur through the full lifecycle of their energy facilities. As a part of this, the CER uses a risk-informed approach in planning and conducting compliance verification activities. When the activities of regulated companies have the potential to pose greater harm to people or the environment, the CER focuses on increased oversight through engagement, inspections, investigations, audits, and enforcement, when necessary.

In 2022-23 the CER conducted the following compliance verification activities¹ under the OGOA:

- one general operational information exchange meeting (including review of safety plan);
- one emergency management report review
- one annual facilities and operations meeting; and
- three incident response report reviews.

Many of these compliance verification activities, in addition to routine daily production report reviews, represent the ongoing regulatory oversight of Utility Group Facilities Inc's Ikhil gas production operations. The CER received one well inspection report this year from IESPL.

Enforcement Activities

The CER issued one Notice of Non-Compliance as part of an emergency management report review under the OGOA in 2022-23.

Incident Response

Companies must be prepared to respond to an emergency. The CER ensures that a company can respond effectively by evaluating emergency response exercises and assessing contingency plans, including emergency response procedures and associated training, and confirming that plans provide for coordination with relevant territorial and federal emergency response plans.

The CER is a signatory to the NWT-Nunavut Spills Working Agreement. The NWT-Nunavut Spills Working Agreement promotes response coordination and continuous improvement of pollution preparedness activities in the Northwest Territories and Nunavut. The CER staff hosted an NWT-Nunavut Spills Working Group meeting in Calgary in fall 2022.

The CER received four incident reports in the ISR during the 2022-23 fiscal year.



¹ Compliance Verification Activity reports can be found here: <https://www.cer-rec.gc.ca/en/safety-environment/industry-performance/reports-compliance-enforcement/index.html#compliance-verification>

Sampling Requests and Requests for information

The CER did not receive any sampling requests for well materials (cuttings, fluid samples and/or core samples) related to wells located in the Mackenzie Delta this fiscal year. The Geological Survey of Canada (GSC) supervises the removal of samples. Well materials are located at the GSC core facility in Calgary, Alberta. Researchers, companies, and academics use these historical well materials or samples in various studies and analysis. Copies of reports generated from the study or analysis of well materials are later sent to the CER and can be obtained by the public.

The CER library received and responded to 19 OGOA-related public information requests and twenty requests to access materials in the Frontier Information Office.

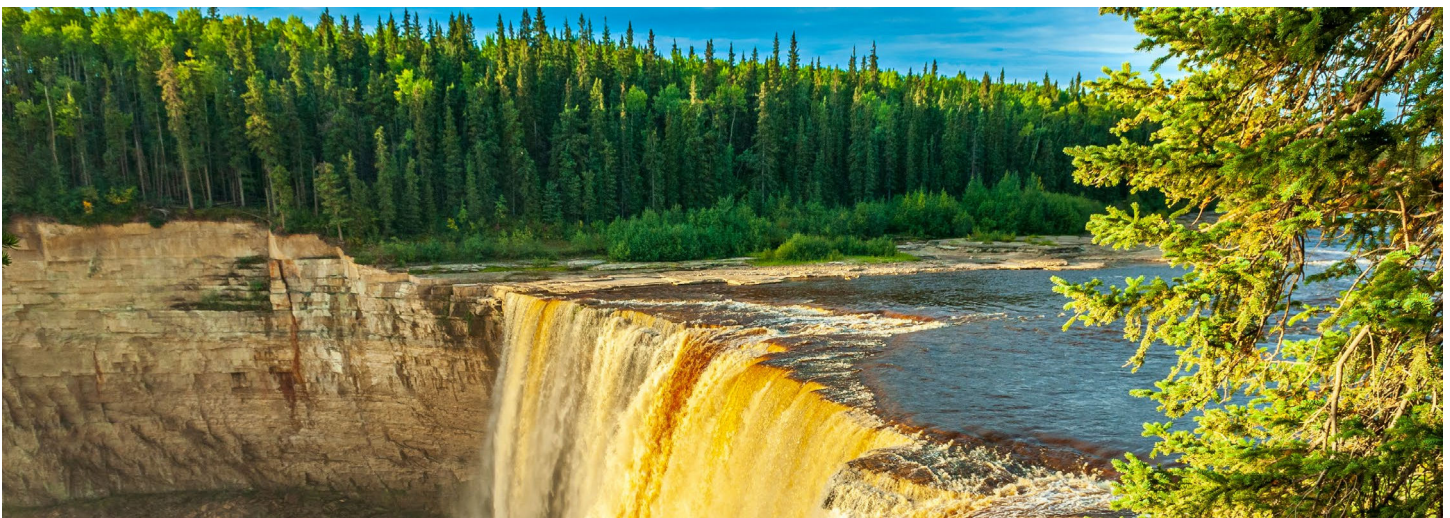
Regulatory Guidance and Interpretation Notes

On 21 March 2023, the CER posted draft [OGO A Public Access to Information Guidelines and Interpretation Notes \(Guidelines\)](#) for public comment. The Guidelines were drafted in consultation with the Office of the Regulator of Oil and Gas Operations (OROGO) and closely align with OROGO's [Public Access to Information Guidelines and Interpretation Notes](#).

Relationships with Other Regulators

The CER recognizes the importance of maintaining strong working relationships with regulators and other partners in the North. Our Northern Regional Office continued to meet regularly with the Northwest Territories Regulator of Oil and Gas Operations and with ITI's Mineral and Petroleum Resources Division in Inuvik to examine opportunities for improving regulatory coordination and efficiency. In addition, the CER and the OROGO hold monthly bilateral information exchange meetings to examine opportunities for joint compliance verification and emergency management exercises, as well as discuss regulatory initiatives such as the development of new regulations and guidance materials under the OGOA. The OROGO and CER have an active service agreement and regularly work together on applications and compliance verification activities.

The CER also regularly engages in informal and formal meetings and forums relating to our regulatory responsibilities in the ISR. For example, in 2023 the Chief Executive Officer (CEO) and the Executive Vice President of People Innovation and Results attended the [Northwest Territories Board Forum](#) in Yellowknife. Additionally, the CEO and the Board Chair of the Mackenzie Valley Environmental Impact Review Board (MVEIRB) renewed the Memorandum of Understanding between the MVEIRB and the CER. Another example is the annual Government of Northwest Territories Petroleum Units Meeting which the CER hosted this year.



Appendix A

Powers Delegated to Iain Colquhoun & Paula Futoransky by the Commission under the OGOA in 2021 and remained in effect in 2022-23².

OGO A*	Description of delegated powers (paraphrased)
s. 10	Issue, renew, vary, suspend or revoke operating licences and authorizations for each work or activity
s. 12	Consider safety prior to issuing authorizations for work or activity
s. 13	Ensure compliance to financial requirements prior to issuing authorizations for work or activity
s. 15	Receive declarations that equipment and installations, operating procedures, and personnel qualifications are appropriate prior to issuing authorizations for work or activity
s. 16	Ensure prescribed certificates for equipment and installations are received prior to issuing authorizations for work or activity
s. 64	Proof of financial responsibility

* and well approvals under s.13 of the NWT's Oil and Gas Drilling and Production Regulations

2 CER – Designated Authorities 101 (cer-rec.gc.ca)

Appendix B

2022-23 Operating Licences issued by the Commission under the OGOA
(via a delegation of s.10)³

Operating Licence (OGOA)	Company
1411	Explor Geophysical Ltd.
1410	MGM Energy
1409	Utility Group Facilities Inc.
1404	Imperial Oil Resources Limited
1403	ExxonMobil Canada Ltd.
1402	Canadian Natural Resources Limited
1401	ConocoPhillips Canada Resources Corp.
1414	Inuvialuit Energy Security Project Ltd.

3 [Active operating licenses](#)



Appendix C

Abbreviations

CER

Canada Energy Regulator

Commission

Commission of the CER

GSC

Geological Survey of Canada

IESP

Inuvialuit Energy Security Project

IESPL

Inuvialuit Energy Security Project Ltd.

IPC

Inuvialuit Petroleum Corporation

ISR

Inuvialuit Settlement Region

ITI

Minister of Industry, Tourism and Investment of the Government of the Northwest Territories

OGOA

Oil and Gas Operations Act

OROGO

Office of the Regulator of Oil and Gas Operations