



Canada Energy  
Regulator

Régie de l'énergie  
du Canada

# Canada Energy Regulator's 2021-22 Annual Report of activities under the Northwest Territories' *Oil and Gas Operations Act*



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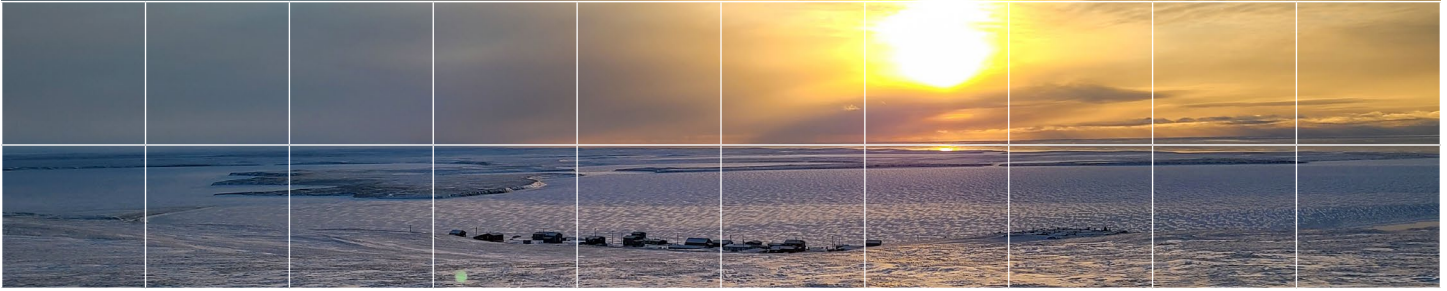
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## Overview

The Canada Energy Regulator (CER) is pleased to present the 2021-22 Annual Report of activities under the *Oil and Gas Operations Act* (OGOA).

The CER is required to submit this annual report to the Minister of Industry, Tourism and Investment (ITI) of the Government of the Northwest Territories pursuant to the OGOA.<sup>1</sup> The 2021-22 Annual Report of activities under the Northwest Territories' *Oil and Gas Operations Act*, is one of three Annual Report documents that summarize the CER's activities for the fiscal year.

The CER regulates oil and gas exploration and production under the OGOA in the onshore portion of the Inuvialuit Settlement Region (ISR) in the Northwest Territories. 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 (Commission) is an independent entity within the governance structure of the CER, whose primary role under the OGOA 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.

Although COVID-19 travel restrictions continued to limit meetings, forums and conferences to virtual attendance in 2021, the CER maintained its regulatory operations pursuant to OGOA. CER staff are looking forward to meeting with colleagues in-person in the Northwest Territories in 2022.

## Designations / Appointments

The Chief Executive Officer did not make any new designations or appointments during the 2021-22 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.

<sup>1</sup> OGOA subsection 20.1. (1) The Regulator shall, within four months after the end of each fiscal year, submit to the Minister a report on the activities of the Regulator under this Act for that fiscal year in accordance with any applicable regulations.



## Delegations

The Commission did not make any new delegations during the 2021-22 fiscal year. The delegation of certain powers under the OGOA (see Appendix A) to Iain Colquhoun, and Paula Futoransky, including the authority to issue operating licences, authorizations and well approvals, remain in effect.

## Applications and Decisions

On 8 March 2022 the Commission [approved](#) the Inuvialuit Petroleum Corporation's (IPC) Development Plan for the proposed Inuvialuit Energy Security Project (IESP), which was the only application before the Commission during the 2021-22 fiscal year. Further authorizations and approvals are required before the IPC can construct and operate any portion of the IESP. Updated [project information](#) on the IESP can be found on the CER website.

## Operating Licences Issued

The Commission reports that six companies renewed their annual operating licences under the OGOA during 2021-22. All current operating licence holders can be found on the [CER website](#) in [Open Government](#) and in Appendix B. Operating licences are administrative documents that do not permit any activity on their own; instead they are a prerequisite to performing any work or activity under the OGOA. The CER received one new operating licence application from 507650 N.W.T. Ltd. doing business as the Inuvialuit Energy Security Project LTD. 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
Canadian Natural Resources Limited	One suspended well



## OGOIA Compliance Verification Activities

The CER's commitment to keeping people safe and the environment protected is at the core of what it is and the work it does. 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-based 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 increased oversight through engagement, inspections, investigations, audits, and enforcement.

In 2021-22 the CER conducted the following compliance verification activities<sup>2</sup> under the OGOIA:

- one inspection;
- three general operational information exchange meetings;
- one annual facilities and operations meeting;
- three annual safety report reviews;
- one emergency response exercise;
- one environmental report review; and
- one production report review.

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. An inspection was conducted on Canadian Natural Resources Ltd.'s work associated with sump remediation. The CER did not receive any well inspection reports this year, as well inspections were either deferred (due to Covid) or scheduled for 2022.

## Enforcement Activities

On 23 March 2022 the Commission issued an [order](#) to the IPC to obtain authorizations and operating licence and for geotechnical work and remaining work associated with the TUK M-18 access road and sump.

## 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. CER staff attended all NWT-Nunavut Spills Working Group meetings this fiscal year to promote response coordination and continuous improvement of pollution preparedness activities in the Northwest Territories and Nunavut.

The CER did not receive any incident reports in the ISR during the 2021-22 fiscal year.

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<sup>2</sup> 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 18 OGOA-related public information requests and two media requests.

## 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 staff from ITI's Mineral and Petroleum Resources Division in Inuvik to examine opportunities for improving regulatory coordination and efficiency. In addition, CER and the Office of the Regulator of Oil and Gas Operations (OROGO) staff 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. For example, this past fiscal year staff provided comments on OROGO's Contingency Plan Guidelines and Interpretation Notes.



CER staff also regularly engage in informal and formal meetings and forums relating to our regulatory responsibilities in the ISR. The Commission has not been involved in these engagement activities. The following are some of the organizations with whom CER staff maintain regular contact with:

- [NWT Board Forum](#)
- [Inuvialuit Game Council](#)
- [Inuvialuit Regional Corporation](#)
- [Inuvialuit Water Board](#)
- [Inuvialuit Joint Secretariat](#)

The CER attended the following virtual events this year:

- [Arctic Oil and Gas Symposium](#)
- [ArcticNet Arctic Change Conference](#)
- [MVRMA<sup>3</sup>: Workshop Series](#)
- [NWT Geoscience Forum](#)

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3 [Mackenzie Valley Resource Management Act](#)

# Appendix A

Powers Delegated to Iain Colquhoun and Paula Futoransky by the Commission under the OGOA in 2020 and remained in effect in 2021<sup>4</sup>.

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](#)

4 [CER – Designated Authorities 101 \(cer-rec.gc.ca\)](#)



# Appendix B

2021-22 Operating Licences issued under the OGOA by the Commission (via a delegation of s. 10)<sup>5</sup>

Operating Licence (OGO A)	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	507650 N.W.T. LTD. doing business as the Inuvialuit Energy Security Project LTD.

5 [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

**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