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www.slwb.com

January 13, 2025

File: S19A-004 & S19L1-003

Terence Hughes
Regulatory and Community Affairs Advisor
Paramount Resources Ltd. / MGM Energy
4700, 888 – 3rd Street SW
Calgary, AB T2P 5C5

Sent by email

Dear Terence Hughes,

Re: Closure and Reclamation Consolidation Project – Oil and Gas Well Abandonment and Final Closure and Reclamation Program - Security and Commencement of 2024-2025 Winter Activity – Colville Lake, NT

The Sahtú Land and Water Board (Board) met on January 9, 2025 and considered the MGM Energy letter dated December 18, 2024 (attached) submitted to the Board regarding upcoming 2024-2025 winter season work for S19L1-003 and S19A-004.

MGM outlined their intention of undertaking closure work in the Colville Lake area in the 2024-2025 winter season and requested the SLWB to allow for project activities, including the opening of existing access routes, to commence on receipt of additional security posting to the Government of the Northwest Territories (GNWT) – Department of Environment and Climate Change (ECC), while the Closure and

Reclamation Plan (CRP) V3.1 and Engagement Plan V2.0 is under public review on the Online Review System (ORS)¹.

On January 3, 2025, in two separate letters (attached), the GNWT-ECC acknowledged receipt of the additional security deposits posted by MGM Energy for a total security held under S19A-004 of \$911,582.00 and a total security held under S19L1-003 of \$3,387,758.00.

The security deposit for the Permit is acceptable to the GNWT-ECC as prescribed by Section 71 of the Mackenzie Valley Resource Management Act and Section 32 of the Mackenzie Valley Land Use Regulations. The security deposit for the Licence is acceptable to the GNWT-ECC and is required under Part 3, Item 1. and Schedule 2: Conditions Applying to Security Deposits, Item 1. a) of the Licence and as prescribed by Section 35. (1) of the *Waters Act* and Section 11. (3) of the *Waters Regulations*. The security deposit(s) have been provided to the Department of Finance for safekeeping.

As outlined in the reasons for decision² and the decision letter from the Board to MGM Energy on June 7, 2021³ (attached) the Board reminds MGM on the directions outlined for required revisions to the Closure and Reclamation Plan, which Version 3.1 is also currently in public review. As well the Board requires MGM to submit a Sump Remediation and Restoration Plan as set out in Permit Condition 87.

Please direct questions or concerns regarding this letter to Paul Dixon via [email](#).

Yours sincerely,



Valerie Gordon
Chair, Sahtú Land and Water Board

BCC'd to: SLWB Distribution List - K'ahsho Got'ine District
SLWB Distribution List - Tulit'a District
SLWB Distribution List - Délı̨ ne District
Jeff Walker – Regional Superintendent, GNWT-ECC
Erin Goose – Water Resource Officer, GNWT-ECC

Attached: MGM Letter – December 18, 2024
GNWT – ECC Letter – Acceptance of Security Deposit for S19A-004 - January 3, 2025
GNWT – ECC Letter – Acceptance of Security Deposit for S19L1-003 - January 3, 2025
S19A-004 – Decision Letter – June 7, 2021

¹ See LWB Online Review System [MGM Energy – Colville Lake Closure and Reclamation Consolidation Project – Dec4 24](#).

² See SLWB Online Registry for [S19A-004-S19L1-003 – Reasons for Decision – Jun7 21](#).

³ See SLWB Online Registry for [S19A-004 - Decision Letter – Jun7 21.pdf](#)



4700, 888 – 3rd Street SW,
Calgary, AB T2P 5C5
Phone (403) 290-3600
Fax (403) 262-7992

December 18, 2024

Sahtu Land and Water Board
Box 1
Fort Good Hope, Northwest Territories
XOE 0H0
Attention: Paul Dixon, Executive Director

RE: MGM Energy Security and Commencement of Winter Activity at Colville Lake

Dear Mr. Dixon,

MGM Energy (“MGM”) has provided the Sahtu Land and Water Board (“SLWB”) with the required updated plans for S19A-004 and S19L-003. MGM has submitted the plans with the intention of undertaking closure work at Colville Lake Project area this winter. MGM recognizes that closure work will continue in subsequent years and will need to meet the objectives and requirements of the finalized and approved project Closure and Reclamation Plan. An updated version of the project Closure and Reclamation Plan is currently under review, MGM is committed to working through that review process with the SLWB, affected parties and reviewers to work towards an approved Closure and Reclamation Plan.

MGM has been in discussions with the Government of the Northwest Territories Department of Environment and Climate Change (“GNWT ECC”) to work towards an agreed upon project security. MGM and GNWT ECC have both revised their estimates and a gap remains. However, to facilitate activities this winter, MGM is willing to post the GNWT ECC amount in the interim so that activity can proceed. MGM looks forward to the outcomes of current review process that will allow the SLWB to make a determination on project security. Further, MGM will initiate a further review of security at the completion of our winter program that will seek a reduction based on the work we are able to complete.

The commencement of activity upon confirmation of the posting of security by the GNWT will allow MGM to remove liability from the landscape, help advance the project towards closure and provide socioeconomic activity to the region in the 2024-2025 winter season. MGM requests the SLWB allow for project activities (access) to commence upon receipt of security posting confirmation from the GNWT. Activities for late December and January would be the opening of existing access. Abandonment and subsequent activities are expected to occur in February and March.

If you have any questions regarding the above or proposed activities, please do not hesitate to contact the undersigned via e-mail at terence.hughes@paramountres.com or via phone at 403-206-3859.

Respectfully,

MGM Energy

A handwritten signature in blue ink that reads "Terence Hughes". The signature is cursive and includes a stylized flourish at the end.

Terence Hughes
Regulatory and Community Affairs Advisor

CC:

John Hawkins – Director, Assess Retirement, MGM

Ian Keir – Environmental Coordinator, MGM

Bill Pain – Environmental Scientist, GNWT-ECCC

Rick Walbourne – Director Regulatory and Permitting, GNWT-ECC

Natalie Lippa – Regulatory Specialist, SLWB



January 3, 2025

Terence Hughes
Regulatory and Community Affairs Advisor
MGM Energy Corp
Suite 4700, 888 – 3rd Street SW,
Calgary AB T2P 5C5
terence.hughes@paramountres.com

Dear Mr. Hughes;

Sahtu Land and Water Board – MGM Energy Corp. – Closure and Reclamation Consolidation Project – Well Abandonment and Final Closure and Reclamation Program – Colville Lake Area
Land Use Permit: S19A-004
Acceptance of Security Deposit: ILOC No: BMT07302300S

The Government of the Northwest Territories (GNWT) – Department of Environment and Climate Change (ECC) formally acknowledges receipt of an Irrevocable Standby Letter of Credit (ILOC) No: BMT07302300S, dated December 23, 2024, issued by Bank of Montreal (BMO) on behalf of MGM Energy Corp and is further described in Attachment 1 – Summary Table. On January 2, 2025 the noted ILOC was received by our office.

With receipt of this security, Condition # 56 of Land Use Permit S19A-004 is now satisfied. The total security now held under Land Use Permit S19A-004 is \$911,582.00.

The security deposit is acceptable to the Department of ECC on behalf of the GNWT as prescribed by Section 71 of the *Mackenzie Valley Resource Management Act* and Section 32 of the *Mackenzie Valley Land Use Regulations*.

The security document has been provided to the GNWT, Department of Finance for safekeeping.

Should you have any questions or concerns, please contact our Land Use Advisor, Onida Banksland, at (867) 678-8090 Ex. 24657.

Sincerely,

Donald Arey
Superintendent Land and Water Division
Beaufort Delta Region
Environment and Climate Change

Attachment

c. Paul Dixon
Executive Director
Sahtu Land and Water Board

Celestino Oh
Assistant Comptroller General
GNWT Department of Finance

Jeffrey Walker
Superintendent, Land and Water
Sahtu Region
Environment and Climate Change

Attachment 1 - Summary Table

	Land Use Permit	Bank Name and ILOC No.	Date	Amount
1.	S19A-004	BMO BMT07302300S	December 23, 2024	\$911,582.00



January 03, 2025

Terence Hughes
Regulatory and Community Affairs Advisor
MGM Energy
Suite 4700, 888 – 3rd STREET SW,
CALGARY AB T2P 5C5

Dear Mr. Hughes;

MGM Energy Corp. - Closure and Reclamation Consolidation Project - Well Abandonment and Final Closure and Reclamation Program, Colville Lake Area - Sahtu Land and Water Board - Type "B" Water Licence S19L1-003 - Security Deposit Acceptance

The Government of the Northwest Territories (GNWT) - Department of Environment and Climate Change (ECC) formally acknowledges receipt and acceptance of a security deposit in the form of an Irrevocable Standby Letter of Credit in the amount of \$3,387,758.00. On January 02, 2025, our office received the security deposit.

The security deposit is required under Part 3, Item 1. and Schedule 2: Conditions Applying to Security Deposits, Item 1. a) of the Licence. The security deposit is acceptable to the GNWT as prescribed by Section 35. (1) of the *Waters Act* and Section 11. (3) of the *Waters Regulations*. The security deposit has been provided to our Department of Finance for safekeeping.

If you have any further comments or questions, please contact Bill Pain, A/Manager, Water Regulatory at (867) 767-9234, extension 53117 or Bill_Pain@gov.nt.ca or David Jessiman, Water Management Advisor, (867) 767-9234, extension 53114 or David_Jessiman@gov.nt.ca.

Sincerely,

Rick Walbourne
Director
Regulatory and Permitting

.../2

c. Celestino Oh
Assistant Comptroller General
Finance

Jeffrey Walker
Superintendent, Sahtu Region
Acting Land and Water
Environment and Climate Change

Paul Dixon
Executive Director
Sahtu Land and Water Board



Yamoga Building, Old Airport Road
PO Box 1, Fort Good Hope NT X0E 0H0

Tel: 867-598-2413 Fax: 867-598-2325
www.slwb.com

June 7, 2021

Files: S19A-004

Terence Hughes
Regulatory and Community Affairs Advisor
MGM Energy
Suite 2800, 421, 7th Avenue SW
Calgary, Alberta T2P 4K9

Sent by email

Dear Mr. Hughes,

Re: MGM Energy Closure and Reclamation Consolidation Project - Issuance Package – Land Use Permit S19A-004 - Oil and Gas Well Abandonment and Final Closure and Reclamation – NE and S of Colville Lake, Northwest Territories

The Sahtu Land and Water Board (Board) met on May 27, 2021 and considered the Application Package from MGM Energy (MGM) for Land Use Permit (Permit) S19A-004 for the **Closure and Reclamation Consolidation Project in the Colville Lake Area, NWT** in accordance with the *Mackenzie Valley Resource Management Act* (MVRMA).

This Permit is issued for the purpose of well abandonment and final closure and reclamation of well leases located NE (Maunoir) and S (Nogha) of Colville Lake, and the consolidation of project activities issued under expired Permits S01A-007; S03A-007; S03A-008; S04A-010.

Land Use Permit S19A-004 (attached) has been granted for a term of five years, effective June 7, 2021 and expiring June 6, 2026, and is supported by the Board's Reasons for Decision. These documents are posted to the Board's Public Registry.¹

Security Deposit

A security deposit (\$ 911, 582) is required prior to commencement of Project activities, as per Permit Condition 56, **SECURITY DEPOSIT** and subsection 32(3) of the Mackenzie Valley Land Use Regulations. The

¹ See SLWB Online Registry www.slwb.com for [S19A-004](#)

security deposit is **payable to the Government of the Northwest Territories (GNWT)** and should be submitted to the following individual, to whom questions regarding security should also be directed:

Lands Advisor
GNWT-Lands
Bag Service #1
Inuvik NT X0E 0T0
Phone: 867-777-8900

Submission Requirements

The Board's decisions on submissions that were considered in conjunction with the Application Package are set out below. The Board's directions for revisions for the Management Plans are set out in Table A attached with this letter.

Management Plans – Approved

The Board has approved the following Plans:

Condition 89, **ENGAGEMENT PLAN** - Engagement Plan (V1)².

Management Plans – Approved with Revisions Required

The Board has approved the **Waste Management Plan (WMP)** and **Spill Contingency Plan (SCP)** as interim submissions with revisions required (see the table below and Table A attached with this letter). The revised Plans will be fully approved upon receipt of written confirmation of conformity.

Condition #	Title of Plan (Version)	Version and Date Revision Due
48 (For WMP)	Environmental Protection Plan (EPP) and Waste Management Plan (WMP) (V3) ³	V3.1; 60 days after Permit issuance
69	Spill Contingency Plan (V3) ⁴	V3.1; 60 days after Permit issuance

Sump Remediation and Restoration Plan – Required

The Board requires a Sump Remediation and Restoration Plan to be submitted for approval, **within 90 days prior to Project commencement** as set out in Permit Condition 87. The Permittee may not commence the activities described in the Plan until the Plan has been approved.

² See SLWB Online Registry for S19A-004 – [Engagement Plan and Record – Version 1](#) – Dated Nov 5, 2020.

³ See SLWB Online Registry for S19A-004 – [EPP and WMP – Version 3](#) – Dated March 31, 2021.

⁴ See SLWB Online Registry for S19A-004 – [Spill Contingency Plan – Version 3](#) – Dated March 31, 2021.

Other Advice and Reminders

- MGM must take all possible efforts to bring benefits to the local communities through economic opportunities and partnerships for the abandonment Project.
- The Board directs MGM to make all the revisions for the Management Plans as required and described in Table A attached with this letter.
- The Board encourages MGM to submit the Sump Remediation and Restoration Plan (Condition 87) as soon as possible and greater than 90 days prior to Project commencement to allow sufficient time for the regulatory review and approval process.
- Based on the knowledge and experience of the Board, achieving 100% sump stability in permafrost environments is problematic. The Board's preference is that MGM removes and disposes of all contaminated sump materials offsite to reduce the long-term liability of contaminant migration to the surrounding environment.

Inspectors

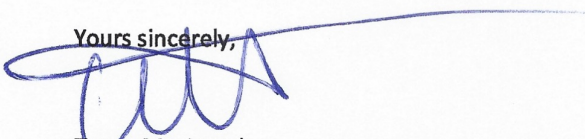
The Inspectors referred to in the Permit can be contacted at the regional GNWT-Lands offices.⁵

Permit Processes and Additional Information

Sections 5 and 6 of the Board's *Guide to the Land Use Permitting Process*⁶ (Guide) contain detailed information on permit enforcement and potential post-issuance processes, such as amendments to conditions, and assignment to another company. Please be familiar with these sections of the Guide and reach out to Board staff with any questions about Board processes related to the Permit.

Full cooperation of MGM Energy is anticipated and appreciated. Please contact Aswathy Varghese at ash.varghese@slwb.com or (867) 598-2413 ext. 3; OR Bonnie Bergsma at bonnie.bergsma@slwb.com or (867) 496-2778 with any questions or concerns regarding this letter.

Yours sincerely,



Tanya MacIntosh
Chair, Sahtu Land and Water Board

BCC'd to: K'asho Got'ine District Distribution List
Jonathan Gillingham, Manager, Resource Management, GNWT-Lands, Sahtu Region
Christopher Ondris, Inspector, GNWT-Lands, Sahtu Region
Dan Carmichael, GNWT-Lands

⁵ See GNWT-Lands Inspection and Enforcement webpage (<https://www.lands.gov.nt.ca/en/services/inspections-and-enforcement>) for regional contact information.

⁶ See SLWB Policies and Guidelines webpage for MVLWB [Guide to the Land Use Permitting Process](#) (2020).

Attached: Table A: Board Directions for Revision of Management Plans
 Land Use Permit S19A-004
 Reasons for Decision

Table A: Board Directions for Revision of Management Plans

Document	Additional Information / Revisions Required
Environmental Protection Plan (EPP) and Waste Management Plan (WMP)	<ul style="list-style-type: none"> • Following the Board directions on August 28, 2020, clarify for the WMP <ol style="list-style-type: none"> a) expected amount of waste generated for each waste type, b) confirmed disposal locations of hazardous and non-hazardous wastes and c) type of incinerator and incineration management strategies planned.
Spill Contingency Plan (SCP)	<ul style="list-style-type: none"> • Add a Spill Response Flowchart at the beginning of section 4.1 with the most useful/common spill containment methods incorporated in the flowchart (as per the Guidelines), • Provide details of spill kit as section 4.2 of the SCP, • Reinstate the amount and location of stored fuel.
Closure and Reclamation Plan (CRP)	<ul style="list-style-type: none"> • Include as a separate table in section 4, an overview of "current" and "final-expected" state of the chemical environment of each well site and sump. • Include as a separate table in section 4, all possible and preferred closure options for each well sites or sumps components with target soil criteria to meet the goals for each of the four closure objectives. • Undertake the proposed sump risk assessment. • Incorporate a separate section in the CRP for sump remediation and restoration to demonstrate how 100% sump stability will be achieved for each sump within the term of the Licence through Reclamation Research and implementation of the following two options: <p>OPTION A: Ongoing maintenance, remediation, and restoration of sumps. Components for this option will include but not limited to:</p> <ol style="list-style-type: none"> i. Sampling plan/ geotechnical borehole drilling plan for Phase II/III site assessments, ii. sump maintenance methods and monitoring (backfilling, sealing the cracks, assessing permafrost suitability for long term containment etc.): details provided for each sump,

Document	Additional Information / Revisions Required
	<ul style="list-style-type: none"> iii. targeted soil criteria based on anomalies reported in Environmental Site Monitoring (ESM) Reports (example: petroleum hydrocarbon (PHCs) exceedances, exceedances in trace metals, electrical conductivity (EC), sodium adsorption ratio (SAR) etc.) and agreed upon standards (ex. CCME Canadian Environmental Quality Guidelines), iv. sump restoration methods to attain final physical and biological state (capping the sump, revegetation etc.) and v. post-reclamation monitoring requirements. <p>OPTION B: BOARD PREFERENCE: Removal and off-site disposal of all contaminated sump material, followed by maintenance, remediation, and restoration. Components for this option will include but not limited to:</p> <ul style="list-style-type: none"> i. Sampling plan/ geotechnical borehole drilling plan for Phase II/III site assessments, ii. soil removal methods and details, iii. sump maintenance methods and monitoring (backfilling, sealing the cracks etc.): details provided for each sump, iv. targeted soil criteria based on anomalies reported in Environmental Site Monitoring (ESM) Reports (example: petroleum hydrocarbon (PHCs) exceedances, exceedances in trace metals, electrical conductivity (EC), sodium adsorption ratio (SAR) etc.) and agreed upon standards (ex. CCME Canadian Environmental Quality Guidelines), v. sump restoration methods to attain final physical and biological state (capping the sump, revegetation etc.) and vi. post-reclamation monitoring requirements. <ul style="list-style-type: none"> • Section 8 of the CRP must provide: <ul style="list-style-type: none"> a) detailed post-closure monitoring and care and maintenance programs and responsibilities and, b) detailed descriptions of the projected post reclamation risks to environmental, human and wildlife health.