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August 2, 2022

Files: S22A-002/S22L1-002

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

Sent by e-mail

Dear Terence Hughes,

Re: MGM Energy – East Mackay I-78 – Land Use Permit Application Incomplete – Water Licence Application Incomplete - Well Abandonment Remediation and Closure and Reclamation Project – Sahtu Settlement Area near Tuli't'a, N]

On July 13, 2022, Sahtu Land and Water Board (Board) staff received the Applications for Land Use Permit (Permit) S22A-002¹ and Water Licence S22L1-002² (Licence) for the East Mackay I-78 Wellsite Area and Staging Area (Site) from MGM Energy (MGM).

The Applications have been reviewed and found to be lacking information required under section 19 and paragraph 22(1)(a) of the Mackenzie Valley Land Use Regulations (MVLUR) for the Permit and under section 5 of the Waters Regulations for the Licence.

For the Permit Application to be considered complete, refer to the MVLWB *Guide to the Land Use Permitting Process*³ (Guide) and submit the following information to the Board's office: **Refer to Table 1** Attached.

For the Licence Application to be considered complete, refer to the MVLWB *Guide To Completing Water Licence Applications to the Mackenzie Valley Land and Water Board*⁴ (Guide) and submit the following information to the Board's office: **Refer to Table 2** Attached.

¹ SLWB Public Registry [S22A-002](#)

² SLWB Public Registry [S22L1-002](#)

³ MVLWB (2020) [Guide to the Land Use Permitting Process](#).

⁴ MVLWB (2020) [Guide to the Water Licensing Process](#).

Upon receipt of this information, the Application will be reviewed as per the *Mackenzie Valley Resource Management Act*. As per section 25 of the MVLUR, please advise the Board if additional time will be required to submit the additional information, beyond 90 days of the date of this letter (October 30, 2022).

Please contact Bonnie Bergsma at (867) 519-289-3380 with any questions or concerns regarding this letter.

Yours sincerely,



Bonnie Bergsma
Regulatory Coordinator-Specialist

Copied to: Trevor Bremner – GNWT -Lands Sahtu Region
Jeff Walker – GNWT-ENR Sahtu Region
Erin Goose, GNWT-ENR Yellowknife
Rick Walbourne – GNWT-ENR Yellowknife

Attached: **Table 1: Land Use Permit Application Additional Information Required**
Table 2: Water Licence Application Additional Information Required

TABLE 1: LAND USE PERMIT – ADDITIONAL INFORMATION REQUIRED

Item on Application Form	Topic	Additional Information Required
2.	Name and Contact Information – Applicant’s Head Office	1) <u>Confirm</u> that the Certificate of Corporate Registration from the Government of the Northwest Territories on the registry under S12A-001 is still current.
3.	Name and Contact Information – Contractors and Sub-contractors	2) Required prior to start-up.
6.	Rights and/or Contracts to Support Eligibility	3) <u>Optional</u> to provide a copy of the Significant Discovery Licence.
8.	Project Description	4) More information is required to fulfill subsection 19(3) of the MVLUR. ⁵ Provide the following information: a) Confirm if any vegetation clearing is required to reopen the access and if so, the type and amount of vegetation to be cleared and any best practices for disposal of trees and/or shrubby material. b) Confirm number and location of wetland and watercourse crossings and method and mitigation for the crossing(s).
9.	Camp	5) The Board may include a condition in the draft Permit to submit a final camp plan prior to commencement of the winter abandonment activities as per Section 9 of the Guide. 6) MGM to clarify Camp site # 1 and Camp site # 2 described in the Application and if a Sleigh Camp is additional. At minimum include camp locations, and typical layout for each camp with estimated number and type of structures, and # personnel associated with each camp.
10.	Roads and Access	7) Provide information about the decommissioning of any roads or access agreements and/or authorizations.
11.	Waste Management Plan	8) Revise the Waste Management Plan to include the following information as outlined in the MVLWB <i>Guidelines for Developing a Waste Management Plan</i> : ⁶ a) Clarify “completion fluids” in the context of the Project. In the introductory letter for the applications, MGM states that “the new applications do not include drilling or completions activities”. Yet, Table 4: Discharge Streams and Table 5:

⁵ [Mackenzie Valley Land Use Regulations](#).

⁶ MVLWB (2011) [Guidelines for Developing a Waste Management Plan](#).

Item on Application Form	Topic	Additional Information Required
		<p>Anticipated Waste Generation both include “completions fluids”.</p> <p>b) In Table 4, “Mud Sacks – Drilling” is included. Clarify the use of this material in the Project.</p> <p>c) Identify only the waste streams associated with this Project (abandonment and reclamation) and not previous activities.</p> <p>d) Waste identified in Table 3 to be placed under the appropriate categories identified in Table 5.</p> <p>e) Under the Disposal column, “Turnkey management” is frequently used: MGM to provide a definition of this term</p> <p>f) In the Land Use application form, under Waste Management brush and trees, MGM refers to the Waste Management Plan. The Plan does not include any information on brush and trees. Will there be any clearing associated with the project along access routes (possible regrowth) and how will MGM deal with the woody debris?</p> <p>g) The Board may include a condition in the permit requiring the submission of an updated WMP 90 days prior to commencement of the winter abandonment project.</p>
	Off-Site Disposal	<p>9) If not provided in advance of the Permit issuance (preferred), the Board may include a condition in the Permit for submitting to the Board, prior to the commencement of abandonment activities, written confirmation (e.g., an email, letter, etc.) from the facility/facilities indicating they will accept the waste and their Licence permits it.</p>
13.	Fuels	<p>10) On the Application form, quantity of fuel is expressed in gallons and 400-barrel tanks. The remainder of the Licence and Permit Application documents use litres. Add the conversion of gallons and barrels to litres on the application forms and reconcile any differences in fuel quantities in different components of the application.</p>
15.	Spill Contingency Plan / Information	<p>11) To ensure completeness of information and readability of the document MGM is strongly encouraged to review this document using the template provided in the INAC <i>Guidelines for Spill Contingency Planning</i>.⁷ As an example, the Safety Data Sheets (SDS) are included in the middle of the Spill Contingency Plan, disrupting the flow of this document.</p> <p>12) Revise the Spill Contingency Plan to include the following information:</p> <p>a) Place SDS at end of the document.</p>

⁷ INAC (2007) [Guidelines for Spill Contingency Planning](#).

Item on Application Form	Topic	Additional Information Required
		<p>b) Clarify if the “Incident Notification Protocol” for Drilling / Completions is relevant to this Project and include if it is or exclude if it is not.</p> <p>c) Ensure all relevant sections from the INAC Guidelines are included in the Spill Contingency Plan</p>
17.	Preliminary Screening Exemption?	<p>13) A copy of the July 2012 Preliminary Environmental Screening for S12A-001 and S12L1-001 was included in the Application Package. Revise to clarify if an exemption from preliminary screening is being requested, with supporting rationale,</p> <p>OR</p> <p>14) Please confirm if MGM is requesting exemption of parts of the Project from Preliminary Screening, and if so, confirm the anticipated new activities that may not have been previously screened and for which additional information on Impacts and Mitigation has been submitted as required.</p>
	Potential Environmental Impacts of the Project and Proposed Mitigation	<p>15) Board Staff have identified inconsistencies between the potential impacts and proposed mitigation measures in the <u>Application Documents</u> Impact-Mitigation Tables and the <u>Environmental Protection Plan (EPP) June 2022: I-78 Well Abandonment Program</u> that includes section 2.0 Hazard Review and Appendix 1: Fundamental Mitigation. Review. Review the latter two documents and update/revise the Application Impact-Mitigation Tables.</p> <p>16) Consider potential impacts during watercourse crossings along access routes, as well as during water withdrawal. Many of the Boards Standard Permit Conditions may apply.</p>
18.	Closure and Reclamation Plan / Information	<p>17) Board Staff acknowledge that the Project is for Closure and Reclamation stating that the application itself is the Plan. The Board does not agree with this interpretation. The Board prefers that remediation, closure and reclamation plans be developed by the Applicant and in consultation with stakeholders if required for some components (e.g. as for the sump remediation options analysis for the Colville Lake wellsites under A19A-004/S19L1-003).</p> <p>18) Board staff advises MGM to prepare a stand-alone Closure and Reclamation Plan (CRP) for Board approval, referring to section 2.2 of the MVLWB/AANDC <i>Guidelines for the Closure and Reclamation of Advanced Mineral Exploration and Mine Sites in the Northwest Territories</i>⁸ for general direction and contents of a CRP.</p>

⁸ MVLWB/AANDC (2013) [Guidelines for the Closure and Reclamation of Advanced Mineral Exploration and Mine Sites in the Northwest Territories.](#)

Item on Application Form	Topic	Additional Information Required
		<p>19) In general, the required elements of a CRP include:</p> <ul style="list-style-type: none"> • Closure objectives for each project component (e.g. sumps, wellbores, pads, access roads, etc.) and overall. • Closure criteria (e.g. CCME Guidelines; % vegetation cover, no invasive species, etc.). • Describe in detail all required closure activities for each component, with a list of closure options for each. • Describe any Engagement related to the development of the CRP or selection of Closure Options. • Include a Schedule of final identified closure activities, for each component through the life of the Project and any post-closure monitoring, if required. • Reference to pre-reclamation photographs. The <u>Pre-Site Photos</u> included in the Application detail pre-disturbance site conditions and can be referred to for meeting overall Closure Objective – to return site to pre-development conditions. • Post-closure monitoring and maintenance programs. The <u>2020 Environmental Site Monitoring Report</u> included in the Application plus any other monitoring reports completed over the years demonstrate the progressive reclamation and status of all wellsite components (wellhead, sumps, campsites or laydown areas, etc..). <p>20) The Closure and Reclamation Plan (CRP) may be submitted as an Interim Plan (ICRP) with conditions in the draft permit that will require submission of a final CRP following MGM’s proposed consultation with stakeholders and following completion of the abandonment program.</p>
	Closure Cost Estimate	<p>21) Board staff note that a Closure Cost Estimate was not submitted because MGM stated that the existing securities held under the expired authorizations: S12A-001 with \$234,423.00, and S12L1-001 with \$553,579.00 should be sufficient for this project.</p> <p>22) Attach a Closure Cost Estimate in the Application Package to verify that current securities are adequate. Applicants are strongly encouraged to use the attached RECLAIM template and supporting guidance document. If an alternative method is proposed, refer to section 2.2 of the MVLWB/INAC/GNWT <i>Guidelines for Closure and Reclamation Cost Estimates for Mines</i>.⁹</p> <p>23) Provide a breakdown of the Closure Cost Estimate into the water- and land-related activities and liabilities.</p>

⁹ MVLWB/INAC/GNWT (2017) [Guidelines for Closure and Reclamation Cost Estimates for Mines](#).

Item on Application Form	Topic	Additional Information Required
19.	Engagement	<p>24) Revise the Engagement Record and Plan to include the following information as outlined in the MVLWB <i>Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits</i>¹⁰:</p> <ul style="list-style-type: none"> a) Include in the Engagement Record the two pre-application notifications sent on February 11, 2021 and August 12, 2021. b) Include any records of discussions with stakeholders regarding socioeconomic opportunities such as contracting and employment. c) Include triggers for Engagement through the life of the Project and describe when and what type of engagement is planned.
	Land Use Planning	<p>25) Include a Land Use Plan Conformity Table in the Application Package, demonstrating how the proposed project (no longer considered a legacy land use) meets the requirements of the <u>Sahtu Land Use Plan</u> (SLUP) that was enacted in August of 2013. Since the applications are required in order to complete cleanup and reclamation of project activities (section 2.5 F), the Project is exempt from Conformity Requirement (CR) #1 – Land Use Zoning but must demonstrate conformity with the remaining CRs in the SLUP. This will include CRs #2-13.</p>

¹⁰ MVLWB (2018) [Engagement Guidelines for Applicants and Holders of Water Licences and Land Use Permits](#).

TABLE 2: WATER LICENCE APPLICATION ADDITIONAL INFORMATION REQUIRED

Item on Application Form	Topic	Additional Information Required
2.	Name and Contact Information – Applicant’s Head Office	<ul style="list-style-type: none"> • Refer to Table 1, Item 2
4.	Project Description	<ul style="list-style-type: none"> • Refer to Table 1, Item 8.
7.	Proposed Quantity of Water Involved	<ul style="list-style-type: none"> a) Include information on fish of the Mackenzie River in the vicinity of the Project. b) Provide the proposed location and depth of water intake.
8.	Waste Management Plan	<ul style="list-style-type: none"> • Refer to Table 1, Item 11.
10.	Spill Contingency Plan	<ul style="list-style-type: none"> • Refer Table 1, Item 15.
10.	Potential Environmental Impacts of the Project and Proposed Mitigation	<ul style="list-style-type: none"> • Refer to Table 1, item 17.
11.	Name and Contact Information – Contractors and Subcontractors	<ul style="list-style-type: none"> • Required prior to start-up.
14.	Additional Supporting Information	<ul style="list-style-type: none"> • Refer to Table 1, Item 18 - Closure and Reclamation Plan and Closure Cost Estimate. • Refer to Table 1, Item 19 - Engagement Record and Plan. • Refer to Table 1, Item 19 – Sahtu Land Use Plan Conformity <p>a) Watercourse crossings - Provide description of existing bed and banks of the watercourse and Plan/Figure of the crossing showing cross-section and elevations and where available, watercourse flows.</p>