

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 837-18(3): STRATEGIC OIL AND GAS LTD.

August 20, 2019

MR. O'REILLY: Merci, monsieur le President. In my statement earlier today I noted that the publicly available end-of-life obligations for Cameron Hills fields seems to be over \$12 million. Even if the Minister did not provide that information when I asked back in June, can the Minister tell us who provided that information on the end-of-life obligations for Cameron Hills, as found in the creditor protection proceeding, and how it was calculated? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. Minister of Industry, Tourism and Investment.

HON. WALLY SCHUMANN: Thank you, Mr. Speaker. I can tell you that no GNWT department provided any input into the figure provided in the list of creditors. I am therefore unable to provide any information about what this figure includes or how it was calculated.

MR. O'REILLY: I want to thank the Minister for that information. I'm not sure how I can find out, but yesterday this House rolled back provisions for mandatory financial security in the Public Land Act. Now, I'm here to talk about what seems to be a shortfall in financial security for Cameron Hills. Can the Minister explain whether this apparent shortfall in financial security for Cameron Hills is going to leave taxpayers on the hook, as the owner is in creditor protection?

HON. WALLY SCHUMANN: I am unable to speculate on the outcome of the creditor protection process as the matter is the subject to the proceedings under the Companies' Creditor Arrangements Act. I can confirm that Strategic Oil & Gas is required to submit a revised closure and reclamation plan to the Mackenzie Valley Land and Water Board today for review and approval. During the review of that plan and upon its approval, financial security will be assessed to ensure that security held by the Government of the Northwest Territories is sufficient to cover the work required to remediate.

MR. O'REILLY: I want to thank the Minister for that. That is exactly what I said in the House earlier today. Unfortunately, it comes a little bit late, as the company is now in creditor protection. This happened again under our watch. Can the Minister tell us, though, whether there is any way we can turn the liabilities from Cameron Hills field back to the federal government under the Devolution Agreement?

HON. WALLY SCHUMANN: Under the Devolution Agreement, the Government of the Northwest Territories released the federal government from historic liabilities for sites that met criteria set out in the agreement. Factors considered were whether the site went through a modern regulatory process, compromising environment assessment regulatory and decision-making, including decisions around securities and in material compliance with the authorities. Prior to devolution, the Government of the Northwest Territories conducted due diligence on Canada's listing the sites, and could find no evidence that the Cameron Hills operation did not meet the criteria. Therefore, the site

was listed as a release site. The Cameron Hills site met the criteria, and is therefore considered a release site. Therefore, under the terms of the Devolution Agreement, meaning the Government of the Northwest Territories does not appear to be able to turn the liabilities back to the federal government.

The Government of the Northwest Territories has written to the federal government outlining the situation at Cameron Hills, and the Government of Northwest Territories actions in relation to protecting taxpayers from liabilities in event that there is another mechanism to have Canada take on some responsibility.

MR. SPEAKER: Masi. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister for that. It sounds like we are clearly on the hook now, and this happened post-devolution. I don't know, Mr. Speaker. Our government really doesn't have a very good track record in terms of managing resources in the post-devolution world. In an unprecedented move, a Minister turned back a decision on a water licence, and then, following a request by a diamond company, unilateral changes were made to measures arising from an environmental assessment of the Tlicho all-season road. There are financial security gaps for Canton, Prairie Creek, and now Cameron Hills. Can the Minister tell the House how this government can possibly convince the federal government to turn over the Mackenzie Valley Resource Management Act in light of this poor resource management track record? Mahsi, Mr. Speaker.

HON. WALLY SCHUMANN: The MVRMA system provides a transparent process to review closure plans for sites and updates securities as required, and as such, a process is under way for the Cameron Hills site. The Government of the Northwest Territories has confidence in the modern system as it was envisioned in the claim and implemented through the MVRMA and institutions of public government, and we'll use all tools at its disposal to protect the public interest.

Our technical experts will continue to participate in the ongoing process by the Land and Water Board to review the closure plan and associated securities for this site. The Devolution Agreement provides for the review of the transitional provisions related to the MVRMA following the [microphone off]. Pursuant to the Devolution Agreement, the review will be conducted by the parties to the agreement, and this review is expected to commence early in the life of the next government. Thank you, Mr. Speaker.