

Members Statement– Kevin O’Reilly MLA Frame Lake
STRATEGIC OIL AND GAS LTD. LIABILITIES IN THE NORTHWEST TERRITORIES

December 12th 2019

MR. O'REILLY: Merci, Monsieur le President. On August 20, 2018, I made a Member's statement on the environmental liabilities related to the Cameron Hills oil and gas field owned by Strategic Oil and Gas Limited. From the questions I asked the then Minister of Industry, Tourism and Investment, it appears the GNWT is on the hook for any shortfall between the roughly \$3 million in financial security currently held and the unknown liability which the court-appointed monitor appears to have estimated at over \$12 million, and possibly much, much higher.

Despite having a clear mandate from the 18th Assembly to develop "a sound financial security system to prevent public liabilities," this shortfall happened under our watch and there does not appear to be any way to turn this back to the federal government, as we accepted the site under the devolution agreement.

How many more contaminated sites are lurking out there, where there is a significant shortfall between what we hold in financial security and the actual cost of environmental remediation? Such shortfalls amount to public subsidies that place the taxpayers of the NWT at unnecessary risk. So much for responsible development, Mr. Speaker.

What has happened since I last raised the issue in August? The GNWT appears to have legal counsel participating in the receivership proceeding, which is a good thing. The company has again applied for an extension to its creditor protection, until January 31, 2020. Efforts to sell the Cameron Hills property and assets have not produced a buyer to date, so the future of the operation continues to be in considerable doubt. The Mackenzie Valley Land and Water Board is now reviewing a long-overdue fourth version of a conceptual closure and reclamation plan finally submitted by Strategic Oil and Gas. The company now says that it will not be submitting a revised cost estimate for reclamation of the area until June 2020. This is a field that has not operated since 2015. Although GNWT has raised the issue of the need for a revised cost estimate, it has not made that as a direct request to the board itself.

Needless to say, I will have questions for the Minister of Lands on why GNWT's post-devolution resource management failed to protect the taxpayers and the environment in the case of Cameron Hills. Mahsi, Mr. Speaker.