

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 627-19(2): REGULATORY SYSTEM FOR CONTAMINATED OIL AND GAS SITES

March 3, 2021

MR. O'REILLY: Merci, Monsieur le President. My questions are for the Minister of Lands, who appears to have the lead on strategic oil and gas bankruptcy. The Cameron Hills sour gas field is a mess, and the remaining funds to manage and remediate this site are drying up quickly. Can the Minister tell us when he expects the GNWT will take ownership of the site? Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you, Member for Frame Lake. Minister of Lands.

HON. SHANE THOMPSON: Thank you, Mr. Speaker. As everybody is aware, right now, we have a receiver in place who is looking after all aspects of it. Right now, they are making sure that regulatory compliance is followed and considering options to transfer the site to another operator through a sale process. However, it might be possible we might get small parts or the whole transferred back to us if we cannot find a company to take it over. Thank you, Mr. Speaker.

MR. O'REILLY: I want to thank the Minister for that. I think that is about as close as he has ever admitted to us taking over the site, so I am making some progress here. In my statement, I outlined that there is a total system failure in terms of preventing this site from becoming a liability for this government. I would like to know from the Minister what lessons we have learned from this mess and what is he going to do to fix this from happening again and again.

HON. SHANE THOMPSON: This was a unique situation. Securities were estimated by the federal government and then transferred to the GNWT upon devolution, and the amount held by the Canada Energy Regulator was not disclosed to the GNWT until recently. We did not know that the total amount of security is insufficient. It is unlikely that this particular situation will arise again as we have a robust regulatory system, including updating security requirements for oil and gas and other operations and devolutions since devolution has happened.

MR. O'REILLY: I want to thank the Minister for that. Again, it confirms a number of things that I said earlier. If we did not know what the security was, why did we take it and what did we do about it? Not much. In the last Assembly, there was a mandate that read as follows, "Develop an integrated comprehensive approach to management of contaminated sites, including prioritizing sharing of responsibility in collaboration with other governments, monitoring, and a sound financial security system to prevent public liabilities." Mr. Speaker, none of this was done. We collectively failed. Does the Minister have a plan, a roadmap, any resources or steps, anything that we can do to prevent another Cameron Hills from happening again?

HON. SHANE THOMPSON: I would like to thank the Member for that question and for giving it to us in advance because I have to get some really important details out in the

open here. In 2019, the GNWT approach to contaminated sites management was released, and we continue to build upon this work. The interdepartmental contaminated sites committee and working group have formed to coordinate and implement this work. It is anticipated the work plan will be finalized in the spring of 2021. Over the years since devolution, the GNWT has also worked with the land and water resource boards and the federal government to update the guidelines and model for establishing securities. With the regulations being developed under the Public Land Act and other oil and gas regulations being developed by ITI, we will continue to make ongoing improvements to the regulatory system to prevent future liabilities.

MR. SPEAKER: Thank you, Minister. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. When Cameron Hills sour gas field finally becomes a GNWT liability, it's not clear how these costs are going to be appropriated or accounted for. Can the Minister tell us where the funds to remediate Cameron Hills will come from when it becomes a GNWT liability and how it will appear in the public accounts? Mahsi, Mr. Speaker.

HON. SHANE THOMPSON: The cost to remediate the site is estimated, included in the listings, unless our reclaimed security amounts held. However, Mr. Speaker, the environmental liability fund, as the Member has said, is an annual appropriation of \$2 million. If additional funds are required to cover the cost of remediation for all environmental liability sites, a supplementary estimation will be put forward, at that time, to the House for consideration. Thank you, Mr. Speaker.