

Imperial oil must follow Sahtu rules, say feds, GNWT

'For too long, the Norman Wells operations have operated without... any accountability to the Sahtu'

CBC News Last Updated: Apr 22, 2014 9:22 AM CT

The territorial and federal governments have weighed in on a dispute over a new water license for Imperial Oil's operation in Norman Wells.

The company is challenging the Sahtu Land and Water Board's authority to set the rules, and demand a security deposit, for the eventual clean-up of the site.

Imperial Oil has been pumping oil out of Norman Wells for more than 70 years, with about 10 years of production left.

In a letter to the Sahtu board, Imperial Oil claims that the National Energy Board is the primary regulator of the site under an agreement struck in 1944, and that it, not the Sahtu board, is responsible for overseeing the clean-up.

"A confidential agreement has been entered into between the Government of Canada and Imperial Oil whereby funds are withdrawn from the revenue stream due to Her Majesty, and held in trust, to cover Her Majesty's share of the abandonment liability," the company says.

The federal government disputes that statement, and says the company's obligations under the federal oil and gas legislation do not override the jurisdiction of the Sahtu Board.

"The existence of approval requirements from more than one level of government is common and does not necessarily create an inconsistency," says a letter dated April 10, 2014.

The Government of the Northwest Territories and the Sahtu Land and Water Board also state that the board has full authority to oversee the clean-up.

In a sharply worded letter, the Sahtu board calls Imperial Oils assertions "troubling," and says its logic would violate the the spirit of the Sahtu agreement.

"The Norman Wells operations must be managed and regulated in accordance with contemporary standards in a transparent and public process," writes the board's chairperson, Ethel Blondin-Andrew.

"For too long, the Norman Wells operations have operated without any local review or assessment of proposed environmental effects or any accountability to the Sahtu and local residents. Our views and concerns have been typically disregarded. This is unacceptable."

The same letter suggests that the federal government's financial interest in the wells "may colour the views that it submits to the board."

While the devolution agreement gave the NWT government regulatory control of its land and resources on April 1, it specified that the Norman Wells Proven Area will remain under the jurisdiction of the National Energy Board.

The federal government will maintain its one-third ownership in the project, and continue to collect a five per cent royalty from the wells, then remit the money to the GNWT.