COURT FILE NUMBER	2001-01210
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	GMT CAPITAL CORP.
DEFENDANT	STRATEGIC OIL AND GAS LTD. and STRATEGIC TRANSMISSION LTD.
DOCUMENT	**BENCH BRIEF OF THE OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**LAWSON LUNDELL LLP** Barristers and Solicitors 1100, 225 – 6th Avenue SW Calgary, AB T2P 1N2 **Attention: Alexis Teasdale** Telephone: (403) 218-7564 Fax No.: (403) 269-9494 Email: ateasdale@lawsonlundell.com/ File No.: 14555.150762

Clerk's Stamp

JUDICIAL CENTRE OF CALGARY
FILED DIGITALLY
2001 01210
Aug 6, 2026
2:53 PM
CLERK OF THE COURT

OFFICE OF THE REGULATOR OF OIL AND GAS OPERATIONS (NORTHWEST TERRITORIES)

APPLICATION BEFORE THE HONOURABLE JUSTICE D.R. MAH ON AUGUST 11, 2026 AT 10:00 a.m. ON THE CALGARY COMMERCIAL LIST

TABLE OF CONTENTS

I. INTRODUCTION 1

II. FACTS 2

III. LAW AND ARGUMENT 4

A. Completing work on the Unresolved Liabilities requires an OA from the Regulator 4

B. GNWT is Eligible to Obtain an OL and an OA under the *OGOA* 5

IV. CONCLUSION 7

V. RELIEF SOUGHT 8

VI. TABLE OF AUTHORITIES 9

I. INTRODUCTION

1. This is the response of the Office of the Regulator of Oil and Gas Operations ("**OROGO**") to the application filed by Alvarez & Marsal Canada Inc. (the "**NWT Receiver**") on July 31, 2026 (the "**Application**").

2. In the Application, the NWT Receiver asks, among other things, to be discharged as Court-appointed receiver and manager of the properties, assets and undertakings of Strategic Oil and Gas Ltd. ("**Strategic**") and Strategic Transmission Ltd. situated in the Northwest Territories. This includes Strategic's interest in the Cameron Hills production field (the "**Cameron Hills Field**"), a sour gas field located in the southern Northwest Territories near the Alberta border.

3. As part of the Application, the NWT Receiver has filed a draft order as Schedule "B" (the "**Draft Order**").

4. OROGO takes no position on the relief sought by the NWT Receiver <u>if</u> the Draft Order is modified to add the following condition to paragraph 8 (additional language underlined):

> 8. Upon the Receiver filing with the Clerk of the Court a Receiver's Certificate substantially in the form attached hereto as Schedule "A" confirming that ~~the Receiver has~~:
>
> > (a) <u>the Receiver has</u> completed all known administrative tasks associated with its obligations under these proceedings;~~ and~~
> >
> > (b) the land use permit and the water licence have been transferred by the Mackenzie Valley Land and Water Board to the Government of the Northwest Territories as contemplated in paragraph 72 of the Fifth Report; <u>and</u>
> >
> > <u>(c) the Government of the Northwest Territories has obtained an operating licence and an operations authorization pursuant to the *Oil and Gas Operations Act*, SNWT 2014, c 14, authorizing the continued management of the Cameron Hills field, including but not limited to fulfilling the requirements of the abandonment order issued on October 4, 2019 under OA#2018-003-SOG (as amended), remediating other known outstanding liabilities, and addressing other liabilities not yet discovered,</u>
>
> then the Receiver shall be discharged as Receiver of the Debtor, provided however, that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall

> continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of the Receiver in its capacity as Receiver.

5. If the Draft Order is not modified to require the discharge of the NWT Receiver to be contingent on the Government of the Northwest Territories ("**GNWT**") obtaining an operating license and operations authorization, OROGO opposes the discharge and release of the NWT Receiver.

II. FACTS

6. The factual background to this matter has been canvassed at length in the Reports of the Receiver before the Court, including the most recent Fifth Report of the Receiver dated July 31, 2026 (the "**Fifth Report**") and the earlier reports. As such, OROGO has highlighted only those facts pertinent to its position in the present Application.

Statutory Framework and OROGO's Role

7. OROGO's authority originates in the *Oil and Gas Operations Act* ("***OGOA***"), which provides for the designation of a regulator (the "**Regulator**").[1] The Regulator is empowered to regulate oil and gas works and activities across the Northwest Territories (excluding federal areas and the Inuvialuit Settlement Region) to promote *OGOA's* purposes of human safety, environmental protection, and the conservation of oil and gas resources.[2]

8. Among its statutory responsibilities, the Regulator is empowered to issue operating licences ("**OL**") and operations authorizations ("**OA**"), pursuant to ss. 10(1)(a) and 10(1)(b) of *OGOA,* respectively. OLs are annual licences which serve to provide the Regulator with information about the licencee, while OAs authorize specific works or activities and may span multiple years. OAs will typically include a range of requirements, including relating to liabilities and/or carrying out environmental programs.[3]

9. OAs (including related reporting and monitoring requirements) are the primary mechanism through which OROGO regulates oil and gas activities within the Northwest Territories.

---

[1] SNWT 2014, c. 14, at s. 121.
[2] *OGOA* at s. 2.
[3] *OGOA* at s. 10(4).

The Receivership and the Abandonment Order

10. On March 20, 2019, Strategic obtained an OA for its operations at the Cameron Hills Field (OA#2018-003-SOG).[4] The authorized works included infrastructure abandonment and decommissioning, leading to the closure of the Cameron Hills Field.

11. Shortly thereafter, this Court issued an order under the *Companies' Creditors Arrangement Act*[5] whereby Strategic entered into creditor protection.

12. On October 4, 2019, OROGO issued an order under OA#2018-003-SOG directing a range of suspension, abandonment, and decommissioning work at the Cameron Hills Field (the "**Abandonment Order**", as amended).[6] The Abandonment Order was issued because OROGO had concerns about Strategic's ongoing ability to meet its obligations under OA#2018-003-SOG.[7]

13. In the nearly seven years since the Abandonment Order was issued, the NWT Receiver has carried out many aspects of that order to the satisfaction of the Regulator, all under the existing OA that was issued to Strategic. The Abandonment Order has been periodically updated to reflect completed work.[8]

14. However, as acknowledged in the Fifth Report, liabilities associated with the Cameron Hills Field remain.[9] These include unresolved liabilities related to the Abandonment Order,[10] as well as potential liabilities associated with the Cameron Hills Field which are not addressed in the Abandonment Order (collectively, the "**Unresolved Liabilities**").[11] In particular, the Unresolved Liabilities include potential liabilities associated with three historical spills occurring between 2007 and 2011.[12]

15. OROGO opposes the discharge of the Receiver unless the Draft Order is modified to ensure that the Unresolved Liabilities continue to be addressed and remain subject to OROGO's

[4] Second Affidavit of Pauline de Jong, affirmed August 6, 2026 [de Jong Affidavit #2] at para. 4, Ex. A.
[5] RSC 1985, c. C-36.
[6] de Jong Affidavit at paras. 5-6, Ex. B.
[7] de Jong Affidavit at para. 5.
[8] de Jong Affidavit at para. 6, Ex. B.
[9] Fifth Report at paras. 53-54.
[10] de Jong Affidavit at para. 7.
[11] For a full accounting of the Unresolved Liabilities within OROGO's knowledge, see de Jong Affidavit at Ex. D.
[12] de Jong Affidavit at para. 8.

regulatory oversight, in accordance with the *OGOA*. As will be explained below, both an OL and OA are necessary to address the Unresolved Liabilities.

III. LAW AND ARGUMENT

16. OROGO anticipates that the GNWT may oppose OROGO's proposed modifications to the Draft Order. Given this, OROGO has provided the following explanation of why, under the *OGOA*: (1) an OA from the Regulator is required to complete work related to the Unresolved Liabilities, and (2) the GNWT is legally capable of holding both an OL and an OA.

A. Completing work on the Unresolved Liabilities requires an OA from the Regulator

17. Section 6 of the *OGOA* provides as follows:

> 6. No person shall carry on any work or activity related to the exploration or drilling for or the production, conservation, processing or transportation of oil or gas in any area to which this Act applies unless
>
> > (a) that person is the holder of an operating licence issued under paragraph 10(1)(a);
> >
> > (b) that person is the holder of an authorization issued, before the commencement of operations, under paragraph 10(1)(b) for each work or activity; and
> >
> > (c) in the case where it is required, that person is authorized or entitled to carry on business in the place where that person proposes to carry on the work or activity.

18. This section is clear. Conducting "any work or activity related to the exploration or drilling for or the production, conservation, processing or transportation of oil or gas" requires both an OL and an OA.

19. While not expressly listed in s. 6 of the *OGOA*, suspension, abandonment, decommissioning, and reclamation activities (collectively, "**End-of-Life Activities**") are intrinsically *related* to oil and gas operations. Indeed, the only reason a licensee would need to conduct End-of-Life Activities is as a direct result of exploration and drilling activities. The close

interconnection between drilling and End-of-Life Activities was recognized by the Supreme Court of Canada in *Orphan Well Association v. Grant Thornton Ltd.*[13]

20. Further, this interpretation is consistent with the purpose of the *OGOA*—which includes, among other things, protection of the environment and conservation of oil and gas resources[14]—and other aspects of the regulatory scheme, which include ongoing oversight from the Regulator during and after End-of-Life Activities.[15] In fact, Strategic's own OA-2018-003-SOG was issued primarily to authorize End-of-Life Activities.

21. This means that while the Cameron Hills Field may no longer be producing, the entity assuming responsibility from the NWT Receiver (contemplated in the Application to be the GNWT) must nevertheless obtain both an OL and an OA from the Regulator prior to conducting any End-of-Life Work. And we know such work is necessary, given the continued existence of the Unresolved Liabilities.

22. If the GNWT is not required to obtain an OL and OA prior to discharge of the NWT Receiver, the Regulator will have no ability to monitor GNWT's progress towards resolving the Unresolved Liabilities, or ensure that the Unresolved Liabilities are, in fact, resolved. Given this concern, OROGO asks this Court not to discharge and release the NWT Receiver unless and until the Receiver has certified that the GNWT holds the necessary OL and OA in connection with the Cameron Hills Field.

B. GNWT is Eligible to Obtain an OL and an OA under the *OGOA*

23. OROGO anticipates the GNWT may take the position that it is not eligible to hold an OL by operation of s. 2(1) of the *Oil and Gas Operations Regulations* ("***OGOR***"),[16] as the GNWT has previously communicated this position to OROGO.[17] This subsection of the *OGOR* provides:

> 2. (1) An application for an operating licence may be made by
>
> (a) an individual who is 18 years of age or over;

[13] 2019 SCC 5.
[14] *OGOA* at s. 2(b)-(c).
[15] See, e.g., *OGOA* at s. 64(2)(b).
[16] R-030-2014.
[17] de Jong Affidavit at para. 13, Ex. G.

> (b) a corporation that is registered with the Registrar of Corporations under the *Business Corporations Act*; and
>
> (c) a corporation that is entitled to carry on business in any province or territory.

24. However, properly construed, s. 2(1) of the of the *OGOR* is permissive, not restrictive. In other words, while it positively affirms that some categories of persons are eligible to apply for an OL (and, by extension, imposes limits in those specific categories—for example, the inclusion of an adult suggests a minor is not eligible to apply), it does not foreclose the possibility that other persons *could* apply. This distinction is clear when contrasting s. 2(1) with the immediate subsequent subsection, which sets limits on the form of an application:

> (2) An application for an operating licence must
>
> (a) be in writing;
>
> (b) contain the name and address of the applicant;
>
> (c) be forwarded to the Chief Conservation Officer; and
>
> (d) be accompanied by a fee of $25 made payable to the Government of the Northwest Territories.

25. Here, the *OGOR* is mandatory—an application "*must*" meet certain criteria. The same word could have been used just one paragraph above in s. 2(1), but instead the word "*may*" was chosen. This indicates a deliberate choice that s. 2(1) was intended to be non-exhaustive.

26. As such, properly construed, the *OGOR* does not prevent the GNWT from holding an OL.

27. Similarly, there is nothing in the statutory scheme that would prevent the GNWT from holding an OA. To the contrary, requiring the GNWT to hold an OL and OA is consistent with the *OGOA*, which expressly provides:

> 120. This Act binds the Government of the Northwest Territories.

28. This is an unambiguous statement of statutory intent to hold the GNWT to the restrictions contained in the *OGOA.* Absent any legislative indication to the contrary, this must be interpreted as including the prohibition on conducting any End-of-Life Activities without an OL and an OA,

reproduced above at paragraph 17, which provides that "no person" shall carry out certain activities without authorization. Governments are legal persons within the law.[18]

29. To find the contrary would result in absurdity, where a government acquiring an interest in an oil and gas operation through a Crown corporation would be subject to regulatory oversight and required to obtain an OL and OA (as the corporation falls within the express provisions of s. 2(1) of the *OGOR*), while the same government acquiring an interest directly would be entirely immune from subject matter regulation. This is surely not the intent of the *OGOA* or the *OGOR,* particularly given the underlying purpose of the legislation and the express indication that the GNWT be bound.

30. Moreover, the *OGOA* was expressly modelled on the federal *Canada Oil and Gas Operations Act* (the "***COGOA***").[19] As part of devolution in the Northwest Territories, the *OGOA* was required to "substantially mirror" the *COGOA*.[20] The federal scheme also includes the concept of licences and authorizations, and its regulations contain the same language as s. 2(1) of the *OGOR.*[21] Under this comparable scheme, the National Energy Board (as it was then known) has issued an operating licence and an authorization to the Government of Canada.[22]

31. In these circumstances, GNWT is legally capable of holding both an OL and OA in connection to the Cameron Hills Field under the *OGOA*—and, indeed, should be required to do so prior to the NWT Receiver being discharged.

IV. CONCLUSION

32. OROGO's paramount concern in this Application is its continued ability to regulate the Cameron Hills Field in accordance with the *OGOA* and *OGOR.* This concern is particularly acute given the known Unresolved Liabilities at the site, which require additional investigation, work, and monitoring to ensure the health and safety of people and the environment.

---

[18] *Sanis Health Inc. v. British Columbia*, 2024 SCC 40 at para. 47.
[19] RSC 1985, c O-7.
[20] de Jong Affidavit at Ex. I, s. 3.11(a)-3.12.
[21] *Canada Oil and Gas Operations Regulations*, SOR/83-149, at s. 3(1).
[22] de Jong Affidavit at para. 14, Ex. H.

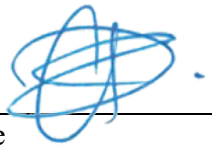
33. If the Application is granted without modification, the practical impact would be placing the Cameron Hills Field beyond OROGO's reach and outside of any oil and gas regulatory scheme. The GNWT has been clear that it does not intend to seek an OL or OA from OROGO in connection with the Cameron Hills Field, and there is no other subject matter regulator that would have jurisdiction. Modifying the Draft Order in the manner proposed by OROGO at paragraph 4, above, will ensure OROGO's continued oversight and involvement at the Cameron Hills Field, within the contours of its statutory mandate.

V. RELIEF SOUGHT

34. As outlined above, OROGO takes no position on the Application if the Draft Order is modified in the manner proposed in paragraph 4. Without this change OROGO opposes the discharge and release of the NWT Receiver.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 6th day of August, 2026.

LAWSON LUNDELL LLP



Per: Alexis Teasdale
Counsel for the Office of the Regulator of Oil and Gas Operations

VI. TABLE OF AUTHORITIES

TAB	AUTHORITY
Case law	
1.	*Orphan Well Association v. Grant Thornton Ltd.,* 2019 SCC 5
2.	*Sanis Health Inc. v. British Columbia,* 2024 SCC 40
Legislation and Regulations	
3.	*Canada Oil and Gas Operations Act,* RSC 1985, c O-7
4.	*Canada Oil and Gas Operations Regulations,* SOR/83-149
5.	*Companies' Creditors Arrangement Act,* RSC 1985, c C-36
6.	*Oil and Gas Operations Act,* SNWT 2014, c 14
7.	*Oil and Gas Operations Regulations,* R-030-2014