

## OPERATION SUMMARY INSPECTION REPORT

Well/Facility Name:	Cameron Hills H-03 Battery – H-58/D-49/N-28/I-16/ M-73/2M-73/C-74/H-03 Flaring Facility	Operator:	Strategic Oil and Gas Ltd.
Location of Inspection:	Cameron Hills – South Slave Administrative Region	Access method:	Winter Road access from Alberta Highway 35, 1km South of Indian Cabins, AB.
Site Contractor:	Global Well Services/Pinnacle Industrial Services/Dragons Breath Production Services/Spectrum Wireline Services	Status:	Suspension and Abandonment Operations
Approval Info	OA-1237-01 ACW-2018-004	WID:	1975/1973/1753/1482/1765/2026/1939
Date of Inspection	February 4 & 5, 2019	H2S Site:	Yes

### Summary of Inspection

Conditions	Satisfactory (Y/N)	Comments
<b>Rig Safety</b>		
Accumulator function test	N/A	<b>February 5, 2019 - 12 22h:</b> During the inspection of the C-74 well site, the BOP was not installed on the well at the time of inspection thus a full function test could not be conducted. A sizing calculation was conducted that confirmed the system has enough volume to function BOPs.
Equipment Certifications	Y <sup>1</sup>	<p><b>February 5, 2019 - 12 00h:</b> While inspecting the equipment at the C-74 well site, the provided certifications on site did not match the equipment that was present. However, the certifications provided as part of the ACW application did match the equipment. (See Photo # 1)</p> <p><sup>1</sup><b>Required Action:</b> The OROGO Compliance Team provided the rig manager with the correct certifications for their records. All certifications need to be reviewed to ensure they are up to date and match the equipment being used on site.</p>
Approvals available	N	<p><b>February 4 &amp; 5, 2019:</b> Incomplete Authorization Approvals were posted in the dog house at the C-74 well site as well as the H-03 Battery Camp.</p> <p><b>Required Action:</b> The Operations authorization does not have the amendments issued by OROGO on August 3, 2017. These amendments need to be attached to the current authorization at all locations on site. (See Photo# 2)</p>
Boiler Inspection	Y	
Guards and covers on moving equipment	Y	
Pump lines and hoses	Y <sup>2</sup>	<p><b>February 5, 2019:</b> A fire rated hydraulic line attached to the annular preventor had a separation in the fire resistant sheathing and required replacement.</p> <p><sup>2</sup><b>Note:</b> Site staff readily removed the hose from service and located a replacement for use while the OROGO Compliance Team was on site.</p>
General Housekeeping	N	<p><b>February 5, 2019:</b> The area in and around the accumulator was being used as storage which made access to the accumulator a challenge. The fashion in which these items are being stored being stored inhibited easy ingress and egress from the building as well as the ease of use of the secondary BOP controls.</p> <p><b>Required Action:</b> The accumulator trailer should be organized at all times to ensure unrestricted ingress and egress for the primary purposes of effective accumulator functions and inspection.</p>
Adequate lighting in each work space	Y	
Wind indicators visible	Y	
Fire extinguishers	Y	<b>February 4 &amp; 5, 2019:</b> All inspected fire extinguishers had been recently inspected to ensure they could be in service.
Other	N	<p><b>February 5, 2019:</b> The records for gas meter at the pressure tank connected to the flare stack located at the C-74 Well Site indicated it had not been calibrated since April 2015. (See Photo #3)</p> <p><b>Required Action:</b> Requirements for meter calibration frequency need to be confirmed with the onsite contractor. Should calibration be required since 2015, it will need to be conducted.</p>
<b>Personnel Safety</b>		
Valid safety tickets: FA-CPR/H2S/WHMIS/TDG	Y	
Safety meetings and documentation	Y	

## OPERATION SUMMARY INSPECTION REPORT (Continued)

SCBAs available and visible	N	<p><b>February 5, 2019:</b> Upon review of the inspection records of the two SCBA units (CH-01 and CH 02) at the H-03 Battery Camp, it was not readily apparent that these units had been checked to ensure proper operation since 2015 (See Photo# 4). Upon further review, a hand written note was found on the back of the inspection sheet indicating an inspection in December 2018 that identified there was no low level alarm on CH-02. (See Photo# 5) No record of a repair could be found.</p> <p><b>Required Action:</b> SCBA units are a vital piece of safety equipment that need to be inspected to ensure they are functioning appropriately. Strategic Oil and Gas Ltd. is required to ensure that all SCBA units are inspected and suitable for use in the event of an emergency. Inspection and repair forms are required to be properly completed for each unit.</p>
First Aid equipment and EMS	Y	
Gas detection equipment	Y	<b>February 4 &amp; 5, 2019:</b> All staff was wearing a 4 head personal gas monitor.
Communication plans	Y	
Hazard identification and signage	N	<p><b>February 5, 2019:</b> Well sites H-58 and D-49 had signage posted that listed Paramount Resources Ltd. phone number to call in the event of an emergency. (See Photo # 6)</p> <p><b>NOTE:</b> All signage on site with Paramount Resources Ltd. 24 hour emergency line will need to be updated to the Strategic Oil and Gas Ltd. 24 hour emergency number.</p>
ERP, Safety Plan available upon request	Y	These plans were available in the dog house as well as the H-03 Battery Camp.
Other	N/A	
<b>Blowout Prevention Equipment</b>		
BOP Certifications	Y <sup>3</sup>	<p><b>February 5, 2019 - 12 00h :</b> While inspecting the equipment at the C-74 well site, the provided certifications on site did not match the equipment that was present. However, the certifications provided as part of the ACW application did match the equipment. (See Photo # 1)</p> <p><b><sup>3</sup>Required Action:</b> The OROGO Compliance Team provided the rig manager with the correct certifications for their records. All certifications need to be reviewed to ensure they are up to date and match the equipment being used on site.</p>
BOP Pressure rating	N/A	BOPs had not been pressure tested at the time of the inspection. Operations were pulling rods.
Kill sheet in dog house	Y	
Stabbing valves and cross overs	Y	
BOP crew drills	N/A	<p>No crew drills were conducted during the inspection as the BOP was not installed at that time.</p> <p><b>Required Action:</b> Due to time constraints, the driller's (Stuart) BOP frontline ticket was not able to verified by the OROGO compliance team. Please provide a copy of this ticket to OROGO at OROGO@gov.nt.ca.</p>
All flows lines, choke lines secured	Y	See Photo # 7
<b>Environment</b>		
Rig matting	Y	
Drip trays	Y	
Materials handling and storage	Y <sup>4</sup>	<p><b>February 5, 2019:</b> During laydown the sucker rods were placed on a tarp that did not extend the full length of the rods and therefore was not long enough to contain any contaminants that may be released from the rods (See Photo #8)</p> <p><b><sup>4</sup>NOTE:</b> This was corrected by the rig crew while the OROGO Compliance Team was on site.</p>
Spill response equipment	Y	
Other	Y	<b>February 4 &amp; 5, 2019:</b> Removal of methanol from storage tanks at various well sites is being completed. This activity will reduce the possibility of spills to the environment. OROGO was informed that all tanks that have been emptied, cleaned, purged and will be tagged out of service once the appropriate signs arrive on site.

### Additional Comments

**Additional Site Hazards:**

It was noted that the conditions of the separator buildings at most of the inspected well sites were in various states of disrepair. This ranged from corrosion of infrastructure and gauges inside the separator buildings, unsafe entrance stairs and corroded doors frames that would not support the installation of a door. (See Photo # 9) Mitigation measures should be put in place to ensure that site staff is aware of the unsafe nature of these buildings and that ingress and egress maybe impaired.

## OPERATION SUMMARY INSPECTION REPORT (Continued)

**Comments and Summary:**

OROGO would like to acknowledge the significant work that has been conducted by Strategic Oil and Gas Ltd. so far this year. A large portion of the site debris and chemicals that are no longer needed on site have been removed to the appropriate disposal facilities.

**Spill Closures:**

- **Spill 18-390:** The OROGO Compliance Team has reviewed the October 4, 2018 follow up report provided by Strategic Oil and Gas Ltd. for the methanol release at the N-28 Well Site. Additionally, on February 4, 2019 the OROGO Compliance Team has inspected site and verified that the methanol storage tank has been emptied and has no further concerns at this time. OROGO will be submitting a closure for this spill through the NT 24-Hour Spill Report Line.
- **Spill 18-391:** The H-58 well has been suspended with dual barriers on January 25, 2019 and it is planned to disconnect this well site from the gathering system prior to March 31, 2019. Given this, OROGO is of the opinion that there is a low potential for another H<sub>2</sub>S release from that site. OROGO will be submitting a closure for this spill through the NT 24-Hour Spill Report Line.

**Documents Requested/ Collected:**

- Driller's BOP frontline ticket – To be provided
- Annular Certification – Provided to rig manager by OROGO Compliance Team
- Double Gate Certification – Verified
- Spool Certification - Verified
- OA-1237-001 – OROGO August 3, 2018 amendment missing
- ACW-2018-004 – Verified
- Emergency Response Plan – Verified

**Inspection conducted under the authority of the Oil & Gas Operations Act (OGOA) and associated regulations.**

Michael Martin (S-004) / Brian Heppelle (S-001)/Natalie Burge (AER Field Inspector)

Inspected By



Signature of OROGO Safety Officer

2019-02-25

Date Signed

Photographs

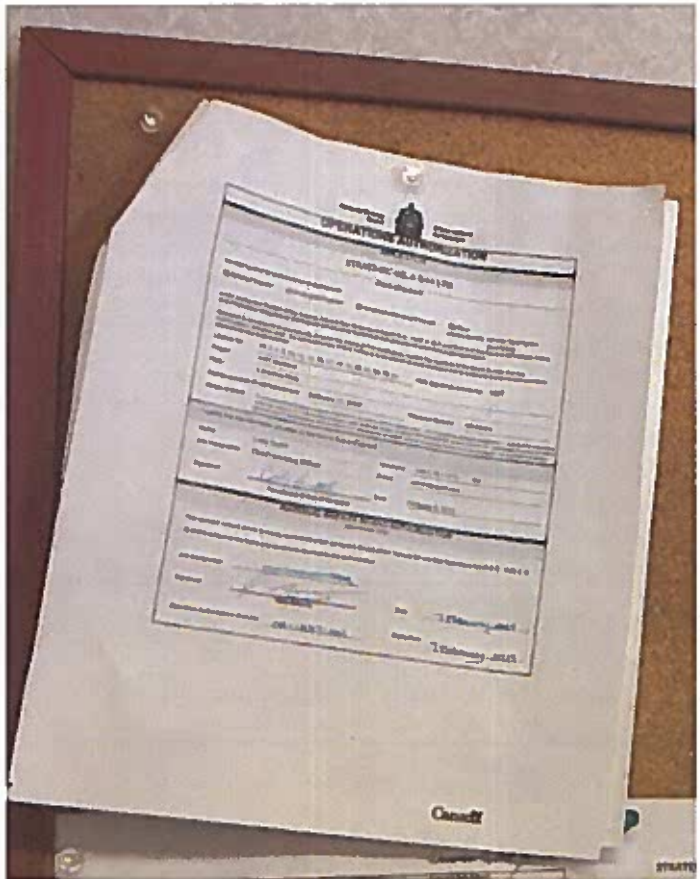
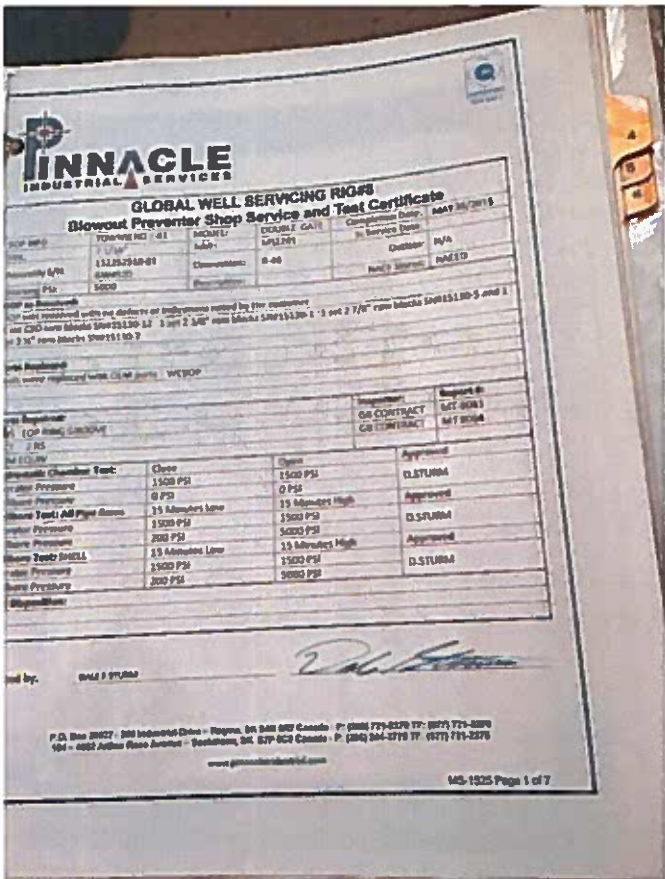


Photo # 1: Improper BOP certification for the equipment on site.

Photo # 2: Copy of the Operations Authorization that does not contain the amendments issued by OROGO on August 3, 2017.

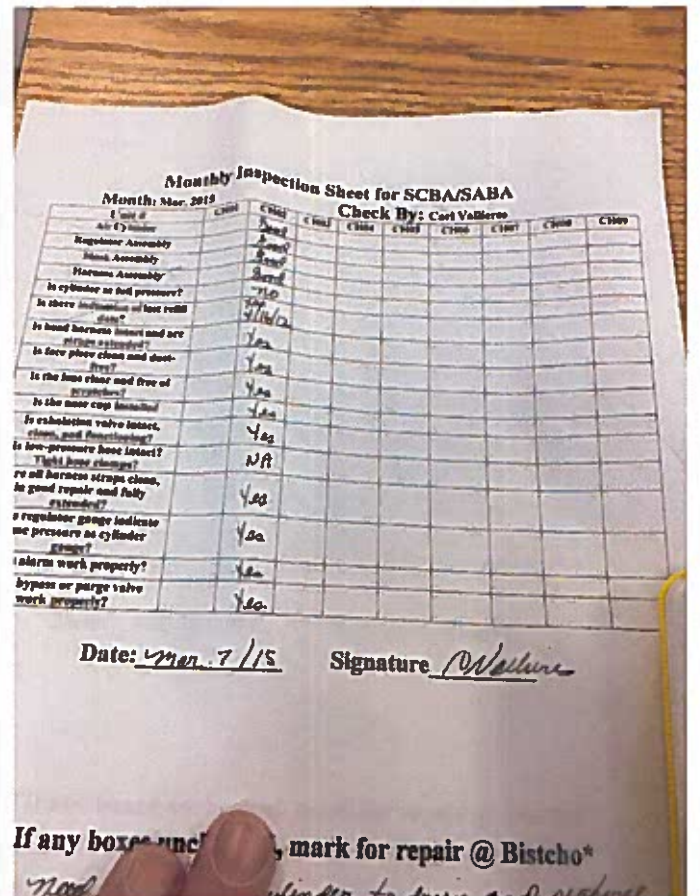
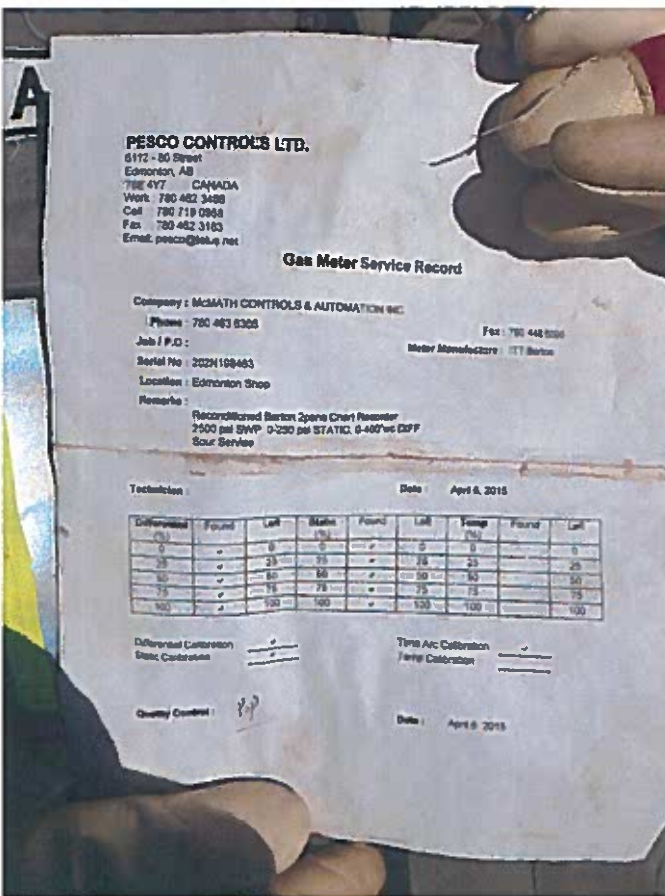
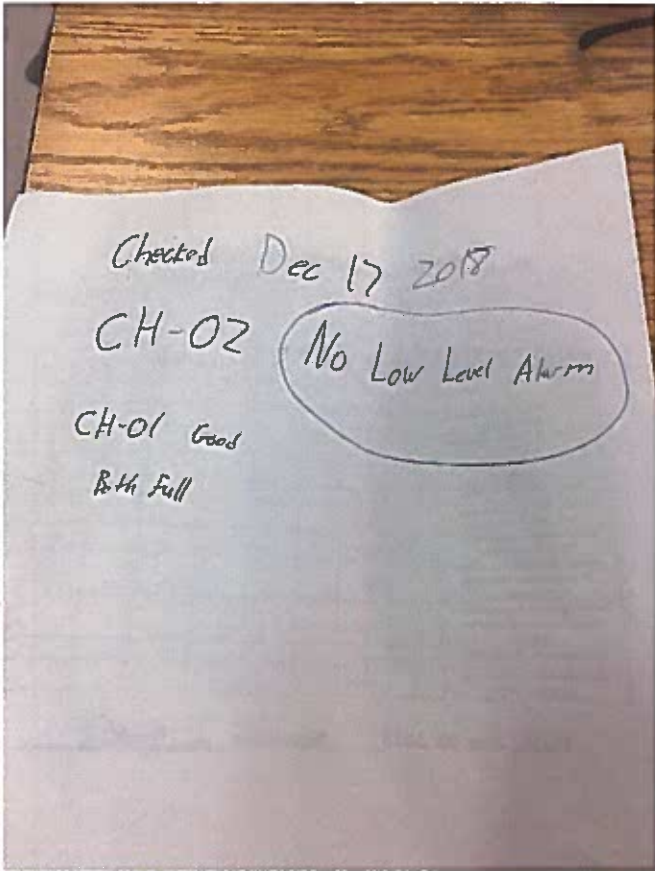


Photo # 3: Gas meter calibration log at C-74 pressure tank.

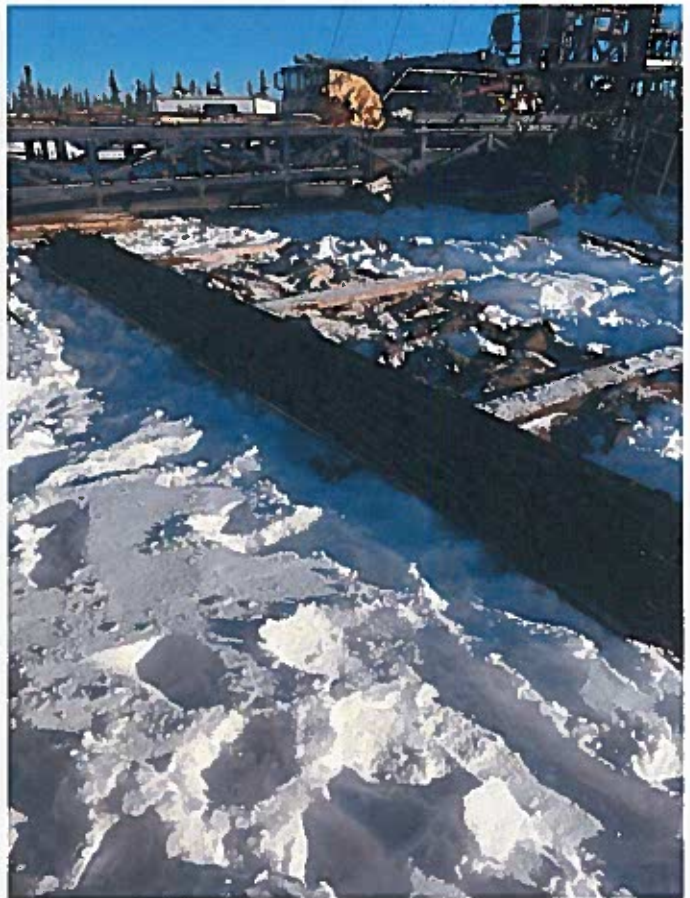
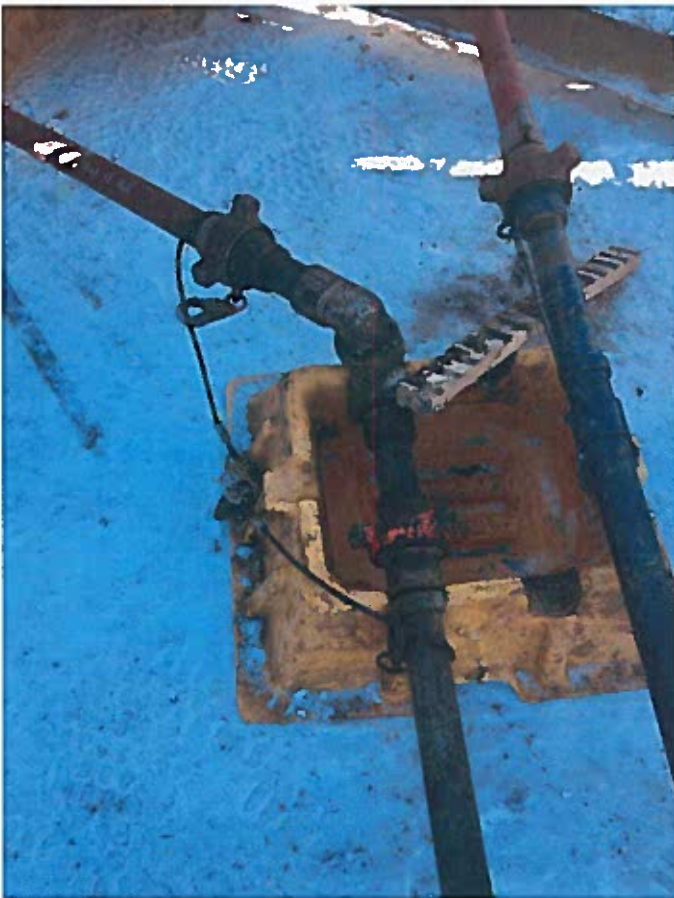
Photo # 4: SCBA inspection sheet for units CH-01 and CH-02

**Photographs (Continued)**



**Photo # 5:** Hand written note for December 2018 inspection of SCBA units CH-01 and CH-02.

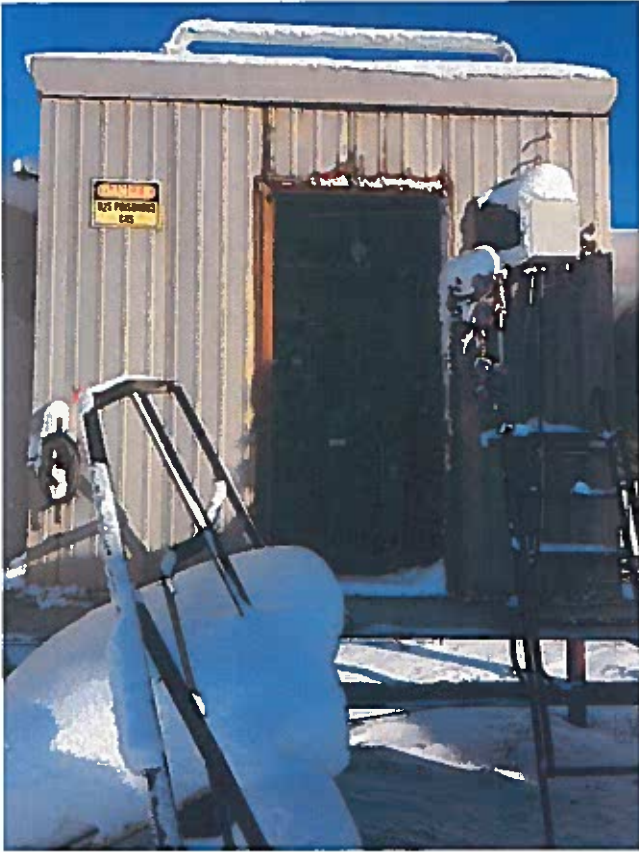
**Photo # 6:** Improper emergency response number posted



**Photo # 7:** Flow lines secured.

**Photo # 8:** Improper containment of rods that could lead to a discharge of a contaminant.

**Photographs (Continued)**



**INTENTIONALLY LEFT BLANK**

**Photo # 9: H-58 separator building.**

**Photo # : N/A**

**INTENTIONALLY LEFT BLANK**

**INTENTIONALLY LEFT BLANK**

**Photo # : N/A**

**Photo # : N/A**