

Scott Sandlin
President
Hibernia Management and Development Company Ltd.
Suite 1000, 100 New Gower Street
St. John's, NL
A1C 6K3

File: 22020-035-255

Dear Mr. Sandlin:

Subject: Non Compliance - Plug Setting Operations - HMDC Hibernia B-16 26 Well

We have confirmed from our review of the December 7, 2019 Daily Drilling Report and review of HMDC's Application to Alter the Condition of a Well (ACW) for the Hibernia B-16 26 well that was submitted on Tuesday, December 10, 2019, that the following two recent operations have been completed without approval in contravention of the regulations:

3. RIH and set retrievable bridge plug #1 at ~300m MDRT. POOH. (Operations conducted on December 7, 2019)

5. RIH and set SRP plug #2 at ~33m MDRT. POOH. (Operations conducted on December 7, 2019)

The scope of work is contrary to section 10 of the *Newfoundland Offshore Petroleum Drilling and Production Regulations – SOR/2009-316* which states:

(1) Subject to subsection (2), an operator who intends to drill, re-enter, work over, complete or recompleat a well or suspend or abandon a well or part of a well shall obtain a well approval.

(2) A well approval is not necessary to conduct a wire line, slick line or coiled tubing operation through a Christmas tree located above sea level if

(a) the work does not alter the completion interval or is not expected to adversely affect recovery; and

(b) the equipment, operating procedures and qualified persons exist to conduct the wire line, slick line or coiled tubing operations as set out in the authorization.

Further, the C-NLOPB's expectations in such matters is clearly provided in the "*Drilling and Production Guidelines (August 2017)*". Specifically, per Section 10.4, an ACW is required to re-enter any well for the purpose of performing:

- c) any operation involving the suspension or abandonment of a zone or well;*
- d) any operation that alters the completion interval including:
 - iv) any other alteration to the completion interval that has the potential to adversely affect the recovery of petroleum/oil and gas.**

Although the completion of these operations would have occurred during the proposed operation to replace the Xmas tree on the B-16 26 well; however, HMDC began the work scope prior to the submission of the Application, without any discussion with C-NLOPB staff, or before an approval had been issued by the C-NLOPB in accordance with these regulations.

We require confirmation that HMDC understands that these operations should be conducted under an approved ACW and we require an understanding of the actions that HMDC will undertake to ensure that going forward any similar operations will not commence until an approved ACW is in place. Please submit the confirmation of understanding and actions within 30 days.

Any future activity that occurs outside of an approved application could result in further enforcement action.

Should HMDC have any questions concerning this letter, you can contact Stephen Meaney at (709) 778-4539.

Yours truly,



Jeff O'Keefe,
P. Eng., P. Geo.
Chief Conservation Officer