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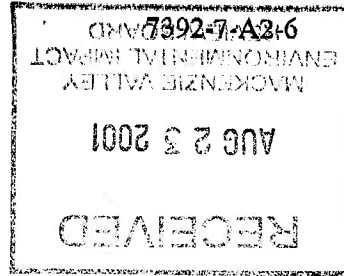
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BY FACSIMILE: 920-4761

August 22, 2001



Mr. Joe Acorn  
Environmental Assessment Officer  
Mackenzie Valley Environmental Impact Review  
Board  
PO Box 938  
YELLOWKNIFE, NT X1A 2N7

Dear Mr. Acorn:

**RE: Paramount Resources' Cameron Hills Drilling Project - Environmental Assessment**

Please find attached DIAND's technical review comments for the above-noted development for consideration by the Mackenzie Valley Environmental Impact Review Board.

If you require additional clarification on these comments, please contact me at (867) 669-2647. We thank you for your consideration of this submission.

Sincerely,

David Livingstone  
Director, Renewable Resources and Environment

Attachment

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**ATTACHMENT**

**August 22, 2001**

**Technical Report Submission:  
Cameron Hills Drilling Environmental Assessment**

**Prepared for: The Mackenzie Valley Environmental Impact Review Board (Review Board)  
Prepared by: The Department of Indian Affairs and Northern Development (DIAND)**

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The Department of Indian Affairs and Northern Development (DIAND) has conducted a technical review of 1) *Environmental Impact Assessment in Response to the Terms and Reference for the Paramount Resources Limited Cameron Hills Drilling Project* (Golder Associates 2001); and 2) *Environmental Screening Report for the Cameron Hills Drilling Project* (Golder Associates 2000). The purpose of these comments is to assist the Review Board in conducting its environmental assessment (EA) of the project.

**General Comments**

DIAND took into consideration the Review Board's recent referral of *Paramount Resources Ltd. Gathering System and Pipeline* development for environmental assessment in conducting this technical review. DIAND's main concerns focus on the environmental assessment process rather than on specific technical issues. In particular, processes relating to cumulative effects assessment may need further review in order to provide greater clarity and consistency for all affected parties.

In the case of *Paramount Resources Ltd. Liard East EA*, the Review Board combined the environmental assessments of related projects in order to assess their impacts in a holistic and comprehensive manner. On the other hand, the Review Board has chosen to conduct two independent EAs on the Paramount Resources projects. The Review Board has discretion to set the scope of the development, according to subsection 117 (1) of the MVRMA. However, it is unclear what criteria the Review Board is using to make a determination to combine related projects into one environmental assessment.

When the *Paramount Resources' Cameron Hills Gathering System and Pipeline Development* application was submitted to the Mackenzie Valley Land and Water Board (MVLWB) on April 20, 2001, it became apparent that linkages existed between this development and the *Cameron Hills Drilling Project*. The Review Board referred the *Cameron Hills Gathering System and Pipeline Development* to an environmental assessment on August 1, 2001, during the same time the MVLWB was proceeding with permitting this development. If the Review Board had identified early in the *Gathering System and Pipeline* preliminary screening any potential linkages that would have affected the technical review of the *Drilling Project*, it would have provided reviewers with a complete picture of all components to be considered in the cumulative effects assessment. It would also have been helpful to have the Reasons for Decision from the Review Board for the *Gathering System and Pipeline* development during this technical review.

The Review Board had the following options:

1. Combine the two projects (Drilling project and Gathering System/Pipeline) into a single EA; or
2. If the two projects are to be reviewed separately, at a minimum, emphasis to be placed on their cumulative effects.

In our view, option one is preferred. In any case, the Review Board should encourage holistic project assessment in the interest of good environmental assessment practices.

## **Environmental Impact Assessment Report and Environmental Screening Report**

### Water related issues

The main water related activities identified were: water withdrawals for camp, road building and drilling, local and remote waste sumps for drill fluids, sewage and grey water; and stream crossings. Most of these related activities can be adequately addressed during the licencing process. The work associated with these activities is to be completed during the winter season, and if impacts such as bank and surface erosion are mitigated and the impacts to water quality will be minimal. The submission and approval of required emergency response or contingency plans, abandonment and restoration plans, monitoring programs etc. during the regulatory phase should adequately address any other concerns that might be identified by regulators.

### Cumulative Effects (CE) Assessment

As stated in DIAND's conformity submission, the information on other developments in the region is needed to assist with a determination of spatial boundaries for the CE assessment. The temporal boundaries (for the purposes of CE assessment) should include all aspects of the development including construction, operations and decommissioning phases of the project. It was not clear that Paramount Resources had assessed such effects within the context of such boundaries.

From the perspective of hydrology and water quality, there are no areas of concern with respect to other known developments in the region. DIAND provided comments during the preliminary screening stage, and is of the opinion that the potential impacts can be mitigated and captured in the regulatory licences and permits.

From a land management perspective, potential impacts can be mitigated through the submission of abandonment and restoration plans and required emergency response or contingency plans which will be part of the regulatory process.

Paramount Resources has recently submitted its lease applications for activating the inactive wells and these applications have gone out for consultation. These lease applications will not be approved until the environmental assessments of the two developments have been completed.

### **Overall Technical Determination**

The project was referred to the Review Board mainly because of issues relating to flaring and air emissions. DIAND is of the opinion that the technical information provided by Paramount Resources is sufficient for the *Cameron Hills Drilling Project*. Anticipated environmental impacts from flaring can be mitigated by normal operating practices and through the terms and conditions of the permits and licences associated with this development. The Environmental Screening Report adequately addresses any potential impacts, their significance and suggested mitigative measures.

DIAND used its Land Information Management System (LIMS) and the information in the *Cameron Hills Gathering System and Pipeline* development in its consideration of potential cumulative impacts. No other current development or activities have been found in the area; however, past exploration activities have occurred in the 1960s and 70's. Paramount Resources should have identified any future potential

cumulative impacts resulting from its second development; however, DIAND has determined that these developments and associated activities are not likely to cause significant adverse impact on the environment.