



Sahtu Land and Water Board

Staff Report

Division Land Program / Water Program	Report No. 01
Date Prepared: October 31, 2002	File No. S02A-004 / S02L1-003
Meeting Date:	
Subject Type A Land Use Permit Application and Type B Water Licence Application by Northrock Resources Ltd.	

1. Purpose/Report Summary

To inform the Board about a type A Land Use Permit and a type B Water Licence application by Northrock Resources Ltd. for exploratory oil and gas drilling at Summit Creek in the Tulita district.

2. Background

Project overview

Northrock Resources proposes to drill one 3,000 metre deep well near Summit Creek within the area of Northrock's 2001 seismic program (S00B-003). The project area is in the Tulita district near Tate Lake and Stewart Lake.

Construction equipment will be staged at the mouth of the Keele River, as approved by the Board in Permit S02T-002. Access construction, including an ice bridge across the Mackenzie will commence in November while the drill rig will be trucked in as soon as the winter road opens. The access will include several tow hills, requiring clearing a 15 metre wide path to allow safe operation of the tow cats in both directions. To accommodate the heavy equipment the access will be watered.

A fresh water gel chem mud will be used for drilling. Drilling waste will be disposed into a sump, approximately 20m x 30m in size. There will be additional sumps for sewage at the rig camp and the ice bridge camp near the staging area at the Keele River.

All equipment will be removed from the project area before spring. If conditions permit the drill rig and other equipment will be removed via the winter road. If the winter road closes before the drilling project concludes, equipment will be staged at an existing staging site at an airstrip at KP160 of the Enbridge Pipeline. From there an all weather road to the Mackenzie River exists and the equipment will be barged out in the summer.

Process Requirements

The applications were received on September 13, 2002 and deemed not complete on September 17. Additional information was received on September 23. The application

was deemed complete on October 2 and forwarded to 27 referral agencies asking for comments by October 25. The 42 day period for processing the Land Use Permit application ends on Thursday November 14, 2002. Northrock Resources has indicated that they will postpone the project to next winter.

A type A Land Use Permit is required for operation of heavy equipment, construction of an access road, and operation of a camp. A type B Water Licence is required for water withdrawal to ice the access road, water withdrawal for the drill rig, and deposition of drilling waste.

Fees of \$3992.00 for the Land Use Permit application and of \$30.00 for the Water Licence application were submitted. The Water Licence was advertised in News North on October 9, 2002 asking for comments to be submitted by October 25, 2002

3. Comments

3.1 Permission of Land Owner/Community Consultation/TEK

Northrock Resources has an Access Agreement with the Tulita District Land Corp dated September 29, 2000. The proposed staging site at KP160 is part of Land Use Permit S99P-009 held by Enbridge Pipelines for pipeline maintenance purposes. Enbridge has given Northrock written permission to use this staging site if needed.

Northrock held a public meeting in Tulita on July 18, 2002. For participants and details see page 7 of the Environmental Protection Plan in the application. The following concerns were raised during this meeting:

- more community consultation should take place during planning stage for such projects;
- the community wishes to see more direct benefits from oil and gas projects; and
- participants would prefer Northrock to use the same access road used for seismic two winters ago, starting at Old Fort Point near Tulita.

Northrock representative also consulted individuals who trap and hunt in the area. Several individuals also preferred an access route closer to Tulita.

Northrock gathered TEK during two meetings on July 30 and August 7, 2002. The latter was conducted mostly in Slavey. The TEK results are summarized as follows:

- The families of Gabe Horassi, David Etchinelle and Archie Lennie traditionally use the area.
- A number of camps and burial sites were pointed out but will not be affected by the project through use of existing cutlines.
- Both, Tate Lake and Stewart Lake, have spiritual value and should not be used as water source. This does not include water taken from the outflow of Stewart Lake.
- The Dene trail to the mountains runs from Stewart Lake in southerly direction to the west of proposed project. (See project map for approximate location of the trail.)
- There used to be a cabin near the Keele River staging area. It is assumed to have been washed away during spring flooding.
- The community requested to windrow slash along the access route to allow access route to be used by community.

- There is a sacred site on east side of Mackenzie near Little Smith Creek. It will not be affected by program.
- The access route crosses several traditional trails. These should not be blocked with slash. Environmental monitors should be familiar with area and be able to identify the trails.
- There were requests to open additional access routes to points on the Keele River from Stewart Lake.
- TEK is not presented in graphical form or maps because the community was concerned about misuse.

In summary, the main concern voiced during consultation is the use of a different access route than for previous projects in the same area. Northrock has repeatedly indicated their reluctance to re-use the old access citing its considerable length and the fact that the new access route would use existing cut lines as well. From discussions with Northrock and from some correspondence between the Tulita Renewable Resources Council and Northrock the issue appears to be about impacts on traditional harvesting and about compensation. No environmental protection reasons for taking the longer route have been identified. See Other Agency Comments for more detailed discussion.

3.2 Potential Environmental Impacts and Mitigation Measures

The following sub sections list the potential effects of the development and the proposed mitigation measures. The information is based on the application and comments from referral organizations and represents an adaptation of the Preliminary Screening.

3.2.1 Physical Chemical Environment

Ground and Surface Water:

Potential Impacts	Mitigation Measures
The water quality could be adversely affected in case of a spill, improper sewage disposal, or improper disposal of drilling waste.	Fuel sleighs will be equipped with drip pans to prevent accidental spillage. Fuel storage tanks will be placed on liners within dikes to contain accidental releases. Northrock has a Fuel and Oil Spill Contingency Plan in place. Spill response equipment includes a fuel transfer hose, sorbent blanket, scoop shovels and 205 litre empty drums. Should a spill occur, the NWT 24-hour spill line will be called. Drilling program to be conducted during Winter conditions (frozen ground and snow cover) when spills are highly visible and can be cleaned-up before infiltration occurs. Sleigh camp sewage water will be spread on surface, drilling camp will utilize a sump for sewage water.
The quantity or level of surface water might be affected through excessive withdrawal for drilling and road construction.	Drinking water for the camp will be taken from nearby lakes. Water for drilling purposes will be obtained from unnamed lakes within the program area as requested and approved. Withdrawal rates have been set to avoid significant draw down.

Noise:

Potential Impact	Mitigation Measure
Noise increase during the project is inevitable.	Noise will be limited to the access road and drill site. Noise will be transient (along access) and local and temporary (access and well site). The program will be conducted during the winter to minimize activity during critical periods for wildlife (spring and fall) Noise in or near water will be limited to stream crossings and water intakes and will be temporary.

Land:

Potential Impact	Mitigation Measure
Soil contamination could result from fuel spills and improper treatment of sewage or drill waste.	Fuel sleighs will be equipped with drip pans to prevent accidental spillage. Northrock has a Fuel and Oil Spill Contingency Plan in place. Spill response equipment includes a fuel transfer hose, sorbent blanket, scoop shovels and 205 litre empty drums. Should a spill occur, the NWT 24-hour spill line will be called. Project conducted during late winter conditions (frozen ground and snow cover) when spills are highly visible.
Repeated travelling of the access road with heavy vehicles has the potential to cause soil compaction.	The access will be constructed using snow and ice that will create a protective layer for vegetation. Bulldozers will be equipped with shoes for the blades to prevent disturbance to soil and vegetation. Removal of vegetation and soil will be restricted to the well site.
Widening of road sections and heavy vehicle traffic have the potential to cause erosion, particularly at stream crossings and steep slopes.	Stream crossings will be at the most level location possible and will be at 90 degrees to the banks to minimize disturbance of banks. Bulldozers will have protective shoes to elevate the blade, leaving some snow cover to protect vegetative mat and, thereby, reduce potential for erosion. Watering the access road will further reduce potential for erosion. Felled trees will be windrowed within the right-of-way. Spreading of slash and seeding will be utilized to control erosion on slopes. If ground disturbance does occur, it will be recontoured and reseeded with an approved mix immediately and inspected within one full growing season. Tow hills will have to be widened to 15m to allow room for the tow cats to operate. These areas will be stabilized through the spreading of slash over the topsoil and any other measures that is prescribed by the land use inspector.
Construction and use of the access road, as well as vegetation removal at the well site have the potential to cause permafrost degradation.	Wherever possible, existing lines will be utilized for access to limit new clearing. Frozen ground conditions will mitigate potential damage to surface soils and permafrost. Cat blades will have protective shoes to elevate the blade, leaving some snow cover to protect vegetative mat and, thereby, reduce potential for erosion and damage to permafrost. Drilling waste will be mixed-buried-covered and frozen into the permafrost in a sump. The sumps will be

buried with excess material placed on top to account for settling. The access and well site will be monitored for melting permafrost from solar exposure and rutting in the unlikely event of warming conditions.

Non Renewable Natural Resources / Air / Climate / Atmosphere:

Potential Impacts	Mitigation Measures
Greenhouse gases will be produced from diesel engines and potentially from flaring	The production of greenhouse gases from diesel engines is inevitable. No direct impacts are expected. If flaring occurs it will be of limited duration (12 hours).

3.2.2 Biological Environment

Vegetation:

Potential Impact	Mitigation Measures
The use of equipment from outside the Mackenzie Valley has a potential to introduce foreign species.	Care will be taken to clean all equipment prior to bringing into program area to limit the likelihood of introduction on non-native species.
If drilling mud or wastes are improperly handled, vegetation could be exposed to toxic substances.	Drilling waste will be mixed-buried-covered and frozen into the permafrost in a sump. The sump will be buried with excess material placed on top to account for settling. Drilling will utilize a non-toxic, freshwater-based drilling fluid.
Flaring has a potential to cause air pollution.	Flaring will be conducted in accordance with accepted and required testing practices and regulations and will be of short duration (12 hours).

Wildlife & Fish:

Potential Impacts	Mitigation Measures
The Committee on the Status of Endangered Wildlife Species in Canada (COSEWIC) lists Grizzly Bear, Wolverine, and the mountain population of the Woodland Caribou as species of Special Concern. The boreal population of the Woodland Caribou is listed as threatened. The access route crosses through boreal caribou habitat, while the well site is in or near mountain caribou habitat.	The use of an existing access route and the low density of boreal caribou mitigate potential adverse impacts. The stationary nature of the project, the well location outside the prime feeding habitat above the tree line, and the absence of any other current development in the area mitigate potential impacts on mountain caribou. Similarly, the localized and stationary nature of the project limits potential impacts to grizzly denning sites. The use of an existing access and the prohibition of guns in the rig camp will avoid increased hunting pressure on ungulates, which is a main cause of the decrease of the wolverine population. Mitigation measures listed under game species effects, removal of endangered or keystone species, behavioral changes, and predator-prey impacts apply as well.

Water withdrawal, stream crossing, and spills entering water ways have a potential to adversely affect fish and may result in population reduction.

Water supplies are of sufficient size that water removal will be less than 5% of the total under ice water volume. No materials will be stored on the surface ice of any waterbody or within 100m of the normal high-water mark. During refuelling, non-drip nozzles and absorbent pads will be utilized. Northrock has a Fuel and Oil Spill Contingency Plan in place. Spill response equipment includes a fuel transfer hose; sorbent blanket, scoop shovels and 205 litre empty drums. Should a spill occur, the NWT 24-hour spill line will be called. Program conducted during winter conditions (frozen ground and snow cover) when spills are highly visible and less prone to infiltration. Creek crossings will be constructed of clean ice/snow and will be notched upon completion of the project. Snow fills will be removed by notching the fill. Water intake hoses will be screened to prevent uptake of fish. Operations will not be conducted within 30m of any waterbodies not being crossed. If any deleterious materials fall into a waterbody, it will be removed immediately.

The project has a potential to indirectly cause wildlife population reduction through increased stress from disturbance, habitat changes, or hunting pressure.

The project is not expected to directly cause any population reduction. Mitigation measures listed under rare/threatened species, habitat effects, and game species effects apply.

Wildlife may be attracted to garbage, causing behavioural changes and potentially affecting animal health.

Garbage will either be burned on site or removed from the program area to Tulita or Norman Wells where it will either be burned or hauled to the nearest approved disposal site. No sewage will be disposed within 100m of any water body. Sewage of stationary camps will be disposed into a sump.

Clearing of land has a potential to change wildlife habitat. Windrowed slash may obstruct animal movement.

An existing access route will be used and only small amounts of clearing will be required for safe passage of equipment. Crews will be restricted to movement along the access road. Slash will be windrowed with 7m breaks every 330m to allow passage of wildlife.

Game species present in the project areas include moose and caribou.

Moose have in the past shown great resilience to disturbance and noise from exploration. The disturbance is short in duration and localized. Breaks in windrows will allow passage of wildlife. No firearms will be permitted, except for environmental monitors. The mitigation measures under rare species apply to caribou.

Improper handling of fuel, drilling mud or waste, sewage, and garbage could expose wildlife to toxic substances.

With the exception of the mobile road construction camp all camp sewage and drill waste will be disposed into a sump. Garbage will be burned and ashes and non-combustible garbage hauled out. Salt mud will be encapsulated. No deleterious material will be allowed to

Clearing of land has the potential to affect the forest potential of the area.	<p>spread onto the land. Mitigation measures listed under ground and surface water apply to fuel spills.</p> <p>Some of the project area has been burned by previous fires. Slash will be windrowed with 7m breaks every 330 m to reduce the potential of forest fires. The total amount of new clearing will be small.</p>
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3.2.3 Interacting Environment

Habitat and Communities:

Potential Impacts	Mitigation Measures
Clearing an access road opens access also to predators and hunters.	The use of an existing access route will minimize any increase in hunting pressure.
Removal of vegetation has the potential to change habitat and/or the ecosystem.	As only small amounts of clearing will be required, the project is not expected to cause any significant habitat or ecosystem changes.
Mountain Caribou habitat has been identified on Flint Stone Range. Mountain caribou is considered as species of 'special concern' but not 'threatened'	Disturbance will be limited to the well site and existing access. Both are below the tree line, while the prime caribou habitat is above the tree line.
Windrowing slash has the potential to cut off wildlife migration routes.	Slash will be windrowed with 7m breaks every 330m to allow passage of wildlife.

Social and Economic Changes:

Potential Impacts	Mitigation Measures
The Sahtu Land Use Planning Board indicated a potential conflict with the proposed land use plan for the Sahtu region.	The land use plan has not been approved, nor has it been released as a draft yet. See 'Other Agency Comments'.
Improper handling of sewage, drilling mud or waste, fuel, and garbage has the potential to pose a threat to human health, mostly to workers on site.	<p>The sleigh camp will be moved frequently and the sewage will be spread on surface as one-time releases and part of the standard operating practices in the area to minimize permafrost damage. The drilling camp will utilize a sump for disposal of sewage. The sump will be located at least 100m from the high water mark of any water body. Fuel caches will be setback a minimum of 100m from the high water mark of any water body.</p> <p>Drilling will utilize a non-toxic, freshwater-based drilling fluid. Drilling waste will be disposed in a sump using the mix-bury-cover method. No materials will be stored on the surface ice of any waterbody or within 30m of the</p>

<p>Enbridge Pipelines (NW) Inc. holds Permit S99P-009 which includes the staging site a KP160.</p>	<p>normal high-water mark. The program will be conducted during winter conditions (frozen ground and snow cover) when spills are highly visible and can be cleaned-up before infiltration occurs. Garbage will either be burned on site or removed from the program area to Tulita or Norman Wells where it will either be burned or hauled to the nearest approved disposal site.</p>
<p>The project has the potential to affect the quality of life of traditional users of the area, residents of Tulita, and to some extent for all residents of the Sahtu.</p>	<p>Northrock obtained written permission from Enbridge Pipelines (NW) Inc.</p> <p>While the project is carried out traditional users and residents of Tulita may experience some inconvenience. In the long term the project may be considered as improving quality of live as it improves access for traditional users and provides employment. An Access and Benefits Agreement has been signed.</p>
<p>Potential public concern may arise from use of a different access than preferred by some Tulita residents, from a perceived lack of direct benefits to the community of Tulita, from the proximity of the Mackenzie River crossing to Mr. A. Lennie's cabin, and from potentially lost revenue to trappers.</p>	<p>The proposed access is considerably shorter and will result in considerably less fuel and water consumption than an access starting at Old Fort Point, as suggested by Frank Andrew and others during a public consultation. Northrock has expressed its reluctance to clear access to various cabins in other areas as the community suggested, because they are not connected to their land use operation, nor are they near the project area. Mr. Archie Lennie was consulted and did not express concerns. Northrock indicated that they will pay compensation to any trapper who can produce records of having trapped in the project area in recent years.</p>

Cultural and Heritage:

Potential Impacts	Mitigation Measures
<p>The project may contribute to pressure on local communities to enter the wage economy.</p>	<p>Local personnel and businesses will be employed wherever possible providing an economic benefit. An Access and Benefits Agreement has been signed.</p>
<p>A trail known as the Mountain Dene Trail runs through the project area and may be affected. The Sahtu Land Use Planning Board identified the trail as important heritage site. The trail was mentioned during public consultation.</p>	<p>The consultation process did not determine the exact location of the Mountain Dene Trail. While maps available in our office indicate that it may be directly affected, the accuracy with which the trail was mapped is unknown. Any traditional trail that crosses the access will be identified by community members hired as monitors. The portion of the access route that may interfere with the trail has been in existence since the 1970s and was recently used for Northrock's 2000/2001 seismic program in the Flintstones Range/Summit Creek area.</p>
<p>Stewart Lake has been identified as spiritually</p>	<p>Water will only be drawn from the outflow of Stewart</p>

important site.	Lake, not the lake itself.
According to the Canadian Museum of Civilization, there are 52 known archaeological sites within the program map area (stretching N to Tulita, E to the winter road and S to the Keele River). Of these 19 are near potential access routes.	According to the applicant none of the identified sites are within the actual project area. If a suspected site is discovered during the conduct of the program, the crew will not disturb the site and will contact the Land and Water Board for instructions. The Prince of Wales Northern Heritage Centre identified two areas where sites may be affected and requested more detailed information.
The project may impact on traditional life style by cutting of trails and by interfering with trapping.	Traditional trails that cross the access will be identified by community members hired as monitors. If any existing trails are crossed, a gap will be left in the windrow to allow access across the trails. The developer is negotiating compensation for trappers who have historically used the area.

3.3 Preliminary Environmental Screening

Based on the information provided in the application and by referral agencies (see below) to date a Preliminary Environmental Screening Report has been drafted (see attached). The Department of Fisheries and Oceans has not yet provided advice but requested additional information from the applicant. Without the expert advice from Fisheries and Oceans it was not possible to conclusively determine that there are no significant adverse environmental effects.

Several potential public concerns have been made known to the SLWB. These include the wish of some community members to use an access route that starts closer to the hamlet of Tulita and concerns expressed by the Tulita RRC over Northrock's compensation package. The former concern was brought up during public consultation, but has not been followed up with written correspondence from any of the five referral organizations in Tulita. The concern about trappers compensation was conveyed in two written submissions by the Tulita RRC (see Other Agency Comments for details).

The draft Preliminary Screening report, therefore, concludes that the proposed project might cause significant adverse environmental impacts and/or public concern.

3.4 Conformity with Land Use Plan

The Sahtu Land Use Planning Board confirmed in a letter that there is no applicable Land Use Plan for the area affected by the proposed development, and that the SLWB has met the referral obligations of the Mackenzie Valley Resource Management Act. For information on comments provided by the SLUPB please see Other Agency Comments.

3.5 Draft Permit / Licence

No draft Permit or Licence are attached (see Conclusions for explanation)

3.6 Terms and Conditions

Draft Terms and Conditions for the Permit and the Licence have not been finalized.

4. Other Agency Comments

The applications were forwarded to 26 organizations asking for comments by October 25, 2002. To date 12 organizations have responded in writing. No comments have been received from the land owner.

Sahtu Land Use Planning Board

The Sahtu Land Use Planning Board pointed out two areas of concern, an area encompassing Stewart Lake, Tate Lake, and the Little Bear River, as well as a heritage trail from Tulita to Drum Lake, known as Mountain Dene Trail. The proposed Land Use Plan will classify the Stewart Lake area a 'Special Management Area' - because of its intensive traditional use - and the Mountain Dene Trail as 'Conservation Area'.

The Stewart Lake Special Management Area would allow industrial development provided that the community and affected users are consulted and their concerns addressed, and appropriate measures are taken to prevent damage to fish, wildlife, archeological site, burial sites; and other heritage resources. The Mountain Dene Trail Conservation Area would prohibit oil and a gas exploration and development. The SLUPB also stated that the full extent of the trail has not yet been mapped.

Tulita Renewable Resources Council

Prior to the application being circulated the Tulita RRC expressed concerns over trapper compensation. In particular, the RRC requested that compensation be paid to 10 trappers, while Northrock claimed that only 2 trappers have used the area in previous years. A meeting between Northrock and the RRC was scheduled for September 18, 2002. The RRC submitted another letter on October 24, stating that the matter has not been resolved. The RRC requests from the SLWB to be informed about developments in the Tulita area in the future.

Land Use Inspector

The Land Use Inspector submitted recommended Terms and Conditions. These have been included in the draft Terms and Conditions for the Permit.

Sahtu Renewable Resources Board

The SRRB is satisfied that all requirements are met provided that:

- trained environmental monitors from Tulita are hired;
- all trappers are notified at least one week prior to commencement of activities; and
- during reclamation, efforts are made to use a native seed source or, if not possible, to ensure an uncontaminated seed source.

National Energy Board

The NEB provided advice on the scoping of the project which has been incorporated into the Preliminary Screening Report. The NEB recommended to take into consideration various sections of the Drilling Regulations pertaining to spill contingency planning, site assessment, waste management, and handling of any petroleum products produced from the well. For details, see the attached correspondence. In staff's opinion those

items have been addressed sufficiently in the Preliminary Screening and the Terms and Conditions.

Mackenzie Valley Land & Water Board

The MVLWB considers the project not likely to have an impact in more than one settlement area.

DIAND Water Resources

DIAND Water resources encourages the Board to require Northrock to construct all stream crossings with clean ice and snow only and to require Northrock to meet all "Sahtu Land and Water Board Guidelines and licence requirements for characterization of the drilling waste prior to closure" of the sump. DIAND also raised the following concerns and questions:

- Modern sewage treatment technologies could avoid the need for a camp sump.
- DIAND questions the need to remove soil to level the well pad and suggests a gravel pad or an ice pad instead.
- Sumps should not be constructed in area of ground water. DIAND suggests, as a minimum, the installation of thermistors to monitor sump temperature to confirm if the drilling waste freezes.
- DIAND questions the methods used to calculate lake volumes and requests that the DFO protocol for water withdrawal be followed.
- Using the RECLAIM model for Oil and Gas Developments the reclamation costs for this project are estimated at approximately \$550,000. The NWT Water Board recently required security deposits in that range for projects in the Inuvialuit settlement area.

For more details see the attached letter.

Ernie McDonald Land Corporation/Norman Wells RRC

The EMLC and the Norman Wells RRC commended to issue the Permit and Licence.

Inuvik Regional Health and Social Services Authority

The Chief Environmental Health Officer listed sections of the Camp Sanitation Regulations that are not properly addressed in Northrock's Emergency Response Plan. The items are related to dealing with sick staff rather than the environment and will be forwarded to the applicant.

Environment Canada

Environment Canada submitted general recommendations regarding compliance with the Fisheries Act, deposition of debris, prevention of damage to ground vegetation, and water crossings. These recommendations are addressed in the Board's standard Terms and Conditions.

Environment Canada questions the rationale for using an in-ground sump and would like to see a detailed analysis of viable alternatives. Moreover, Environment Canada would like more information on the alternatives of drilling waste disposal if the toxicity tests cannot eliminate a toxicity risk. Finally, Environment Canada requests that the applicant provide a "competent engineering sump design which addresses the building and maintaining of a permanent containment sump". Environment Canada states that the Sahtu Region is particularly sensitive to surface disturbance and disruption of the permafrost regime. Environment Canada lists information that should be submitted for

review, including detailed site information, analytical information on drilling waste, sump design, and follow up monitoring.

Prince of Wales Northern Heritage Centre

In a telecon on October 25, 2002 Tom Andrews, Sub-Arctic Archeologist, recommended not to issue a Land Use Permit or Water Licence because of concerns that the Heritage Centre has. This was followed up with a letter on October 30, 2002 in which the archeologist describes two area where archeological sites may be impacted by the project. The Heritage Centre recommends that the Board, prior to issuing a Permit or Licence, request that the applicant provide greater detail on the two areas and demonstrate that the proposed access route will not impact on any sites.

5. Conclusion

The development is not in conflict with a Land Use Plan, because no approved Land Use Plan exists for the Sahtu. The information submitted with the application was not sufficient for DFO to conclude its review. DIAND and Environment Canada raised questions about certain methods proposed by Northrock. A potential for public concern exists as the Tulita RRC and the Prince of Wales Northern Heritage Centre expressed concerns. Consequently, the current draft of the Preliminary Screening concludes that the project may cause significant adverse environmental impacts or public concern.

However, the request for additional information by DFO is based on a recently created checklist and on recently created protocols for water withdrawal and stream crossings that were not known to the applicant when conducting field work. This request, therefore, does not necessarily indicate that the DFO has significant concerns with the project. Furthermore, the applicant has already postponed the project by one year, allowing time to address the concerns and questions that have been raised.

The Board has three options. These are as follows:

1. Approve the Preliminary Screening in its current draft and refer the application to the MVEIRB for an Environmental Assessment.
2. Require staff to change the preliminary screening decision and approve the Land Use Permit and Water Licence.
3. Invoke section 22 (2)(b) of the MVLUR, which gives the Board the option to extend the 42 day time period for further studies.

The currently available information does not exclude the possibility of environmental impacts and public concerns and the Permit and Licence should not be issued at this time. Considering past experience with similar projects, it is unlikely that an Environmental Assessment will be required. The information needed to make an informed decision is expected to be available shortly.

6. Recommendation

Based on above conclusion it is recommended:

- That the Board does **not** approve the Preliminary Screening Report.
- That the Board invoke Section 22 (2)(b) of the Mackenzie Valley Land Use Regulations and notify the applicant that further study of the project is required, providing the applicant with reasons for this decision.
- That the Board does not consider the Water Licence application at this time.

- That the Board re-consider both applications and an updated Preliminary Screening report once the following conditions have been met:
- DFO has submitted its expert advice;
 - the issue between the applicant and the Tulita RRC has been resolved - or at least the Tulita District Land Corporation has confirmed that the requirements of the Access Agreement have been met;
 - SLWB staff had a chance to consult with Northrock about questions raised about the sump by DIAND Water Resources and Environment Canada; and
 - the concerns of the Prince of Wales Northern Heritage Centre have been addressed.

7. Reference Material Attached

- 7.1 Map of Permit Area.
- 7.2 Draft Preliminary Environmental Screening Report.
- 7.3 Fax letter from NEB, dated October 21, 2002.
- 7.4 Letter from DIAND Water Resources dated October 17, 2002
- 7.5 Fax letter from Northrock to Tulita RRC dated September 17, 2002

Respectfully submitted,

Martin Haefele
Land/Resource Geographer

Executive Director Comments:

G.T. Govier
Executive Director