

Indian and Northern Affairs Canada  
Environment & Conservation

# Fax:

**To:** Mary Tapsell, Mackenzie Valley Environmental Impact Review Board; Gavin More, Government of the Northwest Territories; Wade Romanko, Environment Canada; Bruce Hanna, Fisheries and Oceans Canada; and, Laura Van Ham, National Energy Board

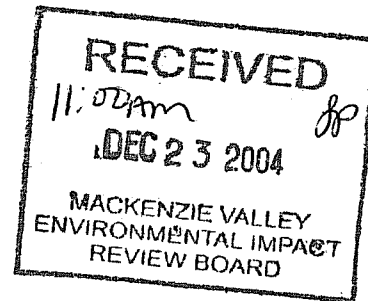
**Fax:** 766-7074; 873-4021; 873-8185; 669-4940; and, 403-292-5876

**Date:** December 23, 2004

**Subject:** Consult to Modify, Paramount Cameron Hills Extension Project

**Pages:** 7 (Including Cover)

**Comments:** Please see the attached letter in response to the Review Board's questions to the Responsible Ministers for the Consult to Modify, Paramount Cameron Hills Extension Project.



Thank you, Fraser Fairman

From The Desk Of:

Fraser Fairman, Environmental Scientist

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December 23, 2004

*Your file - Votre référence*

*Our file - Notre référence*

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Dear Ms. Tapsell:

**Re: Consult to Modify, Paramount Cameron Hills Extension Project**

Thank you for your letter dated December 9, 2004, in which you requested that the Responsible Ministers provide some additional information regarding the proposed modifications to the Mackenzie Valley Environmental Impact Review Board's (MVEIRB) recommended measures contained in the Paramount Resources Ltd. Report of Environmental Assessment (June 1, 2004). We trust that the following information addresses that request:

**Question #1:**

"Please outline any actions taken by the governments of Canada and the Northwest Territories to meet your commitments to implement recommendation 7 from the Ranger Chevron EA Report." **7. Air Quality** - "The Review Board recommends that the GNWT and Environment Canada, working with the industry and the affected communities, develop enforceable air quality guidelines or standards for oil and gas industry operation in the NWT, or adapt regulations from adjoining jurisdictions as appropriate. These guidelines should include the use of latest technologies and good industry practices, and a system of monitoring that would be sufficient to build a baseline database over the long term and to demonstrate the maintenance of existing environmental quality."

**Response:**

The Government of the Northwest Territories (GNWT) and Environment Canada (EC) have previously provided information to the Mackenzie Valley Environmental Impact Review Board (MVEIRB) pertaining to the regulation of air quality and atmospheric disposal of pollutants in the Northwest Territories, including statements of agency roles

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and responsibilities. We refer you to our response to "Paramount - Cameron Hills Extension DAR Round 2 Information Request 1.2.129", submitted to the MVEIRB.

The GNWT and EC are involved in the following air quality activities in the NWT:

- **Regulatory Support:** The GNWT and EC provide expert advice and recommendations pertaining to air quality and atmospheric disposal of pollutants to appropriate regulatory authorities in the NWT.
- **National Energy Board:** The National Energy Board (NEB) has the regulatory authority to impose conditions requiring proponents and operators of oil and gas developments to provide evidence that air emissions from project operations are not resulting in unacceptable impacts to air quality. In the case of Paramount Resources' Cameron Hills development, the GNWT and EC are supporting the NEB by providing air quality expertise in the development of permit conditions related to air quality and in reviewing follow-up air quality monitoring reports provided by industry.
- **Mackenzie Valley Land and Water Board:** The Mackenzie Valley Land and Water Board (MVLWB) has developed a clause requiring a Flare Management Plan for optional inclusion in permits or licences related to well evaluation flaring. The GNWT and EC were involved in the development of this clause. When requested, the GNWT and EC provide expert review and advice on proposed and existing oil and gas developments.
- **Oil and Gas Code of Practice:** The GNWT, with support from EC, is in the process of developing an Oil and Gas Code of Practice which will provide guidelines for oil and gas developments and environmental assessments.
- **Ambient Air Quality Standards:** The GNWT has established the NWT Ambient Air Quality Standards for sulphur dioxide, ground-level ozone, fine particulate and total suspended particulate. Ambient standards for other air pollutants are taken from the National Ambient Air Quality Objectives and from other jurisdictions. The ambient standards are a tool that regulators can use in assessing impacts from industrial atmospheric disposal of pollutants and in developing air quality conditions in permits.
- **Air Quality Monitoring:** The GNWT, with support from EC, has established a network of air quality monitoring stations along the Mackenzie Valley in Fort Liard, Norman Wells and Inuvik. These sites monitor meteorology, sulphur dioxide, hydrogen sulphide, nitrogen oxides and fine particulate with the Inuvik site also monitoring ground-level ozone. In addition, the GNWT maintains and operates two federal National Air Pollution Surveillance (NAPS) sites in Yellowknife which between them measure meteorology, sulphur dioxide, nitrogen oxides, ground level ozone, carbon monoxide, total suspended particulate and fine

particulate, and a Canadian Air and Precipitation Monitoring Network (CAPMoN) site at Snare Rapids which measures precipitation chemistry.

- **Meteorological Mesoscale Modelling:** EC has completed meteorological mesoscale modelling over the entire NWT. Once data is evaluated, it will be available to industry. The north tends to be data sparse making it difficult to use data intensive air quality dispersion models. The meteorological modelling data will allow industry to affordably use state-of-the-art three-dimensional models which will improve predictive capabilities of air quality impacts in environmental assessment.
- **Regional Air Quality Modelling:** EC is completing a regional air quality modelling study covering the entire NWT. The study will focus on cumulative impacts of atmospheric disposal of pollutants from major industrial developments to regional air quality.

#### Question #2:

Please send revised and complete wording for the suggested modification to Review Board recommendation 13.

**Note:** INAC sought further clarification from the Review Board on this question and the following is the Review Board's response:

*"We require further clarification on what you are stating in the second sentence of your suggested modification for Measure 13; "... As part of this, the MVLWB should define a geographic area for the project area based on an ecological classification system developed by the GNWT,"*

#### Response:

The term ecological classification is a general one referring to a classification of ecosystems that support planning and management decisions. Vegetation is a predominant part of such a classification but physiography, soils and climate can also be used. The advantage of such a classification is the ability to develop a consistent mapping approach that supports ecological planning.

The GNWT is currently developing a draft Boreal Caribou Recovery Plan that requires an ecological basis to the development of range plans. The GNWT has two options for ecological classification systems in support of range planning. One is vegetation mapping and the other is Ecological Land Classification (ELC).

The term ELC is a classification scheme used to delineate scales of landscapes or ecosystems based on abiotic and biotic factors. The largest scale is an Ecozone (e.g. Boreal

Plains) and is used to map very large landscapes. The next scale is the Ecoprovince followed by an Ecoregion. The Protected Areas Strategy, for example, shows the NWT as an Ecoregion. The next scale, currently being refined by the GNWT, is the Ecodistrict and is defined by a distinctive assemblage of relief, geology, landforms, soils, vegetation, water, and fauna. Two Ecodistricts occupy the Cameron Hills plateau.

**Question #3:**

With respect to the rationale for revised recommendation 13, point number 2, explain how the thresholds developed by the DCBCWG can be implemented by the MVLWB for the current Paramount land use permits under revised recommendation 13.

**Response:**

Our intent was not to prescribe specific direction to the MVLWB, but to allow the MVLWB the flexibility to decide how best to implement this recommendation. However, one method the MVLWB may want to consider would be to require that an annual plan be submitted by the proponent for approval by the MVLWB. As new information and/or technology is developed, it could be incorporated into the annual plan.

**Question #4:**

Recommendation 15, please provide an explanation of the process and events surrounding the INAC sponsored mediation effort related to harvester compensation undertaken after the last Paramount EA process. Indicate the reasons why it failed.

**Response:**

On January 11, 2002, pursuant to section 130(1)(b)(ii) of the *Mackenzie Valley Resource Management Act*, the responsible ministers and the Minister of Indian Affairs and Northern Development agreed to adopt the recommendation of the Board under subsection 128(1)(b)(ii) of the Act, with modification. In the report, the Mackenzie Valley Environmental Impact Review Board (MVEIRB) identified two recommended measures with respect to the Cameron Hills Wildlife and Resources Harvesting and Compensation Plan.

In accordance with the modified measure #13, Paramount was to discuss, develop and implement a wildlife and resource harvesting compensation plan with potentially affected First Nation communities - Deh Gah Go'tie First Nation, Fort Providence Metis, Ka'a'gee Tu First Nation, K'atodoeche First Nation and West Point First Nation. The scope of the plan was to include compensation for hunting, trapping, fishing and other resource harvesting activity losses resulting from the development as agreed to by Paramount and the communities. Paramount was to commence the consultations as soon

as possible, with a draft plan submitted to the communities within 60 days of EA Report acceptance by the INAC Minister and a final plan submitted to the communities within 90 days of EA Report acceptance. The plan was to apply retroactively to impacts arising from the start of construction of the gathering facilities and pipeline. If requested by Paramount or any of the communities, the GNWT and INAC were to facilitate the discussions on the plan.

In accordance with the modified measure #15, Paramount and the communities were to cooperate to the fullest extent possible in developing the wildlife and resource harvesting compensation plan. If the parties were unable to come to an agreement on the contents of the plan within the 90 day period, an independent arbitrator would be jointly appointed within 30 days by the GNWT and INAC. The arbitration process would conclude within 30 days of the appointment of the arbitrator.

Paramount submitted a draft wildlife harvesting compensation plan to the communities, the GNWT and INAC on March 12, 2002. Paramount and Ka'a' Gec Tu First Nations requested that INAC and the GNWT provide facilitation services. Gartner Lee Limited was selected to provide these services.

The facilitator was informed in March 2003, by the chiefs of the affected communities that they wished to put the process for the Cameron Hills Wildlife Harvesting Plan "on hold". It was apparent that without the participation of all parties in the process, it was impossible to continue further.

For further information please see the copy of the Cameron Hills Wildlife Harvesting Plan Report which was submitted to the MVEIRB in March of 2004, by INAC.

**Question #5:**

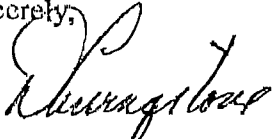
Recommendation #16, explain why the GNWT has changed its position from that presented to the Review Board during the EA.

**Response:**

It is not clear what the Review Board means when it states that "the GNWT has changed its position...". In its Report and clarifying letter, the Review Board wrote that "The GNWT stated that socio-economic agreements are common mitigation measures used in the NWT." This comment is in error in that the word 'common' was not used by the GNWT. In the transcripts, the GNWT actually stated that socio-economic agreements are "options"... "for some projects". The GNWT has not changed its position from that presented to the Review Board during the environmental assessment. The GNWT continues to support the concept of socio-economic agreements to codify commitments made by proponents during an environmental assessment.

If you require additional information, please do not hesitate to contact me at: (867) 669-2647.

Sincerely,



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