



NEB File: 2620-D-4-7
Review Board File: EA03-005
23 December 2004

Mr. Todd Burlingame
Chair
Mackenzie Valley Environmental Impact Review Board
PO Box 938
Yellowknife, NT X1A 2N7
Facsimile (867) 766-7074

Dear Mr. Burlingame,

**Paramount Resources Ltd. Cameron Hills Extension Project
Mackenzie Valley Environmental Impact Review Board Request for Clarification on the
National Energy Board's Proposed Modifications to the Recommended Measures**

The National Energy Board submits the following clarification in response to the Mackenzie Valley Environmental Impact Review Board's (Review Board) request dated 9 December 2004.

1. Review Board Request

Scope Determination: It appears the NEB has changed the scope from what was determined by the Review Board at the outset of the EA, which was in part directed at cumulative effects. The Review Board is seeking clarification as to why the NEB has modified the 'scope determination', as set out in page 1 of 14. The Review Board's intent is that recommendations finally adopted by the DRA apply to all of the development plan reviewed by the MVEIRB, and not just the land use permit and 5 well tie-in project (in keeping with section 131(2) of the MVRMA).

NEB Response

The NEB originally considered that the "proposal for development" as referred to in various sections of the *Mackenzie Valley Resource Management Act* was the original development proposed by the applicant. In the NEB's opinion there was no need to expand the scope of the proposed development in order to do a complete cumulative assessment that would consider future developments by the applicant.

Upon further consideration the NEB is prepared to consider, in this case, that the combined effect of the Review Board Terms of Reference and Paramount's Developers Assessment Report is to include future development in the proposal for development.

Accordingly, the NEB is amending the section entitled "The Proposal for the Development" by deleting the three existing paragraphs and replacing them with:

2/...

The Mackenzie Valley Environmental Impact Review Board (Review Board) scoped in all of the Paramount's intended development and abandonment activities through the life of the Cameron Hills field such that environmental review for future applications should be satisfied by the environmental assessment (EA). (See section 2, page 4 of the Review Board's Report of EA and Reasons for Decision on the Paramount Resources Limited Cameron Hills Extension Project EA03-005)

2. Review Board Request

In recommendations 2, 3, and 4 NEB uses the terms "appropriate regulatory" or "appropriate government agencies" and "through an approved distribution medium to other members of government and the public". The Review Board would like the NEB to specify its intent through the use of this language.

NEB Response

"appropriate regulatory" – The NEB is referring to those agencies that would issue an approval, authorization, licence or permit in order to allow Paramount's proposed activities to proceed, specifically the NEB and the Mackenzie Valley Land and Water Board.

"appropriate government agency" –The NEB uses the phrase "appropriate government agency" in recommended measures 3 and 4 in order to allow for changes in regulatory responsibility and the location of government expertise that may occur over the life of the proposal for development. The intended implication of the phrase at this point in time is that the regulator (i.e., currently the NEB) and the government departments providing expert advice on air quality issues to the regulator (i.e., currently the Government of Northwest Territories and Environment Canada) are provided with the collected and analyzed data and involved in decisions on the requirements contained within those recommended measures.

"through an approved distribution medium to other members of government and the public" – The intent is for Paramount to propose to the regulators an appropriate distribution system for the information produced as a result of the recommended measures. The NEB finds it appropriate that the proponent consider the various distribution systems available and propose the one that is most suitable given the type of information, the required and interested recipients, and any other logistical limitations it may encounter. To ensure adequacy of the system, ultimately the regulator would have to approve the proposed distribution system.

3. Review Board Request

In NEB comments on recommendation 2, it is noted that not all commitments made by Paramount Resources Ltd. have been listed in the Board's Appendix A of the Report of EA. The Board would like to request the comprehensive list of Paramount's commitments used by NEB.

NEB Response

During discussions with the Federal and Responsible Ministers on the Review Board's Report on Environmental Assessment (EA), the NEB was made aware of instances where commitments made by Paramount during the course of the EA were not included in the list provided by the Review Board in Appendix A. Concern was expressed that the list in Appendix A was not comprehensive and in order to ensure that a condition of an approval or authorization to carry out the intent of this recommended measure would capture all of the commitments made by Paramount, the NEB proposed a modification that was felt to be more inclusive. As a means to

achieve and track compliance with commitments, the NEB will include its standard compliance and reporting conditions in any approval or authorization issued for the Cameron Hills field that require an applicant to implement all the commitments made during the EA and regulatory processes and report on the instances of non-compliance (see NEB draft proposed conditions 1 and 3.a. in the NEB's proposed modifications document).

4. Review Board Request

In the Board's recommendations 5 and 6, how will NEB ensure mitigation given the revised language proposed?

NEB Response

The NEB's draft proposed condition 3.d. requires that Paramount provide evidence, on an annual basis, to the NEB that current SO₂, NO_x and H₂S emissions in the Cameron Hills field do not result in exceedences of relevant air quality standards. If measured or predicted exceedences occur, the NEB's draft proposed condition 2.e.iii. ensures that Paramount has a contingency plan for selection and implementation of mitigation measures to reduce emissions to meet those standards. In the event that the most appropriate mitigation measure(s) are not automatically implemented by Paramount or in the event that current operations result in unreasonable exceedences of air quality standards, the NEB can place conditions on operation of the field. These conditions will require that Paramount implement appropriate mitigation and, when deemed necessary, reduce operations to ensure that air quality standards are not exceeded during the time it takes for mitigation measures to be made operational and evidence to be provided that operations no longer result in exceedence of air quality standards.

It is our understanding that this correspondence will be distributed by the Review Board to all parties to the EA and as such we have not copied any parties other than staff of the Federal Minister at this time. The NEB hopes this provides the clarification requested by the Review Board. Please contact Laura Van Ham, Environmental Specialist for the NEB at (403) 292-4931 if any further information is required. Thank you for your consideration of the NEB's proposed modifications and the submitted clarifications. We look forward to a timely completion of the consult to modify process.

Yours truly,



T.M. Baker
Chief Conservation Officer

c.c Mr. Fraser Fairman, Indian and Northern Affairs Canada, fairmanf@inac-ainc.gc.ca