



NEB File: 2620-D-4-7
Review Board File: EA03-005
21 April 2005

Mr. Vern Christensen
Executive Director
Mackenzie Valley Environmental Impact Review Board
5102 50th Avenue
Yellowknife, NT X1A 2N7
Via email: vchristensen@mveirb.nt.ca

Dear Mr. Christensen:

Subject: Mackenzie Valley Resource Management Act Subsection 131(1) Decision on the Report on Environmental Assessment and Reasons for Decision on the Paramount Resources Ltd. Cameron Hills Extension Project (EA 03-005)

The National Energy Board (NEB) as the designated regulatory agency for Paramount Resources Ltd.'s (Paramount) proposed Cameron Hills Extension Project entered into a consult to modify process with the Mackenzie Valley Environmental Impact Review Board (Review Board). The NEB has made its subsection 131(1) decision on the Review Board's Report of Environmental Assessment and Reasons for Decision on the Paramount Resources Ltd. Cameron Hills Extension Project EA03-005 (Report on EA).

This decision was taken after consideration of the:

- above noted Report on EA;
- comments received from the parties to the EA during NEB's request for comment process on the draft proposed conditions and proposed modifications to the recommendation (process initiated 13 September 2004);
- letter from Mandell Pinder, on behalf of the Ka'a'Gee Tu First Nation, to the NEB on the NEB's proposed modifications (13 December 2004); and,
- consultation undertaken with the Review Board on modification of the recommendation contained in the Report on EA pursuant to sub-paragraph 131(1)(b) of the *Mackenzie Valley Resource Management Act* (MVRMA).

.../2.

Pursuant to sub-paragraph 131(1)(b) of the MVRMA, the NEB is adopting the recommendation of the Review Board with modifications. The NEB relevant modifications are in regard to six recommended measures identified by the Review Board as being necessary to prevent a likely significant adverse impact on the environment. The final modified measures are enclosed, and reflect the views expressed by the Review Board in the consultation process.

We would like to thank the Review Board for completing its duties under the MVRMA in this matter.

Yours truly,



T. M. Baker
Chief Conservation Officer

Attachment

c.c.: Honorable Minister Andy Scott, PCMP, fax: (819) 953-4941
Ms. Shirley Maaskant, Paramount Resources Ltd., email
Shirley.maaskant@paramountres.com
Mr. Herb Norwegian, Grand Chief, Deh Cho First Nation, fax: 867-695-2038
Mr. Roy Fabian, Chief, K'atlodeeche First Nation, fax: 867-874-3229
Ms. Karen Felker, Chief, West Point First Nations, fax: 867-874-2486
Mr. Albert Lafferty, President, Fort Providence Metis Local 57, fax: 867-699-4319
Mr. Lloyd Chicot, Chief, Ka'a'Gee Tu First Nation, fax: 867-825-2002
Mr. Greg Nyuli, Deh Gah Got'ie First Nation, fax: 867-699-3210
Mr. Rick Sanderson, Fort Providence Resource Management Board, fax: 867-699-3133
Mr. Rob Tordiff, President, Northwest Territories Metis Nation, fax: 867-872-2772
Mr. Gavin More, Government of Northwest Territories, Resources, Wildlife and
Economic Development, email: gavin_more@gov.nt.ca
Mr. Bruce Hanna, Fisheries and Oceans Canada, email: HannaB@DFO-MPO.GC.CA
Mr. Fraser Fairman, Indian Northern Affairs Canada, email fairmanf@inac-ainc.gc.ca
Mr. Wade Romanko, Environment Canada, email: wade.romanko@ec.gc.ca
Mr. Stephen Mathyk, Mackenzie Valley Land and Water Board, fax: 867-873-6610

**National Energy Board Modification to the Mackenzie Valley
Environmental Impact Review Board Recommendation on the
Paramount Resources Ltd. Cameron Hills Extension Project (EA03-005)**

R-2 (as modified)

The Review Board recommends that Paramount prepare an annual report in plain language, until the developments on the Cameron Hills SDL(s) and PL(s) are abandoned and restored, that outlines the status of compliance with commitments Paramount made during the course of this EA. In the event of non-compliance, the report will provide a plan for achieving compliance or detail as to why compliance cannot be achieved. Paramount will submit the annual report to appropriate regulatory agencies and make it readily available to the Parties to the EA and the public through distribution media approved by the NEB.

R-3 (as modified)

The Review Board recommends that Paramount install and begin operation of meteorological monitoring equipment in the Cameron Hills SDL(s) and PL(s) (at minimum must monitor and record wind speed, wind direction, standard deviation of wind direction and temperature on an instantaneous, continuous basis). The purpose of the monitoring equipment is to provide on-site meteorological information for inclusion in subsequent re-assessments (dispersion modeling) of facility emissions as well as on-going tracking and assessment of air pollution episodes should they occur. Following regulator approval of sufficient meteorological data collection, Paramount will undertake a detailed re-modeling of the various development scenarios to ensure on-site meteorological conditions are reflected in the modeled outputs. Meteorological data and re-modeled development scenarios will be provided to appropriate government agencies. Re-modeled development scenarios will also be made readily available to the Parties to the EA and the public, through distribution media approved by the NEB. The requirement to maintain and report on-site meteorological monitoring will be reviewed on a regular basis by the appropriate government agencies.

R-4 (as modified)

The Review Board recommends that Paramount install and begin operation of instantaneous, continuous gas analysis monitoring to track ambient air quality (at minimum 1 hour average SO₂, NO_x and H₂S concentrations should be calculated and recorded). Data and plain language annual reports on the status of the air quality at Cameron Hills will be provided by Paramount to appropriate government agencies. The plain language annual reports (including, at minimum, monthly summaries of SO₂, NO_x and H₂S concentrations and listing all events of exceedences of relevant air quality guidelines) will also be made readily available to the Parties to the EA and the public through distribution media approved by the NEB. The requirement to maintain gas analysis monitoring will be reviewed after three years, and on an annual basis thereafter, by appropriate government agencies. Regulatory agencies will provide notification, with reasons for any decision to alter or discontinue the gas analysis monitoring requirement, to the Parties to the EA three months prior to the decision taking effect.

R-5 and R-6 (as modified)

The Review Board recommends that prior to any new production from the Cameron Hills field, Paramount submit to the NEB for approval, and provide copies to the Parties to the EA and the public through distribution media approved by the NEB, an emission mitigation plan for the Cameron Hills field. The emission mitigation plan will detail:

- a strategy for demonstrating that current and future SO₂, NO_x and H₂S emissions in the Cameron Hills field will not result in exceedences of relevant air quality standards;
- a statement describing Paramount's commitment to minimizing emissions from facilities in the Cameron Hills field;
- a contingency plan for selection of mitigation options to be implemented in the event that SO₂, NO_x and H₂S emissions in the Cameron Hills field result in measured or predicted exceedences of relevant air quality standards, the contingency plan will include,
 - a comprehensive listing of all the mitigation options (e.g., pollution prevention planning, best management/environmental practices, best available technology, shutdown) currently employed and proposed for future options, along with triggers and/or timelines for implementation, and
 - the mitigation options considered and rejected, along with rationale for rejection.

Throughout the life of the Cameron Hills field, Paramount shall be required to review and update the plan in the event of changes to its field development scenarios or improvements in available mitigation technology.

R-9 (as modified)

The Review Board recommends continuous monitoring for erosion by Paramount of all work sites, and the timely implementation of appropriate mitigation and remediation measures. Regulators shall include appropriate permit conditions to prevent and remediate erosion. Paramount shall be required to submit to regulatory agencies and make readily available to the Parties to the EA and the public, through distribution media approved by the NEB, annual reports detailing mitigation or remediation measures taken by Paramount in response to erosion and/or sediment deposits into a waterbody/watercourse. Any deposit of sediment into a waterbody/watercourse shall require Paramount to immediately implement mitigation or remediation measures and notify the appropriate government agencies and the Ka'a'Gee Tu First Nation.