

Mackenzie Valley Environmental Impact Review Board
Reasons for Decision
File EA00-004 and File EA00-003

Paramount Resources Ltd.'s request to amend the Cameron Hills Drilling Project's environmental assessment (EA) Work Plan and Terms of Reference to include 10 possible future wells with unknown locations.

Paramount Resources Ltd.'s Liard East Drilling Project Environmental Assessment - 7 wells with unknown locations.

In a January 16th, 2001 letter to the Mackenzie Valley Environmental Impact Review Board (Review Board), Paramount Resources Ltd. (Paramount) requested that the Review Board "include the possible 10 future wells in the Cameron Hills EA Work Plan and Terms of Reference".

During a discussion between Review Board and Paramount staff, the Review Board was informed that the reason Paramount wants these wells included is to give them the flexibility to drill at locations with good potential that are identified while the drill rigs are in the field.

Paramount Resources Ltd.'s Liard East Drilling Project also contains 7 wells with unknown locations - 2 wells in the Bovie Lake North development and 5 wells in the East Fort Liard/Bovie development.

Review Board Consultation

In response to this request, the Review Board solicited comments from the other parties involved in this EA. Responses were received from the Northwest Territories' Department of Resources, Wildlife and Economic Development (RWED), the National Energy Board (NEB), Environment Canada (EC) and Indian and Northern Affairs Canada (INAC). Their responses were:

- 1) RWED - The GNWT took no position on the request. They responded indicating that they had no comments.
- 2) NEB - The NEB expressed no concern over the Paramount request.
- 3) EC - EC commented as follows: "EC recognizes the proponent's request to drill 10 possible future wells, however EC does not agree with their inclusion within this EA unless sufficient information is provided for us to comment on the direct impact that these new wells will have on the local environment. Information needed would include locations, proximity to water, details on sumps and waste management, access and anticipated timing."
- 4) INAC - INAC commented as follows: "...we have no objections if this remains in the Terms of Reference as requested by Paramount."

INAC subsequently clarified their position with Review Board staff. They advised that if the wells are included in the Cameron Hills EA then INAC would expect the developer to provide sufficient information to allow the assessment of the impacts of the wells on the environment.

INAC also indicated that they were concerned that if the Review Board decided to include these wells in the Terms of Reference and the developer is unable to provide the detail required by the Terms of Reference that the Cameron Hills EA will not get past the conformity review stage.

The MVLWB did not respond with written communication, however, Review Board staff spoke with MVLWB staff. The position of the MVLWB is that the possible environmental impacts of future wells with unknown locations can be adequately dealt with through land use permit and water license conditions. Consequently, staff of the MVLWB communicated their support for the inclusion of these 10 possible future wells in the Cameron Hills EA.

Review Board Decision

On January 25th, 2001, the Review Board considered the amendment request and the comments that were received. After consideration of all the facts and submissions, the Review Board declined to approve the amendment request to include the 10 possible future wells in Cameron Hills EA.

The Review Board also decided to exclude the 7 wells with unknown locations from the Liard East EA.

Reasons

The following reasons apply to both the Cameron Hills EA and the Liard East EA.

Section 128 of the Mackenzie Valley Resource Management Act (MVRMA) requires the Review Board to determine whether or not a development will, in its opinion, likely have a significant adverse impact on the environment or be a cause of significant public concern. The environmental assessment process must provide the Review Board with adequate information for them to make this determination.

After considering the scope and detail of the information required by the Terms of Reference, the Review Board was not convinced that Paramount could meet their burden of proof and satisfy the Review Board that there would not likely be a significant adverse impact on the environment associated with the wells for which the location has yet to be determined. The Review Board sees no purpose in forcing the developer to speculate about the possible impacts of these wells.

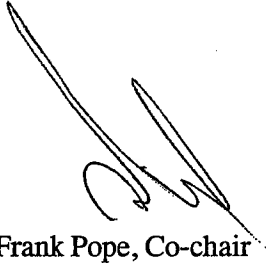
In making this decision, the Review Board notes the difference between its role in the Environmental Assessment process and the role of regulators such as the NEB and the MVLWB who have continuing authority over the project even after licenses or permits are issued. The Review Board is of the view that the environmental impact assessment process is intended to determine the potential effects of a development before it takes place. The Review Board will not have the opportunity to reexamine the potential impacts of these future wells after this process is completed should the developer decide to move the location and thus change the environmental impacts of these future wells.

It was the opinion of the Review Board that the inclusion of unknown well locations in an Environmental Assessment would not lead to the full consideration of the environmental effects of this proposed development required by paragraph 114(b) of the MVRMA nor would it prepare the Review Board to make the decisions required by section 128 of the MVRMA.

The Review Board also notes that additional regulatory requirements associated with these future wells could also trigger the requirement for preliminary screening under the MVRMA. For example, each Class B water

licence application, such as those required for drill sumps, must be subjected to preliminary screening pursuant to subsection 124(1) of the MVRMA and the Preliminary Screening Requirement Regulations. If such applications are made, they will have to be screened because they have not been included in the current Environmental Assessments. These circumstances constitute a further reason why the Review Board is of the view that there is scant benefit to including future wells in these Environmental Assessments.

Signed on behalf of the Mackenzie Valley Environmental Impact Review Board

A handwritten signature in black ink, appearing to read 'Frank Pope', is written over a faint, illegible stamp or watermark.

Frank Pope, Co-chair

January 26, 2001