



Indian and Northern Affairs Canada
Affaires Indiennes et du Nord Canada

03-005

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Date *November 19 2003*

FROM - DE

Name - Nom <i>Maria Healy</i>		Position title - Titre du poste <i>Environmental Scientist</i>	
Directorate - Direction Renewable Resources & Env		Branch - Direction générale Environment & Conservation	
Room - Pièce	Facsimile no. - N° de télécopieur (867) 669-2701	Telephone no. - N° de téléphone (867) 669-2589	

TO - À

Name - Nom <i>Martin Haefele MVEIRS - Yellowknife, NT</i>		Facsimile no. - No de télécopieur <i>867 766 766 7074</i>		Telephone no. - N° de téléphone	
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Hi Martin,

*Attached, please find INAC's response
to information requests for Permanent*

Cameron Hills.

Cheers.

Maria

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MACKENZIE VALLEY
ENVIRONMENTAL IMPACT
REVIEW BOARD

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Indian and Northern
Affairs Canada

Environment & Conservation
Renewable Resources & Environment
4914-50th Street
10th Floor Bellanca Bldg.
Yellowknife, NT X1A 2R3

November 19, 2003

sent by Facsimile to (867) 766-7074

Martin Haefele
Mackenzie Valley Environmental
Impact Review Board
PO Box 938, 5102 - 50th Ave.
Yellowknife, NT Z1A 2N7

Dear Mr. Haefele:

**Re: Indian and Northern Affairs Canada Response to the Mackenzie Valley
Environmental Impact Review Board's Information Requests #1.1.27 and #7.11.4.2
for the Paramount Cameron Hills Extension Environmental Assessment (EA03-005)**

Please find attached Indian and Northern Affairs Canada's (INAC) response to the above-noted information requests. I trust that the information provided will be of assistance to the Mackenzie Valley Environmental Impact Review Board in its deliberations. If the Review Board has any further questions or requires additional clarification with respect to the information provided, please contact myself at 669-2597 at your earliest convenience.

Regards,

Maria Healy
Environmental Scientist
Environment & Conservation

Canada

**Mackenzie Valley Environmental Impact Review Board
Information Request #1.1.27
Paramount Cameron Hills Extension Environmental Assessment (EA03-005)
INAC's Response dated November 19, 2003**

IR Number: 1.1.27

Source: Mackenzie Valley Environmental Impact Review Board

To: INAC, South Mackenzie District
DFO
Environment Canada
GNWT-RWED

DAR Section: Developer Information, Paramount Resources Limited Environmental Performance Record

Terms of Reference Section: B. Developer Information,
B-4. Performance Record

Preamble

The DAR lists prior commitments made on behalf of Paramount Resources Ltd. to the MVLWB with respect to the operations at Cameron Hills (Table 2.4-2). This Table also describes the current status of the commitments made by Paramount Resources Ltd., according to the developer, during the previous Environmental Assessment. Past performance, with respect to recommendations made throughout the Environmental Assessment process, may be indicative of willingness to comply with future recommendations.

Request

The MVEIRB asks INAC (South Mackenzie District), DFO, Environment Canada and GNWT-RWED to provide the following information, according to your area of jurisdiction:

- a) Have all commitments made by the developer been adhered to, as indicated in the summary (Table 2.4-2)?
- b) If not, please indicate which commitments raise your concern and why?

INAC Response

Paramount states that until such time as the Northwest Territories has its own Drilling Waste Management guidelines in place, Paramount will adhere to the AEUB Guide 50 – Drilling Waste Management and AEUB Guide 58 – Oilfield Waste Management Requirements for the Upstream Petroleum Industry. (p.27, Table 2.4-2, Well Sites Section Commitment 27, Developers Assessment Report)

INAC recognizes that the AEUB Guide 50 – Drilling Waste Management is not an official Northwest Territories guideline. The INAC advises Paramount that it must also adhere to any conditions outlined in a water licence respecting the disposal of drilling waste.

**Mackenzie Valley Environmental Impact Review Board
Information Request #7.11.4.2
Paramount Cameron Hills Extension Environmental Assessment (EA03-005)
INAC's Response dated November 19, 2003**

IR Number: 7.11.4.2
Source: Mackenzie Valley Environmental Impact Review Board
To: Paramount Resources Ltd.
DAR Section: Benefits Plan and Positive Impacts
Terms of Reference Section: G-10 Economic Factors

Preamble

The DAR outlines a Benefits Plan and an Update to the Benefits Plan. The DAR does not indicate that a Benefits Agreement between Paramount and the affected First Nations...

Request

Please indicate whether:

- there have been any efforts to establish a negotiated agreement between Paramount and any affected First Nations in the past,
- there are any ongoing efforts to negotiate an agreement, or
- Paramount intends to enter into any Benefits Agreements.

INAC Response

Understanding that *Information Request 7.11.4.2 Benefits Plan and Positive Impacts* is directed to Paramount Resources Ltd., the INAC would like to contribute a comment.

While INAC is familiar with 'Benefits Plans' and the 'Benefits Plan Approval' process, as outlined in Section 5.2 of the *Canada Oil and Gas Operations Act (COGOA)*, DIAND is not familiar with 'Benefits Agreements' as outlined in the MVEIRB's *Information Request 7.11.4.2*.

Section 5.2 (1) of *COGOA* provides a definition of a 'benefits plan', and Section 5.2 (2) of *COGOA* details the requirement for approval of a 'benefits plan' by the Minister of Indian Affairs and Northern Development prior to an approval of a development plan as outlined under subsection 5.1(1) of *COGOA* and prior to an approval of an authorization for any work or activity as issued under paragraph 5(1)(b) of *COGOA*. The INAC is not clear on how a 'Benefits Plan' is related to a 'Benefit Agreement' and/or a 'negotiated agreement'.

INAC requests clarification of the MVEIRB's reference to 'Benefits Agreements' and 'negotiated agreements'.

**Paramount Cameron Hills Extension Environmental Assessment (EA03-005)
Developer's Assessment Report
INAC's Comments dated November 19, 2003**

INAC's Response

Please note that INAC has developed a table of general comments in response to Paramount Resources Ltd.'s Developer's Assessment Report for the Paramount Cameron Hills Extension.

Please refer to the following *Table 1 – INAC Comments on the Developers Assessment Report for the Paramount Cameron Hills Extension, November 2003.*

Table 1. INAC Comments on the Developers Assessment Report for the Paramount Cameron Hills Extension from DIAND, November 2003

<p>1.1.7 Construction Methods</p>
<p>Reference: <i>Developers Assessment Report</i>, page 4</p> <p>Construction methods are discussed with respect to pipeline water crossings. Paramount indicates that all pipelines that cross the Cameron River and its major tributary will be constructed above-ground by hanging the pipe from bridges. Paramount states that the above ground pipeline crossing will result in a more secure crossing that is not susceptible to scour and that <u>guarantees</u> leak protection.</p> <p>It is in INAC's opinion that leak protection is not guaranteed. Flood events, seismic events, a damming of the bridge from objects flowing downstream (e.g., ice), and/or a vehicular accident on the bridge can potentially result in a leak and/or break to an aerial pipeline crossing.</p>
<p>1.1.11 Abandonment and Restoration</p>
<p>Reference: <i>Developers Assessment Report</i>, pages 5 & 6</p> <p>Paramount's process of abandonment and restoration is discussed. Paramount states they will monitor the site condition for one year to assure natural progression is proceeding to return the site to its pre-disturbance stability and states they will take what action is indicated and acceptable to the regulatory body having jurisdiction.</p> <p>It is in INAC's opinion that Paramount be required to monitor the site and take all action required for a period of time as deemed appropriate by the regulatory body having jurisdiction. Note that this period of time may exceed one year.</p>

1.1.12 Alternatives

Reference: *Developers Assessment Report*, page 6

Alternatives to the proposed Cameron Hills Extension project are discussed. Of significance is Paramount's alternative to conventional wellsite drilling fluid sumps. Paramount states that it practices 'sumpless' drilling in its operations and indicates that the

- drilling fluids are stored on the wellsite in tanks so wellsite sumps are not used
- drilling fluid is reconditioned for reuse at other wells and,
- cuttings are analyzed and disposed of in surface pits.

INAC suggests that Paramount's definition of sumpless drilling is suspect as Paramount utilizes sumps for the disposal of drilling waste including the disposal of drill cuttings. While Paramount indicates that it recycles drilling fluids for use in other operations, it is important to note that recycling is not 100% efficient therefore small portions of fluids on drill cuttings occur. This associated drilling waste is disposed of in a sump.

INAC recommends to Paramount that instead of stating that sumpless drilling is used, Paramount should state that they actively reduce the amount of waste that enters their sumps by recycling a high portion of their drilling fluids.

1.1.16 Terrain

Reference: *Developers Assessment Report*, page 8

Paramount indicates that they are not anticipating any terrain problems associated with this project.

INAC would suggest that Paramount has, in the past, experienced substantial erosion problems associated with their access roads. Future associated erosion issues should be anticipated and managed.

3.3.1 Ground Disturbance

Reference: *Developers Assessment Report*, page 84

Paramount indicates that ATVs will be used during the frost-free period to travel to the leases. Paramount states that, in the event an ATV gets stuck or that the (ATV) disturbance track expands to greater than about 2 m in width, a temporary log bridge may be placed over the crossing that could be removed easily at the end of the project, or gravel may be deposited into the crossing to create a stable ford.

INAC does not recommend the deposit of gravel into a small stream as it may affect the water quality of that stream.

3.4.2 Drilling Fluid and Waste Disposal

Reference: *Developers Assessment Report*, page 87

Paramount discusses methods for drilling fluid and waste disposal.

INAC is of the opinion that Paramount must dispose of their drilling waste in a manner acceptable to the regulatory body having jurisdiction.

3.4.3 Camps and Camp Sumps

Reference: *Developers Assessment Report*, page 88

Paramount states that following camp closure sewage sumps will be treated with lime and backfilled.

INAC asks Paramount if any other treatment will be applied to sewage prior to backfilling the sump? Has Paramount considered using modern sewage treatment systems to treat their waste?

INAC would note that modern technologies exist that are capable of treating sewage to levels acceptable for discharge to land and or water.

3.6.2 Pits and Drilling Waste Disposal

Reference: *Developers Assessment Report*, page 91

Paramount outlines its intentions for drilling waste disposal.

INAC asks Paramount if any post-closure monitoring of sumps will take place?

3.6.10 Monitoring

Reference: *Developers Assessment Report*, page 91

Paramount states that they are committed to monitoring the site until satisfactory reclamation conditions prevail and the site is stable.

INAC asks Paramount what monitoring will be performed to prove that the site is stable?

4.1.1 Alternative Waste Management

Reference: *Developers Assessment Report*, page 98

Paramount indicates its intent to commit to sumpless drilling after which point Paramount states that a sump will still be required for the disposal of "relatively dry" waste solids.

INAC would suggest that Paramount's definition of sumpless drilling is deceiving to the reviewer. Please see INAC's comments outlined in the above Section 1.1.12 Alternatives.

7.4.4.2.4 Production Operations

Reference: *Developers Assessment Report*, page 196

Paramount again states that sewage and grey water will be stored in the camp sumps and treated with lime.

INAC asks Paramount if any additional treatment will be performed?

9.1 Re-Vegetation and Permafrost

Reference: *Developers Assessment Report*, page 358

Paramount indicates that they have designed and implemented a five-year revegetation and permafrost monitoring program for the gathering system and pipeline.

INAC suggests that the results of these monitoring programs would be useful for future pipeline development.