



DEC 10 2010

Chief Edward Sangris
Yellowknives Dene First Nation (Dettah)
PO Box 2514
YELLOWKNIFE NT X1A 2P8

Chief Ted Tsetta
Yellowknives Dene First Nation (N'Dilo)
PO Box 2514
YELLOWKNIFE NT X1A 2P8

Chief Louis Balsillie
Deninu K'ue First Nation
PO Box 1899
FORT RESOLUTION NT X0E 0M0

Dear Chief Sangris, Chief Tsetta, and Chief Balsillie:

As the federal Minister and on behalf of the other Responsible Ministers (Fisheries and Oceans Canada, Environment Canada and the Government of the Northwest Territories) with jurisdictional responsibilities relating to the proposed Sidon International Resources Corporation exploratory drilling development at Defeat Lake (EA0506-006), I am writing to seek your input on proposed modifications to the mitigation measures recommended by the Mackenzie Valley Environmental Impact Review Board.

In its February 6, 2008 Report of Environmental Assessment and Reasons for Decision, the Mackenzie Valley Environmental Impact Review Board recommended that the proposed development proceed subject to the implementation of three mitigation measures.

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The Responsible Ministers now propose to modify two of the Mackenzie Valley Environmental Impact Review Board recommended mitigation measures. Pursuant to s.130 (1)(b)(ii) of the *Mackenzie Valley Resource Management Act*, the Responsible Ministers must consult with the Review Board before adopting the Review Board's recommendation with modifications.

Prior to consultation with the Mackenzie Valley Environmental Impact Review Board, the Responsible Ministers would like to consult with you on proposed modifications which relate to Measures 1 and 3, each of which are enclosed for your consideration (see Appendix 1). The Responsible Ministers regard Measure 2 as acceptable as written.

Please provide your written comments on the proposed modifications to me within 60 days of receiving this letter. The Responsible Ministers will give your views full consideration prior to consulting the Mackenzie Valley Environmental Impact Review Board.

Sincerely,



John Duncan, PC, MP

Encl.

c.c.: The Honourable John Baird, PC, MP
The Honourable Gail Shea, PC, MP
The Honourable Michael Miltenberger, MLA
Mr. Richard Edjericon
Mr. Steven Ellis

**Report of Environmental Assessment and Reasons for Decision on Sidon
International Resources Corp. Exploratory Drilling at Defeat Lake
EA0506-006**

**Proposed Modifications to Recommended Measures
FOR DISCUSSION WITH THE YELLOWKNIVES DENE FIRST NATION,
DENINU K'UE FIRST NATION AND NORTHWEST TERRITORY MÉTIS NATION**

Measure 1 Original wording:

Sidon must identify drill sites by conducting non-intrusive geophysical activities which do not require a land use permit. Once drill sites are identified, Sidon must be accompanied by an Aboriginal Elder, translator and a qualified archaeologist to scout out archaeological, burial and cultural sites on any access routes and drill locations before on-land operations at any drill location proceeds. The archaeologist involved must be acceptable to the Prince of Wales Northern Heritage Centre following consultation with Yellowknives Dene First Nation.

Proposed modification (additions in bold, deletions in strike-out):

*Sidon must identify drill sites by conducting non-intrusive geophysical activities which do not require a land use permit. Once drill sites are identified, Sidon must be accompanied by an ~~Aboriginal~~ **Yellowknives Dene First Nation** Elder, translator and ~~an qualified~~ **authorized** archaeologist to ~~scout out~~ **search for and identify** archaeological, burial and cultural sites on any access routes and drill locations before on-land operations **on any access routes and** at any drill location proceeds. ~~The archaeologist involved must be acceptable to the Prince of Wales Northern Heritage Centre following consultation with Yellowknives Dene First Nation.~~*

Rationale for the specification of a Yellowknives Dene First Nation Elder:

The Responsible Ministers have modified this measure to provide certainty as to which Aboriginal group's Elder is to undertake this task. Since a Yellowknives Dene First Nation Elder is specifically designated in the modified measure, it is assumed that there is no need to specify which language is to be translated. The specificity of the last sentence of the original measure indicates that this wording is consistent with the intent of the Mackenzie Valley Environmental Impact Review Board.

Rationale for the replacement of 'scout out' with 'search for and identify':

In past discussions, the Review Board indicated that its use of the term 'scouting' meant a lower level of archaeological assessment than an archaeological 'survey' (Meeting Summary for the Snowfield Development Corporation consultation of June 28, 2004). The Prince of Wales Northern Heritage Centre clarified in its letter of July 5, 2004, to the Review Board that the "term 'scouting' is not used in archaeological research, and therefore, cannot be adequately defined."

Pursuant to the *Northwest Territories Archaeological Site Regulations*, any archaeological work conducted in the Northwest Territories requires a Northwest Territories Archaeologists Permit:

4. No person shall search for archaeological sites or archaeological artifacts, or survey an archaeological site, without a Class 1 or Class 2 permit.

5. No person shall excavate, alter or otherwise disturb an archaeological site, or remove an archaeological artifact from an archaeological site, without a Class 2 permit.

"Class 1 permit" means a permit that entitles the permittee to survey and document the characteristics of an archaeological site in a manner that does not alter or otherwise disturb the archaeological site.

"Class 2 permit" means a permit that entitles the permittee

(a) to survey and document the characteristics of an archaeological site;

(b) to excavate an archaeological site;

(c) to remove archaeological artifacts from an archaeological site; or

(d) to otherwise alter or disturb an archaeological site.

The Responsible Ministers are uncertain whether the Review Board intends the term 'scout out' to be synonymous with the level of archaeological work that can be conducted under a Class 1 permit or under a Class 2 permit, or if the Review Board intends some other type of work. The Responsible Ministers' proposed modification uses a term that is consistent with the language in the *Northwest Territories Archaeological Site Regulations*. This language makes it clear that the archaeological work must be authorized under a Northwest Territories Archaeological Permit.

Rationale for the removal of the final sentence:

In the Responsible Ministers' view, the final sentence in the original recommended measure is unnecessary. The existing archaeological permitting process includes a consultation step whereby the Prince of Wales Northern Heritage Centre consults with affected Aboriginal and community organizations on the issuance of Northwest Territories Archaeological Permits. Thus, the Prince of Wales Northern Heritage Centre will consult with the Yellowknives Dene First Nation, as part of the Centre's standard operating procedures, before issuing a permit to any archaeologist to conduct any work in relation to the proposed Sidon development.

Measure 2 Original wording:

No part of the proposed development will occur within 100 metres from any known or suspected archaeological, burial or cultural site.

No modification proposed.

Measure 3 Original wording:

To prevent impacts on traditional harvesting resulting from increased access to the area, the developer shall access any proposed drill areas by helicopter only, so that no new access from Great Slave Lake is created. Small camps near drill sites may be created to facilitate access by helicopter. Travel by snowmobile from the camps to the nearby drill sites will be the only exception to the requirement for helicopter access. These camps will be located inland of the Shoreline Zone, in the vicinity of drill sites, at locations selected by the Yellowknives Dene First Nation in consultation with the developer.

If no agreement between the Yellowknives Dene First Nation and the developer can be reached regarding the locations of these camps within one year of Ministerial acceptance of this report, the decision on camp locations will be made by the Mackenzie Valley Land and Water Board, following its consideration of the views of the developer, the Yellowknives Dene First Nation and the Land Use Inspector.

Proposed modification (additions in bold, deletions in strike-out):

*To prevent impacts on traditional harvesting resulting from increased access to the area, the developer shall access any proposed drill areas by ~~helicopter~~ **aircraft** only, so that no new **land** access from Great Slave Lake is created. Small camps near drill sites may be created to facilitate access by helicopter. Travel by snowmobile from the camps to the nearby drill sites will be the only exception to the requirement for **aircraft** ~~helicopter~~ access. These camps will be located inland of the Shoreline Zone, in the vicinity of drill sites. ~~at locations selected by the Yellowknives Dene First Nation in consultation with the developer.~~*

The developer will consult the Yellowknives Dene First Nation and the Land Use Inspector on the location of these inland camps, and will provide a record of consultation to the Mackenzie Valley Land and Water Board which includes who attended any meetings or provided written views, copies of written views, what issues were raised, and how the developer addressed those issues.

~~*If no agreement between the Yellowknives Dene First Nation and the developer can be reached regarding the locations of these camps within one year of Ministerial acceptance of this report, The decision on **the inland** camp locations will be made by the Mackenzie Valley Land and Water Board, following its consideration of the views of the developer, the Yellowknives Dene First Nation and the Land Use Inspector.*~~

Rationale for the replacement of 'helicopter' with 'aircraft' and the addition of the term 'land':

The intent of this Measure is to limit public access to the Defeat Lake area and to limit the extent of the development footprint. However, it is the Responsible Ministers' view that the specification of the term 'helicopter' in the original Measure is limiting. The Responsible Ministers have broadened the scope of the Measure with the use of the term 'aircraft', allowing the developer the option of using a fixed wing. If the developer were to use a fixed wing aircraft, the runway would have to be located on a lake. No new land access from Great Slave Lake would be required.

Rationale for the replacement of:

at locations selected by the Yellowknives Dene First Nation in consultation with the developer.

If no agreement between the Yellowknives Dene First Nation and the developer can be reached regarding the locations of these camps within one year of Ministerial acceptance of this report,

with:

The developer will consult the Yellowknives Dene First Nation and the Land Use Inspector on the location of these inland camps, and will provide a record of consultation to the Mackenzie Valley Land and Water Board which includes who attended any meetings or provided written views, copies of written views, what issues were raised, and how the developer addressed those issues.

The Responsible Ministers' proposed modifications to this Measure reflect the *Mackenzie Valley Land Use Regulations* and the *Mackenzie Valley Resource Management Act*, which allow the Mackenzie Valley Land and Water Board to make the final decision on camp locations.

Rationale for the inclusion of the Land Use Inspector in consultation discussions between the developer and the Yellowknives Dene First Nation:

An additional modification to this Measure requires the Land Use Inspector's participation in discussions between the developer and the Yellowknives Dene First Nation regarding camp locations. Without this modification, the Mackenzie Valley Land and Water Board could be put in a position to choose between the agreed-to plan of the developer and the Yellowknives Dene First Nation as a result of the consultation process, on the one hand, and the views of the Land Use Inspector, on the other. In the Responsible Ministers' view, this modification will facilitate the decision process as only one submission from the developer, the Yellowknives Dene First Nation and the Land Use Inspector to the Mackenzie Valley Land and Water Board would be required.

Rationale for the addition of 'inland' in final sentence:

This addition clarifies that the measure addresses only the locations of the specified inland camps, rather than all camps associated with the project.