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August 25, 2006

Patrick Duxbury
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
P.O. Box 938
5102-50th Avenue
Yellowknife, NT X1A 2N7

Dear Mr. Duxbury:

Re: INAC responses to Round 2 Information Requests on the Paramount Resources Ltd. SDL8 Geophysical Program Environmental Assessment

Please find attached, Indian and Northern Affairs Canada's responses to Round 2 Information requests issued by the Mackenzie Valley Environmental Impact Review Board for the Paramount Resources Ltd. SDL8 Geophysical Program environmental assessment. Please be advised that the documents requested in IR0506-007-27 parts 1 and 2, and the response to the request that follows in part 3, will be provided under separate cover, once available. This information is expected to be provided by September 1.

If you have any questions or require additional information regarding the information provided, please contact me at 669-2647.

Sincerely,

David Livingstone
Director
Renewable Resources and Environment

EA0506-007 Paramount SDL 8 Geophysical Program - INAC Round 2 IR Responses

IR Number: IR0506-007-24

Source: Ka'a'gee Tu First Nation

To: Indian and Northern Affairs Canada

Reference: INAC Response to IR 0506-007-12
(Note: correct reference is IR 0506-007-11)

Preamble

In considering paramount's proposed revegetation seed mix, INAC states: *They would not be expected to persist, or to spread. As such, they pose no danger of out-competing local species, nor otherwise affecting vegetation native to the area.*"

Request

Does INAC have any field research applicable to this seed mix and the SDL 8 landscape to justify this position? If yes, please provide it. If no, please provide the evidence that INAC is using to support this position.

Response:

INAC does not have any direct field research on either the seed mix, nor the SDL 8 landscape.

The conclusion is based on inspectors' training, experience in both re-vegetation and agricultural endeavours, and details regarding some of the selected seeds. One major constituent of the seed mix is deliberately bred to be sterile, incapable of reproducing. The other species are fertile, but are agrarian varieties. Agrarian forage varieties are genetically selected for their leafy biomass yield, and are intended to be planted in prepared fields, from which native competing species and varieties have been deliberately excluded. Pastures and hay lands planted to agrarian grasses and legumes must be re-cultivated and re-seeded to maintain productivity.

In a re-vegetation application, local species and varieties, having been naturally genetically selected to persist in the local environment, have a genetic advantage over introduced agrarian ones. Since proponents of re-vegetation are not clear on which end ecological niche or habitat function they are seeking to re-establish, choosing local species over agrarian species may in fact impede the natural succession due to the genetic advantage of local species, particularly in harsh environments such as the subject area.

The preferred option is to not re-vegetate, but to allow natural re-colonization of disturbed sites

by indigenous plants. However, where re-vegetation is required, normally for erosion prevention, indigenous plants can be too slow to establish, and lacking in sufficient development of root mass or volumes of leafy material to prevent erosion.

IR Number: IR0506-007-25

Source: Ka'a'gee Tu First Nation

To: Indian and Northern Affairs Canada

Reference: INAC Response to IR 0506-007-11
(Note: correct reference is IR 0506-007-12)

Preamble

One of the conditions proposed by INAC would give the inspector the authority to extend project activities beyond Apr. 1st but does not mention any authority to end project activities prior to Apr. 1st.

Request

Does the MVLWB or the Inspector have the authority to order a halt to project activities prior to Apr. 1st in the event of an early spring? If yes, describe the process and speed with which such an order could be issued.

Response:

As explained in the response to IR # 12, part 1, INAC has proposed a standard land use permit operating condition which reads "The Permittee shall not move any equipment or vehicles unless the ground is in a state capable of supporting the equipment or vehicles without rutting or gouging." If, as a consequence of early thawing, the ground softens to the extent that it is no longer capable of supporting equipment or vehicles without rutting, and if this condition is used in the permit, the inspector can enforce it directly.

If this condition is not used in the permit, as further explained in part 3 of the same response, the inspector can order cessation of activities to mitigate or prevent adverse impacts, or other reasonable steps which he considers effective at the time.

Such orders are given verbally during an inspection, and are followed up by a written order, which can happen on the same day.

IR Number: IR0506-007-26
Source: Ka'a'gee Tu First Nation
To: Indian and Northern Affairs Canada
Reference: INAC Response to IR 0506-007-12

Preamble

The conditions of the LUP and the WL would be enforced by the INAC inspector.

INAC provided a copy of its compliance and enforcement policy from Nov 19, 1998 which pre-dates the existence of the MVLWB and is from a period in which INAC both issued the LUP and inspected for compliance.

Request

Please provide the following information.

1. What would be the frequency and timing of the Inspector's visits to the project area before, during and after the project activities?

Response:

Inspection frequency and timing is dependent in part on the individual inspector's familiarity with the location, the results of any previous inspection, communications with the operator, and any untoward weather events.

Inspection frequency is initially determined through a risk assessment process, taking into account the nature of the operation and its potential for impacts, the sensitivity of the terrain, and the operator's past performance. Typically, for a small seismic operation, this would indicate two inspections during the operation, and at least one final inspection during the snow-free season.

This initial planning frequency is adjusted throughout the life of the project, based on weather, last inspection results, presence or absence of unforeseen challenges or instances of non-compliance, or requirements for additional remedial action. Efforts are made to conduct the first inspection early in an operation, to ensure understanding of, and compliance with, operating conditions. If, during discussions with an operator, unusual circumstances are encountered, inspections may be scheduled to be present during such phases.

Request

2. Will the KTFN be immediately informed of any potential problems encountered during inspection of the SDL 8 development and consulted on the manner in which these problems are to be corrected?

Response:

No, INAC will not be communicating directly with KTFN regarding ongoing activities during the proposed land use activity. Inspection reports are provided to the operator, and to the Mackenzie Valley Land and Water Board (MVLWB). The MVLWB places all inspection reports on the public registry, and as such those reports are available for the KTFN to view.

Further, KTFN will not be consulted with regard to corrective action in the event of problems encountered during the course of operations. In order to ensure corrective action takes place in a timely manner, the inspector is expected to provide direction in the field, as situations develop. Further, his power to give orders is restricted in law to those measures the inspector considers reasonable, and therefore he cannot commit to consultation before giving any such order.

Request

3. A detailed description of the role of the MVLWB in the inspection and enforcement of LUP and WL conditions. Is there a protocol in place between INAC and the MVLWB to ensure swift, coordinated action can occur to enforce conditions and perhaps order additional conditions as needed to protect the environment? If yes, please provide copies of this protocol. If there is no protocol, please explain why not.

Response:

There is no protocol in place, except as provided in the *Mackenzie Valley Resource Management Act*, (MVMRA) the *Northwest Territories Waters Act*, (NWTWA) and the *Mackenzie Valley Land Use Regulations* (MVLUR). The various roles and responsibilities are laid out in several sections of these Acts and Regulations.

First, the MVRMA spells out the powers of the inspector, especially with regard to entering lands to conduct inspections, obtaining assistance, and giving orders. The inspector's authority to give direction is also defined in the NWTWA. The Board's role of reviewing, altering or revoking, orders or direction is spelled out in both the MVRMA, and the NWTWA. The Board's independent authority to suspend or revoke licences and permits is also defined in the legislation. The Board's authority to alter the conditions of a licence or permit is limited to the processes outlined in the Acts or Regulations. It cannot arbitrarily impose new conditions, except as an amendment, with amending processes spelled out in the applicable Act or Regulation.

In that the MVLWB is the legislated authority to which permittees may appeal directions or orders of the inspector, it would be entirely inappropriate for the inspector and the Board to enter into discussions about the substance of any such order or direction, prior to it being issued. Doing so would impair the Board's independence in its review of such an order or direction.

IR Number: IR0506-007-27
Source: Ka'a'gee Tu First Nation
To: Indian and Northern Affairs Canada
Reference: No reference

Preamble:

One of the conditions proposed by INAC would give the Inspector the authority to extend project activities beyond April 1st but does not mention any authority to end project activities prior to April 1st.

Request:

Please provide the following information:

1. Copies of all previous inspection reports of paramount seismic operation in the NWT with any problems, concerns or infractions highlighted. Does the MVLWB or the inspector have the authority to order a halt to project activities prior to April 1st, in the event of an early spring? If yes describe the process and speed with which such an order could be issued.
2. Copies of any orders or instructions that were issued to Paramount.
3. Identification of any outstanding concerns and plans for resolving those concerns.

Response:

1. The Inspection reports requested will be provided to the MVEIRB, once available. The remainder of the request repeats that of IR25, and the response is the same as that given to IR 25.
2. The documents requested will be provided to the MVEIRB, once available.

3. The information requested will be provided once documents requested in part 2 are available for review.

IR Number: IR0506-007-28
Source: Ka'a'gee Tu First Nation
To: Indian and Northern Affairs Canada
Reference: No reference

Preamble: Increased access both to and within the project area is a concern for the KTFN.

Request

Please provide an analysis of Paramount's ability to prevent public use of the winter access roads into and within the project area. Does paramount have the ability to prevent public use of its winter road. If no, please explain whether or not INAC or another organization does. What specific measures can be undertaken to prevent this project from increasing access both to and within this project area.

Response:

If Paramount requires a winter access road in the Northwest Territories, there are no provisions in relevant federal legislation that would prohibit, nor require Paramount to prohibit, the public access to the project area that is the subject of this environmental assessment.

We cannot speculate as to what specific measures could be undertaken to prevent increased access to and within the project area since no evidence has yet been put before the MVEIRB in this environmental assessment that would indicate that this project will result in increased access and what the potential impact of that increased access might be, if any.