

Mackenzie Valley Environmental Impact Review Board

Our file: EA0506-007

March 30th, 2006

Mr. Allan Landry Councilor and Oil and Gas Advisor Ka'a'Gee Tu First Nation

Dear Mr. Landry,

Re: SDL8 2-D Seismic Program Environmental Assessment (EA)
Paramount Resources Limited

Thank you for your March 8, 2006 letter addressed to the Chair of the Mackenzie Valley Environmental Impact Review Board (Review Board). The Review Board would like to take this opportunity to respond to several concerns you raise.

Location of the Scoping Hearing

Regarding the Review Board's original intentions for the location of the Scoping Hearing, you correctly noted that the Work Plan for the SDL8 environmental assessment stated that the "community hearing is currently planned to be held in Kakisa". The rationale for ultimately holding the Scoping Hearing in Hay River was based on the fact that after issuance of the draft Work Plan, several other potentially impacted communities also expressed interest in participating in the SDL8 EA and, as a result, the Review Board concluded it would be more appropriate to hold the proceeding in Hay River.

It should be also noted that the Review Board, in its preparation for the community hearing, had made plans for community members from Kakisa and Ft. Providence to be transported to Hay River. However staff were advised that the preference of individuals wishing to attend would be to make their own transportation arrangements. The plan to provide transportation was then cancelled.

Terms of Reference and Developer's Assessment Report

The Review Board has the authority to conduct an environmental assessment taking into consideration the size and scope of a proposed development. Subsequent to the Scoping Hearing, the Review Board has decided to issue a Terms of Reference for a Developer's Assessment Report focusing on the relevant issues. Further details regarding this proposed revision to the SDL8 EA Work Plan will be provided to the parties shortly.

Scope of the EA

When originally drafting the Work Plan for this proposed development, the Review Board reviewed all Preliminary Screening comments to date on the Mackenzie Valley Land and Water Board's Public Registry. Based on this information, the Review Board set a preliminary scope for the assessment to focus on matters where there may be a likely significant adverse impact on the environment or a cause of significant public concern.

At the Scoping Hearing, the Review Board heard from a variety of Parties and members of the public about a number of different issues. The Review Board will consider these issues as it refines its scope of



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assessment and develops its key lines of inquiry to help it arrive at a determination of the significance of the potential impact posed by the SDL8 seismic project.

Thank you again for providing us a written summary of the issues of concern for your community. The Review Board will consider these as it proceeds with this environmental assessment. We look forward to your continued participation in this environmental assessment.

Yours truly,

Vern Christensen Executive Director

KA'A'GEE TU FIRST NATION



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Mar. 8, 2006

Gabrielle Mackenzie-Scott Chair, Mackenzie Valley Environmental Impact Review Board Fax: (867) 766-7074

Re: Paramount Resources Ltd. 2-D Seismic EA

At the community's request, Joe Acorn represented the Ka'a'Gee Tu First Nation (Ka'a'Gee Tu) at the Mackenzie Valley Environmental Impact Review Board's (MVEIRB's) environmental assessment (EA) scoping hearing in Hay River last week. The intent of this letter is to put into writing the Ka'a'Gee Tu's comments at the hearing, which were just presented orally.

However, before getting into scoping issues, there are a couple of preliminary matters that the Ka'a'Gee Tu would like to address.

Location of the Scoping Hearing – The Ka'a'Gee Tu are the community most directly affected by the proposed activities that are the subject of the environmental assessment. In Section 4, page 4, of the MVEIRB's Work Plan, the MVEIRB stated: "The community hearing is currently planned to be held in Kakisa." However, with no consultation with the Ka'a'Gee Tu or advance notice, the MVEIRB issued its Jan. 23rd letter, which announced that the scoping hearing would be held in Hay River.

As the MVEIRB professed that its reason for holding the scoping hearing was to hear directly from the community, the MVEIRB should have held the hearing in Kakisa. In this regard, the MVEIRB is no different from Paramount, Canada, GNWT or anyone else wanting to hear the views of the Ka'a'Gee Tu: you need to come to the community - do not expect the community to come to you.

If the MVEIRB felt it necessary, it could have held a 2nd scoping hearing in Hay River.

Terms of Reference and Developer's Assessment Report — The issuance of a Terms of Reference (ToR) and the submission of a Developer's Assessment Report (DAR) are standard steps in EAs conducted by the MVEIRB and by other bodies elsewhere. However, in its Work Plan, the MVEIRB appears to be have decided that this EA will not include either of these steps.

It is the Ka'a'Gee Tu's view, and request, that the MVEIRB needs to explain in writing why it is considering not requiring a ToR and DAS in this EA and allow parties to the EA to submit comments prior to the MVEIRB making a final decision on this issue.

Although the Work Plan does not include a ToR or DAR, the Ka'a'Gee Tu expects that the MVEIRB's decision on this matter is not yet final given that the Work Plan also specified that the scoping hearing would be in Kakisa but the MVEIRB considers that to have just been a draft position, not an actual decision.

Scope of the EA – By identifying only two issues in the Work Plan, the MVEIRB appears to be trying to scope this EA down as small as possible and then asking the community what issues should be added to the scope. This is not appropriate. If the MVEIRB, Paramount, Canada or any other party wants to delete particular issues from the scope of assessment, then the burden should be on that party to justify its position. What the MVEIRB is proposing to do is inconsistent with Section 117 of the MVRMA and the past practice of the MVEIRB.

If the MVEIRB is considering a reduced scoping because of the other EAs completed already on Paramount projects in the Cameron Hills area, the Ka'a'Gee Tu would like to remind the MVEIRB of your decision on the Ka'a'Gee's Request for Ruling, which stated "This is a different geographical area and this Geophysical Program is not related to either of the previous environmental assessments in the Cameron Hills area."

The Ka'a'Gee Tu would also point out that the MVEIRB does not have a strong history of conducting seismic EAs upon which it can draw experience in scoping this EA. The MVEIRB has only completed 1 seismic EA and that was 6 years ago. Relying upon that single EA as justification for a reduced scoping on this EA would not be appropriate.

It is the position of the Ka'a'Gee Tu that the following concerns of the community need to addressed in this EA:

- 1. Consultation Record Paramount has not provided a consultation record specific to this project.
- 2. Traditional Knowledge and Land Use No traditional knowledge or land use studies have been completed. A full and proper study with Ka'a'Gee Tu involvement is needed.
- 3. Draft Dehcho Land Use Plan Paramount should undertake an evaluation of this project against the draft Dehcho land use plan.
- Access and Benefits Agreement Paramount has not entered into an access and benefits agreement with the Ka'a'Gee Tu, or even asked to start the negotiations process.
- Increased Access to the Area The additional roads will increase access to and within the project areas with negative consequences to the local environmental and wildlife.
- 6. Habitat Fragmentation This project will increase the amount of habitat fragmentation and associated impacts upon the environment and wildlife.

- Seismic Line Widths and Alternative Procedures Paramount needs to explain, with full environmental and economic analysis, why it is not proposing to use low impact seismic or other alternatives procedures such as heli-portable seismic.
- 8. Wildlife and Wildlife Habitat Paramount needs to identify potential impacts upon wildlife and wildlife habitat.
- 9. Fish and Fish Habitat Paramount needs to identify potential impacts upon fish and fish habitat.
- 10. Water Paramount needs to identify potential impacts upon water quality and quantity.
- 11. Socio-Economics and Cultural Paramount needs to identify potential impacts upon the socio-economic and cultural environments.
- 12. Seismic Line Revegetation Study Paramount needs to report on the result of its Cameron Hills revegetation study and incorporate the results into its assessment of this project's impacts upon vegetation.
- 13. Timber Cutting and Windrow Breaks Paramount needs to identify the volume of timber to be cut and the manner in which this wood will be utilized. This includes procedures for windrowing waste material.
- 14. Erosion Paramount needs to predict potential erosion issues.
- 15. Spill History, Prevention and Response Paramount needs to provide details on its spill history, prevention and response capabilities.
- 16. Harvester Compensation and Agreement Paramount needs to report on its proposed harvester compensation process and negotiate an agreement with the Ka'a'Gee Tu.
- 17. Cumulative Effects An assessment of cumulative effects is a legal requirement of all EAs.

Given that Section 114(c) requires the MVEIRB "to ensure that the concerns of aboriginal people ... are taken into account", the Ka'a'Gee Tu looks forward to having these concerns addressed by the MVEIRB.

If you have any questions, please contact me.

Sincerely,

Allan Landry

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Ka'a'Gee Tu Band Councilor and Oil and Gas Advisor