



Proposed Scoping Document

Chedabucto Mineral Exploration Development

EA1415-02

Husky Oil Operations Limited

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Mackenzie Valley Review Board

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TABLE OF CONTENTS

1	INTRODUCTION.....	2
1.1	Overview.....	2
1.2	Objective.....	2
1.3	Background.....	2
1.4	Referral to Environmental Assessment.....	3
1.5	Legal Context.....	4
2	PROPOSED SCOPE CONSIDERATIONS.....	5
2.1	Proposed Scope of Development.....	5
2.2	Proposed Exclusions from the Scope of Development.....	5
2.3	Proposed Scope of Assessment.....	6
	2.3.1 Cumulative Effects.....	7
	2.3.2 Alternatives Means.....	8
	2.3.3 Accidents and Malfunctions.....	8
	2.3.4 Geographic Scope.....	8
	2.3.5 Temporal Scope.....	8
2.4	Incorporation of Traditional Knowledge.....	8
2.5	Public Engagement.....	8
3	ASSESSMENT METHODOLOGY.....	9
4	CONCLUSION.....	10

FIGURES

Figure 1	Proposed development location.....	3
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TABLES

Table 1	EA milestones and schedule.....	10
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1 INTRODUCTION

1.1 Overview

In December 2014 Husky Oil Operations Limited (Husky or the developer) applied to the Wek'èezihii Land and Water Board (WLWB) for a land use permit to conduct the Chedabucto Mineral Exploration project located on the western shore of the north arm of Great Slave Lake (see Figure 1). The area is known as Whitebeach Point. The purpose of the proposed exploration project is to delineate and evaluate a silica deposit located in the area.

1.2 Objective

The Review Board is proposing to tailor its environmental assessment (EA) process to reflect the scale of the development. The purpose of this *Proposed Scoping Document* is to describe this process and set out the Review Board's proposed scope of development and assessment. This proposal is based in part on, but is not bound or limited in any way to, the land use permit application and Preliminary Screening. The Review Board requests that parties review this document and submit comments by April 10, 2015. The Review Board will consider comments from reviewers and the developer when determining the final scope of development and assessment.

The proposed EA process for this project deviates from the standard Review Board process outlined within the Board's Guidelines. It is the Review Board's intent to use the Final Scoping Document in lieu of a Terms of Reference for a Developer's Assessment Report and to use the land use permit application package in lieu of a Developer's Assessment Report, along with any additional information submitted during the review process such as information requests and responses, TK studies, or further engagement. After the issuance of the Final Scoping Document, the Review Board is proposing to hold a community hearing to allow interested parties to express their views on the project directly to the Review Board members. The community hearing in conjunction with the EA process described in this document will allow Review Board members to understand what the likely impacts of the development are and to gauge the significance of these impacts. If there remains outstanding issues by the end of the community hearing the Review Board may seek additional information through an additional round of information requests or through other means to be determined by the Board.

1.3 Background

The Chedabucto property totals approximately 30,000 hectares and includes 29 mineral claims. The area has both consolidated and unconsolidated silica deposits which may be viable for resource extraction. Husky's proposed project is to evaluate the potential of the silica deposits for extraction and use as a proppant for hydraulic fracturing.

Husky is proposing to complete the exploration in two phases:

- **Phase I** includes drilling approximately 200 boreholes using diamond drilling and reverse circulation drilling and geophysical surveys. Husky proposes to conduct these activities over the course of two to three years. The first round of drilling was proposed to take place between March and April 2015 and would last three to six weeks. Additional drilling may be required over subsequent years. Access to the site would be via air.
- **Phase II** would be completed if results from Phase I indicated a prospective silica resource. The primary purpose of Phase II would be to collect a bulk sample from approximately ten trenches. The estimated material removed from each test trench would weigh approximately 10 tonnes for an estimated total of 100 tonnes for the entire bulk sample. For Phase II, equipment would be moved on land and would require clearing and construction of a winter access road.

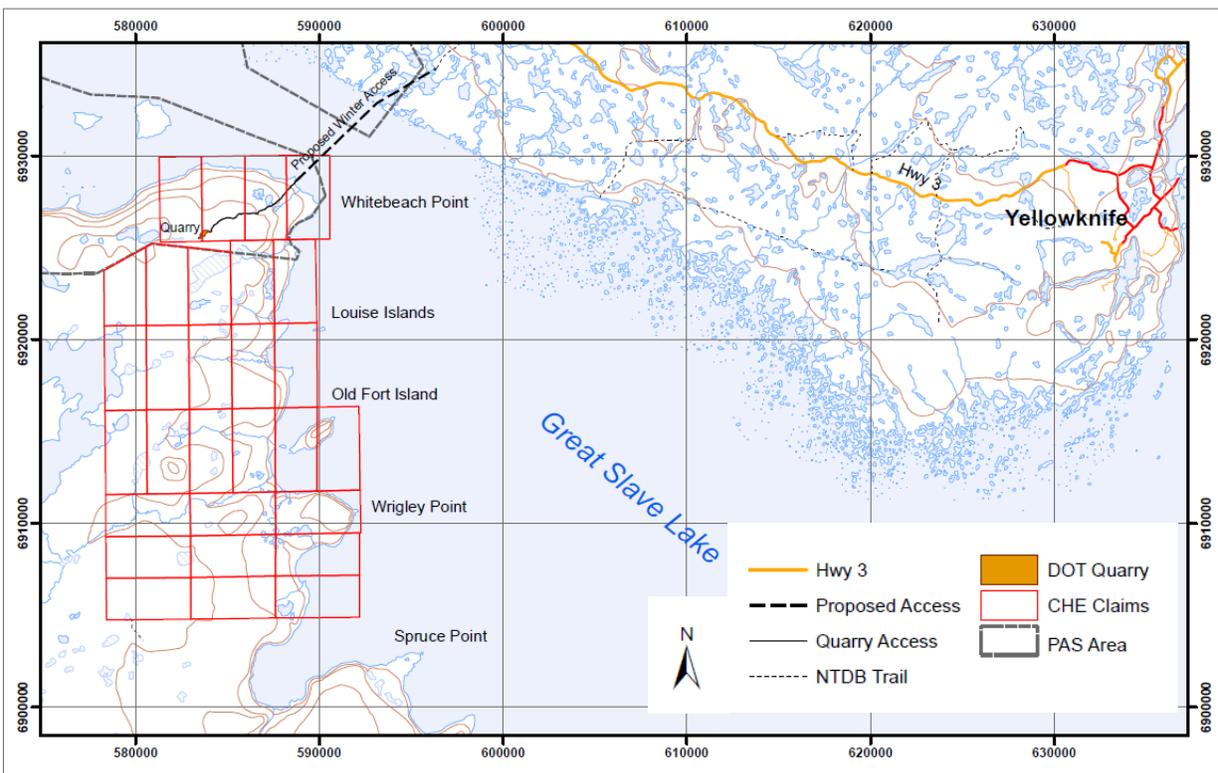


Figure 1 Proposed development location

1.4 Referral to Environmental Assessment

In December 2014 Husky submitted a land use permit (LUP) application to the WLWB for exploration activities on its mineral claims in the Whitebeach point area, referred to collectively as the Chedabucto project. The WLWB commenced a preliminary screening of the proposed project according to s. 124 of the *Mackenzie Valley Resource Management Act* (MVRMA).

The application was sent out for review and comments were received from:

- Aboriginal Affairs and Northern Development Canada (AANDC),
- Alternatives North,
- Environment Canada (EC),
- Fisheries and Oceans Canada (DFO),
- the Government of the Northwest Territories – Department of Lands (GNWT-Lands),
- North Slave Metis Alliance (NSMA),
- Northwest Territories Chapter Council of Canadians (CoC NWT),
- the Tłıchǵ Department of Lands and Culture (TG),
- Wek'èezhìi Renewable Resources Board (WRRB),
- the Yellowknives Dene First Nation (YKDFN), and
- members of the public.

Based on the comments received the WLWB determined that there is public concern about the proposed development. The WLWB further concluded that the public concern is widespread, having been voiced by the Tłıchǵ Government, YKDFN, and NSMA, as well as non-governmental organizations and individual members of the general public.

In the Preliminary Screening Decision, the WLWB found that:

- Potential environmental effects could be mitigated through conditions in the land use permit.
- There is concern about the cultural, traditional and recreational value of the Whitebeach Point area.
- Engagement on Phase I of the project was adequate.
- Engagement on phase II was not adequate.
- There is concern about site access associated with Phase II.

With regards to engagement on Phase II, the TG and YKDFN both stated that the developer has not conducted meaningful engagement on this phase of the project.

The WLWB determined under s. 125(1) of the MVRMA that the project was cause of public concern and referred the project to the Mackenzie Valley Environmental Impact Review Board (Review Board) for an EA.

1.5 Legal Context

This EA is subject to the requirements of Part 5 of the *Mackenzie Valley Resource Management Act*. Section three of the Review Board's *Environmental Impact Assessment Guidelines* describes the EA process in detail. That document, as well as the Review Board's *Rules of Procedure*, other guidelines, reference bulletins and relevant policies applicable to this assessment, are available online (www.reviewboard.ca) or by contacting Review Board staff.

In accordance with s. 115 of the MVRMA, the Review Board must conduct an EA of the proposed development with regard for the protection of the environment from significant adverse impacts, and the protection of the social, cultural and economic well-being of Mackenzie Valley residents and communities. Section 114(c) of the MVRMA further requires the Review Board to ensure that concerns of Aboriginal people and the general public are taken into account.

2 PROPOSED SCOPE CONSIDERATIONS

This section sets out the proposed scope of development and the proposed scope of the EA.

2.1 Proposed Scope of Development

Under s. 117(1) of the MVRMA, the Review Board must determine the scope of development for every EA it conducts. The scope of a development includes all the physical works and activities required for the project to proceed. For this EA, the scope of development is based on Husky's LUP application. The development can be divided into two phases and includes:

- *Phase I*
 - drilling approximately 200 boreholes over two to three years;
 - the first season of exploration is anticipated to include 25 holes using diamond drilling and 70 holes using reverse circulation;
 - collecting soil and groundwater samples from boreholes;
 - transporting equipment and personnel via helicopter;
 - temporary four man camp;
 - fuel storage;
 - clearing helicopter landing sites and drill pad sites; and,
 - conducting ground-based geophysical surveys;
- *Phase II*
 - digging trenches (approximately 10 trenches) and collecting a bulk sample from each (10 tonnes per sample);
 - making winter access trails over snow within the claim blocks; and,
 - transporting equipment and personnel via winter roads.

2.2 Proposed Exclusions from the Scope of Development

During the preliminary screening, some reviewers described concerns about effects that may occur if the Chedabucto project leads to large scale extraction of silica. Reviewers also described concerns about hydraulic fracturing that would use the silica, and its effects. Reviewers raised concerns about the safety of hydraulic fracturing and its contribution to climate change.

The Review Board considered these concerns and proposes to exclude them from this EA based on the following reasons. The Review Board's *Environmental Impact Assessment Guidelines* identifies three tests to determine whether a development should be scoped as part of a larger development. These tests are:

- Dependence – If the principal development could not proceed without the undertaking of another physical work or activity, then that work or activity is scoped as part of the proposed development;
- Linkage – If a decision to undertake the principal development makes another work or activity inevitable, then the linked or interconnected physical work or activity is scoped as part of the proposed development; and,
- Proximity – If the same proponent is undertaking two physical works or activities in the same area, then the two may be considered to form one development.

Given the above tests, the Chedabucto project is not considered to be part of any other development, such as a silica mine or hydraulic fracturing for oil and gas. The dependence and linkage tests show that this proposed exploration project should not be considered as part of a large scale silica extraction project. Husky's decision to proceed with the proposed project does not necessarily lead to large silica extraction. Results of the exploration project may indicate that a large scale silica extraction project is possible, but may also indicate the contrary. Any proposal for a large scale silica development would require consideration under Part 5 of the MVRMA and would undergo a preliminary screening.

Regarding the proximity test, the developer is proposing a single exploration project. This test is inapplicable, as it only applies to multiple projects.

This development does not include hydraulic fracturing. Potential hydraulic fracturing in the Mackenzie Valley is not dependent on any silica resources at the Chedabucto project site. Similarly, any possible future hydraulic fracturing in the Mackenzie Valley will not result from silica resources being proven by this proposed exploration project. The impacts of possible future hydraulic fracturing will therefore not be assessed during this EA. Any such projects will be subject to additional regulatory authorizations that would be subject to Part 5 of the MVRMA if and when they are proposed.

The Review Board proposes that the scope of the development for this EA includes what was applied for in Husky's Land Use Permit application, specifically exploration activities associated with Phase I and Phase II. It does not include any developments or activities that may occur as a result of the successful completion of the exploration phase. Any development that may occur after the completion of this project would require consideration under Part 5 of the MVRMA and undergo a preliminary screening.

2.3 Proposed Scope of Assessment

The proposed scope of assessment defines which issues will be examined in the EA. Considerations for the scope of the assessment are outlined in s. 117 (2) of the MVRMA and are elaborated on in this section.

The information presented during the preliminary screening and the Reasons for Decision by the WLWB¹ were used as the basis for establishing the proposed scope of the assessment. The Review Board proposes that the issues for consideration during this EA are potential effects:

- to traditional land use and resource use in and around the project area;
- associated with access;
- on recreational and aesthetic values;
- on wildlife; and
- any other matters which need to be addressed.

In addition to the above issues the MVRMA s. 117(2) requires that, once a development is referred to EA, the following topics must be considered:

- cumulative effects
- alternative means of carrying out activities
- accidents and malfunctions

These requirements are explained in detail in the following sections.

2.3.1 Cumulative Effects

Pursuant to par. 117(2)(a) of the MVRMA, the Review Board considers cumulative effects in its determinations. Cumulative effects are the combined effects of the development in combination with other past, present or reasonably foreseeable future developments and human activities. In addressing cumulative effects, the developer is encouraged to refer to Appendix H of the *Review Board's Environmental Impact Assessment Guidelines*.

The developer will:

- Describe and provide a rationale for which past, present or reasonably foreseeable future developments and human activities are being considered in the cumulative effects assessment.
- Identify which of the valued components may be affected by other past, present or reasonably foreseeable future developments and human activities.
- Assess the likelihood, duration and magnitude of the combined effect of these human activities on the identified valued components.
- Describe any mitigation measures proposed to reduce or avoid the predicted effects, specifying if and how adaptive management will be used, and provide an assessment of any residual cumulative impacts.

The level of effort required is related to the scale of the project effects.

¹ [Preliminary Screening Decision and Reasons for Decision from the WLWB](#)

2.3.2 Alternatives Means

The developer will provide a description of alternative means for carrying out project activities that are, in the opinion of the developer, technically and economically feasible. This may include consideration of the timing of activities or site access.

2.3.3 Accidents and Malfunctions

The purpose of this section is to assess the potential impacts from potential accidents and malfunctions and identify possible mitigation measures. Given the size and scale of the proposed project, the accidents and malfunctions of primary concern are related to spills and spill management. The Review Board considers the *Spill Contingency Plan* provided as Appendix I in the Land Use Permit application as sufficient for addressing the potential impacts from accidents and malfunctions. No additional information is requested at this time.

2.3.4 Geographic Scope

The geographic scope includes the project footprint but also includes areas outside the immediate project footprint that may experience effects from project activities. The geographic scope for each valued component will be appropriate for the characteristics of the valued component. For instance, the geographic scope for assessing impacts to the human environment should include, at a minimum, consideration of the potential impacts to the Tlicho, Yellowknives Dene First Nation, North Slave Metis Alliance and the NWT Metis Nation.

2.3.5 Temporal Scope

The temporal boundaries for this EA correspond to the duration of potential impacts, rather than on a single generic timeline. The temporal boundaries may not necessarily end with the cessation of operations.

2.4 Incorporation of Traditional Knowledge

The Review Board considers both traditional knowledge and scientific knowledge in its deliberations. In addition, ss. 115(c) of the MVRMA states that the Review Board is required to have regard to “the importance of conservation to the well-being and way of life of the Aboriginal peoples of Canada to whom s. 35 of the *Constitution Act 1982* applies and who use an area of the Mackenzie Valley”.

The Review Board expects the developer to make all reasonable efforts to assist in the collection and consideration of traditional knowledge relevant to the project for the Review Board’s consideration. The developer should refer to the Review Board’s *Guidelines for Incorporating Traditional Knowledge in Environmental Impact Assessment*.

2.5 Public Engagement

The Review Board will consider the developer’s ongoing engagement with communities, Aboriginal groups, other governments, or other organizations with interests related to areas that might be affected by the Chedabucto project. The Review Board will further consider whether the developer

has modified the project in response to what it heard during the engagement process. Aboriginal groups, government agencies and other interested parties may have information useful to the conduct of this impact assessment. The developer will make all reasonable efforts to engage with them. The Review Board expects the developer to continue to meet with interested groups and to place any information from those discussions they consider may be relevant to the Review Board's decision on the public record. The following items are required for the Review Board's consideration of public engagement:

- An engagement log, describing dates, individuals and organizations engaged with, the mode of communication, discussion topics and positions taken by participants, including:
 - All commitments and agreements made in response to issues raised by the public during these discussions, and how these commitments altered the planning of the proposed Chedabucto project;
 - All issues that remain unresolved, documenting any further efforts envisioned by the parties to resolve them ;
- A description of all methods used to identify, inform and solicit input from potentially interested parties, and any plans Husky has to keep engagement moving forward;
- How Husky has engaged, or intends to engage, traditional knowledge holders in order to collect relevant information for establishing baseline conditions and the effects assessment of potential impacts, as well as a summary table indicating where and how traditional knowledge was incorporated (see *Review Board's Guidelines for Incorporating Traditional Knowledge in Environmental Impact Assessment*).

3 ASSESSMENT METHODOLOGY

The Review Board intends to use the technical information presented by Husky during the preliminary screening, information requests and responses, and comments on this Proposed Scoping Document to initiate further meaningful discussions between the developer and reviewers. As stated in section 1.2, in conjunction with the review of the Proposed Scoping Document, reviewers are also welcome to put information requests directly to the developer.

The intention for the EA is to conduct a community hearing to gather further information. If, after the community hearing, it is determined that additional information is needed, the Review Board will initiate a second round of information requests. However, if the information presented up to and during the community hearing is adequate to address issues, the Review Board will use that information as the basis for its decision and will then prepare and release its Report of EA.

The proposed activities and schedule for the EA is outlined in Table 1 below.

Table 1 EA milestones and schedule

Activity/Milestone	Estimated Dates
Referral to EA	February 13, 2015
Review Board releases the Proposed Scoping Document	March 17, 2015
Comments from parties on the Proposed Scoping Document and initial information requests to the developer	March 17 – April 10, 2015
Responses from the developer on the Proposed Scoping Document, reviewer comments, and initial information requests	April 10–24, 2015
Review Board issues the final Scoping Document	May 8, 2015
Interventions from parties	May 8 – 21, 2015
Developer’s response to interventions	May 21 – 28, 2015
Pre-hearing conference	June 3, 2015
Community hearing	June 16 - 17, 2015
Board decision on whether additional information is needed	June 2015
If no additional information is needed, issuance of decision and Report of EA	August 2015

4 CONCLUSION

The Review Board anticipates that this Proposed Scoping Document will help parties to understand the scope of the development and what issues are being considered in this EA. The proposed EA process should allow parties sufficient time to identify, clarify, and explain to the Review Board their opinions on the issues and on the project.