



Ottawa, Canada K1A 0H4

JAN 11 2002

Mr. Frank Pope
Alternate Chair,
Mackenzie Valley Environmental Impact Review Board (the Board)
P.O. Box 938
Yellowknife, NT, X1A 2N7



Dear Mr. Pope:

RE: Environmental Assessment on the Paramount Resources Ltd. Cameron Hills Gathering System and Pipeline Development

As the federal Minister and on behalf of the responsible ministers (the Department of Resources, Wildlife and Economic Development, GNWT, Department of Fisheries and Oceans and Environment Canada) with jurisdiction related to the above development, I am writing to convey our decision on the *Report of Environmental Assessment on the Paramount Resources Ltd. Cameron Hills Gathering System and Pipeline Development (the EA Report)*. This decision was taken after:

- Considering the above noted EA Report;
- Undertaking consultation with the Board on measures contained in the EA Report, pursuant to paragraph 130(1)(b)(ii) of the *Mackenzie Valley Resource Management Act* (Act);
- Considering the letters to Indian and Northern Affairs Canada (INAC) from: Paramount Resources Ltd. (December 13 and 19, 2001); Deh Gah Got'ie Dene Council (December 19, 2001); the MVEIRB (December 24, 2001 and January 8, 2002); Mandell Pinder (December 11 and 21, 2001) and Ka'a'gee Tu First Nations (December 13, 2001); and
- Considering the letter to the MVEIRB from Paramount Resources Ltd. dated January 4, 2002.

The responsible ministers and I have considered the views expressed by the Board in the consultation process and in its letter of January 8, 2002. Pursuant to section 130(1)(b)(ii) of the Act, the responsible ministers and I have agreed to adopt the recommendation of the Board under sub-section 128(1)(b)(ii) of the Act, with modification. The modification that the responsible ministers and I have decided upon are in regard to seven (7) of the twenty-one(21) measures identified by the Board as being necessary to prevent a likely significant adverse impact on the environment. The final approved measures are enclosed.

It is my understanding that the consultation carried out on the Board's EA Report has served to enhance the Board's understanding of the process and timing for Ministerial approval of Benefits Plans as well as the process for completing compensation plans, which are the responsibility of the developer. It is my expectation that this improved understanding will be reflected in future project reviews and EA measures proposed by the Board.

The Board is advised that future EAs should explain how a measure, in a recommendation put forward as per paragraph 128(1)(b)(ii), is to prevent an identified significant adverse impact on the environment. I raised this point with you in my decision letter of July 31, 2001 on the BHP Expansion project. I understand discussions have been carried out between our officials on this issue. A clear linkage between the identified potential for significant adverse impact and the mitigative measures being proposed will help expedite the decision making process for future EA Reports.

In your letter of January 8, 2002, you make reference to several process matters that I would like to clarify. With respect to the Board modifying the report and supplying copies to all the environmental assessment participants, the modifications are the responsibility of the Ministers, and the federal Minister is required to distribute the final decision (section 130 of the Act).

Regarding your comments on how future ministerial consultations will occur, I would like to clarify the role of the Board in the consultation process. Section 130 of the Act outlines the responsibilities of the federal Minister and the responsible ministers for considering the EA report. If consultation is deemed necessary the Ministers are responsible to consult with the Board to clarify their understanding to determine if modifications are required to make a decision.

The consultation process followed for this review indicates that there is a need to define roles, responsibilities and the process for consulting on future projects. To ensure all parties understand how future consultations will be carried out, I am instructing my officials to work with our legal counsel, the other responsible ministers, the Board and other interested parties to develop consultation guidelines that meet the requirements of the MVRMA.

I wish to thank the Board for discharging its duties under the Act in this matter.

Yours sincerely



Robert D. Nault, P.C., M.P.

Encl.

c.c.: The Honourable Jim Antoine, M.L.A., GNWT
Mr. Stephen Harbicht, Environment Canada
Mr. Ron Allen, Department of Fisheries and Oceans
Mr. Michel Mantha, Secretary, National Energy Board

Report of Environmental Assessment on the Paramount Resources Ltd. Cameron Hills Gathering System and Pipeline Development - Final Approved Measures

Measure #1 (not modified)

The NEB ensure that Paramount submits revised air quality modeling analysis consistent with the provisions of the AEUB Guide 60 to the NEB, the GNWT, EC and the MVLWB in the event that higher than expected H₂S content is found in the gas. If determined necessary, the NEB should impose mitigation measures.

Measure #2 (not modified)

The MVLWB and/or the NEB ensure that Paramount consults with the GNWT on the criteria to be used for determining when mitigative measures for rutting should be applied and for selecting which mitigative measures should be applied. These criteria should be included in Paramount's Environmental Protection Plan.

Measure #3 (not modified)

The MVLWB and/or the NEB ensure that Paramount consults with the GNWT to develop revegetation plans for areas that require remedial action. These plans should be filed with the GNWT, the MVLWB and the NEB.

Measure #4 (not modified)

The MVLWB and/or the NEB ensure that Paramount be required to develop and implement a follow-up monitoring program to assess the vegetation recovery in both seeded and unseeded areas. Paramount should periodically produce a report that compares the presence and relative abundance of indigenous and non-indigenous species in the seeded areas versus the unseeded areas. This report should be provided to the local first nations, the GNWT, the MVLWB and the NEB.

Measure #5 (not modified)

The MVLWB and /or the NEB ensure that a vegetated buffer zone of 25 metres from the top of the riverbank to the proposed gravel extraction site be maintained.

Measure #6 (not modified)

The MVLWB and/or the NEB ensure that no gravel excavation occurs below the water table or the present water level of the Cameron River.

Measure #7 (as modified)

The MVLWB and /or the NEB ensure that the downstream water flow is maintained at pre-in-stream work water levels for isolated pipeline crossings.

Measure #8 (as modified)

The MVLWB and/or the NEB ensure that each pipeline crossing where flowing water is encountered and an isolated crossing is used be completed as quickly as possible using acceptable methods to prevent significant disruption of fish movements.

Measure #9 (not modified)

The MVLWB and/or the NEB ensure that Paramount implements a wildlife monitoring program that is designed in consultation with EC and the GNWT. The wildlife monitoring program data should be periodically summarized in a report that identifies potential impacts and suggests mitigative measures, if determined necessary. This monitoring report should be provided to the local first nations, EC, GNWT, the MVLWB and the NEB.

Measure #10 (not modified)

The MVLWB and/or the NEB consult with Paramount and the GNWT to determine an acceptable windrow break frequency and width.

Measure #11 (not modified)

The MVLWB and/or the NEB ensure that Paramount completes a baseline noise survey and additional noise surveys after the commencement of operations. The data collected should be compiled in a report along with any conclusions and, if required, mitigative measures. Copies of the report should be provided to the local first nations, EC, the GNWT, the MVLWB and the NEB.

Measure #12 (not modified)

The MVLWB and/or the NEB ensure that Paramount revises its proposed heritage resource discovery process to incorporate the concerns of aboriginal communities, including the hiring of local environmental monitors to identify potential heritage resource discoveries.

Measure #13 (as modified)

Paramount is to discuss, develop and implement a wildlife and resource harvesting compensation plan with potentially affected First Nation communities – Deh Gah Go'tie First Nation, Fort Providence Metis,

Ka'a'gee Tu First Nation, K'atlodeeche First Nation and West Point First Nation. The scope of the plan is to include compensation for hunting, trapping, fishing and other resource harvesting activity losses resulting from the development as agreed to by Paramount and the communities. Paramount is to commence the consultations as soon as possible, with a draft plan submitted to the communities within 60 days of EA Report acceptance by the INAC Minister and a final plan submitted to the communities within 90 days of EA Report acceptance. The plan is to apply retroactively to impacts arising from the start of construction of the gathering facilities and pipeline. If requested by Paramount or any of the communities, the GNWT and INAC are to facilitate the discussions on the plan.

Measure #14 (as modified)

The MVLWB and/or the NEB should ensure that the affected aboriginal communities have been provided a copy of the TK study and an opportunity to comment on the study and Paramount's proposed mitigative measures. The MVLWB and/or the NEB should ensure that Paramount implements appropriate mitigative measures to address impacts throughout the life span of the development.

Measure #15 (as modified)

Paramount and the communities are to cooperate to the fullest extent possible in developing the wildlife and resource harvesting compensation plan. If the parties are unable to come to an agreement on the contents of the plan within the 90 day period, an independent arbitrator shall be jointly appointed within 30 days by the GNWT and INAC. The arbitration process shall conclude within 30 days of the appointment of the arbitrator.

Measure #16 (as modified)

Following review and acceptance of Paramount's Cameron Hills Annual Report, INAC will provide copies of the Report to the GNWT, the Review Board, the MVLWB and the potentially affected First Nation communities. The scope of the Annual Report should detail consultations undertaken with the local communities, discuss concerns raised by the communities, describe how Paramount has addressed or intends to address these concerns and discuss what actions Paramount will take to enhance positive socio-economic impacts.

Measure #17 (as modified)

This measure has been deleted.

Measure #18 (not modified)

The MVLWB and/or the NEB ensure that Paramount identifies and monitors locations where permafrost is encountered. Paramount is to periodically produce a report and submit it to the GNWT, the MVLWB and the NEB.

Measure #19 (not modified)

The MVLWB and/or the NEB ensure that Paramount consults with Environment Canada and the GNWT during the preparation of the Emergency Response Plan.

Measure #20 (not modified)

The MVLWB and/or the NEB ensure that Paramount fulfils the commitments it has made to properly abandon and restore the development area.

Measure #21 (not modified)

The MVLWB and/or the NEB ensure that Paramount fulfils the commitments it has made regarding follow-up programs.