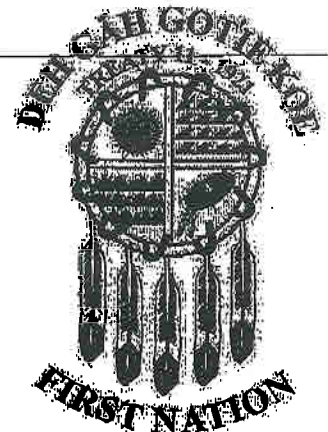
**DEH GAH GOTIE DENE COUNCIL**

Fort Providence, NT

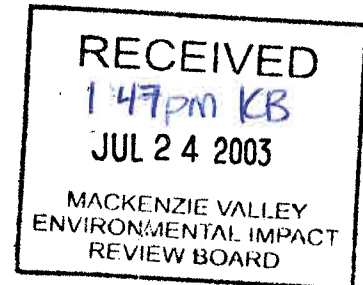
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Phone: (867) 699 7000

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**FACSIMILE COVER SHEET**

Date: July 24, 2003
To: Mackenzie Valley Environmental & Impact Review Board
Fax Number: 867-766-7074
From: Gcg Nyuli
Operator: Tinette
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FAKED
July 24/03

Facsimile #867-766-7074

RE: PARAMOUNT RESOURCES ENVIRONMENT ASSESSMENT

Dear Respective Board Members:

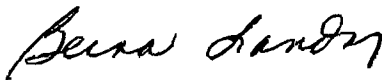
I would like to apologize the delay in responding however our new Council only met yesterday for the first time.

As a result of those discussions, Council agreed by consensus not to support this application until such time that all issues addressed in Joe Acorn's document of July 18, 2003 have been addressed.

In addition to this the Council was also concerned that we were not on the mailing list for this review. We are an affected and impacted community that also has traditional ties to this area and would like to be informed of all environmental assessments and reports in relation to the Cameron Hills and any development in that area.

Shall you have any questions in regards to the above please do not hesitate to contact the undersigned.

Sincerely,



Chief Berna Landry
DGGDC

Encl/

Joe Acorn, M.A.Sc. (Civil Engineering)
Environmental Consultant

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July 18, 2003

To: Alison de Pelham, Deh Cho First Nations
John Bartlett, Fort Providence Resource Management Board
Bernie Landry, Deh Gah Got'ie First Nation
Lloyd Chicot and Allan Landry, Ka'a'gee Tu First Nation
Roy Fabian, Katlodeeche First Nation
Bobby Cayen, West Point First Nation

**Re: Review of the Draft Terms of Reference and Work Plan for the
Environmental Assessment of the Paramount Cameron Hills Extension**

The draft Terms of Reference (ToR) issued by the Mackenzie Valley Environmental Impact Review Board (Review Board) has been reviewed. Resulting comments are presented on a section-by-section basis.

Section 1 – Introduction

No comments.

Section 2 – Scope of Development

No comments.

Section 3 – Scope of Assessment

The Review Board has defined a very narrow scope of assessment. The Review Board intends to focus the environmental assessment on the cumulative impacts of this development in combination with other past, present or reasonably foreseeable developments in the Cameron Hills area. The Review Board does not intend to do a detailed assessment of the direct impacts on the environment due to this development on its own.

Some concerns have been identified with what the Review Board has done in setting the scope of assessment.

Reasons for the Referral to Environmental Assessment

According to Section 125(1) of the *Mackenzie Valley Resource Management Act (MVRMA)*, to refer this development to environmental assessment the body making the referral must decide that the development:

- a) might have a significant impact on the environment; or
- b) might be a cause of public concern.

In referring this development to environmental assessment, the Mackenzie Valley Land and Water Board (MVLWB) decided that this development warranted being referred for both of the reasons listed above.

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In concluding that the development might have a significant impact on the environment, the MVLWB did not identify any specific component of the environment such as water quality or wildlife that it was concerned about. The MVLWB instead stated that its conclusion was based on the potential for significant negative cumulative impacts from this development and other past, present or reasonably foreseeable developments in the Cameron Hills area.

In concluding that the development might be a cause of public concern, the MVLWB was relying primarily on a May 2, 2003 letter submitted to it by Mandell Pinder, legal counsel for the Ka'a'gee Tu First Nation (KTFN). That letter stated:

"The Ka'a' Gee Tu ask that all aspects of these new amendment applications be scrutinized to ensure that the environmental and social impacts on the traditional territory of the Ka'a' Gee Tu are identified, and the effects minimized or eliminated."

The May 2, 2003 letter also referred the MVLWB to an Oct. 2, 2002 letter from Mandell Pinder that provided a more detailed expression of some of the KTFN's concerns.

Both the Deh Cho First Nations (letter dated May 13, 2003) and the Deh Gah Got'ie First Nation (letter dated Mar. 12, 2003) have indicated their support for the KTFN in expressing concerns about further development by Paramount in the Cameron Hills.

In reviewing the Review Board's scope of assessment, it is clear that the Review Board has chosen to focus exclusively on the "might have a significant environmental impact" portion of the MVLWB's EA referral. The scope of assessment does not address the reasons for the MVLWB's decision that this development might be a cause of public concern.

In the Oct. 2, 2002 and May 2, 2003 letters, the KTFN have clearly expressed a desire for a complete environmental review of this development, not just an analysis of cumulative impacts, and have outlined some specific concerns that should be addressed by the Review Board's scope of assessment. The Review Board has an obligation to act upon the MVLWB's decision that this development might be a cause of public concern and to establish a scope of assessment that addresses these concerns.

Applying Previous Environmental Assessment Conclusions to this Environmental Assessment

The Review Board has already completed two environmental assessments on Paramount's activities in the Cameron Hills area. During the first EA, the Review Board correctly decided to exclude 10 future wells from the EA because Paramount did not know where these wells would be located. In its Reasons for Decision for excluding the 10 wells, the Review Board stated:

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"It was the opinion of the Review Board that the inclusion of unknown well locations in an Environmental Assessment would not lead to the full consideration of the environmental effects of this proposed development required by paragraph 114(b) of the MVRMA nor would it prepare the Review Board to make the decisions required by Section 128 of the MVRMA."

The underlying principle in the Reasons for Decision was that it was not possible to make conclusions about a development's impacts without examining the site-specific conditions of the development and the environment.

In the draft ToR, the Review Board is not satisfying this accepted principle. The Review Board states:

"Both environmental assessments concluded that the proposed developments were not likely to cause significant adverse environmental impacts or public concern, provided a number of recommendations issued by the Review Board were followed.

Therefore, the Review Board has already established that the individual components of the development under assessment (i.e. drilling, testing and tie in of oil and gas wells) generally are not likely to have a significant adverse effect, if considered in isolation."

The Review Board is using its earlier EA conclusions to decide that this development on its own will not likely cause significant adverse environmental impacts. This approach does not demonstrate good environmental assessment practice and is flawed for the following reasons.

- 1) The conclusion that this development on its own will not likely cause significant adverse environmental impacts cannot properly be made without an examination of the site-specific conditions of the development and the environment. Although the Review Board's earlier work can be used as useful background information, conclusions in this EA cannot solely be based on conclusions from the earlier EAs. The same development in a different location might have a different impact. The approach taken by the Review Board would not allow it to make the decisions it needs to under Section 128(1) of the MVRMA in a fully informed manner.
- 2) The Review Board's conclusions of not likely to cause significant adverse environmental impacts from the previous EAs were only valid if the Review Board's mitigative measures were applied. In other words, if the Review Board's

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mitigative measures were not applied, then the earlier developments would likely have caused significant adverse environmental impacts.

If the Review Board does not assess the impacts of this development on its own, then the Review Board does not appear to have any authority to impose mitigative measures on the direct impacts of this development as it did on the earlier developments. The regulators (the MVLWB and the National Energy Board) will be under no obligation to apply the Review Board's previous mitigation measures to this development. Without these mitigative measures, the impacts of this development will likely be greater than the impacts of the earlier developments.

For just one example, in the EA on the gathering system and pipeline, to prevent significant adverse impacts on cultural and heritage resources, the Review Board included a measure that required Paramount to hire local environmental monitors to identify potential heritage resource discoveries. The MVLWB included this requirement in its land use permit. However, in the land use permit issued to Paramount for the well drilling and gathering line construction this past winter, the MVLWB chose not to include this requirement.

- 3) The Review Board has assumed that its earlier EA conclusions were correct and that its mitigation measures were effective. With regards to the extent of and potential impacts of erosion, the Review Board's earlier EA conclusions have actually proven to be incorrect. Paramount has encountered significant problems with erosion along the pipeline right-of-ways and at water crossings. Given the potential impacts of this problem on vegetation, soils and terrain, water and water quality, and aquatic resources and habitat, a thorough examination of this issue should be required. This should include a discussion of:

- Paramount's predictions and the Review Board's conclusions in the earlier EAs;
- An analysis of why these predictions and conclusions were incorrect;
- An explanation of what Paramount has done to address the erosion problems;
- Updated impact predictions from Paramount and conclusions from the Review Board; and
- The imposition of new mitigative measures, if required.

Other conclusions reached by the Review Board in the earlier EAs might have also proven to be incorrect. Blindly accepting and applying past EA conclusions without critical analysis does not provide adequate protection for the environment from this latest development.

- 4) Section 117(2) of the *MVRMA* states: "Every (emphasis added) environmental assessment ... of a proposal for a development shall (emphasis added) include a

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consideration of the impact of the development on the environment...". The language in the remainder of the section makes it clear that cumulative impacts is part of, but not all, that is required in assessing the impact of the development on the environment.

This section does not appear to give the Review Board the option of not assessing the direct impacts of the development on the environment. The Review Board needs to explain how Section 117(2) is being satisfied by what it is proposing to do in this EA.

- 5) The Review Board has stated that it has already established that the individual components of this development generally are not likely to have a significant adverse impact. Making this premature conclusion based on very little evidence has potentially biased this EA process towards a finding of not likely to cause significant adverse impacts.

Summary

The Scope of Assessment should be much broader than what the Review Board has presented. To reflect good EA practice and address the public concerns that have been expressed, it should include an assessment of both the direct and cumulative impacts of this development on all of the components of the environment typically examined in an EA such as water quality and quantity, wildlife and wildlife habitat, aquatic resources and habitat, etc. Using the knowledge gained from past EAs and actual field experience, some components of the environment might not require the depth of analysis of other components, but there at least has to be a consideration of the direct impacts on all components.

The Review Board's explanation for not assessing the direct impacts of this development is not adequate. If the Review Board intends to hold to its current position of only assessing cumulative impacts and not addressing the public concern issues, then it needs to provide a much more thorough explanation of its position that addresses the issues that have been identified. The parties to the EA should then be provided the opportunity to review and respond to the Review Board's position before any final decisions are made on the scope of assessment. This would probably require re-issuing a revised draft ToR and allowing another comment period before the ToR is finalized.

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Section 4 – Terms of Reference

The comments on this section reflect a review only of what the Review Board has decided to include in its Terms of Reference. As stated in the comments on Section 3, the Terms of Reference should be much broader than what the Review Board has presented and should include an assessment of both the direct and cumulative impacts of the development on all of the components of the environment typically examined in an EA.

Section 4.1 – General Items

The approach described for establishing the spatial boundaries for the assessment seems acceptable. Spatial boundaries should be based upon natural environmental conditions, not upon artificially established boundaries such as Paramount's Significant Discovery License Area (SDLA).

In the first paragraph of the *Baseline/Temporal Boundaries* section, the phrase "oil and gas" should be deleted from the first sentence. A proper cumulative impact assessment of the Cameron Hills area needs to examine the impacts of all developments and activities, such as hunting, trapping and forestry. Limiting the assessment to just oil and gas development will not present a complete or accurate picture of the situation.

The second last sentence in the first paragraph should be deleted. The word "baseline" should be inserted before "conditions" in the last sentence of the first paragraph. By inserting "baseline" in the last sentence, the second last sentence becomes redundant and confuses the issue. The baseline for the assessment should be the situation that existed prior to all of Paramount's activities in Cameron Hills. The baseline condition should not be considered to be the situation that existed prior to the two completed EAs or prior to the proposed development that is the subject of this EA.

The approach described for establishing the temporal boundaries for the assessment seems acceptable.

The approach described for impact prediction seems acceptable.

Section 4.2 – Specific Items

The following sentences should be added to B-4: "Provide a list of any environmental issues identified by Indian and Northern Affairs Canada (INAC) or National Energy Board (NEB) inspectors with Paramount's Cameron Hills operations. Explain what has been done to address these issues. Identify any outstanding issues and how Paramount intends to resolve these issues."

The phrase "currently held for existing developments or" should be inserted in front of the word "required" in E-1.

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Section 5 – Assessment Process

Section 5.1 – Responsibilities

No comments

Section 5.2 – Milestones

No comments.

Section 5.3 – Deliverables

Information Requests and Responses to Information Requests

The last Paramount EA required multiple rounds of information requests (IRs) to gather the information required for the Review Board and the parties to make informed decisions. However, for this EA the Review Board has scheduled only two rounds of information requests, with the first round for the Review Board only and the second round open to all EA parties.

Given that the EA parties are only being granted one round of IRs, the Review Board needs to allow the process to be flexible enough to accommodate additional rounds of IRs if the parties require them. The IR responses might require clarification questions or lead to additional questions.

Public Hearing

In making the referral to EA, the MVLWB recommended that the Review Board conduct public hearings as part of the EA. As well, the Ka'a'gee Tu First Nation has requested that the Review Board hold a public hearing in Kakisa.

Given the expressed interest in having a public hearing, the Review Board should commit to holding a public hearing during this EA.

Section 5.4 – Schedule

The schedule appears to provide enough time to do the work that needs to be done during each step of the EA.

Some points regarding the schedule are:

- 1) Additional time might be required if additional IR rounds are required by the parties.
- 2) Additional time will be required to fit the public hearing into the schedule.
- 3) Any delays by the Review Board or Paramount in meeting the schedule as presented should result in at least an equivalent amount of time being added to the next target date.

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- 4) Environmental assessment is not an exact science. Unexpected events can and do occur. Parties might require additional information or time. The EA schedule needs to be flexible enough to meet the needs of the parties to the EA. The dates in the schedule need to be viewed as targets based on the information currently available. As the information available changes, the targets might also need to change.

Review of Paramount's July 10, 2003 Letter to the Review Board

On July 10, 2003, Paramount submitted a letter to the Review Board suggesting changes to the draft ToR. Many of these changes are minor and acceptable. Some of the suggested changes are not acceptable. Those suggestions are discussed below.

Section 2 – Scope of Development – First Bullet: Paramount is suggesting changes to the wording so that the baseline condition is considered to include all existing and permitted developments. This is not acceptable. To give a true and accurate picture of the cumulative impacts of Paramount's activities in combination with other activities, the assessment must establish the baseline condition as the situation that existed prior to any of Paramount's activities in the Cameron Hills area. None of Paramount's past, present or reasonably foreseeable future developments should be excluded from the cumulative impacts assessment. These comments can be considered to apply to several other changes suggested by Paramount related to the issue of the baseline condition.

Section 4.2 – Specific Items – B Developer: Paramount recommends that B-2, which addresses development ownership, be deleted. Instead of deleting the question, it should be amended to request ownership information on existing developments and future developments for which the ownership is known.

Section 5.3 – Schedule: Paramount has recommended changes to the schedule due to its concern that the present schedule would eliminate any possibility of work this winter season. Given the slow start to the EA, the length of the Review Board's schedule and the amount of time usually required by the Minister of INAC to consider the Review Board's decision, Paramount's concerns are justified, assuming that the development is approved.

The changes to the schedule suggested by Paramount are acceptable with two exceptions.

- 1) Paramount has essentially combined the two IR rounds into one round by making the Review Board's IRs and the open IRs both due on the same day. A primary reason for restricting the first round of IRs to the Review Board only is to allow the Review Board to ask the more obvious questions and avoid having the various parties all submitting the same questions. This separation of the Review Board's IRs and the open IRs should continue with at least one week between the two rounds.

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- 2) At least two or three weeks must be maintained between the submission of the last IR response and the due date for the technical reports, with the volume of information generated during the EA determining how much time is required. A lot of information will require more time to consider and prepare a technical report.

This two to three week gap assumes that there is no public hearing. A public hearing between the last IR response and the submission of the technical reports would require additional time to be added to the schedule.

If you have any questions concerning these comments, please contact me and I will be pleased to discuss them.

Sincerely,



Joe Acorn