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Indian and Northern Affaires indiennes Affairs Canada

et du Nord Canada

Box 1500 Yellowknife NT X1A 2R3 File Number: 7392-7-J1

January 16, 2006

Mr. Vern Christensen **Executive Director** Mackenzie Valley Environmental Impact Review Board File Number: EA 03-009 via fax: 766-7074

Additional information concerning Responsible Ministers' proposed RE: modifications to Report of Environmental Assessment on Imperial Oil Resource Ventures Deh Cho Geotechnical Program

Dear Mr. Christensen.

As requested during our meeting on January 10, I am forwarding new information considered by the Responsible Ministers with respect to recommended measure 10 in the Review Board's Report of Environmental Assessment and Reasons for Decision on the Imperial Oil Resource Ventures Deh Cho Geotechnical Program.

A discussion of this information was also provided in my letter of December 23, 2005, providing the Responsible Ministers' proposed modifications to several of the recommended measures. Please note that this information is provided with the understanding that the geotechnical program is not part of the Mackenzie Gas Project currently in front of the Joint Review Panel.

Please find attached the following:

- News release and backgrounder dated January 14, 2005, entitled "Public private relationship creates \$4 million in funding to support preliminary Mackenzie Gas Project planning"
- News release and backgrounder dated July 11, 2005, entitled "Government of Canada and Dehcho First Nations reach agreement"
- News release dated July 14, 2005, entitled "\$500 Million Mackenzie Gas Project socio-economic impact fund"

These documents describe efforts undertaken by the Government of Canada and the Government of the Northwest Territories to support Aboriginal peoples and communities in addressing socio-economic concerns associated with the Mackenzie Gas Project. To date over 1.4 million dollars have been distributed to Aboriginal organizations under the Resource Pre-Development Program.

Please do not hesitate to contact me at 669-2647 if you require further information or wish to discuss any of these matters.

Yours sincerely,

David Livingstone

Director, Renewable Resources and Environment

cc. Ricki Hurst, Director, Pipeline Readiness Office



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2-02505

PUBLIC PRIVATE RELATIONSHIP CREATES \$4 MILLION IN FUNDING TO SUPPORT PRELIMINARY MACKENZIE GAS PROJECT PLANNING

YELLOWKNIFE, NORTHWEST TERRITORIES (January 14, 2005) -- The Honourable Ethel Blondin-Andrew, Minister of State for Northern Development; the Honourable Brendan Bell, Minister of Resources, Wildlife and Economic Development, Government of the Northwest Territories; and J. Michael Yeager, President and Chief Executive Officer, Imperial Oil Resources, on behalf of the Mackenzie Gas Project proponents, are pleased to announce \$4 million in funding for the Resource Pre-Development Program (RPDP).

RPDP is a program established to support Aboriginal groups and communities impacted by the Mackenzie Gas Project to prepare for and negotiate benefits and land access agreements with the Mackenzie Gas Project proponents. A portion of the territorial government's contribution to the program will provide some resources to assist tax-based communities in negotiating fee-for-service arrangements with the Mackenzie Gas Project proponents if there is an opportunity for both parties to benefit.

The commitment in the Speech from the Throne to develop Canada's first ever comprehensive, multi-dimensional northern strategy confirms that the Government of Canada takes its mandate to support Northerners' political, social and sustainable development goals very seriously. The Government of Canada is committed to working with Northerners to ensure they can capitalize on the exciting opportunities that have been opening in Canada, North of 60.

"Our government recognizes the need for capacity development and consensus building for Aboriginal groups involved in the proposed natural gas development project in the Northwest Territories," said Minister Blondin-Andrew. "This funding will ensure that important groundwork is laid for future development."

"We are pleased to contribute to the capacity needed to negotiate benefits and access agreements for the proposed Mackenzie Gas Project," said Imperial's Yeager. "Concluding these agreements in a timely manner is essential to advancing this opportunity."

"I am pleased to see that the partners in this program have recognized that there may be opportunities for fee-for-service agreements with some of our tax-based municipalities," said Minister Bell. "This is an example of some of Public Private Relationship Creates \$4 Million in Funding to Support Preliminary Macke... Page 2 of 2

the creative solutions that will be required as the Mackenzie Gas Project moves forward."

"This project will help build the knowledge and expertise necessary for the proposed development to move forward," said the Honourable Minister Andy Scott, Minister of Indian Affairs and Northern Development. "It will help communities prepare for the important opportunities that will be presented to them."

DIAND and the Mackenzie Gas Project proponents contributed \$1.8 million each In funding to the RPDP program while the GNWT contributed \$400,000. DIAND has agreed to coordinate this program, based on criteria developed through consultation with all of the contributors.

The establishment of this program by the federal and territorial governments and the proponents is in response to the need for funding support at the community and regional level to help with the timely completion of benefits and access agreements.

This is just one of the many initiatives the federal and territorial governments have been working on to ensure that communities impacted by the Mackenzie Gas Project have an opportunity to meaningfully participate and benefit from this project.

For more information, please contact:

Lorne Tricoteux Associate Regional Director General Indian and Northern Affairs Canada (867) 669-2501

Hart Searle Public Affairs Imperial Oil Limited (403) 237-2710

Peter Vician Deputy Minister Resources, Wildlife and Economic Development Government of the Northwest Territories (867) 920-8048

Backgrounder - Resource Pre-Development Program (RPDP)

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Backgrounder Resource Pre-Development Program (RPDP)

The Program:

The Resource Pre-Development Program (RPDP) is program intended to help strengthen the ability of directly affected Aboriginal organizations and impacted tax-based communities in the Northwest Territories to participate more effectively in negotiations with the Mackenzie Gas Project (MGP) proponents. The program is designed to assist eligible Aboriginal organizations in negotiating benefits and access agreements and impacted tax-based communities in negotiating fee-for-service arrangements with the MGP if there is an opportunity for both parties to benefit.

Eligibility:

Eligible recipients include communities or organizations that are directly impacted by the MGP and that meet the following criteria:

- 1. are members of one of the following regional Aboriginal organizations:
 - Deh Cho First Nation(s)
 - Sahtu District Land Corporations
 - Gwich'in Tribal Council
 - Inuvialuit Regional Corporation
- 2. or are directly affected tax-based local public governments:
 - Town of Hay River,
 - Village of Fort Simpson,
 - Town of Norman Wells, and
 - Town of Inuvik.

Benefits and Access:

A benefits agreement outlines how a proponent will address education, training, employment and business opportunities resulting from the proposed activity. It is a private agreement between the proponent and the affected party.

An access agreement is a contractual agreement that outlines terms and conditions, including financial arrangements, for access on or through land required for purposes such as a pipeline right of way.

The Funding:

The majority of the funding under RPDP is directed towards building capacity at the community and regional level related to preparation for and negotiation of benefits and access agreements by those groups directly affected by the MGP.

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There is up to a total of four million dollars in funding available which will be distributed on a regional basis. This approach is being used to promote regional efficiencies and to avoid duplication of work by communities.

Contacts:

DIAND has agreed to coordinate the program. For further information on the RPDP, please contact:

Matthew Spence Pipeline Readiness Office DIAND (867) 669-2853

Murray Cutten Mackenzie Valley Pipeline Office, RWED GNWT (867) 920-8954

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2-02689

GOVERNMENT OF CANADA AND DEHCHO FIRST NATIONS REACH AGREEMENT

Yellowknife, NWT (July 11, 2005) - The Honourable Andy Scott, Minister of Indian and Northern Affairs, and Herb Norweglan, Grand Chief of Dehcho First Nations, today announced an agreement that provides direction for land, resource and governance negotiations under the Dehcho Process and which cooperatively resolves Issues related to the review of the Mackenzle Gas Project (MGP).

"With this agreement, Canada's discussions with the Dehcho First Nations on land, resources, and governance are back on track and will proceed with renewed vigour - and in turn generate greater certainty in the Mackenzie Valley." said Minister Scott. "We are committed to ensuring effective and meaningful participation of the Dehcho in both the environmental assessment and regulatory review of the Mackenzie Gas Project."

"This is a fair agreement which addresses some of our most urgent concerns about the pipeline project. The agreement will end the litigation begun by the Dehcho last year against Canada, but it does not mean that the DFN support the pipeline." said Grand Chief Norwegian. "We still have some very difficult negotiations ahead with the oil companies that want access to our lands."

The agreement to end the litigation includes the following specific features:

- Agreement to establish a Dehcho Resource Management Authority (DCRMA), as a body of public government, in a Final Agreement;
- Canada will consult with the DFN before issuing any authorizations or making any decisions relating to the MGP that might adversely affect their section 35 rights, and, if appropriate, will accommodate DFN concerns:
- Canada will consult with the DFN on terms and conditions for new oil and gas exploration in the Dehcho territory;
- Canada and the DFN will complete interim land withdrawal negotiations in the Wrigley area to protect environmentally sensitive areas and identify a pipeline study corridor;
- Canada and the DFN agree to implement an approved and favourably considered land use plan as soon as possible after the Plan's completion;
- Canada will provide \$15 million in economic development funding to assist the DFN in exploring and developing business opportunities. This funding will be taken into consideration in the Dehcho Process

Government of Canada and Dehcho First Nations Reach Agreement - Indian and Norther... Page 2 of 2

- Final Agreement. Canada will also provide \$6 million for participation in the environmental and regulatory review process;
- Canada and the DFN agree in principle, that a process should be established to monitor and recommend mitigation measures regarding environmental assessment and socio-economic impacts of an approved MGP:
- Agreement that the DFN discontinue existing legal actions related to the MGP; and
- Agreement on releases from the issues raised in litigation which are directly related to the Mackenzie Gas Project.

"I am confident that with the signing of this agreement, the Dehcho First Nations now have the capacity and resources they require to fully engage in the Dehcho Process," said the Honourable Ethel Blondin-Andrew, Minister of State for Northern Development and Member of Parliament for Western Arctic. "This means that the Dehcho will participate in the review processes with respect to the Mackenzie Gas Project. They will also have additional resources to develop economic opportunities in their communities such as those that may arise from the pipeline."

Discussions are currently underway to finalize a workplan to resume Dehcho Process negotiations. In the meantime, this Settlement Agreement provides the Dehcho First Nations the tools they need to participate in the environmental assessment and regulatory review processes of the Mackenzle Gas Project.

For further Information contact:

Toni Riley Communications DIAND, NWT Region (867) 669-2451

Grand Chief Herb Norwegian Dehcho First Nations (867) 695-2355

Campbell Morrison Press Secretary Minister Andy Scott's Office (819) 997-0002

Chris Reid Dehcho Process Dehcho First Nations (867) 695-2355

For a copy of the legal text of the Settlement Agreement, please contact Jeff Campbell at INAC Media Relations at (819) 994-3932 or campbelli@inac.gc.ca

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In September 2004, the Dehcho First Nations (DFN) launched litigation challenging the federal environmental assessment and regulatory review processes for the Mackenzle Gas Project (MGP). Dehcho Process negotiations on land, resources and governance were placed in adjournment at this time. Shortly after the litigation was launched, Minister of Indian Affairs and Northern Development, Andy Scott approved out of court discussions with the Dehcho First Nations on behalf of the federal government.

Terms in the agreement include: a financial component, the process for consultation, interim land withdrawals, the discontinuance of existing litigation and releases from the issues raised in the litigation which are directly related to the Mackenzie Gas Project and commitment to facilitate more constructive dialogue between the Dehcho First Nations and industry.

Dehcho Process negotiations are expected to resume shortly once a jointly agreed upon workplan has been finalized between the parties.

What's in the Settlement Agreement:

- As part of this agreement, the Dehcho First Nations have agreed to discontinue Federal Court Application T-1686-04 and NWT Supreme Court action No. S-0001-CV-2004000291 filed against the Government of Canada in the fall of 2004.
- The agreement provides a total of \$31.5 million, consisting of \$15 million for an economic capital fund, \$10.5 million for funding Dehcho participation in the Dehcho Process and \$6 million for participation in the environmental and regulatory review process for the Mackenzie Gas Project,

The distribution of those resources are broken down as follows:

- Increased Capacity for Dehcho Process Negotiations: \$10.5M guaranteed funding over three years. This will provide the Dehcho with the necessary capacity to complete Dehcho Process negotiations in a expedited manner.
- Dehcho Land Use Plan: \$817, 352 guaranteed funding for 2005-06 fiscal year to complete the Deh Cho Land Use Plan.
- Economic Opportunities: \$15M guaranteed funding over three years. The Dehcho will receive an economic capital fund, which other groups have received through settled land claims. This funding will be taken into consideration in Dehcho Process Final Agreement.
- Participation In the Review Processes for the Mackenzie Gas Project: \$2M a year for up to three years to participate in the environmental assessment and regulatory review of the Mackenzie Gas Project,

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Other elements of the Settlement Agreement address:

- land withdrawals in the Wrigley area (pipeline study corridor) under the Interim Measures Agreement. See http://www.ainc-inac.gc.ca/pr/agr/dci_e.html
- the establishment of a Dehcho Resource Management Authority in a Final Agreement and its relationship to the Mackenzie Valley Resource Management Act.
- affirmation of the Interim Resource Development Agreement (April 17, 2003) See
- http://www.ainc-inac.gc.ca/nr/prs/j-a2003/02287abk e.html
 Dehcho First Nations or any Dehcho First Nation cannot take legal action that will unreasonably delay or stop the Mackenzie Gas Project (MGP) from being established
- Canada's consultation with the DFN with respect to the MGP
- Canada's assistance in supporting a positive relationship between the DFN and industry

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News Release Communiqué

2-02692

\$500 MILLION MACKENZIE GAS PROJECT SOCIO-ECONOMIC FUND

EDMONTON, July 18, 2005 - The Government of Canada, the Government of the Northwest Territories and representatives of the Gwlch'in, Kahsho Got'ine, Inuvialuit, Tulita/Deline and Deh Cho, announced today that they have reached an agreement on a framework that will address many of the socio-economic concerns associated with the Mackenzie Gas Project.

The Government of Canada is prepared to provide \$500 million over the next ten years to create a fund to address socio-economic impacts on communities related to the planning and construction of the Mackenzie Gas Project. Contributions to the fund will depend on project milestones being met. Parties have agreed to work together to resolve outstanding technical issues related to the fund.

All participants at the meeting agreed that this announcement represents an important step in the collective effort to move the Mackenzie Gas Project forward, and acknowledged that all parties involved in the project must continue to work in good faith in order to resolve outstanding issues, including completion of access and benefits agreements.

For further information:

Ken Moreau
Office of the Deputy Prime Minister,
Minister of Public Safety and Emergency Preparedness
Tel.: (613) 991-2863

Media Relations Indian and Northern Affairs Canada (819) 953 1160

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Last Updated: 2005-08-12



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To:

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766-7074

Date:

January 16, 2006

Pages:

12, including this one

From:

Lorraine Seale, DIAND



Cheers, Lorraine

FROM THE DESK OF:

Lorraine Sealo Environmental Scientist Environmental Assessment and Agreements Section

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