



CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS

EA03-005
CAPP to Minister INAC
Fax Transmission

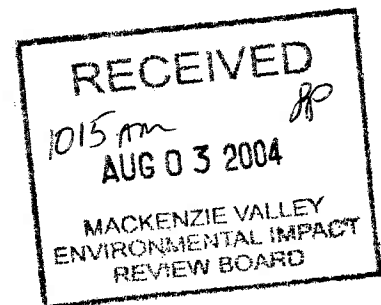
DATE August 3, 2004

TO Mr. Todd Burlingame, Chair, Mackenzie Valley Environmental
Impact Review Board

(867) 766-7074

FROM Carol Barsky, Environment and Operations Advisor, Western Canada Operations
direct tel: (403) 267-1148 fax: (403) 266-3214 email: barsky@capp.ca

Please see attached, copy of correspondence forwarded to the Honourable Andy Scott.



No. of Pages: 3 (including cover sheet)

Confidential: «YES/NO»

Urgent: YES

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July 30, 2004

The Honourable Andy Scott
Minister of Indian Affairs and Northern Development
10 Wellington Street
Hull, Quebec K1A 0H4

Transmission By Fax:
(819) 953-4941

Dear Minister:

On behalf of the Canadian Association of Petroleum Producers (CAPP) and specifically our northern operators, we wish to congratulate you on your recent appointment as Minister of Indian Affairs and Northern Development. We are very interested in developing a positive and productive working relationship with you and your staff.

CAPP represents 150 companies that explore for, develop, and produce more than 98 per cent of Canada's natural gas and crude oil. CAPP also has 125 associate member companies that provide a wide range of services that support the upstream oil and natural gas industry. Together, these members and associate members are an important part of a \$75-billion-a-year national industry that affects the livelihoods of more than half a million Canadians.

Canada's North is increasingly becoming an important area of focus and investment for our oil and gas industry. In the last few years, industry has annually spent on average half a billion dollars in the North. With the anticipated construction of the Mackenzie Valley pipeline, industry investment and spending is expected to increase substantially.

With high commodity prices and a growing demand for natural gas, our industry is focusing more and more on Canada's North. A recent estimate suggests that the natural gas potential of Northern Canada is around 116 trillion cubic feet, so northern oil and gas production is expected to play an important role in meeting the rising North American demand for natural gas.

There are however, several key factors that are influencing the future of the oil and gas industry in Canada's North. Issues such as the requirement for high capital investment, unsettled land claims and devolution increase the level of uncertainty for operators in the North. Also of concern to industry is the lack of consistency and clarity in the current NWT regulatory system. Multiple regulators and review boards create a regulatory regime that is not transparent, nor is it consistently applied to all operators.

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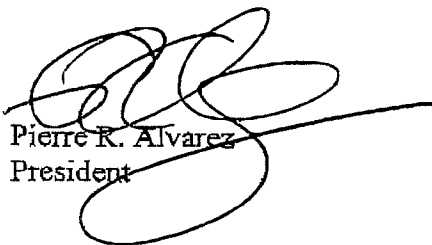
As an example, CAPP has become aware of the release of the *Report of Environmental Assessment and Reasons for Decision on the Paramount Resources Limited Cameron Hills Extension Project* issued by the Mackenzie Valley Environmental Impact Review Board (MVEIRB) on June 1, 2004. Upon reviewing this report, CAPP is concerned that a number of the recommendations made by the MVEIRB go beyond their mandate and what currently exists within federal legislation, regulations, and guidelines. This report has far reaching implications for other operators as increased expectations by the Board may become precedent setting.

CAPP members recognize the importance of protecting the environment and continuously work to minimize their industrial footprint on the landscape. Operators however, still require the certainty of an effective and efficient regulatory framework in the North.

Over the next few weeks we will contact your office to arrange a meeting with you and some of our northern operators to discuss northern issues and, more specifically, our recent concerns with the MVEIRB's report.

Once again, congratulations on your recent appointment. I look forward to meeting with you in the near future.

Sincerely,



Pierre R. Alvarez
President

cc: Todd Burlingame, Chair, Mackenzie Valley Environmental Impact Review Board
CAPP Northern Canada Executive Policy Group

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