

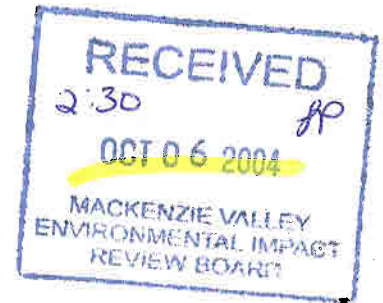


Northwest Territories Resources, Wildlife and Economic Development

SEP 30 2004

hand-delivered

Mr. T.M. Baker  
Chief Conservation Officer  
National Energy Board  
444 - 7th Avenue SW  
Calgary, AB  
T2P 0X8



Dear Mr. Baker:

**Paramount Resources Ltd Cameron Hills Extension Project  
Request for Comment on the National Energy Board Draft Proposed  
Conditions and Proposed Modifications to the Recommendation**

The Department of Resources, Wildlife and Economic Development (RWED) has reviewed the National Energy Board's (NEB) "Draft Proposed Conditions and Proposed Modifications to the Recommendation to the Mackenzie Valley Environmental Impact Review Board Report of Environmental Assessment and Reasons for Decision for the Paramount Resources Ltd. Cameron Hills Extension Project - EA03-005" issued September 13, 2004. RWED believes the NEB's suggested modifications and proposed conditions represent the most appropriate approach to addressing concerns regarding Paramount's future development proposals, while still maintaining the intent of the Mackenzie Valley Environmental Impact Review Board (MVEIRB) recommended measures.

RWED has also reviewed Paramount's response to the above NEB documents dated September 21, 2004. RWED disagrees with Paramount's suggested changes, with specific details as follows:

**Recommended Measure 3**

- Paramount's suggestion to limit the operation of the meteorological station to a period of 12 months.

In their rationale section, Paramount references the draft modelling guidelines for the Northwest Territories.

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It is premature to reference guidelines which have not yet undergone final changes prior to adoption by the Government of the Northwest Territories. Regardless, the guidelines actually state that one year worth of on-site meteorological data is the **minimum** requirement but that five years is preferred. Decommissioning the station after only one year would deprive Paramount of the collection of a more statistically meaningful and representative data record to use in the future modelling assessments to which they have committed. In addition, modelling is not the only use for the meteorological data. As stated in the NEB modification, the meteorological data is also to be used for "on-going tracking and assessment of air pollution episodes should they occur".

- Paramount's suggestion to replace the words "instantaneous, continuous" with "regular".

Electronic monitoring equipment produces readings every few seconds (i.e. instantaneous and continuous) and this is the type of equipment that should be installed. The term "*regular*" is vague and could simply mean a site employee noting the meteorological conditions for a few moments at the top of each hour. This would not provide the detailed information required for dispersion modelling.

- Paramount's suggestion that "*government agencies*" be responsible for distribution of data and reports.

While RWED cannot speak for the NEB or other agencies that may undertake this task, RWED does not wish to become a clearinghouse for industry-generated material. Also, RWED is unsure why Paramount would seek to restrict distribution of reports and data pertaining to the ambient environment on the basis of "confidentiality" as stated in their rationale. The ambient environment is of use to everyone and information on possible impacts should be readily available. In other jurisdictions (e.g. Alberta, BC), industry is required to conduct ambient monitoring and this data is freely available to the public.

- Paramount's suggestion to delete the final sentence which states "The requirement to maintain and report on-site meteorological monitoring will be reviewed on a regular basis by the appropriate government agencies."

Given RWED's opposition to the fixed time limit for operation of the meteorological station, some form of regular review of the requirement will be necessary.

RWED would also like to correct some of the misleading statements expressed in Paramount's rationale for their suggested changes.

Paramount persists in emphasizing that the modelling results presented in their Developers Assessment Report (DAR) showed that all air quality standards would be met although they are well aware that the issue of concern to the agencies was not with the predicted results *per se* but with the modelling inputs used to derive those results. The MVEIRB agreed with the concerns in making its recommended measures.

To our knowledge, Environment Canada did not confirm that Paramount's current and planned developments would meet all relevant guidelines. Environment Canada simply confirmed that using the same questionable modelling inputs and the same model resulted in the same predicted concentrations detailed in the DAR. They also confirmed that use of more appropriate modelling inputs resulted in predicted concentrations that exceeded air quality guidelines.

#### Recommended Measure 4

- Paramount's suggestion to delay the installation of ambient gas monitoring equipment.

Paramount's DAR modelling - despite use of questionable inputs - indicated ambient concentrations within 98% of the SO<sub>2</sub> air quality standard which RWED feels is sufficient justification to require ambient gas monitoring. There is also considerable uncertainty surrounding the quality and quantity of emission sources and a high level of public concern regarding air impacts from this facility. Timely implementation of ambient monitoring as detailed in the NEB suggested modifications will address some of the uncertainty and concern regarding facility emissions while Paramount gathers sufficient meteorological data to conduct revised modelling.

Paramount's concern regarding the location of the monitoring equipment is recognized but should not be used as an excuse to delay installation. The modelling predictions in the DAR, while questionable, still provide an indication of the likely location of greatest impact (i.e. the area surrounding the central battery facility H-03). Use of qualified air quality representatives and professional judgment should allow installation in a representative location. Should subsequent remodelling indicate other areas of potential impact, the equipment can be relocated or additional equipment installed at that time.

- Paramount's suggestion to delete the word "instantaneous".

Removal of "instantaneous" could result in installation of equipment that would not provide the hourly averages required for comparison to 1-hour air quality standards - e.g. monthly sulphation plate sampling could be construed as "continuous".

- Paramount's suggestion that "government agencies" be responsible for distribution of data and reports.

See RWED comments for Recommended Measure 3.

- Paramount's suggestion to delete the final sentence which states "The requirement to maintain ambient air quality monitoring will be reviewed on a regular basis by the appropriate government agencies."

Given RWED's opposition to delaying installation of the ambient gas monitoring equipment, some form of regular review of the requirement will be necessary.

#### Recommended Measures 5 and 6

- Paramount's suggestion to amend the second bullet of the emission mitigation plan to reflect a commitment to "*adhere to emissions guidelines*" rather than minimizing emissions.

RWED is uncertain to which "emission guidelines" Paramount is referring but would argue that any company should adhere to the accepted limits. Paramount's suggested change indicates that they are willing to do the minimum rather than committing to ongoing review of operational practices and use of new technology to ensure emissions are minimized where possible.

- Paramount's suggested changes to the contingency plan referred to in the third bullet of the emission mitigation plan.

The regulatory authority and other interested parties will require a "comprehensive listing" of "all possible" options in order to determine whether the "*appropriate*" mitigation option has been selected.

- Paramount's suggested change to the first bullet of the contingency plan.

RWED recognizes that not all technology will be appropriate for a variety of reasons, including economics, but as stated previously, all options need to be reviewed to determine if those chosen are appropriate. Paramount can detail those considered inappropriate (see second bullet of contingency plan).

- Paramount's suggestion that the emission mitigation plan need only be reviewed and updated "*if a significant change or modification occurs during the life of the project.*"

A regular review of the plan will encourage and allow the company to incorporate and adopt new operational practices and technology throughout the life of the project, rather than only when a "significant change or modification" occurs.

A handwritten signature in black ink, appearing to read 'Peter Vician', followed by a horizontal line.

Peter Vician  
Deputy Minister

c. See Distribution List

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