

Dec. 5, 2003

To: Martin Haefele, Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
Fax: (867) 766-7074

Re: *Paramount Cameron Hills Extension EA – Information Requests*

The following are the Information Requests of the Ka'a'Gee Tu First Nation (KTFN) for the Paramount Cameron Hills Extension environmental assessment. An electronic copy of these IRs will be e-mailed to you as well.

Sincerely,

Allan Landry
KTFN Band Councilor and Oil and Gas Advisor

1)	To: Paramount Resources Ltd.
	Reference: ToR Section A-1 and Section E-1 DAR Section 1.1.1 DAR Section 5.1 Table 5.1-1
	Preamble: In Section 1.1.1 Paramount describes the baseline case for the DAR. It includes 39 well sites and associated facilities. The application case consists of 5 wells and the associated facilities. So, the baseline and application case combined have 44 well sites. Table 5.1-1 only lists 41 well sites.
	Request: Please explain the discrepancy between the 44 wells in Section 1.1.1 and the 41 wells in Table 5.1-1.

2)	To: Paramount Resources Ltd.
	Reference: ToR Section A-1 DAR Section 1.1.7
	Preamble: Paramount says that its aerial pipeline water crossings “guarantee” leak detection without release to the environment.
	Request: Please explain how leak detection is “guaranteed”.

- 3) **To:** Paramount Resources Ltd.
- Reference:** ToR Section A-1
DAR Section 1.1.14
- Preamble:** Paramount describes the Ka'a'Gee Tu First Nation (KTFN) as their "neighbours".
- The Ka'a'Gee Tu have been using the Cameron Hills for thousands of years. Paramount is operating on KTFN's traditional lands. They have an aboriginal and treaty right to this land, to be compensated for any negative impacts to it and to be rewarded for any economic benefits that come out of it.
- Request:** Please explain why Paramount considers the KTFN to merely be its "neighbours".
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- 4) **To:** Mackenzie Valley Land and Water Board
National Energy Board
- Reference:** Review Board EA01-005 Recommended Measures
- Preamble:** In its Report of Environmental Assessment on EA01-005, the Review Board applied 21 measures. Of those 21, 17 were directed to the NEB and/or the MVLWB.
- Request:** Please describe in full the outcomes of these 17 measures that were directed to the MVLWB and/or the NEB in EA01-005.
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- 5) **To:** Indian and Northern Affairs Canada
- Reference:** Review Board EA01-005 Recommended Measures
- Preamble:** In its Report of Environmental Assessment on EA01-005, the Review Board applied 21 measures. Of those 21, 1 (#16) was directed solely at INAC.
- The Review Board also made 7 suggestions with 5 of them directed at INAC.
- Request:** Please describe in full what INAC has done to fulfill Measure #16 and to address Suggestions #3 to #7.

6) To: Government of the Northwest Territories

Reference: Review Board EA01-005 Recommended Measures

Preamble: In its Report of Environmental Assessment on EA01-005, the Review Board made 7 suggestions. Of those 7, 1 (#2) was directed solely at the GNWT concerning compensation for impacts to traditional harvesting.

Request: Please describe in full what the GNWT has done in response to Suggestion #2. Please provide any reports that were generated as a result.

7) To: Paramount Resources Ltd.

Reference: ToR Section C-2
DAR 3.2.1

Preamble: Paramount says that “Generally, known heritage resources are not utilized as a criteria for access or pipeline routing...”.

Request: Please explain the criteria, and criteria weighting, that Paramount used for selecting among alternatives for access and pipeline routing.

8) To: National Energy Board
Mackenzie Valley Land and Water Board
Mackenzie Valley Environmental Impact Review Board
Indian and Northern Affairs Canada
Government of the Northwest Territories

Reference: ToR Section C-2
DAR 3.2.1

Preamble: As the regulators and reviewers of this project, the above organizations have a responsibility to approve Paramount’s selected access and pipeline routes.

Request: Please explain the criteria, and criteria weighting, that your organization considers acceptable for use by Paramount in selecting access and pipeline routes.

9)	To:	Paramount Resources Ltd.
	Reference:	ToR Section C-2 DAR Section 3.2.1
	Preamble:	Paramount says that if heritage resources are discovered, work will continue in other unaffected areas.
	Request:	Please provide, and explain the basis for, the minimum radius around the heritage discovery within which work will not proceed until further study has been completed.

10)	To:	Government of the Northwest Territories
	Reference:	ToR Section C-2 DAR Section 3.2.1
	Preamble:	Paramount says that the size and volume of the trees that will be cut down, in conjunction with the travel distance may reduce the economic viability of salvaging timber. Paramount also says that excess timber not rolled-back or used for corduroy will be decked, and the appropriate companies notified of the volume and location.
	Request:	Please provide the following information. <ul style="list-style-type: none"> a) Identify what, if any, authorizations Paramount will require from the GNWT to allow it to cut down trees. b) Provide the GNWT's analysis on the economic viability of salvaging trees cut down in the Cameron Hills by Paramount. c) Identify under what authority Paramount is permitted to use the trees that it cuts down for its own purposes, such as the construction of corduroy roads. d) What are the GNWT's requirements for Paramount paying for the right to cut down trees, to salvage merchantable timber, to pay to use trees for its own purposes and to replant the areas that have been cleared?

11) To: Paramount Resources Ltd.

Reference: ToR Section C-2
DAR Section 3.2.1

Preamble: Paramount says that rutting to a depth of 30 cm will be permitted.

Request: Please explain Paramount's rationale for a 30 cm rutting depth being the maximum for what is acceptable.

12) To: Mackenzie Valley Land and Water Board
Government of the Northwest Territories
National Energy Board
Indian and Northern Affairs Canada
Environment Canada

Reference: ToR Section C-2
DAR Section 3.2.1

Preamble: Paramount provides a break-down of the species content of Certified Canada Seed #1.

Paramount says that rutting to a depth of 30 cm will be permitted.

Request: Please provide the following information.

- a) Are the species identified indigenous to the project area?
- b) What is your organization's policy on the use of non-indigenous plant species? Are there any concerns with the species that have been identified?
- c) What is your organization's policy on acceptable rutting depth?

13) To: Paramount Resources Ltd.

Reference: ToR Section C-2
DAR Section 3.2.2.2

Preamble: Paramount says that existing linear disturbances will be used whenever practical.

Request: For the 2001, 2002 and 2003 field seasons and for the proposed application case, please identify the percentage of existing disturbance that was or will be utilized by Paramount when constructing new access and pipeline routes.

14) To: Paramount Resources Ltd.

Reference: ToR Section C-2
DAR Section 3.2.4.1

Preamble: Paramount refers to a November 2002 Golder report titled “Erosion Survey and Mitigation Plan for the Cameron Hills Gathering System and Pipeline”.

Request: Please provide a copy of this report.

15) To: Paramount Resources Ltd.

Reference: ToR Section C-2
DAR Section 3.2.4.2

Preamble: Paramount refers to an “Environmental Protection Plan Manual”.

Request: Please provide a copy of this manual.

16)	To:	Paramount Resources Ltd.
	Reference:	ToR Section C-2 DAR Section 3.2.11
	Preamble:	<p>Paramount proposes windrow breaks every 400 m of at least 10 m in length to minimize the potential wicking effect during forest fires and to promote wildlife movement.</p> <p>Paramount says that it will notify the NEB, MVLWB and/or INAC when an archaeological site is found. Paramount does not mention contacting the Ka'a'Gee Tu First Nation.</p> <p>Paramount says it will not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging. This seems to contradict Paramount's previous statement that 30 cm was the maximum acceptable for rutting.</p>
	Request:	<p>Please provide the following information.</p> <ol style="list-style-type: none">a) What is the basis for Paramount concluding that the proposed windrow spacing is sufficient to achieve the dual purposes cited by Paramount?b) Please clarify whether or not Paramount will notify the KTFN when an archaeological site is found. If not, please explain why.c) Please clarify Paramount's contradictory statements regarding acceptable rutting depth.

17) To: Government of the Northwest Territories
Environment Canada

Reference: ToR Section C-2
DAR Section 3.2.11

Preamble: Paramount proposes windrow breaks every 400 m of at least 10 m in length to minimize the potential wicking effect during forest fires and to promote wildlife movement.

Request: Please explain whether or not your organization agrees that the proposed windrow break spacing is sufficient to achieve the dual purposes stated by Paramount. If no, then what does your organization believe is the minimum acceptable spacing for windrow breaks. Please provide the rationale for your proposed spacing.

18) To: Environment Canada

Reference: ToR Section C-2
DAR Section 3
Review Board IR 1.1.17
Review Board IR 1.1.35

Preamble: Paramount is proposing to dispose of drill cuttings in remote pits.

Request: Please summarize any information or research that Environment Canada has as to the effectiveness of remote pits to contain contaminants in drill cuttings. Also, please describe any concerns that Environment Canada has with regards to Paramount's proposed method of disposing of drill cuttings as described in the DAR and in Paramount's responses to IR 1.1.17 and IR 1.1.35.

19) To: Paramount Resources Ltd.

Reference: ToR Section D
DAR Section 4.1.1

Preamble: With regards to the disposal of drilling fluids, Paramount states that: "These types of practices have their own set of risks, benefits, and the costs are prohibitive that Paramount feels are not warranted for application in the Cameron Hills."

Request: Please provide all of the analysis that supports the above statement.

20) To: National Energy Board

Reference: ToR Section D
DAR Section 4.1.2

Preamble: Paramount states that the target zones have been too shallow and spaced too far apart to allow the use of directional drilling in the Cameron Hills.

Request: Please explain what are the acceptable target depths and distances to permit directional drilling. Does the NEB agree with Paramount that directional drilling is not feasible in the Cameron Hills?

21) To: Paramount Resources Ltd.

Reference: ToR Section D
DAR Section 4.1.4

Preamble: Developing a sustainable KTFN economy through non-renewable resource development requires the extraction of the natural resources to occur over a sufficiently long period of time to allow the KTFN economy time to diversify into other areas besides non-renewable resource development.

In listing the factors that Paramount used in scheduling project activities, the development of sustainable local economies is not mentioned.

Request: Please confirm that the development of a sustainable KTFN economy is not a factor that Paramount considers when scheduling project activities.

22) To: Mackenzie Valley Land and Water Board
Mackenzie Valley Environmental Impact Review Board

Reference: ToR Section E-1
DAR Section 5.1 Table 5.1-1

Preamble: All of Paramount’s past, present and future activities are the subject of this environmental assessment.

In October, Paramount applied for amendments to have 5 wells deleted from existing authorizations and to have these 5 wells replaced with 5 new wells.

In November, Paramount applied for amendments to move the approved gathering pipelines to connect with the 5 new wells.

Proceeding with approving these amendment applications before this EA has been completed seems to violate Section 118(1) of the *Mackenzie Valley Resource Management Act (MVRMA)*. Section 118(1) states:

“No license, permit or other authorization required for the carrying out of a development may be issued under any federal or territorial law unless the requirements of this Part have been complied with in relation to the development.”

Request: Please provide your organization’s views on the applicability of Section 118(1) to the above-noted amendment applications.

23) To: Paramount Resources Ltd.

Reference: ToR Section E-1
DAR – All Sections

Preamble: Paramount has applied for land use permit and water license amendments from the Mackenzie Valley Land and Water Board. These amendments are for 5 new wells locations that replace five locations that were approved but will not be used. The amendments are also to re-locate the approved gathering system facilities, including pipelines, to connect with these five new wells. Those amendments are not included in the DAR.

Request: Please update the DAR to reflect these amendments.

24) To: Paramount Resources Ltd.

Reference: ToR Section F-2
DAR Section 6.2

Preamble: Although Paramount does prominently not mention it, concern has been raised by the Ka'a'Gee Tu First Nation with the lack of consultation by Paramount with regards to environmental problems encountered by the project. For example, Paramount encountered significant problems with erosion and pipeline breaks but failed to inform the KTFN of these events or to involve us in discussions as to how these problems can be repaired and avoided.

Request: Please explain why Paramount chose not to consult with the KTFN about the erosion problems and pipeline breaks. Please note that the lack of a legislative or regulatory requirement to do so is not an acceptable response. Paramount can choose to consult in a manner that goes beyond the requirements placed on it by applicable legislation or the regulators.

25) To: Mackenzie Valley Land and Water Board
Indian and Northern Affairs Canada
National Energy Board
Government of the Northwest Territories

Reference: ToR Section F-2
DAR Section 6.2

Preamble: Paramount has encountered significant erosion problems. None of the MVLWB, NEB, INAC or the GNWT ensured that the Ka'a'Gee Tu First Nation had been informed of these problems and involved in discussions on how to repair and avoid these problems.

Request: Please explain why your organization did not consult with, or ensure that Paramount consulted with, the KTFN on the erosion problems encountered by Paramount. If the position taken is that your organization is not the organization responsible for informing the KTFN of environmental problems, then please identify the organization that is responsible for doing so.

26)	To:	Paramount Resources Ltd.
	Reference:	ToR Section F-2 DAR Section 6.2.15.2 Review Board IR 1.1.34
	Preamble:	Paramount has not concluded an impact and benefits agreement with the Ka'a'Gee Tu First Nation on the Cameron Hills project. Paramount's response to IR 1.1.34 did not actually answer the questions that were asked.
	Request:	Please provide the following information. a) Paramount's view on the requirement for Paramount to negotiate an impact and benefits agreement with the KTFN based on aboriginal and treaty rights and in accordance with recent case law. This agreement would be outside of the existing regulatory processes and along the same lines of, although at a different scale, as the IBAs that were negotiated for the NWT diamond mines. b) Answers to the questions that were asked in IR 1.1.34.

27) To: Mackenzie Valley Land and Water Board
National Energy Board
Mackenzie Valley Environmental Impact Review Board

Reference: ToR Section G
DAR Section 7.1.1

Preamble: Paramount states that: “Although future well-sites are located to the best of Paramount’s knowledge, uncertainties with respect to drilling success may affect final locations of subsequent well-sites.”

In its January 26, 2001 Reasons for Decision on this issue (see <http://www.mveirb.nt.ca/Registry/EAParamount2/RFDFutureWells.pdf>), the Review Board ruled that it would not assess unknown well locations.

As noted in another IR, Paramount has applied for amendments approving changes in well-site locations by up to 15 km without applying for new authorizations.

Applying for and obtaining approval for specific well-site locations and then changing those locations later just seems to be an attempt to get around the Review Board’s Jan. 26, 2001 Reasons for Decision.

Request: Please provide your organization’s views on the criteria that should be applied when Paramount requests via an amendment to have an approved activity deleted and a new activity approved without requiring a new authorization.

Your answer should clearly explain your organization’s view on how much of a change in location is permitted before a new authorization should be required. Your answer should also incorporate the Review Board’s Jan. 26, 2001 Reasons for Decision to demonstrate how the Reasons would not be violated by your proposed process and criteria.

28) To: Paramount Resources Ltd.

Reference: Review Board IR 1.1.1

Preamble: In its response, Paramount provided reasons for why a hand-cut seismic program was rejected in favor of Vibroseis.

Request: Please provide a comparison of Paramount’s planned Vibroseis seismic program versus a hand-cut seismic program that includes at least the following information for each program:

- a) total program cost;
- b) personnel requirements and salary costs;
- c) amount of disturbed areas; and
- d) volumes of merchantable timber cut down.

29) To: Paramount Resources Ltd.

Reference: Review Board IR 1.1.8

Preamble: In its response, Paramount stated that: “...only impacts with a high Environmental Consequence rating have the potential to have significant adverse effects on the environment.”

The objective of a quality environmental assessment process is not just to identify “significant” impacts but rather it is to identify and mitigate whatever adverse impacts will occur, regardless of whether or not they are deemed “significant”.

Request: Please provide the following information:

- a) Rationale for Paramount’s opinion that only impacts with a high consequence rating have the potential to have significant adverse impacts on the environment.
- b) Confirmation that Paramount’s accepts the principle that all adverse impacts should be reasonably mitigated, not just those deemed “significant”.

30)	To:	Paramount Resources Ltd.
	Reference:	DAR Section 7.1.1.5.3 Review Board IR 1.1.9
	Preamble:	In its response to IR 1.1.9, Paramount provided its reasons for assigning a negative value (i.e. beneficial) to reversible impacts. Paramount's reasons do not provide valid justification for its reversibility scoring system. Using that system, an adverse impact can be rated as a net benefit to the environment. For example, an adverse impact with negligible magnitude, immediate duration, low frequency and local extent would be considered a net benefit to the environment with a total score of -3 just because the impact was reversible. In a valid scoring system, no adverse impact can achieve a score lower than 0, with a score of 0 acknowledging that the adverse impact exists but that it can be considered negligible. A valid approach for scoring reversibility is as follows: <ul style="list-style-type: none"> • 0 points - Reversible in the immediate term (< 30 days) • 1 point – Reversible in the short term (30 days to 1 year) • 2 points – Reversible in the medium term (1 to 20 years) • 3 points – Reversible in the long term (20 to 100 years) • 5 points – Irreversible or reversible far future (> 100 years) Note that the suggested score of 5 for “Irreversible” is not a mistake. The difference between a long-term reversible impact and an irreversible impact justifies the increase from 3 to 5 points.
	Request:	Please redo and resubmit Section 7 of the DAR using the above approach for assigning scores for reversibility.

31)	To:	Government of the Northwest Territories
	Reference:	Review Board IR 1.1.28
	Preamble:	Paramount provides its view of the requirements of the GNWT handbook on constructing winter roads.
	Request:	Please provide the GNWT's evaluation of Paramount's response to IR 1.1.28

32) To: Indian and Northern Affairs Canada

Reference: Review Board IR 1.1.31

Preamble: Paramount says that it does not have the authority to deny access to the winter road to any member of the public.

Request: Please provide a legal analysis of Paramount's ability to prevent public use of the winter access roads into and within the Cameron Hills project area. If Paramount does not have the ability to prevent public use of its access roads, then please explain whether or not INAC or another organization does.

33) To: Paramount Resources Ltd.

Reference: ToR Section G-1
DAR Section 7.2.2.6

Preamble: Paramount adjusted all hourly mixing heights in the data set that were less than 95 m up to 95 m.

Request: Please provide the rationale for adjusting the hourly mixing heights to 95 m.

34) To: Paramount Resources Ltd.

Reference: ToR Section G-1
DAR Section 7.2.3.3

Preamble: Paramount did not include odor or visibility among its key indicators of air quality.

Request: Please provide an analysis of the potential direct impacts on the air quality indicators odor and visibility and the potential indirect impacts on receptors such as humans and wildlife.

35) To: Paramount Resources Ltd.

Reference: ToR Section G-1
DAR Section 7.2.3.6 Table 7.2-7

Preamble: In Table 7.2-7, Paramount explains how it assigned magnitude scores for the air quality analysis. The approach used by Paramount unjustifiably applies qualitative scores in a situation in which quantitative scores are easily possible.

Instead of the process used by Paramount, the Low and Moderate columns of Table 7.2-7 should just be deleted. The High column can remain as is with 15 points pegged as the value at which air quality guidelines are equaled. The modeled air quality values can then have calculated magnitude scores that start at 0 (no increase in emissions) and increase as appropriate.

For example, the following 1-hour SO₂ values would have the calculated magnitude scores as follows:

- 300 µg/m³ – 10 points
- 450 µg/m³ – 15 points
- 600 µg/m³ – 20 points

The process used by Paramount produces artificially low magnitude scores as long as the air quality guidelines are not exceeded. For example, a 1-hour SO₂ value of 440 µg/m³ would only have 5 magnitude points with an increase of only 20 µg/m³ to 460 µg/m³ increasing the magnitude score to 15. In this manner, the total environmental consequence scores are kept low as long as the air quality guidelines are not exceeded. This is not an acceptable method of conducting an EA. If it were, all that would ever be required would be to compare emissions levels to guidelines and all other EA factors would be meaningless.

Request: Please redo and resubmit the air quality section of the DAR using magnitude scores calculated as described above.

36) To: Paramount Resources Ltd.

Reference: ToR Section G-1
DAR Section 7.2
DAR Appendix III

Preamble: Transportation emissions, such as from trucks and ATVs, do not appear to have been included in Paramount's air quality modeling.

Request: Please redo and resubmit the air quality section of the DAR including transportation emissions.

37) To: Paramount Resources Ltd.

Reference: Review Board IR 1.1.10

Preamble: Paramount did not provide the information requested by IR 1.1.10(b).

Request: Please provide the information requested by IR 1.1.10(b).

38) To: Paramount Resources Ltd.

Reference: ToR Section G-2 and G-3
DAR Section 7.3.1.2

Preamble: Paramount refers to a permafrost monitoring report, which is understood to also include revegetation and access monitoring.

Request: Please provide a copy of this report or a more recent version if available.

39) To: Paramount Resources Ltd.

Reference: ToR Section G-2 and G-3
DAR Section 7.3

Preamble: Paramount has had pipeline breaks in the last couple of years.

Request: Please provide all relevant information regarding the pipeline breaks including the following:

- a) the locations;
- b) the causes;
- c) the extent of hydrocarbon contamination including volumes spilled;
- d) clean-up and repair activities; and
- e) preventative measures that have been developed.

Please include copies of all reports that were completed as a result of these pipeline breaks.

40) To: National Energy Board

Reference: No Reference

Preamble: Paramount has had pipeline breaks in 2002 and 2003. The 2003 breaks on Apr. 18, 2003 resulted in the contamination of soil and water with over 36,000 L of oil.

As the lead agency responsible for overseeing the clean-up, the NEB has not notified the Ka'a'Gee Tu First Nation of these problems or involved the KTFN in the development of remediation plans.

Request: Please explain why the National Energy Board has not informed or consulted with the KTFN on the spills associated with these pipeline breaks. If the position taken is that the NEB is not the organization responsible for informing the KTFN of environmental problems, then please identify the organization that is responsible for doing so.

41)	To:	Paramount Resources Ltd.
	Reference:	ToR Section G-2 and G-3 DAR Section 7.3
	Preamble:	Paramount does not discuss what measures are in place to ensure the pipelines, including the product in the pipelines, do not alter the thermal regime of the soil and cause permafrost degradation.
	Request:	Please describe the measures that are in place to ensure the pipelines, including the product in the pipelines, do not alter the thermal regime of the soil and cause permafrost degradation

42)	To:	Indian and Northern Affairs Canada National Energy Board
	Reference:	No Reference
	Preamble:	The National Energy Board and Indian and Northern Affairs Canada undertake inspections of Paramount's Cameron Hills operations.
	Request:	Please provide the following information. a) Dates of all inspections completed in 2000, 2001, 2002 and 2003. b) Copies of all inspection reports with any problems, concerns or infractions highlighted. c) Copies of any orders or instructions that were issued to Paramount. d) Identification of any outstanding concerns and plans for resolving those concerns. e) An explanation as to why the inspection reports and any orders or instructions were not automatically provided to the Ka'a'Gee Tu First Nation as soon as they were prepared. f) If the position taken is that the NEB and INAC are not the organizations responsible for informing the KTFN of environmental problems, then please identify the organization that is responsible for doing so.

43) To: Paramount Resources Ltd.

Reference: ToR Section G-2 and G-3
DAR Section 7.3

Preamble: Paramount provides very little information on the extent of the erosion problems that have been encountered or of its efforts to repair and prevent these problems.

Another IR has asked for a copy of the November 2002 Golder report titled “Erosion Survey and Mitigation Plan for the Cameron Hills Gathering System and Pipeline”. It is expected that this report will describe what was planned but it likely does not describe what was actually done.

Request: Please explain what Paramount did to repair existing erosion problems and to prevent future problems. Provide copies of all reports prepared as a result of these erosion issues.

44) To: Paramount Resources Ltd.

Reference: ToR Section G-2 and G-3
DAR Section 7.3.3.1
Review Board IR 1.1.20

Preamble: In Section 7.3.3.1.2, Paramount states that the probability of impact occurrence is high for the Application case. However, in Section 7.3.4, Paramount states that the probability of impact occurrence is moderate for the Application case.

Table 7.3-5 shows a total disturbed area for the planned case as 2093 ha. However, in Section 7.3.4, Paramount states that the total disturbed area is 2135 ha and in the response to IR 1.1.20 Paramount has a total disturbed area of 2074 ha.

Request: Please resolve these inconsistencies.

45)	To:	Paramount Resources Ltd.
	Reference:	ToR Section G-2 and G-3 DAR Section 7.3.3.1.2
	Preamble:	In Table 7.3-6 Paramount has not provided the rationale for its magnitude ratings. Also, Paramount has assigned a frequency rating of low to all of the soil and terrain impacts. These impacts will be continuous and should have a rating of high.
	Request:	Please provide the rationale for the magnitude ratings and resubmit the analysis with “high” ratings for frequency.

46)	To:	Paramount Resources Ltd.
	Reference:	ToR Section G-4 DAR Section 7.4.4.2
	Preamble:	In Section 7.4.4.2, Paramount lists the potential impacts on surface water. This list does not include altered flows despite the fact that altered flows was one of the results of the erosion problems that occurred.
	Request:	Please provide an analysis of the potential for altered surface, and sub-surface, water flows due to this project.

47)	To:	Fisheries and Oceans Canada
	Reference:	ToR Section G-4 DAR Section 7.4
	Preamble:	Using guidelines established by DFO, Paramount will be withdrawing water from surface water bodies for use in its operations.
	Request:	Please explain how DFO will monitor the impacts on a year-to-year basis to ensure that too much water is not withdrawn from the surface water bodies. Please explain what DFO will do, and under what authority, in the event that too much water is being withdrawn.

48) To: Paramount Resources Ltd.

Reference: ToR Section G-5
DAR Section 7.6

Preamble: Wolves and wolverine were not among the species included in the analysis as Valued Ecosystem Components. Wolves are the primary predator species for caribou and moose in the area. Wolverines are known to be sensitive to development.

Request: Please add wolves and wolverines to the list of Valued Ecosystem Components and submit an impact analysis for these species. In that analysis, please ensure that impacts resulting from human-wildlife interaction, such as wolverines scavenging at project areas, are included. These interactions have proven to have significant adverse impacts on wolverines for other projects in the NWT.

49) To: Paramount Resources Ltd.

Reference: ToR Section G-5
DAR Section 7.6 Table 7.6-7

Preamble: As proposed mitigation, Paramount states that pre-project surveys were completed to identify sensitive locations for disturbance.

Request: Please provide the results of these surveys.

50) To: Paramount Resources Ltd.

Reference: ToR Section G-5
DAR Section 7.6 Table 7.6-7

Preamble: As proposed mitigation, Paramount states that nest trees encountered during construction will not be cut down if possible.

Request: Please describe the process that will occur including identifying the individuals who are responsible for identifying these nests, the training that will be provided to these individuals, the process that will be used to look for nests and the decision process for deciding whether or not to cut down such trees.

51)	To:	Paramount Resources Ltd.
	Reference:	ToR Section G-5 DAR Section 7.6 Table 7.6-7
	Preamble:	Paramount notes that construction noise and light may cause temporary displacement of wildlife.
	Request:	Please describe what Paramount has and will do to minimize the impacts of noise and light during all phases of the project. For example, has Paramount used low impact lighting systems?

52)	To:	Paramount Resources Ltd.
	Reference:	ToR Section G-5 DAR Section 7.6 Table 7.6-7
	Preamble:	As proposed mitigation, Paramount states that bends in the rights-of-way will limit the lines-of-sight. In reviewing the project maps, there appear to be many long, straight stretches that would have long lines-of-sight.
	Request:	Please explain if Paramount will adhere to a maximum acceptable distance for lines-of-sight and describe the rationale for the selected distance.

53)	To:	Paramount Resources Ltd.
	Reference:	ToR Section G-5 DAR Section 7.6.4.2.1
	Preamble:	Paramount refers to a 2003 report on the wildlife monitoring program.
	Request:	Please provide a copy of this report.

54) To: Paramount Resources Ltd.

Reference: ToR Section G-5
DAR Section 7.6

Preamble: Paramount provides data on direct habitat losses and habitat losses due to sensory disturbance. However, the analysis provided is of little value for several reasons:

- Paramount need to sum the direct and sensory habitat losses together to obtain a total area of the habitat that is lost;
- Paramount has not presented any thresholds for the target species. For example, at 100% habitat loss it is assumed that a target species will be gone from the area. However, the species is unlikely to wait until there is 100% habitat loss before leaving. When is the species expected to leave? At 40% habitat loss? 50%? At what percent of habitat loss will a target species begin to experience stresses that might affect individual animal health or result in local population declines?
- The habitat losses are presented on the basis of the entire study area. This does not recognize that some areas will have higher habitat losses than others due to the intensity of activity. Paramount needs to present maps for each target species and for each development case that identifies habitat losses within portions of the study area. This information could be presented as shaded regions that show areas with 0-10% losses, 10-20% losses, etc. depending upon what the thresholds are for that particular species. The areas of each range of habitat losses should be summed and presented in a table format as well.

Request: Please provide an analysis that includes the information requested above.

55)	To:	Paramount Resources Ltd.
	Reference:	ToR Section G-5 DAR Section 7.6
	Preamble:	<p>Paramount provides data on barriers to movement due to linear disturbances. Again however, the analysis provided is of little value for a couple of reasons:</p> <ul style="list-style-type: none">• Paramount has not presented any thresholds for the target species. For example, at what linear disturbance density is a species likely to leave an area? At 3 km/km²? At 4 km/km²? At what linear disturbance density will a species begin to experience stresses that might affect individual animal health or result in local population declines?• The linear disturbance density of 3 km/km² is presented on the basis of the entire study area. This does not recognize that some areas will have higher densities than others due to the intensity of activity. Paramount needs to present maps for each target species and for each development case that identifies linear disturbance densities within portions of the study area. This information could be presented as shaded regions that show areas with a 0-1 km/km² density range, a 1-2 km/km² density range, etc. depending upon what the thresholds are for that particular species. The areas of each range of linear disturbance density should be summed and presented in a table format as well.
	Request:	Please provide an analysis that includes the information requested above.

56) To: Paramount Resources Ltd.

Reference: ToR Section G-5
DAR Section 7.6 Table 7.6-16
Review Board IR 1.1.11

Preamble: Paramount needs to present the rationale for each magnitude rating.

Paramount has assigned a short-term duration to sensory disturbance potential. This needs to be changed to long-term as the disturbance will exist for at least 20 years and probably longer.

Paramount has applied a medium-term duration to direct habitat loss, increased predation/hunting/trapping and barriers to movement. All of these impacts are due to land being cleared for the project. Paramount's explanation for why it assigned medium-term durations in its response to IR 1.1.11 is not adequate. Although revegetation of the cleared areas will likely begin in the medium-term (<20 years), it is unlikely to be completed. This analysis needs to be redone using a long-term duration for these impacts.

Paramount has assigned a frequency of low to the three impacts discussed in the previous paragraph. As an explanation for why it has done so, Paramount states in its response to IR 1.1.11 that the vegetation will only be cleared once. This is a ridiculous argument for Paramount to be making. Although the clearing of vegetation only occurs once, the vegetation will likely remain cleared for the duration of the project and at least partially cleared for a substantial period of time after the project ends. Therefore, the impacts associated with the clearing will occur on a continuous basis until the land is revegetated. The analysis needs to be redone with a high rating for frequency.

For the sensory disturbance impact, Paramount has also assigned a rating of low for frequency. This analysis needs to be redone with a frequency rating of high. Sensory disturbance due to project noise, light, the presence of clearings and cutlines, etc. will be continuous for the lifespan of the project and in some instances beyond.

Request: Please redo and resubmit the wildlife analysis with the changes described above.

57)	To:	Paramount Resources Ltd.
	Reference:	ToR Section G-6 DAR Section 7.8.3.1.4
	Preamble:	Paramount refers to its efforts to prevent “weed” species from entering the project area. It is not clear if Paramount is equating “weed” species with “non-indigenous” species. Paramount refers to a revegetation monitoring program.
	Request:	Please provide the following information. a) Is Paramount considering “weed” species and “non-indigenous” species as the same thing? If no, please explain what measures Paramount is taking to prevent non-indigenous species from invading and taking over project areas. b) Please provide the report from the revegetation monitoring program.

58) To: Paramount Resources Ltd.

Reference: ToR Section G-6
DAR Section 7.8.3.1.3
Review Board IR 1.1.11(a)

Preamble: Paramount has not provided the rationale for its magnitude ratings.

Paramount states that the residual impacts to vegetation communities will be long-term but Table 7.8-6 shows medium-term for duration. In its response to IR 1.1.11(a), Paramount said that the text on page 270 was incorrect and that medium-term was correct. Paramount’s explanation for why the impacts are medium term does not provide adequate rationale. Revegetation will not be complete within 20 years and so the impacts will be long-term.

Paramount has assigned frequency ratings of “low” to the vegetation impacts with the rationale that the clearing will only occur once so the frequency is low. As said earlier, this is a ridiculous argument. It is the frequency of the impacts, not the frequency of the clearing activity that is being rated. Although the land will only be cleared once, it will remain cleared for the lifespan of the project and likely well beyond. These impacts will be continuous and should have a frequency rating of “high”.

Request: Please resubmit the analysis with the rationale for the magnitude ratings, with duration rated as long-term and with frequency rated as high.

59) To: Paramount Resources Ltd.

Reference: ToR Section G-6
DAR Section 7.8.3.3.1 Tables 7.8-9 and 7.8-10

Preamble: These tables have the same problems as was noted in the previous IR and for the same reasons.

Paramount needs to provide the rationale for its magnitude ratings, change duration from medium-term to long-term and change frequency from low to high.

Request: Please resubmit the analysis with the rationale for the magnitude ratings, with duration rated as long-term and with frequency rated as high.

60) To: Paramount Resources Ltd.

Reference: ToR Section G-6
DAR Section 7.8.4

Preamble: Paramount states that: “These patches are expected to maintain connectivity with the remainder of the landscape and the remaining patches are expected to have sufficient core area (56%) to support interior wildlife and vegetation forest species.”

There is no evidence or analysis in the DAR to support this concluding statement.

Request: Please supply the evidence and analysis that enables Paramount to make the above statement.

61) To: Government of the Northwest Territories

Reference: ToR Section G-7
DAR Section 7.9.2.6

Preamble: In Section 7.9.2.6, Paramount describes how it developed its heritage resource potential map, including the use of a list of criteria for selecting higher probability locations for resource discoveries.

Request: Please review and comment on Paramount’s methodology. Are the criteria that were used appropriate? Are there other criteria that should have been applied? Any other comments about Paramount’s heritage resource investigation methodology or conclusions?

62) To: Paramount Resources Ltd.

Reference: ToR Section G-7
DAR Section 7.9.2.6

Preamble: Paramount refers to studies that indicated that although some areas of potential would be affected, no heritage resources appear to be present in areas examined.

Request: Please provide copies of these studies.

63) To: Paramount Resources Ltd.

Reference: ToR Section G-7
DAR Section 7.9.3

Preamble: Paramount refers to a Heritage Resources Impact Assessment.

Request: Please provide a copy of this report.

64) To: Paramount Resources Ltd.

Reference: ToR Section G-7
DAR Section 7.9.3.2

Preamble: Paramount states that First Nation groups consulted as part of the Heritage Resources Impact Assessment (HRIA) included the Dene Tha' and the K'atlodeeche.

Request: Please explain whether or not Paramount used information provided by the KTFN in the HRIA. How was that information used?

65) To: Paramount Resources Ltd.

Reference: ToR Section G-7
DAR Section 7.9.4

Preamble: Paramount states that heritage resource studies were conducted in 2001 and that a monitoring manual was developed for use in the field.

Request: Please provide copies of the 2001 heritage resource studies and the monitoring manual.

66) To: Paramount Resources Ltd.

Reference: ToR Section G-8
DAR Section 7.10.1

Preamble: Paramount states that trappers will be compensated for any demonstrable loss.

Request: Please explain what would qualify as a demonstrable loss and explain the compensation process.

67) To: Government of the Northwest Territories

Reference: ToR Section G-8
DAR Sections 7.10.2 and 7.10.5.1.1

Preamble: Paramount attributes some statements to several GNWT employees. Al Hymers told Paramount that harvesting and trapping records for the Cameron Hills are not available. Al Helmer said that there is very little hunting activity in the Cameron Hills. Similarly, Deb Johnson said that most of the caribou hunting in the region is well outside of the SDL, occurring mainly west of Kakisa Lake.

Request: Please provide evidence that supports the statements made by Al Helmer and Deb Johnson given that there are no harvesting and trapping records available upon which to base, or dispute, those statements.

68) To: Paramount Resources Ltd.

Reference: ToR Section G-8
DAR Sections 7.10.6 Table 7.10-2

Preamble: Paramount has applied magnitude ratings of “low” to effects to hunting and effects to trapping for the baseline case.

However, for both the application and planned development cases, Paramount has applied magnitude ratings of “negligible” to these two impacts.

Request: Given that the baseline case has the least amount of development, please explain why the magnitude ratings for effects to hunting and effects to trapping are lower for the application and planned development case, which have higher amounts of development.

69) To: Paramount Resources Ltd.

Reference: ToR Sections G-9 and G-10
DAR Sections 7.11.2

Preamble: Paramount claims that the KTFN do not use the project area for traditional activities.

Request: Please provide the evidence that Paramount has that supports this claim.

70) To: Paramount Resources Ltd.

Reference: ToR Sections G-9 and G-10
DAR Sections 7.11.4.2

Preamble: Paramount refers to a 1991 Benefits Plan and a 2001 Benefits Plan Update.

Request: Please provide these documents and copies of Paramount's annual reports that are required by the Plans.

71) To: Indian and Northern Affairs Canada

Reference: ToR Sections G-9 and G-10
DAR Sections 7.11.4.2

Preamble: Paramount refers to a 1991 Benefits Plan and a 2001 Benefits Plan Update.

Request: Please provide a legal analysis of INAC's ability to enforce the terms of the Benefits Plan and the Benefits Plan Update.

72) To: Paramount Resources Ltd.

Reference: ToR Sections G-9 and G-10
DAR Sections 7.11.4.2.1

Preamble: Paramount states that there are "high levels of support for the project".

Request: Please provide the evidence that supports Paramount claim that there are high levels of support from the KTFN.

73) To: Paramount Resources Ltd.

Reference: ToR Sections G-9 and G-10
DAR Sections 7.11.4.2.1

Preamble: Paramount describes the consultation program it has been using for the project.

Request: Please explain how your consultation process has met the standards established by the Supreme Court of Canada and other high level courts (such as in cases *Sparrow*, *Haida* and *Delgamuukw* to name just a few) that in the event that KTFN's aboriginal and treaty rights are infringed, there must be serious and meaningful consultation, including negotiation, to accommodate the KTFN's aboriginal and treaty rights. This accommodation can include the requirement for KTFN consent before a project can proceed. Specifically, please explain how your consultation process with the KTFN has satisfied the requirements of the attached Deh Cho Consultation Principles.

74) To: Mackenzie Valley Land and Water Board
National Energy Board
Indian and Northern Affairs Canada

Reference: No reference

Preamble: Government agencies that issue authorizations must discharge the Crown's fiduciary duty in an effort to justify infringement of the KTFN's aboriginal or treaty rights. The Supreme Court of Canada has established conditions that must be satisfied in this process such as ensuring that the KTFN receive economic benefits from the land and resources and that management decisions and processes about the land and resources must include significant KTFN involvement, with the bare minimum being deep and meaningful consultation.

The key principles of consultation are set out in the attached Deh Cho Consultation Principles.

Request: Please explain how your organization has fulfilled its fiduciary duty to the KTFN in relation to this project. Specifically, please explain how the Deh Cho Consultation Principles have been satisfied.

75)	To:	Paramount Resources Ltd.
	Reference:	ToR Sections G-9 and G-10 DAR 7.11.4.2.3
	Preamble:	Paramount has a history of being slow to pay its contractors. This creates hardship for small northern companies that must have a steady cash-flow to operate.
	Request:	Please provide the following: <ul style="list-style-type: none"> a) For each of the last four years, please provide data on the average and longest periods between Paramount receiving an invoice from a contractor and that contractor receiving the money. Also, please provide a graph for each year that has “Invoice Value” on the x-axis and “Time to Pay” on the y-axis. Please plot all invoices for each seasons’ work on these graphs. b) Please explain what steps were required by the Government of the Northwest Territories to assist small businesses that were harmed by slow payment from Paramount. What did these steps cost the GNWT? c) Will Paramount commit to a maximum period between receiving an invoice and providing payment to a contractor?

76)	To:	Paramount Resources Ltd.
	Reference:	ToR Sections G-9 and G-10 DAR 7.11.4.2.3
	Preamble:	Paramount has total of 6 production employees – 2 lead operators and 4 assistants. Of the 4 assistants, 3 are aboriginal. As it is not stated, it is assumed that neither of the lead operators are aboriginal.
	Request:	Please explain Paramount’s training plan and target dates for promoting aboriginal assistants to the lead operator positions.

77) To: Paramount Resources Ltd.

Reference: ToR Sections G-9 and G-10
DAR 7.11.5.3.2

Preamble: Paramount states that it is committed to contracting for goods and services on competitive principles, which it terms “Equal Opportunity Contracting”.

As a private company, Paramount is under no obligation to require competitive contracting. Paramount could choose to increase the number of contracts awarded to KTFN businesses by using a sole-source negotiated price contracting approach. Such an approach could be used to ensure KTFN benefits as part of the negotiations on infringing KTFN aboriginal and treaty rights.

Request: Please explain Paramount’s refusal to use a sole-source negotiated price contracting process instead of strictly using a competitive process that results in far fewer benefits to the KTFN.

78) To: Paramount Resources Ltd.

Reference: ToR Sections G-9 and G-10
DAR 7.11.5.3.2

Preamble: Paramount states that its efforts to work with northern businesses have resulted in these businesses being invited to bid on contracts in Alberta and British Columbia.

Request: Please identify the number of times that KTFN businesses have bid on work in Alberta and British Columbia and the number of times that these bids have been successful.

79)	To:	Paramount Resources Ltd.
	Reference:	ToR Sections G-9 and G-10 DAR 7.11.5.3.3
	Preamble:	Paramount describes the potential for benefits to the economy of the Northwest Territories but does not provide any figures.
	Request:	Please provide a complete economic analysis of the Cameron Hills project over its lifespan, with data provided on a year-to-year and total basis, that includes at least the following items: <ul style="list-style-type: none"> a) Volume and value of natural resources extracted; b) Value and distribution of resource royalties; c) Net impact on the economy of the Deh Cho region and the KTFN; d) Net impact on the finances of Deh Cho First Nations (DCFN) and the KTFN; e) Net impact on the NWT economy; f) Net impact of the finances of the GNWT; g) Net impact on the Canadian economy; and h) Net impact on the finances of the federal government.

80)	To:	Paramount Resources Ltd.
	Reference:	ToR Section H-1 DAR Section 8.1.2.11
	Preamble:	Paramount was instructed in the ToR to describe the effects of global warming on the project. Paramount's discussion of this matter was brief, questioned whether or not global warming was actually happening and did not describe the effects on the project as instructed.
	Request:	Please describe the effects of global warming on the project, as was instructed in the ToR.

81) To: Paramount Resources Ltd.

Reference: ToR Section H-2
DAR Sections 8.2.1, 8.2.2, and 8.2.3

Preamble: Paramount provides industry-wide statistics on well blowouts, pipeline leaks and ruptures, and spills. Paramount does not, however, provide its own statistics for these incidences.

Paramount has had pipeline ruptures in both 2002 and 2003 with the 2003 rupture resulting in the release of over 36,000 L of product. Curiously, this spill is the only one without a volume shown in Table 8.2-2.

Request: Please provide the statistics on Paramount's Cameron Hills operations and compare these to industry standards. Include a list of all spills, and volumes, since 1999.

82) To: Paramount Resources Ltd.

Reference: ToR Section J
DAR Section 9.7 Table 9.6-1

Preamble: Paramount refers to its noise monitoring program.

Request: Please provide a copy of the noise monitoring program report.

83) To: Paramount Resources Ltd.

Reference: DAR Appendix I

Preamble: Paramount has a table in Appendix I that seems to list every single contact between it and the KTFN, no matter how minor that contact might be.

As described in the Deh Cho Consultation Principles, consultation involves much more than a phone call or open house. Consultations must involve meaningful discussions, and negotiations, about infringements of KTFN aboriginal and treaty rights.

Request: Please review, revise and resubmit this table so that it only includes those events that Paramount considers to have been consultation with the KTFN consistent with the Deh Cho Consultation Principles.

84) To: Paramount Resources Ltd.
Mackenzie Valley Land and Water Board
National Energy Board
Indian and Northern Affairs Canada

Reference: ToR Section C-4
DAR Section 3.4.1
DAR Table 2.4-2

Preamble: Paramount states that drilling waste disposal will be in accordance with the Alberta Energy and Utilities Board's Drilling Waste Management Guide G-50.

Paramount also states that AEUB Guide 60 will be adhered to during flaring.

Request: Please provide the following information:

- a) What other guidelines are available for use for drilling waste disposal and flaring?
- b) Why are the Alberta guidelines being proposed for use in the Cameron Hills?

- c) Are the other guidelines that are available more or less environmentally stringent than the Alberta guidelines?
- d) Why haven't NWT guidelines been developed?
- e) What organization would be responsible for developing the NWT guidelines and why haven't they done so?

85) To: Indian and Northern Affairs Canada

Reference: Review Board Information Request 1.1.34

Preamble: Although IR 1.1.34 was not directed to INAC, INAC sent in a request to the Review Board asking for clarification on what the Review Board meant by "Benefits Agreements" and "negotiated agreements".

During the permitting of the diamond mines in the North Slave region of the NWT, the affected communities were able to negotiate impact and benefit agreement with the diamond mining companies. However, there was no legislative or regulatory requirement for the negotiation of these diamond mine IBAs.

INAC required the negotiation of socio-economic and environmental agreements with the diamond mining companies. These agreements are much more detailed and useful than the Benefits Plan required under the *Canada Oil and Gas Operations Act*. Therefore, INAC has been requiring a higher level of protection for communities affected by diamond mining than communities affected by oil and gas development.

Request: Please provide the following information.

- a) Did INAC support the affected communities, either financially or through other means, in their efforts to obtain IBAs with the diamond mining companies? If yes, please describe how INAC supported the affected communities.
- b) INAC's legal opinion on the requirement for Paramount to negotiate an impact and benefits agreement with the KTFN based on aboriginal and treaty rights and in accordance with recent case law. This agreement would be outside of the existing regulatory processes and along the same lines of, although at a different scale, as those IBAs that were negotiated for the NWT diamond mines.

- c) Please explain how INAC will support the KTFN in their efforts to negotiate an IBA with Paramount related to the oil and gas development on the Cameron Hills.
- d) Please provide a comparison of the requirements placed on the diamond mining companies under the socio-economic and environmental agreements to the requirements placed on Paramount under the *COGOA* Benefits Plan.
- e) Please explain why INAC has not required socio-economic or environmental agreements for oil and gas projects in general, and this project specifically, when INAC does require such agreements for diamond mines. The existence of the *COGOA* Benefits Plan is not a valid response to this question as the scope and detail of the Benefits Plan is such that it is practically useless and unenforceable.