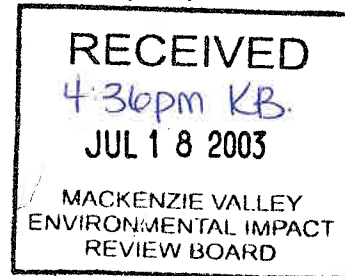


FAX TRANSMISSION SHEET

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Date: July 18, 2003

To: Martin Haefele
Mackenzie Valley Environmental Impact Review Board

Fax: 766-7074

This fax contains 6 **page(s), including the cover sheet.**

From: Jason McNeill
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Comments:

Please see attached the GNWT's review for the draft Terms of Reference for the Paramount Resources Ltd. Cameron Hills well drilling and tie in Environmental Assessment.

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Northwest
Territories Resources, Wildlife and Economic Development

July 18, 2003

Martin Haefele
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board.
PO BOX 938
Yellowknife, NT X1A 2N7

VIA FACSIMILE

Dear Mr. Haefele

Paramount Resources Ltd.
Cameron Hills, Well Drilling and Tie-in Environmental Assessment - Draft
Terms of Reference Comments.

The Government of the Northwest Territories (GNWT) has reviewed the above Terms of Reference (TOR) and has the following comments and concerns regarding this project.

Biophysical.

General Items:

- The TOR should include a section on existing and past developments including, structures and linear features that pre-date Paramount and to what extent do they occur.

Wildlife:

Section 4.2, G-5 should include:

- Proposed changes in effective habitat especially for boreal caribou (federally recognized as Threatened) and describe effects of habitat changes in the context of critical habitat.
- A Section on how natural disturbances (wild fire, terrain stability, global warming, etc.) in combination may affect the various ecosystem components, especially in relation to wildlife habitat.

Air Quality:

Sections 3 and 4 of the TOR include several statements that the existing facilities are not causing any significant adverse environmental impacts. While this was the conclusion of previous EA's, it should be noted that from an air quality

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perspective, the conclusions of the second EA (EA01-005 Paramount Cameron Hills Gathering System and Pipeline) were based on emissions information, which may not have reflected the final facility configuration.

Dispersion modelling conducted as part of the EA assumed that the compressor and other equipment located at the central battery would be using fuel with no H₂S content ('sweet' fuel gas) and therefore zero SO₂ emissions. However, it appears that the 'sweet' gas pipeline proposed in the EA to supply fuel for the central battery equipment was never built and the equipment is using locally produced gas which contains H₂S (Paramount actually installed a compressor capable of burning gas with a high H₂S content). If the equipment is burning gas-containing H₂S, this obviously increases the project SO₂ emissions. Therefore, the validity of the modelled predictions of ambient SO₂ concentrations are questionable since the emissions inputs may have been underestimated and cannot be considered representative of the project (the only SO₂ emission source attributed to the central battery was the flare stack).

It is not known, therefore, whether the existing facility - under the current emissions scenario - is adversely affecting the environment (i.e. causing exceedences of the NWT ambient air quality standards for SO₂). The fact that the modelling predicted ambient SO₂ concentrations approaching the NWT standard regardless of the potential additional emissions is cause for concern.

The short-term impacts to air quality of individual well evaluations (flaring) were also deemed "insignificant" in previous EA's. However, it should not now be assumed that this would be the case for the proposed and future well evaluations. The emission scenarios may be different and the potential impacts exacerbated by the additional affects of existing contaminant concentrations.

Based on the above discussion, the GNWT would like to suggest to the MVEIRB that:

- The statements in Sections 3 and 4 regarding the conclusions of previous EA's be modified to acknowledge the uncertainty regarding the environmental impacts of current facility emissions.
- The GNWT would strongly encourage Paramount (or their chosen consultant) to contact the various agencies involved in air quality issues to discuss and further refine an acceptable approach for the air quality component of the EA.

Section 4.2, G1 should include.

- A Clearly stated accounting and description of ALL sources of air emissions both existing and proposed for the purpose of modelling.
- Assessment (modelling) conducted for the proposed individual well evaluations (flaring) as well as the cumulative effects of the overall development proposal. While the focus of this EA may be cumulative

effects, the potential for short-term impacts to air quality due to the proposed individual well evaluations should not be ignored.

Socio Economics.

General Items:

The environmental assessment should be conducted in accordance with s. 115 and s.125 of the MVRMA. This would acknowledge the Review Board's responsibility to conduct the assessment with a view towards the protection of the social, economic and cultural well being of the residents and communities of the Mackenzie Valley.

The scope of the assessment for socio-economic variables should include all those communities that could reasonably expect to experience impacts as a result of the project, including, but not limited to, employment and business opportunities.

Health and Social Services:

Section 4.2, G-10 should include:

- Health and Social Services Infrastructure (Strains on infrastructure may result from increased employment and affluence in communities)
- Population Health and Social Well-Being (for example: implications for community quality of life, STD rates, mental health, addictions, pregnancy rates etc).

Employment:

Section 4.2, G-10 should include:

- Employment, training and education
- Total labour force requirements
- Availability and use of skilled workers in the NWT to meet job requirements.
- Barriers to employment.
- Detailed summary of employment commitments; and,
- Minimal skill requirements for labour force, including contracted and subcontracted employees

Economics:

Section 4.2, B-1 should include:

- Financial policies and procedures;
- Policies with respect to purchasing goods and services from NWT residents and businesses; and,
- Policies with respect to hiring NWT residents.

Section 4.2, G-10 should include:

- Proposed spending in the NWT, including local purchases and service contracts with contractors and subcontractors;

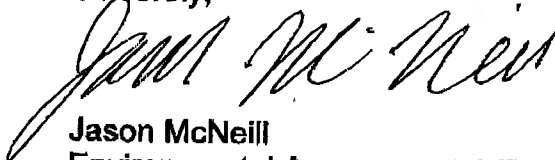
Cultural:

Section G-8 requires detailed information from the proponent regarding locations and conditions of archaeological resources in relation to baseline information and the project footprint. The GNWT would like to remind the MVEIRB that maps and data submitted through the environmental assessment process will become public documents and may be placed on a public record this requirement will have the effect of increasing the vulnerability of archaeological sites by publicizing their locations. Furthermore, the Prince of Wales Northern Heritage Center releases archaeological data to proponents via a license agreement that legally binds the proponent to present the data only in ways that will not jeopardize archaeological sites. Requiring proponents to depict archaeological site location information as per Section G-8 would result in proponents contravening the terms of their license agreement.

The GNWT would like to suggest that if MVEIRB requires map(s) for archaeological sites, we recommend that they be presented at a scale no smaller than 1:2,000,000 and that locations be randomized. MVEIRB has adhered to this request in environmental assessments conducted in the past under its auspices.

Should you have any comments or concerns regarding the above, please contact myself at 920-8071.

Sincerely,



Jason McNeill
Environmental Assessment Officer
Policy, Legislation Communication
RWED, GNWT.

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