

August 31, 2017

Inuvialuit Water Board
125 Mackenzie Road
Professional Building, Suite 302
PO Box 2531
Inuvik, NT X0E 0T0

Re: Schedule Change Notification – Repsol Satellite Bay Project

Dear Ms. Semmler, / Mr. Adhikari / Mr. Gruben,

As you are aware through recent communications, the 2017 Satellite Bay Remediation Program experienced over four weeks of delay during our mobilization phase in June 2017. This delay was caused by unfavourable airstrip conditions at the site due to heavy snow accumulation combined with a later than normal spring breakup. This delay has subsequently impacted the construction phase of the project and as a result we had already planned to defer the demobilization to 2018, which would allow us to extend the 2017 construction phase by up to two weeks.

We are not able to complete all work with this extension, as the weather is rapidly deteriorating, which affects both our ability to complete the project objectives and to do so safely. Air temperatures are now consistently below zero and as a result water and soil are beginning to freeze and are significantly affecting site operations. In addition to this, we have identified that the areal extent of some of the soil impacts below grade is greater than anticipated based on earlier investigations. As this will necessarily impact the amount of impacted soil to be placed within the containment cell, our focus in the past week and to the end of the project has been to thoroughly delineate these additional impacts through additional test pits and soil sampling. This will allow us to refine and plan the scope of the remaining program with the required certainty, both from an engineering and regulatory perspective.

The containment structure has been partially completed including the placement of all originally expected impacted soils, installation of base and background thermistor equipment and associated tower. The liner has been partially completed and covered with a protective layer of soil. The remaining area of the containment structure has been graded to the approved design slope and compacted.

Based on the unfavourable site conditions and additional impact delineation, a portion of the construction phase and the demobilization phase will necessarily need to be moved to 2018. The project team has identified the best and most realistic means of implementing this change, which will involve the breakdown and storage of the temporary work camp and leaving the major heavy construction equipment at the site.

The following tasks will be completed in the summer of 2018:

- Excavation and back filling of the additional identified soil impact areas;
- Assessment of the revised soil impact volumes will be completed and any required changes to the containment structure design provided to the regulators;
- Placement of additional contaminated soils in the lined containment cell;
- Completion of lining and placement of the upper thermistor strings;
- Completion of placement of the thermal protective layer over the liner;
- Grading of all areas within the containment structure footprint to match local grades and promote positive drainage and minimize erosion and effects to permafrost;
- Excavation of the remaining borrow material for the protective layer over the containment structure;
- Grading of the borrow area to match local grades and promote positive drainage and minimize erosion and effects to permafrost;
- Detailed survey of the borrow area and of the containment structure area;

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- Removal of all materials and equipment from the construction area;
- Demobilization of all camp and construction equipment; and,
- Reporting of the post construction (as-built) design of the containment structure, borrow area, environmental sampling, SNP Plan and other reporting requirements identified in the project permits and licences.

To support the deferral of the above tasks to 2018, some equipment and materials will be staged at the Satellite Bay and Mould Bay camp locations over winter; the items are listed in the following.

Construction Equipment and Materials– Satellite Bay

- 2 Hydrema rock trucks;
- 2 Cat skid steers with auger, backhoe and blade attachments;
- 1 Cat loader;
- 1 Cat roller compactor;
- 2 Kubota side-by-side UTV;
- 1 sea can containing miscellaneous tools;
- Rig mats for watercourse crossing; and,
- Remaining liner material including geomembrane and geotextile consolidated and covered.

Camp Equipment – Satellite Bay

- 1 Honda ATV and trailer;
- 8 Weatherhaven tents on wooden floors to remain;
- 8 additional wooden floors (canvas and smaller Weatherhaven tents and frames will be stored in the Weatherhaven tents listed above);
- Fridges, freezers and cook tops/ovens will be stored in the remaining Weatherhaven tents;
- 16 oil stoves (to be stored in the remaining Weatherhaven tents);
- Satellite dish;
- Spare lumber;
- 1 drummed fuel cache in a lined berm located within the equipment storage area near the camp (fuel inventory to follow);
- 1 drummed fuel cache in a lined berm near the Containment Structure (fuel inventory to follow); and,
- 2 greywater pools, which will be drained, folded, and stored in the Weatherhaven tents.

Camp Equipment – Mould Bay

- 4 Weatherhaven tents on wooden floors;
- 7 additional wooden floors (canvas and smaller Weatherhaven tents and frames will be stored in the remaining Weatherhaven tents listed above);
- Fridges, freezers and cook tops/ovens will be stored in the Weatherhaven tents;
- 11 oil stoves (to be stored in the Weatherhaven tents);
- Satellite dish;
- 1 drummed fuel cache in a lined berm on the airstrip ramp; and,
- 2 greywater pools, which will be drained, folded, and stored in the Weatherhaven tents.

The following measures will be implemented to leave the site secured over winter:

- All fuel will be removed from the equipment, vehicles and stoves and stored in bermed areas;
- All fueled equipment will be securely stored with appropriate spill measures (e.g., drip trays secured beneath);



- Camp equipment and materials left at site will be securely stored within the remaining tents, or if sufficiently large and heavy, will be stored next to the tents and appropriately covered and lashed;
- All excavations have been surveyed and at the end of 2017 will have been filled in and graded to match local drainage. A detailed survey of these areas will be completed in 2018 after project completion;
- The borrow area will be graded and surveyed by local staff and a detailed survey completed at the end of the project in 2018;
- All garbage and debris will be removed from both the Satellite Bay and Mould Bay sites; and,
- All food will be removed from the Satellite Bay and Mould Bay camps.

This letter is being sent to all affected regulators as a notification of the project delay. We will be available to discuss the described issues, changes and potential additional regulatory requirements with you via teleconference and will contact you for a follow up shortly.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Stokes" with a stylized star or asterisk at the end.

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