



February 01, 2018

**Re: Repsol 2018 Satellite Bay Remediation Program Update**

Dear Stakeholders,

As shared through previous communications in August and September 2017, the 2017 Satellite Bay Remediation Program experienced significant delays of over four weeks during our mobilization phase in June 2017. These delays were caused by unsafe airstrip conditions at the site due to heavy snow accumulation combined with a later than normal spring breakup. This mobilization delay has subsequently impacted the construction phase of the project and, as a result, we had to defer parts of the construction phase and the demobilization to 2018.

In addition to this delay, we have identified the requirement to increase the project foot print. The increased foot print will result in additional soil needed for construction. We are currently finalizing the design changes to accommodate the larger structure and will provide the final stamped design updates to the regulators in March 2018.

To date, the containment structure has been partially completed, including the placement of all impacted soils identified in the 2017 construction plan, 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.

Critical 2018 project execution tasks include:

- Excavation and back filling of remaining soil impact areas;
- Refinement of remaining soil impact volumes. Any design changes to the approved structure will be provided the regulators;
- Placement of remaining impacted soils in the lined containment structure;
- Completion of lining and placement of the upper thermistor strings;
- Completion of the thermal protective layer over the liner;
- Grading of all areas within the containment structure footprint to 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;
- 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, Surveillance Network Plan and other reporting requirements identified in the project permits and licences.

To support the acceleration of the above, 2018 project tasks, some equipment and materials were staged securely at the Satellite Bay and Mould Bay camp locations over winter (with regulatory approval)..

Table 1 provides an overview of our 2018 schedule. We have built in weather contingencies (in particular at the end of the 2018 program) and are confident that we can complete all construction activities associated with

**Satellite Bay Remediation Program by the end of the 2018 field season.**

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Table 1: 2018 Project Schedule

<i>2018 Project Phases</i>	<i>Key Tasks</i>	<i>Planned Start Date</i>	<i>Planned Finish Date</i>
2018 Mobilization Phase	Camp deployment Personnel (including Inuvialuit Wildlife Monitors) staging and training Equipment mobilization and maintenance*	June 21	June 30
2018 Construction Phase	Re-installation of watercourse crossing Maintenance of existing access roads Additional ponded area dewatering Containment structure extension Completion of thermistor installation Borrow area operation and reclamation Impacted soil relocation Backfill of excavated areas Completion of liner installation Installation of soil cap Grading of all areas Completion of as-built-survey Removal of watercourse crossing Packaging of equipment for transport	July 8	August 4
2018 Demobilization Phase	Removal of all materials and equipment Demobilization of camp Demobilization of personnel (including Inuvialuit Wildlife Monitors)	August 5	August 22

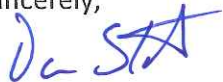
\*maintenance of the equipment that overwintered at the site.

In addition to the tasks in Table 1, we will also continue to comply with permit and licence requirements (e.g., sampling, reporting) prior to mobilization and while on-site.

Upon completion of the 2018 field season, we will submit the required reports of the post construction (as-built) design of the containment structure, borrow area, environmental sampling, Surveillance Network Plan and other requirements identified in the project permits and licences.

This letter is being sent to all applicable stakeholders to provide our anticipated 2018 schedule for project completion. Please let us know if you wish to discuss the schedule further or have any questions.

Sincerely,



**Repsol Oil & Gas Canada Inc.**

Darren Stokes, RT (Ag)

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*Cc: Environmental Impact Screening Committee, GNWT Lands Department, Inuvialuit Water Board, Indigenous and Northern Affairs Canada, Sachs Harbor Hunters and Trappers Committee, Olokhtomiut (Ulukhaktok) Hunters and Trappers Committee*