



September 12, 2018

Re: Repsol 2018 Satellite Bay Remediation Program – Deferral of Construction and Final Demobilization

Dear Stakeholders,

Further to Repsol's letter dated May 3, 2018 which informed regulators and Inuvialuit communities of the deferral of the final demobilization to 2019, this letter will provide an update on the 2018 field season and a forecast of the 2019 and 2020 seasons.

Due to deteriorating weather and airstrip conditions at Mould Bay in July and August 2018, Repsol Oil and Gas Canada Inc. (Repsol) was forced to postpone the remaining construction work to 2019 and close the Satellite Bay camp on August 22, 2018. Unfavourable weather conditions on the island critically limited the number of flights, affecting fuel supplies and the safe transport of personnel to Satellite Bay. An advanced crew was stationed at Satellite Bay from August 12 to August 22, 2018. None of the remaining construction tasks were completed due to the lack of fuel stemming from the inadequate airstrip conditions at Mould Bay that prevented larger aircraft from landing there (and delivering the fuel for the construction equipment that overwintered at Satellite Bay). However, the following key tasks were completed during the 11-day period:

- Camp set-up, maintenance and winterizing;
- Site inspection (including overwintered heavy equipment and fuel drum storage' borrow area, containment structure and thermal monitoring equipment);
- Environmental sampling (delineation of last impact area to be excavated in 2019, sampled meltwater in berms for laboratory analysis, sampled greywater for laboratory analysis and sampled Surveillance Network Program stations as per Water Licence requirements); and,
- Water discharge / removal (pumped impacted water from berms and drip trays into barrels for future transportation and disposal; discharged clean water to the ground surface at least 30 m from the closest water body).

After camp closure at Satellite Bay, some crew members were flown to their home communities, others remained at Mould Bay to winterize and close the camp for the season (on August 29, 2018). Repsol now plans to complete the outstanding construction work at Satellite Bay in 2019. Given our ongoing experience with unfavourable weather and ground conditions, Repsol will schedule only the outstanding construction phase activities during the summer of 2019, with the final demobilization phase now being deferred to 2020.

Weather pending, Repsol anticipates that the Construction Phase will be fully executed in 2019 in accordance with all licences, permits and approvals. Construction and camp equipment will be winterized prior to leaving the site in 2019 and will then be removed from the site in the summer of 2020.

Table 1 provides an overview of Repsol's updated 2019 / 2020 schedule. Once the planned construction activities are complete at the site, interim demobilization for the 2019 season will commence. This will include winterizing the heavy equipment, removal of personnel and any remaining supplies and materials. A reduced camp will remain at site to support winterization of the equipment and camp facilities. As it was done in 2018, it is anticipated that the interim 2019

demobilization will be facilitated by Twin Otter aircraft which will be loaded at Satellite Bay and shuttle loads to Mould Bay. At Mould Bay, equipment, materials and supplies will be transferred to a larger aircraft for transport to Yellowknife, likely to occur in early September 2019.

Table 1: 2019 / 2020 Project Schedule

2019 Project Phases	Key Tasks	Planned Start Date	Planned Finish Date
2019 Mobilization Phase	Camp deployment Personnel (including Inuvialuit Wildlife Monitors) staging and training Equipment mobilization and maintenance*	July 18	July 30
2019 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 31	August 27
2019 Winterization of Equipment and Camp	Winterizing of heavy equipment demobilization of most personnel Removal of supplies and materials.	August 28	September 3
2019 Demobilization Phase	Removal of remaining materials Demobilization of some camp components Demobilization of remaining personnel	September 4	September 8
2020 Re-mobilization	Camp deployment Personnel staging Equipment mobilization and maintenance*	July 20	July 31
2020 Post-construction Monitoring / Preparation for heavy-lift program	Completion of required post-construction monitoring tasks (as per Water Licence) Packaging of all equipment and materials Preparation for heavy-lift program	Aug 1	August 15
2020 Final Demobilization	Demobilization of equipment, materials and supplies Demobilization of camp Demobilization of personnel	August 16	August 25

*maintenance of the equipment that overwintered at the site.

In July 2020, Repsol will commence with the re-mobilization of personnel and supplies to Mould Bay, and then to Satellite Bay. The site access will be similar to 2018 / 2019 and, weather pending, Repsol anticipates having a small, temporary emergency camp re-established at Satellite Bay by late July 2020.

Once camps are re-established at Mould Bay and Satellite Bay, the 2020 work tasks will commence. This will include monitoring of the completed structure ("post-construction monitoring" one year after construction completion as per Water Licence requirements) and preparation of equipment for shipping, removal of any remaining materials and equipment from Satellite Bay and the demobilization of the larger construction equipment. The heavy-lift helicopter will be mobilized to Mould Bay in early August. A ground crew will be transported to Satellite Bay from Mould Bay on a daily basis to assist with rigging the outbound loads while a second ground crew will be positioned at



Mould Bay to receive the loads and transfer them to the Hercules aircraft for transport to Inuvik. Once the heavy-lift helicopter lifts have been completed (after two to three days), the helicopter will demobilize. Once the equipment delivery by Hercules aircraft from Mould Bay to Inuvik is complete, the aircraft will demobilize and overland transport of the construction equipment will occur from Inuvik to Edmonton.

All 2019 and 2020 schedules are dependent on weather and ground conditions.

Repsol will continue to comply with permit and licence requirements (e.g., sampling, reporting) prior to mobilization and while on-site. Upon completion of the 2019 field season, Repsol will submit the required reports identified in the project permits and licences. The same will be completed as required for the 2020 final demobilization phase (including post-construction monitoring).

This letter is being sent to all applicable stakeholders to provide Repsol's anticipated schedule for project completion. Please do not hesitate to contact Darren Stokes or Julia Krizan if you wish to discuss the schedule changes further or have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dc STA".

Repsol Oil & Gas Canada Inc.
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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, Olokhaktomiut (Ulukhaktok) Hunters and Trappers Committee, Inuvik Hunters and Trappers Committee, Aklavik Hunters and Trappers Committee, Paulatuk Hunters and Trappers Committee, Tuktoyaktuk Hunters and Trappers Committee.

