



ENVIRONMENTAL IMPACT SCREENING COMMITTEE

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BOARD	3
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FAKED
JUL 12 2007

July 9, 2007

MGM Energy Corporation
 4700 Bankers Hall West
 888-3rd Street SW
 Calgary AB T2P 5C5



Submission Number: [05/07-04]

ATTENTION: Shirley Maaskant, Manager Regulatory and Community Affairs

Dear Ms. Maaskant:

Re: MGM Energy Corp. – Ellice, Langley & Olivier Drilling, Completion & Testing

During a meeting held July 4 - 6, 2007 the Environmental Impact Screening Committee (EISC) screened the above noted project description. Based on the information provided, the EISC concluded that the development will have no such significant negative impact and may proceed without environmental impact assessment and review under the Inuvialuit Final Agreement. [IFA s. 11. (17) (a)]. A copy of the decision is attached.

Subject to a final decision by the licensing or permitting authority, the issuance of appropriate permits and approvals may proceed.

In rendering its decision the EISC made the following observation and request:

- The use of in-ground sumps represents an ongoing issue for the communities of the Inuvialuit Settlement Region. The developer has stated that in-ground sumps are not part of this project description. Furthermore if it is determined, at a later date that in-ground sumps are required, then a new project description will be submitted for screening by the developer. The EISC appreciates this approach and would request that the company provide an evaluation on the handling and transport of the sump waste after the 2007/2008 drilling season.

The EISC would suggest to the developer that they contact the Yukon Department of Environment regarding the transportation of sump waste through the Yukon Territory.

The EISC recognizes that the developer is requesting a three year approval for this development project. EISC in providing this approval reminds the developer that any significant change in the project description or a significant incident will require the re-submission of the project to the EISC for environmental screening.

The EISC has attached the advice received from the Fisheries Joint Management Committee, the Department of Fisheries and Oceans, the Department of the Environment and the Department of Environment and Natural Resources (Government of the Northwest Territories) for the consideration of the developer and the regulatory authorities.

Sincerely,



Barb Chalmers
A/Secretary

Attach. Decision letter

Letter from the Fisheries Joint Management Committee
Letter from the Department of Fisheries and Oceans
Letter from the Department of the Environment
Letter from the Department of Natural Resources and Environment

c.c.: Conrad Baetz, Indian and Northern Affairs
Gordon Wray, NWT Water Board
Bharat Dixit, National Energy Board
John Suwala, Department of Transport
Doug Clarke, Natural Resources Canada
Lorraine Sawdon, Environment Canada
Jennifer Anthony, Environment Canada
Erica Wall, Fisheries and Oceans
Jason McNeill, Environment and Natural Resources, GNWT
Bob Bell, Fisheries Joint Management Committee
Tuktoyaktuk HTC
Aklavik HTC
Inuvik HTC

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ENVIRONMENTAL IMPACT SCREENING COMMITTEE

NAME OF PROPONENT: MGM Energy Corp.

PROJECT DESCRIPTION: Langley & Olivier Drilling, Completion & Testing [05/07-04]


DECISION OF THE SCREENING PANEL (circled):

- 1. The development will have no such significant negative impact and may proceed without environmental impact assessment and review under the Inuvialuit Final Agreement. [IFA s. 11. (17) (a)]
- 2. The development if authorized subject to environmental terms and conditions recommended by the screening committee, will have no such significant negative impact and may proceed without environmental assessment and review under the Inuvialuit Final Agreement. [IFA s. 11(17)(b)]
- 3. The development could have significant negative environmental impact and is subject to assessment and review under the Inuvialuit Final Agreement. [IFA s. 11. (17) (c)]
- 4. The development proposal has deficiencies of a nature that warrant a termination of its consideration and the submission of another project description. [IFA s. 11. (17) (d)]

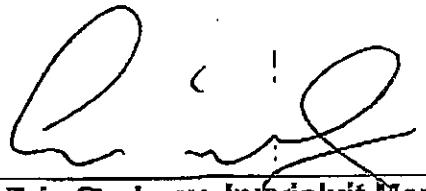
Signed on the 6 day of July 2007.


Fred McFarland, Chair


Albert Ruben, GNWT Member

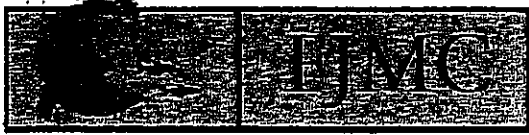

Ron Gruben, Inuvialuit Member


Morris George, YTG Member


Eric Cockney, Inuvialuit Member


Johnny Lennie, Canada Member


Darren Nasogaluak, Inuvialuit Member



**FISHERIES JOINT
MANAGEMENT COMMITTEE**

RECEIVED
MAY 25 2007
REGISTRATION

May 18, 2007

Fred McFarland, Chairperson
Environmental Impact Screening Committee
Box 2120
Inuvik, NT
X0E 0T0

Dear Mr. McFarland:

Re: Comments on MGM Energy Corp. Projects (Maaskant), Ogruknang 2D Seismic Program [05 07-01]; North Ellice and Olivier 3D Seismic Program [05 07-02]; Summer Field Assessment and Advance Barge Project [05 07-03]; and Drilling, Completion, and Testing Project [05 07-04]

Members of the Fisheries Joint Management Committee have had the opportunity to review the above four submissions from MGM Energy Corp. Since there appears to be some interdependency between projects, we are commenting on them collectively.

First of all, some general comments. There was very little material on fish in the project descriptions, so it is difficult to comment on the environmental assessment. We would also like to note that we were not informed or consulted at all during the March consultation tour and this submission is the first we have seen of these projects. We would normally have expected the proponents to contact us as well as the HTC's.

Since the proposed programs are multi-year projects, Committee members felt that parts of the program were difficult to comment on because of several 'and/or' scenarios outlined in the project description. We applaud the proponent for providing a full project description as their best estimation at this time, but even the proponent recognises that some elements are unpredictable. We feel that there should be some form of annual re-assessment, which can integrate the details from previous years' work into planning for the next year's. With these four projects being collectively a pretty large-scale development, we would like to ensure the best program assessment and implementation possible.

In the project descriptions for both the 2D and 3D seismic programs, the Aquatic Resources Protection Plan (Appendix II) discusses the monitoring protocol in

section 6.2 and provides the criteria for work stoppage. The protocol notes that any pressure changes in excess of 50 kPa will be noted and reported. This must be considered a significant level. However, the work stoppage procedure states: "work will be stopped in the area if four of six shot points have pressure changes recorded between 50 kPa and 100 kPa" or "if two subsequent shot points have pressure changes recorded over 100 kPa." This seems to imply that work will only be stopped if more than 65% of the shots are over 50 kPa. This may not be the proponent's intent, however, we would like clarification on the shutdown procedure, within the established guidelines such that we understand in full how they will be applied.

The Committee is concerned about the proposed use of single-hulled barges for fuel storage and the lack of details provided. For example, the type and number of barges for fuel storage is not specified. Past experiences relating to overwintering of barges in the Delta for the purpose of fuel or other storage raise concerns for the Committee and community members. Particular emphasis has been placed on the vulnerability of barges during spring break-up and winter freeze-up periods. This concern appears to apply to these projects as they may include over-wintering of fuel storage barges. From our perspective, double-hulled barges should be used for all over-winter fuel storage, and the onus is on the proponent to ensure that they are available. Notwithstanding the current national regulations for barges which afford the minimum in protection for the sensitive environments of the Mackenzie River and Delta, we recommend that double-hulled barges be a requirement, not an option, and that the schedule and locations for barge storage be provided.

We are also concerned about the proponent's assessment that wastewater and air emissions that meet regulatory requirements or standards do not negatively impact the environment. It is the Committee's feeling that allowable pollution levels are not the equivalent to the baseline clean environment. We would like to see specific assessments of the incremental contamination, not just general statements that the developer will "meet guidelines".

Finally, we continue to be disappointed with the assessment of cumulative effects. Fish and fish habitat are only mentioned in the project descriptions for the seismic projects, despite the fact that all four proposed projects include at least some interaction with fish and/or water. Although there are various points of view in the environmental assessment field about how best to assess cumulative effects, it seems obvious to us that repeated projects that have *some* impacts (even if assessed at the time not to be significant after mitigation) must add up in some way to create cumulative effects in an essentially pristine environment. Without trying to solve the debate ourselves, we would like to make the comment that the assessments of these four projects as not being expected to contribute to cumulative impacts on water and fish seems intuitively untenable.

On behalf of the Committee, thank you for considering our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "R. K. Bell". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Robert K. Bell
Chair, Fisheries Joint Management Committee

CC: Amanda Joynt, DFO
Frank Pokiak, IGC



Fish Habitat Management
P.O. Box 1871
Inuvik, Northwest Territories
X0E 0T0

Your file *Votre référence*
05/07-04

Our file *Notre référence*
YK-07-0046

May 23, 2007

Agnes Nokšana
Environmental Impact Screening Committee

Dear Ms. Nokšana:

RE: MGM Energy Corp. – Ellice, Langley, & Olivier Drilling, Completion and Testing Project Winters 2007-2010

The Department of Fisheries and Oceans, Fish Habitat Management – Western Arctic Area (DFO) has received the above proposal put forth by MGM Energy Corporation for the drilling and testing of up to nine wells over three winter seasons. We have reviewed the proposal pursuant to the fish habitat provisions in the *Fisheries Act* and are providing the following advice to assist the Environmental Impact Screening Committee in their assessment of the application.

It is our understanding that the proposed work involves:

- The construction of ice pads, ice roads, camps, drill rigs, service rigs, and associated areas necessary for testing and completion of exploratory wells. This is scheduled to start in mid-November of each year.
- All water to be used in the making of ice pads and roads will be drawn from Mackenzie River channels and proper screens of 2.54 mm will be used during the withdrawal process.
- The drilling of up to nine wells over the next three winter seasons. It is anticipated that there will be no more than six well sites being drilled each year. This is scheduled to start in December of each year and should take between 25-35 days.
- The use of non-toxic drill fluids that are not hydrocarbon based.
- All drill waste, including cuttings and muds, will be frozen and stockpiled to be shipped out of the Northwest Territories for disposal.
- The completion and testing of the wells directly after drilling. The liquid from the well will be stored while the gas will be flared off.
- All waste water being treated to levels delineated by the water licence before being discharged.
- Barges containing equipment being moved out in groups of two or three as soon as possible after break up.
- Bollards not needed in the future being cut off below grade.
- All fuel being stored in double walled tanks within bermed areas capable of holding 110% of the total amount of fuel present.
- All well sites, fuel sloops, and waste stockpiles will be no less than 100 metres from the nearest water body.
- Continuous monitoring of areas in future years to ensure that reclamation efforts were successful.

Based on the information provided, DFO has concluded that it has enough information to determine that authorization under subsection 35(2) of the *Fisheries Act* for the above project will

not be required. However, since the proposed work will take place in fish habitat it has the potential to result in harmful alteration, disruption, or destruction of fish habitat if proper mitigation is not applied. The following mitigation measures, if incorporated into the project, are intended to prevent harmful impacts to fish and fish habitat.

1. Every effort should be made to retain riparian vegetation, as it is critical for the protection of littoral and riparian fish habitats as well as for providing cover and enhancing bank stability.
2. Equipment operating near any water body should be free of external fluid leaks, grease, oil, and mud. All activities including maintenance procedures and vehicular refuelling should be controlled to prevent the entry of petroleum products, debris, and other deleterious substances into any water body.
3. To avoid additional freeze-down of deep-water pools potentially harbouring overwintering fish, watercourses should be crossed at shallow riffle areas.
4. The construction of temporary crossings over ice-covered streams is conducted as specified in the attached Ice Bridges Operational Statement. This Operational Statement provides specific advice on ice bridge construction, maintenance and removal. If it is determined that the conditions and measures described in the Operational Statement can not be complied with, DFO should be contacted with the details of the project.
5. Sediment and erosion control measures should be implemented and maintained prior to, during, and after construction to prevent entry of sediment into any water body. This includes stabilizing disturbed slopes immediately after construction.
6. The treated waste water should be discharged on land in a dispersed application rather than directly onto the Mackenzie River.
7. A spill contingency plan should be made available to all persons required to work on site and followed in the event of a spill.
8. Spills of oil, fuel, or other deleterious material should be reported immediately, as per existing reporting protocols, to the NWT/Nunavut 24-hour Spill Report Line at (867) 920-8130, including all spills near or into a water body.

Any harmful alteration, disruption, or destruction of fish habitat and/or the deposition of deleterious substances into fish bearing waters occurring as a result of an unapproved change to the proposed work or failure to implement the necessary mitigation measures may result in contravention of the *Fisheries Act*.

This letter does not constitute authorization of the above project pursuant to the *Fisheries Act*. It is the proponent's responsibility to obtain any approvals that may be required under any other legislation.

DFO appreciates the opportunity to review and provide comments on the above project and materials. If you have any questions concerning the mitigation measures or should there be a change in the proposed work please contact me at (867) 777-7516 or by fax at (867) 777-7501.

Sincerely,

Erica Wall

Erica Wall
Habitat Biologist, Fish Habitat Management
Department of Fisheries and Oceans - Western Arctic Area

cc Shirley Maaskant, Regularity and Community Affairs Manager, MGM Energy Corp.
Ernie Watson, A/Chief, Habitat, DFO
Larry Dow, District Manager, Inuvik, DFO
Terry Stein, C&P, Inuvik, DFO
Don Arey, Resource Management Officer, Inuvik, INAC
Jennifer Anthony, Environmental Assessment, Specialist, Yellowknife, EC



Environment Canada
Environnement Canada

Environmental Protection Operations Division
Suite 301, 5204-50th Ave
Yellowknife, NT, X1A 1E2

May 25th, 2007

Our File: 4709 002 041

Agnes Noksana
Secretary
Environmental Impact Screening Committee
PO Box 2120 Inuvik
NT, X0E 0T0

Re: MGM Energy Corp. Ellice, Langley and Olivier Drilling, Completion, and Testing Project-
Winters 2007/2008, 2008/2009, 2009/2010

To Ms. Noksana,

On behalf of Environment Canada, I have reviewed the information submitted with the above application, received May 14th, 2007. The following advice is provided pursuant to the Canadian Environmental Assessment Act and the Inuvialuit Final Agreement.

Environment Canada's (EC) contribution to your request for specialist advice is based primarily on the mandated responsibilities for the enforcement of Section 36(3) of the *Fisheries Act*, the *Canadian Environmental Protection Act* (CEPA) the *Migratory Birds Convention Act* (MBCA), and the *Species at Risk Act* (SARA).

It is the understanding of Environment Canada that MGM Energy Corp is proposing to conduct a multiyear winter drilling, completion, and testing program. Project start up is scheduled for November 2007 and will run through until April 20th 2008. The subsequent years will follow a similar timeline for winter works.

The program will consist of the following elements:

- The drilling of up to 9 appraisal wells within 9 potential drilling target areas on Ellice, Langley and Olivier Islands.
- The advance barging and staging of equipment and fuel.
- The establishment of 340kms of ice roads
- Construction of one or more drilling platforms, flare pads, drilling waste containment storage cells, and camp ice pads.
- Drilling will occur from December through to April, at which point demobilization will occur.
- If wells prove successful they will be suspended and well heads will be installed. If unsuccessful the wells will be capped below ground and abandoned.
- There will be fuel storage associated with this project in barges, fuel farms, and tanks, both in drill camps, (160,000 L of fuel storage/drilling camp) and other locations.
- Between zero and five wells will be drilled in any one year.



- The construction, operations, testing and drilling camps, will be ranging in personnel numbers from 26-66. There will be incineration of solid wastes, and recycling where applicable.
- Drill cuttings and drilling wastes will be located in a temporary storage vessel, and then shipped to an appropriate processing facility.
- There are no sumps associated with this project.

As the EISC may be aware, this proposal is also being screened by the National Energy Board under the Canadian Environmental Assessment Act. As part of that process, comments and information requests are being submitted to the NEB. A further review and information requests will be forthcoming during that process. Enclosed are Environment Canada's preliminary requests for more information, and some general comments and recommendations.

Information Requests:

1. MGM is requested to clarify in what months advance staging is anticipated to occur, and the duration of the barging/staging activities.
2. The Proponent is requested to clarify the depth of the marshalling pad associated with the barge landing sites.
3. The Proponent is requested to clarify if Table 5-2 on page 5-16 is referring to the volume of fuel needed for each winter season.
4. MGM is requested to provide an estimate of the total volume of fuel needed for each winter season.
5. MGM is requested to provide an example of a current Shipboard Oil and Pollution Emergency Plan.
6. The Proponent is requested to provide information as to how the barges will be protected against pressures exerted against them by the river ice, and how the barges will be protected from damage during spring break up.
7. The Proponent is requested to provide confirmation of received membership with the Mackenzie Delta Spill Response Corporation to Environment Canada, prior to advancement of barges.
8. On page 5-4 of the Project Description (PD), MGM mentions that the barges will initially be off-loaded by "deploying steel barge ramps". Please clarify if this means that equipment will be offloaded prior to a suitable ice-pad being constructed.
 - Will the Proponent be looking to offload the equipment directly into vegetated areas?
9. The Proponent is to clarify where the fuel will be stored during the construction phase of the program, and if the fuel will be stored in EnviroTanks, at least 100m from any water body?



10. The Proponent is asked to clarify why a drip pan is placed under an idler or stationary vehicle only after 2hrs? What is the rationale for the 2hrs minimum?
11. The Proponent is requested to confirm that the emergency shack and small fuel cache will not be located along the ice road where it is within 100m of a water body, or on a water body.
12. MGM is requested to further clarify the drilling waste management and temporary storage areas. It is mentioned on page 5-7 of the PD that "frozen, broken pieces of drilling waste will either be hauled by truck in the winter or placed within leak proof containers on barges for hauling out in the summer".
 - What is the purpose of freezing the waste, and trucking it out in the summer, will it not ultimately melt?
 - What will the proponent do to ensure the containers are "leak proof"?
 - What is the timeline for "temporary storage"? Can the proponent please provide a definition of the expected time for the storage in the containment cells?
13. Environment Canada requests that MGM provide whether all large, stationary tanks will be EnvironTanks used for fuel storage, if not, can the proponent please elaborate as to why?
14. Environment Canada will be providing further Information Requests to the proponent regarding the flaring and testing phase of the project.
15. If artesian flow is encountered, drill holes shall be plugged and permanently sealed immediately.
16. If ice-based drilling occurs, the Interim Guidelines for On-Ice Drilling will apply. Return water released to the lake must be non-toxic. Return water released must not result in an increase in total suspended solids in the waters of the lake that exceeds Canadian Council of Ministers of the Environment (CCME) Guidelines for the Protection of Freshwater Aquatic Life (i.e., 10 mg/L for lakes with background levels under 100 mg/L, or 10% for those above 100 mg/L.)
17. Environment Canada requires that the Proponent please provide the incineration capacity of the incinerator, recommended camp-size, its capabilities for incinerating oil and oily residue, as well as demonstrates that the incinerator will meet the Canada-Wide Standards (CWS) for Dioxins and Furans and the CWS for Mercury emissions.
18. Can the proponent please clarify the following points in regards to the incineration of camp waste:
 - a. The training that the incinerator operator has had
 - b. The volume of waste to be incinerated
 - c. Description of waste segregation plan
 - d. How will the Proponent demonstrate compliance with the Canada Wide Standards for the D&F and Hg



Comments and Recommendations:

1. Environment Canada has concerns regarding the barging and staging of fuel supplies. Environment Canada will be submitting further information to the EISC regarding this matter.
2. Meeting the requirements of the *Fisheries Act* is mandatory, irrespective of any other regulatory or permitting system. Section 36(3) of the *Fisheries Act* specifies that unless authorized by federal regulation, no person shall deposit or permit the deposit of deleterious substances of any type in water frequented by fish, or in any place under any conditions where the deleterious substance, or any other deleterious substance that results from the deposit of the deleterious substance, may enter any such water. The legal definition of deleterious substance provided in subsection 34(1) of the *Fisheries Act*, in conjunction with court rulings, provides a very broad interpretation of deleterious and includes any substance with a potentially harmful chemical, physical or biological effect on fish or fish habitat.
3. A copy of the spill contingency plan should be posted where crew members have access to it.
4. The Proponent should reference in their Spill Contingency plan the attached *Schedule 1 from the Spills Working Agreement* for conditions that require immediate reporting as well as immediately reportable quantities.
5. Environment Canada's contact number is (867) 920-5131, a 24-hour emergency pager monitored by Emergency and Enforcement Officers.
6. Fuel or hazardous substance transfers – Secondary containment or a surface liner (drip pans, fold-a-tanks, etc) should be placed under all container or vehicle fuel tank inlet and outlet points, hose connections and hose ends during fuel or hazardous substance transfers. Secondary containment should be of adequate size and volume to contain and hold fluids for the purpose of preventing spills (the worst-case scenario). Appropriate spill response equipment and clean-up materials (absorbents, containment devices, etc) must be on hand during any transfer of fuel or hazardous substances and at vehicle-maintenance areas.
7. Transfer operations should be attended by trained personnel at all times.
8. Berm areas - Decanting of snow or water from the berm area should proceed only if the appropriate chemical analysis has determined the contents meet the requirements of Section 36.3 of the *Fisheries Act*.
9. Fuel containers, including barrels, should be marked with the responsible party's name, product type, and year purchased or filled.
10. Vehicle refuelling should not occur within the floodplains or tidelands.



11. Waste tracking, or “manifesting,” should be implement to ensure proper use, storage, and management of materials. Manifests provide detailed information to first responders in the event of an accident and serve as a tool for confirming that shipments of dangerous or hazardous waste are properly handled, transported, and disposed of.
12. All non-combustible solid wastes (e.g. potable water bottles) shall be disposed of at an appropriate facility, e.g., Yellowknife, NT, or Inuvik, NT. The proponent is encouraged to make use of recycling facilities for all recyclable materials.
13. Water crossings should be at right angles to streams. Snow and ice fill crossing should be used and removed or V-notched when finished to avoid ice-jamming in the spring.
14. EC recommends the disposal of treated camp effluent to be discharge to the land in a distributed surface application. Digested solids from the wastewater treatment plant should be removed from the site and disposed of at an approved landfill.
15. Section 6 (a) of the *Migratory Birds Regulations* states that no one shall disturb or destroy the nests or eggs of migratory birds. The only proposed activity that will occur during the migratory bird breeding season is the demobilization of barges (approximately four days in mid-June). If active nests (i.e. nests containing eggs or young) are encountered during this activity, the nesting area should be avoided.
16. Barges should avoid any observed concentrations (flocks/groups) of birds. The proponent has stated that barge travel routes will avoid passage near coastlines and approach barge staging locations perpendicular to the shore to limit the spatial extent of impacts to birds (if present).
17. EC recommends that camp waste be made inaccessible to wildlife at all times. Camp waste can attract predators of migratory birds (e.g., foxes and ravens) to an area if not disposed of properly.
18. Section 35 of the *Migratory Birds Regulations* states that no person shall deposit or permit to be deposited, oil, oil wastes or any other substance harmful to migratory birds in any waters or any area frequented by migratory birds.
19. All mitigation measures identified by the proponent, and the additional measures suggested herein, should be strictly adhered to in conducting project activities. This will require awareness on the part of the proponents’ representatives (including contractors) conducting operations in the field. EC recommends that all field operations staff be made aware of the proponents’ commitments to these mitigation measures and provided with appropriate advice / training on how to implement these measures.
20. Implementation of these measures may help to reduce or eliminate some effects of the project on migratory birds, but will not necessarily ensure that the proponent remains in compliance with the *Migratory Birds Convention Act (the Act)* and *Migratory Birds Regulations (the Regulations)*. The proponent must ensure they remain in compliance with the *Act* and *Regulations* during all phases and in all undertakings related to the project.



21. The following comments are pursuant to the Species at Risk Act (SARA), which came into full effect on June 1, 2004. Section 79 (2) of SARA, states that during an assessment of effects of a project, the adverse effects of the project on listed wildlife species and its critical habitat must be identified, that measures are taken to avoid or lessen those effects, and that the effects need to be monitored. This section applies to all species listed on Schedule 1 of SARA. However, as a matter of best practice, EC asks that species listed on other Schedules of SARA and under consideration for listing also be included in this type of assessment.
22. EC recommends that all field operation staff be made aware of the proponent's commitments to these mitigations measures and provided with appropriate advice/training on how to implement.

Waste Management & Incineration

Environment Canada recognizes that timely disposal of camp waste - specifically food waste - is of critical importance to minimize safety risks associated with wildlife attraction. Timely disposal is usually achieved through burning. However, burning of waste products releases numerous contaminants to the air, many of them persistent, bioaccumulative and toxic (e.g. polycyclic aromatic hydrocarbons - PAH's - heavy metals, chlorinated organics – dioxins and furans). These contaminants can result in serious impacts to human and wildlife health through direct inhalation and they can also be deposited to land and water, where they bioaccumulate through food chains affecting wildlife and country foods. Therefore, burning should only be considered after all other alternatives for waste disposal have been explored.

A variety of incineration devices are available and selection of the most appropriate will depend on considerations of technical and economical feasibility for each situation. Installation of an incineration device capable of meeting the emission limits established under the Canada-wide Standards (CWS) for Dioxins and Furans and the CWS for Mercury Emissions is required (both the Government of Canada and the Government of the Nunavut are signatories to these Standards and are required to implement them according to their respective jurisdictional responsibility). The proponent should review the incineration options available and provide justification for the selected device to the regulatory authority.

If burning is the only alternative available, the proponent should ensure that the waste is burned in a device that promotes efficient combustion and reduction of emissions, and that the amount of waste burned is reduced as much as possible. The use of appropriate waste incineration technology should be combined with a comprehensive waste management strategy (especially waste segregation) that is designed to reduce and control the volumes of wastes produced, transported, and disposed of.

The Waste Management Plan Waste should consider and include:

- Purchasing policies that focus on reduced packaging,
- On-site diversion and segregation programs (i.e. the separation of non-food waste items suitable for storage and subsequent transport and disposal or recycling).
- If incineration is required, ensure diligent operation and maintenance of the incineration device and ensure appropriate training is provided to the personnel operating and maintaining the incinerator.



The objective should be to ensure that only food waste and food-contaminated waste is burned (the use of paper, cardboard and clean wood as supplementary fuel is acceptable).

Used absorbent materials, oily or greasy rags, and equipment servicing wastes (such as used engine oil, antifreeze, hydraulic oil, lead acid batteries, brake fluid and other lubricants) should be safely stored and transported in sealed containers (odour free to prevent animal attraction) and safely transported to a facility that is authorized for the treatment and disposal of industrial hazardous wastes.

This preliminary screening is conducted with the understanding that this project pertains to exploration activities only. If any part of this submission should change, resubmission and notification of Environment Canada must occur, as further review may be necessary. Please do not hesitate to contact me with any questions or comments in regards to the foregoing. I can be reached at (867) 669-4795 or alternatively via email, jennifer.anthony@ec.gc.ca.

Sincerely,

(Original Signed)

Jennifer Anthony
Environmental Assessment
Environmental Protection Operations Directorate

CC: Carey Dgilvie (Head, Assessment & Monitoring, EPOD)
Mike Fournier (Northern Environmental Assessment Coordinator, EPOD)
Myra Robertson (Environmental Assessment Coordinator, CWS)



0708-20-101-00076
MAY 30 2007

FAX TRANSMISSION SHEET



Northwest Territories Environment and Natural Resources

Environmental Assessment and Monitoring
Government of the Northwest Territories
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Date: May 30, 2007

To: **Agnes Noksana**
Environmental Impact Screening Committee

Fax: 1-867-777-2610

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

From: Jason McNeill
Regulatory Coordinator
Environmental Assessment and Monitoring
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Comments:

ENR's comments on **MGM 05/07-04**

Thank You

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May 30, 2007

Ms. Agnes Noksana
Secretary
Environmental Impact Screening Committee
P.O. Box 2120
INUVIK, NT X0E 0T0

VIA FACSIMILE

Dear Ms. Noksana:

MGM ENERGY CORP., 05/07-04
Ellice, Langley, and Oliver Drilling, Completion and Testing Project

The Department of Environment and Natural Resources (ENR) has reviewed the above application and would like to provide the following comments based on the mandated responsibilities under the *Wildlife Act*, the *Forest Management Act (FMA)* and the *Environmental Protection Act (EPA)*.

ENR has not had the opportunity to fully review this project and will be providing additional comments on regulatory applications to the National Energy Board and Indian and Northern Affairs Canada.

Project

We understand this to be a drilling program that includes the following components:

- Drilling up to nine exploratory wells
- Use of up to 3 existing on-land staging areas
- Four barging sites
- A number of access routes on channels; overland access not determined yet
- Working periods early December to April annually
- No sumps
- Construction camp for up to 60 people
- Drilling camp for up to 65 to 75 people at peak
- Completion and testing camp for approx 26 people on pad from drilling camp
- Garbage segregation and recycling

- Treatment plant for grey and sewage; if not to specifications with transport to Inuvik
- Barge removal following spring break-up
- Final inspection in summer

Proposed Mitigations

MGM Energy Corp. proposes the following mitigations to minimize impacts to wildlife and wildlife habitat (ENR comments related to these measures are given in italics):

- MGM will contact ENR for known bear dens. ENR to conduct a survey prior to Project start-up to allow avoidance by >300m. *ENR supports the conducting of fall denning surveys prior to winter projects to reduce the potential for impacts but this requires collaboration with the proponent. ENR Inuvik looks forward to further communications with the proponent on this. Timing for the survey is critical. It is important to note that this is for grizzly bears only. Pregnant female polar bears enter dens in November after snow accumulations are deep enough and these dens are more difficult to locate.;*
- If a bear is sighted it will be avoided and allowed to leave the area. Activities will be suspended or relocated as necessary. MGM will adhere to ENR's Bear Encounter Response Guidelines. *Giving wildlife the right of way is essential to minimizing impacts especially when utilizing equipment that has the potential to cause a high degree of disturbance such as helicopters. However, most of the activities associated with this project are at the drilling site and cannot be relocated. The response may be different depending on the species and sex/age of bear encountered, and the time of year, e.g. if a large male polar bear is seen near the camp versus a female with young cubs. ENR representatives should be contacted immediately as outlined in the ENR bear response guidelines (an updated version is attached).;*
- Tall vegetation will be walked down using LPV. Some minimal clearing of vegetation may occur. Construction of ice pads and roads with a minimum 15 cm, no sumps, flare pad min 30 cm. *ENR supports this and hopes the proponent will salvage any burnable wood for local consumption. These mitigation measures should help reduce the potential for impacts on the vegetation.;*
- Use of Wildlife Monitors for throughout the project activities to provide guidance on wildlife related issues. *ENR supports the use of Wildlife Monitors as they can help minimize encounters with wildlife;*
- Coordinate with other programs to share access, staging areas, airstrips, on-site waste handling, and fuel caches. *ENR strongly recommends this practice as it will help to reduce the potential impacts of multiple programs in the area.*
- Adherence to the Inuvialuit Game Council flight guidelines (p. 23). *ENR supports the adherence to these guidelines as aircraft overflights by helicopter and fixed-wing aircraft can disturb wildlife increasing stress to the animals and potentially extending to effects on overall health and condition.*

Species at Risk

The federal Species at Risk Act requires that adverse effects on listed species must be identified, and regardless of significance, mitigated and monitored (s. 79). It is ENR's view that those species listed on Schedule 1, as well as those being considered for status under the Act be treated in a similar fashion consistent with the recommendations in *"The Environmental Assessment Best Practice Guide for Wildlife at Risk in Canada"*.¹

The following species are pending addition to Schedule 1 of SARA and have the potential to occur in the project area during the timing of operations:

- Grizzly bear listed as Special Concern
- Polar bear listed as Special Concern
- Peregrine falcon listed as Special Concern

Specific Recommendations:

ENR makes the following species specific recommendations that are necessary to reduce potential impacts, on species at risk in particular and wildlife in general, in the project area:

- All personnel are required to report bear sightings to their local Wildlife officer at the earliest opportunity. This will allow ENR a better understanding of the location and frequency at which bears investigate camps and other developments. It will also allow greater ability to relocate bears that frequent development before they become habituated and must be destroyed as nuisance wildlife.
- If a bear is encountered during operations, response should be in accordance with ENR's Bear Response Guidelines (attached). Any defence of life and property kills must be reported, without delay, to ENR. All reasonable efforts must be made to ensure the hide and other valuable parts do not spoil and that these are turned over to a Renewable Resource Officer. The proponent should also be aware that any kill due to the defence of life or property will reduce the number of animals that can be harvested by the community.

With respect to Peregrine falcons the following recommendations are made:

- A minimum of 1.5 km should be maintained between any project activities and a Peregrine falcon nest site from April 15th to September 15th.

General Recommendations:

ENR provides the following general recommendations with respect to sufficiently minimizing potential impacts to wildlife, including species at risk:

¹ <http://www.cws-scf.ec.gc.ca/publications/AbstractTemplate.cfm?lang=e&jd=1059>

- Harassing wildlife can lead to greater expenditures of energy on the part of the animal and a loss of fitness. This is especially important for mammals in the winter. The Division also considers the chasing or stalking of wildlife for photography to be harassment. No wildlife should be disturbed, chased, or harassed by human beings on foot, in a motorized vehicle, or by aircraft.
- Although the concept of feeding small mammals and birds seems trivial it is in fact a large problem. The increase in local food supply will cause immigration to the area of other wildlife and may bring larger predators and scavengers in to the area. This may lead to nuisance wildlife that may be destroyed. The grouping together of large concentrations of animals also increases the potential for the spread of diseases. No wildlife should be purposefully encouraged to habituate to human presence (i.e. wildlife should not be fed).

General Comments:

During the winter the entrances to the den sites are covered with snow and next to impossible to identify. This is why fall grizzly bear denning surveys are conducted. The timing of these surveys is critical; after the bears have dug dens but prior to heavy enough snow fall to cover the entrances. If winter work is planned and the proponents want to collaborate with ENR on denning surveys, proponents need to provide digital data early enough to allow planning of the surveys and discuss financial support for helicopter time. In past years ENR has done survey work for a number of programs simultaneously.

Once fall denning surveys are conducted ENR committed to providing the location of any active dens if within:

- 1 km of a proposed access road
- a 3D seismic program
- 1 km of the outside boundary of a 3D seismic program
- 2 km of 2D seismic line
- 2 km of a camp or drilling program

Otherwise the locations of active dens are kept confidential. This should not be an issue as proponents commit to staying within their program boundaries. If there are changes to the program after the denning survey the proponent needs to contact ENR. It is important to recognize that unless another proponent is working in the new area or a collared bear was near the area, it would not be surveyed and the potential to disturb denning grizzly bears is higher.

Due to the fact that most grizzly bear dens collapse in the summer and are rarely used more than once, the locations of dens are available after den emergence. ENR is currently working on consolidating all historic dens sites from various programs into a more complete database. ENR is also collaborating with a student

from the University of Alberta under the direction of Dr Andy Derocher, to produce a map of potential denning habitat in the development area.

As mentioned in the project description, female polar bears are also known to den in the area. Pregnant females dig dens in the fall (November) to have their young and emerge in March/April. Polar bears den in the snow. There are historic den locations known from various sources including radio-collared bears. Historically polar bears wore satellite collars and the locations are not very precise. ENR is working on consolidating all historic den locations. Publications from researchers in Alaska are available on the subject. More recent population estimates for the Southern Beaufort Sea population are also available (Regehr et al 2006; Report Series 2006-1337)

Requests of the Proponent

Lastly, ENR makes the following request of MGM Energy Corp.:

- To aid in the Department's tracking management of impacts to wildlife and to monitor the responses of species at risk to development activities we request that MGM Energy Corp. provide ENRs Inuvik Regional Biologists with records of any wildlife sightings made during the program including information on location (GPS, if possible), number and reaction of the wildlife to overflights or other project activity (if applicable). This information would provide distribution information and be used to help plan future mitigation.

Should you have any questions regarding the above, please contact Jason McNeill, Environmental Regulatory Analyst at 920-8071.

Sincerely



Jason McNeill
Regulatory Coordinator
Environmental Assessment and Monitoring
Environment and Natural Resources

C. Karin Clark
Environmental Assessment Specialist
Wildlife Division



Department of Environment and Natural Resources
Bag Service #1 Inuvik, NT X0E 0T0

**Bear Encounter Response Guidelines
Oil and Gas Programs**

I. PRINCIPLES:

1. Protection of Life and Property
2. Conservation

II. OPERATIONAL GUIDELINES:

- A. Deterrence
- B. Re-locate, if feasible
- C. Destroy

III. OPERATIONAL PROCEDURES:

Contacts:

Initial contact: Ian Ellsworth, RROIII
(867)-777-7230 (W),
(867) 777-1185 (Cell)
(867) 777-7236 (Fax)

Response Personnel:

The following personnel can be available for responding to problem bear situations:

Paul Voudrach	Tuktoyaktuk	777-7230	777-7321 (Fax)
Owen Allen	Inuvik	777-7201	
Lizz Gordon	Inuvik	777-7247	
Ian McLeod	Aklavik	978-2248	978-2756 (Fax)

Initial Contact:

1. The complainant should complete the attached checklist prior to calling ENR. It is critical that as much information as possible be provided at this point in order to determine the appropriate response.

IV. RESPONSE

Wildlife Monitors will be the initial responders to problem bears. It is imperative that they have a sufficient supply of approved deterrents at their disposal. All bear sightings and encounters shall be reported to the ENR office closest to the area of operation.

The potential responses will be considered in the following order:

a) Camps

1) Wildlife Monitors will employ conventional means of deterring problem bears which threaten public safety or property. This may involve chasing a bear out of the camp with a vehicle or snowmobile, or using noise makers and rubber bullets. If these methods prove ineffective, and where a helicopter is available or can be obtained in the area, the bear may be chased from camp. Pilots must be careful not to over stress the bear during this flight and must back off when the bear is a sufficient distance from the camp and keeps running in the desired location. If circumstances allow, a Renewable Resource Officer (RRO) should be contacted prior to using aircraft to deter bears. Undue harassment is illegal and must be avoided. **All incidents involving any means of deterrence should be reported to a Renewable Resource Officer as soon as possible.**

2) Should for some reason, the Wildlife Monitor be unable to deter a bear, and where the bear does not pose an immediate threat to public safety or property, the Department of Environment and Natural Resources (DENR) may send a deterrent or capture team to the site.

b) Denning bears

If a bear is located in, at or near a den site, work in the area must halt. All employees should safely retreat from the area and report the occurrence to the Site Supervisor, Wildlife Monitor, and the Renewable Resource Officer in your area as soon as possible. Staff from DENR will be required to assess the site and may implement measures to ensure bears are not unduly disturbed. This may include the establishment of an exclusion zone of 300 meters around the den in which no work will be permitted. Work inside the exclusion zone will remain stalled until after den emergence.

c) Free ranging bears

Prior to active deterrence of free ranging bears, and where public safety or property is not in immediate danger, the Wildlife monitor will assess the situation. The monitor should determine if the bear has been disturbed from a den or if it is denning in close proximity. Bears in the vicinity of a den should not be deterred and work should cease until DENR has assessed the site. If the Wildlife Monitor has determined that the bear is in fact free ranging, and not lingering around a den site, then active deterrence may commence.

d) Destruction of the bear

Instructions to destroy the bear will be given when deterrent actions have failed, when additional deterrent actions are not possible, and when it is determined that capture and relocation cannot be conducted or is unlikely to be successful.

The bear can be destroyed if human life or property is in imminent danger.

If a bear is killed, you will be required to:

- 1) Report the kill to DENR, as soon as possible.
- 2) Skin the bear, leaving the claws and penis (if applicable) attached, and preserve the hide by freezing or salting it and storing it in a cool place. Be generous with the salt.
- 3) Turn in the hide, the skull, and any other biological samples requested to a DENR Renewable Resource Officer.

As per the NWT Wildlife Act, no person may retain any part of a bear killed in defence of life or property.

V. FOLLOW-UP

After response measures are completed, the situation will be reviewed with the camp operator and corrective actions identified. These may include a wide array of actions aimed at avoiding future bear problems and ensuring that the operator is made aware of legal obligations. The need for conservation and the vulnerability of bear populations to over harvest is to be stressed.



Bear Complaint Checklist

1. Complainant Details:

Date/Time of Report: _____
Complainants Name: _____
Affiliation/Location of Complainant: _____
Contact Number for Complainant: _____
Other on Site Contacts: _____
Wildlife Monitors Name: _____

2. Camp Details:

Location of Complaint: _____
Latitude/Longitude: _____
Type of Camp- Permanent/ Mobile: _____
Number of People in Camp: _____
How Long has Camp Been Here (if Mobile): _____
Are there any Aircraft on site? If yes, Type: _____

3. History of the Problem:

Date/Time Bear First Sighted: _____
Type of Bear: Grizzly _____ Polar _____ Black _____
Sex of Bear: Male _____ Female _____ Unknown _____
Age of Bear: Cub _____ Juvenile _____ Adult _____
Has Bear Been Observed Before: _____
Den site found (description)? _____
What was the Bear Attracted To: _____
Did the Bear Obtain Food: _____
Behaviour of Bear: Fearful _____ Not Fearful _____ Aggressive _____
Damage By Bear: _____

4. Deterrent Action:

Was the Bear Deterred? Yes _____ No _____
If Yes, Type of Deterrent Used: _____

Present Status of Bear: _____

5. Other Information:

Reporters Name/Title: _____
Weather on Site at Time of Report: _____
Checklist Forwarded to: _____

Instructions to destroy the bear will be given when deterrent actions have failed, when additional deterrent actions are not possible, and when it is determined that capture and relocation cannot be conducted or is unlikely to be successful.

The bear can be destroyed if human life or property is in immanent danger.

If a bear is killed, you will be required to:

- 1) Report the kill to DENR, as soon as possible.
- 2) Skin the bear, leaving the claws and penis (if applicable) attached, and preserve the hide by freezing or salting it and storing it in a cool place. Be generous with the salt.
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