



September 29, 2010

Véronique D'Amours Gauthier
Science and Regulatory Officer
NWT Water Board
P.O. Box 2531
Inuvik, Nt, X0E 0T0



Dear Ms. Gauthier,

**Supporting documentation for the 2010 application for renewal of Water Licence
No. N7L1-1762**

This letter has been written on behalf of Shell Canada Ltd. regarding the renewal of Water Licence No. N7L1-1762 to accompany the completed Schedule III form.

Shell Canada Limited (Shell) is applying to renew Type B Water License N7L1-1762 for the Camp Farewell staging site. The camp is located within the Inuvialuit Settlement Region on the northeast bank of Middle Channel near Harry Channel in the Kendall Island Bird Sanctuary, Northwest Territories. IEG Consultants (IEG) has been commissioned by Shell to prepare the water license renewal application. This letter serves as the supporting documentation to outline the changes in land use now in effect at Camp Farewell that have occurred since the previous licence renewal application.

The primary changes in land use at the site since the previous licence renewal applications are as follows:

- Camp Farewell is currently being used to store fewer drilling supplies than were previously in long term storage on-site. During 2009, materials (drilling mud additives, pipes and old fuel tanks) that were being stockpiled at Camp Farewell were packaged and removed from site via ice road and barge. The site continues to serve as long term storage for metal rig mats, some shop tools and lumber. Temporary storage of drilling supplies at the site may occur in the coming years to support regional programs.

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- The former sewage lagoon on site is no longer used for the disposal of waste water. All waste water that may now be generated by camp operations is removed from the site for disposal in Inuvik.

Ongoing use and management of the site

Shell Canada intends to continue periodic operation of Camp Farewell and will leave the current infrastructure in place. Regular inspections of the infrastructure and fuel storage facilities on site will continue. Secondary containment for fuel storage tanks is currently used at Camp Farewell and spill clean-up supplies are available during operations at the site.

The on site sewage lagoon, which is no longer operated, fills with runoff approximately every two years. To prevent the lagoon from overflowing, the operational management plan currently used is to decant the melt water in the lagoon to the Middle Channel of the Mackenzie River after water samples show it to be below discharge criteria.

Environmental impacts identified at the site in a 2006 environmental site assessment continue to be managed through the treatment of soil on site and monitoring of soil and water chemistry at the site.

If you have any questions please feel free to contact me at (403) 990-1382 or at sbird@ieg.ca.

Yours truly,

IEG CONSULTANTS LTD.

Sam Bird B.Sc.

c.c. Randall Warren – Shell Canada Energy

SCHEDULE III
(Subsection 6 (1))

APPLICATION FOR LICENCE, AMENDMENT OF LICENCE OR RENEWAL OF LICENCE

APPLICATION/LICENCE NO. N7L1-1762
(amendment or renewal only)

1. NAME AND MAILING ADDRESS OF APPLICANT

Shell Canada Ltd.
400 - 4th Avenue S.W.
P.O. Box 100, Station M
Calgary, AB T2P 0J4
Attn: Randall Warren
Telephone: 403-691-2521 Fax: 403-269-7948

2. ADDRESS OF HEAD OFFICE IN CANADA IF
INCORPORATED

Same as previous

Telephone: _____ Fax: _____

3. LOCATION OF UNDERTAKING (describe and attach a map, indicating watercourses and location of any proposed waste deposits)

Camp Farewell: east shore of the MacKenzie River - Middle Channel, 50 km downstream from Tununuk Point (Bar C)

Latitude: 69 12' 30" N Longitude: 135 06' 04" W

4. DESCRIPTION OF UNDERTAKING (describe attach plans)

Renewal of water license for the permanent camp, Camp Farewell: please refer to attached documents.

5. TYPE OF UNDERTAKING

1. Industrial	_____	4. Power	_____	6. Conservation	_____
2. Mining and milling	_____	5. Agriculture	_____	7. Recreation	_____
3. Municipal	<u>X</u>				

8. Miscellaneous (describe) _____

6. WATER USE

To obtain water	<u>X</u>	Flood control	_____
to cross water course	_____	To divert water	_____
to modify the bed or bank of watercourse	_____	to alter the flow of, or store, water	_____

Other (describe) Release treated wastewater into the MacKenzie River provided discharge criteria are met.

7. QUANTITY OF WATER INVOLVED (litres per second, litres per day or cubic metres per year, including both quantity to be used and quantity to be returned to source)

Quantity of water used not to exceed 150 cubic metres per day; to be withdrawn from the Middle Channel of the MacKenzie River during winter activities, and the Unnamed Lake to the north in the Summer.

Treated wastewater will be discharged to the MacKenzie River (150 cubic metres per day) provided discharge criteria are met.

SCHEDULE III – *Concluded*

APPLICATION FOR LICENCE, AMENDMENT OF LICENCE, OR RENEWAL OF LICENCE – *Concluded*

8. WASTE DEPOSITED (quantity, quality, treatment and disposal)

Approximately 150 cubic metres of effluent to be deposited. Sewage and greywater to be treated using the existing Extended Aeration Sewage Treatment System. The effluent discharged to the MacKenzie River will comply with the effluent quality requirements listed in the amendment to License N7L1-1762, dated November 28, 2001, and with the requirements outlined in the Guidelines for the Discharge of Treated Municipal Wastewater in the Northwest Territories.

9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (giving name, mailing address and location; attach list if necessary)

N/A

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION

Please see attached documents.

11. CONTRACTOR AND SUB-CONTRACTORS (names, addresses and functions)

Camp is to be used to support future research, exploration and development activities in the MacKenzie Delta.

12. STUDIES UNDERTAKEN TO DATE (attach list if necessary)

Enhanced Phase I Environmental Assessment - Golder & Associates

Enhanced Phase I Environmental Assessment - Inuvialuit Environmental Inc.

Phase I and II Environmental Site Assessment - Komex Environmental Ltd.

2006 Phase I and II Environmental Site Assessment - WorleyParsons Komex and IEG Consultants

13. PROPOSED TIME SCHEDULE

Project time scheduling is on-going with no completion date; Shell is requesting a 5 to 10 year water licence term.

Start date: November 1, 2010 Completion date: On-going

Randall Warren
NAME (Print)

Manager - Reclamation
TITLE (Print)


SIGNATURE

08/1/2010
DATE

FOR WB OFFICE/USE ONLY

APPLICATION FEE Amount: \$ _____ Receipt No.: _____

WATER USE DEPOSIT Amount: \$ _____ Receipt No.: _____