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Sent: Friday, April 18, 2008 1:48 PM

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Subject: Camp Farewell - Clean-up and Soil Remediation Plan

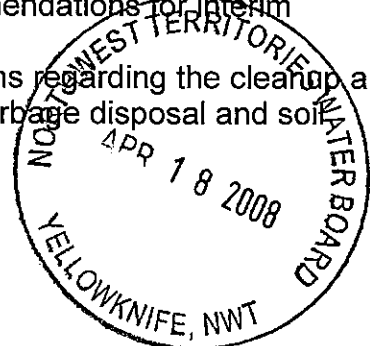
ISSUE:

Remediation of Contaminated Soils and General Cleanup of Farewell Camp and Stockpile Site, Kendall Island Migratory Bird Sanctuary

BACKGROUND:

- o Kendall Island Bird Sanctuary (KIBS) which lies in the outer Mackenzie Delta, Northwest Territories overlies two of the key gas fields that would supply the proposed Mackenzie Valley pipeline.
- o The sanctuary encompasses 623 km² of habitat for more than 90 species of migratory bird including Snow Goose, Canada Goose, Greater White-fronted Goose and Tundra Swan.
- o Camp Farewell, a facility on the southern edge of KIBS has been operated by Shell since 1970 as a staging area for oil and natural gas activities. It contains permanent accommodations for approximately 40 persons, maintenance facilities, and storage areas for fuel and equipment.
- o Shell Canada operates and maintains the Farewell Camp and Airstrip in accordance with an annual permit that they receive from Canadian Wildlife Service (Migratory Birds Sanctuary Regulations) and a land lease from Indian and Northern Affairs of Canada (Territorial Lands Regulations). Shell also receives a Water License from the NWT Water Board to draw water for operations from the Mackenzie River.
- o With renewed interest in petroleum exploration in the late 1990s, EC has observed an increased interest from petroleum companies in the use of Camp Farewell for storage and staging purposes.
- o There are ten Significant Discovery Licences (SDLs) in KIBS, two associated with the Mackenzie Gas Project (MGP). If the MGP proceeds, EC anticipates increasing interest in the use of Camp Farewell for oil and gas storage and staging purposes for many years into the future.
- o An Environmental Site Assessment and Interim Abandonment and Restoration Plan for Camp Farewell were submitted to the NWT Water Board in 2006. The plan identifies the type and distribution of contaminated sediments in and adjacent to Camp Farewell. The plan also provides initial recommendations for interim remediation of the site.
- o Under its annual EC permit Shell has certain obligations regarding the cleanup and restoration of the site, including fuel spill mitigation, garbage disposal and soil remediation activities.

ACTIONS:



4/18/2008

- o Environment Canada will be requesting that Shell Canada Ltd complete a cleanup and restoration of the Farewell Camp and Stockpile Site within Kendall Island Bird Sanctuary prior to commencement of any construction activities related to the proposed Mackenzie Gas Project or by 2013 should the MGP not proceed.
- o As a first step in this process Environment Canada will be requesting that Shell Canada Ltd prepare a draft restoration plan for discussion with federal regulators (EC, NWT Water Board, INAC) that articulates the reclamation and cleanup activities required at Camp Farewell including firm deadlines for achievement.
- o The deadline for submission of Shell's draft plan is tentatively set as 1st November 2008.

Environment Canada trusts that the NWT Water Board and INAC will support this initiative to remedy the issues of contamination in and adjacent to Camp Farewell. Should you have any questions or concerns please don't hesitate to call. A formal letter will follow from the Regional Director of CWS to Shell Canada Ltd, with copies to INAC, NWT Water Board, and EC's Environmental Protection Division.

Regards,

Craig

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