



Aboriginal Affairs and
Northern Development Canada
<http://www.aandc-aadnc.gc.ca>

Affaires autochtones et
Développement du Nord Canada
<http://www.aadnc-aandc.gc.ca>

North Mackenzie District
P.O. Box 2100
Inuvik, NT X0E 0T0

Telephone: 867-777-8900
Fax: 867-777-2090

November 9, 2011

Northwest Territories Water Board
P.O. Box 2531
Inuvik, NT X0E 0T0

Attn: Freda Wilson, Office and Finance Administrator

**RE: Industrial Water Use N7L1-1762
CLASS B - INDUSTRIAL
Mackenzie River and Un-named Lake**

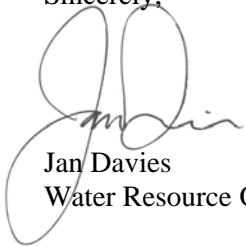
Dear Ms. Wilson,

Please find the enclosed Inspection Report for your review and records.

An electronic copy (un-editable Adobe pdf.) has also been provided by e-mail.

If you have any questions or concerns regarding the enclosed, and/or if additional information is required please contact me at (867) 777-8909.

Sincerely,



Jan Davies
Water Resource Officer

Cc: Conrad Baetz, District Manager, North Mackenzie District, Inuvik, NT

Enclosure: Industrial Water Use Inspection /Audit Report and Cover Letter (4 pages)



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November 9, 2011

Shell Canada Limited
400 – 4 Avenue S.W.
P.O. Box 100, Station M
Calgary, AB T2P 0J4

Attn: Randall Warren

**RE: Industrial Water Use N7L1-1762
CLASS B - INDUSTRIAL
Mackenzie River and Un-named Lake**

Dear Mr. Warren,

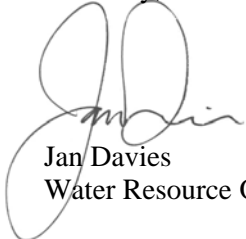
An inspection/audit of the Shell Canada Limited Water Licence N7L1-1762 (expired on June 30, 2011) was conducted on August 24, 2011. The operation under the above mentioned Industrial Water Use was inspected to assess compliance and ensure that the terms and conditions were met. Enclosed is a copy of the Inspection Report (3 pages) for your review and records.

Unfortunately, there was one violation during this inspection period. Our records indicate that the requirement under Part B, Item 1 of the Water Licence relating to the Annual Report submission has not been received by the Northwest Territories Water Board since 2007. Please review and address the violation and concerns throughout the Inspection Report.

Please note that it is the Licensee's responsibility to ensure compliance with all of the terms and conditions of its Water Licence. A copy of this report will be sent to the Northwest Territories Water Board for their review and public records.

If you have any questions regarding the enclosed and/or if additional information is required, please do not hesitate to contact me at (867) 777-8909.

Sincerely,



Jan Davies
Water Resource Officer

Cc: Conrad Baetz, District Manager, North Mackenzie District, Inuvik, NT

Enclosure: Industrial Water Use Inspection/Audit Report (3 pages)



INDUSTRIAL WATER USE INSPECTION REPORT

LICENCE #:	N7L1-1762	EXPIRY DATE:	June 30, 2011
LICENCEE:	Shell Canada Limited	PREVIOUS INSPECTION:	January 19, 2005
COMPANY REP:	Randall Warren	INSPECTION DATE:	August 24, 2011

WATER SUPPLY

Source:	Mackenzie River and Un-named Lake	Quantity Used:	See Annual Reports
Owner/Operator:	Shell Canada Limited	Meter Reading:	N/A

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Intake Facilities	N/A	Storage Structures	N/A	Treatment Systems	N/A	Recycling	N/A
Flow Meas. Device	N/A	Conveyance Lines	N/A	Pumping Stations	N/A	Chem. Storage	N/A
						Modifications	N/A

Water Supply Comments:
- N/A

WASTE DISPOSAL

Well Waste:	Off-Site Removal	N/A	Drilling Sump	N/A	Downhole	N/A	Land spread	N/A
Solid Waste:	Open Dump	N/A	Landfill	A	Burn & Bury	N/I	Under ground	N/A
	Owner / Operator	N/A	Sludge Disposal	N/A	Other	N/A		
Tailings:	Tailings Pond	N/A	Natural Lake	N/A	Under ground	N/A		
Sewage:	Sewage Treat. System	A	Camp Sump	N/A	Natural Water Body	N/A	Wetland Treatment	N/A
	Continuous Discharge	N/A	Inter. Discharge	N/A	Seasonal Discharge	N/A	Trench	N/A

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Discharge Quality	A	Construction	N/A	Disch. Meas. Dev.	N/A	Freeboard	A
Decant Structures	N/A	O&M Plan	A	Dams, Dykes	A	Seepages	N/A
Dyke Inspections	A	A&R Plan	A	Erosion	A	Spills	A
Conveyance Lines	N/A	Pond Treatment	N/A	Runoff Diversion	N/A	Sump Treatment	N/A
Sump Liners	N/A		SNP Samples Collected		N/A		
Periods of Discharge	N/A		Effluent Discharge Rate		N/A		

Waste Disposal Comments:

- Sheen present in camp sewage lagoon in corner closest to the river (see Figure 4). It is unknown if it is natural in origin. Subsequent lab analysis of lagoon water on September 20, 2011 by IEG Environmental was within the Water Licence Discharge Criteria which expired on June 30, 2011. Originally there had been an Oil and Grease result of 47 mg/L which was above the discharge criteria of 5 mg/L but when it was re-sampled on September 29, 2011, the result was <2 mg/L. Please note that a current Water Licence for Camp Farewell is needed in order for the sewage lagoon to be decanted.

- Sewage lagoon freeboard was between 1.5–2.0 metres, acceptable according to Licence criteria.

- River bank is eroding closer to the lagoon area 2-3 metres away (see Figure 3).

- Recent remediation work to 1981 Dome/CanMar Spill (see details in General Conditions).



INDUSTRIAL WATER USE INSPECTION REPORT

GENERAL CONDITIONS

Indicate: A - Acceptable U - Unacceptable N/A - Not Applicable N/I - Not Inspected

Ore & Waste Rock Stockpiles	N/A	Records & Reporting	U	Surv. Net. Prog.	N/A
Geotechnical Inspection	N/A	Posting, Signage	N/A	Contingency Plan	A
Restorations Activities	A	New Construction	N/A	Fuel Storage	N/A
Mine Water Discharge	N/A	Chemical Storage	N/A	Annual Report	U

General Condition Comments:

- Annual Reports have not been provided to the Northwest Territories Water Board for years 2007, 2008, 2009, and 2010, which is a violation of Part B: General Conditions, Item 1 of the Water Licence. The 2011 Annual Report has yet to be provided for the remaining term of 2011 when the Water Licence expired on June 30, 2011.
- There needs to be notification of the Board of the activities that occurred during the entire term of the Water Licence. Please note that if nothing occurred or the information is not available that needs to be included in the Annual Report that complies with Part B: General Conditions, Item 1 and each of its conditions.
- There have been consistent monthly Surveillance Network Program reports sent by the Licensee for the activities at Camp Farewell.
- Fuel Storage area seems to be secure and no problems noted.
- Site is clean and organized.
- Maintenance activities were conducted at Camp Farewell from July 9, 2009 until at least August 7, 2009 based on notification from IEG Consultants Ltd (see Figure 6). Remediation work also occurred in the western corner of Camp Farewell just west and south of the bermed tank farm (see Figure 5). This was to remediate the hydrocarbon contaminated soil from the 1981 Dome/CanMar Spill.
- An updated Interim Abandonment and Restoration Plan dated 26 November 2008 was provided for Camp Farewell.

NON-COMPLIANCE/VIOLATIONS OF ACT OR LICENCE

Part B: General Conditions, Item 1,
“The Licensee shall file an Annual Report with the Board not later than March 31st of the year following the calendar year reported...”

Inspector’s Signature:



INDUSTRIAL WATER USE INSPECTION REPORT

Inspection Images:



Figure 1
Aerial of Camp Farewell.

Figure 2
Camp Farewell Sewage Lagoon



Figure 3
River bank is eroding closer to the lagoon area 2-3 metres away.

Figure 4
Sheen present in camp sewage lagoon in corner/edge closest to the Mackenzie River.



Figure 5
Recent remediation in western corner of Camp Farewell just west and south of the bermed tank farm.

Figure 6
Maintenance activities at Camp Farewell during July-August of 2009, including remediation by the tank farm.