

Schedule III
(Subsection 6(1))

APPLICATION FOR LICENCE, AMENDMENT OF LICENCE, OR RENEWAL OF LICENCE

APPLICATION/LICENCE NO:
(amendment or renewal only)

<p>1. Name and Mailing Address of Applicant Alan Wong, Project Manager Alaska/Mackenzie Delta International New Ventures Exploration EnCana Corporation 150 9th Ave. SW Calgary, AB T2P 3S5</p> <p>Email: alan.wong@encana.com Telephone: 403.645.5569 Fax: 403.716.2436</p>	<p>2. Address of Head office in Canada if incorporated As at left.</p> <p>Telephone: _____ Fax: _____</p>
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3. Location of Undertaking (describe and attach a map, indicating watercourses and location of any proposed waste deposits)
EnCana is proposing to drill one exploratory well during the winter of 2004, selected from three potential locations (N16, D16 or K16) identified on Richards Island in the Inuvialuit Settlement Region. The potential wellsite locations are within EL 384 on Crown land.

Access to the wellsite will be overland from the Inuvik to Tuktoyaktuk ice road. The access will be constructed over large lakes, with limited overland sections. Please refer to the attached maps showing the access and well site locations.

Latitude 69° 16.3' to 69° 26.4' N Longitude 133° 59.2' to 134° 20.2' W

4. Description of Undertaking (describe and attach plans)

The well will be drilled to a depth of approximately 3300 m. Currently, it is most likely that the N16 location will be drilled however, the final location will be confirmed in November after further data analysis has been completed. Akita-Eqtak will be the drilling contractor and Akita-Eqtak Rig #62 will be used for drilling operations on the program.

Construction of the ice road and lease site is expected to begin in December 2003, with drilling starting in January 2004 and equipment being de-mobilized in April 2004.

The Arctic Star barge camp will be positioned in the East Channel of the Mackenzie River and will be used to support the construction operations. A rig camp will also be established at the well site and Swimming Point will be used as a logistics base. To support operations, EnCana is proposing to withdraw water from lakes and the East Channel. The attached maps identify the lakes from which water is to be withdrawn. Treated wastewater will be discharged from the rig camp, provided the treated effluent meets the necessary discharge criteria.

5. Type of Undertaking

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

8. Miscellaneous (describe) _____

SCHEDULE III – Continued

APPLICATION FOR LICENCE, AMENDMENT OF LICENCE, OR RENEWAL OF LICENCE - Continued

6. Water Use

To obtain water	<u>X</u>	Flood Control	_____
To cross a watercourse	_____	To divert water	_____
To modify the bed or bank of a watercourse	_____	To alter the flow of, or store, water	_____
Other (describe)	_____		

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)

Water will be withdrawn from lakes in the program area and the East Channel of the Mackenzie River. Maximum daily withdrawal during access and well site construction is expected to be 1800 m³. After construction is completed, daily water requirements will be substantially reduced.

The volume of Nesbitt Lake was assessed through a bathymetric survey in the fall of 2002. Volumes for an additional five lakes were estimated based on water depth data collected during the EnCana Burnt Lake 3D program in the winter of 2002. Based on the volume estimates, two of the five lakes assessed were determined to be too shallow for use. The remaining three lakes will be used for water withdrawal. Volume estimates for each lake to be used for water withdrawal are provided below:

Lake	Total Volume (m ³)	Surface Area (ha)	Total Volume (m ³) (with 2 m ice)	Max. Depth (m)
1	6 426 900	4 318 500	10.3	116.8
4	3 316 900	1 222 200	9.2	142.3
5	11 451 500	5 723 800	10.9	327.7
Nesbitt	6 627 750	2 017 134	11.4	313.8

To confirm the estimated volumes prior to withdrawal, additional depth measurements will be taken during ice profiling. New contour maps will be developed for each lake and the estimated volumes to be withdrawn will be revised as necessary and agreed to with the Department of Fisheries and Oceans (DFO). It is expected that volume to be withdrawn from each lake will not exceed 1-2% of free water volume, assuming 2 m of ice, which is well within DFO's 5% guideline. Given that a bathymetric survey was completed on Nesbitt Lake, no additional depth measurements will be taken.

SCHEDULE III – *Continued*APPLICATION FOR LICENCE, AMENDMENT OF LICENCE, OR RENEWAL OF LICENCE - *Continued*

8. Waste Deposited (quantity, quality, treatment and disposal)

As operator of the Arctic Star, E. Gruben's Transport Ltd. will be securing a water licence to withdraw water to be used at the barge camp, and to discharge treated wastewater.

Wastewater from the rig camp will be treated using using a Filterboxx system. The Filterboxx is an extended aeration activated sludge biological wastewater treatment system. A holding tank (approximately 64 m³) is also being installed, which can store up to five days of wastewater, assuming the camp is running at full capacity. Wastewater can be recirculated from the tank through the wastewater treatment unit. The Filterboxx unit has been ordered by Akita/Equatak Drilling, with expected delivery and installation prior to the program start date.

In the unlikely event the system cannot be delivered and installed prior to the program start-up, the camp's existing wastewater treatment system would be used. The existing system is an EcoTech extended aeration system and is capable of processing approximately 15 000 litres per day.

A certified technician/engineer will be hired to manage the potable water system, as well as the wastewater treatment system. The technician will have access to an on-site laboratory to test samples frequently and regularly to ensure compliance. Testing on-site will allow the technician to manage the system more closely and make adjustments, as and when required. Routine third-party testing will also be conducted, as per the conditions established by the water license.

Upon meeting licensed criteria, treated wastewater will be discharged to the land surface at the rig camp or, if approved by the Inspector, will be spread on overland sections of roads as part of the routine access maintenance. Any discharge to land will be kept a minimum of 30m from any waterbody. Discharge is estimated at less than 150 litres/capita/day for a total estimated discharge 9 m³/day.

As a contingency, if treated wastewater does not meet criteria required to discharge to land, EnCana may discharge to the East Channel of the Mackenzie River, provided the treated effluent met the necessary criteria. An estimate of the minimum average flow rate on the East Channel at Lousy Point is approximately 17 884 800 m³/day in winter (please refer to Appendix A of the attached project description for details of the volume estimate). Assuming an estimated discharge rate of 150 litres/capita/day, dilution would be greater than 10 000:1. A secondary alternative, if wastewater could not meet criteria to be discharged to the river, would be to chlorinate and subsequently dechlorinate the wastewater to bring it into compliance with discharge criteria. As a final option, EnCana may discharge treated wastewater to a sump. The sump would be constructed separately from the drilling sump. This is not a preferred option, and would only be undertaken if the other processes failed.

While EnCana may haul wastewater to a municipal facility early in the program, as initial tests of the wastewater stream are being conducted, this is not a preferred option given the cost and safety issues associated with hauling waste over long distances in winter.

9. Other Persons or Properties Affected By This Undertaking (give name, mailing address and location; attach list if necessary)

N/A

10. Predicted Environmental Impacts of Undertaking and Proposed Mitigation

Potential environmental impacts resulting from the construction of the well site, sump and access roads and the drilling program may include: damage to soils and permafrost, short-term disturbance to wildlife, degradation of aquatic environments and alteration of vegetation and wildlife habitat. Please refer to Section 12.0 (pages 38-48) of the attached project description for a detailed description of mitigation measures to be employed.

A key feature of environmental protection is planning to drill the well during the winter months and confine the physical footprint of the activities to the smallest possible area, thus minimizing the potential for damage. With the implementation of this strategy and additional appropriate mitigation, it is anticipated that the program will not result in significant negative or residual impacts.

SCHEDULE III – Concluded

APPLICATION FOR LICENCE, AMENDMENT OF LICENCE, OR RENEWAL OF LICENCE - Concluded

11. Contractor and Sub-Contractors (names, addresses and functions)

Drilling Contractor:
Akita-Equtak Drilling Ltd.
Calgary, AB

Construction Contractor:
E. Gruben's Transport Ltd.
Tuktoyaktuk, NT

12. Studies Undertaken to Date (attach list if necessary)

A bathymetric study was completed on Nesbitt Lake in 2002, and regional heritage and biophysical studies were completed in 2001. During the summer of 2003, a heritage assessment was completed in the vicinity of the access and well sites, and ground-penetrating radar was used to assess the proposed sump sites. Standard water quality tests were conducted on two of the lakes in the vicinity of the well site location.

13. Proposed Time Schedule

Planning	April – December 2003
Mobilize Rig 62 to Tuktoyaktuk	September 2003
Mobilize Arctic Star	September 2003
Access and Lease Site Construction	December - January 2003
Well Drilling	January - March 2004
Testing and Completion	March - April 2004
De-mobilization	April 2004
Clean-up	Winter operations complete by 15 April 2004 Follow-up July or August 2004

Sump Monitoring Annually, August 2004-2007

Start date 1 December 2003 Completion date 30 November 2005

Alan Wong Project Manager  29 SEP.03
NAME TITLE SIGNATURE DATE

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APPLICATION FEE	Amount: \$ <u>30.00</u>	Receipt No.: _____
WATER USE DEPOSIT	Amount: \$ <u>30.00</u>	Receipt No.: _____