

NORTHWEST
TERRITORIES
WATER BOARD



NUNAPPA
SIVUNIUKPAIT
IMMAKUN

WATER REGISTER: N7L1-1803

October 27, 2004

Mr. Peter Grout
Manager, Regulatory Affairs
Imperial Oil Resources Ventures Limited
237 Fourth Avenue S.W.
P.O. Box 2480, Station "M"
CALGARY, AB T2P 0H6

Dear Mr. Grout:

ISSUANCE OF A "B" TYPE LICENCE - 2005 WINTER FIELD GEOTECHNICAL

Attached is a duplicate of Licence No. N7L1-1803 granted to Imperial Oil Resources Ventures Limited by the Northwest Territories Water Board in accordance with the *Northwest Territories Waters Act*. The other original of this Licence has been filed with the Department of Indian Affairs and Northern Development in Yellowknife, Northwest Territories. Also attached are general procedures for the administration of licences in the Northwest Territories. I request that you review these and address any questions to the Board's office.

In conclusion, please be advised that this letter with attached procedures, all inspection reports, and correspondence related thereto are part of the public Water Register, and are intended to keep all interested parties informed of the manner in which the Licence requirements are being met. All Water Register material will be considered when the Licence comes up for renewal or amendment.

The full cooperation of Imperial Oil Resources Ventures Limited is anticipated.

Sincerely,

Eddie T. Dillon
Vice Chairman
N.W.T. Water Board

Attach.

**GENERAL PROCEDURES FOR THE ADMINISTRATION OF LICENCES
ISSUED UNDER THE NORTHWEST TERRITORIES WATERS ACT
IN THE NORTHWEST TERRITORIES**

1. At the time of issuance, a copy of the Licence is placed on the Water Register in the Office of the Northwest Territories Water Board in Yellowknife, and is then available to the public.
2. To enforce the terms and conditions of the Licence, the Minister of Indian Affairs and Northern Development has appointed Inspectors in accordance with Section 35(1) of the *Northwest Territories Waters Act*. The Inspectors coordinate their activities with officials of the Water Resources Division of the Department of Indian Affairs and Northern Development. The Inspector responsible for Licence No. **N7L1-1803** is located in the North Mackenzie -Inuvik District Office.
3. To keep the Water Board and members of the public informed of the Licensee's conformity to Licence conditions, the Inspectors prepare reports which detail observations on how each item in the Licence has been met. These reports are forwarded to the Licensee with a covering letter indicating what action, if any, should be taken. The inspection reports and covering letters are placed on the public Water Register, as are any responses received from the Licensee pertaining to the inspection reports. It is therefore of prime importance that you react in all areas of concern regarding all inspection reports so that these concerns may be clarified.
4. If the renewal of Licence No. **N7L1-1803** is contemplated it is the responsibility of the Licensee to apply to the Water Board for renewal of the Licence. The past performance of the Licensee, new documentation and information, and points raised during a public hearing, if required, will be used to determine the terms and conditions of any Licence renewal. Please note that if the Licence expires and another has not been issued, then water and waste disposal must cease, or you, the Licensee, would be in contravention of the *Northwest Territories Waters Act*. It is suggested that an application for renewal of Licence No. **N7L1-1803** be made at least eight months in advance of the Licence expiry date.
5. If, for some reason, Licence No. **N7L1-1803** requires amendment, then a public hearing may be required. You are reminded that applications for amendments should be submitted as soon as possible to provide the Water Board with ample time to go through the amendment process. The process may take up to six (6) months or more depending on the scope of the amendment requested.

6. Specific clauses of your Licence make reference to the Board, Analyst or Inspector. The contact person, address, phone and fax number of each is:

BOARD: Executive Assistant
Northwest Territories Water Board
P.O. Box 1326
YELLOWKNIFE, NT X1A 2N9
Phone No: (867) 765-0106
Fax No: (867) 765-0114

ANALYST: Analyst
Water Laboratory
Department of Indian Affairs
and Northern Development
P.O. Box 1500, 4601 - 52nd Avenue
YELLOWKNIFE, NT X1A 2R3
Phone No: (867) 669-2780
Fax No: (867) 669-2718

INSPECTOR: Inspector
North Mackenzie-Inuvik District Office
Department of Indian Affairs
and Northern Development
P.O. Box 2100
INUVIK, NT X0E 0T0
Phone No: (867) 777-3361
Fax No: (867) 777-2090

7. Your Licence requires a security deposit be submitted. Should the security deposit be submitted in the form of a "letter of credit", recommended wording is outlined below. It is advised that a "draft" letter of credit be forwarded to Water Resources Division for review. The contact person, address, phone and fax number of the individual administering security deposits is:

Office Administrator
Water Resources Division
Indian and Northern Affairs Canada
P.O. Box 1500
YELLOWKNIFE, NT X1A 2R3
Phone No: (867) 669-2651
Fax No: (867) 669-2716

LETTER OF CREDIT (Security deposits) - recommended wording

[BANK ADDRESS]

IRREVOCABLE LETTER OF CREDIT

[The term "Documentary Credit" may also be used instead of "Letter of Credit"]

DATE OF ISSUE: [date] **OUR REFERENCE NUMBER:** [Bank's Reference Number]
AMOUNT: CAD\$#####.00
MAXIMUM: #####.00
CANADIAN DOLLARS ONLY

APPLICANT

["Customer" can be used instead
of "Applicant"]
[Company's Name]
[Company's Address]

BENEFICIARY:

RECEIVER GENERAL FOR CANADA
ON BEHALF OF THE MINISTER OF
INDIAN AFFAIRS AND NORTHERN DEVELOPMENT
4914 - 50 Street, 3rd Floor
P.O. Box 1500
YELLOWKNIFE, NT X1A 2R3

ATTENTION: REGIONAL DIRECTOR GENERAL
DIAND - NT REGION

RE: SECURITY PURSUANT TO [the Water Licence Type and Number]

AT THE REQUEST AND FOR THE ACCOUNT OF [Company's Name] (THE "APPLICANT"), WE, [Bank's Name], HEREBY ESTABLISH IN YOUR FAVOUR OUR IRREVOCABLE LETTER OF CREDIT NO. [Bank's Reference Number] ("CREDIT") FOR SUMS NOT EXCEEDING IN THE AGGREGATE [Amount of Security required stated in Canadian Dollars].

THIS CREDIT IS AVAILABLE WITH US FOR DRAWING AT SIGHT, WITHOUT ENQUIRY AS TO WHETHER YOU HAVE A RIGHT AS BETWEEN YOURSELF AND THE APPLICANT TO MAKE SUCH DEMAND AND WITHOUT RECOGNIZING ANY CLAIM OF THE APPLICANT, AGAINST PRESENTATION TO US, BY YOU OR YOUR DULY AUTHORIZED REPRESENTATIVE OR AGENT, OF THE FOLLOWING DOCUMENTS:

1. A SIGHT DRAFT DRAWN ON [Bank's Name and Address of the Branch that the security can be drawn at, usually one of the Bank's larger commercial banking centres]; AND
2. THE ORIGINAL OF THIS IRREVOCABLE LETTER OF CREDIT NO. [Bank's Reference Number] FOR ENDORSEMENT OF PAYMENT THEREON; AND
3. A STATEMENT SIGNED BY AN OFFICIAL OF THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT CERTIFYING
 - A) THAT THE SIGNATORY IS AN OFFICIAL OF THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT AND HAS THE AUTHORITY TO SIGN THE STATEMENT ON BEHALF OF THE MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT (THE "MINISTER"), AND
 - B) EITHER
 - I. THAT THE MINISTER IS ENTITLED TO APPLY THE AMOUNT DRAWN, BEING ALL OR PART OF THE SECURITY POSTED AND MAINTAINED PURSUANT TO [the Water Licence Type and Number] ISSUED BY THE NORTHWEST TERRITORIES WATER BOARD, WHETHER AS ORIGINALLY ISSUED OR AS AMENDED OR RENEWED FROM TIME TO TIME, OR
 - II. THAT THIS CREDIT IS DUE TO EXPIRE IN THIRTY (30) DAYS OR LESS AND THAT THE APPLICANT HAS NOT REPLACED THIS CREDIT BY POSTING WITH THE MINISTER OTHER SECURITY SATISFACTORY TO THE MINISTER.

PARTIAL DRAWING ARE PERMITTED.

THIS CREDIT IS EFFECTIVE FROM [time] A.M. ON [effective date as required by Water Licence] AND SHALL EXPIRE AT OUR COUNTERS AT [time] P.M. [expiry date] (THE "INITIAL EXPIRATION DATE"). THIS CREDIT SHALL BE RENEWED AUTOMATICALLY FOR AN ADDITIONAL ONE-YEAR PERIOD FROM THE INITIAL EXPIRATION DATE, AND FOR AN ADDITIONAL ONE-YEAR PERIOD FROM EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST NINETY (90) DAYS PRIOR TO THE OPERATIVE EXPIRATION DATE WE NOTIFY YOU IN WRITING BY REGISTERED MAIL OR COURIER THAT WE ELECT NOT TO CONSIDER THIS CREDIT RENEWED FOR SUCH ADDITIONAL PERIOD.

WE HEREBY AGREE THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT SHALL BE DULY HONoured BY US IF PRESENTED FOR PAYMENT ON OR BEFORE THE OPERATIVE EXPIRATION DATE.

EXCEPT SO FAR AS IS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500. NOTWITHSTANDING ARTICLE 17 OF SAID PUBLICATION, IF THIS CREDIT EXPIRES DURING AN INTERRUPTION OF BUSINESS AS DESCRIBED IN ARTICLE 17, WE AGREE TO EFFECT PAYMENT IF THIS CREDIT IS DRAWN ON US WITHIN FIFTEEN (15) DAYS AFTER THE RESUMPTION OF BUSINESS.

[Bank's Name]

[Official's Name and Position]

[Official's Name and Position]

NORTHWEST TERRITORIES WATER BOARD

Pursuant to the Northwest Territories Waters Act and Regulations the Northwest Territories Water Board, hereinafter referred to as the Board, hereby grants to

IMPERIAL OIL VENTURES LIMITED

(Licensee)

237 FOURTH AVENUE S.W.
P.O. BOX 2480, STATION "M"
CALGARY, ALBERTA T2P 0H6

of

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water subject to the restrictions and conditions contained in the Northwest Territories Waters Act and Regulations made thereunder and subject to and in accordance with the conditions specified in this Licence.

Licence Number	<u>N7L1-1803</u>
Licence Type	<u>"B"</u>
Water Management Area	<u>NORTHWEST TERRITORIES 07</u>
Location	<u>At approximately Lat. 68°46' - 68°51' N. and Long. 133°48' to 134°8.96' W., NORTHWEST TERRITORIES</u>
Purpose	<u>USE WATER AND DISPOSE OF WASTE FOR INDUSTRIAL UNDERTAKINGS IN THE MACKENZIE DELTA</u>
Quantity of Water Not To Be Exceeded	<u>2500 CUBIC METRES DAILY</u>
Effective Date of Licence	<u>NOVEMBER 1, 2004</u>
Expiry Date of Licence	<u>OCTOBER 31, 2006</u>

This Licence issued and recorded at Yellowknife includes and is subject to the annexed conditions.

NORTHWEST TERRITORIES WATER BOARD



Witness



Vice Chairman

PART A: SCOPE AND DEFINITIONS

1. Scope

- a) This Licence entitles Imperial Oil Ventures Limited to use Water for industrial undertakings in the Mackenzie Delta, approximate Latitude 68°46' to 68°51' North and Longitude 133°48' to 134°8.96' West, for the 2005 Field Geotechnical Investigation Program;
- b) This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing of waste of any type in any waters or in any place under any conditions where such waste or any other waste that results from the deposits of such waste may enter any waters. Whenever new Regulations are made or existing Regulations are amended by the Governor in Council under the *Northwest Territories Waters Act*, or other statutes imposing more stringent conditions relating to the quantity or type of waste that may be so deposited or under which any such waste may be so deposited this Licence shall be deemed, upon promulgation of such Regulations, to be automatically amended to conform with such Regulations; and
- c) Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

2. Definitions

In this Licence: **N7L1-1803**

"Act" means the *Northwest Territories Waters Act*;

"Analyst" means an Analyst designated by the Minister under Section 35(1) of the *Northwest Territories Waters Act*;

"Board" means the Northwest Territories Water Board established under Section 10 of the *Northwest Territories Waters Act*;

"Inspector" means an Inspector designated by the Minister under Section 35(1) of the *Northwest Territories Waters Act*;

"Licensee" means the holder of this Licence;

"Minister" means the Minister of Indian Affairs and Northern Development;

"Modification" means an alteration to a physical work that introduces a new structure or eliminates an existing structure and does not alter the purpose or function of the work, but does not include an expansion;

"Regulations" mean Regulations proclaimed pursuant to Section 33 of the *Northwest Territories Waters Act*;

"Waste" means waste as defined by Section 2 of the *Northwest Territories Waters Act*; and

"Waters" mean waters as defined by Section 2 of the *Northwest Territories Waters Act*.

PART B: GENERAL CONDITIONS

1. The Licensee shall file a Final Report with the Board and an Inspector not later than June 1st, 2005 which shall contain the following information:
 - a) the total quantity in cubic metres of fresh Water obtained from each water source(s);
 - b) details of work completed;
 - c) a list of spills and unauthorized discharges;
 - d) results from all monitoring programs; and
 - e) any other details on Water use or Waste disposal requested by the Board within forty-five (45) days before the final report is due.
2. Meters, devices or other such methods used for measuring the volumes of Water used shall be installed, operated and maintained by the Licensee to the satisfaction of an Inspector.
3. All monitoring data shall be submitted in printed form and electronically in spreadsheet format on a diskette or other electronic forms acceptable to the Board.

4. All reports shall be submitted to the Board in printed format accompanied by an electronic copy in a common word processing format on diskette or other electronic forms acceptable to the Board.
5. Prior to the use of Water for industrial undertakings or the disposal of Waste and pursuant to Section 17(1) of the *Act* and Section 12 of the Regulations, the Licensee shall have posted and shall maintain a security deposit of Fifty Thousand (\$50,000.00) Dollars in a form suitable to the Minister.
6. The security deposit shall be maintained until such time as it is fully or in part refunded by the Minister pursuant to Section 17 of the *Act*. This clause shall survive the expiry of this Licence or renewals thereof and until full and final restoration has been completed to the satisfaction of the Minister.
7. The Licensee shall ensure a copy of this Licence is maintained at the site of operation at all times.

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain Water from Lake ID 25, Lake ID 28 and Lake ID 10BC as described in the response to DFO Information Request #1 (dated October 15, 2004), or as otherwise approved by an Inspector.
2. For lakes used as a water source, a representative dissolved oxygen/temperature profile must be obtained prior to the initial water withdrawal and prior to demobilization of the project for the year.
3. The Licensee is not permitted to remove more than five (5%) percent of the available under ice water volume per lake as calculated using a maximum expected ice thickness of two (2) meters during a single winter season.
4. The daily quantity of Water used for all purposes shall not exceed 300 cubic metres.
5. The water intake hose used on the water pumps shall be equipped with a screen with a mesh size sufficient to ensure no entrainment of fish (2.54 mm).

PART D: CONDITIONS APPLYING TO MODIFICATIONS

1. The Licensee may, without written approval from the Board, carry out Modifications to the planned undertakings provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:
 - a) the Licensee has notified an Inspector in writing of such proposed Modifications at least five (5) days prior to beginning the Modifications;
 - b) such Modifications do not place the Licensee in contravention of either this Licence or the Act;
 - c) an Inspector has not, during the five (5) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than five (5) days; and
 - d) an Inspector has not rejected the proposed Modifications.
2. Modifications for which all of the conditions referred to in Part E, Item 1 have not been met may be carried out only with written approval from an Inspector.
3. The Licensee shall provide to the Board as-built plans and drawings of the modifications referred to in this Licence within ninety (90) days of completion of the modifications.

PART E: CONDITIONS APPLYING TO STREAM AND WATER BODY CROSSINGS

1. The Licensee shall ensure that only clean snow and ice is used on all stream or water body crossings, and that no debris is left on the surface of the crossings.
2. Stream or water body crossings shall be notched or removed before spring break-up to facilitate natural flow.
3. The removal of naturally occurring material from the bed or banks of any stream or water body below the ordinary high water mark is not permitted.

PART F: CONDITIONS APPLYING TO CONTINGENCY PLANNING

1. The Licensee will maintain a copy of the approved Emergency Response Plan onsite in a readily available location, to the satisfaction of an Inspector.
2. The Licensee shall ensure that petroleum products, hazardous material and other Wastes associated with the project do not enter any Waters.
3. The Licensee shall ensure that all containment berms are constructed of an impermeable material, to the satisfaction of an Inspector.
4. If, during the period of this Licence, an unauthorized discharge of Waste occurs, or if such a discharge is foreseeable, the Licensee shall:
 - a) report the incident immediately via the 24 Hour Spill Reporting Line (867) 920-8130; and
 - b) submit to an Inspector a detailed report on each occurrence not later than thirty (30) days after initially reporting the event.

PART G: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION

1. Upon completion of all activities, the Licensee shall ensure that all equipment and materials are removed from the site. Other final restoration activities as outlined in the Project Description should be implemented to the satisfaction of an Inspector.


Witness

NORTHWEST TERRITORIES WATER BOARD


Chairman