

National Energy  
BoardOffice national  
de l'énergie

Files: OF-EP-FacPipe-M276-Aput 01  
9 July 2008

Ms. Shirely Maaskant  
Manager Regulatory and Community Affairs  
MGM energy Corp.  
Suite 4100, 350 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 3N9  
Facsimile: 403-781-7801

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Dear Ms. Maaskant:

**MGM Energy Corp. (MGM) Proposed Cuttings and Fluid Injection Facility at  
Aput C-43 - NEB Information Request # 1**

Pursuant to our obligations under the *Canadian Environmental Assessment Act*, the National Energy Board (NEB) finds that further information is required to complete the environmental review of the project.

We request that you provide your response by **21 July 2008** to Mr. Bharat Dixit, Chief Conservation Officer at fax 403-292-5503 and the individuals copied below. If there are any concerns regarding the requested response date please let us know as soon as possible.

Should you have any questions or require clarification regarding the attached request for information, please contact me by telephone at 403-292-6614 or email at [john.korec@neb-one.gc.ca](mailto:john.korec@neb-one.gc.ca).

Thank you.

  
John E. Korec, P.Geol.  
Environmental Specialist



**Attachments**

cc. Ron Wallace, A/Executive Director, Northwest Territories Water Board, fax 867-765-0114  
Don Arey, Resource Management Officer, INAC, fax 867-777-2090  
Nathen Richae, Environmental Assessment Coordinator, INAC, fax 867-669-2716  
Mike Fournier, Environmental Assessment Coordinator, Environment Canada, fax 867-873-8185  
Erica Wall, Fish Habitat Biologist, DFO, fax 867-777-7501  
Ernie Watson, Fish Habitat Biologist, DFO, fax 867-669-4940

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**Canada**

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<http://www.neb-one.gc.ca>

Proposed MGM Energy Corp. Cuttings and Fluid Injection Facility at Aput C-43  
NEB Information Request #1

9 July 2008

**Proposed MGM Energy Corp. Cuttings and Fluid Injection Facility at Aput C-43  
National Energy Board Information Request #1**

1. **Preamble:** In comments dated June 19, 2008 to the Environmental Impact Screening Committee (EISC), the Aklavik Hunters and Trappers Committee (AHTC) indicated that it was opposed to MGM's proposal and would prefer MGM to ship cuttings and fluid south to proper facilities. AHTC also indicated that MGM did not get back to the AHTC about its concern.

In its Project Description, MGM commits to providing information to the AHTC on several questions raised during community consultations, such as the use of biodegradable grease. Although in Section 5.5 of the Project Description, MGM has stated that, "Biodegradable grease and lubrication will be used on water intake pumps where practical and reasonable", no specifics are provided.

- Request:** Please provide an update of MGM's consultation with the AHTC and any resolution of the AHTC concerns, including
- use of the injection facility rather than shipping the cuttings and fluid south to proper facilities, and
  - specifics of where the biodegradable grease and lubrication will be used (Table 10.2 and Table C-2)

2. **Preamble:** In Section 10.1 of the MGM Project Description for a Cuttings and Fluid Injection Facility at Aput C-43, community consultations were conducted from February 12<sup>th</sup> to 18<sup>th</sup>, 2008 and from April 16<sup>th</sup> to 30<sup>th</sup>, 2008. Since that time the proposed development has undergone a review by the Environmental Impact Screening Committee and other organizations.

The EISC determined on June 20, 2008 that MGM's development, "if authorized subject to the environmental terms and conditions recommended by the Screening Committee, will have no significant negative impact on the environment or on Inuvialuit wildlife harvesting in the Inuvialuit Settlement Region".

In its Project Description, MGM proposes to employ a wildlife monitor during re-completion and facility operation "as required". To avoid any significant impact on polar bear harvest [due to a defence kill], the EISC recommended in its letter to MGM dated June 27, 2008 that, "a wildlife monitor be employed during the re-completion and operation phases of the development".

- Request:** Please provide:
- (a) confirmation that MGM will employ a wildlife monitor during the re-completion and operation phases of the development; and
  - (b) any additional environmental mitigation measures for valued components, other than polar bears, that MGM proposes to undertake as a result of its discussions with community organizations.

Proposed MGM Energy Corp. Cuttings and Fluid Injection Facility at Aput C-43  
NEB Information Request #1

9 July 2008

**3. Preamble:** Fisheries and Oceans Canada (DFO) in its letter dated June 13, 2008 to the EISC and copied to the NEB and to MGM, provided twelve (12) recommended mitigation measures to reduce potential impacts to fish and fish habitat. DFO's Letter of Advice was also provided on June 25, 2008 to Indian and Northern Affairs Canada (INAC) in respect of MGM's land use application.

**Request:** Please review the attached DFO information and provide MGM's comments and commitments in respect of DFO's twelve (12) recommended measures.

**4. Preamble:** In Table 12-3 of the MGM Project Description, the mitigation for "potential fish entrainment and mortality" includes "regular inspection of water trucks to ensure compliance". It is not clear whether this means that hoses will be inspected to ensure truck operator's conformance with the DFO *Freshwater Intake End-of-pipe Fish Screen Guidelines* and that water trucks will be inspected for evidence of fish entrainment.

**Request:** Please specify the scope and periodicity (frequency) of inspections to be undertaken by MGM.

**5. Preamble:** An Environmental Protection Plan is provided in Appendix D of the MGM Project Description. However, there is no description of how the EPP is to be implemented.

**Request:** Please provide:

- (a) a description of how MGM plans to consolidate mitigation measures that are proposed subsequent to the submission of the Project Description to ensure that its commitments are appropriately carried out in the field, and
- (b) the name, title and contact information for MGM's field person who will be responsible for ensuring that the commitments are undertaken for each phase of the Project.

**From:** Aklavik Community Corporation  
**To:** EISC;  
**Subject:** MGM Energy Corp - Cuttings and Fluids Injection Facility at Aput c-43, Winter 2008-2011  
**Date:** Thursday, June 19, 2008 10:01:15 AM

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Hi Barb

One of the Directors of the AHTC briefly reviewed the submission and stated that they AHTC is opposed to Cutting and Fluids Injection Facility. They discussed this with MGM when they were going through their winter works project and at the end of the meeting the MGM crew stated that they might be injecting the fluids back into the ground. The AHTC opposed this and stated that we did not get any information on this before the meeting and would like time to review before making any comments. AHTC would prefer them to ship the cuttings and fluids south to proper facilities. They did not get back to the AHTC about this.

The AHTC is still having difficulty getting a quorum to have this position clarified.

Eugene Pascal  
Finance Officer  
ACC/AHTC

Aklavik Community Corporation  
Box 119  
Aklavik, NT X0E0A0  
Ph # 867 978 2414 Fax # 867 978 2815  
e-mail: ak\_community\_c@airware.ca

**ENVIRONMENTAL IMPACT SCREENING COMMITTEE**

**NAME OF PROPONENT:** MGM Energy Corp. (MILLER)

**PROJECT DESCRIPTION:** Cuttings and Fluids Injection Facility at APUT C-43,  
Winter 2008-2011 [05/08-03]

**DECISION OF THE SCREENING PANEL (circled):**

1. The development will have no such significant negative impact and may proceed without environmental impact assessment and review under the Inuvialuit Final Agreement. [IFA s. 11. (17) (a)]
- ② The development if authorized subject to environmental terms and conditions recommended by the screening committee, will have no such significant negative impact and may proceed without environmental assessment and review under the Inuvialuit Final Agreement. [IFA s. 11(17)(b)]
3. The development could have significant negative environmental impact and is subject to assessment and review under the Inuvialuit Final Agreement. [IFA s. 11. (17) (c)]
4. The development proposal has deficiencies of a nature that warrant a termination of its consideration and the submission of another project description. [IFA s. 11. (17) (d)]

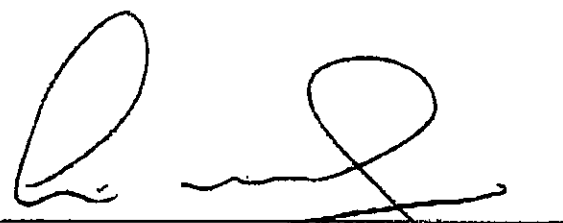
Signed on the 20 day of June, 2008.

  
Fred McFarland, Chair

  
Albert Ruben, GNWT Member

  
Ron Gruben, Inuvialuit Member

  
Morris George, YTG Member

  
Eric Cockney, Inuvialuit Member

  
Johnny Lennie, Canada Member

**ENVIRONMENTAL IMPACT SCREENING COMMITTEE**

Submission Number: [05/08-03]

June 27, 2008

**MGM Energy Corp.**  
Suite 4100  
350- 7th Avenue SW  
Calgary AB T2P 3N9

**ATTENTION: MR. PETER JALKOTZY, GENERAL MANAGER**

Dear Sir:

**RE: MGM ENERGY CORP. (MILLER) CUTTINGS AND FLUIDS INJECTION FACILITY AT  
APUT C-43, WINTER 2008-2011**

During a meeting held June 18-20, 2008 the Environmental Impact Screening Committee (EISC) screened the above noted project description to determine if the proposed development could have a significant negative environmental impact. Based on the information provided, the EISC concluded that the development, if authorized subject to the environmental terms and conditions recommended by the Screening Committee, will have no significant negative impact on the environment or on Inuvialuit wildlife harvesting in the Inuvialuit Settlement Region [IFA Section 11(17)b]. A copy of the decision is attached.

Subject to a final decision by the licensing or permitting authority, the issuance of appropriate permits and approvals may proceed.

In rendering its decision the EISC made the following recommendation:

- Polar bears are listed by the Committee on the Status of Endangered Wildlife in Canada (COSEWIC) and the harvest is regulated under quota to the Inuvialuit communities. The loss of a polar bear due to a defence kill is considered a significant negative impact on wildlife harvesting. The developer has stated that a wildlife monitor will be employed at the development site during the construction and installation period and employed as required during the re-completion and operation phases. To avoid any significant impact on polar bears or the harvest, it is recommended that a wildlife monitor be employed during the re-completion and operation phases of the development.

As the use of a cutting and fluids injection facility in the Mackenzie Delta is a first, the EISC would appreciate receiving a report on the operation of this facility at the end of the 2008/2009 drilling season.

Attached for your information and consideration is the advice the EISC received from Fisheries and Oceans Canada, the Fisheries Joint Management Committee and Environment and Natural Resources (GNWT).

If you have any questions on the above decision, please contact the EISC office.

Sincerely,

*Barb Chalmers*

Barb Chalmers  
Environmental Assessment Coordinator

Attached: Letter from Fisheries and Oceans Canada  
Letter from Fisheries Joint Management Committee  
Email from the Aklavik Hunters and Trappers Committee

c.c. Fisheries and Oceans Canada  
Fisheries Joint Management Committee  
National Energy Board  
Indian and Northern Affairs Canada, Inuvik Office  
Environment and Natural Resources (GNWT)  
Tuktoyaktuk Hunters and Trappers Committee  
Inuvik Hunters and Trappers Committee  
Aklavik Hunters and Trappers Committee



Fisheries and Oceans  
Canada

Pêches et Océans  
Canada

P. O. Box 1871  
Inuvik, Northwest Territories  
X0E 0T0

June 13, 2008

*Your file*      *Votre référence*

*Our file*      *Notre référence*  
08-HCAA-CA6-00065

Ms. Barb Chalmers  
Environmental Impact Screening Committee  
P.O. Box 2120  
Inuvik, Northwest Territories  
X0E 0T0

Dear Ms. Chalmers:

**Subject: Cuttings & Fluids Injection Facility, Aput C-43, 2008-2011**

Fisheries and Oceans Canada - Fish Habitat Management Program (DFO) received the above proposal, put forth by MGM Energy Corp., on May 26, 2008. The proposal has been reviewed to determine whether it is likely to result in impacts to fish and fish habitat which are prohibited by the habitat protection provisions of the *Fisheries Act* or those prohibitions of the *Species at Risk Act* that apply to aquatic species.\*

We understand that the proponent plans to:

- Mobilize and set drill rig equipment, injection equipment, camp facilities, fuel storage, and support equipment to the site via ice roads to be made along river channels.
- Re-enter the well-bore and perforate the steel casing approximately 1400 metres below the surface and install an injection tube down the casing.
- Truck the cuttings and drill fluids from active well sites to the injection site. Cuttings and fluids will be held in temporary storage areas or tanks pending processing.
- Process the cuttings and fluids to reach the proper consistency and held in tanks awaiting injection.
- Inject approximately 94 cubic metres of cuttings over an eight hour period.
- Store and use approximately 140,000 litres of fuel for the total of operations, including the camp.
- Withdraw and use approximately 54,000 cubic metres of water in total for construction, camp, and processing.

\*Those sections most relevant to the review of development proposals include 20, 22, 32 and 35 of the *Fisheries Act* and sections 32, 33 and 58 of the *Species at Risk Act*. For more information please visit [www.dfo-mpo.gc.ca](http://www.dfo-mpo.gc.ca).



- Mobilization, operations, and decommissioning are scheduled for November 2008 through to April 2009.
- Continue the same work with the same schedule for the years 2008 to 2011.

To reduce potential impacts to fish and fish habitat we are recommending the following mitigation measures be included into the proposed plans:

1. Equipment operating near any water body should be free of external fluid leaks, grease, oil, and mud. All activities including maintenance procedures and vehicular refuelling should be controlled to prevent the entry of petroleum products, debris, and other deleterious substances into any water body.
2. Excessive winter water withdrawals can lead to the loss of fish and fish habitat. Please refer the DFO Protocols for Winter Withdrawal in the Northwest Territories (January 2005) for methods to evaluate available water capacity in lakes and for mitigation methods. The proponent should contact DFO if they do not have access to these protocols. DFO does not recommend the use of streams as a water source.
3. Water intakes should be properly screened and be equipped with fine mesh of 2.54 mm (1/10") to prevent the entrainment and/or impingement of fish. Please refer to the Freshwater Intake End-of-Pipe Fish Screen Guideline (DF), 1995) which is available upon request.
4. The construction of temporary crossings over ice-covered streams is conducted as specified in the attached Ice Bridges Operational Statement. This Operational Statement provides specific advice on ice bridge construction, maintenance and removal. If it is determined that the conditions and measures described in the Operational Statement can not be complied with, DFO should be contacted with the details of the project.
5. DFO encourages the use of bio-degradable, non-toxic drill additives.
6. All wastes, drill cuttings, stockpiled materials, fuel caches, sewage and other containments and storage areas should be located above the high water mark of any water body including ephemeral drainages, and be sufficiently bermed or otherwise contained to ensure that these substances do not enter any water body.
7. All drill cuttings, muds, and similar by-products in temporary storage from the drilling process and/or exploration activities should be collected and kept on land and suitably contained/stabilized to prevent them from being a potential source of sediment for any water body.

DFO File No.: 08-HCAA-CA6-00065

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8. All wastes, including sanitary wastes and hydrocarbons, and oily waste water, are to be disposed of in a manner approved by appropriate authorities (i.e., Environment Canada).
9. The treated waste water should be discharged on land in a dispersed application rather than directly onto the Mackenzie River or other water bodies.
10. Fuel storage should have secondary containment (such as double walled tanks, berms, etc.) that is sufficient to ensure that fuel will not be able to enter any water body.
11. A spill contingency plan should be made available to all persons required to work on site and followed in the event of a spill. All persons required to work on site should be familiar with the clean up equipment available and well as how to use it.
12. Spills of oil, fuel, or other deleterious materials should be reported immediately, as per existing reporting protocols, to the NWT/Nunavut 24-Hour Spill Report Line at (867) 920-8130, including all spills near or into a water body.

Provided that the additional mitigation measures described above are incorporated into the proposed plans, DFO has concluded that the proposal is not likely to result in impacts to fish and fish habitat.

The proponent will not need to obtain a formal approval from DFO in order to proceed with the proposal.

DFO would like to be informed 10 working days prior to the start of work. DFO would appreciate being informed of the progress of the project throughout its lifespan via regular information updates.

If the plans have changed or if the description of the proposal is incomplete the proponent should contact this office to determine if the advice in this letter still applies.

Please be advised that any impacts to fish and fish habitat which result from a failure to implement the proposal as described or incorporate the additional mitigation measures included in this letter could lead to corrective action such as enforcement.

If you have any questions please contact the undersigned at (867) 777-7516, by fax at (867) 777-7501, or by email at Erica.Wall@dfo-mpo.gc.ca.

Yours sincerely,

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DFO File No.: 08-HCAA-CA6-00065

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*Erica Wall*

Erica Wall  
Habitat Biologist

Cc: Shirley Maaskant, MGM Energy Corp.  
Conrad Baetz, INAC Inuvik  
John Korec, NEB Calgary  
Derrick Moggy, DFO Yellowknife  
Larry Dow, DFO Inuvik  
Terry Stein, C&P, DFO Inuvik