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Chairperson
The Sahtu Secretariat Incorporated
P.O. Box 155, Deline
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April 22, 2014

Dear Mr. Dixon and Ms. Blondin-Andrew

RE: Response to April 10, 2014, letter from Sahtu Secretariat Incorporated to Sahtu Land and Water Board regarding jurisdiction for Imperial Type A renewal application

Imperial wholeheartedly agrees that environmental, socioeconomic, security, safety and other potential impacts of large new projects need to be formally assessed and understood by stakeholders prior to approvals being granted.

In 1979, Esso Resources Canada Limited initiated discussions about a proposed major expansion of its Norman Wells operation. The proposal included construction of the central plant facility, six artificial islands in the Mackenzie River, 178 new wells and facilities for gathering production. The Department of Indian and Northern Affairs (DIAND) referred both the oilfield expansion project and the related pipeline project to build a line from Norman Wells to Zama, proposed by Interprovincial Pipe Line Limited (NW) Ltd., to the Federal Environmental Assessment and Review Office. An Environmental Impact Statement and Regional Socioeconomic Impact Assessment were submitted to DIAND, and the projects subsequently approved. In short, a formal environmental assessment was done for the Norman Wells operation when it was at the proposal stage. There have been no significant changes to the operation since that time.

Imperial also strongly believes the identification, avoidance and minimization of potential impacts need to continue throughout the life of an operation. Imperial's Operations Integrity Management System (OIMS) is the foundation of our commitment to managing safety, security, health and environmental risks and achieving excellence in performance. In fact, our performance is among the best in Canadian industry and has been cited by Lloyd's Register of Quality Assurance, a globally recognized independent third party, as "...being among the leaders in the extent to which environmental management considerations have been integrated into our ongoing business practices." A copy of our Environmental Protection Plan (EPP), which provides a summary of the existing environmental programs and plans in

place at our Norman Wells operation, was provided with our water licence renewal application. We welcome comments on the EPP at any time.

Finally, Imperial continues to demonstrate our commitment to fulfilling end-of-life obligations with regard to abandonment and reclamation. This work began at Norman Wells in 1996 with the decommissioning of the refinery site and has been ongoing ever since. Our program uses a phased approach based on Canadian Council of Minister of Environment (CCME) guidelines. Our progress and plans in this regard are described in annual reports provided to the SLWB that are available on their public registry.

The Norman Wells Operation is regulated by a number of authorities, including the Sahtu Land and Water Board, the National Energy Board and Aboriginal Affairs and Northern Development Canada through a variety of operation-specific licences and approvals as well as all contemporary laws and regulations currently in force. Let me be clear: Imperial is committed to meeting all applicable government laws, rules and regulations. Our company's Standard of Business Conduct is unwavering in this regard. Violations are taken very seriously and disciplinary action, including termination, is taken if needed.

As we have prepared our renewal application, we have made every effort to engage the public and other stakeholders. This has included a Traditional Knowledge Study workshop in April 2013, community public meetings (in Norman Wells, Fort Good hope, Tulita, Colville Lake and Deline) in May 2013, a Mackenzie River workshop with community members in July 2013 and an Emergency Response Workshop with community members in August 2013 and our first edition of "Neighbour News" that was sent to every mailbox in the Sahtu this spring. During this time, Imperial also updated our 10-year Community Engagement Plan. Logs and copies of engagement documents are detailed in section 10 of our renewal application. We welcome comments and discussions with members of the public and stakeholders at any time.

Further, as per Chapter 9 of the Sahtu Comprehensive Land Claim Agreement, the SSI meets at least annually to consider current operating results and expenditures, environmental monitoring and controls, the environmental and other consequences of any incidents, spills, accidents and any resultant cleanup activities, community relations and liaison, employment and training, future developments of the oil field and any other matters of concern regarding the Norman Wells Proven Area. Imperial welcomes the opportunity to participate in these meetings, and has been forthright in providing the information requested at these annual events. We hope that invitations will continue to be extended as we find this a valuable forum to discuss our operations with Sahtu beneficiaries.

In addition, monthly and annual reports filed with the SLWB are all a matter of public record. Copies are available for viewing on the public registry and/or in the SLWB office in Fort Good Hope.

It has not been Imperial's intent to challenge jurisdiction where it is clearly provided in legislation or other agreements. We do seek clarity as to which agencies take the lead where jurisdiction is overlapping, and to better understand the post-Devolution regulatory landscape. This is an exciting time of change for the Northwest Territories. There will likely be some growing pains. Needing to clarify jurisdiction will be one of them. I do believe devolution will provide new opportunities for Northerners to work together to responsibly and sustainably manage the land, water and natural resources of the Northwest Territories for the benefit of current and future generations. Imperial looks forward to being a part of that future.

In closing, Imperial respectfully affirms that it has, within both the renewal application process and its ongoing operations, consistently complied with the spirit and intent of the Sahtu Agreement. We have endeavored to be open and transparent in matters pertaining to our operations and preparation for the licence renewal, and we welcome the opportunity to meet with members of the Sahtu communities at the upcoming public hearing about the water licence, or in any other forums, to answer questions relevant to our operation.

Ms. Blondin-Andrew, I will be contacting you to further discuss matters raised in your letter and address any questions or concerns you may have with respect to our operation. Thank you.

Sincerely,



Jennifer L. Watson

copy: The Honourable Bernard Valcourt, Minister of Aboriginal Affairs and Northern Development
Premier Bob McLeod, Government of Northwest Territories