

October 21, 2013

Sahtu Land and Water Board
Box 1
Fort Good Hope, NT
X0E 0H0

Via email: ian.brown@slwb.com

Attention: Ian Brown, Regulatory Specialist

Dear Ian,

Re: Husky Oil Operations Limited Land Use Permit S13X-003 and Water Licence S13L1-006 Applications – Letter of Comment from GNWT-Environment and Natural Resources

Husky Oil Operations Limited (Husky) has received comments from GNWT-Environment and Natural Resources (ENR) dated October 4, 2013 regarding the subject applications. Husky submits the following information in response to the letter. The recommendations provided by ENR are listed below with their respective responses. For tracking purposes, Husky has referenced each ENR 'Topic' number with our corresponding response.

Topic 1: Incineration Bottom and/or Fly Ash Disposal

Recommendation

Incineration bottom and/or fly ash can be contaminated with high concentrations of toxic compounds and should therefore be tested to ensure that it is disposed of in an appropriate and approved manner.

Response to Topic 1 Recommendation

The disposal of ash will take place at an approved 3rd Party Facility - Hazardous Waste Facility, Class II or Class I Landfill.

Topic 2: Industrial Waste Discharges

Recommendation

The ENR *Guideline for Industrial Waste Discharges* is not for use by oil and gas operators to govern its waste disposal in community facilities. It is for use by community based industries only, to govern their industrial wastes deposited in NWT waste facilities.

Response to Topic 2 Recommendation

Husky understands that the guideline is not intended for use by oil and gas operations, and will remove this from the WMP.

Topic 3: Monitoring Wells

Recommendation

Verify that a new monitoring well will be constructed to replace the monitoring well that will be used as a water source for the camp.

Response Topic 3 Recommendation

MW-09A and MW-09B are separate boreholes that were installed prior to downhole stimulation of nearby N-9, so as to obtain baseline values of groundwater quality and quantity. Downhole instruments have been installed that record water levels several times a day. If licensed for use, only one well would be used for supply at a time, while the other will act as a monitor well. Any changes to groundwater quality or quantity would be readily detected through daily use and monitoring of pumped volumes and water levels, in addition to the annual sampling. Husky is currently considering the option of installing additional groundwater monitoring wells on future exploration well pads but no sites have yet been selected.

Topic 4: Boreal Caribou

Recommendation

ENR recommends that Husky continue to provide the SLWB with updated shape files of their proposed and existing project footprint, and that these shape files be shared with responsible co-management authorities for boreal caribou in order to keep track of habitat disturbance within the NWT boreal woodland caribou range.

Response Topic 4 Recommendation

Husky remains committed to providing updated shapefiles to the agencies responsible for the management of boreal caribou and their habitat in the Northwest Territories. Husky currently provides the shapefiles to Environment Canada (EC), GNWT-Environmental and Natural Resources, and the Sahtu Land and Water Board.

Topic 5: Above-ground Water Pipeline

Recommendation

ENR recommends that the SLWB provide regulators and other interested parties with an opportunity to review and comment on the installation of the water pipeline once the design details have been submitted.

Response Topic 5 Recommendation

Husky will submit a detailed design for a temporary water line, to the SLWB and AANDC Land Use Inspector for approval, prior to installation.

Topic 6: Management of Wildlife Attractants

Recommendation

ENR recommends the use of a properly installed electric fence designed for deterring bears and other carnivores. Incinerators and waste storage bins at the camp should be housed within an electric fence, or fencing should be erected around the perimeter of the entire camp facility.

Response Topic 6 Recommendation

During times of activity when these wastes are being generated (Spring, Summer and Fall), Husky currently surrounds the entire camp area with an electric fence to deter wildlife from entering the area. This includes areas where the domestic refuse is held and incinerated.

Topic 7: Wildlife Mitigation and Monitoring Plans

Recommendation 1

ENR recommends that Husky gather commitments and mitigation measures related to wildlife in a short Wildlife and Wildlife Habitat Protection Plan (WWHPP). Such a plan would include components related to wildlife that are currently included in the EPP, appendices provided with previous LUP and WL applications, and recommendations contained within the GNWT's letter to the Proponent.

Response Topic 7 Recommendation 1

Husky will prepare a short, concise Wildlife and Wildlife Habitat Protection Plan (WWHPP) and will submit it to ENR. We anticipate that it will be ready to submit by November 15, 2013.

Recommendation 2

As per Conditions of Permits, Section 26 (1) (h) of the Mackenzie Valley Land Use Regulations, ENR recommends that submission of the WWHPP be included as a condition of the LUP and be subject to approval of the ENR Wildlife Division and the Board.

Response Topic 7 Recommendation 2

No comment.

Recommendation 3

ENR proposes further discussions with Husky to explore opportunities to participate in a Wildlife Effects Monitoring Program (WEMP) that would support our shared objectives to protect both the economic and environmental sustainability of the north.

Response Topic 7 Recommendation 3

Husky has been proactive, self-initiating a number of baseline studies in the Slater River project area and is willing to discuss a Wildlife Effects Monitoring Program with ENR. Husky has been transparent about our willingness to share our baseline and monitoring

data with regulators, other operators, and the public. In addition, Husky has agreed to seek opportunities for cooperation with co-management boards and government agencies in compiling a regional environmental database. Husky is in the process of reviewing and finalizing the 2012-2013 Wildlife Survey and Habitat Suitability Modelling Report as well as the 2012/2013 Vegetation Survey and Ecological Land Classification Report. As originally agreed, Husky will share these reports with ENR, Environment Canada, and Sahtu co-management boards.

We hope the SLWB finds these responses satisfactory. Please contact the undersigned if you have any questions or require further clarification.

Sincerely,
HUSKY OIL OPERATIONS LIMITED



Kenneth F. Hansen, P. Geol.
Project Manager - Slater River, NWT

Cc: Patrick Clancy – GNWT-ENR
Angela Love – Mackenzie Valley Land and Water Board