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File: S04A-006  
S04L1-006  
Referral

20 August 2004

**OUTGOING FACSIMILE - MESSAGE À EXPÉDIER**

**Message To/ Destinataire :** Murray Peacock  
Land/Resource Geographer

**Facsimile Number/ Numéro de télécopieur :** (867) 598-2325

**Message From/ Expéditeur :** John Korec  
Environmental Assessment Officer

**Number of pages (including cover page)/ Nombre de pages (incluant la page couverture) :** 7

**Remarks/Commentaires :**

**Northrock Resources Ltd (Northrock)  
Proposed Tulita, NT area Winter 2004/2005 Drilling Program**

c.c. Mr. Laurier Laprise, Northrock Resources Ltd., Fax (403) 269-2217

If you do not receive this message clearly please call operator at (403) 292-6614

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National Energy Board



Office national de l'énergie

NEB File: 9211-N046-2  
 SLWB Files: S04A-006, S04L1-006  
 20 August 2004

Mr. Murray Peacock,  
 Land/Resource Geographer  
 Sahtu Land and Water Board  
 P.O. Box 1  
 Fort Good Hope, Northwest Territories  
 X0E 0H0  
 Facsimile (867) 598-2325

Dear Mr. Peacock:

**Northrock Resources Ltd. (Northrock) Application for Land Use Permit and Water Licence – Tulita, NT area<sup>1</sup> Exploratory Oil and Gas Well**

**Preliminary Screening Information Matrix**

Item	dd/mm/yy	
Preliminary Screening Notification for Permit or Licence received:	17 Aug 04	√
Response requested by:	26 Jul 04	
Application for NEB authorization pursuant to COGOA 5(1)(b) received:		No
NEB is the designated regulatory agency (DRA)		√
NEB preliminary screening requirement can be satisfied by LWB screening after NEB review of Preliminary Screening Report		√
NEB "Scope of Development" for 5(1)(b) authorization included herein		√
COGOA provisions for the program type included herein (existing regulations, therefore not required as conditions for Permit, Licence or authorization)		√

At this time the NEB is requesting further information from Northrock regarding its drill site lease preparation and will ask that the company respond directly to the Sahtu Land and Water Board. The information request is attached.

<sup>1</sup> Final well name will not be "Summit Creek" as the well would fall into adjacent map grid and would require a new name.

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The following information should be considered in your screening. As the DRA for the development, the NEB will review the Sahtu Land and Water Board (SLWB) Preliminary Screening Report prior to any acceptance of the Report to meet NEB's requirements under the MVRMA and prior to any NEB authorizations for the development. Upon completion, please forward a copy of your Preliminary Screening Report to me by e-mail at <jkorec@neb-one.gc.ca> or by facsimile to (403) 292-5876.

### Scope of the Development Proposal

We have reviewed Northrock's application and we provide the following comments to the SLWB in respect of the scope of the application. We suggest that the following categories, based on the Preliminary Screening Report Form<sup>2</sup> Sections 1, 2 and 3, would apply with respect to the Northrock proposal.

#### 1. Type of Development

- New development
- Requires permit, licence or authorization

#### 2. Principal Activities (relating to scoping)

- Construction (winter access along existing access and cut lines, well site lease, rig camp site, drilling and grey water sumps)
- Maintenance
- Operation (drilling of oil and gas well, testing, well suspension activities and future testing or abandonment activities)
- Exploration
- Camp (34-person mobile sleigh camp for road construction crew; 60-person rig camp)
- Linear / corridor (access to site)

#### 3. Principal Development Components (relating to scoping)

- Access road (temporary winter road construction and abandonment)
- Automobile, aircraft or vessel movement (equipment and vehicles)
- Drilling other than geoscientific (oil and gas well)
- Fuel storage
- Site restoration (access and drill site)
  - planting / seeding (if required)
  - re-contouring (if required)
- Slashing and removal of vegetation
- Topsoil, overburden, or soil
  - removal (for drilling waste and camp sumps)
  - storage
- Waste management
  - waste generation

<sup>2</sup> The Preliminary Screening Report Form is found in the Mackenzie Valley Environmental Impact Review Board's *Environmental Impact Assessment in the Mackenzie Valley: Interim Guidelines*.

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- sewage
- treatment and disposal of sewage (sump)
  
- Other
  - sump for drilling waste
  - water intake from Km 59 Lake and sources approved in Licence S02L1-003.

At this time we have no specific conditions or recommendations for attachment to SLWB or any other regulatory authority's permits, licences, or authorizations. Please note that the information and operator's requirements outlined below are contained in the COGOA, and the *Canada Oil and Gas Drilling Regulations* (Drilling Regulations), or will be addressed in any authorization of the drilling operation by the NEB. These regulatory requirements are within NEB's mandate to regulate all oil and gas works or activities in non-accord frontier areas under the COGOA. As well, additional operator requirements for safety, protection of the environment and conservation of the resources specified in the COGOA, the Drilling Regulations, and the *Oil and Gas Occupational Safety and Health Regulations* (OSH Regulations) will, as appropriate, continue to apply to the operator.

Conditions attached to other permits and licences should not be included if those conditions conflict with NEB's legislated mandate.

We recommend that the following information be taken into consideration by the SLWB in its preliminary screening with respect to the well drilling program. Please note that this is not an inclusive listing:

- Section 79 of the Drilling Regulations requires that every operator formulate contingency plans and have equipment available to cope with any foreseeable emergency situation during a drilling program including a major fire, loss of well control, arrangements for drilling a relief well should it become necessary, hazards unique to the site, and spills of oil or other pollutants
- section 89 of the Drilling Regulations requires that every operator submit information to the CCO in respect of the subsurface conditions anticipated at the proposed drill site that may affect the safety and efficiency of the drilling operations, including the equipment, procedures and resources to be employed to protect the natural environment in the vicinity of the proposed well;
- section 136 of the Drilling Regulations requires that drilling fluid additives are stored and handled in a manner that minimizes deterioration and prevents damage to the environment;
- with regards to drilling waste, section 137 of the Drilling Regulations requires that every operator ensure that all waste material, drilling fluid and drill cuttings generated at the drill site are handled and disposed of in a manner that does not create a hazard to safety, health or the environment;
- paragraph 138(a) of the Drilling Regulations requires that every operator shall ensure that any oil or gas produced during formation flow tests is stored in suitable tanks or flared in a manner approved by the CCO; and
- section 139 of the Drilling Regulations requires that combustible trash not be burned at the drill site except where precautions are taken to ensure that fire does not endanger personnel or the safety of the well.

The following information should also be noted:

- the *Canada Oil and Gas Operations Act and Regulations* apply to all oil and gas works and

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- activities on Crown lands and Sahtu private lands;
- all operation-related reportable spills as outlined in NEB's July 2003 "Spill Reporting Protocol for Upstream Oil and Gas Operations" will be reported to the 24-hour NWT Spill Line (867-920-8130) - the Spill Line contractor will assign the appropriate lead agency, e.g., NEB for spills at the drilling site;
- where INAC is the lead agency for spill reporting, Chevron is expected to conform to the December 2003, "INAC Spill Reporting Protocol for Upstream Oil and Gas Operations";
- the operator must have a spill contingency plan acceptable to regulators in order to implement the NEB's "Spill Reporting Protocol for Upstream Oil and Gas Operations"
- the CCO notes that Northrock and any contractors must meet the requirements of the OSH Regulations for the development;
- potable water quality is regulated by the NEB under the OSH Regulations; and
- the NEB will review Northrock's and/or any contractor's emergency response/spill contingency information with respect to
  - (i) procedures for the activation of the plan,
  - (ii) an identification of, and response tasks of, the personnel,
  - (iii) an identification of available resources (including contact lists),
  - (iv) an acceptable level of preparedness (hazard analysis, training and maintenance of response equipment),
  - (v) response procedures for environmental spills (including fuel spills and equipment leaks),
  - (vi) a waste management plan (from operations, equipment maintenance, personal garbage, and camp operations),
  - (vii) fuel storage plan,
  - (viii) emergency response procedures in case of fire,
  - (ix) decision flow charts, and
  - (x) emergency and spills reporting forms and procedures.

If you have any questions regarding the above, please call me at (403) 292-6614. Thank you.

Yours truly,



John Korec, P.Geol.  
Environmental Assessment Officer

c.c.: Laurier Laprise, Northrock Resources Ltd., fax: (403) 269-2217

National Energy  
BoardOffice national  
de l'énergie

NEB File: 9211-N046-2  
 Sahtu Files: S04A-006, S04L1-006  
 20 August 2004

Mr. Laurier Laprise  
 Northrock Resources Ltd. 3500, 700 – 2 Street SW  
 Calgary, Alberta T2P 2W2  
 Facsimile: (403) 269-2217

Mr. Laprise:

**Northrock Resources Ltd (Northrock)  
 Proposed Tulita, NT area Winter 2004/2005 Drilling Program  
 National Energy Board (NEB) Information Request No. 1**

Pursuant to our obligations under the *Canada Oil and Gas Operations Act (COGOA)* and the *Mackenzie Valley Resource Management Act (MVRMA)*, the National Energy Board (NEB) has initiated a review of the Sahtu Land Use Permit and Water Licence applications and finds that further information is required (Attachment 1). As the Sahtu Land and Water Board is conducting a MVRMA preliminary screening for the subject drilling program, we ask that you provide your response directly to Mr. Murray Pescock, Land/Resource Geographer, Sahtu Land and Water Board by 26 August 2004. Please provide a copy to Terry Baker, Chief Conservation Officer, NEB. Should you have any questions or require more clarification regarding the attached request for information, please contact me at (403) 292-6614.

Yours truly,

John Korec, P.Geol.  
 Environmental Assessment Officer

jek/Attachment – Information Request #1

c.c. Mr. Kevin Glowa, Indian and Northern Affairs Canada, fax (867) 777-2090  
 Mr. Louis Marion, Indian and Northern Affairs Canada, fax (867) 587-2928  
 Mr. Bruce Hanna, Fisheries and Oceans Canada, fax (867) 669-4940

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National Energy Board Information Request #1

20 August 2004

**Northrock Resources Ltd. (Northrock)  
Proposed Tulita, NT area Winter 2004/2005 Drilling Program,  
National Energy Board (NEB) Information Request No. 1**

The following information request refers to the Sahtu Land and Water Board Land Use Permit and Water Licence application. The information requests are based on the NEB's review of the proposed drilling program. Additional safety and operational matters may be addressed upon submission of an application for an **Approval to Drill a Well** to the NEB pursuant to paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act*.

Should you have any questions regarding this request for information, please contact John Korec at (403) 292-6614.

**Reference:** Tab 1: Environmental Protection Plan (prepared by Northern EnviroSearch Ltd.), Section 4.6 Lease Construction

**Preamble:** Northrock states that, in "Northrock's experience with an ice pad at the well drilled last winter [Summit Creek B-44] determined that this method of lease levelling is unsuitable and potential dangerous due to the levels of heat generated by the drilling rig". NEB staff inspected the Summit Creek B-44 site in March 2004, near the end of the drilling program and then again in the summer of 2004. NEB's inspections are intended to verify the operator's compliance with the *Canada Oil and Gas Drilling Regulations*, including operational safety and environmental protection. The NEB inspector saw no evidence of problems with use of an ice pad nor was any dangerous situation reported to the NEB. Further, ice pads are used regularly, successfully and safely in other northern drilling operations.

**Request:** Please clarify, and provide evidence to support, Northrock's view regarding the unsuitability of an ice pad for levelling of the lease. Please describe what construction methods and ice pad maintenance programs would be required to ensure safety in the event that an ice pad is used.