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April 20, 2022

Nathan Richea
Department of Environment and Natural Resources,
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT X1A 2L9

Sent by email

Dear Nathan Richea:

Re: ENR Request – Water Licence Conditions, Security Deposit Submission Requirements, and Security Deposit Shortfalls for Existing Projects

Thank you for your letter dated March 10, 2022, expressing your Division's concerns with the operational implications of certain recent Mackenzie Valley Land and Water Board (the Board) cover letters, Water Licence conditions, and Schedules related to project securities and their posting. Board staff have begun the process to address this request. I wish both to respond to the concerns raised in your letter and provide context for the resolution of this request.

Recently, staff have contacted Imperial Oil Ltd. ([MV2021L1-0009](#) Jean Marie River Project) and Paramount Resources Ltd. ([MV2020L1-0007](#) Liard East Project) with your request seeking their responses. These responses, along with your request, will then be posted to the Online Review System for public comment prior to going to the Board for decision.

In the case of Paramount Resources Ltd. Licence [MV2021L1-0006](#) (Liard South Project), the Board had provided specific Directives to Paramount in its [Reasons for Decision](#), in Appendix 2, Section 2.0 Decision on Security. Because the lack of an approved Closure and Reclamation Plan (CRP) made the determination of security problematic, the Board determined that Paramount must submit a CRP and updated security estimate for Board decision. Now that this process is underway, any update to that security amount or timing will be addressed through that process, which ENR will most certainly be party to.

Regarding concerns with inconsistencies between some cover letters accompanying the Water Licence and the Licence Conditions, it is clear that the Water Licence is the legal instrument and not the cover letter, and in all cases the language of the Licence shall prevail. Regardless, Board staff will work to resolve this issue during any future updates.

The Board does appreciate the concerns expressed regarding the amount and timing of security for projects where existing liabilities are present at issuance. I look forward to addressing these concerns in the short term and to ensuring this is addressed during the review process in the future.

Please contact Shelagh Montgomery at (867) 766-7457 with any questions or concerns regarding this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Chris Hotson', is written over a light grey rectangular background.

Chris Hotson
A/Executive Director, Mackenzie Valley Land and Water Board

Cc: Ms. Lorraine Seale, Director, Security and Project Assessments, Department of Lands
Mr. Scott Stewart, Regional Superintendent, North Slave Region, Department of Lands