

THE MGP EXCHANGE

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Mackenzie
Gas Project

MGP Signs Socio-Economic Agreement with GNWT

The Mackenzie Gas Project partners and the Government of the Northwest Territories (GNWT) announced the signing of a comprehensive socio-economic agreement on January 22.

The agreement outlines a broad range of socio-economic topics associated with MGP including training and employment, business opportunities, wellbeing, sustainable development, net effects on government, and ongoing monitoring of the proposed Project, both during construction and operation. It outlines commitments in specific areas including employment requirements and policies, hiring, employment and procurement priorities for NWT and aboriginal people, oil and gas training, transportation and infrastructure impacts, cultural preservation, safety and security, access to gas, and a monitoring advisory board (society) for the life of the Project.

"This agreement is a significant step forward in the Project's progress," said Randy Broiles, Senior Vice-President, Imperial Oil Limited, on behalf of the MGP partners. "It defines the key areas of agreement and commitment between the Project proponents and the Government of the Northwest Territories, and establishes a foundation for moving forward together. More importantly, this agreement outlines our shared belief that the Mackenzie Gas Project has the potential to provide significant benefits to all stakeholders, in particular the people and communities of the North."



The socio-economic agreement between Mackenzie Gas Project and the Government of the Northwest Territories will result in significant benefits to the people and communities of the North.

The agreement builds on MGP's Environmental Impact Statement and incorporates input received from several years of consultation, community discussion and workshops. Before the agreement was signed, the GNWT conducted a series of consultation sessions with aboriginal stakeholders in the North on the terms of the agreement. Details of the specific terms were recently filed with the Joint Review Panel, which is conducting public regulatory hearings on the proposed Project.

"The operators of Mackenzie Gas Project and the Government of the Northwest Territories entered into this agreement to show northern residents and key stakeholders that both parties are committed to working together to support our shared belief that the Project has the potential to provide benefits to the people of the North," says Rick Gallant, MGP Development Executive, Benefits and Community Affairs.

Federal Court Ruling Delays Joint Review Panel Hearings in Northern Communities



A Joint Review Panel hearing in Inuvik.

Hearings for Mackenzie Gas Project, which began in January 2006, were originally scheduled to be completed by year-end. However, several delays have occurred in the last few months, making timing uncertain at this point.

The National Energy Board (NEB) hearings, held in 15 communities, concluded in December. The NEB expects to release its decision in the first quarter of 2008. It will consider the need for the proposed Project as it relates to Canada's supply of natural gas, economic factors, and issues concerning access, tolls and tariffs. The NEB review will include technical aspects of the Project such as the route, site selection and engineering design. It will also evaluate the Project's public consultation process and the ability of the MGP partners to manage risk and financial liabilities. In addition, the NEB has committed to consider the recommendations of the Joint Review Panel (JRP) in its decision.

JRP hearings took place in 24 northern communities during 2006. The panel is considering the impact of the proposed Project on the land and people of the North. This hearing process has provided an opportunity for northern residents to learn more about the

Project and voice their concerns or support. Although originally scheduled to be completed by year-end, in July the JRP extended its process to April 2007.

The JRP experienced another delay in November when the Federal Court of Canada ruled that the federal government had not properly consulted with Alberta's Dene Tha' First Nation on the regulatory process for the proposed Mackenzie Gas Project. The court also ruled that the JRP cannot file its report until another hearing to decide on remedies for the Dene Tha' is concluded. This judgment resulted in the postponement of several JRP hearings that were scheduled in late 2006. At this time, the JRP's final report is expected to be completed by the end of 2007.

A final decision on whether to proceed to build the pipeline will depend on the NEB approval and will include evaluating any conditions the regulators may attach to the approval. In addition, the decision will depend on other factors including the final terms of benefits and access agreements, final agreements on fiscal matters, natural gas markets, project costs and shipping commitments.

MGP Christmas Open Houses Well Attended

Mackenzie Gas Project was pleased to welcome local residents to Christmas open houses at the three regional offices. Our northern staff enjoyed having an opportunity to visit with community members prior to the start of the holiday season.



**Linda McDonald, Don Saretzky and
Melissa McDonald at the Inuvik office.**



**Margaret McDonald, Cathy Pope,
Ethel Blondin-Andrew and Leon Andrew
at the Norman Wells office.**



**Leo Norwegian, Savana Norwegian,
Bob Norwegian and Mike Canadian
at the Fort Simpson office.**

Winter Work Program Planned in Two Regions

Mackenzie Gas Project is planning winter geotechnical work programs for the Gwich'in Settlement Area (GSA) and the Sahtu Settlement Area (SSA) in the K'ahsho Got'ine and Tulita districts. The total value of contracts for the planned work is expected to be about \$20 million. Regulatory permit approvals must be obtained before any field activities begin.

Over the past few winter seasons, the Project has conducted winter work in the Inuvialuit Settlement Region and GSA, as well as a smaller program in the K'ahsho Got'ine district. The work activities planned for this winter are, for the most part, similar to what took place in past programs. This winter's planned work activities are mainly focused in the SSA, particularly within the Tulita district where the Project hasn't previously conducted a winter geotechnical work program.

Winter work programs help the Project with environmental and engineering planning, and also help define design and construction considerations. However, much research and study takes place before a winter program can begin. The Project conducts summer research programs to help define and plan winter work programs. These summer programs consist of aerial reconnaissance activities such as studying the pipeline route and access routes to water and granular sources, as well as locating suitable locations



Winter work planned by Mackenzie Gas Project this year will provide local jobs in two regions.

for Project facilities and temporary infrastructure such as pipeline camps, equipment laydown and pipe stockpile sites. The summer programs also include biophysical programs that study the vegetation, wildlife, water and fish. Analysis and results of these summer programs help the Project establish what winter programs to pursue and where to conduct the work activities. All programs, whether summer research or winter geotechnical, require consultation with the local communities and regulatory approval prior to being conducted.

This year's largest winter work program is proposed in the SSA near Tulita. Soil sampling is scheduled at

several borrow sources along the proposed pipeline route, as well as at a compressor station site and other pipeline construction and storage areas that are planned in the area. Soil will also be tested at some of the larger river crossings in the area. The program is expected to take place over two months, beginning in January.

A smaller winter work program is planned for the SSA Fort Good Hope area. This work will focus on proposed locations for a new barge landing access road, a pipeline construction camp and storage area south of the airport, as well as several borrow sources. The program is expected to take about six weeks, beginning in late January.

This winter's GSA program is planned near Campbell Lake, southeast of Inuvik. The Project plans to drill boreholes and dig test pits within the proposed Inuvik area facility site location and along its proposed access road. The program is expected to take three to four weeks, beginning in March.

All these winter work activities will help the Project plan for the main pipeline construction.



Local environmental monitors will be needed for this year's winter work. John Roland was an environmental monitor in the Inuvialuit Settlement Region in prior years.

Harvester Talks Underway Along Mackenzie Valley

Mackenzie Gas Project's northern staff have been actively talking to hunters and trappers along the proposed pipeline route to keep them informed of Project activities. This has included meeting with individuals as well as organizations such as Renewable Resource Councils, Hunters and Trappers Committees and Band Councils in impacted communities.

MGP is committed to talking with harvesters before any construction activities take place to identify steps the Project or the harvesters may take to reduce disruption to them and potential negative impacts to wildlife.

"The Project recognizes that there are many people who still go out on the land. We want to be proactive and



Elder Fred Antoine of Fort Simpson, fishing from the Mackenzie River, is one of the many harvesters the Project has recently contacted.

identify these people before we begin any type of work. We have tried very hard to keep them informed of our activities," explains Donna Schear, MGP's Regional Liaison for the Sahtu. Donna says that many of the old-timers were very appreciative that MGP took the time to talk to them.

Understanding where harvesters have cabins, fish nets and traps helps the Project reduce potential impacts. However, in the event that a harvester is affected by MGP's activities, a

process is in place to compensate them for losses they may incur in accordance with applicable Land Claim Agreements. Claims should be submitted by individual harvesters using forms provided by MGP. They should explain the details of the damage or loss for which compensation is being requested. Compensation will be based on market values and an estimate of loss that can be referenced to current and historic records, where available.

Shell Canada Helps Build ISR Database

There is a wealth of information published about the Inuvialuit Settlement Region (ISR) and it's available for free on the Web.

Through financial support from Shell Canada Limited, descriptions of more than 8,900 publications and research papers about the ISR are catalogued and available to the public on the Inuvialuit Settlement Region Database.

"We appreciate Shell's continued support in building a comprehensive Inuvialuit Settlement Region database," says Nellie Cournoyea, Chair and Chief Executive Officer for the Inuvialuit Regional Corporation. "The database is proving to be a desirable and valuable tool for hydrocarbon related and other parties interested in the Inuvialuit Settlement Region."

The database is maintained by the Joint Secretariat Inuvialuit Renewable Resources Committees and the Arctic Science and Technology Information System (ASTIS). Publications and research projects listed in the database cover all aspects of the ISR including the earth sciences, the life sciences, engineering and technology, renewable and non-renewable resources, co-management, land use, people, government, economic and social conditions, archaeology, history, art and literature.

The Inuvialuit Settlement Region Database describes publications of all types including so-called grey literature (reports from governments, co-management organizations, industry, consultants, non-governmental organizations, etc.), journal articles,

conference papers, theses and books. All media types are included. Most of the publications described in the database have been produced since the mid-1970s.

"We are pleased to have supported getting the Inuvialuit Settlement Region Database off the ground," says Kim Johnson, Environment and External Affairs Coordinator for Shell Canada Limited. "The Arctic Institute of North America at the University of Calgary and the Joint Secretariat Inuvialuit Renewable Resource Committees have done a great job compiling information about the ISR in one, easy to find location accessible to all."

To access the Inuvialuit Settlement Region Database, please visit the website at www.aina.ucalgary.ca/isr.

Gwich'in Business Development Workshop Held

Thirteen Gwich'in contractors representing 10 different businesses attended an MGP Business Development Workshop in Inuvik in October. The purpose of the workshop was to help businesses in the Gwich'in Settlement Area understand opportunities associated with the Project. Attendees were given detailed information on the range of work that will be available and the related training and education requirements.

"A good cross-section of contractors attended. The workshop was an important first step in helping Gwich'in

businesses identify the areas they need to build capacity in if they want to be able to participate in the Mackenzie Gas Project," says Gordon Deets, MGP's Northern Business Development and Benefits Manager.

The workshop also helped contractors understand the processes used by the Project to obtain goods and services. This included bid preparation, contract work packages breakdown, contract pre-qualification and request for proposals. Safety, alcohol and drug program requirements were also reviewed.

Shell Canada Gives to ISR Organizations for Environmental Projects



Kim Johnson and John Brown of Shell present a \$4,000 cheque to Kristen Wenghofer of the Inuvik Community Garden Society to support the community composting program.

Three organizations from the Inuvialuit Settlement Region received \$14,000 for their environmental projects through the Shell Environmental Fund in 2006.

"We had over sixty applications from the Prairies and Northwest Territories," says Natasha Guillot, Administrator for the Shell Environmental Fund. "I am very pleased to say that we agreed to fund a total of \$14,000 to the Inuvik Community Garden Society, Youth Forum Organizing Committee, and Fisheries Joint Management Committee for projects that benefit the environment."

The Inuvik Community Garden Society received \$4,000 for their community composting program that encourages individuals and businesses to compost their food scraps for North America's most northerly greenhouse and only community greenhouse of its kind in the world.

The Coastal Zone 2006 Youth Forum Organizing Committee used the \$5,000 received from the Shell Environmental Fund to develop a training package for facilitators of the Coastal Zone Canada 2006 Youth Forum in Tuktoyaktuk held in August. The Coastal Zone Conference helps to raise awareness about the

unique challenges faced by residents of the Arctic coastal zone in the face of rapid changes occurring in Arctic marine ecosystems.

The other \$5,000 went to the Fisheries Joint Management Committee to support a week-long field trip each fall to the Big Fish River near Aklavik, as well as classroom learning, and reporting back to community members. The Big Fish Community Monitoring project provides youth and community members of Aklavik with the opportunity to build an understanding of how changes in the local environment are affecting fish stocks and water quality and quantity, and the perceived implications related to human health and the environment, through studies of chemistry, biology, and social aspects (culture, tradition, diet and country foods) while at the same time building capacity in local environments.

Since 1990, the Shell Environmental Fund has granted over \$12 million to over 4,000 projects that protect or improve the Canadian environment. Decisions are made by five regional panels including representatives of environmental organizations external to Shell.

For more information on the Shell Environmental Fund, please visit our website at www.shell.ca/sef.

MGP Attends Petroleum Shows

Mackenzie Gas Project supported two major northern petroleum shows last year: the Inuvik Petroleum Show in June and the first-ever Sahtu Oil, Gas and Mineral Symposium in Norman Wells in October. In addition, Randy Ottenbreit, MGP Development Executive, Regulatory, made a presentation at the Hay River "Start Your Engines" Transportation Conference in September.

The theme of the Inuvik Petroleum Show was "Mackenzie Gas Project: Best Practices for Northern Benefits and Sustainable Development." Keynote speaker Randy Broiles, Senior Vice-President of Imperial Oil Limited, gave a Project update and answered questions from the audience. About 750 delegates attended.

The Sahtu Symposium was hosted by the Tulita, Deline and K'ahsho Go'ine district land corporations. About 165 delegates attended the three-day conference and tradeshow with the theme of "In Business Together". Guest speaker Chief Clarence Louie from the Osoyoos Indian Band emphasized how economic development has improved his peoples' standard of living. His message included a belief that job creation and expansion of business revenue, if done properly and incorporating First Nations culture and language, will improve and protect this heritage, not destroy it. He encouraged all delegates to seize the opportunity to work together to create a "win-win" situation for all.

Rick Gallant, MGP Development Executive, Benefits and Community Affairs, provided an update on the regulatory hearing process, the status of benefits and access negotiations, training, consultation and business development opportunities related to the Project.



Kevin Jonason, Wendy Smith and Tom Williams were among the MGP staff in attendance at the Inuvik Petroleum Show.

Questions or Comments?

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