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JAN 29 2015

Mr. Solomon Amuno, PhD
Mary River Project Monitoring Officer
Nunavut Impact Review Board
P.O. Box 1360
Cambridge Bay, Nunavut
X0B 0C0

SUBJECT: Email correspondence re: 2013-2014 Annual Monitoring Report for the Mary River Project (November 13, 2014).

Dear Mr. Amuno:

I am writing in response to your letter dated November 12, 2014 addressed to Mr. Peter Stapleton of the Canadian Coast Guard's National Strategies Directorate in which you request a status update on Coast Guard's compliance with the Mary River Project Certificate Condition 174. I am pleased to have this opportunity to comment on Canadian Coast Guard activities related to the Mary River Project.

During the preparation and eventual commencement of Baffinland's Early Revenue Phase, Canadian Coast Guard was invited to, and participated in, two oil spill preparedness and response activities. The first, on August 9, 2013 in Milne Inlet, involved a mock spill exercise conducted by Baffinland for the Milne Inlet Fuel Storage Facility. Canadian Coast Guard Regional Operations Centre personnel participated in the exercise by receiving the spill notification and reviewing Baffinland's final exercise report. Canadian Coast Guard personnel also participated by teleconference in a Fuel Spill Preparedness Workshop on April 16, 2014. The Workshop included participants from Baffinland, the Qikiqtani Inuit Association, Hunters and Trappers Organization, the Mary River Project Committee, and federal government departments.

The responsibility for an oil spill rests with the polluter and Canada's Marine Pollution Preparedness and Response Regime, administered by Transport Canada. The Regime formalizes the "polluter pay principle" and establishes industry as the first responder for its own spills. The Canadian Coast Guard has an important role as the Government of Canada's lead agency for ensuring an appropriate response to ship-source spills in Canadian waters, through monitoring clean-up actions of polluters and maintaining the Government's capacity to respond where the polluter is unknown, unable, or unwilling to take action.

In the Arctic, small spills during transfers of light fuel are considered to be the most likely source of pollution. Consequently, the Canadian Coast Guard has allocated equipment to support the escalation of response to a spill within 19 communities across the Arctic, 15 of which are located in Nunavut. These 'Arctic Community Packs' are

designed to 'forward-stage' a response to an oil spill and augment the response capacity of the area. Specifically, Pond Inlet, along the Baffinland Mary River project shipping route, is one of the recipient communities of this shoreline response equipment.

The number of vessels operating in the Arctic is low and there is an equally low volume of bulk oil (including refined products) being moved. Accordingly, the Coast Guard has centralized more significant caches of response equipment in Iqaluit, Tuktoyaktuk and Churchill, as well as dedicated response personnel and equipment in Hay River. These are locales that have appropriate logistical support (large airfield, loading equipment and an area to load ships) and, in these areas, equipment can be regularly maintained. This cascading of resources and personnel is considered to be the most efficient and effective response plan to meet the challenge of a decidedly low-risk larger off-shore oil spill.

As noted in my predecessor's letter of February 4, 2013 to the Chair of the Nunavut Impact Review Board, I understand that Baffinland is responsible for preparedness and for providing environmental response, not only through Condition 174 in which Baffinland is identified as the responsible party, but also as per Condition 92 which states:

"The Proponent shall ensure that it maintains the necessary equipment and trained personnel to respond to all sizes of potential spills associated with the Project in a self-sufficient manner."

Canadian Coast Guard had sought clarity from the Board concerning the association between the two conditions and has inferred that, given the named responsible parties and the absence of additional feedback from the Board, the Board recognizes the role of Canadian Coast Guard in executing its lead agency responsibilities in Nunavut as is consistent in the rest of Canada.

To date, the Canadian Coast Guard has and will continue to demonstrate willingness to participate in key activities and to provide expertise when requested by Baffinland. In moving forward, we will continue to support Baffinland in its delivery of Condition 174 to ensure the successful execution of a safe and responsible resource project on behalf of all the communities in the region. We look forward to having ongoing dialogue with the Board and the proponent regarding implementation of Condition 174 as the project's Phase II application moves forward.

Yours sincerely,



Jody Thomas
Commissioner, Canadian Coast Guard