



October 31st, 2013

Attention: Director of Alliance and Northern Applications
David Hamilton
National Energy Board
444 Seventh Avenue SW
Calgary, AB, T2P 0X8

Reference: Process Update for TGS NOPEC Geophysical Company ASA (TGS), Petroleum Geo-Services (PGS) and Multi Klient Invest AS (MKI) Northeastern Canada 2D Seismic Survey – Arctic Fishery Alliance Response

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Arctic Bay

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Grise Fiord

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Qikiqtarjuaq

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Resolute Bay

Dear Mr. Hamilton,

The purpose of this letter is to respond to the additional information filed by MKI on August 30th, 2013. We have reviewed the information provided by MKI and our comments are below.

As you are aware, Arctic Fishery Alliance LP (AFA) consists of four hunters and trappers associations and four community trusts from the communities of Qikiqtarjuaq, Grise Fiord, Arctic Bay and Resolute Bay. The partnership was formed in 2008 and now operates two 100 foot factory-freezer fixed gear vessels (F.V. "Suvak" and F.V "Atlantic Prospect") to harvest its Greenland halibut (turbot) quotas in NAFO divisions 0A and 0B (Davis Strait). The vessels' fishing activity takes place off the coast of Baffin Island when ice conditions permit (generally mid-April for 0B and late July for 0A), and the vessels fish along the Exclusive Economic Zone boundary between Canada and Greenland. It should therefore be noted that there are potential spatial and temporal conflicts between AFA's fishing activity and MKI's proposed seismic survey.

In April 2013 AFA requested clarification as to the definition of "native harvest area". The definition provided by MKI of "within the Nunavut Settlement Area" is useful, well-defined and appreciated.

However, AFA also noted that section 5.2 of the proposal stated that the "seismic vessel will avoid active fixed gear fishing areas" and requested that a minimum safe distance be defined. Similarly, AFA requested a specific definition of "near the vicinity of the seismic survey" from section 5.2. MKI's response provided in August fails to address these two definitions "minimum safe distance" and "near the vicinity" with regard to active commercial fishing operations outside the Nunavut Settlement Area.

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The only definition of minimum safe distance provided by MKI states that a “12 km buffer (for seismic vessel turning radius) from the land-fast ice and territorial sea boundaries, to the western edge of the seismic lines”. This definition fails to acknowledge a minimum safe distance from active fishing operations and as such, AFA considers it insufficient in addressing its concerns. AFA insists that a minimum safe distance be specifically defined for the fishing industry operating in NAFO divisions OA and OB outside the Nunavut Settlement Area.

Related to this concern is the apparent onus on AFA to provide MKI with its fishing plans and locations in advance and in conjunction with BFC. Fishing plans are proprietary commercial information and are often subject to change without notice. AFA will insist on confidentiality from MKI of its fishing plans. In addition, AFA’s fishing crews, mate and Captain are extremely busy and working at capacity while at-sea. Consequently, ensuring real-time communications of fishing location to the Fishery Liaison Officer (FLO) from the vessel will be difficult and AFA invites MKI to discuss this issue during the proposed meetings in November.

AFA also requested that the scope of the FLO communications be specified, so that the process for minimizing the impacts of the proposed seismic survey on fixed gear fishing operations within NAFO fishing divisions OA and OB be clear. MKI’s commitment to provide a daily email to AFA with daily vessel location and planned tracks as well as providing similar information to a designated community contact every 12 hours is acknowledged and is satisfactory. AFA suggests that the recommendation process for candidates for the FLO position be extended beyond the communities to include the fishing industry operating in OA and OB to ensure knowledgeable representation of the offshore fishery.

In the Supplementary Report II, page 70 states that “Potential impacts on fishing gear will be mitigated by avoiding active fixed gear fishing areas during the survey. If gear is deployed in a survey area, the diligence of the FLO, good at-sea communications, and mapping of current fishing locations have usually proven effective at preventing such conflicts”. AFA concurs that diligent communication with MKI via the FLO is essential to ensure successful unhampered fishing operations. It should be noted that sufficient and effective communication between AFA and MKI must be consistently applied throughout the five-year survey. AFA is concerned with the use of the word “usually”. If MKI is aware of instances where communication has failed and conflict between the fishing industry and seismic surveys have occurred, AFA requests information as to the nature of the event and its subsequent resolution.

AFA is very concerned with MKI’s response to question 43 from the Qikiqtarjuaq meeting on May 1, 2013. The question involved compensation for the fishing industry in the event of decreased catch rates due to the seismic survey. MKI’s response suggests that determining causality in decreased catch rates is difficult and no procedures for dealing with claims are presented. AFA’s and other fixed gear operators’ average revenue is generally at least \$40,000 per fishing day and as such, decreased catch rates present a significant loss for all fixed gear operators and the communities who own the vessels. AFA has a substantial history record of daily catches from its operations. Consequently, AFA is confident that declines in daily catch rates can be rapidly and easily tracked if the survey occurs near fishing grounds. Scientific articles have suggested that catch rates may decline by at least 50% within 5 km of a survey and possibly at distances of tens of kilometres (see “Impacts of Seismic Surveys on Fish Behaviour

and Fisheries Catch Rates on Georges Bank"). Therefore, AFA insists that MKI recognize that while the long-term decline in catch rates may be attributable to a variety of causes, immediate significant declines in fishing harvest levels near (e.g. within 50 km) a seismic survey are far more easily ascribed. Consequently, AFA is not satisfied with the lack of proposed compensation mechanisms for this potential loss of revenue and insists that this issue be addressed in depth and to the satisfaction of the fishing industry.

Similarly, AFA is concerned with the ambiguous phrasings of "programs developed jointly by the Canadian Association of Petroleum Producers and other Operators are suitable mechanisms for resolving compensation claims in the event of lost or damaged gear, and any additional demonstrated financial loss associated with the incident" as stated on page 71 of Supplementary Report II. These programs and mechanisms as they will apply in the northern waters must be explicitly outlined before AFA can comment further.

Finally, AFA accepts MKI's invitation to meet and discuss the "Acquisition Plan" of the survey to avoid interaction between the AFA's and MKI's operations. Harry Earle, General Manager of AFA, is available to meet with MKI in St. John's, NL anytime during the month of November except for the week of November 11th, during which time he is meeting with AFA's Board of Directors in Nunavut.

We trust that the above comments will be taken into account in the development of the proposed seismic survey.



Lottie Toomasie
Chairman and CEO,
Arctic Fishery Alliance, L.P.

CC: Arctic Fishery Alliance Board of Directors
Harry Earle, General Manager of AFA