

Nov 8, 2013

National Energy Board
444 Seventh Avenue SW
Calgary, T2P0X8

Dear Mr. Patrick Sprague:

RE: File OF-EP-GeoOp-M711-5554587 02

**TGS-NOPEC Geophysical Company ASA, Petroleum Geo-Services and Multi Klient
Invest AS (TGS/PGS/MKI) Northeastern Canada 2D Seismic Exploration Survey
Geophysical Operations Authorization (GOA)**

This letter is TGS/PGS/MKI (MKI, the "Operator")'s response to the comment letter submitted to the National Energy Board (NEB) on October 15, 2013 by the Qikiqtani Inuit Association (QIA). We fully understand the important role that the QIA has with respect to the 13 communities in the Qikiqtani region and in particular with the communities with whom consultations have been undertaken for the past several years.

We all strive for certainty in understanding the impacts that any new development will have on the environment; however such certainty cannot be reached. What we can say is that we have researched the existing scientific literature to better understand and communicate the known effects of marine seismic surveys on the marine environment, northern cetaceans and pinnipeds. We have provided this information to the communities, as they have requested. We are confident that our efforts illustrate our commitment to providing NEB with the information it requires necessary to assess our proposed survey. We are also confident that the survey can be conducted in a time and manner that will avoid the marine mammal populations that migrate through the survey area. This also applies to possible interactions with the commercial fishery operations conducted in the region.

With respect to how we will use Inuit Qaujimagatuqangit (IQ) in the project design, we have been careful to follow Nunavut protocols for the use and collection of IQ information. We have developed a better understanding of the importance of IQ during the consultation process. This is because consultations have been a two way learning process. We have shared information about our industry and proposed project plans with communities openly and transparently. We have also learned much from the community members about their priorities, understanding and concerns. This includes an understanding of the value and usefulness of IQ as a source of information. It was one of the reasons we accessed all publicly available IQ information about marine mammal movements for our responses

to questions from the communities. Sources included reports from Nunavummiut institutions and organizations (Nunavut Wildlife Management Board) to augment scientific reports (government and university) on marine mammal movements in the project area and effects of seismic surveys on marine mammals in the North and other places. This information was submitted directly to the communities.

The Operator agrees with QIA that it is important to use IQ in the project's design and operations. We have repeatedly stated that IQ will provide a valuable perspective on the marine environment and identify important food, cultural and commercial resources and resource harvesting activities that need protection by all. This is standard protocol in our operations in other Canadian jurisdictions. However, we know there are formal protocols for collecting and using IQ. It was for this reason we had to avoid unauthorized collection of IQ information during the consultation process. We have since initiated a formal application for a Social Sciences and Traditional Knowledge research permit for an IQ research project. This application has been submitted to the Nunavut Research Institute, which has the authority under the Scientist Act. We will work with the communities of Pond Inlet, Clyde River and Qikiqtarjuaq on the design of this IQ study. We are more than willing to include QIA in these discussions but, according to the UN Declaration on the Rights of Indigenous Peoples and the World Intellectual Property Organization, we are aware that the intellectual property rights rest with the communities and their members. We look forward to further discussions with the Hamlets and QIA on this important step to advance knowledge regarding the economic potential for Nunavut.

The Operator, with the support of NEXUS Coastal Resource Management and RPS Energy, has undertaken an extensive and comprehensive consultation program with the communities. We will continue consultation with the communities throughout the project and after field operations end. This is essential for project monitoring and for development of a long-term relationship between the Operator and the communities. As noted above, effective consultation is a process that involves mutual learning. We have been learning about the communities, and we hope they have been learning about us, our industry and the way we can contribute to the economic development of the Territory. Clearly, there can be consultation fatigue since community organizations are receiving/providing information about many projects. This makes it difficult for communities to effectively analyse technical information in proposals, and provide answers to information requests. These are necessary activities for transparent and open communications, and fundamental to positive relationship building and collaboration. We have repeatedly proposed a Community Liaison Coordinator (CLC) in each of the communities. The CLC will be the facilitator between the operator and the communities (Hamlet Councils, and Hunters and Trappers Organizations) throughout the life of the project

We are aware that a Canada Benefits Plan is required under the Canada Oil and Gas Operations Act (COGOA). This Plan has been submitted as required to Aboriginal Affairs Northern Development Canada (AANDC) and to the Department of Natural Resources Canada (NRCan) for Ministerial approval. The purpose of the Plan is to ensure employment of Canadians and for providing Canadian manufacturers,

consultants, contractors, and service companies with full and fair opportunity to participate on a competitive basis.

We are committed to creating a Benefits Plan for the North and have already supported marine mammal observer training at the Arctic College in Iqaluit and intend to support similar training in Pond Inlet. We have discussed these courses and other possible benefits with the Hamlet councils and we will continue to do so.

The QIA raised the matter of a Strategic Environmental Assessment (SEA). An effective SEA is built upon knowledge about the existing environment and economic activities in an area. Unfortunately more work is needed to acquire the information that can be used for an SEA in Baffin Bay. This will require considerable government expenditure during a time of fiscal restraint. Our EA can provide some of this information and the data we propose to acquire can serve as input to an SEA. This information, combined with information from other economic developments can then lead to an effective SEA.

The Operator understands the respective roles of the Nunavut Impact Review Board (NIRB) and the NEB in the review of offshore developments, and the relationship between the two as set out in the Nunavut Land Claims Act and the Canada Oil and Gas Operations Act (COGOA). The Memorandum of Understanding between the two Boards states:

3.1. The Parties agree to cooperate in their respective assessments of proposed projects. This includes the sharing of technical expertise and local knowledge as well as assisting with training and stakeholder engagement. Either Party may request the other Party's advice on any topic related to a proposed project.

3.2. When the NEB receives an application for a proposed project in the Nunavut Settlement area which requires NIRB Screening, the NEB agrees to provide the NIRB with the NEB's comments and to share its technical expertise and knowledge related to the project and its potential impacts during the NIRB screening process and any resulting review of the project.

3.3. Where the NEB is an Authorizing Agency in relation to a proposed project within the NSA, or with potential transboundary impacts in the NSA, NIRB agrees to provide the NEB with its knowledge related to the project and its potential impacts, upon request by the NEB

Our survey is outside the Nunavut Settlement Area (NSA). The closest survey lines are more than 50 km away from Baffin Island. It is our understanding that this proposed program is clearly within the jurisdiction of the National Energy Board. The NIRB confirmed that the Project is outside their jurisdiction when we provided it with a copy of the Project Description. To change the regulatory review



process at this time would be financially onerous, time consuming and would undermine the spirit and intent of the NEB's environmental assessment processes. We believe that the existing regulatory approvals and project permitting procedures applied by the NEB meet the highest international standards and are confident that by working under the terms of approvals granted in accordance with the COGOA we can operate a successful project with minimal environmental impact as documented in our Environmental Assessment and subsequent documents provided to the communities.

Respectfully,

A handwritten signature in blue ink that reads "Warren Davis".

Canadian Lead Consultancy
RPS Energy Canada Ltd.