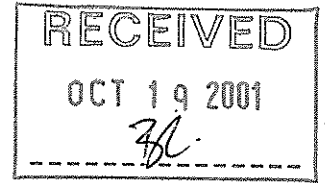


Louie Azzolini

From: cpaws-nwt [cpaws-nwt@yellowknife.com]
Sent: Thursday, October 18, 2001 5:03 PM
To: Louie Azzolini
Subject: Information Requests



Information Request, Mercury, ..Request, surface l...



Information Request, surface l...



Information Request, Draft rep...

Louie,

Please find attached three Information Requests from CPAWS-NWT relating to MVEIRB File 01-002.

Greg

Greg Yeoman
Conservation Director

Canadian Parks and Wilderness Society-
Northwest Territories Chapter
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Box 1934
Yellowknife, NWT X1A 2P4
Phone: (867) 873-9893
Fax (867) 873-9593

Information Request: **MVEIRB File 01-002**

Date: October 18, 2001

From: Greg Yeoman, CPAWS-NWT

Phone: 867-873-9893

Fax: 867-873-9593

e-mail: cpaws-nwt@yellowknife.com

Subject: Concentrates from proposed Canadian Zinc (CZN) Pilot Plant

Objective: To obtain information for the public registry on the presence and disposal of mercury at the Prairie Creek mine site.

Time Limits: By the close of the public registry

Reference: CZN Project Description Metallurgical Pilot Plant Program
CZN Prairie Creek Mine Scoping Study

Preamble: The project description states that the Pilot Plant program is being undertaken to support future application for mine and mill applications, and that concentrate resulting from the Pilot Plant would be transported off site for test marketing purposes.

The scoping study states the following in relation to the high mercury content in the copper and zinc concentrates:

“The two principal areas that will be addressed on receipt of concentrates from the Pilot Plant are the mixing of Vein and Stratabound zinc concentrates to reduce the mercury penalty and the possible leaching of the copper concentrate to remove the contained silver and copper on site” (Page 135).

Request: That CZN clarify whether or not they plan to conduct mixing or leaching of the Pilot Plant concentrates at the mine site, either as part of the Pilot Plant proposal, or otherwise.

That CZN clarify what is meant by the ‘leaching’ of copper concentrate, and explain what will be done with the concentrated mercury that results from this process (e.g. Is mercury released into the environment in a gaseous, liquid or solid form? How is any accumulated mercury to be disposed of?)

Information Request: **MVEIRB File 01-002**

Date: October 18, 2001

From: Greg Yeoman, CPAWS-NWT
Phone: 867-873-9893
Fax: 867-873-9593
e-mail: cpaws-nwt@yellowknife.com

Subject: CZN Surface Lease

Objective: To obtain information for the public registry on the surface lease and associated terms and conditions under which Canadian Zinc (CZN) currently operates at the Prairie Creek mine.

Time Limits: Submissions by closure of the public registry, October 22, 2001

Reference: 1. Maps provided by CZN which label their surface lease as an overhold tenancy.
2. CZN 'Response to CPAWS IR's' October 11, 2001

Preamble:

On July 4, 2001 CPAWS-NWT submitted an information request (IR) to the MVEIRB, requesting that a copy of the CZN surface lease be placed in the public registry by DIAND. The Board accepted the IR and subsequently issued it to DIAND. DIAND has responded that they 'have concerns about disclosure of the information requested due to provisions of the Access to Information Act.' Therefore, upon the request of the Board staff, CPAWS-NWT agreed that CZN could answer the IR, as they are in possession of the same information as DIAND. Having examined the CZN response however, the information requested has not been supplied. Therefore, CPAWS-NWT is again requesting a copy of the surface leases.

Request: That DIAND supply a copy of surface leases 95-F/10-7-2 and 95-F/10-5-3, including associated terms and conditions, to the public registry.

The information in the surface leases are relevant to the current EA for the following reasons:

- 1) A valid surface lease may be required to apply for the Pilot Plant and Surface Drilling land use permits.
- 2) In order to consider a security deposit for the Pilot Plant proposal, the presence and amount of any current security deposit must be available to the Board. Such information is likely contained in the surface lease terms and conditions.
- 3) There is likely to be significant public concern over the ambiguity of whether or not an adequate security deposit is in place at the Prairie Creek mine site.
- 4) The terms and conditions in the surface lease can provide needed information for the Board to adequately assess cumulative impacts of the proposed activities.
- 5) The terms and conditions in the surface lease would provide an environmental record of how CZN has operated under the care and maintenance of the mine since 1987.

Although the Board accepted the information request on July 4, 2001 for a copy of the surface lease to be placed in the public registry, and therefore has already accepted the relevancy of the request, arguments as to why this information is relevant to the current environmental assessment are set out below.

1) A valid Surface Lease may be a required to apply for the Pilot Plant and Surface Drilling land use permits.

The activities proposed under the Pilot Plant application would involve use of the existing infrastructure at the mine site, including the fuel storage area, the mill building and equipment, and the tailings pond. The Pilot Plant activities would also create wastes and produce marketable ores. The 60 hole surface drilling program would require extensive use of the surface lands around the mine site. According to the following definition and description, a surface lease may be required in order to undertake such activities.

The DIAND Mineral Policy and Law Glossary contains the following definition of a surface lease:

Surface Lease - A lease issued under section 53(1) of the *Indian Act*, which grants the lessee the right to place permanent installations on the surface. This lease may be required by a mineral lessee to use the surface extensively.

(http://www.ainc-inac.gc.ca/pr/pub/bldg/min/glss_e.html)

The Canadian Mining Regulations state in Section 27 (3):

The holder of a recorded claim who has not been granted a surface lease or grant of the land comprised in the claim is not entitled to erect any building to be used as a dwelling or any mill, concentrator or other mine building or create any tailings or waste disposal area in connection with the commencement of production from a mine on that claim. SOR/99-219, s. 3.

Both CZN surface leases expired on March 31, 1997. CZN is now in an overhold tenancy position. It is not clear whether or not overhold tenancy is equivalent to a valid surface lease. CPAWS-NWT has attempted to answer this question by contacting DIAND Lands Division, and consulting relevant legislation, including the Territorial Lands Act, the Territorial Land Use Regulations, the Mackenzie Valley Resource Management Act and the Mackenzie Valley Land Use Regulations, but has not been able to find an answer. This question needs to be answered in order to first determine whether or not CZN has the required authorization to request the land use permits and undertake the proposed activities.

2) In order to consider a security deposit for the Pilot Plant proposal, the presence and amount of any current security deposit must be available to the Board. Such information is likely contained in the surface lease terms and conditions.

As stated under point 1 above, the activities proposed under the Pilot Plant application would involve use of the existing infrastructure at the mine site, create wastes and produce marketable ores. The proposed activities are akin to operating the mine at a small scale. This would be the first such use of the Prairie Creek mine, and a change from the activities likely covered under the care and maintenance terms and conditions of the expired surface lease. A security deposit

should be required from CZN to mitigate the risk to the public of the costs of any accidents, clean up or site mitigation that may arise from the activities proposed.

The Board currently does not know whether or not CZN has posted a security deposit to cover any accidents and/or reclamation costs, as part of the care and maintenance activities under the expired surface lease in overhold tenancy.

The surface lease would provide that information, as well as information on the amount of a security deposit needed. If adequate security has already been posted for care and maintenance, then more may not be needed. Conversely, if no security deposit has been posted, the amount now required would be greater. Without the surface lease, the Board has no way to know what the current situation is in relation to a security deposit.

3) There is likely to be significant public concern over the ambiguity of whether or not an adequate security deposit is in place at the Prairie Creek mine site.

The overview section of the Draft Reclamation Costing Model for Prairie Creek Minesite as supplied by CZN on October 11, 2001 states that the purpose of the report is to provide preliminary reclamation cost estimates of the Prairie Creek Mine Site, to assist with discussions in the negotiations of a security deposit requirement for renewal of surface leases 95 F/10-7-2 and 95 F/10-5-3. The report further states that the surface leases were to be placed in overhold tenancy for a period of one year in order to finalize terms and conditions for renewal of the leases. Evidently, overhold tenancy was meant to be a temporary measure, but CZN has been in overhold tenancy for more than four years (according to CZN, which state the leases expired in 1997; the Draft Reclamation report states they expired in 1998). Since the surface leases have not been renewed for more than three or four years now, it is reasonable to assume that the terms and conditions of the leases cannot be agreed upon by CZN and DIAND. The fact that DIAND commissioned the Draft Reclamation report, and that CZN states that they do not agree with the financial totals it contains, strongly suggests that a security deposit amount is an area of disagreement, and may be a reason why a new surface lease has not been agreed upon.

This creates the perception that DIAND is allowing CZN to occupy the mine site, which contains stored PCBs and cyanide reagents, as well as thousands of litres of fuel contained in tanks which require upgrading, with a tailings pond which also requires upgrading; without CZN having posted an acceptable security deposit. That this may be the case is likely to be a matter of serious public concern. As a matter of serious public concern, this is certainly relevant to the current assessment. Having the leases placed in the public registry would end the ambiguity and any misperceptions, and allow the Board to address any security deposit issues with full knowledge of the current situation.

Information Request: MVEIRB File 01-002

Date: October 18, 2001

From: Greg Yeoman, CPAWS-NWT

Phone: 867-873-9893

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e-mail: cpaws-nwt@yellowknife.com

Subject: Draft Reclamation Costing Model for Prairie Creek Minesite

Objective: To obtain information for the public registry on the terms and conditions under which Canadian Zinc (CZN) currently operates at the Prairie Creek mine.

Time Limits: Submissions by closure of the public registry, October 22, 2001

Reference: CZN 'Response to CPAWS IR's' October 11, 2001

Preamble:

On July 4, 2001 CPAWS-NWT submitted an information request (IR) to the MVEIRB, requesting that a copy of the Draft Reclamation Costing Model for Prairie Creek Minesite be placed in the public registry by DIAND. The Board accepted the IR and subsequently issued it to DIAND. DIAND has responded that they 'have concerns about disclosure of the information requested due to provisions of the Access to Information Act.' Therefore, upon the request of the Board staff, CPAWS-NWT agreed that CZN could answer the IR, as they are in possession as the same information as DIAND. Having examined the CZN response however, the information supplied is incomplete. Therefore, CPAWS-NWT is again requesting a copy of the Draft Reclamation Costing Model for Prairie Creek Minesite

Request: #1 That DIAND supply a copy of the Draft Reclamation Costing Model for Prairie Creek Minesite to the public registry.

The information in the Draft Reclamation Costing Model for Prairie Creek Minesite is relevant to this EA for the following reasons:

- 1) The financial information is relevant to the setting of a security deposit
- 2) Other quantitative information may help to assess cumulative impacts of proposed activities.

After reviewing the edited copy of the Draft Reclamation report, CPAWS recognized that the report contains information which may be helpful to the Board, but which was not considered when drafting the July 4, 2001 information request. Although the Board accepted the information request on July 4, 2001 for a copy of the Draft Reclamation report to be placed in the public registry, and therefore has already accepted the relevancy of the request, arguments as to why this information is relevant to the current environmental assessment are set out below.

1). The financial information is relevant to the setting of a security deposit.

The Draft Reclamation Costing Model for Prairie Creek Minesite contains financial estimates of the cost of reclaiming the mine site. It is important to note that CZN was not involved in writing this report. As I understand it, DIAND authored the report and provided a copy to CZN, however they have concerns about providing a copy to the Board. The Overview section states that this report was specifically completed in order to negotiate a security deposit for the renewal of the CZN surface leases in 1998. Apparently those negotiations have not been successful, as the surface leases have not been renewed. However, the financial information may still be useful if the Board decides to consider a security deposit for the proposed activities under the Pilot Plant program.

The activities proposed under the Pilot Plant application would involve use of the existing infrastructure at the mine site, including the fuel storage area, the mill building and the tailings pond; and would create wastes and produce marketable ores. The proposed activities are akin to operating the mine at a small scale. Therefore, a new security deposit should be required and the Draft Reclamation report may provide guidance in terms of the amount required in relation to reclaiming the fuel storage area, the mill building and the tailings pond.

In their September 21, 2001 submission CZN argues that “that A&R considerations, and any associated financial security, in respect of the current applications should focus on the developments in question and not on the property as a whole, including the extensive existing infrastructure.” However, the developments in question will make use of existing infrastructure as part of the proposed activities, and therefore considerations of financial security relating to that infrastructure falls within the scope of the current assessment.

CZN stated in their October 11, 2001 submission that they do not agree that the reclamation cost estimates in the report are valid or accurate, and that the estimates could be ‘assumed by outsiders to reflect a financial liability to the company.’ CPAWS believes that the cost estimates may in fact reflect the financial liability to CZN, as it appears DIAND authored the report for use in negotiating a security deposit with CZN. If this is the original intention of the report, using it to help determine a security deposit is warranted.

2) Other quantitative information may help to assess cumulative impacts of proposed activities.

By making use of existing facilities, which have likely been regulated under the care and maintenance agreement of the expired surface lease, and which now must be considered as part

of the proposed activities under assessment, the cumulative impacts of past and current use of these facilities become relevant to this environmental assessment.

The numbers edited out of the report do not only include costs, but quantities, such as the number of kilograms of PCBs stored on site, and the cubic metres of contaminated soils. This information would be useful to the Board when they are considering the cumulative impacts of the proposed activities, which must include consideration of past and current environmental impacts. Information on the amount of contaminated soil, and stored chemicals, reagents and PCBs would be required to fully assess cumulative impacts.

4) The terms and conditions in the surface lease can provide needed information for the Board to adequately assess cumulative impacts of the proposed activities.

In order to fully assess the cumulative impacts of the Power Plant proposal, which makes use of the fuel storage facility, the mill building and the tailings pond, impacts from current and past use of this infrastructure, as well as proposed future activities, must be understood. The surface lease terms and conditions set out the care and maintenance for the mine site, which would provide information to the Board for use in assessing cumulative impacts.

The surface lease terms and conditions likely set out what CZN is required to do in order to occupy the mine site and have a minimal environmental impact. However, since these terms and conditions are not known, the current environmental safeguards are also not known.

The terms and conditions could also be helpful to cumulative effects assessment by what they do not contain. For example, if CZN is not required to test the water prior to decanting it from the fuel storage site directly into Harrison Creek, the Board may want to include such a testing program as a condition of a permit. The Board may also want to require testing of the creek bed sediment immediately downstream from where the non-tested water was introduced, to determine if hydrocarbon contamination has occurred and if hydrocarbons have accumulated in the creek sediment. This is only a hypothetical example, however, without obtaining and reviewing the surface lease, which includes the current and past environmental safeguards associated with use of the infrastructure proposed to be used in the Pilot Plant activities, the Board will not have all available information with which to assess the cumulative impacts of the past, present and proposed future activities.

5) The terms and conditions in the surface lease would provide an environmental record of how CZN has operated under the care and maintenance of the mine since 1987.

CZN mention their care and maintenance activity many times in their submissions. For example, the September 21 submission include the following statements, among others:

CZN continues to monitor the condition of the fuel storage tank facility in conjunction with routine care and maintenance activity, and will do so as well in conjunction with the proposed developments.

CZN has continued to monitor the condition of the tailings impoundment facility in conjunction with ongoing care and maintenance activity.

A wildlife sighting log is maintained at site in conjunction with care and maintenance activity.

However, the Board has no comprehensive record of the responsibilities of CZN under the terms and condition of care and maintenance.

The terms of reference for the current environmental assessments state that in order for the Board to properly execute their duties, they should have an 'environmental record' of CZN (Work Plan and Terms of Reference, MVEIRB, May 31, 2001, page 17). This environmental record should include the terms and conditions under which CZN have operated in the past and currently operate at the mine site.

These terms and conditions are relevant to the current assessment as they will provide the Board with an environmental record of past and current standards of operation. For example, has CZN been required to monitor water quality? If so, when and how often? This type of baseline information would be very useful for the Board to understand the operating procedures which have been in effect at the mine site in the past, and in assessing the potential effects of the proposed activities.