



Yukon  
Water Board

Office des eaux  
du Yukon

December 11, 2006

Elsa Reclamation and Development Company Ltd.  
Suite 1920-200 Granville St.  
Vancouver, BC V6C 1S4

Attention: Brad Thrall, Officer/Director

**RE: WATER USE APPLICATION QZ06-074, KENO HILL MINES**

I have conducted a preliminary review of your water use application. To assist our office in processing this application and to assist the Board in its future deliberation of this application, additional information and/or clarification is required.

From the information provided as part of the application, it is unclear whether this application requires a type A licence or a type B licence as determined by the criteria outlined in the *Waters Regulation* (the Regulation). It would assist this office if you could please provide a response to the following:

1. The report titled, "Project Proposal & Water Use Licence Application, Care and Maintenance for Keno Hill Mines, Yukon Territory" (Application) indicates in section 1.3.1 that it is your company's view that this undertaking triggers the requirement for a type B water use licence in accordance with Schedule 7 of the Regulation. In particular, this report indicates that the storage of wastewater behind the existing dam poses no hazard to the environment as the structures are routinely inspected and maintained.

Appendix B of the report titled "Final Project Report for 2005/06 Care and Maintenance Activities, Keno Hill Mining Property" prepared by Access Consulting Group includes a Geotechnical Investigation conducted by EBA Engineering Consultants Ltd. The investigation report was written on June 16, 2005 and is specific to the Valley Tailings Area. Several recommendations were included in that report; specifically, that the observed low spot on the access road be upgraded, that repairs be carried out to the downstream toe berm on Dam #1, that repairs be carried out to tension cracks and settlement area due to permafrost thaw and replacement of the decant on Dam #2 (with a recommendation that the dam be abandoned and/or breached altogether), and that buttressing of the toe berm be carried out on Dam #3. Appendix B also included Figure 1 which depicts areas where tension cracks were previously repaired in 2004 and where the tension cracks exist as of June 2005.

Column 3, Schedule 7 of the Regulation outlines the criteria that require a type B water use licence for water storage by dams. The criteria include construction of a dam, or where 10,000 m<sup>3</sup> or more of water but less than 60,000 m<sup>3</sup> is stored and no hazard is posed. Section 7.6 of the Application provides the water volumes stored at the Valley Tailings Area to be 274,807 m<sup>3</sup>.

Please provide:

- a) details of the repairs that have been conducted to the dams in the Valley Tailings Area as a result of the June 2005 EBA inspection report.
  - b) the annual inspection report for June 2006 for the Valley Tailings Area.
  - c) additional rationale for a type B licence as opposed to a type A, based on the Regulation criteria referenced above.
2. With regard to the requested water use:

Water is stored in settling ponds as part of the treatment systems at the following sites: Bellekeno 600 (2 settling ponds), Silver King 100 (2 settling ponds), Galkeno 300 (1 settling ponds) and Galkeno 900 (1 settling pond). Please note that page 3-34 of the Application indicates that Figure 3-15 Galkeno 300-Site Plan was to be included; however, the page is blank. Please also provide:

- a) details of the maximum water storage volume for each settling pond, since this information was not included in section 7 of the Application for the sites listed above.
  - b) a plan of the Galkeno 300 site, depicting at a minimum the adit and settling/treatment pond.
  - c) inspection reports for the settling ponds/treatment systems for each of the sites referenced above.
  - d) additional rationale for a type B licence as opposed to a type A, based on the Regulation criteria referenced in #1 of this letter.
  - e) design drawings in plan and profile of the settling ponds for each site.
3. To assist you in providing the information required by the Board in regard to any proposed deposits of waste, please refer to #38 of the Information Sheet. A copy of the Information Sheet has been provided for your convenience.

- The application indicates that waste is currently being discharged from the locations listed in item 2 above and approval for such discharges has been requested in your application using “water quality discharge objectives” for the first 5 years of the term of the license and “water quality discharge standards” thereafter. Please be aware that the Board’s practice is not to license discharges on the basis of objectives, but rather on the basis of standards. The Board considers that objectives are unenforceable and the proposed objectives will not be considered further for licensing purposes. Please provide information regarding potential standards that could be met during the first 5-year period.
4. Approval has also been requested to discharge waste from several old mine workings, including Husky Southwest, No Cash 500, Ruby, Onek, Flame and Moth, Bermingham, Sadie Ladue, Lucky Queen, and Keno 700; however, no discharge quality standards have been proposed. This information is a requirement for an application for a quartz mining undertaking according to section 5(2)(e) of the Regulation and #38 of the Board’s Information Sheet. Please provide the information required by the proposed standards for these locations and details of any treatment that is proposed to meet those standards.
  5. With regard to the locations where approval has been sought to discharge waste, the application indicates that “The criteria that ERDC will use for care and maintenance treatment locations for the water licence will be adits whose wastewater discharges directly in watercourses that are considered fish bearing or flow directly into fish bearing waters...” (ref. page 3-3). As these criteria do not reflect the definition of a waste as established under the *Waters Act*, please advise why you have chosen to apply them to this application.
  6. Regarding sludge management, the application proposes that a sludge management plan will be developed within 120 days of the effective date of the license. This information is required by #38 of the Information Sheet. Please advise why it is not possible to prepare and submit such a plan as part of the application.
  7. Section 5(2)(h) of the *Waters Regulation* requires the submission of plans for the abandonment, or any temporary closing, of the proposed undertaking. Please provide plans for the temporary and/or permanent decommissioning or abandonment of your proposed undertaking.
  8. The Information Sheet indicates that it is the applicant’s responsibility to include specific references (i.e. section and page numbers) to studies or reports where the response can be located. Please provide this information on the attached copies of the Information Sheet.

9. As soon as you receive the *Yukon Environmental and Socio-economic Assessment Act* Decision Document, please review it and complete the Yukon Water Board's Project Confirmation Form and return the completed form to this office. If the project has changed as a result of the YESAA process, please provide written details of the changes.

If you have any questions, please contact me at (867) 456-3980. The Water Board office will accept collect calls if you are calling long distance.

Sincerely,

  
Kelly Boutilier

C: Register QZ06-074, Exhibit 4.1  
R. McIntyre, Access Consulting Group

Encl: Copy of the Information Sheet, date stamped Oct. 18/06