



Environment
Box 2703, Whitehorse, Yukon Y1A 2C6

YUKON WATER BOARD

2007 JUL -4 PM 1:37

APPL. NO. QZ06-074

June 29, 2007

Judi White, A-419
Yukon Water Board
Suite 106, 419 Range Rd
Whitehorse, Yukon

Dear Ms. White,

**RE: ELSA RECLAMATION AND DEVELOPMENT CORPORATION'S
APPLICATION FOR A TYPE B LICENSE – UNITED KENO HILL MINESITE**

Please accept this letter in response to recent correspondence and discussions surrounding the issue of the appropriate type of licence for United Keno Hill Mine site. The purpose of this letter is to reiterate our perspectives on this issue.

We understand that the Board intends on processing this application as a Type B application and that there would be an opportunity to present arguments on this issue further in our intervention. As conveyed previously, our interpretation on the type of licence remains unchanged – namely that a type A licence is required given the storage of greater than 60,000 cubic metres of water and the potential for a hazard associated with the dam. It is also our preference that this issue be resolved before public notification. For the sake of timeliness we do not wish to proceed through the Type B process only to have it terminated and begun again as a Type A process as a result of the Board considering our arguments in our intervention. Our focus is to work with the Board and the applicant to develop appropriate terms and conditions for the undertaking and to see the undertaking licensed in a timely manner.

As to your suggestion that we retract and revise our letter, it is our view that our comments remain valid and withdrawing and revising our letter would only confuse matters further.

Finally, we acknowledge that my letter of June 19, 2007 should have also been sent to the applicant and we will endeavor to copy the applicant in future correspondence.

In closing, I trust this clarifies our position and we look forward to working with the Board and the applicant during the licensing process.

Sincerely,

For Kevin McDonnell
cc. Bob Holmes, Jon Bowen, ERDC