

File No.: 1BH-PSC----

August 28, 2014

Marc Losier, Project Manager Inukshuk Construction Ltd. P.O. Box 654 Rankin Inlet Nunavut X0G 0G0

Email: marc@mosher.ca

Re: Water Licence Application by Inukshuk Construction Ltd.

Dear Mr. Losier:

I am the Technical Advisor assigned to this file, and while doing the final technical review I found some issues that need to be addressed by the Applicant prior to proceeding to the next step.

Application issues:

1. Scope of the Water Licence

Water Licence Application and Application before the Nunavut Impact Review Board (NIRB) Scopes

On February 6 2014 the NIRB received Inukshuk Construction Ltd. "Petroleum Systems Upgrade – Coral Harbour" project proposal. The Project Proposal, as described by NIRB letter on July 23, 2014 includes (in addition to others) the following activities:

- Hydrostatic testing;
- Emptying, cleaning and gas-freeing all horizontal tanks;
- Transfer of jet fuel, gasoline and distillate products out of and into tanks; and
- Temporary storage of any gasoline waste products to then be sent to Montreal for proper disposal.

The Water Licence Application (Application) before the Nunavut Water Board (NWB) on January 22, 2014 for the Petroleum System Upgrades, Coral Harbour, Nunavut includes just one activity:

- hydrostatic testing and the use of water for this activity,
- No waste or waste deposit activities are indicated on the Application.

The NWB notes that there is a difference in the scope of the project in both Applications submitted to the NWB and to the NIRB.

We would like to indicate that if a Water Licence is issued based on the current Water Licence Application, the scope of the Licence will be limited to use of water and no deposit of waste will be allowed. In order to proceed with the Application, the NWB requested confirmation that the Applicant is satisfied with that scope and has no intention to amend the presentation before the NWB.

If the Applicant decides to amend the proposal submitted to the Board, the following shall be submitted:

- an updated scope (Application Summary) including <u>all the Project activities</u> that would require water consumption or generate waste disposal;
- update Water Licence Application with new information including additional water use/consumption and waste disposal as reflected on blocks 14 & 15 of the water licence application;
- A Project Spill and Contingency Plan addressing those activities.

If the Applicant decides to amend the Application the first Application will be considered cancelled and the new amended Application will be subjected to a new Technical Review where interested parties will be invited to comment.

2. Water Licence Application before the NWB, Form, Block 22 Financial Information

Information requested in the Application Form as per Block 22 had not been provided, none of these points were addressed on your presentation for a Water Licence before the Board; Please:

- Provide a statement of financial responsibility;
- If the applicant is a business entity, provide a list of the officers of the company;
- If the applicant is a business entity attach a copy of the Certificate of Incorporation or evidence of registration of the company name.
- 3. Comments on the current Water Licence Application by Aboriginal Affairs and Northern Development Canada (AANDC) which shall be addressed by the Applicant

The Applicant shall be aware that on February 6, 2014 the Application was distributed to parties for technical review, comments were provided by AANDC in its letter February 20, 2013. This document is attached for your review.

<u>In order to proceed with the Licensing process</u>, the Applicant is required to clarify the scope of the Application, submit missing information and address comments/ recommendations provided by AANDC. The Application will not proceed further until an answer is provided by the Applicant.

Should you have any question, please contact the NWB's Licensing Department at (867) 360-6338 or by email to sonia.aredes@nwb-oen.ca.

Regards

Original Signed By;

Sonia Aredes, P.Eng. Technical Advisor

Attached: AANDC February 20, 2014 letter, Re: Aboriginal Affairs and Northern Development Canada review of Inukshuk Corporation Ltd.'s Application for a Type 'B' Industrial Water Licence to support their Coral Harbour Petroleum Systems Upgrade Project (Hydrostatic Testing)