

March 7, 2011

Via Email and Xpresspost

Mr. Richard Dwyer
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0B 1J0
Phone: (867) 360-6338
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Dear Mr. Dwyer,

Re: Water License 2AM-MEA0815 Part D, Item 26 and Part G, Item 4: Baker Lake Fuel Storage Tank #5 and 6 Construction Summary Report and As-Built

In accordance with Water License 2AM-MEA0815, Part D, Item 26 and Part G, Item 4, please find a copy of the Construction Summary report including As-Built drawings for the Baker Lake Fuel Storage Tank #5 and #6.

Should you require any further information, please contact me directly at 819-763-0229 or via email at stephane.robert@agnico-eagle.com.

Regards,

Stéphane Robert

Environment Superintendent

Encl (1)

cc: Ian Rumbolt, INAC

David Abernethy, INAC

Tel: 867-793-4610 Fax: 867-793-4611



AGNICO-EAGLE MINES LTD MEADOWBANK DIVISION

BAKER LAKE FUEL STORAGE INSTALLATIONS TANK # 5 AND # 6

2010

FINAL REPORT

FOLLOWING THE CONSTRUCTION

OF

PHASE 3 (2010)



AGNICO-EAGLE MINES LTD MEADOWBANK DIVISION

BAKER LAKE FUEL STORAGE INSTALLATIONS

FINAL REPORT

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PHASE 3 (2010)

PREPARED BY:

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2011-02-23

STAVIBEL

AGNICO-EAGLE MINES LTD MEADOWBANK DIVISION

BAKER LAKE FUEL STORAGE INSTALLATIONS TANK # 5 AND # 6

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FOLLOWING THE CONSTRUCTION PHASE 3 (2010)

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A. DESCRIPTION OF MANDATE

Agnico-Eagle Mines has given a mandate to Stavibel, engineering services in order to verify the compliance with applicable regulations of its fuel storage installations in Baker Lake, Nunavut.

Accord to the terms of reference, the mandate consists summarily in the following activities.

- A. Review and compilation of the available documentation;
- B. Collection of any information that may be missing;
- C. REVISION OF CONSTRUCTION DRAWINGS
 - Preparation of « AS BUILT » drawing of the construction tank #5 and #6, of phase 3.
- D. Verifications to the storage capacity within the existing containment berms of phase 3.

B. DOCUMENTATION READILY AVAILABLE

GOLDER ASSOCIATES - Vancouver office (phase 1, 2, 3)

For the Baker Lake bulk fuel storage facilities, this firm has produced some construction specifications on 2006-04-25, which were given reference SP-GAL-03 under their project number 06-1413-009.

NISHI-KHON/SNC LAVALIN LTD - Vancouver office (phase 1, 2)

For the Baker Lake bulk fuel facilities, this firm has produced a set of drawings issued **for construction** on 2007-08-03, under their project number 017202. Some specifications for fuel piping and valves were also issued.

EARTHWORK DRAWINGS	017202-1000-41D1-0006	17202-1000-46ES-1001A	017202-8000-46DC-9150
017202-1000-41D1-0001	FUEL PIPING DRAWINGS	17202-1000-46ES-1001B	017202-8000-46DC-9152
017202-1000-41D1-0002	017202-1000-41D1-0007	ELECTRICAL DRAWINGS	017202-8000-46DC-9153
017202-1000-41D1-0003	017202-1000-46D4-1004	017202-1000-46D6-1001	017202-8000-46DC-9156
017202-1000-41D1-0004	017202-1000-46D4-1005	017202-1000-47D2-2001	017202-8000-46DC-9157
017202-1000-41D1-0005	017202-1000-46D4-1006	017202-8000-47DA-9004	017202-8000-46DC-9166

GEM STEEL EDMONTON LTD (phase 1, 2, 3)

This vendor has submitted a set of « AS BUILT »drawings issued for the completion and permitting, which consist in four (4) structural drawings showing the details of a fuel tank of 10 million liters nominal capacity. These fuel tanks are shown on revision 1 of drawings BL-2010-1, BL210-2, BL-2010-3 and BL-2010-4.

CHAMCO INDUSTRIES LTD (phase 1, 2)

This vendor has submitted a set of drawings issued **for construction** under their project number 1014938ABS, consisting of the following drawings. These documents have all been received by HATCH and approved.

DRAWING NUMBER	H325174-M268-VD-0040	H325174-M268-VD-0041	H325174-M268-VD-0010
H325174-M268-VD-0011	H325174-M268-VD-0012	H325174-M268-VD-0013	H325174-M268-VD-0014
H325174-M268-VD-0015	H325174-M268-VD-0016	H325174-M268-VD-0017	H325174-M268-VD-0019
H325174-M268-VD-0020	H325174-M268-VD-0021	H325174-M268-VD-0029	H325174-M268-VD-0030
H325174-M268-VD-0031	H325174-M268-VD-0032	H325174-M268-VD-0033	H325174-M268-VD-0034
H325174-M268-VD-0035	H325174-M268-VD-0036	H325174-M268-VD-0037	H325174-M268-VD-0039

C. STAVIBEL, ROUYN-NORANDA OFFICE (phase 3)

This firm has produced a set of construction and has built drawings consisting of the following drawings.

Fuel tanks of phase 3 are shown on these drawing as well as the earthwork, the piping and electrical grounding details.

Earthwork drawings

DRAWING NUMBER	
740-C-0123	
740-C-0124	
740-C-0125	

Fuel piping drawings

DRAWING NUMBER
740-M-0100

Electrical drawings

DRAWING NUMBER	
740-E-0120	

D. ADDITIONAL COLLECTION OF INFORMATION

TECHNIC EXPERT INC.

Role during construction phase #3: Field supervision during construction of phase 3 (2010)

Mr. Luc Croisetière, which is a civil consultant at the time and Julie Bacon (AEM employee), have supervised the construction of the fuel containment area around tank #5 and #6, in phase 3 of this project. A specialized crew coming from Saskatoon (Enviroline Service inc.) was hired in May 2010 to install an HDPE membrane over the berms. This HDPE membrane has been covered with a minimum layer of about 150 mm thickness of crushed stone.

The installation of the liners has been done and completed on October 5th 2010 before the blizzard and show arrival. Also, before any fuel fill in these new set of tank.

QAMANITTUAP, SANA, GILBERT GOUP.

Role during construction phase #3

In early May 2010, and considering a short window of time for the 2010 tanks construction, (2) diamond drills and (1) crew of blasters were required 24 hr/day considering an estimated \pm 125 000 tons of rock to blast, excavate and haul to a dump area. The bottom final floor was cutted at the elevation \pm 35.5 and completely on slip rock.

GEM STEEL EDMONTON LTD

Role during construction phase #3: Fabrication and field assembly of 10 M liters fuel tanks

Construction of phase 3 (tanks #5 and #6) took place from July to September 2010, with a crew of about 16 workers.

Following phase 3 of this field word, a crew from ACUREN has proceeded to X-RAY testing of horizontal and vertical welds according to specifications described in the latest edition of API Standard 650. According to the report made by ACUREN, minor repairs of defective welds were required, either on the tank shell or nozzles.

SM CONSTRUCTION INC.

Role during construction phase #3

As the connection and pipe were already built in 2009 for the phase 3 futur development a crew of 4 welders have installed pipeline from existing tank #4 to reach tank #5 and #6. This work have been completed on September 30th 2010. The tank fuel filling planned in mid-october 2010.

E. REVISION OF CONSTRUCTION DRAWINGS

AEM has hired Stavibel Engineering Services, a firm based in Rouyn-Noranda, in order to complete the drawings that were used in producing this report. Those drawings are enclosed in Appendix 1 of this report.

Drawing 740-C-0123 shows the general layout of fuel storage area. It has been compiled using surveying data by a crew from NUNA and Agnico Eagle.

Drawing 740-C-0124 shows the cross sections of the containment area of phase 3. They are generated using AutoCad CIVIL 3D software and based on the informations collected by Agnico Eagle.

Drawing 740-C-0125 shows the details of the HDPE membrane, its limits and the components of the phase3.

Drawing 740-M-0100 G shows the general of the piping layout and also the specification of the main equipment (valves, check valves, etc.)

Drawing 740-E-0120 shows the layout and the details of the electrical grounding of fuel storage area. It's based on the informations collected by Agnico Eagle.

Drawing BL2010-01 shows the general tank elevation of the fuel storage tanks.

Drawing BL2010-02 shows the roof and the nozzle plan of the fuel storage tanks.

Drawing BL2010-03 shows the details of the assembly of the fuel storage tanks.

Drawing BL2010-04 shows also the details of the assembly of the fuel storage tanks.

F. VERIFICATION TO STORAGE CAPACITY WITHIN BERMS

Stavibel Engineering Services has completed verifications on the liquid storage capacity inside the containment berms, which create an impermeable enclosure around tank #5 and #6.

The method used was volume calculation using AutoCad CIVIL 3D software.

The maximum storage capacity of fuel tanks #5 and #6 is 15 500 m³ of diesel fuel at a standard temperature of fifteen degrees Celcius (15 °C).

It has been verified using the above software that the impermeable enclosure built in phase 3 will effectively hold 100% of the maximum storage capacity of the biggest tank, plus 10% of the maximum storage of the other tank. This calculation has been summarized in a worksheet that is shown on page 7, here under.

The containment volume for tanks #3 and #4 is 15 500 m³.

Thus, the lowest point of the HDPE membrane that sits atop the containment area is sufficiently high (at elevation 39.3 m) to meet the above criteria.

A worst case scenario has been simulated, and consists in either a rupture of the first course of side plates in the tank shell, or a failure in the outlet piping, when either one of fuel tank is 100% full.

This simulation shows that, in such a worst case scenario, the hydraulic balancing level inside the containment area would not exceed the point with the lowest elevation (39.3 m) on the surrounding berms, which is located on the south-west side. On north-east side, the berm gives more elevation at an elevation of approximative ±45 m.

The containment volume for tanks #5 and #6 is 15 500 m³ as a result, this new containment requirement of 110% of the biggest tank volume (or 11 843 m³), expressed while considering all two (2) tanks as a whole, will then be exceeded by 45%.

DESIGN REVIEW - FOR FUEL SPILL CONTAINMENT BERMS AT BAKER LAKE

ÉQUIPEMENTS	DIAM (ff)	RIM EL. (m)	Radius (m)	Surface (m²)	TOP EL. (m)	Height (m)	Volume (m³)
740-TK-044- TANK #5	110	*37.846	16.764	882.89	50.04	12.195	10.767
740-TK-044- TANK #5	110	*37.831	16.764	882.89	50.03	12.195	10.767

Let's say berms are 5' 3" higher than the average tank floor (so 1.60 m total height) with variable slopes and that the tanks are sitting on cones made of crushed stone of 20 m diameter x 1.0 m height.

<u>Volume</u>

Secondary Containment Requirement $\rightarrow 11843 \text{ m}^3$

according to ref. PN-1326, Section 3.9.1 (1) 2-b-ii \rightarrow 110%

Containment volume to be substracted for the two (2) cones made of crushed stone: already reducted from AutoCad 3D

 $\frac{Volume}{\text{NET CONTAINMENT 15 500 m}^3} \\ \text{or 144\%} > 110\%$

^{*}Average tank #5 = (37.839 + 37.846 + 37.848 + 37.852)/4 = 37.846

^{*}Average tank #6 = (37.835 + 37.825 + 37.830 + 37.833)/4 = 37.831

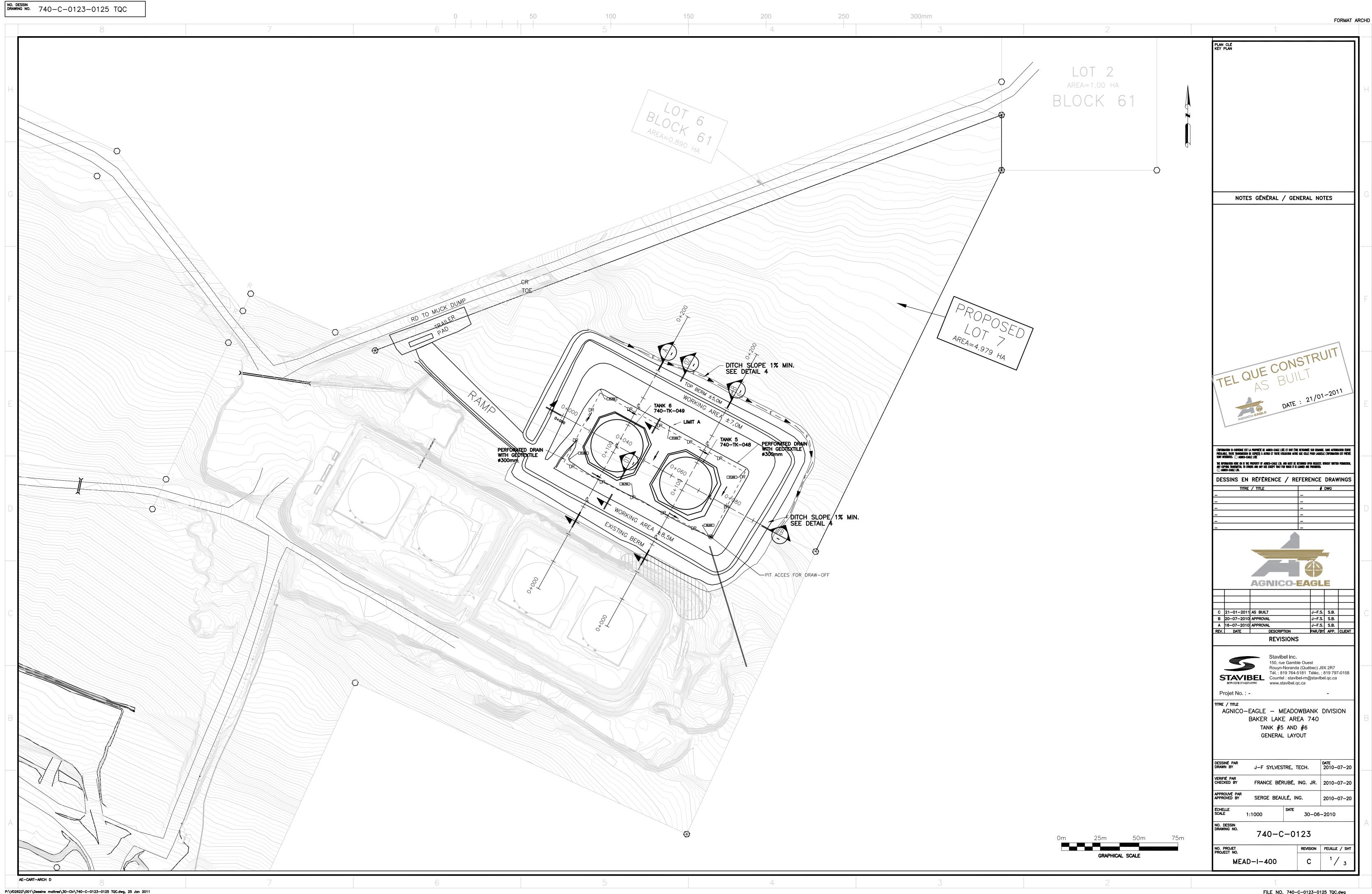
APPENDIX 1

AS BUILT DRAWINGS FOR PHASE 3

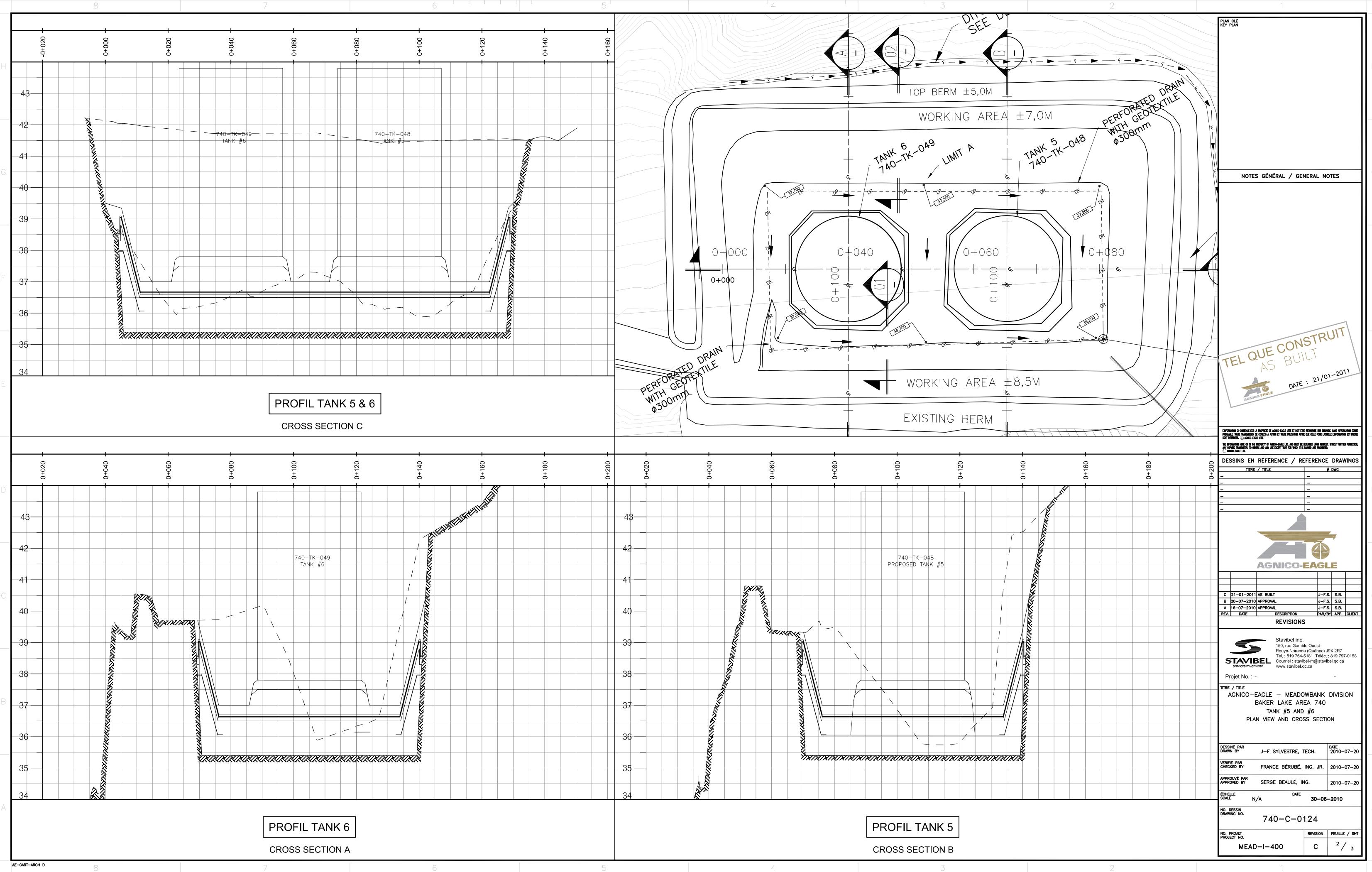
DRAWINGS NUMBER				
Earthwork drawings Fuel piping drawing GEM Steel drawings BL2010-4				
740-C-0123	740-M-0100	BL2010-1		
740-C-0124	Electrical drawings	BL2010-2		
740-C-0125	740-E-0120	BL2010-3		

IFC DRAWING FOR PHASE 3

DRAWINGS NUMBER				
Earthwork drawings Fuel piping drawing GEM Steel drawings BL2010-4				
740-C-0123	740-M-0100	BL2010-1		
740-C-0124	Electrical drawings	BL2010-2		
740-C-0125	740-E-0120	BL2010-3		



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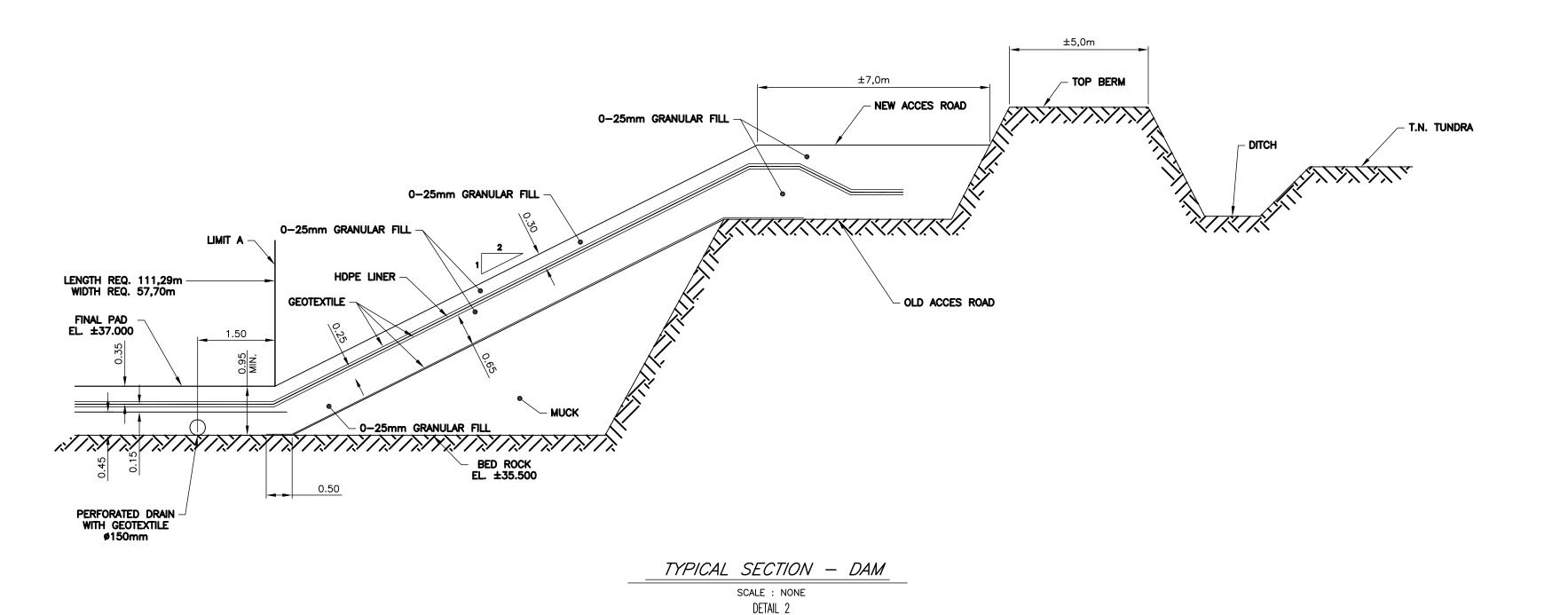
100

200

250

300mm

FORMAT ARCHD



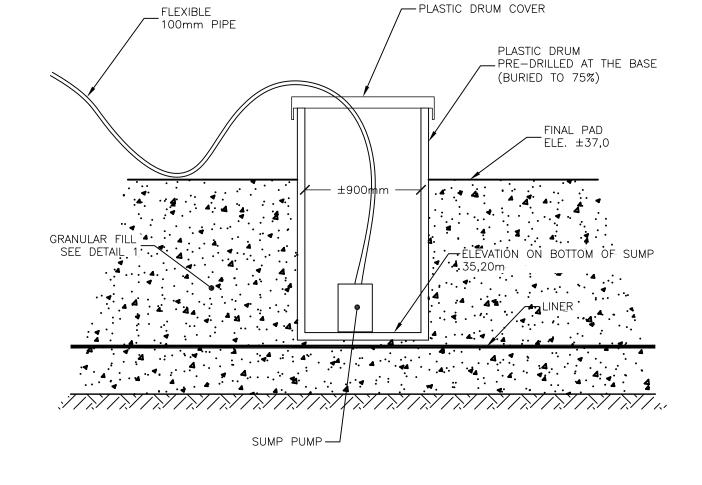
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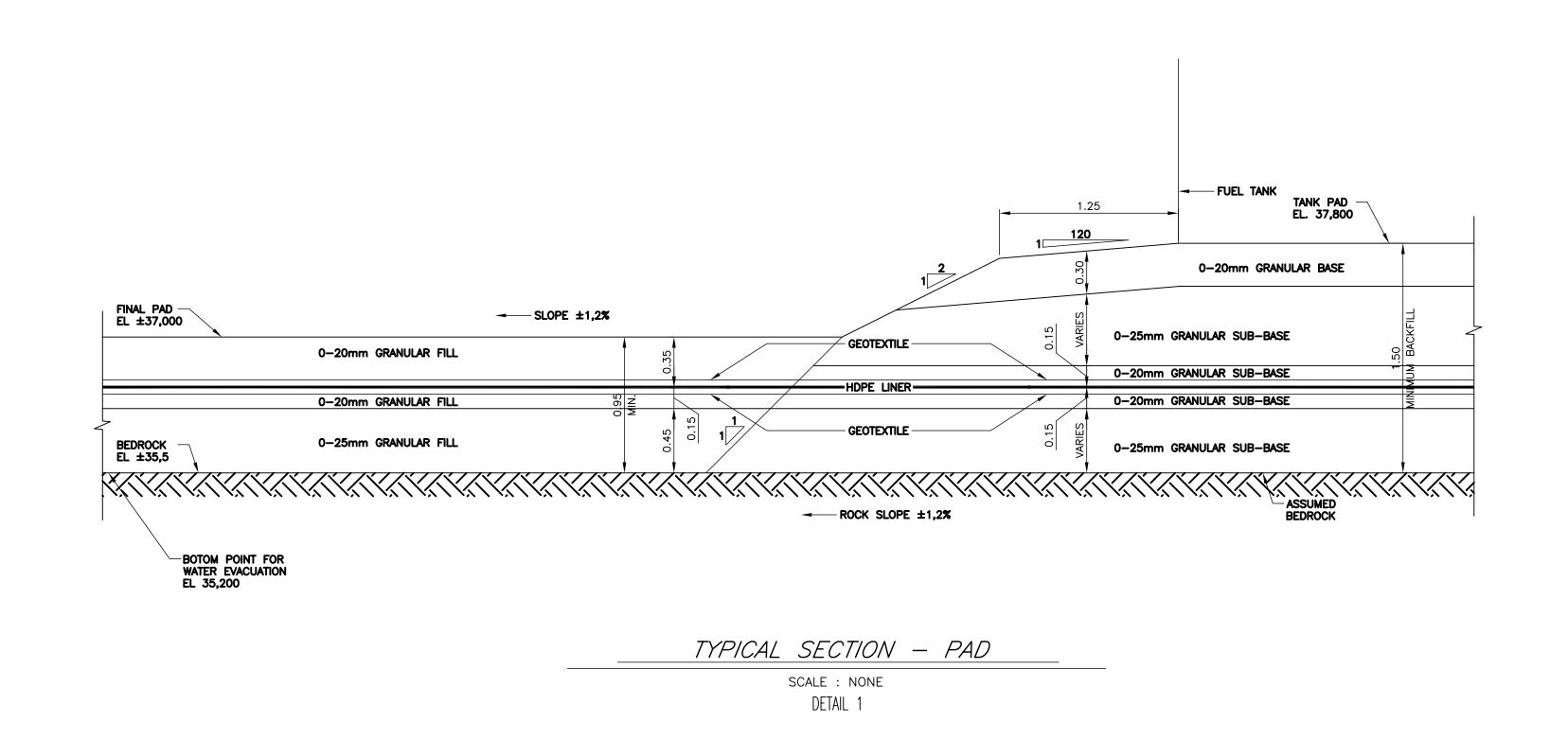


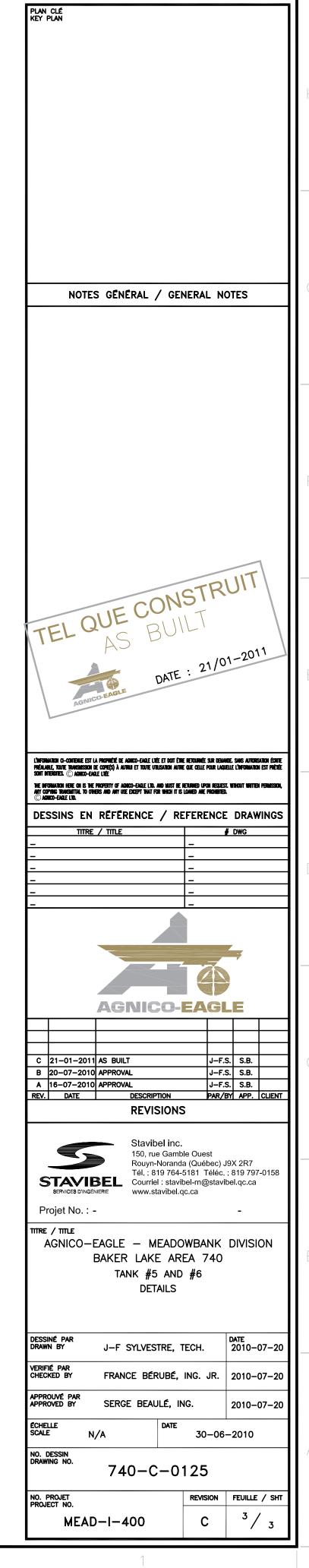
<u>NOTES</u>:

 THE WATER WILL BE REJECTED TO THE INFERIOR BASIN WHERE IT WILL BE TREATED WITH AN OIL SEPARATOR.

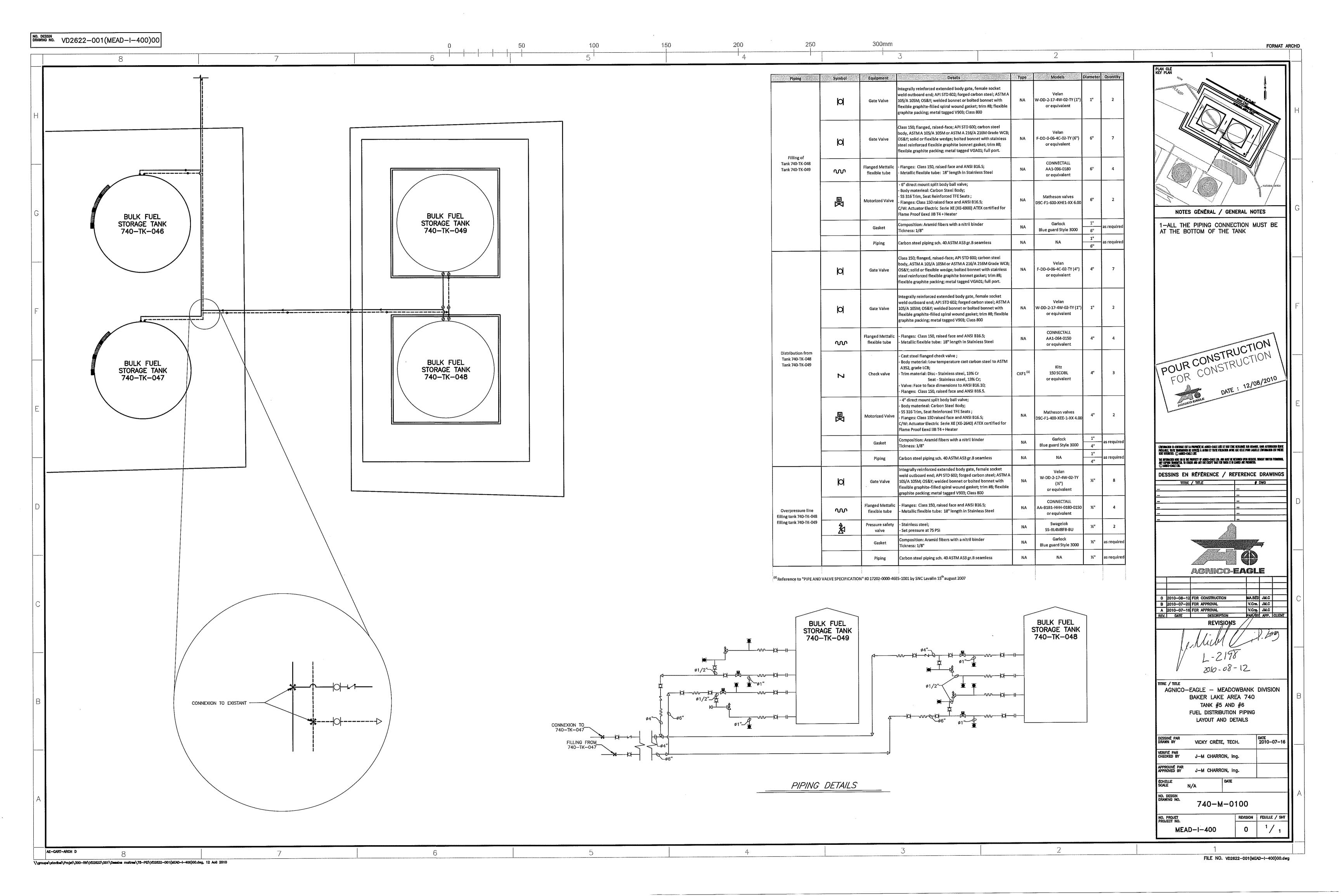
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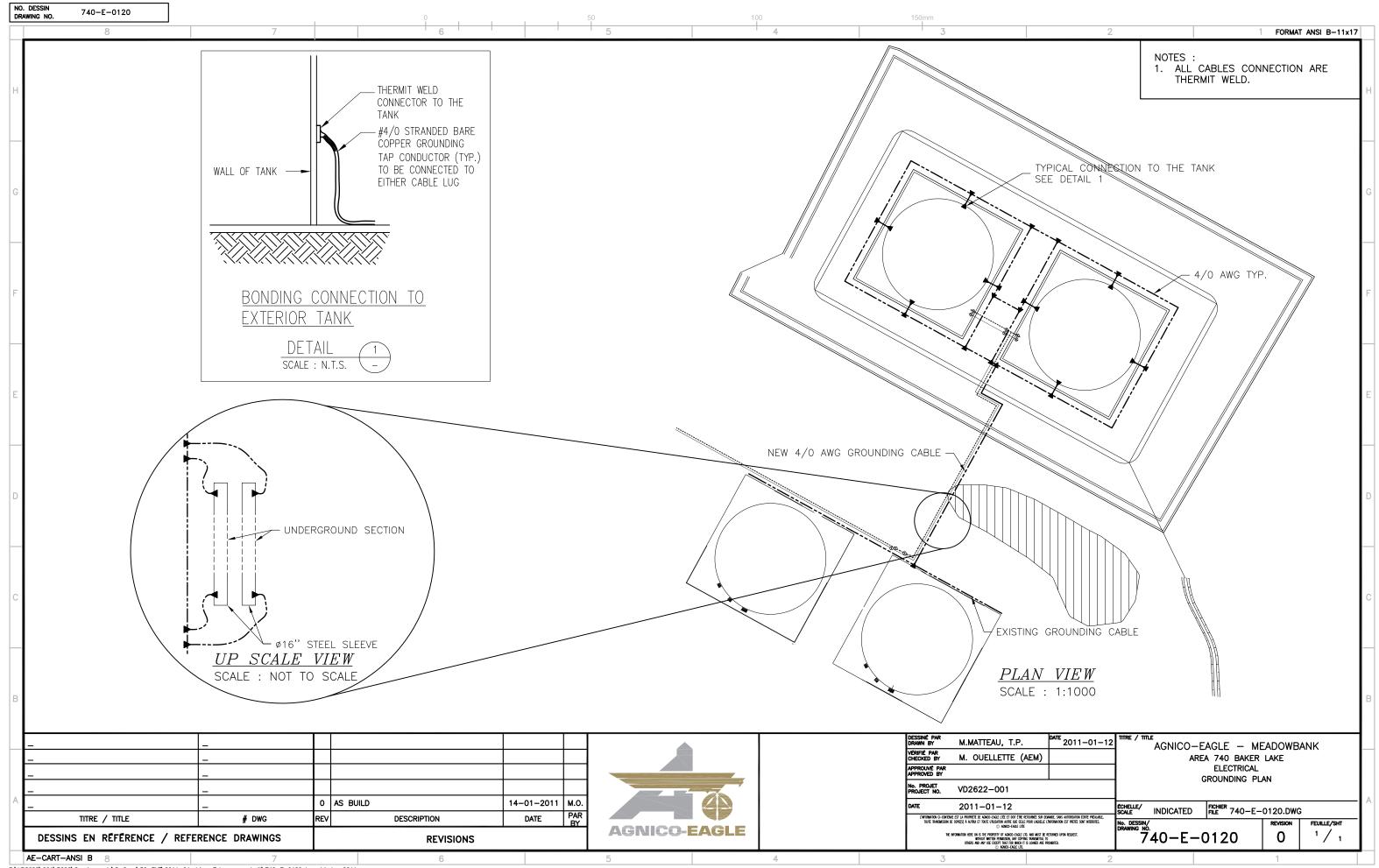
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DETAIL 3



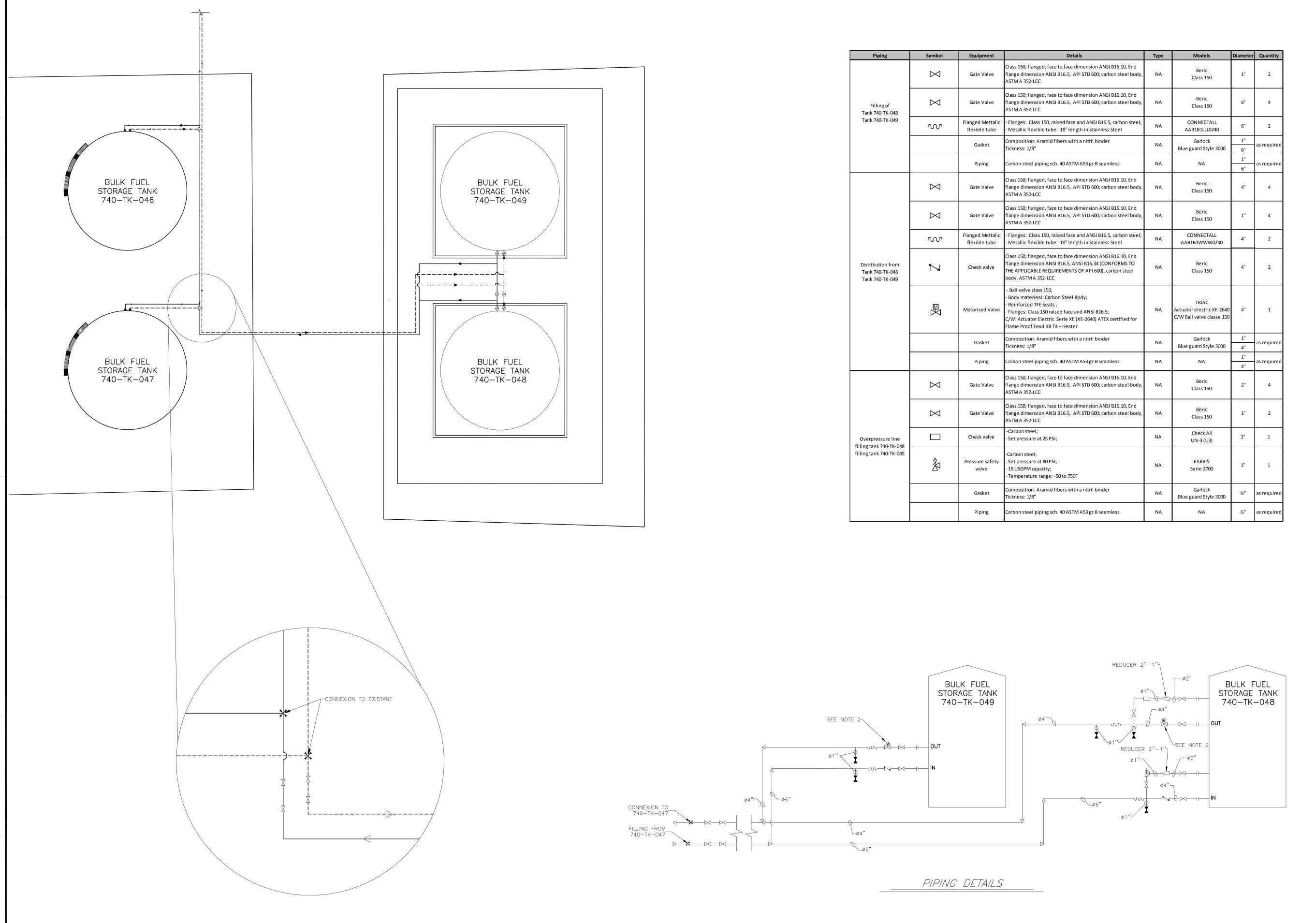


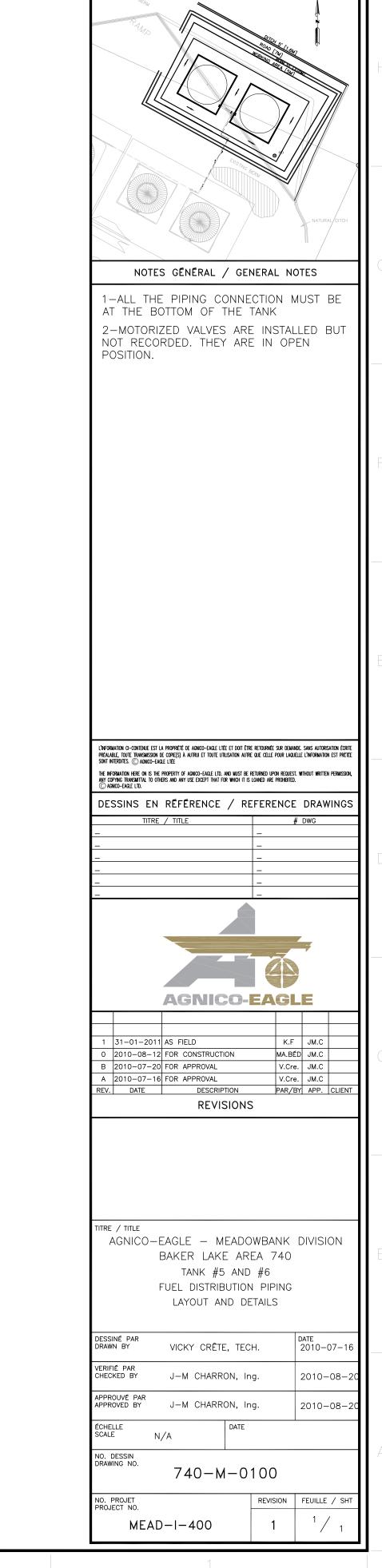
AE-CART-ARCH D

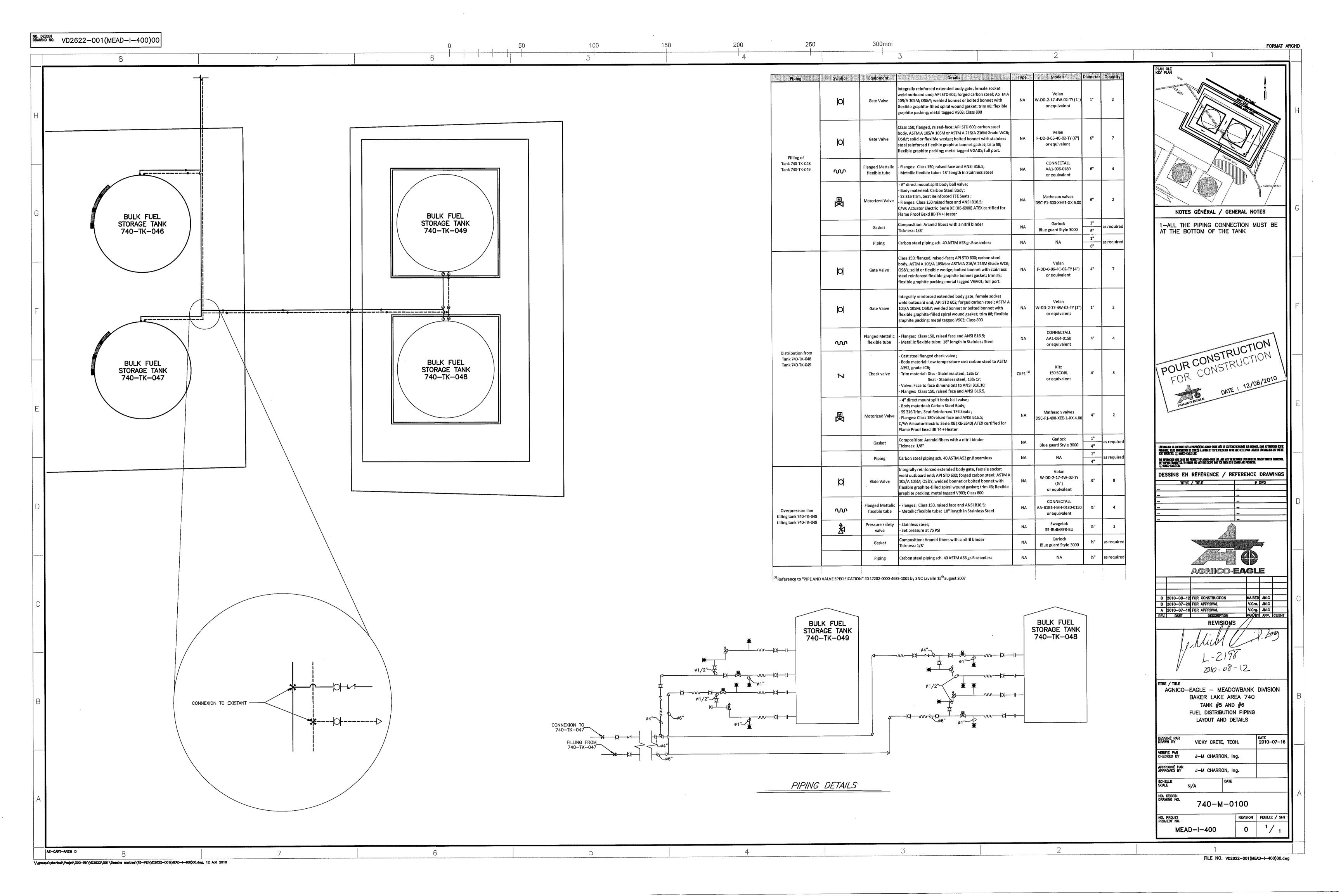




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APPENDIX 2

SAFE FILL LEVELS FOR ALL FUEL TANKS

TEMPERATUE OF FUEL	MAXIMUM FUEL LEVEL To be read on the VAREC float level		
in the barge at discharge	TANK # 5	TANK #6	
0 °C	9,63	9,63	
+ 5 °C	9,67	9,67	
+ 10 °C	9,72	9,72	
+ 15 °C	9,76	9,76	

NOTE: EACH TANK HAS A SLIGHTLY DIFFERENT ELEVATION, SO CARE MUST BE TAKEN DURING HYDRAULIC BALANCING OF TANKS, ESPECIALLY WHEN THOSE ARE FULL