



Our reference
File #9545-2-2.2AM.MEAA
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February 4, 2010

Richard Dwyer
Licensing Administrator
Nunavut Water Board
Gjoa Haven, Nunavut
X0E 1J0

Your reference
2AM-ME0815/TR/I17

Sent Via Email

Dear Richard,

**Subject Water License #2AM-MEA0815/TR/I17, Agnico-Eagle Mines
Ltd., Meadowbank Gold Project, Kivalliq Region, Bulk Fuel
Storage Facility Environmental Performance Monitoring Plans**

Please be advised that on behalf of Indian and Northern Affairs Canada, I have completed a review of the above referenced Agnico-Eagle Mines Ltd. submission to the Nunavut Water Board.

A Technical Review Memorandum (attached) is provided to the Board for consideration.

Should you have any questions regarding this submission, feel free to contact me at 867-975-4555 or David.Abernethy@inac-ainc.gc.ca.

Regards,

David W. Abernethy
Water Resources Regional Coordinator
Operations Directorate, Nunavut Regional Office
Indian and Northern Affairs Canada
Iqaluit, Nunavut
X0A 0H0

Attached.

Cc: Lou-Ann Cornacchio, INAC Water Resources Manager

TECHNICAL REVIEW MEMORANDUM

Date: Feb. 4/10

To: Richard Dwyer, Nunavut Water Board

From: David Abernethy, Indian and Northern Affairs Canada

Re: **Water License #2AM-MEA0815/TR/I17, Agnico-Eagle Mines Ltd., Meadowbank Gold Project, Kivalliq Region, Bulk Fuel Storage Facility Environmental Performance Monitoring Plans**

A. PROJECT DESCRIPTION

On Jan. 4/10 the Nunavut Water Board (NWB or Board) distributed Agnico-Eagle Mines Ltd. (AEM) Mine Site and Marshalling Area Bulk Fuel Storage Facility Environmental Performance Monitoring Plans to interested parties for review. These plans were submitted to the Board for approval pursuant to Part I, Item #17 of Water License #2AM-MEA0815.

Part I, Item #17 of the License states,

“The Licensee shall submit to the Board for approval, within six (6) months following construction of each the Mine Site Bulk Fuel Storage Facility and Marshalling Area Bulk Fuel Storage Facility, a plan for the environmental and performance monitoring of each Facility. The Plans are to include,

- a. An assessment of performance;*
- b. Location, environmental setting, and the potential for leaks or Seepage that could impact Water;*
- c. An assessment of the need for, and if required, the design for installation, monitoring, and maintenance of vertical Ground Water monitoring wells to be installed in accordance with the “Environmental Code of Practice for Aboveground Storage Tank Systems Containing Petroleum Products, 2003; CCME”; and,*
- d. Recommended sampling for ongoing monitoring of the integrity of the secondary containment.*

The Mine Site Bulk Fuel Storage Facility comprises of one (1) 5.6 million litre tank that is used to hold diesel fuel for routine operations. This bulk fuel tank and its respective secondary containment area were constructed in the summer of 2008. The Facility was subsequently commissioned in January 2009. In the summer of 2009 an underground pipe connecting this fuel supply to the project's main power plant was installed. This bulk fuel tank is re-filled with diesel fuel from the Marshalling Area Bulk Fuel Storage Facility on a regular basis.

The Marshalling Area Bulk Fuel Storage Facility comprises of four (4) 10 million litre bulk fuel storage tanks. It is situated nearby the Hamlet of Baker Lake and is used to receive and store diesel fuel shipments. Its construction began in the summer of 2007 with the installation of two (2) 10 million litre bulk fuel storage tanks along with their respective secondary containment areas. The remaining two (2) tanks were constructed in the summer of 2008 and their respective secondary containment areas were completed in the summer of 2009. AEM intends to expand this facility to include two (2) additional 10 million litre bulk fuel storage tanks for diesel fuel and one (1) 2 million litre bulk fuel storage tank for Jet A fuel. This expansion is planned for completion by mid-2010.

B. RESULTS OF REVIEW

The following comments / recommendations are provided for the Board's consideration,

1. General

The submitted plans appear to meet the project's license requirements. AEM should regularly review and revise these plans based on current conditions and best practices.

2. Expansion of Marshalling Area Bulk Fuel Storage Facility

AEM must submit an amended Environmental Performance Monitoring Plan for their Marshalling Area Bulk Fuel Storage Facility following the completion of its planned expansion (i.e., construction of two (2) 10 million litre bulk fuel storage tanks for diesel fuel and one (1) 2 million litre bulk fuel storage tank for Jet A fuel).

3. Soil Sampling

The submitted plans state that "following the unlikely event where a spill is not contained within the secondary containment area, soil sampling may be required to locate and prevent further impact to the terrestrial and aquatic receiving environment." If soil sampling is required due to an uncontrolled fuel spill, a summary report should be submitted for review. This submission should identify sample locations and provide sample results and a plan of action for reclaiming the impacted area.

Prepared by David Abernethy

Cc: Lou-Ann Cornacchio, INAC Water Resources Manager