



P.O. Box 119  
GJOA HAVEN, NU X0B 1J0  
TEL: (867) 360-6338  
FAX: (867) 360-6369

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NUNAVUT WATER BOARD  
NUNAVUT IMALIRIYIN KATIMAYIT  
OFFICE DES EAUX DU NUNAVUT

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File: 2BB-MRY1114/J1

August 12, 2011

James Millard, M.Sc., P.Geo.  
Senior Environmental Superintendent  
Baffinland Iron Mines Corporation  
Suite 1016, 120 Adelaide Street West  
Toronto, ON M5H 1T1

Email: [jim.millard@baffinland.com](mailto:jim.millard@baffinland.com)

***RE: 2BB-MRY1114 Type "B" – Action Plan for Decommissioning of Milne Inlet Bulk Fuel Storage Facility and the Construction of New Fuel Tank Storage***

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Dear Mr. Millard:

The Nunavut Water Board (NWB or Board) acknowledges its receipt of a notification submission (Action Plan) provided by Baffinland Iron Mines Corporation (BIMC) on June 21, 2011, in support of a proposed modification contemplated for the Milne Inlet Bulk Fuel Storage Facility.

The documents received consisted of the following:

- Letter re: Action Plan for Decommissioning of Inlet Bulk Fuel Storage Facility and the Construction of New Fuel Tank Storage, dated June, 2011;
- Attachment A, Action Plan for Decommissioning of Milne Inlet Bulk Fuel Storage Facility and the Construction of New Fuel Tank Storage (Hatch document H337697-3110-126-0001);
- Attachment B, Design Basis-Milne Inlet Fuel Storage Facility (Hatch document H337697-3110-50-109-0001);
- Attachment C, Drawings – Milne Inlet Fuel System Upgrade;
- Clarification email from Jim Millard (BIMC) to Sean Joseph (NWB) dated June 28, 2011; and
- Additional information received July 17, 2011 with respect to "Mary River Project 5-Million Litre Tank at Milne Inlet – Foundation Recommendations – Rev 0 –1 July 2011 and Milne Borehole Logs – Tank Area".

The planned construction works and activities associated with the modification involve the construction of a new steel fuel tank storage facility system in Milne Inlet Camp and the associated decommissioning of the existing fuel storage facility. The rationale that has been provided is that the existing facility, consisting of fuel bladders, will reach the limit of its design life within the next year or two and therefore the requirement of the longer term steel tank fuel

facility. This proposed facility is expected to lower the potential risk associated with spills and thereby improve ongoing environmental performance.

During the most recent licence renewal application, dated March 21, 2011, the replacement of the existing fuel storage at Milne Inlet was discussed and BIMC understood the need to implement an action plan to replace the Bladders by 2012 and would submit the required documentation, applications and notifications once finalized.

The proposed decommissioning and construction works that form this notification do not include an expansion to the existing facility and the volume of fuel to be stored at the new fuel storage will not exceed the current capacity of the existing facility.

The review was carried out in consideration of the requirements under Part J, Item 1 of Licence 2BB-MRY1114 which states:

*The Licensee may, without written consent from the Board, carry out Modifications to the Water Supply Facilities and Waste Disposal Facilities provided that such Modifications are consistent with the terms of this Licence and the following requirements are met:*

- i. the Licensee has notified the Board in writing of such proposed Modifications at least sixty (60) days prior to beginning the Modifications;*
- ii. such Modifications do not place the Licensee in contravention of the Licence or the Act;*
- iii. such Modifications are consistent with the NIRB Screening Decision;*
- iv. the Board has not, during the sixty (60) days following notification of the proposed Modifications, informed the Licensee that review of the proposal will require more than sixty (60) days; and*
- v. the Board has not rejected the proposed Modifications.*

In carrying out its review of the proponent's submission, the Board took into consideration the potential impact that the proposed modification could have on fresh water resources and scope of activities allowed for under the current Licence. In addition, the Board had requested<sup>1</sup> written confirmation from the Nunavut Impact Review Board (NIRB) on whether the proposed modification was in accordance with the NIRB Screening Decision, dated May 4, 2007. In response, the NIRB issued a letter<sup>2</sup> to the NWB stating that:

After completing a review of the information pertaining to the notification, the NIRB is of the understanding that the proposed activity does not change the general scope of the original project components, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply in this case. Therefore, this application is exempt from screening as per Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original May 4, 2007 Screening Decision Report.

In considering its decision, the Board requires the following:

1. Provide to the Board for review, within thirty (30) days of receipt of this letter, the Manufacturer's Specifications and installation requirements for the recommended

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<sup>1</sup> Nunavut Water Board (NWB) letter to the Nunavut Impact Review Board (NIRB), dated July 22, 2011.

<sup>2</sup> Letter from the Nunavut Impact Review Board (NIRB) to the Nunavut Water Board (NWB), July 25, 2011.

geotextile/liner (impermeable barrier as defined in the CCME 2003 code) that is referenced in the HATCH document H337697-3110-50-126-0001, Rev.2 and associated drawings (H337697-4020-10-035-0001, 0002 and 0003), confirming the suitability for petroleum product storage and application in an arctic environment.

Also, in order to have the most recent information available for construction, the NWB requests that BIMC provide the results of the geotechnical drilling as specified in sec. 2.1 of the Action Plan and also provide a revised drawing no. H337697-4020-10-035-0001, which indicated that the final design of the tank pad base was on hold pending completion of the geotechnical report.

2. Revision of all management plans that are affected by changes in operation and/or technology, are required to be updated and modified according to Part B, Item 11, including the Spill Contingency Plan (G1), Site Water Management Plan (E2), Comprehensive Environmental Monitoring Plan (I1) and the Abandonment and Restoration Plan (H1). The Board requires that these updated plans (addendums where applicable) be provided to the Board for review within sixty (60) days of receipt of this letter.
3. With respect to Part G, Item 2 requirements, the Licensee is required to submit to the Board for review, within ninety (90) days of completion of construction, a follow-up report on the Milne Inlet Bulk Fuel Storage Facility, which clearly details that the requirements of the CCME guidance document "Above Ground Storage Tank Systems for Petroleum and Allied Petroleum Products (2003)" have been met by the Licensee.
4. With respect to Part J, Item 3, provide a final construction report that includes all respective design drawings and construction details, including as-built drawings, documentation of field decisions that deviate from original design and any data used to support these decisions. This report and drawings shall be stamped and signed by a professional engineer registered in Nunavut.

In addition to the above, the Action Plan provided information on the decommissioning of the current fuel storage facility at Milne Inlet, timing and potential requirements of a Landfarm for the treatment of petroleum contaminated soils found beneath the facility. Should a Landfarm be required, an amendment to the current licence will need to be applied for, at least three (3) months prior to the planned construction/operation of the facility.

The NWB has completed its review and considered the information presented by BIMC and provides this letter of consent as required by Part J, Item 1, through Board Motion No. 2011-11-L15, for the construction/modifications as proposed, provided the requirements as set out in this letter are met.

The Licensee is advised that the activities conducted under the proposed modifications and this letter of consent are limited to the installation of the approximate 5 million Litre aboveground steel tank at the Milne Inlet Bulk Fuel Storage Facility and associated components, as described in the submission dated June 21, 2011. And, upon providing further details on the additional tank to be installed in the proposed containment area, the installation of the remaining fuel tank with a storage capacity of approximately 3.5 million Litres. Any modification in excess of that outlined in the proponent's submissions to the Board, would constitute a separate potential modification/amendment and may require further screening by the Nunavut Impact Review Board and distinct NWB Board review, consideration and approval.

Should you have any questions, please do contact the undersigned at 867-360-6338 ext. 25 or by email at [sjoseph@nunavutwaterboard.org](mailto:sjoseph@nunavutwaterboard.org).

Regards,

*Original signed by:*

Sean Joseph  
Technical Advisor

Enclosure: NIRB's Decision

Cc: Distribution – Salamonie Shoo