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Your file - Votre référence
2BE-IZO 0606

February 28, 2007

Our file - Notre référence
IQA-N 9545-1-1IZOG / CIDMS 130729

Phyllis Beaulieu
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0A 1J0

**Re: Renewal application - Izok and Hood Property Exploration Program -
Wolfden Resources Inc. - 2BE-IZO**

The Nunavut Region of Indian and Northern Affairs Canada (INAC) has reviewed the Water Licence Application submitted by Wolfden Resources Inc. In reviewing this file, all documents posted on the Nunavut Water Board (NWB) ftp site associated with this application have been considered.

Abandonment and Restoration Plan

INAC requests that Section 1.0, Preamble of the Abandonment and Restoration Plan (A&R Plan) be amended so the A&R Plan is valid for the length of the water licence. Currently, the document reads "the Abandonment and Restoration Plan is effective from July 29, 2006 until July 29, 2008", but Section 5 of the Supplementary Information Request states the duration of the project as February 2007 until December 2012. In requesting an amendment to Section 1.0 of the A&R Plan, INAC recommends the A&R Plan be for the duration of the project with periodic updates. Additionally, INAC recommends the proponent submit updates and amendments to the A&R Plan to the NWB for review.

INAC requests that the intent of section 5.4, Fuel and Chemical Storage be clarified. The intent of "Half empty containers will be taken off-site to be properly disposed in an approved discharge" is unclear.

Section 5.3, Electrical System, and Section 5.8, Helicopter Pad, of the A&R Plan state the areas will be inspected for contamination. However, the process to handle contaminated soil is not clearly stated. If such information exists in the Spill Contingency Plan or elsewhere, the information should be clearly referenced. For example, Section 5.11, Documentation and Inspection of the A&R Plan states "soil contaminated by hydrocarbons and unnoticed before abandonment will be treated as per the spill contingency plan." A similar statement could be made for Sections 5.3 and 5.8. However, INAC requests the proponent reference the sections of the Spill Contingency Plan that they proposed to follow.

Section 5.11, Documentation and Inspection of the A&R Plan states “a final inspection visit with community representatives, Land Use Inspector and in collaboration with the NWB staff . . .” The proponent should include a reference to the INAC Water Resource Officer as the Inspector designated under the Nunavut Waters and Nunavut Surface Rights Tribunal Act. The Water Resource Officer is responsible for enforcing the terms and conditions of water licences, including Abandonment and Restoration.

Spill Contingency Plan

INAC requests that Section 1.0, Preamble of the Spill Contingency Plan (SCP) be amended so the SCP is valid for the length of the water licence. Currently, the document reads “the SCP shall be in effect from June 30, 2006 until December 31, 2007”, whereas, Section 5 of the Supplementary Information Request states the duration of the project as February 2007 until December 2012. In requesting an amendment to Section 1.0 of the SCP, INAC recommends the SCP be for the duration of the project with periodic updates. Additionally, INAC recommends the proponent submit updates and amendments to the SCP to the NWB for review..

Section 10, Hazardous Material Inventory, lists a number of substances that will be used on the site. In comparing Section 10 of the SCP to Section 21 of the Supplementary Information Request and the Material Safety Data Sheets several materials have been overlooked. The SCP does not mention Polydrill O.B.X, West Coast Drilling Supplies (Linseed Soap) or Peladow (Calcium Chloride Salt). INAC recommends the SCP be amended to include these substances.

Section 4.0, Contacts, should include the Nunavut 24-Hour Spill Report Line, (867) 920-8130. Peter Kusugak, Manger of Field Operations, (867) 975-4295, should be included as an initial contact for INAC. Additionally, Section 8.0, Reporting, should be amended to include the Nunavut Spill Report Form.

Water Licence Application Form

Inconsistencies appear in the water licence application and supporting documents. For example, Section 4, Description of Undertaking, states “proposed drilling for 2006 will total about 20,000 m on the Izok property and approximately 30,000 m on the Hood property. This information is inconsistent with information under Summary of Operation (Project Description) which states “approximately 30,000 m on the Izok property in 2006.

Supplementary Information Request

Section 23, Spill Contingency Planning, states “a copy of the Draft Spill Contingency Plan for the Izok/Hood operations is attached for review.” INAC believes the proponent should file a final SCP with the Nunavut Water Board when applying for their exploration licence. Thus, INAC recommends the proponent file a final SCP before the licence is issued and that INAC and others be given the opportunity to

comment.

Section 25, Spill Contingency Planning, speaks to diesel fuel storage and states “there are seven (7) 12,000-gallon (55,000-litre) storage tanks at the camp site which is located on leased crown land.” INAC could not find information in the application on secondary containment for these structures. Furthermore, if secondary containment structure is/will be in place, INAC recommends informing the NWB on how the proponent will handle/treat the snow and water that accumulates within the structures. Finally, information on containment for all fuel transfers was not evident. INAC requests further information on contingencies and containment for possible spills due to any fuel transfer.

Transboundary Effects

The Izok and Hood properties are in the vicinity and upstream of the Nunavut-NWT boundary. Although the exploration projects may cause little impact, the Nunavut Water Board should inform the Mackenzie Valley Land and Water Board of the projects and the NWB’s decision.

Should you have any questions or comments, please do not hesitate to contact at (867) 975-4548 or by email at BathoryS@ainc-ianc.gc.ca or myself

Sincerely,

Original Signed by:

Jim Rogers
Manager, Water Resources

cc P. Kusugak, Manger of Field Operations, INAC
Stephen Bathory, Regional Coordinator, INAC