



Water Resources
Nunavut Regional Office
P.O. Box 100
IQALUIT, NU X0A 0H0

July 8, 2015

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
GJOA HAVEN, NU X0E 1J0

Our reference:
IQALUIT-#925900

Your reference:
2BE-PBP1115

**Re: Water Licence 2BE-PBP1115 - Northquest Ltd - Pistol Bay Project –
Renewal Application – Kivalliq Region**

Dear Ms. Beaulieu,

Thank you for your June 8, 2015 request for written representations on the above referenced water licence renewal application. Aboriginal Affairs and Northern Development Canada (AANDC) has performed a review of the application to renew 2BE-PBP1115 for the Pistol Bay Project.

A Technical Review Memorandum is provided for the Board's consideration. Comments/ recommendations have been provided pursuant to the Department's mandated responsibilities under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Indian Affairs and Northern Development Act*.

Should you have any questions or comments, please do not hesitate to contact me by telephone at (867) 975-4738 or email at Jean.Allen@aadnc-aandc.gc.ca.

Sincerely,

Jean Allen
Water Management Specialist
Water Resources Division

Encl.

c.c.: Andrew Keim, A/Manager of Water Resources, AANDC
Erik Allain, Manager of Field Operations, AANDC



TECHNICAL REVIEW MEMORANDUM

TO Phyllis Beaulieu, Manager of Licensing, NWB

FROM Jean Allen, Water Management Specialist, AANDC

DATE July 8, 2015

Re: Water Licence Renewal Application, # 2BE-PBP1115

Applicant: Northquest Ltd.
Project: Pistol Bay Project
Region: Kivalliq Region

A. PROJECT DESCRIPTION

The Nunavut Water Board (NWB or the Board) issued Type B water licence 2BE-LPL1115 to Northquest Ltd. (Northquest or the licensee) on June 20, 2011 for the use of water and deposit of waste associated with the Pistol Bay Project.

The water licence currently authorizes the use of 121 cubic metres per day (m^3/day) of freshwater ($1 \text{ m}^3/\text{day}$ for domestic use and $120 \text{ m}^3/\text{day}$ for drilling) and a temporary camp site to accommodate up to 25 people. There are currently 50 drums of Jet A fuel; 20 drums of diesel fuel; 150 20 kilogram bags of calcium chloride; and 20 100 pound cylinders of propane stored at the camp site. An additional 190 drums of Jet A, 200 drums of diesel and 10 drums of gasoline will be brought to site in 2015.

On June 8, 2015 the NWB distributed a water licence renewal application (application) submitted by Northquest to interested parties for review. Planned work will consist of prospecting and diamond drilling at the Vickers and possibly the Bazooka targets.

A. RESULTS OF REVIEW

On behalf of Aboriginal Affairs and Northern Development Canada (AANDC), the following comments/ recommendations are provided for the Board's consideration:

General

1. Northquest is requesting a term of 5 years (Box 25 of application). AANDC is supportive of a 5 year licence term.



2. In the application, Northquest indicated that the methods of disposal for the types of waste involved are not the same as those considered in the existing licence (Box 15) and provides no details on what changes are being requested. AANDC requests clarification on the changes to disposal methods (if any) being proposed.
3. Northquest indicates that 150 bags of calcium chloride (CaCl) will be stored on site but does not provide the size of the bags in the application, executive summary, or the spill contingency plan. However, it is indicated in the 2014 Annual Report, that CaCl is stored in 20 kg bags on site. AANDC recommends that the maximum volume of CaCl to be stored on site is provided in the Spill Contingency Plan and that they continue to ensure that the total volume of chemicals is provided in future annual reports.
4. While maps, sketches, and pictures of the camp site are available, a map of the camp site identifying camp facilities and infrastructure in relation to nearby water bodies should be provided.

Water Use

5. The existing water licence authorizes Northquest to use 1 m³/day of water for domestic purposes. In the 2012 and 2013 Annual Reports, Northquest reported using an average of 1.0 m³/day and 1.12 m³/day of freshwater respectively. In the 2013 Inspection Report, the licensee was required to reassess freshwater allotment and ensure that it reflects the amount used, yet no response to this request could be found. AANDC notes that a change to the quantity of water for domestic purposes was not requested in the application. AANDC recommends that Northquest consider increasing the amount of water for domestic purposes (i.e. 1.2 m³/day) to ensure that they do not exceed the total amount authorized under the water licence.

Waste

6. In the 2013 Annual Report, Northquest reported a small leak from one of the fuel berms. Contaminated soil was placed into a 20 litre plastic bucket for future disposal (the plan was to send it with waste oil in 2014). While the 2014 Annual Report states that waste oil was flown to Arviat, it remains unclear whether the contaminated soil was removed from site as planned. Clarification is requested.

Fuel Spill Contingency Plan

7. Section 1.0 states that the purpose of the plan is to provide a plan of action for any spill event. While the plan seems adequate for fuel, this



plan does not include a plan of action for other chemicals and hazardous wastes identified in the note on page 8. However, MSDS sheets for drilling mud, polymers, greases, calcium chloride, propane, as well as fuel, are included in Appendix II. While, a fuel spill would be most likely, it is unclear what the response would be if a spill event involved a chemical other than fuel (referencing the spill procedures in the attached MSDS would suffice). AANDC recommends that this plan be made more general to include action plans for all potential spill events for all chemicals stored on site and that personnel are familiar with spill response procedures in the attached MSDS.

8. The plan states that there are 2 spill kits on site. In the Executive Summary (No. 17), it is stated that spill kits are available at drill sites to soak up oil spills and in the Pistol Bay Campsite Sketch Map (found in the Annual Reports), it appears that a spill kit is located near the fuel storage berms. AANDC requests clarification on the location of the spill kits and requests that this information be provided in the next iteration of the Spill Contingency Plan.
9. The contact information (page 4) should be updated to include the following:
 - AANDC Field Operations Manager (867) 975-4295 (in Spill Reporting Procedure Box at top of the page)
 - AANDC Land Administration Manager (not Minister) – no change to telephone number

Abandonment and Restoration (A&R) Plan

10. Northquest indicated that contaminated soil will be shipped to the Whale Cove municipal dump for incineration. AANDC requests clarification on the proposed volume of contaminated soil and whether the Hamlet of Whale Cove can accommodate the proposed volume.
11. A contact for AANDC Field Operations is not included in the contact numbers for relevant organizations (Section 8.0). AANDC recommends that the AANDC Manager of Field Operations is included as a contact (the Manager's telephone number is (867) 975-4295) in the A&R Plan.

Prepared by Jean Allen