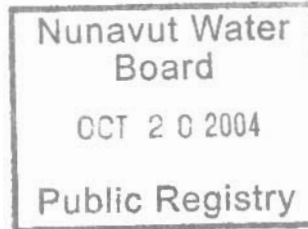




Indian and Northern Affairs Canada
Nunavut Field Operations
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Brad Sokach
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October 8, 2004

The City of Iqaluit allowed gravel extraction in the North 40, a violation of an Inspectors Direction dated July 8, 2004. In the course of gravel extraction in the North 40, asbestos, a toxic substance listed in Schedule One of the Canadian Environmental Protection Act, was likely uncovered and exposed to the environment. This release of asbestos in the North 40 exemplifies Indian and Northern Affairs Canada's view that gravel extraction in the area poses a significant threat to the water in Nunavut, the environment in general and the people of Iqaluit. Until the City of Iqaluit has complied with all of the orders from the Inspectors Direction issued on July 8, 2004 to our satisfaction, all activities related to gravel extraction and processing in the North 40 are to cease. The mixing of concrete will be allowed to continue.

The City must demonstrate control over the North 40 site including the activities of contractors. Specifically, INAC must be assured that industrial activities at the site do not pose a significant risk that hazardous waste will be released into the environment.

Failure to comply fully or in part with an Inspector's Direction constitutes an offence under section 90(1) of the NWNSRTA and, upon summary conviction, carries a fine not exceeding \$100 000 or to imprisonment for a term not exceeding one year, or both. Pursuant to section 90(4) of the NWNSRTA, each day on which the Inspector's Direction is not complied with shall be considered a separate offence.

I would also like to remind the City of Iqaluit that under section 88 (2) of the Act; no person shall knowingly make a false or misleading statement, either orally or in writing, to an Inspector carrying out functions under section 87 of the Act.

It is anticipated that this letter will be reinforced by further direction from other regulatory agencies. **Further non-compliance will result in enforcement action.**

If you have any questions or concerns please contact me.

Sincerely,



Scott Stewart
Water Resource Officer
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Nunavut Field Operations
Iqaluit, Nunavut
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cc. City of Iqaluit (Ian Freemantle)
Nunavut Water Board (Dionne Filiatrault)
Environment Canada - Iqaluit (Sid Bruinsma)
Environment Canada - Yellowknife (Anne Wilson)
Fisheries and Oceans (Keith Pelley)
Government of Nunavut (Earle Baddaloo)