



Field Operations Division
Nunavut Regional Office
PO Box 2200
Iqaluit, NU X0A 0H0

24 September 2014

Environment Canada
115 Perimeter Road
Saskatoon, SK S7N 0X4

RE: Inspection of Karrak Lake Project (Nunavut Water Licence 3BC-KAR1316 and Land Use Permit N2008N0028)

Dear Ms. Kellett and Mr. Alisauskas,

On July 19, 2014 I conducted a compliance inspection with respect to the above project and authorizations. I understand that this is the first such compliance inspection that has been undertaken for this long-standing project.

As you will see in the attached report and photos, there are several items identified as non-compliant with the Water Licence, Land Use Permit, and associated legislation. Of particular gravity is the continuance of activities without a valid Land Use Permit. You were directed in March to submit an application for a new permit, as the old LUP could no longer be renewed. This was not done, and your personnel proceeded to site without authorization, contrary to the *Territorial Land Use Regulations*. I understand that you have an application in process for the transfer of reserve land, however, that does not exempt Environment Canada from the requirement of a Land Use Permit until such time as the transfer is complete. Please submit the new application immediately to ensure that proper authorizations are in place before your next intended visit to the project.

I would encourage you to review the Water Licence and Land Use Permit in detail to better understand the terms and conditions to which Environment Canada is bound. If current site practices do not conform to the obligations therein, practices should be adjusted or written authorization sought from the relevant body. Aside from reporting requirements, regular notifications are also required under the LUP (11.1 and 13.7 in the expired LUP). Please send these to Baba Pedersen, and copy me on all notifications pertaining to the LUP. I understand that this has not been requested before; however, it has technically always been required under the permits and legislation.

Please see the attached report for the inspection findings and the actions required as a result. I have attempted to establish deadlines in the new year for those items that may exceed your current year budget. Please provide a written response, with timelines, outlining how Environment Canada will address these non-compliances.

Please do not hesitate to contact me at any time if you have questions with respect to this report or with respect to interpretation of the project's authorizations.

Regards,

Eva Paul

Water Resources Officer | Agent des ressources en eau
Aboriginal Affairs and Northern Development Canada | Affaires autochtones et Développement du Nord Canada
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CC: Phyllis Beaulieu, Manager of Licensing, NWB
Erik Allain, Manager of Field Operations, AANDC
Baba Pedersen, Resource Management Officer, Kitikmeot Region, AANDC



WATER LICENCE / LANDS INSPECTION FORM

☒ Original
☐ Follow-Up Report

| | |
|--|--|
| Licensee | Licensee Representative |
| Canadian Wildlife Service | Jennifer Guy |
| Licence No. / Expiry | Representative's Title |
| 3BC-KAR1316 | - |
| Land / Other Authorizations | Land / Other Authorizations |
| N2008N0028 – Expired | |
| Date of Inspection | Inspector |
| 19/07/2014 | Eva Paul |
| Activities Inspected | |
| <input checked="" type="checkbox"/> Camp | <input type="checkbox"/> Drilling |
| <input type="checkbox"/> Roads/Hauling | <input type="checkbox"/> Mining |
| | <input type="checkbox"/> Construction |
| | <input type="checkbox"/> Reclamation |
| | <input checked="" type="checkbox"/> Fuel Storage |
| | <input type="checkbox"/> Other: |

| | | | | | | | | |
|--|----------------|-------------|------------------------------|---------------------|--------------------|--------------------|-----------|---------|
| Conditions: | A - Acceptable | C - Concern | U - Unacceptable | NA – Not Applicable | NI – Not Inspected | | | |
| Water Use | Condition | Comment | Site Conditions | Condition | Comment | Haz/Mat Management | Condition | Comment |
| Intake/Screen | A | | Water Management Structures | NA | | Storage | U | 2 |
| Flow Measure. Device | A | | Culverts / Bridges | NA | | Spills | A | |
| Source: | A | | Drainage | A | | Spill Plan | U | 3 |
| Water Use: | A | | Erosion / Sediment | A | | | | |
| Recirculation (y / n) | NA | | Mitigation Measures | A | | Administrative | | |
| | | | Reclamation Activities | NI | | Records | C | 4 |
| | | | Materials Storage | A | | Reports | A | |
| Waste Disposal | | | Signage | NA | | Plans | C | 4 |
| Waste Water | A | | | | | Notifications | U | 5 |
| Solid Waste | U | 1 | Monitoring | | | Other | | |
| Hazardous Waste | U | 2 | Sample Collection / Analysis | NA | | Licence/LUP | U | 5 |
| | | | | | | | | |
| *The number in the comments field will correspond with specific comments provided below. | | | | | | | | |
| Samples taken by Inspector: | | | Location(s): | | | | | |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | | | | | | |

| | | | |
|--|--|--|---|
| SECTION 1 | <input checked="" type="checkbox"/> Comments (s.1) | <input checked="" type="checkbox"/> Non-Compliance with Act or Licence (s.2) | <input checked="" type="checkbox"/> Action Required (s.3) |
| <p>An inspection was conducted on August 19 2014 to determine compliance with the above listed water licence (WL) and land use permit (LUP). This is the first inspection undertaken by AANDC for this long-standing project due to the remoteness of the location.</p> <p>Several sites were inspected in relation to these authorizations (A-D listed below). These coordinates were provided at the request of the Inspector.</p> <p>A) N67°45'10.1" W103°03'33.5" – Fuel Cache</p> <p>B) N67°41'10.4" W102°11'27.2" – Perry River: Airstrip cache, cabin, and cache south of cabin.</p> <p>C) N67°20'55.6" W100°22'59.7" – Karrak Lake north cabin</p> <p>D) N67° 14'14.2" W100°15'32.8" – Karrak Lake main cabin</p> <p>Practices inconsistent with the authorizations were noted during the course of the inspection. Findings are as follows:</p> <ol style="list-style-type: none">Organic waste ("compost") is being buried in the ground. Non-organic waste is burned in barrels at both camps. There is an incinerator at Karrak Lake as per the WL, however I was told that the generator on-site is not powerful enough to power the incinerator. At the Perry River cabin, garbage littered the ground and there is an accumulation of old metal waste and hazardous waste.No secondary containment is in use at any of the sites. At coordinate (A) 8 barrels were deposited on a narrow peninsula in the middle of a lake. At the airstrip at Perry River, 15 or more barrels are stored close to the river on a sandy floodplain. Both caches are well within 30m of water, contrary to WL and LUP conditions. Another 11 barrels were noted south of the Perry River Cabin, as well as empties, and a single drum close to the creek. Five old rusty drums were also noted at the Perry River cabin, at risk of leaking at any time, and a pile of jerry cans. The main fuel cache at Karrak Lake consisted of 50+ barrels at the time of inspection.No spill kits were seen at the cache locations or at Perry River. The only spill kit noted at any site was at Karrak Lake, wrapped and stored in the equipment cabin. This is not the location indicated in the spill contingency plan. Spill kits should be located and easily accessible wherever spill transfers are occurring.Please clarify whether any waste is being deposited in any community in Nunavut, and demonstrate the authorization provided by that community. No such documentation was noted on the Public Registry. A review of the Abandonment and Restoration Plan indicates the intent to burn the buildings when the site is decommissioned. This contrary to Part D Item 4 | | | |



of the WL (“The Licensee shall not open burn... or painted wood... unless otherwise approved by the Board in writing.”). The plan also indicates the intent to remove waste to Cambridge Bay, both hazardous and non-hazardous. The communities are not licensed receivers of hazardous waste; therefore NO HAZARDOUS WASTE may be deposited in the communities. Please review Part D of the WL.

5. Only the cover sheet of the LUP was found on site; but none of the terms and conditions. The cover sheet indicated that the LUP expired on June 11, 2014. Further inquiry with Lands Administration reveals that an extension of the LUP was denied, and the Permittee was directed to submit a new LUP application in the spring. The project is operating without the required authorization, and in violation of the *Territorial Lands Act* and the *Territorial Land Use Regulations*. Notifications under 11.1 and 13.7 of the LUP have not been provided to the Resource Management Officer (Baba Pedersen).

SECTION 2

☐ Comments

☒ Non-Compliance with Act or Licence/LUP

☐ Action Required

Water Licence 3BC-KAR1316

- Part D Item 2: The Licensee shall not practice on-site landfilling of domestic waste.
- Part D Item 3: Failure to utilize a proper incinerator.
- Part D Item 5: Failure to provide documented authorization from any communities in Nunavut that may receive waste from this project.
- Part D Item 6: Failure to backhaul and dispose of hazardous waste (old barrels at Perry River).
- Part H Item 2: Failure to locate fuel caches >31m from the ordinary high water mark of any water body, nor to put in place measures to prevent fuel from entering water (no secondary containment).

Land Use Permit N2008N0028 (expired)

- 3.3 Failure to use a forced-air fuel-fired incinerator to incinerate all combustible garbage and debris.
- 5.7 Failure to ensure the area is kept clean.
- 7.12 Failure to combust or remove all waste petroleum products.
- 11.1 Failure to report fuel caches to the Inspector within 10 days of establishment.
- 11.2 Storage of fuel containers within 30 m of a stream.
- 11.4 Failure to provide containment to prevent spreading of petroleum products to lands or water bodies.
- 13.6 Failure to keep on hand a copy of the LUP.

Territorial Land Use Regulations

8. Undertaking of work on territorial lands without a Class A Permit.
- 10(d). Placement of a fuel cache below the normal high water mark and within 100m of a stream.
11. Failure to notify the engineer of all fuel caches within 30 days of establishment.

SECTION 3

☐ Comments

☐ Non-Compliance with Act or Licence

☒ Action Required

1. EC shall **immediately** apply to AANDC Land Administration for a new Land Use Permit, and copy the Inspector on the application. All activities at site except those specified below are suspended until such time as a valid LUP is in place.
2. Secondary containment shall be provided for fuel caches, and caches re-located >31 m above the ordinary high water mark of any water body, or the fuel backhauled from site, by **May 31, 2015**.
3. Drip trays and spill kits shall be provided at each location where fuel transfer occurs when operations resume.
4. All hazardous waste shall be removed from site and documentation provided of proper disposal at an approved hazardous waste receiver by **May 31, 2015**.
5. Copies of all waste manifests for 2012-present shall be submitted to the Inspector by **November 15, 2014**.
6. Written approval from the NWB shall be requested for composting activities by **November 15, 2014**, and copied to the Inspector.
7. Written approval from the NWB shall be requested for open burning of painted buildings upon abandonment (as in the AR Plan) by **November 15, 2014**, or an Abandonment and Restoration Plan that is consistent with the WL conditions submitted to the NWB for approval with the Annual Report by **March 31 2015**.

| Licensee or Representative | Inspector's Name |
|----------------------------|----------------------------|
| - | Eva Paul |
| Signature | Signature |
| - | <i>Sent electronically</i> |
| Date | Date |
| - | 24 September 2014 |

APPENDICES:

☒ Inspection Photos

☐ Sample Results

☐ Other: _____

Office Use Only:

Follow-up report to be issued by Inspector

☐ Yes ☐ No

