



Indian and Northern
Affairs Canada
www.inac.gc.ca

North Mackenzie District
P.O. Box 2100
Inuvik, NT

Affaires Indiennes
et du Nord Canada
www.ainc.gc.ca

Telephone: 867-777-8900
Fax: 867-777-2090

March 9, 2011

Northwest Territories Water Board
P.O. Box 2531
Inuvik, NT X0E 0T0

Attn: **Mike Harlow, Executive Director**

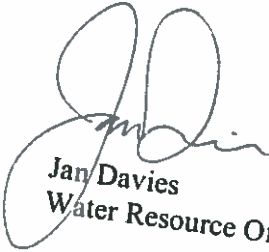
RE: **Industrial Water Use (N7L1-1824)**

Dear Mr. Harlow,

Please find the enclosed Inspection Report for your review and/or records.
An electronic copy (un-editable Adobe pdf.) has also been provided by e-mail.

If you have any questions/concerns regarding the enclosed, and/or if additional information is required, please do not hesitate to contact me at (867) 777-8909.

Sincerely,



Jan Davies
Water Resource Officer

Cc: Conrad Baetz, District Manager, North Mackenzie District, Inuvik, NT

Enclosure: Industrial Water Use Inspection Report and Cover Letter (4 pages)





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March 9, 2011

Contaminants & Remediation Directorate
PO Box 1500 4920 52nd St
4th Floor Precambrian Building
Yellowknife, NT, X1A2R3

Attn: Bill Coedy

RE: Industrial Water Use (N7L1-1824)

Dear Mr. Coedy,

An inspection was conducted of the Johnson Point Site Remediation/Clean-up on August 12, 2010. Enclosed is a copy of the Industrial Water Use Inspection Report.

The Contaminants and Remediation Directorate is to be congratulated for their efforts pertaining to the remediation and restoration activities at the Johnson Point Site, it is clear a lot of work has taken place. There were two violations of the same condition but it is understood that efforts are being made to achieve compliance. Please review and address the concerns as indicated in the enclosed Inspection Report.

This report will be sent to the Northwest Territories Water Board for their review and/or public records.

If you have any questions/concerns regarding the enclosed and/or if additional information is required, please do not hesitate to contact me at (867) 777-8909.

Sincerely,

Jan Davies
Water Resource Officer

Cc: Conrad Baetz, District Manager, North Mackenzie District, Inuvik, NT

Enclosure: Industrial Water Use Inspection Report (3 pages)



INDUSTRIAL WATER USE INSPECTION REPORT

DATE:	August 12, 2010	COMPANY REP:	Bill Coedy
LICENCEE:	Contaminants & Remediation Directorate	LICENCE #:	N7L1-1824

WATER SUPPLY

Source:	Unnamed River	Quantity Used:	N/A	Meter Rdg:	N/A
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Indicate: **A - Acceptable** **U - Unacceptable** **N/A - Not Applicable** **N/I - Not Inspected**

Intake Facilities	N/A	Storage Structures	N/A	Treatment Systems	N/A	Recycling	N/A
Flow Meas. Device	N/A	Conveyance Lines	N/A	Pumping Stations	N/A	Modifications	N/A

Comments:

- Project remediation activities have finished. Camp and associated equipment has been demobilized from site.

WASTE DISPOSAL

Well Waste	Off-Site Removal	N/A	Drilling Sump	N/A	Downhole	N/A	Land spread	N/A
Tailings:	Tailings Pond	N/A	Natural Lake	N/A	Under ground	N/A		
Sewage:	Sewage Treat. System	A	Tailings pond	N/A	Natural Water Body	N/A		
	Continuous Discharge	N/A	Inter. Discharge	N/A				
Solid Waste:	Open Dump	N/A	Landfill	A	Burn & Bury	N/A	Under ground	N/A

Indicate: **A - Acceptable** **U - Unacceptable** **N/A - Not Applicable** **N/I - Not Inspected**

Discharge Quality	N/A	Conveyance Lines	N/A	Disch. Meas. Dev.	N/A	Frecboard	N/A
Decant Structures	N/A	Pond Treatment	N/A	Dams, Dykes	N/A	Seepages	N/A
Dyke Inspections	N/A	Runoff Diversion	N/A	Erosion	A ¹	Spills	A

Effluent Discharge Rate:	N/A	Samples Collected:	N/A
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Comments:

Concern:

1. Evidence of erosion was observed on Soil Disposal Areas. Small erosion channels noted from water running down slope towards area drainage which leads to the Unnamed River (see Figures 1, 2 and 3). Site post reclamation monitoring activities should include water sampling down hill and in the river down stream to confirm if there are any environmental impacts from soil erosion of these Soil Disposal Areas.

Note:

- No evidence of spill of hydraulic fluid from allu bucket, areas have been cleaned up. No evidence of other spills or leaks was noted on site.

GENERAL CONDITIONS

Indicate: **A - Acceptable** **U - Unacceptable** **N/A - Not Applicable** **N/I - Not Inspected**

Ore & Waste Rock Stockpiles	N/A	Records & Reporting	U ¹	Surv. Net. Prog.	A
Geotechnical Inspection	N/A	Posting, Signage	N/A	Contingency Plan	A
Restorations Activities	A ^{1,2,3,5}	New Construction	N/A	Fuel Storage	N/A
Mine Water Discharge	N/A	Chemical Storage	N/A	Annual Report	U ¹

Comments:

Concerns:

1. Project remediation and reclamation activities on site have finished. However the borrow area (see Figure 4) located at the end of the runway continues to have active permafrost degradation and improper drainage of water from the site due to little contouring and restoration. The section of the access road removed for granular material (see Figure 5)

continues to have slumping and subsidence present. These areas have remained the same due to being too wet and further attempts at reclamation would have caused more damage. Contouring of these sites would aid in returning them to prior condition, aid with proper drainage and restore permafrost stability.

2. Area of barge demobilization was quite untidy. Large disturbance to shore and large depression estimated to be a metre deep and several square metres in size (see Figure 6). Large piles of shore material associated with this disturbance present. Efforts should be made to restore this area.

3. Debris noted during the previous July 8, 2010 Industrial Water Use Inspection has been removed. During the site inspection further debris was found on site - wire, waste metal, geotextile and plastic, which was removed. Further monitoring of this site should entail further surveillance of the area for debris that is uncovered and/or exposed as time progresses.

4. The Johnson Point Remediation Report 2010 and the Johnson Point Monitoring Results Report for 2010 are late. Correspondence had occurred regarding the upcoming lateness with the Northwest Territories Water Board and the due date of December 1, 2010 was extended to January 31, 2011. No reports have been submitted to date and this is in violation of Part B: General Conditions, Item 1, of the Water Licence.

It was originally noted in the previous Industrial Water Use Inspection Report dated July 8, 2010, that the Remediation Completion Report 2009 was missing some information and was in violation of Part B: General Conditions, Item 1, of the Water Licence. It is important to note that the outstanding issues of discharged total quantities of ponded water derived from soil treatment operations specifically the excavations and the direction of flow of all Wastes discharged to the land are in the process of being addressed by the Contaminants and Remediation Directorate as an addendum to the Remediation Completion Report 2009.

5. There remains the overall concern regarding the migration of contaminated material, whereby it can affect water quality in relation to the NWT Waters Act and Regulations. Continued monitoring and surveillance is needed to confirm site stability in regards to remediation and reclamation activities.

Notes:

- Camp area and vehicle storage area have been well restored.
- Restoration activities in sensitive areas near the Unnamed River and ocean shore seem to be holding up to erosion and settling. Permafrost where excavations occurred in the Apron and surrounding area appears to be stabilizing by visual indications and preliminary data from monitoring. Landfill areas appear to be stable from visual indications.
- The Johnson Point Landfill Monitoring Plan has been submitted to the Northwest Territories Water Board.
- Hydrocarbon contaminated soil was removed from throughout the site. While in the process of being removed, excavations and testing revealed it extended deeper below the ground surface than originally anticipated in certain areas. Further excavation of the deeper contaminated soil was discontinued based on the ability to properly delineate it's full extent due to restrictions on site. To assist the reintegration of permafrost into the area, clean material was used to backfill the excavations. Water monitoring wells and thermistors have been installed to monitor the remaining contamination as cleanup/excavation was limited. Due to the destabilization of the area and it's vulnerability to change, continued monitoring will be critical to prevent future containment failures and potential spread of contamination that remains.

Violations of Act of Licence:

1. Part B: General Conditions, Item 1.

"The Licensee shall file an Annual Report with the Board not later than December 1st of the year reported which shall contain the following information....:

- b) the total quantities in cubic metres of each and all Waste discharged;
- c) the location and direction of flow of all Waste discharged to the land or Water;"

Inspector's Signature:



INDUSTRIAL WATER USE INSPECTION REPORT Pg. 3
 (Continued)

Date:	August 12, 2010	Licence #:	N7LI-1824
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Inspection Images:

Figure 1
Erosion is occurring on Soil Disposal Areas.



Figure 2
Wide array of erosion channels along face of Soil Disposal Area.



Figure 3
Water erosion running down slope towards area drainage which leads to Unnamed River.



Figure 4
The borrow areas disturbance to permafrost without full restoration continues to have slumping and subsidence.



Figure 5
The section of the access road removed for granular material, slumping and subsidence present.



Figure 6
Area of barge demobilization had large disturbance to shore.



REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR 2000

Revenue	Expenses	Net Income
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Continued on page 12

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The Board of Directors has reviewed the financial statements of the Corporation for the year ended December 31, 2000, and has determined that the financial statements present a true and fair view of the financial position and results of operations of the Corporation for the year ended December 31, 2000, in accordance with the accounting principles generally accepted in the United States of America.

The Board of Directors has also reviewed the financial statements of the Corporation for the year ended December 31, 1999, and has determined that the financial statements present a true and fair view of the financial position and results of operations of the Corporation for the year ended December 31, 1999, in accordance with the accounting principles generally accepted in the United States of America.

The Board of Directors has also reviewed the financial statements of the Corporation for the year ended December 31, 1998, and has determined that the financial statements present a true and fair view of the financial position and results of operations of the Corporation for the year ended December 31, 1998, in accordance with the accounting principles generally accepted in the United States of America.

The Board of Directors has also reviewed the financial statements of the Corporation for the year ended December 31, 1997, and has determined that the financial statements present a true and fair view of the financial position and results of operations of the Corporation for the year ended December 31, 1997, in accordance with the accounting principles generally accepted in the United States of America.