



JUN 20 1978

Mr. Glen Warner,
Chairman,
Northwest Territories Water Board,
c/o Northern Affairs Program,
Department of Indian and Northern Affairs,
P.O. Box 1500,
Yellowknife, Northwest Territories
X1A 2R3

Dear Mr. Warner:

I have approved the issuance of the water licence for Giant Yellowknife Mines and the two signed copies are enclosed.

My approval is subject to two conditions. When the measures for dealing with the mine effluent are eventually submitted to the Board, I will want to give my approval before such measures are implemented. Secondly, since the Water Board was not receptive to our suggestion to reduce the level of pollution on an interim basis, I will insist that the licensee comply with the effluent quality requirements stated in section 14 of Part C within thirty-six (36) months of the date of issuance of this licence. If the licensee has not complied by May 1, 1981, I will instruct my inspectors to initiate legal action. In other words, I am interpreting the last part of section 14 (i.e. "within such other time as is approved by the Board") to be something less than 36 months.

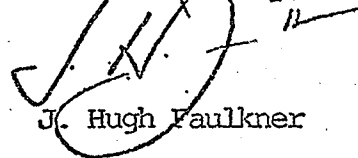
I am still somewhat uneasy about this licence because when I study the conclusions of the DPAT pilot study I see that for a capital cost of \$184,700 and an average annual operating cost of about \$150,000 two streams in the mill can be treated to give about a 60% reduction in arsenic, better than 90% removal of cyanide and a copper content equivalent to the licenced limit of 0.3 mg/l. I realize the necessary equipment could take up to 24 months to install and the problem of sludges has not been entirely resolved. In the circumstances, by concurring with your licence, I am, in effect, agreeing to permit the current high level of pollution to continue for 1 additional year (i.e. 36 months vs. 24 months for interim measures). I am willing to accept this circumstance and defend my approval from that point of view. However, I should forewarn you that if I receive substantial criticism on this licence I will expect the Water Board to prepare adequate and detailed documentation in support of my response.

In your covering letter you touched on a couple of points that I feel should be clarified for you. You referred to the delay of 1½ years in completing the review of this licence and you felt that the problem could perhaps be resolved by an official of headquarters sitting on the Technical Committee to the Water Board. You elaborated on this point in a separate letter and I have responded in a separate letter. However, in the same statement you indicate that the proper treatment of toxic waste was similarly delayed 1½ years and I do not think that is an accurate assessment. This original draft licence and the current version are largely devoted to prescribing studies that the licensee must conduct. But, it is not necessary to issue a licence in order to have studies undertaken and in this regard I would refer you to section 11(2) of the Northern Inland Waters Act. In these circumstances, the Water Board could have prescribed the necessary studies 1½ years ago.

You also seem to feel that the department's inspectors need to have an operator under licence in order to monitor studies on the use of water. This is not correct; see sections 29 and 30 of the Act. I do agree, however, that in order to monitor and enforce the discharge of specific quantities and qualities of waste, the operator must be licenced.

This licencing action has been difficult and involved and I do not want this letter to be construed as criticism of any of the parties involved. On the contrary, I am not sure that we could have done anything different under the circumstances. Please extend my appreciation to the members of the Board and the Technical Committee for their efforts.

Yours sincerely,



J. Hugh Faulkner

Encl.