

Ottawa spurns Curragh's abandonment plan, wants environmental assurances

By SARAH DAVISON
Star Reporter

The federal government has rejected Curragh Resources Inc.'s abandonment plan for the Faro mine.

And it's demanding a written commitment from the company promising that it will abandon the site in an environmentally-acceptable manner.

Federal bureaucrats were unavailable this

morning to explain this unprecedented request, or the extent of their concern about Curragh's long-term plans for the Faro region.

But a screening report issued by the committee responsible for the federal environmental review makes it clear that Curragh's existing proposal is considered completely inadequate.

The committee is not alone in its opinion.

The Ross River Dena Council and Selkirk First Nation, the Yukon government, the Yukon Conservation Society, and the federal Departments of Environmental Protection and Fisheries and Oceans all say pretty much the same thing.

All are intervenors at the public hearing to review the plan, which has been organized by the Yukon Territory Water Board

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Continued from front

for next Wednesday.

Ottawa has a number of major concerns:

- Curragh's plan to generate cash for abandonment by reprocessing metal-laden tailings at the site may prove inadequate, and the company has provided no alternative if metal prices prove uneconomic.

- There's a concern about the long-term stability of major structures at the site, including the massive Intermediate Dam.

Curragh fails to address structural issues in this plan, and the federal government wants to see an analysis of a catastrophic failure of these structures.

- There's a concern about the Faro pit's availability to retain metal-laden water, which would flow into Rose Creek and eventually the Pelly River.

Curragh has already agreed to increase monitoring of the area, but Ottawa wants to see a groundwater contingency plan in the event that Rose Creek does end up contaminated.

- Curragh only agrees to maintain the present water quality of Rose Creek after closure. But, as the federal government points out, present water quality in Rose Creek is unacceptable.

The government says that until a clear and acceptable water quality objective for Rose Creek is specified, the closure plan cannot be adequately reviewed.

- Need for a comprehensive abandonment plan — the government says it's not possible to adequately review this abandonment plan without a comprehensive plan which would tie all existing plans together.

Nor has it demonstrated how this revised plan fits in with other abandonment plans submitted in the past.

Ottawa says Curragh should produce a complete and final Faro mine comprehensive abandonment plan, which should be prepared, costed, and submitted together with a financial assurance proposal.

The government is also recommending that the area's wildlife resource be considered when the mine's surface lease comes up for

review or extension.

The Ross River and Selkirk First Nations have asked that fish and wildlife habitat in the Rose Creek Valley downstream be restored to the state that existed prior to the Faro mine.

And the First Nations have specifically expressed concerns about the likelihood of a catastrophic failure of tailings structures and groundwater contamination.

This latest abandonment plan is supposed to become a condition of

the company's water licence, and the board will have to decide whether to accept the plan as is, despite the extensive objections to it.

Late this morning, Lois Craig, the chair of the federal environmental review committee in Whitehorse, said she is recommending that the public hearing into the plan goes ahead as scheduled.

Because the Faro mine exists and is operating, it's felt that it's in the public interest for the abandonment plan to be reviewed publicly, she said.

It's also possible that Northern Development Minister Tom Siddon would sign the water licence amendment incorporating the plan subject to conditions, Craig said.

In recent discussions with Curragh, she added, the company said it believes the written commitment to abandon the Faro region in an environmentally-sound manner has been made in an "overview" the company gave the board last month.

Craig said the federal environmental review committee has yet to study this document to see if it agrees.

She refused to comment on the plan's indication of Curragh's long-term commitment to the Yukon.

"The company has submitted what it felt it was required to in its water licence. I can make no comment on the company's commitment, other than that the plans give a good indication of what their plans are."

A comprehensive plan which will incorporate all the company's suggestions to date is due by December, 1992, she said.

Curragh faces acid test at Faro

Mine drainage a major abandonment headache

Abandoning the Faro zinc-lead mine so it won't pollute the Pelly River is a daunting prospect. Faro is one of the world's largest mines, and was designed long before anybody had heard of acid mine drainage.

When exposed to oxygen, sulphide rocks produce acid which can leach metals into watersheds and destroy fish habitat. Faro consists almost entirely of sulphide rock.

But Curragh Resources Inc. believes it has devised an abandonment plan that will control acid mine drainage and make enough money to recover costs.

Its ingenious proposal, now under review by governments, suggests re-processing a substantial portion of Faro's massive tailings pile while neutralizing acid mine drainage with naturally-occurring bacteria.

(Tailings are the finely-ground waste material produced by a mill after it has removed most of the metal from crushed ore).

There are 56 million tonnes of tailings sitting behind three dams in Rose Valley at Faro. Curragh believes they still contain 800,000 tonnes of zinc, lead, copper, silver and gold.

Re-processed, they could be worth \$28.58 US per tonne — or \$1.5 billion.

After shut-down in 2008, Curragh proposes using high-pressure water guns to liquefy these Rose Valley tailings into a slurry form so they can then be sent through an adapted mill for a second metal recovery.

Curragh says metallurgical work has shown that about a quarter of the lead and more than half the zinc remaining in the tailings can be recovered this way.

The re-processing would be a seasonal operation for six months of the year during the summer, Curragh says. About 90 people would be employed for eight years.

Using its own existing data to calculate costs, Curragh says the pro-

ject should break even: the net-back value of the concentrate is \$2.27 Cdn per tonne of concentrate processed, while operating costs are \$2.28 Cdn.

However, the success of the re-processing project depends entirely upon metal prices, which have been estimated at an average over the past 20 years.

By SARAH DAVISON
Star Reporter

"Since reclaiming is being funded through the sale of bulk concentrates, world metal markets may not allow the generation of sufficient cash flows from time to time, causing temporary shutdown," the company's overview of its abandonment plans says.

"In this regard, the economics of reclamation will resemble the economics of most mines in a competitive, cyclical market."

After the Rose Valley tailings (37.7 million tonnes of them) have been re-processed, the remaining tailings will be flooded to prevent further oxidation.

The secondary tailings from the re-processing will be pumped into the abandoned Faro pit, which will begin to serve as a tailings pile sometime this year.

This, too, will be flooded at the completion of mining.

Because inflows will be greater than outflows, Curragh will have to pump excess water from the Faro pit — which will become Faro Lake — into the flooded Rose Valley area — which will become Valley Lake.

In the meantime, acid- and metal-laced water will be collected from berms, sumps and interceptor ditches surrounding a series of waste dumps, some of which are sulphide, and the flooded tailings piles.

One of the sulphide dumps, the Zone II pit, borders Faro Lake. Curragh proposes building a plug dam

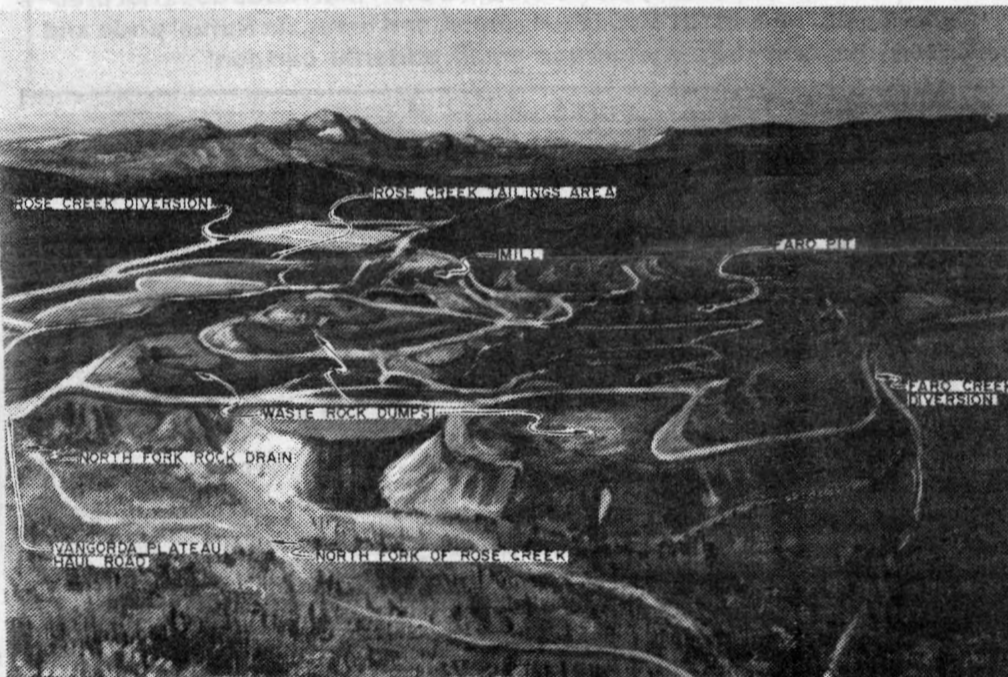
to avoid water leaching from Faro Lake into the Zone II area, where it could become contaminated and add to the amount of water that needs treatment.

After collection from the ditches, this acid and metal-laced water will be pumped into the abandoned underground mine shafts in the Faro pit for biologic treatment.

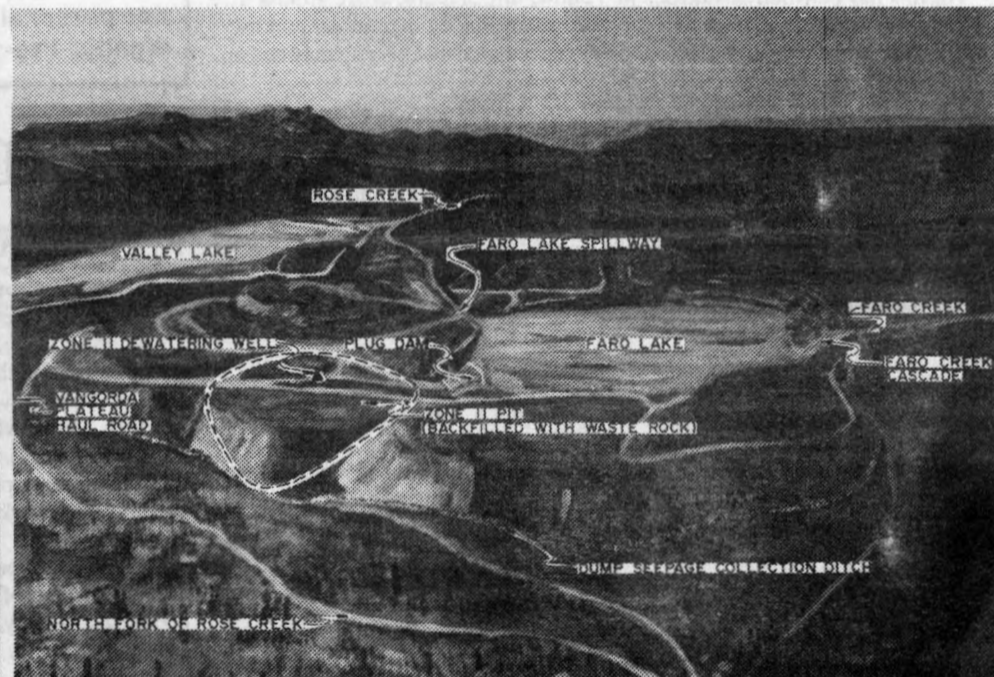
Plants will convert the harmful sulphates in the water back into the original sulphide minerals. Curragh says this is a newly-discovered phenomenon that occurs naturally at the Lokken Mine in Norway.

"The process is a model of simplicity," Curragh says. "Untreated, acidic, metal-rich, and potentially-hazardous waste dump drainage is pumped in; benign water acceptable for discharge to the environment is pumped out."

Curragh is proposing pumping down one truck-load of raw industrial sugar every four to six weeks to keep the bacteria working.



Before



After

Re-processing tailings is a grand idea, but what if it doesn't pay?

All the intervenors lined up to comment at next Wednesday's public hearing into Curragh Resources Incorporated's abandonment plan are concerned by the economic strings the company has attached to its proposal.

"(The plan's) economic feasibility is in doubt, and we are not confident that the proponent is committed to undertake the major decommissioning work that is not cost recoverable," the Yukon government says in its intervention.

The company fails to say it will abandon the site if the re-processing option turns out to be uneconomic.

And preliminary research by Bob Van Dijken of the Yukon Conservation Society suggests that, indeed, re-processing will not turn out to be economic.

He says Curragh uses a tailings characterization from the mine's first years of operation in its calculations. It also ignores improved metal recovery from various mill improvements over later years, he adds.

This inevitably affects metals concentrations and the value of the tailings to be re-processed.

Using figures provided by Curragh, Van Dijken says there's at least a 20-per-cent variation in the zinc content, and a seven-per-cent variation of the lead content.

The conservation society is demanding a more detailed analysis.

It's also questioning Curragh's projected costs, particularly concerning the Skagway port. There's no evidence the port would be available to Curragh if it was only to be used for six months, Van Dijken said.

"The transfer of tailings (from Rose Valley) to the Faro pit is the best long-term option, but we are not convinced re-processing will generate the necessary funds."

And if it doesn't, Van Dijken says the transfer of tailings will cost in the region of \$45 million. Curragh has already dismissed a second, \$50-million option as unrealistic.

"There must be assurances that abandonment is carried out," Van Dijken says. There must also be specific time frames for performance.

Federal agencies are more concerned by the stability of dams and structures, and the passage of metal-

laden water from the Faro pit through waste dumps where it could add to the volume of contaminated water requiring treatment.

Independent consultants hired by the federal government criticize Curragh for failing to produce any examination of water flows surrounding Faro pit.

Kevin A. Morin of Morwijk Enterprises Ltd. of Vancouver says there are sufficient data to infer that flooding of the Faro pit would enhance contamination migration to Rose Creek. However, there are not enough data to estimate its potential extent or severity.

Morin said the bedrock in the region is so fractured, there's evidence that groundwater pathways exist between the Faro pit to the Zone II pit. He's recommending an extensive, and notably absent, monitoring program to assess the problem and come up with a solution.

A second consultant, Milos Stepanek of Geo-Engineering Ltd., says the stability of the North Wall of the Faro pit is "marginal at best."

This will affect Curragh's plans to

divert water from Faro Creek to flood the pit. A re-design is suggested.

Geo-Engineering's major concern is the stability of structures. Curragh proposes overtopping the last of three dams (the Cross Valley Dam) in the tailings impoundment after removing tails for re-processing.

But Stepanek says the remaining, Intermediate dam was not designed for permanent use, and that the Cross Valley Dam indicated significant seepage.

The Intermediate Dam must be upgraded, he says. Furthermore, designing structures to 1:500 flood requirements is insufficient. They should be upgraded to probable maximum flood (PMF) standards, instead.

Geo-Engineering also questions Curragh's reasons for delaying post-closure requirements.

"Certain actions of the proposed decommissioning plan appear to be, in our view, unnecessarily delayed."

The mine will close in 2008, but some post-closure construction isn't slated to begin until 2018.

"We are concerned that no experienced mining personnel would be

available at the site to implement these measures. It would be prudent to revise the schedule and to implement some measures at the time of the completion of mining."

Environment Canada is requesting a Dec. 20, 1992 deadline for Curragh to produce a comprehensive, integrated plan. Water quality objectives should be improved in this plan, the agency says.

And until this plan is produced, Environment Canada is recommending that Curragh's water licence should include a commitment to abandon the mine without re-processing.

"The obligation to undertake adequate abandonment mitigation should not ... be contingent on market conditions."

This will likely involve the addition of lime to the tailings for acid neutralization.

Environment Canada and Fisheries and Oceans are also calling for a temporary abandonment condition that would require Curragh to abandon the mine in permanent condition after five years of "temporary" closure.

OPINION

Illegitimus Non Carborundum

The Whitehorse **STAR** Established 1900

Editorial

Merrily we float along

Across Canada, governments are morally and financially sagging under the dead weights of falling tax revenues, escalating social program costs and federal funding cutbacks. Never has the contrast been so stunning between the Yukon's "economy" and circumstances elsewhere.

In recession-riven Ontario, Premier Bob Rae is preparing to go on television to tell 10 million people that their choice is further slashes to social services, or aggravating this fiscal year's \$10-billion deficit even more.

The Yukon's government chief lament about its main financial pipeline, meanwhile, is that the federal government has pared the growth rate of the mammoth annual federal transfer payment.

A glance to the east provides more sobering evidence of how comparatively well off the Yukon is. The Northwest Territories government calculates that changes to its federal transfer payment arrangement will plop a \$150-million shortfall onto it by the end of 1993. It may have to borrow up to \$50 million by late March to satisfy its budgetary obligations of \$1.3 billion this fiscal year.

It has had a staff hiring freeze in effect since November. There's also been a wage freeze, and a moratorium on entering into consultants' contracts. New capital projects simply won't take place this year.

All this has petrified businesses in Yellowknife and elsewhere around the territory that rely heavily on civil servants' salaries and government purchasing. Yellowknife Mayor Pat McMahon has speculated that his city may end up with 300 empty homes.

Operations and maintenance activities are being frozen in all government departments to accommodate a five-per-cent cut to the budget. Winter roads to isolated communities may not be built.

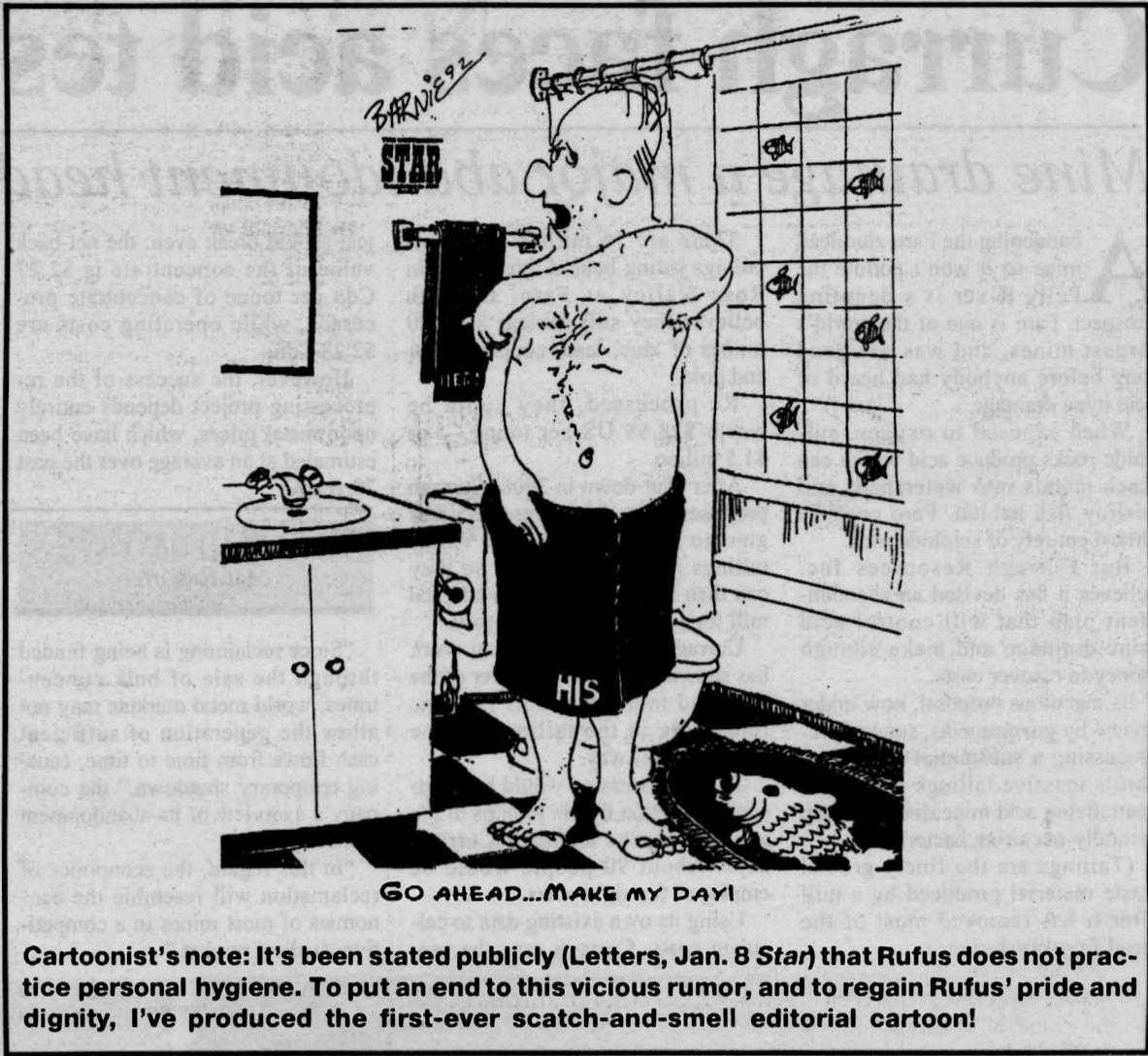
Programs have been pared in such detail that last month, the government backed out of a \$25,000-commitment to help upgrade a church to minimum standards in Fort Providence. The government has even made a bid to stop serving free liquor at its own functions! (That's something the City of Whitehorse recently decided to continue financing.)

The government has embarked on an ambitious plan to consolidate several departments, then turn over many programs and services to communities. Imagine the dogfights that are sure to result over the accompanying funding levels.

New Government Leader Nellie Cournoyea's lofty annual salary of \$113,000 was slashed by \$7,000 on New Year's Day. The Speaker's and ministers' \$106,000 salaries were reduced by \$5,000. Ministers have had the keys to their permanent cars snatched, and are using government compound vehicles instead. Deputy ministers, who take in between \$83,000 and \$120,000, will earn \$2,500 less annually.

Here in the Yukon, the government prepares to invest \$103 million of its \$417-million budget in capital projects. The payroll will soar by \$30 million to \$138 million a year. There's a \$45-million convention centre and a new arts centre being erected, and a possible major expansion of Hougens Centre.

Less expensive for a government to serve because of a smaller population in a more compact area, nestled in the golden tourism shadow of Alaska and buoyed by Curragh Resources Inc., the Yukon merrily carries on as Canada's fiscal Shangri-la.



Cartoonist's note: It's been stated publicly (Letters, Jan. 8 Star) that Rufus does not practice personal hygiene. To put an end to this vicious rumor, and to regain Rufus' pride and dignity, I've produced the first-ever scatch-and-smell editorial cartoon!

Women and the Constitution

By JON LEAH HOPKINS

The bastions of economic power are calling for consensus, finally acknowledging that this globe is home for all of us, and that the most disparate of partners will have to work together. Meanwhile, our federal government seems to be saying with its constitutional package that we all shouldn't be working together after all!

This constitutional round emphasizes the interests of the economically-privileged, mostly in the attempt to establish property rights and implement an economic union of all provinces and territories.

Property rights will put the courts in the position of balancing the interests of powerful economic groups against the interests of women and other disadvantaged people. This is how property rights have been used in the U.S. Constitution.

Since the Charter of Rights and Freedoms supersedes provincial legislation, entrenching property rights in the Charter could also severely weaken provincial human rights legislation. That guarantees the rights of individuals against discriminatory behavior by property-owners.

As well, property rights in the Charter could undermine provincial labor legislation, threaten the land claims of First Nations peoples, and undermine all environmental protection measures.

Economic union proposal establishes free trade among the provinces and territories without barriers or restrictions. We are fearful that the free movement of goods and services across territorial and provincial boundaries will result in increased competition. It would therefore pressure to lower standards in the areas of wages, benefits, health and safety in order to attract investment.

Moreover, the federal government

has given itself the sweeping power to make laws in relation to any matter that it unilaterally declares "to be for the efficient functioning of the economic union"!

In these new constitutional proposals, the spending power of the federal government on new social programs will be subject to severe restrictions. Proposed limitations include giving provincial governments a veto. In effect, starting a new social program will be as difficult as amending the Constitution.

OptiMSm

This could mean that we would never see federal social programs on child care or violence against women. Provinces and territories will have exclusive jurisdiction in the areas of housing and job training in which the federal government has heretofore played an important role.

For example, the Canada Mortgage and Housing Corp. is involved in many aspects of housing in the Yukon. The Canada Employment and Immigration Commission sponsors seats in Yukon College programs. These programs would likely disappear.

The proposals on immigration and culture are also problematic in so far as the federal government appears prepared to get out of any real responsibility in these areas as well. Provincial governments' responsibility in these areas may lead to their negotiating agreements which will result in racist policies.

A province could claim to be protecting the cultural identity of its population by "managing" the cultural mix of immigrants, selecting those with "western", i.e. European values.

Such policies could be justified on the grounds of the high economic

costs for social services and programs such as language and job training. The problem here is that provincial governments could discriminate on the basis of race, country of origin, class and culture. We feel that's a perpetuation of colonialist attitudes.

Finally, the new proposals do not recognize First Nations' self-government. The proposals do not place First Nations people on an equal level with Quebec as nations that desire the right of self-determination. What the proposals call self-government is really a formula that will tie First Nations people up in the courts, and there is a 10-year delay.

We need a Constitution that fosters the further advancement of equality of women and other disadvantaged groups. These proposals threaten to turn the clock backwards!

The Yukon Status of Women Council is interested in promoting community awareness and discussion on the Constitution. We are preparing a brief which we plan to present to the Joint Parliamentary Committee on the Renewal of Canada when it comes to Whitehorse on Jan. 28. As well, one of our members, Lynn Gaudet, will be attending the constitutional conference in Halifax on the "Division of Powers" Jan. 17-19.

Women interested in discussing constitutional matters are invited to a meeting on Jan. 13 at 7:30 p.m. at the T.C. Richards Building.

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