

007790

MR. CHAIRMAN, MEMBERS OF THE BOARD

WHEN CURRAGH PURCHASED THE FARO MINE AND OTHER ASSETS OF CYPRUS ANVIL IN 1985, IT INDICATED THAT THE EXISTING ABANDONMENT PROVISIONS WERE UNACCEPTABLE LIABILITIES WHICH, IF INSISTED UPON, WOULD HALT THE FINANCIAL ARRANGEMENTS FOR MINE REOPENING.

AS PART OF ITS REOPENING PROPOSALS, CURRAGH OFFERED TO CARRY OUT STUDIES ON TAILINGS ABANDONMENT AND TO BEGIN CONTRIBUTING TO A TRUSTEED ENVIRONMENT FUND WHICH WAS INTENDED "TO FUND, ON AN ANNUAL BASIS, ITS' OBLIGATIONS TO THE FUTURE CITIZENS OF THE YUKON" FOR MINE CLOSURE. THE AMOUNT REQUIRED WAS ESTIMATED BY CURRAGH IN 1985 TO BE 7.5 MILLION DOLLARS. IT WAS FURTHER STATED THAT "EVERY FIVE OR SIX YEARS" CURRAGH WOULD UPDATE ITS ESTIMATE OF THE COST OF ABANDONMENT ON THE BASIS OF ENGINEERING STUDIES BEING UNDERTAKEN. THE COMMITMENT TO THIS FUND WAS FORMALIZED IN A "MASTER AGREEMENT" SIGNED BY CANADA, YUKON AND CURRAGH.

IN THAT AGREEMENT THE CONTRIBUTED LEVY WAS ESTABLISHED AT 25 CENTS PER TONNE OF CONCENTRATE SHIPPED. ALSO IN THAT AGREEMENT IT WAS STATED THAT THE TRUSTEED ENVIRONMENT FUND WOULD BE PURSUANT TO AGREEMENT WITH THE WATERBOARD. THAT IS TO SAY THE WATERBOARD WAS DELEGATED THE JOB OF WORKING OUT THE DETAILS OF THE FUND GIVEN THE

BROAD FRAMEWORK OUTLINED IN THE MASTER AGREEMENT.

CURRAGH HAS MET ITS' OBLIGATION TO CREATE AND FUND THE T.E.F. A TRUST INDENTURE WAS PREPARED IN JULY, 1988 AND PRESENTED TO THE BOARD FOR THEIR CONSIDERATION AT PUBLIC HEARINGS HELD THAT MONTH. AFTER MUCH DISCUSSION AN OPINION ON THE FUND WAS SOUGHT FROM PROFESSOR WATERS. THIS OPINION WAS RECEIVED BY CURRAGH IN JULY, 1989. A REDRAFT OF THE INDENTURE WAS PREPARED INCORPORATING ~~SOME~~ *MOST* OF DR. WATERS' COMMENTS AND ^{WAS} SUBMITTED AT OUR LAST HEARINGS IN SEPTEMBER, 1989. DR. WATERS WAS AGAIN CALLED UPON TO COMMENT ON THE REDRAFT INDENTURE AND THESE COMMENTS WERE RECEIVED BY CURRAGH IN DECEMBER, 1989. THE SECOND REDRAFT OF THE INDENTURE IS TABLED HERE TODAY AND MR. CAMPION IS PREPARED TO DISCUSS THE REVISIONS. WE FEEL THAT NEARLY ALL OF DR. WATERS' CONCERNS HAVE BEEN MET OR IF NOT, THE REASONS WILL BE DISCUSSED. ~~THUS ANY OF THE CONCERNS OF THE BOARDS' COUNSEL WILL BE DEALT WITH.~~ OUR OBJECTIVE HERE TODAY IS TO SECURE THE BOARDS' AGREEMENT TO THE DETAILS OF THE FUND AS THE DESIGNATE OF THE OTHER PARTIES TO THE MASTER AGREEMENT. AFTER THE EXPENDITURE OF MUCH TIME, EFFORT, PATIENCE AND MONEY BY THE BOARD, CURRAGH AND INTERVENORS, IT IS TIME TO SETTLE THIS MATTER.

OUR OBJECTIVE IS NOT TO REVIEW AN ABANDONMENT PLAN NOR TO DISCUSS LEVELS OF FUNDING. IN MARCH OF NEXT YEAR

CURRAGH WILL SUBMIT A PLAN FOR THE CLOSURE OF THE REMAINING FARO SITE INCLUDING THE TAILINGS. AT THAT TIME THE COST OF AND THE SCHEDULE FOR CLOSURE WILL BE CLEAR. CURRAGH WILL THEN BE PREPARED TO DISCUSS THE AMOUNT OF THE FUND, IN ORDER TO PROVIDE OUR FAIR SHARE OF THE CLOSURE COSTS. DISCUSSION OF THE LEVY TODAY WOULD BE PREMATURE SINCE IT WOULD BE CLOUDED BY THE UNCERTAINTY OF HAVING NO CLEAR CUT PLAN FOR CLOSURE.

~~OUR EXPECTATION NEXT YEAR WILL BE THAT THE T.E.F. WILL BE PART OF A SINGLE WINDOW APPROACH TO PROVISION OF FINANCIAL SECURITY. AT THAT TIME CURRAGH WILL REQUEST REVIEW OF ALL AGREEMENTS ON SECURITY AND ABANDONMENT FUNDING AND REQUEST ONE GLOBAL PACKAGE.~~

I WILL NOW TURN OVER THE MICROPHONE TO MR. CAMPION WHO WILL DISCUSS THE NEW RE-DRAFT AND THE RESPONSE TO DR. WATERS SECOND REVIEW.

NOTE FOR GREGG ONLY:

THE FUND NOW CONTAINS APPROXIMATELY \$380,000; AN ADDITIONAL \$13²000 WILL BE DEPOSITED AT THE END OF THE MONTH. ADDITIONALLY, CURRAGH HAS PROVIDED A \$500,000 LETTER OF CREDIT AS SECURITY.

Mr. Ferguson

ANTON, CAMPION, MACDONALD & PHILLIPS

BARRISTERS & SOLICITORS

JOHN H.P. ANTON, B.C.
C. BRIAN CAMPION
R. GRANT MACDONALD, C.C.
STEPHEN J. PHILLIPS
KENNETH A. OYLER
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RICHARD A. SUCHAN
PETER B. ANDREKSON
MARION E. DEE

GREGG JILSON

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FAX TRANSMISSION

TO: Curragh Resources, Toronto
ATTENTION: ~~George Whyte, Q.C.~~
FAX NUMBER: 416-~~363~~-8993
FROM: C. Brian Campion
DATE: January 26, 1990
FILE NUMBER: 14587/064
NUMBER OF PAGES TRANSMITTED (INCLUDING COVER PAGE) 4

COMMENTS:

Pursuant to your telephone instructions of this morning, the revised 23 January 1990 letter to the Water Board was delivered this afternoon.

IF YOU DO NOT RECEIVE ALL PAGES PLEASE TELEPHONE 403-667-7885 AND ASK FOR KAREN. Thank You.

ANTON, CAMPION, MACDONALD & PHILLIPS
BARRISTERS & SOLICITORS

Encl Mine
TEF

JOHN H.P. ANTON, Q.C.
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January 23, 1990

Yukon Territory Water Board
c/o Preston, Willis & Leitch
Barristers & Solicitors
2093 Second Avenue
Whitehorse, Yukon

Attention: Grant Livingston, Chairman
Bruce Willis, Q.C., Solicitor

Dear Sirs:

Re: Curragh Resources Inc. ("Curragh")
Trusteed Environmental Fund ("TEF")

Further to the Board's solicitor's written enquiry of 27 December 1990 regarding Curragh's position on the question of the Board's jurisdiction with respect to the TEF, please be advised that Curragh's position is as follows:

1. In 1985, when Curragh was contemplating purchase of the Cyprus Anvil mine, discussions and negotiations were undertaken with the Federal and Territorial governments in connection with the financial obligations Curragh would be asked to undertake in connection with environmental protection and security therefor.
2. It was agreed and provided for in the October 1985 Master Agreement between Curragh and the two governments that the sum of 25 cents per wet metric tonne shipped would be levied for purposes of funding a TEF. Curragh has fully honoured its obligation in this regard and will continue to do so. Additionally, a \$500,000.00 security is being maintained by way of Letter of Credit from The Toronto-Dominion Bank; and Curragh has incurred and continues to incur millions of dollars of additional operational and capital expenditures on environmental protection and environmental studies (approximately \$5.9 million in the three years 1987 - 1989).
3. It was further provided, in the Master Agreement, that the creation of the TEF and the settlement of its other terms and conditions was to be pursuant to agreement with the Yukon Territory Water Board. Curragh has certainly lived up to both the

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spirit and the letter of this undertaking and it is fair to state that the trustdeed is very close to conclusion with the majority of the Board's trust counsel's recommendations having been agreed to and incorporated.

4. It is Curragh's position that the Board has a contractual mandate and responsibility, as the designated representative of the Federal and Territorial governments, to negotiate and settle, with Curragh, the other terms and conditions of the TEF.
5. To this point Curragh has considered the Board's public hearing involvement with the TEF to be fulfilment of its designated contractual mandate. The fact that such hearings have coincided with the Board's fulfilment of its statutory responsibilities on licensing issues has been taken as being a matter of convenience and expediency.
6. Curragh is of the view that the Board does not have statutory jurisdiction to impose a TEF as a term or condition of a licence. The general power granted under section 12(1) of the Northern Inland Waters Act (the "NIWA") is, insofar as the issue of security is concerned, completely abridged and curtailed by the specific and limiting provisions of section 13(3) of the said Act and by section 13 of the NIWA regulations.
7. Although Curragh cannot consent to statutory jurisdiction which is absent, the issue does appear somewhat moot. The reasoning for so stating is resident in the common sense conclusion that it is quite unnecessary for the Board to concern or involve itself with the question of statutory jurisdiction. Once the trustdeed is settled in final form, it will stand as a contractual obligation which is fully enforceable at the instance and command of the Federal and Territorial governments. There is then no practical purpose or necessity for the Board to involve itself with the thorny issue of statutory jurisdiction since nothing is to be practically gained by having the TEF in the licence. The trustdeed and the TEF are, in fact, solid and substantial security, albeit contractually provided for outside of a statutory references.

The foregoing constitutes everything that Curragh anticipates submitting on the question of jurisdiction. We request that this position letter, which is provided at the Board's request, be submitted as an exhibit at the upcoming hearing in which case, in the absence of anything new arising, Curragh would not expect to occupy any hearing time on this matter.

Please note that Dr. Waters' November 1989 report on the redrafted trustdeed has now been reviewed by Curragh's trust law counsel. A further redrafted trustdeed will be tabled as soon as possible to

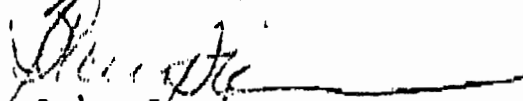
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include and incorporate the majority of Dr. Waters' recommendations and suggestions.

Yours very truly,

ANTON, CAMPION, MACDONALD & PHILLIPS



C. Brian Campion

CBC/ks

81-04750 10-03 8 403 667 7000 H.C.N. & P. 82 926 E.W. TEF

PRESTON, WILLIS & LUTCH

BARRISTERS & SOLICITORS

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REPLY ATTENTION OF Bruce L. Willis, Q.C.

OUR FILE NO. 14170

December 27, 1989

BY HAND

WITHOUT PREJUDICE

Anton, Campion, Macdonald & Phillips
Barristers & Solicitors
200 - 204 Lambert Street
Whitehorse, Yukon

Attention: C. Brian Campion, Esq.

Dear Sirs/Mesdames:

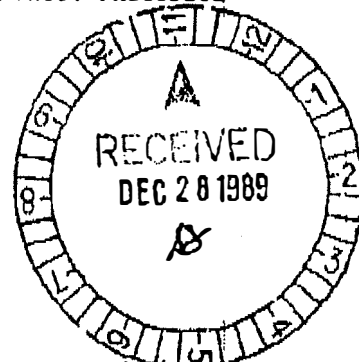
Re: Curragh Resources Inc.

We are the solicitors for the Yukon Territory Board ("the Board"). We understand that you are the solicitor and agent for Curragh Resources Inc. ("Curragh"). We further understand that at the last Board hearing dealing with Curragh's application for renewal of its license, you stated as agent for and on behalf of Curragh that you were questioning the jurisdiction of the Board to deal with the Curragh Truusted Environmental Fund Deed ("the Deed").

Since two days have been set aside in February 1990 to complete the public hearing into the Deed, the Board has requested that you outline in writing whether or not Curragh is now taking the position that the Board has no jurisdiction to hear the matter, and whether or not in the hearings in February 1990, you will be objecting to jurisdiction.

If you are objecting to jurisdiction at this late date and after extensive public hearings have been held, the Board would appreciate an outline as to the reasons you are objecting to the Board's jurisdiction and any written material or cases that you plan to rely on arguing against the Board's jurisdiction to deal with the Deed in February 1990.

We would appreciate a reply no later than January 10, 1990. If we do not hear back from you by that date, we will presume that jurisdiction



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File 14170
Anton, Campion, Macdonald & Phillips

is not seriously being questioned at this late date, and the Board will continue its public hearings with respect to the Deed.

Yours very truly,

PRESTON, WILLIS & LEITCH



Bruce L. Willis

BLW/law

cc. Grant Livingston
Yukon Territory Water Board

RECEIVED

REASONS FOR DECISION, CURRAGH IN89-001

The applicant, Curragh Resources Inc., made application to the Yukon Territory Water Board to renew water use licence Y-IN85-05A. In addition to the renewal, the Licensee requested specific changes which were detailed in the exhibit list.

Subsequent to the gazetting notice, the Board received interventions from the following:

1. Ross River Dena Council and Selkirk First Nation ("RR/S").
2. Yukon Conservation Society ("YCS").
3. Indian & Northern Affairs Canada, Northern Affairs Program ("DIAND").
4. Environment Canada and Fisheries and Oceans Canada ("EPS").

A public hearing into this application took place in Whitehorse on September 7, 1989 and September 8, 1989. A copy of the exhibit list is attached. Several exhibits were entered during the hearing and, in certain cases, all parties were permitted to submit written comments after the proceedings. All additional exhibits and subsequent responses were made available to all parties.

All parties at the public hearing recognized the need for a short term extension to licence IN85-05A, which was to expire on September 24, 1989. The licence was therefore extended until January 31, 1990 in order to allow the Board adequate time to review all presentations.

Following an intensive review of all exhibits and verbal presentations, the Board has agreed to the Licensee's request for renewal. The Board concurs with the statements made by several parties that the previous licence has, through various amendments, become unwieldy and has issued water use licence Y-IN89-001, which incorporates many of the conditions of licence Y-IN85-05A, as amended by 88-1 and 89-1. The approach taken in this Reasons for Decision document is to address those areas where licence clauses differ significantly from those of the previous licence. Except where otherwise stated, all references to parts and sections relate to licence Y-IN89-001.

PART A - GENERAL CONDITIONS

Part A Section 10 - Term of Licence

The Licensee requested a seven year term. EPS and DIAND agreed. YCS stated a preference for an expiry date of July 1992 when more information regarding downstream water quality would be available. RR/S recommended a two-year licence.

The Board noted that amendments to the licence could be initiated if, at some time during the life of the licence, downstream water quality data indicated an amendment would be in the public interest. The Board concurred with the Licensee's contention that hearings for amendments allowed all parties to focus on specific issues. On the other hand the Board notes that when specific amendments are before the Board for consideration it does not preclude other licensing matters from being heard. Moreover, the Board agreed that a long term licence would provide greater certainty regarding the responsibilities of the Licensee in the event of unanticipated temporary closure or abandonment.

PART B - CONDITIONS APPLYING TO OPERATION

Part B Section 2 - Waste Discharge

DIAND requested that the standards be changed from "extractable" to "total". Although extractables are less sensitive to air contaminants, the Board felt that an acceptable quality control program would mitigate the possibility of air contaminants. Since the Licensee currently monitors totals and totals are an acceptable standard for most metal mines in Canada, the Board has applied this method of measurement to this licence.

The previous licence, in Part B Section 2(f), stipulated specific sampling stations at which the effluent standards had to be met as well as giving the Board the discretion to specify other sampling points from time to time. To provide certainty, the Board has decided to specify the sampling points in this licence.

Part B Section 3 - Tailings Disposal System:

Regarding sections 3(a)(b)(c)(d)(e), the former licence required the Licensee to seal the natural ground behind the intermediate dam. The Licensee contended that past and future attempts to seal off the path of ground water flows would be of little benefit for structural stability or reduced risk of downstream pollution. The Licensee also requested that this requirement be removed.

The Licensee requested Board approval to dispose of tailings behind the intermediate dam, the old tailings impoundment, the abandoned Faro pit and as backfill in an as-yet undeveloped underground mine. DIAND requested that disposal of tailings be limited to the area behind the Intermediate dam and that only those tailings generated from the Faro pit be accommodated in this area. All parties were in agreement that a tailings deposition plan should be prepared. This has been addressed in Part B Section 4.

The Board concluded that the opportunity for effectively sealing the ground behind the intermediate dam has passed and therefore removed this as a requirement. In the absence of an overall tailings deposition plan the Board felt that it would be premature to permit

the Licensee carte-blanche permission to deposit tailings from the Vangorda ore body. The Board however, did not find unreasonable the Licensee's request to deposit tailings derived from a bulk sample taken from Vangorda behind the Intermediate Dam. The Licensee will only be permitted to deposit tailings into the unused capacity of the old storage area in the event of a spill or accidental unauthorized discharge or as necessitated by the reconstruction of the Intermediate Dam.

As to the request to deposit tailings as backfill in an underground mine which is not yet developed and the Faro pit itself, the Board concluded that such permission would be premature until such time as an overall tailings deposition plan is prepared.

Regarding Section 3(g), the intent of this clause remains the same as Part B Section 3(e) of the previous licence.

The current licence requires the Licensee to maintain the hydraulic capacity of the diversion channel and tailings dams at the 1:500 year flood flow. The Licensee had requested the Board to reduce the spillway capacity of the tailings dam to meet 1:50 year flood flow.

The Licensee contended that there was little risk of failure of the diversion canal dyke during the 1:500 year design flood. Another body of opinion including DIAND, EPS, and the Board's engineering consultant argued that there is indeed a risk of failure of the diversion dyke during design flood and therefore argued further the need to maintain a similar criteria through the tailings dams. The Board concluded that given the potential risk of the failure of the diversion canal it would be in the public interest to maintain the current licence provision of the 1:500 year flood flow for both the diversion canal and the tailings dams.

The previous licence required that flow weirs be constructed at the decant structures on the intermediate and cross valley dams. The Board agreed with EPS and RR/S that flow measurement at these two points could provide useful water balance data and has addressed this in the monitoring schedule.

Regarding Section 3(i), the Licensee, with the concurrence of DIAND and EPS, requested that the report reference be changed to "60605". The Board is concerned that specific parameters must exist to define "temporary" as opposed to "permanent" abandonment in order to avoid a situation where a Licensee could deem a closure to be "temporary" ad infinitum. The Board agreed that, in order to protect water quality in the long term, it would be reasonable to require that permanent abandonment measures be undertaken after a temporary closure of five years. Report 60605 pertains to temporary abandonment. Permanent abandonment plans have not yet been finalized. However, efforts in this area are required by this licence. The Board concluded that Part B Section 3(i) would provide some degree of interim comfort in the event of prolonged closure.

Part B Section 4 - Tailings Deposition Plan

A number of intervenors requested a tailings deposition plan be developed. The Board agreed with this suggestion and acknowledged that the Licensee will require a reasonable period of time in which to gather and collate data necessary for the development of a plan. While this licence requires the Licensee to prepare a tailings deposition plan, the specific terms of reference upon which to base such a plan have not been specified. The Licensee is urged to consult with the appropriate regulatory agencies in an attempt to reach concurrence on the appropriate data requirements and scope.

Part B Section 5 - Water Conservation and Reclaim

Under the previous licence the Licensee was required to assess the impact of eliminating the 1000 igpm overflow at the pumping reservoir spillway. In addition the Licensee was required to submit a long range plan for water conservation and recycling of process water.

The Licensee stated that a water conservation plan had been submitted in the 1987 annual report and an internal study of water recycling options had been completed. Several intervenors were of the opinion that the information to date provided by the Licensee is inadequate. EPS, RR/S and YCS stressed the need for a comprehensive water conservation and recycle plan to be developed and implemented, having particular regard for mitigation of the effects of effluent on Rose Creek under low flow conditions. At the hearing, the Licensee proposed to undertake a detailed water conservation and recycle program. The proposed schedule of studies, including implementation, is included as a provision of this licence.

This clause does not contain any requirement for the plan to require Board approval prior to implementation. However, the Board anticipates that the plan submitted under clause 5(b) will be subjected to scrutiny by the public and government agencies. Any party could request changes to the plan by requesting that the Board amend clause 5(c) of the licence. Furthermore, the issue of assessing the impact of eliminating the flow at the pumping reservoir spillway is addressed in Part C of this licence.

Part B Section 9 - Groundwater Contingency Plans

The Licensee had requested that the clause be worded as follows:

"...The Board may require that the Licensee implement the contingency plan..."

All parties agreed. However, since no mechanism exists for the Board to require the Licensee to take any action except through the licensing and amending procedure and corresponding opportunity for public review, the proposed wording would be inappropriate and not enforceable.

The Board recognizes that all parties at the public hearing expressed concerns regarding the protection of downstream waters from groundwater which might be contaminated. It would appear reasonable that the onus should be on the Licensee to implement the contingency plan if licence limits are exceeded. The Board recognizes that enforcement agencies would assume an active role in the enforcement of this clause and therefore concluded that the interests of the public would be better served with the revised wording.

Part B Section 10 - Seepage Control

In response to concerns expressed by DIAND and the Board's engineering consultant regarding seepage at the cross valley dam, the Licensee agreed at the hearing to install a toe berm during the next year. Having considered this matter, the Board is requiring the Licensee to construct a toe berm at the Cross Valley Dam within an 18 month period. Furthermore, in the construction design, the Licensee is obligated to meet earthquake design criteria.

PART C - GENERAL PROVISIONS FOR REPORTS SAMPLING & ANALYSIS

Part C Section 1 (Monthly reports)

In order to assure timely submission of these reports, EPS requested that the Licensee be required to submit them to the Board within a specified (30 day) time frame. The Board agreed.

Part C Section 2 (QA/QC)

The Licensee proposed using a combination of internal and external labs to analyze samples and, at the hearing, made a commitment that where analysis would be done by an internal lab, such analysis would not take place until acceptable lab procedures are in place. In order to ensure this, the Board has required that a quality assurance/quality control (QA/QC) program be submitted. The Board anticipates that the Licensee will co-operate with DIAND in the development of this plan.

PART D - REHABILITATION AND ABANDONMENT

Part D Section 2(ii)

Pursuant to Part D of this licence the Licensee is obligated to submit to the Board, no later than March 31, 1991, a comprehensive abandonment plan for the tailings impoundment area. The plan referred to will be subjected to public review and may necessitate a public hearing.

In the event of abandonment prior to the submission of the abandonment plan referred to above, and prior to consideration of such plan by the Board, the Board feels obligated, in the public interest, to establish in this licence some measurable objectives in terms of water quality of Rose Creek downstream of the tailings facilities.

Part D Section 2(ii) of the previous licence states: (The Licensee shall):...abandon the operation in such a manner that the long term water quality of Rose Creek downstream of the tailings facility is equal to or better than that during operations."

The Board was concerned with linking the water quality standard to the standard during operations as the operating standard may or may not be acceptable. In fact, it is conceivable that at a given point in time the operation may not be in compliance with the licence conditions.

Given the inadequacy of the previous licence provisions and the need to specify some measurable water quality objectives as interim measures prior to consideration of the final abandonment plan, the Board has decided to obligate the Licensee to meet the standards of the Canadian Water Quality Guidelines of the Canadian Council of Resources and Environment Ministers, March 1987 (table 3.1 - Guidelines for Freshwater Aquatic Life.)

In the preparation of the abandonment plan to be submitted by March 31, 1991, the Licensee is urged to give full consideration to the utilization of these guidelines as design objectives.

Part D Section 5

The wording of this clause has been changed slightly to give recognition to report 60602 as an acceptable foundation for the development of comprehensive tailings abandonment plan. Again, the Board agreed that the submission of this plan to the Board would trigger public scrutiny which, if the plan were not acceptable, could lead to requests that the Board initiate amendments to Part D Section 5(c).

Part D Section 6

Part D Section 6 of the previous licence required the Licensee to submit abandonment plans for the Grum/Vangorda project. The Licensee argued that the abandonment planing for Grum/Vangorda would be more appropriately addressed as an integral component of the water licence application for the project. Several of the intervenors agreed with this approach, therefore Part D Section 6 of the previous licence has been deleted.

This section also required submission of abandonment plans for other Faro mine site facilities. This requirement was met by the submission of these plans with the application. The plan has been referenced in this licence.

Part D Section 7 of the previous licence required the submission of a comprehensive progress report on the Tailings Pond Abandonment Plan Development Program. In addition, a six month progress report on the schedule of abandonment studies was required by the previous licence,

and tabled by the Licensee at the public hearing. All parties agreed that written comments could be submitted to the Board in regard to this report. The Board subsequently received written comments from EPS and agrees with the comment made by EPS that the Licensee should be complemented for their effort. The Board agreed with EPS that some additional studies and/or reports should be required of the Licensee and has addressed this request in Part D, Section 6(d).

Regarding the funding of abandonment, the Board, with the concurrence of all parties, agreed to adjourn that portion of the public hearing dealing with the trusteed environmental fund until a date which would be determined by the Board. The Licensee submitted, at the hearing, a proposed deed of trust which all parties requested sufficient time to review. The Board has agreed that this portion of the hearing would reconvene on Feb. 6, 1990. Prior to that, the Board will retain an expert on the law of trusts to provide an opinion on the proposed deed. At the conclusion of the reconvened public hearing, the Board anticipates that specific clauses dealing with the funding of abandonment will be incorporated into this licence.

Schedule A

The Licensee submitted a proposed surveillance monitoring program (Schedule A, Part III) during the public hearing. All parties agreed that written responses following the hearing would be acceptable. DIAND subsequently submitted a response which was forwarded to the Licensee. The Board agreed with DIAND that the approach taken by the Licensee regarding the use of internal and external laboratories will provide the most benefit as it pertains to accuracy. The Board further agrees that a quality assurance/quality control program is necessary to assure the integrity of data derived from analysis. The Board urges the Licensee to work closely with DIAND in the development of this program and to accept DIAND's offer of assistance in determining the most effective method of monitoring flows at certain stations.

EPS, RR/S, and YCS all expressed concerns regarding the quality of groundwater. Both RR/S and EPS were concerned about downstream water quality during periods of low flow. The Board has decided to require additional groundwater and surface water sampling.

Schedule B

In order to improve the reliability of data, two additional sampling points have been provided as well as changes to water quality analysis requirements.

Schedule C

The Board appreciated the co-operative spirit displayed by the Licensee and DIAND in development of a physical monitoring program. The schedule suggested by the Licensee has been incorporated into the license with some changes which the Board felt were necessary in order to address concerns expressed regarding the cause, extent and ramifications of cracking on the cross valley and intermediate dams, and the need for water level monitoring at the intermediate dam and cross valley dam.

Schedule D

Schedule D remains unchanged from the previous licence.



Grant Livingston, Chairman

Condensed Summary of Significant Decisions
to Curragh Resources Water Licence - Faro Yukon

This document is not intended to represent a comprehensive overview of the revisions to the Curragh licence but rather is to highlight some of the more significant decisions.

1. To renew the licence for a 7 year term to Jan., 1997.
2. To delink the potential Grum/Vangorda project from the Faro operation with the exception of permitting a bulk sample testing program.
3. To restrict the disposition of tailings to the current impoundment area pending the development of a comprehensive tailings deposition plan.
4. To require a toe berm to be constructed on the cross valley dam to control seepage.
5. To require the development of a comprehensive water conservation and recycling strategy.
6. To require the Licensee to submit an abandonment plan by March 31, 1991 and to strengthen interim abandonment measures in the event of closure prior to the adoption of the plan.
7. To maintain a 1:500 year flood flow criteria for the diversion canal and the tailings impoundment.
8. To require additional data collection to enhance reliability of information and to provide for further assessment of environmental impacts.
9. To address the issue of the creation of a Trusted Environmental Fund at a future date.