

Mackenzie Valley Land and Water Board

7th Floor - 4910 50th Avenue • P.O. Box 2130

YELLOWKNIFE, NT X1A 2P6

Phone (867) 669-0506 • FAX (867) 873-6610

October 19, 2001

File: MV2001L2-0004

Mr. Derek Chubb
BHP Diamonds Inc.
#1102, 4920 - 52nd Street
YELLOWKNIFE, NT X1A 3T1

Dear Mr. Chubb:

ISSUANCE OF A TYPE "B" WATER LICENSE

Attached is Water License No. MV2001L2-0004 granted by the Mackenzie Valley Land and Water Board (MVLWB) in accordance with the *Northwest Territories Waters Act*. A copy of this License has been filed in the Public Registry at the office of the MVLWB. The Board approved the issuance of Water License MV2001L2-0004 for a period of five (5) years commencing October 19, 2001 and expiring October 18, 2006.

Attached are general procedures for the administration of licenses in the Northwest Territories. I request that you review these and address any questions to the Boards office.

Please be advised that this letter, with attached procedures, all inspection reports, and correspondence related thereto, are part of the Public Registry, and are intended to keep all interested parties informed of the manner in which the License requirements are being met. All Public Registry material will be considered when the License comes up for renewal or amendment.

The full cooperation of BHP Diamonds Inc. is anticipated and appreciated.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Melody J. McLeod".

Melody J. McLeod
Chair

Attachments

Copy to: Ed Hornby, District Manager, South Mackenzie District, DIAND, Yellowknife
David Milburn, Water Resources Division, DIAND
Laurie Cordell, Regulatory Officer, MVLWB
Distribution List of Reviewers



**MACKENZIE VALLEY LAND AND WATER BOARD
WATER LICENSE**

Pursuant to the *Mackenzie Valley Resource Management Act* and Regulations the Mackenzie Valley Water Board, hereinafter referred to as the Board, hereby grants to:

BHP Diamonds Inc.
(Licensee)
of
#1102, 4920 52nd Street YELLOWKNIFE NT

hereinafter called the Licensee, the right to alter, divert or otherwise use water subject to the restrictions and conditions contained in the *Northwest Territories Waters Act* and Regulations made thereunder and subject to and in accordance with the conditions specified in this License.

License Number: MV2001L2-0004

License Type: B

Water Management Area: 2

Location: Ekati Minesite, Sable Haul Road

110°36'39 - 110°36'48, 64°44'39 - 64° 44'39

Purpose: Withdrawal of water for Road Watering

Description: Falcon Road Watering Station

Quantity of water **not to be exceeded**: 100, 000m³ annually

Effective Date of License: October 19, 2001

Expiry Date of License: October 18, 2006

This License issued and recorded at Yellowknife includes and is subject to the annexed conditions.

MACKENZIE VALLEY LAND AND WATER BOARD

Carolyn Fangis
Witness

[Signature]
Chair

**GENERAL PROCEDURES FOR THE ADMINISTRATION OF LICENSES
ISSUED UNDER THE NORTHWEST TERRITORIES WATERS ACT
IN THE NORTHWEST TERRITORIES**

1. At the time of issuance, a copy of the License is placed on the Public Registry in the office of the Mackenzie Valley Land and Water Board in Yellowknife, and is then available to the public.
2. To enforce the terms and conditions of the License, the Minister of Indian Affairs and Northern Development has appointed Inspectors in accordance with Section 35(1) of the *Northwest Territories Waters Act*. The Inspectors coordinate their activities with staff of the Mackenzie Valley Land and Water Board. The Inspector responsible for License No. MV2001L2-0004 is located in the South Mackenzie District Office in Yellowknife.
3. To keep the Mackenzie Valley Land and Water Board and members of the public informed of the Licensee's conformity to License conditions, the Inspectors prepare reports which detail observations on how each item in the License has been met. These reports are forwarded to the Licensee with a covering letter indicating what action, if any, should be taken. The inspection reports and covering letters are placed on the Public Registry, as are any responses received from the Licensee pertaining to the inspection reports. It is therefore of prime importance that you react in all areas of concern regarding all inspection reports so that these concerns may be clarified.
4. If the renewal of License No. MV2001L2-0004 is contemplated it is the responsibility of the Licensee to apply to the Mackenzie Valley Land and Water Board for renewal of the License. The past performance of the Licensee, new documentation and information, and points raised during a public hearing, if required, will be used to determine the terms and conditions of any License renewal. Please note that if the License expires and another has not been issued, then water and waste disposal must cease, or you, the Licensee, would be in contravention of the *Northwest Territories Waters Act*. It is suggested that an application for renewal of License No. MV2001L2-0004 be made at least eight (8) months in advance of the License expiry date.
5. If, for some reason, License No. MV2001L2-0004 requires amendment, then a public hearing may be required. You are reminded that applications for amendments should be submitted as soon as possible to provide the Mackenzie Valley Land and Water Board with ample time to go through the amendment process. The process may take up to six (6) months or more depending on the scope of the amendment requested.
6. Specific clauses of your License make reference to the Board, Analyst or Inspector. The contact person, address, phone and fax number of each is:

Mackenzie Valley Land and Water Board:

Public Registry Clerk
Mackenzie Valley Land and Mackenzie Valley Land and Water Board
P.O. Box 2130
4910 50th Avenue, 7th Floor
YELLOWKNIFE NT XIA 2P6
Phone No. (867) 669-0506
Fax No. (867) 873-6610

Analyst:

Analyst
Water Laboratory
Department of Indian Affairs and Northern Development
P.O. Box 1500
4601- 52nd Avenue
YELLOWKNIFE NT XIA 2R3
Phone No. (867) 669-2780
Fax No. (867) 669-2718

Inspector:

South Mackenzie District Office
16 Yellowknife Airport Road
YELLOWKNIFE NT XIA E52
Phone No.: (867) 669-2761
Fax No.: (867) 669-2720

PART A: SCOPE AND DEFINITIONS

Scope

This Licence entitles BHP Diamonds Inc. to use water for road watering from the Falcon road watering station for industrial undertakings in mining and milling production and associated uses by BHP Diamonds Inc., Ekati Minesite located at 110°36'39 - 110°36'48, 64°44'39 - 64° 44'39, Northwest Territories.

This Licence is issued subject to the conditions contained herein with respect to the taking of water and the depositing of waste of any type in any waters or in any place under any conditions where such waste or any other waste that results from the deposits of such waste may enter any waters. Whenever new Regulations are made or existing Regulations are amended by the Governor in Council under the *Northwest Territories Waters Act*, or other statutes imposing more stringent conditions relating to the quantity or type of waste that may be so deposited or under which any such waste may be so deposited, this Licence shall be deemed, upon promulgation of such Regulations, to be automatically amended to conform with such Regulations.

Compliance with the terms and conditions of this Licence does not absolve the Licensee from responsibility for compliance with the requirements of all applicable Federal, Territorial and Municipal legislation.

Definitions

In this Licence: MV2001L2-0004

“**Act**” means the *Northwest Territories Waters Act*,

“**Regulations**” means Regulations proclaimed pursuant to Section 33 of the *Northwest Territories Waters Act*,

“**Minister**” means the Minister of Indian Affairs and Northern Development;

“**Board**” means the Northwest Territories Water Board established under

“**Inspector**” means an Inspector designated by the Minister under Section 35(1) of the *Northwest Territories Waters Act*,

“**Analyst**” means an Analyst designated by the Minister under Section 35(1) of the *Northwest Territories Waters Act*,

“**Licensee**” means the holder of this Licence:

“Waste” means waste as defined by Section 2 of the *Northwest Territories Waters Act*;

“Water Supply Facilities” comprises the area and associated intake infrastructure as identified in Figure 1, titled “Falcon Lake Access Road Preliminary Design”, and attached to the response to information requests dated June 1, 2001;

“Waste Rock” means all rock materials, except ore and tailings, which are produced as a result of mining operations;

“Modification” means an alteration to a physical work that introduces a new structure or eliminates an existing structure and does not alter the purpose or function of the work, but does not include an expansion.

PART B: GENERAL CONDITIONS

1. The water use fee shall be paid annually in advance.
2. The Licensee shall file an Annual Report with the Board not later than March 31st of the year following the calendar year reported which shall contain the following information:
 - a. the monthly and annual quantities in cubic metres of fresh water obtained from all sources;
 - b. tabular summaries of all data generated under the “Surveillance Network Program”;
 - c. a list of unauthorized discharges;
 - d. a summary of any abandonment and restoration work completed during the year and an outline of any work anticipated for the next year;
 - e. a summary of any studies requested by the Board that relate to waste disposal, water use or reclamation, and a brief description of any future studies planned;
 - f. any other details on water use or waste disposal requested by the Board by November 1st of the year being reported;
 - g. any revisions to the approved Contingency Plan;
 - h. any revisions to the approved Abandonment and Restoration Plan;

3. Meters, devices or other such methods used for measuring the volumes of water used and waste discharged shall be installed, operated and maintained by the Licensee to the satisfaction of an Inspector.
4. The Licensee shall ensure a copy of this Licence is maintained at the site of operation at all times

PART C: CONDITIONS APPLYING TO WATER USE

1. The Licensee shall obtain all water for road watering from Falcon Lake using the Water Supply Facilities as described in the application dated April 25, 2001 with supplementary information or as otherwise approved by the Board.
2. The annual quantity of water used for all purposes shall not exceed 100, 000 cubic metres.
3. The water intake hose used on the water pumps shall be equipped with a screen with a mesh size sufficient to ensure no entrainment of fish.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

PART E: CONDITIONS APPLYING TO MODIFICATIONS

The Licensee may carry out modifications to the planned undertakings:

1. without written approval from the Board, provided that such modifications are consistent with the terms of this Licence and the Licensee has notified the Board in writing of such modifications at least five (5) days prior to beginning the modifications; or
2. with the written approval of the Board and under such conditions decided by the Board.

PART F: CONDITIONS APPLYING TO CONTINGENCY PLANNING

1. The Licensee shall, by November 15, 2001, submit to the Board for approval an update to the existing Contingency Plan in accordance with the NWT Water Board's "Guidelines for Contingency Planning, January 1987."
2. If not approved by the Board, the update Contingency Plan referred to in Part F, Item 1, shall be revised and resubmitted within three (3) months of receiving notification of the Board's decision.

3. The Licensee shall review the Contingency Plan annually and modify the Plan as necessary to reflect changes in operation and technology. Any proposed modifications shall be submitted to the Board for approval.
4. If, during the period of this Licence, an unauthorized discharge of waste occurs, or if such a discharge is foreseeable, the Licensee shall:
 - a. employ the appropriate contingency plan;
 - b. report the incident immediately via the 24 Hour NWT Spill Report Line. Currently the number is (867) 920-8130; and
 - c. submit to an Inspector, a detailed report on each occurrence not later than thirty (30) days after initially reporting the event.

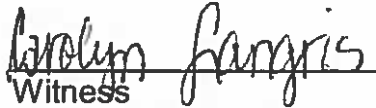
PART G: CONDITIONS APPLYING TO ABANDONMENT AND RESTORATION

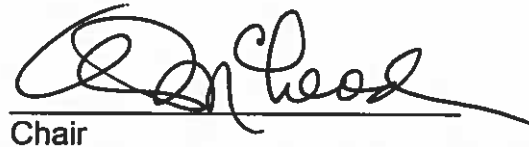
1. The Licensee shall, by the end of three months from the approval date, submit to the Board for approval an update to the existing Abandonment and Restoration Plan in accordance with the NWT Water Board's "Guidelines for Abandonment and Restoration Planning for Mines in the Northwest Territories, September 1990."
2. The Licensee shall address the following when completing or revising the Abandonment and Restoration Plan:
 - a. the water intake facilities;
 - b. the petroleum and chemical storage areas;
 - c. any site affected by waste spills;
 - d. the potential for groundwater contamination;
 - e. any facilities or areas which may have been affected by development such that potential pollution problems exist;
 - f. a phased approach and implementation schedule;
 - g. a proposal identifying measures by which restoration costs will be financed by the Licensee upon abandonment;
3. The Licensee shall revise the Plan referred to in Part G, Item 1 if not approved. The revised Plan shall be submitted to the Board for approval within six (6) months of receiving notification of the Board's decision.

4. Notwithstanding the time schedule referred to in the Abandonment and Restoration Plan, the Licensee shall endeavour to carry out progressive restoration of areas which are abandoned prior to closure of operations.
5. The Licensee shall complete the restoration work within the time schedule specified in the Plan, or as subsequently revised and approved by the Board.
6. Upon implementation of the Abandonment and Restoration Plan, the Licensee shall provide to the Board updates of all abandonment and restoration activities by March 31st and October 31st of each year.
7. Compliance with the Abandonment and Restoration Plan specified in this Licence does not limit the legal liability of the Licensee, other than liability arising from provisions of the Act and its Regulations.

PART H: CONDITIONS APPLYING TO CONSTRUCTION

MACKENZIE VALLEY LAND AND WATER BOARD


Witness


Chair