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#### STAFF REPORT

<b>Company: BHP Diamonds Inc.</b>	
<b>Location: Sable Haul Road</b>	<b>Application No.: MV2001L2-0004, MV2001F0032</b>
<b>Date Prepared: October 10, 2001</b>	<b>Meeting Date: October 19, 2001</b>
<b>Subject: Sable Haul Road and Permit</b>	

#### 1. Purpose/Report Summary

The purpose of this report is to present a request from BHP Diamonds Inc. for the licensing and permitting of the Sable haul road.

#### 2. Background

This is my second staff report in regard to these applications. At a previous Board meeting the preliminary screening was approved and the draft land use permit was reviewed. I am including the contents of the previous staff report as a refresher on what the situation is with these applications. I have put the old portion in italics to differentiate what is review and what is new information.

*This application was part of the original expansion application, which covered the complete project for the mining of Sable, Pigeon and Beartooth Pits. The applicant has chosen to separate the project into components in order to facilitate the licensing of the Sable road, which was scheduled to commence construction in June of 2001. The entire project was subject to an environmental assessment(EA). This assessment received final approval from the Minister of DIAND on July 31, 2001. The approval included two conditions not related to environmental concerns.*

*It has been brought to my attention that the Falcon Lake road watering station was not included in the EA, I am enclosing a preliminary screening which addresses this portion of the application.*

*This application was originally circulated to reviewers on April 30, 2001 in anticipation of the Minister's Decision. Additional information was received in response to reviewer requests on June 1, 2001. This information was consequently circulated to reviewers. On August 13, 2001 a final call for review comments was sent out. Comments were due on August 24, 2001. A synopsis of the comments received is included in the preliminary screening.*

*The scope of the project is the construction of the Sable road, including water crossings and the use of water for road watering. The road is to be 23.6 km and access both Sable and Pigeon pits. The first 2.3 km of the road are included in the lease for the main project and are not a part of the scope of this application. The design of the road was to take into account terrain sensitivity, caribou crossing, minimizing impacts and stability of the terrain. The proposed road layout has been included as an attachment to your packages. The design includes Caribou crossings.*

*The applicant has provided detailed information on the design of the road in the document attached.*

*The environmental assessment of the overall project has concluded that there are no significant environmental impacts associated with the project. When the Minister approved the EA, all the conditions but two were revoked. The two conditions now attached to the EA do not address environmental concerns. However, I have gone through the recommendations of the Review Board and used these to assist me in formulating permit conditions.*

*As this project has already been through an Environmental Assessment, I am recommending that the Board adopt the findings of the Review Board in place of a new preliminary screening. This would be similar to the process for Fox Pit where the project had also been previously assessed. However, the access to Falcon Lake for road watering has not been assessed and will require a new preliminary screening.*

*The final design of the Water crossings have not at this time been submitted. I am including conditions to require approval of these designs, by the Board, Inspector and Fisheries, prior to the commencement of any crossing construction.*

*The lease has not yet been approved for the land involved in the road construction. There were some differences in what was applied for with the lease and what the land use permit specified. I believe that this has been addressed.*

*The Board should consider the security that will be required for this road. There are two options for security. The first is that the security be attached to the land use permit. This has been our practice in other land use permits. I looked into security in this manner, the Inspector did not suggest any, but upon discussion with Environment and Conservation, a preliminary amount of \$250, 000 was*

*suggested. This is only an estimation and they are in the middle of a review that will allow them to make a better estimate. The other alternative is that the Board allow the security to be addressed through the Environmental Agreement. This agreement was put in place to address land issues at within the BHP claim block and does contain provisions for the Sable Haul road. The Security would still be held with the Minister, but not through the Land Use Permit. I am discussing this with John Donihee and DIAND and will be able to give you further information at the meeting.*

DIAND has indicated that they feel there is adequate security in the Environmental agreement to address Sable Haul Road. I am waiting for a letter from Environment and Conservation confirming this.

DIAND lands has indicated that they will not be issuing a lease for the Sable Haul Road. They will be issuing a licence of Occupation when the road is completed. They had indicated some concerns, which I have attempted to address through the permit conditions.

I am including the draft land use permit and water licence. There have been some changes to the land use permit.

The water licence is just for the Falcon Road Watering Station. The applicant has confirmed that the water crossings do not meet the minimum five (5) metre size to trigger the requirement of a water licence. The maximum amount of water to be taken out of Falcon Lake is 100,000m<sup>3</sup> annually.

BHP was given the opportunity to review the draft land use permit. They have requested that they be able to do this for all of their land use permits. They have been advised that at this time we are not willing to do this. We allowed the review of the draft permit as a one time event. I am drafting a letter to address their concerns and will have it prepared for the meeting.

BHP has requested the water to be for a period of thirty-seven (37) years. The land use permit is for a period of five (5) years. I have set them to expire together.

**3. Comments**

Attached.

**4. Review comments**

Attached.

**5. Conclusion**

The draft land use permit and water licence are ready for approval. DIAND has indicated they have adequate security for the Haul road, written confirmation of this is pending.

**6. Recommendation**

Approve the water and land use permit for a period of five (5) years pending confirmation from DIAND that they have adequate security within the Environmental Agreement. Review the letter addressing BHP's concerns regarding Land Use Permit conditions.

**7. Attachments**

- Draft permit and ;
- Draft issuance letters;
- Draft reasons for decision.

**Respectfully submitted,**



**Laurie Cordell  
Regulatory Officer**