



**Indian and Northern
Affairs Canada**

www.inac.gc.ca

North Mackenzie District
P.O. Box 2100
Inuvik, NT XOE 0T0

**Affaires Indiennes
et du Nord Canada**

www.ainc.gc.ca

RECEIVED
JUN 16 2006
CLWB-H

G02A011

Telephone: (867) 777-3361
Fax: (867) 777-2090

June 14, 2006

Devlan Exploration Inc.
1400, 333- 5th Avenue, S.W.
CALGARY, AB T2P 3B6

Attn: Mark B. Algar

**Re: Land Use Permit G02A011
Drilling Program, Tree River C-36**

To Mr. Algar,

On May 31st, 2006, Resource Management Officers, Rob Walker and Don Arey, conducted an inspection of your operation under the above mentioned Land Use Permit.

Enclosed is a copy of the Environmental Inspection Report. Please refer to the unacceptable and noted conditions in the general comments section of this report. Your attention to this matter is appreciated.

Please note that a previous inspection in 2003 indicated that the cap was settling. In the above noted Inspection Report and photos, indications are that further subsidence has occurred to the point that it is causing significant volumes of water to pool on the sump cap. The integrity of the sump and its contents will be at risk should this be allowed to continue without remediation. Please provide our office with a timeline for these issues to be evaluated and ultimately rectified.

If you have any questions, please contact me at (867) 777-5976 or Rob Walker at (867) 777-5968.

Regards,

Don Arey
Resource Management Officer

Cc: Conrad Baetz, District Manager, North Mackenzie District, Inuvik, NT
Gwich'in Land and Water Board



ENVIRONMENTAL INSPECTION REPORT Pg. 2
(Continued)

Date:	May 31 st , 2006	Permit #:	G02A011
-------	-----------------------------	-----------	---------

General Comments: (Continued)

**26 (1) (E) - TYPE, LOCATION, CAPACITY AND
OPERATION OF FACILITIES**

5.5 The Permittee shall:

- (a) Place all excavated material over the sump area
- (b) Overlap the replaced material a minimum of two (2) metres beyond the edges of the existing sump wall.


Inspector's Signature