



United States Department of State

Washington, D.C. 20520

August 28, 1998

Mr. John Higginbotham
Minister (Political)
Embassy of Canada
501 Pennsylvania Avenue, NW
Washington, DC 20001

Dear Mr. Higginbotham:

I am writing to convey our reaction to the proposed Tulsequah Chief Mine Project in British Columbia and the information you have provided.

We appreciate the efforts made by your Government and the Province of British Columbia to provide additional information about a number of the issues surrounding the mine, particularly that included in the communication, "Tulsequah Chief Project: Response to American Concerns". The involved U.S. federal agencies and the State of Alaska have reviewed this information carefully. They have concluded that serious issues remain, which cannot be dealt with adequately through the permit-issuing process.

I attach to this letter a more detailed explanation of outstanding concerns. They include unresolved mine site design issues, including the placement of the mine's tailings pond in an active flood plain; long-term cumulative environmental impacts from the project and other potential projects in the area; impacts on water quality, particularly relating to Alaska's mixing zone regulations; and impacts on the watershed's important salmon fisheries.

We continue to believe that a reference to the U.S.-Canada International Joint Commission to review the proposed mine is now the appropriate step. In our view, the Commission review process would have the merit of reconciling differences between the U.S. and the Canadian project review processes. Such an IJC review would ensure that all issues are addressed to the satisfaction of both sides. In addition, it would provide invaluable assistance to our two nations' consultations on how the U.S. and Canada can collaborate in managing this transboundary watershed in the century to come.

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Your Government has proposed holding a second government-to-government discussion of the outstanding issues. We remain open to such a suggestion. In addition to reviewing these issues, however, we would hope that such a meeting would also begin the process of framing a reference requesting that the International Joint Commission review the proposed mine, its environmental impact, and the future of the watershed.

We look forward to working cooperatively with you to ensure that this critically important transboundary watershed is fully protected.

Sincerely,



Victor Comras
Director
Office of Canadian Affairs

Outstanding U.S. Concerns on the Tulsequah Mine Project

1. Unresolved mine site design issues including long-term site maintenance

- The placement of a large tailings pond for mine waste on an active flood plain, without either designing it as a permanent facility or securing an adequate data base to estimate the size and frequency of future flood and mass movement events.

-- The short time period for collection of the data from Shazah Creek used to extrapolate a 200-year flood limits confidence in the flood prediction.

-- Evaluation of the erosion potential of the Shazah Creek flood flow may be too limited in scope, given that the valley fill is described as an alluvial fan or flood plain. Additional detail is needed on the age of the fan and all potential sources of debris and erosion.

-- The stability of the launching apron (of the riprap berm/toc) relied on for dam stability during flood events is not clear, as the scour is anticipated to extend beneath the apron.

-- Given the need for perpetual maintenance if the tailings impoundment is located in the floodplain, U.S. agencies believe a feasibility study of long-term access for large equipment that addresses logistical considerations as well as cost is needed. This is particularly important as air transport would be the method to bring in necessary equipment to maintain the impoundment, and it remains unclear whether this is feasible given the limited runway and the fact the airstrip would be in the floodplain as well.

- In sum, U.S. federal agencies and the State of Alaska believe the option of a tailings disposal site at Paddy's Flat appears to have been prematurely eliminated from consideration, given that it appears to be a more environmentally sound option.

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2. Long-term cumulative environmental impacts

- Construction of the proposed mine access road is likely to contribute to the development of additional mines in the area, which could dramatically increase environmental risks to the Taku River watershed. Canada's responses to date do not provide adequate information and assurances that water pollution in the Taku River watershed will be prevented or minimized over the long-term. We believe the possibilities of further development need to be addressed before irrevocable changes are approved in the watershed.

3. Water Quality

- Alaska has strict regulatory requirements that must be met before a mixing zone can be granted in Alaskan waters. British Columbia has agreed to address these requirements, but only during the permitting stage. Such a delay leaves other site locations and alternatives off the table for discussion, as the location of major project features will have already been approved by the time an assessment is made.
- Specific concerns about the mixing area relate to the fate of contaminants, principally metals; the concentration of contaminants and chronic toxicity at low flows; and unproven use of a diffuser in a volatile, glacial fed river. In addition, information is needed about the timing of seasonal flows and dilution factors of mine waste in the river in relation to the movement and spawning of fish, given that some life stages have very limited mobility or range and may not move from the mixing zone.
- Absence of discussion in project documents of the impact of untreated water discharge on the river until treatment begins in late 1999, as well as indication of who will be responsible and what the threshold will be for moving the effluent discharge pipe to account for changes in water flow.
- Long-term enforcement of water quality requirements. Past mining activities in the area that are causing water quality problems, including chronic ARD discharge from the current mine site since the 1950s, have yet to be corrected, whereas project documents indicate that

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there are no known transboundary water quality or fisheries effects from any mine project in the area. Chronic toxicity at this location is an unknown. It will be influenced by factors such as the long-term exposure to mixtures of metals which may be additive in nature; bioavailability of these metals; bioaccumulation of some metals; physiological effects on reproduction and growth; and effects through dietary routes of exposure. Moreover, there are potential pH issues in the receiving creek waters and at the creek's confluence with the inlet. Although the inlet may have a great enough dilution and mixing to eliminate pH problems, it might be a different story in the freshwater receiving stream.

4. Fisheries

- Potential negative effects on important transboundary fisheries resources. While the proposed risk assessment appears to respond to a number of U.S. concerns, we believe acceptable risks should be identified, and potential impacts fully evaluated, before project certification.
- The potential effects of turbidity, as well as the deposition of fine particulate matter on the stream bottom. This depositional material fills interstitial spaces necessary for quality spawning habitat and productive invertebrate habitat. In addition, fine particulate matter associated with metals-rich tailings may be directly toxic to the invertebrate stream community through their exposure to the whole sediments as well as the interstitial water (pore waters) associated with those depositional sediments.

