

STATE OF ALASKA

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF WATER
Water Non-Point Source Pollution Control Program**

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May 6, 2005

Rick Richins
RTR Resource Management, Incorporated
1109 W. Main Street
Boise, Idaho 83702

Certified Receipt Number #7004 1160 0004 2848 6168
Return Receipt Requested

Subject: Lynn Canal 31 M, Kensington Mine
Reference No. POA-1990-592-M
State I.D. No. AK 0406-13J

Dear Mr. Richins:

In accordance with Section 401 of the Federal Clean Water Act of 1977 and provisions of the Alaska Water Quality Standards, the Department of Environmental Conservation is issuing the enclosed Certificate of Reasonable Assurance for the proposed development of new mine facilities and associated infrastructure within state waters and wetlands, 45 miles northwest of Juneau, Alaska.

Since this certification also serves as a waste management and disposal authorization, it expires on May 5, 2010.

Department of Environmental Conservation regulations provide that any person who disagrees with this decision may request an adjudicatory hearing in accordance with 18 AAC 15.195 – 18 AAC 15.340 or an informal review by the Division Director in accordance with 18 AAC 15.185. Informal review requests must be delivered to the Director, Division of Water, 410 Willoughby Ave., Juneau 99801, within 15 days after receiving this certification. Adjudicatory hearing requests must be delivered to the Commissioner of the Department of Environmental Conservation, 410 Willoughby Avenue, Suite 303, Juneau, Alaska 99801, within 30 days after the date of this certification. If a hearing is not requested within 30 days, the right to appeal is waived.

By copy of this letter we are advising the U.S. Army Corps of Engineers and the state Office of Project Management and Permitting of our actions and enclosing a copy of the certification for their use.

Sincerely,

SIGNATURE ON FILE
Ron Klein
Program Manager

Enclosure

CC: (with encl.)

John Leeds, COE Juneau
Pete McGee, ADEC Fairbanks
People who commented

EPA, AK Operations
F&WS
DNR/OPMP Juneau

STATE OF ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
CERTIFICATE OF REASONABLE ASSURANCE

A Certificate of Reasonable Assurance, in accordance with Section 401 of the federal Clean Water Act and the Alaska Water Quality Standards, is issued to Coeur Alaska, Incorporated, 3031 Clinton Drive, Suite 202, Juneau, Alaska 99801, for the proposed placement of fill into approximately 61.7 acres of wetlands and waters, in the development of mining facilities and associated infrastructure. The purpose of this filling is to relocate the major mine components from the Kensington Mine in the vicinity of Comet Beach on Lynn Canal to the Jualin Mine (2 miles to the southeast) in the vicinity of Slate Cove. This is necessary in order to access the ore body from the Jualin side of the peninsula. This certificate also substitutes for, and serves as, a state integrated waste management and disposal authorization under 18 AAC 60.200(b) and AS 46.03.100(d). The department will enforce the terms and conditions of this certification in the same way that it would require compliance with a permit issued under 18 AAC 60 or 18 AAC 72 for the same activity.

The Tailing Disposal Facility (TDF) proposed to be constructed in Slate Creek will be considered a “disposal site” under federal law and policy (see 40 CFR § 230.3(i)), and is hereby authorized as a “treatment work” under state law (see AS 46.03.900(33)). Thus, State of Alaska water quality standards will not have to be met within that area. 18 AAC 70.010(c). Water discharged from the TDF shall meet NPDES permit limitations, and the receiving water, East Fork Slate Creek, must meet state water quality standards.

Proposed facilities requiring said fill placement are listed in Table 1.

The proposed activity is located within Section 1, T36S, R61E; and Sections 10, 14, 15, 23, 24, 25, and 36, T35S, R61E, Copper River Meridian, on the west side of Berners Bay in the vicinity of Slate Creek Cove, 45 air miles northwest of Juneau, Alaska.

Public notice of the application for this certification was given as required by 18 AAC 15.180.

Water Quality Certification is required under Section 401 because the proposed activity will be authorized by a Corps of Engineers permit, reference number POA-1990-592-M, and a discharge may result from the proposed activity.

Table 1 - Kensington Gold Project Facility Acres

Area	Facility Description	Status	Acres of Waters of the U.S.**	Fill Volume***	Mechanical Land Clearing (acres)
1	Kensington Comet Beach Camp	Existing/Permitted	0	0	0
2	Kensington Road	Permitted	(0.9)	0	0
3	Kensington Borrow Source	Proposed Expansion	(0.3)	0	0.3
4	Kensington Development Rock Storage	Existing/Permitted	(5.1)	(500,000)	0
5	Kensington Water Treatment Plant/Ponds	Existing/Permitted	(2.6)	(20,000)	0
6	Kensington Topsoil Stockpile Area	Permitted	(2.1)	(30,000)	2.1
7	Kensington 2050 Waste Rock Dump	Existing	0	0	0
8	Jualin Process Area	Proposed	1.1	21,000	1.1
9****	Jualin Development Rock Storage	Proposed	4.3	100,000	4.3
10	Jualin Process Area Treatment Pond	Proposed	0	(20,000)	0
11	Jualin Process Area-Topsoil Stockpile	Proposed	0	(10,000)	0.3
12	Jualin Pumphouse Area	Proposed	0.1	0	0.1
13	Jualin Access Road	Proposed Expansion	8.2	26,000	8.2
14	Jualin Laydown Area #1	Existing	(0.4)	(4,800)	0
15	Jualin Laydown Area #2	Proposed	(3.5)	0	3.5
16	Jualin Laydown Area #3	Existing	(0.8)	0	0
17	Jualin Administration Area	Existing	(2.5)	(32,000)	0
18	Jualin Borrow Source #1	Proposed Expansion	0	0	0
19	Jualin Borrow Source #2	Proposed Expansion	(0.1)	0	0.1
20	Jualin Borrow Source #3	Proposed Expansion	(2.4)	0	2.4
21	Jualin Borrow Source #4	Proposed	(0.7)	0	0.7
22	Tailings Facility Access Road & Pipeline	Proposed	4.7	20,000	4.7
23	Tailings Facility Access Road	Proposed	0.3	2,000	0.3
24	Tailings Lake (tailings as fill)	Proposed	23.5	3,168,000	23.5
25	Tailings Lake Margin Working Area	Proposed	8.25	450	8.25
25a	Tailings Lake Water Treatment Plant	Proposed	0.24	1000	0.24
25b	Tailings Lake Diversion Pipe Intake Dam	Proposed	0.01	25	0
26	Tailings Dam Borrow Source	Proposed	(0.3)	0	0.3
27	Tailings Pipeline and Access Road	Proposed	3.0	15,000	3.0
28	Tailings Dam and Plunge Pool Area	Proposed	5.9	120,000	0
29	Slate Creek Cove Marine Terminal	Proposed	1.9	10,475	1.9
30	Slate Creek Cove Topsoil Stockpile	Proposed	0.2	4,000	0.2
TOTALS			61.7	3,487,950	65.49

**Areas in parentheses are existing, permitted, or have no fill associated with the disturbance to wetlands

***Fill volumes in parentheses are existing or have been previously permitted

****Of the proposed facilities in this amendment, this is the only facility which will not be reclaimed as wetlands

Having reviewed the application and comments received in response to the public notice, the Alaska Department of Environmental Conservation certifies that there is reasonable assurance that the proposed activity, as well as any discharge which may result, will comply with applicable provisions of Section 401 of the Clean Water Act and the Alaska Water Quality Standards, 18 AAC 70, provided that the following conditions are adhered to.

1. The permittee shall submit mine operations, water quality monitoring, and closure plans to the department for its approval before introducing any discharge into the TDF and shall secure department approval for any modification to approved plans.
2. During construction of the tailings dam the construction area shall be isolated from the flowing waters. Techniques such as stream diversion, dam and pump, or stream fluming shall be incorporated into the construction activity to insure that silt laden water resulting from construction activities is not carried downstream and to marine waters.
3. All soil disturbing construction operations that would increase turbidity of surface waters to levels that would violate Alaska Water Quality Standards shall be temporarily suspended if on site monitoring demonstrates said violations.
4. For culverts which carry waters that are discharging or will discharge into fish-bearing fresh waters or marine waters, installation shall not occur within the flowing waters of the stream/drainage. Culvert installation techniques such as stream diversion, dam and pump, or stream fluming shall be incorporated into the installation activity to insure that silt laden water is not carried into sensitive fish habitat. DNR Habitat permits shall address the anadromous fish-bearing streams.
5. Any disturbance in the stream banks or streambed areas shall be stabilized to prevent erosion and resultant sedimentation of the water body during and after operations. Any disturbed areas shall be re-contoured and revegetated as soon as practicable.
6. During the construction and operational phases, spill response equipment and supplies shall be available on site for the cleanup and containment of petroleum product leaks or spills.
7. The wooden portions of the terminal docking shall not be treated with a preservative containing pentachlorophenol and if treated with creosote, the creosote shall be applied via pressure treatment that inhibits leaching at a rate that causes a sheen to form on the water.
8. The mine tailings shall be tested on a quarterly basis, in accordance with a monitoring plan approved by the department, to insure there are no significant deviations from the original tailings analysis which may affect monitoring, closure requirements, water quality, or any other permit condition. Constituent levels that shall be measured include, but are not limited to, aluminum, ammonia, arsenic, cadmium, chromium, copper, iron, lead, mercury, nickel, nitrate, pH, selenium, silver, sulfate, total dissolved solids (TDS), zinc, meteoric water mobility, and acid base accounting. These analyses shall be included in the annual report to the U.S. Forest Service for all agencies to review.
9. Untreated runoff from the topsoil stock pile shall not be allowed to reach any natural body of water.
10. Construction of the infiltration gallery shall be isolated from the flowing waters of the stream.
11. Intertidal fill placed for the marine terminal shall be clean of organics. Fill shall be placed during low tide in those intertidal areas which are dry during low tide.

12. The appropriate water quality protection BMPs shall be utilized during the proposed timber harvest around Lower Slate Lake, to protect the waters of the lake, stream, and ocean.
13. Bridge abutment construction shall be isolated from the flowing waters of the stream.
14. Coeur Alaska, Inc., shall provide proof of financial responsibility in an amount and in form[s] acceptable to the Department, in accordance with AS 46.03.100(f) and 18 AAC 60.265. If the financial assurances provided to other state and federal agencies are not sufficient to satisfy the Department's requirements, Coeur Alaska, Inc. will provide any additional financial assurances determined by the Department to be necessary.
15. Capping of the tailings, addition of organics, or other state approved mitigation measures will be required at or after mine closure if water quality criteria are not met in the impoundment, or if the tailings do not successfully re-colonize as determined by the state.

May 6, 2005

Date _____

SIGNATURE ON FILE

Ron Klein
Program Manager