



December 3, 2015

File No: PR-105809

VIA EMAIL: marty.sia@shaw.ca and mike.sia@shaw.ca

Attention: Marty Block

Attention: Mike Kelly

Cobble Hill Holdings Ltd. (BC0754588)
c/o Herald Street Law
101 – 536 Herald Street
Victoria BC V8W 1S6

Dear Sirs:

Thank-you for your submission of November 20, 2015, in response to my letter of November 18, 2015 regarding my consideration of a decision under Section 2.12 of permit PR-105809 to reduce or suspend the operations authorized under permit PR-105809 (“the permit”).

Further to your November 20, 2015 submission, you met with Ministry representatives on November 23, 2015 in the Ministry’s Nanaimo office to review the submission, answer questions and discuss concerns with regard to the detail and scope of information provided. It was agreed during that meeting that additional information would be forthcoming. A supplemental submission from Cobble Hill Holdings Ltd. (“CHH”) was received by the Ministry on November 25, 2015 (dated November 24, 2015) which provided some additional information as discussed during the November 23, 2015 meeting.

The following is a summary of the items discussed during the November 23, 2015 meeting with identification of follow-up questions and items that need to be addressed in order to fully resolve the issue at hand and a determination and comments regarding the adequacy of the submission:

1. Independent Site Engineering Consultant:
 - a. Please provide further information to the Ministry regarding the qualifications for this person and their specific roles and responsibilities once they have been retained.

Ministry of Environment Office of the Executive Director
Regional Operations
Environmental Protection Division

Mailing Address:
PO Box 9334 Stn Prov Govt
Victoria BC V8W 9M1

Telephone: (250) 387-9990
Facsimile: (250) 356-5496
Website: www.gov.bc.ca/env

- b. As soon as possible after this consultant has been retained, Ministry technical staff would appreciate the opportunity to meet and discuss the operational requirements for water management required under the permit.
2. Water management activities on the site for managing “contact” water – this refers to water (leachate) which is collected from the engineered lined soil management area and the engineered lined landfill facility:
 - a. Inspections conducted by Ministry staff have determined that the permittee is managing “contact” water in accordance with the permit.
3. Water management activities on site for managing “non-contact water from disturbed areas of the property” – this is water which is from the pit and active areas of the property:
 - a. Non-contact surface water from the disturbed areas covered by the permit are required to be managed in accordance with the water management plan. This type of non-contact water is not expected to contain elevated levels of contaminants because the water has not come into direct contact with contaminated soil. However, to ensure that surface storm water being discharged from the site does not contain elevated levels of suspended solids, the water must be collected and treated through a settling pond before discharging to the environment.
4. Water management activities on site for managing “non-contact water from non-disturbed areas of the property” – this is water from areas where there is existing vegetation and there is no works/activities/roads occurring in those areas:
 - a. The permit includes a site plan which is inconsistent with the As-Built diagram regarding flow of non-contact water from undisturbed areas. Water from undisturbed areas is not regulated by the permit and this is consistent with information in the SIRM Environmental Procedures Manual July 2015 (section 7.2 *Non-Contact Surface Water*). However, the *Environmental Management Act* general prohibition applies to all property owners and activities whereby causing pollution is prohibited. General mine site water management practices are to prevent and divert clean surface waters from coming in contact with active areas of the mine site. Please provide clarification regarding the plan to manage this water flow.
5. Perimeter Ecological Assessment:
 - a. This assessment is out of scope for the information request.
 - b. The permittee is required to manage water (contact and non-contact-disturbed) which leaves the site either by a permitted surface discharge or exfiltration, to ensure compliance with the permit and to ensure that pollution does not occur as a result of the permittee’s activities/actions.

6. Actions taken to ensure compliance with the permit such as the construction of the 'hand-dug cut-off ditch to capture this (non-contact quarry pit floor storm water) water and route it to the settling pond', as well as the use of 'heavy equipment to substantially enlarge and reinforce the cut off ditch, completely eliminating the flow':

Short term

It is recognized that 'most of the ditch has been lined with geotextile and armoured with clear crushed rock', as well as the short term plan to deepen and extend the ditch. It is unclear if these actions have been recommended/directed by an engineer with water management experience, and that a signed-off plan has been prepared to address the site water management needs. Please provide this information.

Long term

SIRM plans to deepen and extend the west pit floor cut-off ditch; the ditch will be sized, sloped and armoured to accommodate a 1 in 200 yr storm event. The design calculations and as-built drawings will be prepared and signed off by a qualified professional engineer. As this work is underway and some complete, please provide the name of the professional engineer who is qualified to oversee and design this water management remedial work.

7. The settling pond and seepage:

The primary purpose of the settling pond is to prevent the discharge of surface waters with elevated levels of TSS to the receiving environment. The settling pond was designed by a qualified professional, and Ministry staff understands it was done in accordance with the MOE's guidelines for settling ponds at mine sites which do not require the pond to be lined. However, the retention time and elevated TSS levels of the discharge to the ephemeral stream are questioned. As discussed on November 23, 2015, the permittee is requested to provide a report by the Independent Site Engineer which evaluates the design and function of the settling pond to ensure the discharge quality will meet the compliance requirements of the permit. The report should include any recommendations to address any deficiencies or areas for improvement in the function of the settling pond. This report must be submitted to the Director on or before December 31, 2015 at 12:00 PM.

Documents provided to the Ministry in 2013 were deemed satisfactory at the time for the purposes described; however given the rain events and the evident surface flow of water from non-contact sources, an updated water management approach is necessary in advance of the next annual update of your Environmental Procedures Manual. Please provide a proposed earliest possible timeline for the update to be submitted to the Ministry.

The permittee is reminded that it is a requirement of the permit to report situations of non-compliance or by-pass of works. The ministry has no record of CHH initiating contact to the Ministry to make such a report on November 13, 2015. It was after the Ministry received complaints that our Compliance Officer contacted the permittee. Regardless of the post-event

sample results, the permittee is required to manage site water in a responsible and compliant manner. Sample results have indicated a slight TSS exceedance from the settling pond for a 1 in 10 yr rainfall event. The permittee is advised that compliance with the permit is required at all times.

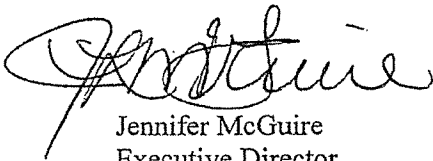
The submission dated November 24, 2015, defines a future scope of work for SIRM and Cobble Hill Holdings to fully address the issues at hand. It is unclear to the Ministry at this time which party will bear responsibility for completing the activities as set out on page 3 of 4 of your submission. Please specify which party is responsible for completing the work identified in the work activities list.

After reviewing the information provided to date, as well as a follow-up inspection by the Ministry conducted on December 2, the Ministry is satisfied that the permittee is currently taking reasonable steps to address the water management concerns which were raised in mid-November. Contact water from the contaminated soil management facility is being managed in accordance with the permit. There remain a few areas which require clarification and updating of the surface water management activities for non-contact (non-disturbed) water which the permittee is requested to address immediately.

The Ministry will continue to monitor the activities at the site, and expects a response to all of the items in this letter along with a general update of related activities on or before December 15th, 2015. Further updates should be provided twice a month (on the 15th and final day of each month) until such time as all the items in this letter are resolved to the satisfaction of the Director. Submissions must be provided to AJ Downie.

Should you have any questions concerning the content of this letter, please contact either AJ Downie at: AJ.Downie@gov.bc.ca, or the undersigned.

Sincerely,



Jennifer McGuire
Executive Director
Regional Operations Branch