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BY HAND DELIVERY

JUL 13 1995

July 13, 1995

Regulatory Reinvention Pilot Projects
FRL-5197-9
Water Docket
Mail Code 4101
USEPA
401 M Street, S.W.
Washington, D.C. 20460

Re: Coeur Alaska, Inc.'s Proposal
for a Facility Based XL Project

Dear Sir or Madam:

Enclosed for your consideration are four copies of Coeur Alaska, Inc.'s (Coeur) proposal for a facility based XL project for its Kensington gold mine project located near Juneau, Alaska. Coeur applauds EPA's efforts, through its new XL program, at reinventing environmental regulation to allow greater flexibility in meeting requirements. We believe Coeur's proposal ably meets the goals of the new XL program and urge EPA to consider Coeur's proposal as one of its first pilot projects under this new program.

Coeur also has discussed its proposal with numerous constituencies with an interest in the Kensington project -- among them the Kake, Gold Belt, and Kluchwan tribal corporations, The City and Borough of Juneau, state and federal agencies with jurisdiction over the Kensington project (e.g., Alaska Department of Environmental Conservation, Alaska Department of Commerce, U.S. Fish and Wildlife Service, U.S. Forest Service), the Sierra Club Legal Defense Fund, and USEPA Region X officials. Coeur is sending a formal copy of its proposal to each of these groups at the same time it is submitting it to EPA's XL Project docket. Based on its preliminary discussions with these groups, Coeur expects broad support for its proposal.

2 pp + 9 ATT (156 pp)
+ Incl Annual Rpt. + 2 Photos

We appreciate your careful consideration of this proposal. Should you have any questions concerning this submission, please do not hesitate to call me at 202-457-5118.

Very truly yours,



Karen M. Wardzinski

Encl.

cc: William F. Boyd
Robert T. Richins

**PILOT PROJECT PROPOSAL
FOR
PROJECT XL FOR FACILITIES**

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ATT A

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

Submitted Pursuant To:

**Regulatory Reinvention (XL) Pilot Projects
Federal Register, Tuesday, May 23, 1995
Pages 27282 - 27291**

Submitted by:

**COEUR ALASKA, INC.,
a wholly owned subsidiary of
Coeur d'Alene Mines Corporation**

Contact:

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July 14, 1995

Coeur Alaska, Inc. a wholly owned subsidiary of Coeur d'Alene Mines Corporation, makes this presentation in support of its request that its Kensington mine project be selected as one of EPA's first pilot projects under the newly developed XL Program.

INTRODUCTION

This facility based Pilot Project Proposal is submitted by Coeur Alaska, Inc. (Coeur) in response to EPA's Federal Register notice announcing its new XL Program and inviting companies to submit proposals that, by employing flexible regulatory strategies, would provide "better environmental results" and result in significant cost savings. Coeur's proposal would meet those criteria and all of the others listed in EPA's notice, and Coeur urges that it should be one of the first pilot projects under the new program.

Coeur's proposal has been designed for its Kensington Gold Project, located approximately 45 miles north of Juneau, Alaska. The planned facility ultimately will consist of an underground mine and an above ground mill and associated works. Coeur's present plan for discharging effluent from the facility is to construct a 3 mile pipeline from the facility that will discharge effluent into marine waters subject to a National Pollutant Discharge Elimination System (NPDES) permit (see the accompanying map, Attachment 2, page A4). While Coeur can meet the terms of such a permit, concerns have been expressed by local groups about Kensington's prospective NPDES discharges into the marine environment. Coeur's XL Pilot Project Proposal would shift the discharge to a much closer freshwater discharge point adjacent

to the tailings impoundment shown on page A4, Attachment 2. Such a shift would (a) meet local concerns over the marine discharges, and (b) eliminate the need for construction of a pipeline, which would have further environmental benefits, as well as producing important cost savings.

However, under the existing regulatory program, this alternative would result in the imposition of more stringent criteria for one pollutant, arsenic, than would be imposed on the marine discharge, and these criteria cannot be met. Coeur's proposal, outlined in greater detail below, seeks relief from the freshwater discharge limitation subject to restrictions that will assure that the discharges would be environmentally safe. Hence, the XL Program is ideally suited to allow Coeur to implement an alternative that can respond to the concerns of the affected community in a cost-effective and technically feasible manner that is still environmentally protective.

SUMMARY OF THE PROPOSAL

The Kensington Project has been under development since August, 1987. Since that time the Project has worked extensively with numerous federal, state, and local regulatory agencies in obtaining permits and other authorizations for the construction and eventual operation of this Project. An environmental impact statement (EIS) was prepared by the U.S. Forest Service under the National Environmental Policy Act (NEPA) to evaluate all aspects of the Project.

Among the various authorizations needed for this Project are a Clean Water Act (CWA) section 404 dredge and fill permit and a CWA section 402 NPDES permit for discharges from the facility. The Project has worked for nearly five years with both the U.S. Corps of Engineers and EPA's Region X on issues related to both of these permits.

EPA Region X is the NPDES permit-issuing authority in Alaska since Alaska has not been authorized to administer the program in lieu of the federal government. Although the Region has not yet developed an NPDES permit for the Project, it has been intimately involved in an assessment of the water quality impacts of the Project through its detailed technical review of the Corps' section 404 permit.

One component of the Kensington Project will be the disposal of mine tailings into an on-site tailings pond built in the Sherman Creek watershed. The Kensington Project will design and operate a zero process water discharge facility for the tailings disposal pond, consistent with the requirements of the NPDES program's effluent limitations guidelines (40 C.F.R. Part 440). However, the Kensington Project is located in an area that is classified by EPA as a "net precipitation area." This means that the Kensington Project is allowed to discharge the volume of water that might be expected to fall on the project area as precipitation, minus the evaporation occurring over the tailings disposal pond. Coeur has applied to the EPA for an NPDES permit for discharges from the Kensington Project. Discharges from the tailings pond will be subject to effluent limitations and other requirements imposed by EPA in the NPDES permit.

Coeur had proposed to discharge into the Lynn Canal (see Attachment 2) by means of a three mile long tailings pond effluent discharge pipe running from the tailings pond to a discharge point approximately one mile from shore at a depth of 250 feet. The Lynn Canal is seawater.

However, during public comment associated with the issuance of the EIS and the section 404 permit, local commercial fisherman, environmental groups and others expressed stringent

opposition to the planned discharge to marine waters due to the perception that the effluent would adversely impact the local salmon and halibut fisheries.

Throughout the development of the Project the operator has worked closely with state and local organizations in an effort to respond to concerns about the mine. Consistent with this, Coeur has developed an alternative to the marine discharge proposal to address the concerns of the local community. Coeur would instead discharge waters from the tailings pond to Sherman Creek, a stream that runs through the Project site adjacent to the tailings pond. Because the discharge point would be located one and one-half miles upstream from any salmon spawning areas, the alternative discharge point would satisfy the community's concerns related to the discharge to Lynn Canal.

The problem created by this alternative proposal is that under the current regulations the water quality criteria for arsenic applicable to discharges to freshwater, including Sherman Creek, are more stringent than those applicable to marine discharges. Under human health-based water quality criteria promulgated for Alaska by EPA in its National Toxics rule, discharges to marine waters are subject to an arsenic limitation of 1.4 ug/l as compared to a limitation of 0.18 ug/l for freshwater discharges. (40 C.F.R. §131.36)

Criteria based on human health effects are applicable to all waters designated as a public drinking water source. Alaska has designated all freshwater as public drinking water sources, regardless of whether such streams are in fact used for public drinking water. However, Sherman Creek is not used as a source of public drinking water.

The Kensington Project cannot meet the more stringent limitations applicable to freshwater discharges. It is economically and technically infeasible to do so, given background levels

of arsenic in Sherman Creek which exceed 0.18 ug/l. In the alternative, Coeur proposes that the NPDES permit limitations be based on the arsenic criteria number of 1.4 ug/l, or such less stringent number which EPA or the State of Alaska may in the future adopt. In addition, Coeur would agree to install an advanced water treatment plant that would treat wastewater to an extent greater than required by the relevant CWA effluent limitations guidelines. Coeur would also agree not to employ a mixing zone to meet the water quality-based permit limitations, as is authorized by the Alaska water quality regulations. In foregoing the use of a mixing zone, Coeur would propose to achieve its NPDES permit limitations at the end-of-pipe through the use of advanced water treatment, flow augmentation and in-pipe mixing.

Although Sherman Creek is a remote stream that is not used by the public, because all freshwater streams in Alaska have been designated as drinking water sources, Coeur also will implement measures to assure that water from Sherman Creek below the discharge point is not used for drinking.

Implementation of Coeur's alternative would advance the goals of the XL Program in several ways:

1. As pointed out earlier, elimination of the marine discharge would address the concerns of the local community. Indeed, through its existing outreach efforts Coeur has learned that local commercial fisherman, the Sierra Club Legal Defense Fund, and other environmental groups are supportive of such a change.
2. Coeur would construct and apply advanced treatment to wastewater from the facility exceeding the level required by applicable law.

3. Discharging to Sherman Creek would eliminate the need to construct a three mile long discharge pipeline and marine diffuser, thereby eliminating the environmental impact of such construction and placement.
4. Discharging to the creek rather than to Lynn Canal improves the ability of the operator to monitor environmental impacts of the discharge.
5. Eliminating the construction of the three mile long discharge pipeline and marine diffuser also will save the company at least \$1,500,000 to \$2,000,000. This savings will be reinvested in the wastewater treatment plant.
6. Coeur's alternative would result in the placement of certain of the tailings underground, after they have been stabilized with cement. This will minimize the amount of pollutants actually discharged to Alaskan waters and ensure long term protection of the environment.
7. The natural flow of Sherman Creek will be maintained, because water that will be drawn from the creek for use in the process will be discharged back to the creek rather than to Lynn Canal.

The sections below will explain the proposal in greater detail, and will show how the goals of the XL Program would be amply served by approving Coeur's proposal for an alternative management approach for its NPDES discharges from the Kensington Project.

THE APPLICANT

Coeur is a Delaware corporation authorized to do business in Alaska. It is a wholly owned subsidiary of Coeur d'Alene Mines Corporation, an Idaho corporation which was

organized in 1928. Coeur d'Alene Mines Corporation is a publicly held company with shares listed for trading on the New York Stock Exchange. Its headquarters are located in Coeur d'Alene, Idaho.

Coeur is the owner of the Kensington Gold Mine, which has been in the development stage since 1987. Coeur d'Alene Mines Corporation owns, in addition, three gold mines in Chile in various stages of operation and development. It also owns a gold-silver mine near Auckland, New Zealand, a gold-silver mine near Lovelock, Nevada and 50% of the Coeur, Galena and Caladay Mines in Shoshone County, Idaho. It has various exploration stage properties in the United States, South America and New Zealand.

EPA's Federal Register notice points out that "[i]n exchange for greater flexibility, regulated entities will be held to a higher standard of accountability for demonstrating project results" (60 Fed. Reg. at 27283). Coeur urges that the environmental record of its parent provides assurances of that accountability, for Coeur d'Alene Mines Corporation has a solid reputation for environmental protection. It has been the recipient of numerous national, regional and state environmental awards which recognize excellence in protection of the environment, as follows:

- 1995 Environmental Enhancement Initiatives Award Granted by Environment Waikato Regional Council - Coeur Golden Cross, New Zealand
- 1994 American Institute of Mining, Metallurgical and Petroleum Engineers Environmental Conservation Distinguished Service Award
- 1993 National Environmental Development Association "Star" Award for Operating in an Environmentally Sound Manner
- 1992 Wildlife Habitat Enhancement Council Certification - Coeur Thunder Mountain, Idaho

- 1991 State of Idaho Mining Advisory Technical/Education Committee for Developing Statewide Best Management Practice Programs
- 1991 DuPont/Conoco National Environmental Leadership Award
- 1991 Nevada Department of Wildlife Habitat Enhancement Award - Coeur Rochester Sagehen Relocation Program, Nevada
- 1990 Starter's Award for Directing Environmental Management and Education Programs, Northwest Mining Association
- 1990 Platinum Award for Operating Excellence, Northwest Mining Association
- 1989 Governor's Committee State of Idaho Water Quality Antidegradation Policy
- 1989 Coeur Thunder Mountain Outstanding Achievement for Excellence
- 1988 Nevada Department of Wildlife Habitat Enhancement Award, Coeur Rochester Sagehen Relocation Program, Nevada
- 1988 Coeur Thunder Mountain Outstanding Achievement for Excellence in Operations and Reclamation - USFS, BLM, IDL, IDHW and IDFG
- 1987 Pacific Northwest Pollution Control Association Industrial Facility Award - Coeur Thunder Mountain
- 1987 Committee to Develop Idaho Cyanide Regulations (1985-1987); State, Federal, Special Interest Cooperative Program
- 1986 Committee to Develop Groundwater Protection Regulations - State of Nevada; State, Federal, Special Interest Cooperative Program

A copy of Coeur d'Alene Mines Corporation's Annual Report To Shareholders is Attachment 1. It provides information about the company, various subsidiaries, its officers, directors and its financial condition. (Subsequent to its date an additional director was elected; Mr. Cecil D. Andrus, former Governor of the State of Idaho, and former Secretary of the Interior.)

THE KENSINGTON MINE

Underground Mine. The Kensington Mine dates back to 1891, when original miners drove underground through two different adits located on the West side of Lionshead Mountain, which is on the East side of Lynn Canal, about 45 miles North of Juneau. Operations were conducted from time-to-time between 1891 and 1937. No mining has occurred since 1937.

In 1987, Coeur Alaska, Inc. and Echo Bay Alaska, Inc. acquired the property, which consists of patented and unpatented mining claims. A joint venture was formed, known as the Kensington Venture, whereby each party owned 50% of all assets as tenants in common, with Echo Bay Alaska, Inc. being named the operator, or manager. (Echo Bay Alaska, Inc. also owns the A-J Mine near Juneau, which is under development. Coeur Alaska has never had an ownership interest in that project.) On July 7, 1995 Coeur purchased Echo Bay Alaska's 50% interest in the Kensington assets, resulting in 100% ownership in Coeur.

In 1987 underground mine exploration and development commenced, and the Kensington Project proceeded to obtain necessary permits and authorizations. To date approximately \$85,000,000 has been spent on the project, with gold ore reserves estimated at about 2,000,000 ounces.

The mine is designed for underground truck haulage. Underground openings consist of the main adit 5,000 feet in length and 20,000 feet of drifts, crosscuts and other underground openings. The planned mining method is an integrated primary stoping and pillar recovery.

The life of the mine is expected to be at least 12 years and it will produce about 4,000 tons of ore and 400 tons of waste rock per day. Gold will be produced at the rate of approximately 200,000 ounces per year. The work force is anticipated to be 340 persons.

Processing Facilities. The processing facilities consist of two main parts. The crushing operation will be located underground. The grinding, flotation, leaching, thickening, filtering and gold recovery processes will be located on the surface.

The flotation concentrates will be recovered, thickened and ground more finely prior to preaeration and cyanidation. Cyanidation will be conducted in a series of vat leach stages.

Gold will be recovered from the leach solution by the standard carbon-in-leach technique to produce gold bullion. The leach residue slurry will be treated to destroy contained cyanide prior to discharge to the tailings pond.

Tailings Disposal. Approximately 4,000 tons per day of tailings will be produced at the Kensington operation. Storage will occur at an on-land tailings impoundment. The tailings impoundment will be located about two miles inland from the shore of Lynn Canal. Ophir Creek (to the North of the impoundment) and Sherman Creek (to the South of the impoundment) will be rerouted around the tailings disposal area.

Under current plans, effluent from the impoundment will be carried about three miles by pipeline to a discharge point in Lynn Canal. (A discharge is allowed to the extent of net precipitation.)

Attachment 2 is a copy of the EIS Applicant Proposal, Kensington Gold Project, September 1990, which sets forth details of the proposed project. Attachment 3 and 4 are photographs of the mine site, which depict Lynn Canal and the nearby geographical area.

THE REGULATORY SCHEME

The Kensington Mine is subject to a stringent regulatory process. Over 100 federal, state and local permits or approvals are required for the project. The key ones are:

U.S. Forest Service Plan of Operations

City and Borough of Juneau Large Mine Permit

Corps of Engineers Section 404 Permit

EPA NPDES Permit

The Forest Service was the lead agency for the Environmental Impact Statement. On January 29, 1992, the Forest Service issued its Record of Decision for the Project. (A copy is Attachment 5.) Subsequently, Coeur filed Operating and Reclamation Plans with the Forest Service. The Operating Plan was approved on July 7, 1992.

Later, on November 10, 1992, the City and Borough of Juneau issued its Large Mine Permit. (There remain to be accomplished certain tasks in regard to a final CBJ Large Mine Permit.)

A Corps of Engineers Section 404 permit is required for the construction of the dam and associated excavation of the tailings impoundment, because the location of the impoundment is in wetlands. An issue arose in the course of permitting concerning the roles of the Corps and EPA with respect to permitting of the tailings disposal area. Agreement between the agencies was achieved, as documented by EPA and Corps internal memoranda. (Attachment 6 is a copy of each.)

This agreement resulted in an understanding that EPA would provide a Technical Assistance Report ("TAR") to the Corps as a part of the Section 404 process which would make findings regarding:

1. Whether there is reasonable assurance that discharges from the tailings impoundment will meet applicable effluent limits and state water quality standards;
2. Whether there is reasonable assurance that the long term risk of contamination of surface and ground water is acceptable;
3. Whether there is reasonable assurance that the ecological integrity of aquatic resources would be restored.

On November 7, 1994, EPA issued its TAR for public comment. On June 15, 1995, it issued its final recommendations to the Corps. The final report concludes that EPA believes a section §404 permit can be issued for the Project subject to satisfaction of certain conditions prior to commencement of construction. (A copy of the final recommendations is Attachment 7.) Coeur is proceeding to develop the information necessary to satisfy the conditions.

It is anticipated that the Corps will issue its Section 404 permit in due course. In addition, given EPA's extensive involvement in the 404 permit process, including its detailed evaluation of water quality impacts from discharges from the tailings pond, it is expected that EPA will be able to expeditiously issue its NPDES permit.

SPECIFIC REGULATORY REQUIREMENT

The specific regulatory requirement addressed by this proposal involves the EPA NPDES permit. Through promulgation of the National Toxics Rule (40 C.F.R. §131.36) EPA adopted

Pretreatment of the carbon-in-leach (CIL) by cyanide destruction, metals removal and suspended solids reduction (primary treatment);

Dewatering of the CIL fraction;

Final cyanide treatment and dechlorination (secondary treatment);

Chemical precipitation and flocculation and settling for solids and metals removal (one or two stage);

Ultrafiltration of clarified CIL solution for final solids removal and final effluent polishing (tertiary treatment using membrane reverse osmosis).

Implementation of a treatment plant will require dewatering of the CIL and backfill into designated disposal areas in the mine. Stabilization and disposal of the CIL fraction underground will be accomplished by solidifying the material with cement so that it will be disposed in a non-leachable form and will be easier to handle.

Even with a water treatment plant a mixing zone would be necessary to achieve all NPDES permit parameters. However, Coeur proposes to employ flow augmentation or in-pipe mixing in lieu of a mixing zone. (See 40 C.F.R. §125.3(f), where such a technique is allowed under the appropriate circumstances. Coeur believes those circumstances exist here.) This will minimize any acute impact of discharges from the Kensington Project.

COEUR'S PROPOSAL FOR REGULATORY FLEXIBILITY

As we have pointed out, even with flow augmentation and advanced waste water treatment, current technology will not achieve the 0.18 ug/l standard. In part, this is due to the fact that the arsenic background concentration in Sherman Creek is 0.5 to 1.5 ug/l. (Arsenic concentrations in Lynn Canal range from 0.9 to 2.5 ug/l.) Moreover, at certain times of each year the flow in Sherman Creek is so low that the more stringent 0.18 ug/l standard could not

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be achieved if Sherman Creek water is used for flow augmentation or in-pipe mixing. There would not be sufficient volume of water for mixing to achieve the most stringent standard.

Therefore, Coeur proposes to meet an arsenic NPDES permit parameter of 1.4 ug/l at the end of the pipe (or such less stringent standard as the State or EPA may adopt in the future). In addition, because the 0.18 ug/l standard is based upon an assumption of human consumption, Coeur will implement a strategy to prevent humans from drinking Sherman Creek water. This is entirely feasible, because the stream is remote and not used by the public. For example, signs can be posted and employees can be instructed not to drink the water.

EPA ACTIVITIES RELATED TO THE ARSENIC CRITERIA

Coeur also notes that EPA has recently stayed the effectiveness of EPA's promulgated aquatic life water quality criteria for arsenic. See 60 Fed. Reg. 22228, May 4, 1995. This includes the aquatic life arsenic criteria promulgated for Alaska. This stay is based on EPA's recognition that EPA's total recoverable method for specifying metals criteria is overly stringent, and that such criteria are more appropriately specified in terms of dissolved metals. Although this stay does not apply directly to human health-based criteria, Coeur maintains that the same rationale for specifying metals criteria in terms of their dissolved state should apply equally to human health criteria.

Moreover, it is our understanding that EPA is currently reevaluating the validity of the human health criteria for arsenic. This reevaluation is apparently based at least in part on an acknowledgment by the Agency that there exist significant scientific questions about the validity of the database relied upon by EPA in establishing the arsenic human health criteria. That

database may vastly overestimate the human health risks associated with low levels of arsenic. Given EPA recognition of potential problems with the validity of the existing human health criteria for arsenic, it is especially appropriate for EPA to consider flexibility in applying the criteria.

XL PROJECT CRITERIA

Coeur's proposal for a modification of the Alaska water quality standard for arsenic in Sherman Creek fits all of EPA's criteria for facility-based XL projects listed in its Federal Register Notice.

1. Environmental Results. The proposal will provide "cleaner results" in the following ways:
 - a. Construction of a three mile long effluent pipeline and marine diffuser will be eliminated, together with environmental disturbance associated with its construction and its reclamation;
 - b. A mixing zone in Lynn Canal (and Sherman Creek) will be eliminated, thereby avoiding any potential acute impacts from the discharge;
 - c. Discharge of pollutants will be decreased due to construction of an advanced waste water treatment plant;
 - d. The cost savings derived from elimination of pipeline construction, estimated to be at least \$1,500,000 - \$2,000,000, will be reinvested in a water treatment plant;

- e. Discharge into Lynn Canal would detract from the flow in Sherman Creek because the creek water will be used for process make-up whereas discharge into Sherman Creek will maintain the natural flow and thereby preserve fish habitat;
- f. The water treatment plant scenario includes placing stabilized CIL tailings underground as mine back-fill as opposed to placing them in the tailings impoundment, which promotes long-term environmental protection;
- g. From a safety and nuisance viewpoint, elimination of a pipeline avoids any potential problems with fish netting entanglement and equipment damage, thereby benefitting commercial fisherman.

2. Cost Savings. Cost savings will be achieved because:

- a. The cost of construction of a long pipeline and marine diffuser (at least \$1,500,000 - \$2,000,000) will be eliminated;
- b. The cost of reclamation of the buried ocean pipeline and diffuser situated in Lynn Canal would be saved, the cost of removal upon mine closure being estimated at \$250,000 - \$350,000;
- c. Water quality monitoring costs for a freshwater discharge would be reduced and simplified, the savings estimated to amount to \$150,000 annually; and
- d. Without modification of the water quality standard, which would allow a discharge into Sherman Creek, the public concern over discharge into Lynn Canal will be heightened, potentially resulting in appeals of administrative decisions,

and associated delays in the permitting process; each year of delay is estimated to cost Coeur at least \$6,400,000 for interest on its investment alone.

3. Stakeholder Support. Coeur's proposal strongly supports EPA's desire to promote community-based permitting. Coeur is in the process of discussing this proposal with numerous stakeholder groups and expects to obtain support from various state and federal regulatory agencies as well as from environmental groups, Native corporations and other citizens. As letters of support are obtained, copies will be supplied as material supplemental to this Proposal.

4. Pollution Prevention. Pollution of Alaskan waters is prevented by placing CIL tails underground and by enhanced water treatment through construction of an advanced water treatment plant. These actions address issues raised by EPA Region 10 in its TAR. Disturbance of the surface is lessened by elimination of pipeline and diffuser construction. The ultimate size and level of disturbance associated with the tailings impoundment will be reduced by placing CIL tails underground.

5. Transferability. Unlike the traditional disposal of tails from a mining operation, Coeur will construct and operate an advanced wastewater treatment plant, one aspect of which involves segregating a portion of waste, the CIL tails, from the tailings waste stream. In this case, over 90% of the pollutants of concern would be removed from the total of 20 million tons of tailings, with this 90% coming from 3-5% of the total tailings waste. The CIL tails would then be stabilized through the addition of cement and disposed underground. This innovative

approach to the management of mine tails would serve as a model for other mining operations, and it is entirely transferable.

6. Feasibility. Coeur has the financial ability to carry out the project, including the advanced wastewater treatment system and other elements described herein. Upon request, Coeur will provide EPA with financial data demonstrating this point.

7. Monitoring, Reporting and Evaluation. Monitoring the local environment associated with the proposed discharge into Sherman Creek can be accomplished reliably and with relative ease. Moreover, Coeur is willing to make all information concerning the impact of the Kensington Mine on the environment available to the stakeholders. Indeed, Coeur's prior negotiations with environmental groups over concerns raised by the proposed mine project has included discussion of their right to monitor data and obtain information. While overall agreement on all issues has not been achieved, tentative agreement on monitoring has been achieved.

Specifically, Coeur is willing to provide all environmental sampling data promptly, provide funds for employment of an expert chosen by the environmental groups to monitor long-term compliance, and provide transportation to the mine site for periodic inspection.

The results from the Coeur proposal will be achievable immediately upon commencement of operations and implementation of the proposal.

8. Shifting of Risk Burden. Coeur's proposal does not involve any shifting of risk, but rather a minimization of overall risk to the community. No individual or group would be subjected to disproportionate environmental impacts. Quite the contrary, Coeur's proposal is expected to have broad based community support. Approval of Coeur's proposal would thus demonstrate EPA's commitment to community-based permitting. Also, local workers will be recruited for the Project and it will be an important source of future employment for the City and Borough of Juneau over the next 12 years. Coeur is committed to working with Juneau in connection with any potential project-related impacts. Moreover, the Project has prepared a socioeconomic report as part of the baseline program to assist in the evaluation of potential impacts to the City and Borough. A mitigation agreement, which is part of the CBJ Large Mine Permit, will lessen socioeconomic impacts attributed to the Project.

UNIQUE INVOLVEMENT OF STAKEHOLDERS

Coeur has been actively involved in discussions with more than 10 environmental groups located in Juneau aimed at addressing their concerns about the Kensington Mine. It is intended that once final agreement is achieved on all issues, the agreement will be reduced to writing and will be incorporated in a court consent decree.

Coeur's proposal set forth in this paper was discussed long ago with the environmental groups, who are represented by the Sierra Club Legal Defense Fund. It is Coeur's understanding that the environmental groups support a discharge to Sherman Creek, as opposed to Lynn Canal, in the way and under the conditions described in this application. However, final agreement on all issues under discussion has not yet been reached. Coeur would propose

that the alternative environmental approach outlined herein be incorporated into its final agreement with these groups.

CONCLUSION

Coeur welcomes EPA's XL Program and is convinced that it can lead to an improved environment and an important step forward in the regulatory process. Coeur strongly urges that its proposal fits perfectly into the XL Program, and should be one of the first projects chosen. Furthermore, Coeur pledges that it will work closely with EPA personnel to carry out the project, and believes that its strong environmental record shows that it can be counted upon to do so.

Submitted by:

Robert T. Richins

Robert T. Richins

William F. Boyd

William F. Boyd

July 14, 1995