



Province of
British Columbia

Environment and
Land Use Committee
Secretariat

Parliament Buildings
Victoria
British Columbia
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1980-02-28

MEMORANDUM TO:

Mr. E. R. Macgregor
Assistant Deputy Minister
Mineral Resources Branch
Ministry of Energy, Mines
and Petroleum Resources
Legislative Buildings

RE: QUINSAM COAL PROJECT

As you requested in your 1980-02-12 memorandum,
please find enclosed a draft of a letter to
Mr. Pit Desjardins from your Minister.

attached

If you have any questions, please call me at 5795.

Erik Karlsen

Erik Karlsen
Assistant Director

EK:mp
Attachment

ASSISTANT DEPUTY MINISTER MINERAL RESOURCES		
REC'D MAR 5 '80		0174 ✓
REFERRED TO	DATE	INITIAL

ELUTC

1756

E. H. Karlsen
Acting Chairman
Coal Guidelines Steering Comm.

February 12, 1980

J. D. McDonald
Co-Chairman
Coal Guidelines Steering Comm.

cc: J. T. Fyles

SUBJECT: QUINSAM COAL PROJECT

The Hon. R. H. McClelland met with Desjardin and John Tribe on Friday, February 8th, to discuss the subject Project. Earlier in the day, John Tribe had met with Ray Crook and Wally Malkinson and I have attached a memorandum and other materials prepared by Wally which arrived in the Minister's office at the time of the meeting.

Essentially, Quinsam is prepared to relinquish the alternative of trucking coal to Discovery Point and to look at the alternative of trucking coal to Middle Point where it would be shipped on barges to either Roberts Bank or Neptune Terminal for transshipment to oceangoing vessels. I believe the agreement between John Tribe and Messrs. Malkinson and Crook was that Quinsam would submit an addendum to their Stage II Report which would cover this shipping alternative.

Mr. Desjardin indicated to the Minister the concern of this Board of Directors that even after fulfilling all the requirements of the Coal Guidelines Process, they still will not be permitted to go ahead with the Project, and he asked that the Minister give him a letter indicating the Government's position on this. The Minister agreed to provide Quinsam with a letter indicating that if they satisfy the Coal Guidelines Process and receive approval of the Environment and Land Use Committee, then the Project would be permitted to proceed. I cautioned the Minister and the Quinsam Officials that any such letter could not be construed to be approval in principle by the Minister, but that this responsibility resided in the hands of the Environment and Land Use Committee. I also indicated that implicit in the Guidelines Procedure is the understanding that if a proponent satisfies the agencies involved in the Coal Guidelines Procedures and the Environment and Land Use Committee and all the environmental, social and other negative impacts of the Project have been satisfactorily mitigated, that approval would be forthcoming.

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The upshot of this meeting is that I was asked to contact you to draft a letter which the Minister can send to Quinsam Coal which assures them that if they fulfill all the requirements of the Guidelines Process that they will be permitted to proceed with their Project.

I would like to discuss this with you at your earliest convenience.

E. R. Macgregor
Assistant Deputy Minister
Mineral Resources Branch

ERM/lj
Attach.



To: Dr. J. Fyles
Senior Assistant Deputy Minister
Ministry of Energy, Mines
and Petroleum Resources
BUILDINGS

Date: February 8, 1980

Subject: Quinsam Coal/Port of Campbell River

Ray Crook and I just completed a meeting with Mr. John Tribe of Quinsam Coal Ltd. from 11:30 - 2:00 today on the subject matter.

Our discussions today centered on the four items of correspondence noted below and their impact on the completion of Stage II studies for the Quinsam Coal property.

1. Letter from the Honourable R. H. McClelland to Mr. John Tribe dated December 14.
2. Letter from the District of Campbell River to Mr. John Tribe dated January 31, 1980.
3. Letter to Quinsam Coal from the Regional Districts of Comox-Strathcona dated February 1.
4. Memo and attachments to Honourable Don Phillips from A. L. Peel dated February 7.

Copies of all of this correspondence are attached for your information. Each of these items of correspondence note the concerns that have been raised regarding the use of Discovery Spit for a port facility for Quinsam Coal Ltd.

In light of the consistent position being taken by various agencies and levels of government on the problems associated with shipping coal through a terminal at Discovery Spit, Quinsam Coal appears to be ready to study the alternative of using Middle Point to load coal onto barges and transship the coal to Roberts Bank. Mr. Crook and I supported Quinsam's proposal to study Middle Point and agreed in principle that an addendum to the Stage II report should be submitted on the Middle Point alternative.

We also noted to Mr. Tribe that the Ministries of Industry and Small Business Development and Transportation and Highways had already drafted terms of reference for the feasibility of a single coal terminal serving several mines on Vancouver Island (refer to correspondence noted in (4) above).

Ray and I noted that the addendum to the Stage II report should acknowledge that a government study of port alternatives would be undertaken and that Quinsam would be cooperating with the government in this study. We have drafted up a tentative outline for such an addendum with Mr. Tribe today and will discuss that outline with other ministries (with Mr. Tribe present) on February 12.

In summary no one seems willing to support Quinsam on their preferred alternative port site at Discovery Spit. Therefore, we should agree to work cooperatively with them to look at the Middle Point alternative.



Wally Malkinson
Acting Director
Economic Analysis Division

cc: Mr. A. L. Peel
Mr. R. Crook
Mr. E. Karlsen
Mr. J. Tribe

MINISTER'S OFFICE
ENERGY, MINES &
PETROLEUM RESOURCES

Quinsam.

*Copy to
✓ E. Hawber*

John Quinsam Coal

*File CCEA
under appropriate
agenda item
CC. Wally Walker
Pell.*

December 14, 1979

CONFIDENTIAL

Mr. John Tribe, Manager
Quinsam Coal Project
800 Royal Trust Tower
EDMONTON, Alberta
T5J 2Z2

Dear Mr. Tribe:

I would like to take this opportunity to follow-up from our discussion at the Cabinet Committee meeting. We will endeavour to make the necessary decisions on the stages of the project in as much haste as possible. You should complete and submit the studies under the guidelines for coal development as soon as possible. The coal guidelines Steering Committee will review the studies and submit the recommendations to E.L.U.C. as quickly as possible.

It was indicated at the meeting that discussions should be commenced with Federal Indian Affairs and Fisheries when the Stage II reports are submitted to seek their support for the mine plan and the port site. In addition, meetings should be held with the local and regional governments on the proposed Discovery Spit facility, the proposed mine and the use of area highways and streets for coal transportation.

At this time, it appears there would be considerable difficulty with the proposed use of regional highways and municipal roads for hauling coal. I would suggest you consider other alternative transportation routes or methods for presentation to local officials.

BRITISH COLUMBIA
SECRETARIAT

JAN 11 1980

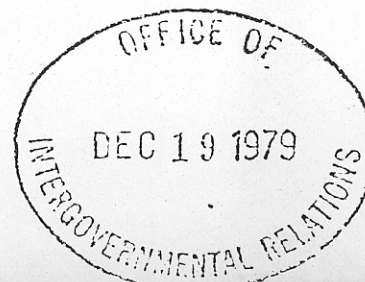
E. L. U. C.
VICTORIA, B.C.

Yours sincerely,

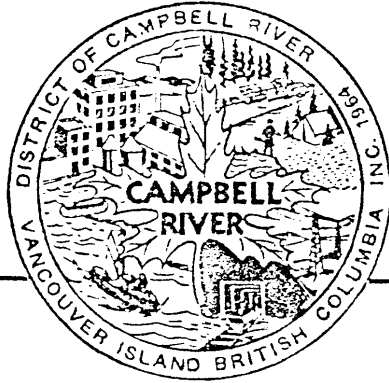
Original signed by
R. H. McCLELLAND

R.H. McClelland
Minister

cc Mr. B. Hick, Secretary to the
Cabinet Committee on Economic
Development



80-01-15 copies to Erik, Ray C.



DISTRICT OF CAMPBELL RIVER

301 ST. ANN'S ROAD
CAMPBELL RIVER, B.C.
V9W 4C7
PHONE 287-2121

ADDRESS CORRESPONDENCE TO THE ABOVE.

ATTENTION: W.T. Halstead

January 31st. 1980
Please Quote File Q-1

Quinsam Coal Ltd.
Mr. J. Tribe, Manager
Luscar Limited
800 Royal Trust Tower
Edmonton Centre
Edmonton, Alberta
V5J 2Z2

Dear Mr. Tribe:

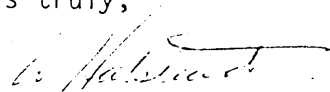
At its regular meeting of January 21st, 1980, Council of the District of Campbell River adopted the following motion:

"Be it resolved that Quinsam Coal Ltd. be informed, in writing, that the Council of the District of Campbell River is unalterably opposed to the dumping and/or loading of coal at the Campbell River Spit and that copies of this resolution be sent to Premier Bennett, the Minister of the Environment, the Minister of Mines, Energy & Petroleum Resources, the Minister of Economic Development, and the Federal Minister of Oceans and Fisheries;

Be it further resolved that the Council re-affirm that it is prepared to co-operate with the senior levels of government and the Company to assist in finding alternate solutions that are environmentally and sociologically acceptable, and

Be it further resolved that Council go on record that even if the Company receives approval from all other levels of government agencies or groups, this Council shall not accept the locating of coal loading facilities at the Campbell River Spit."

Yours truly,


W.T. Halstead,
Municipal Clerk

WTH/djb

cc: Premier Bennett
Hon. K. Rafe Mair, Minister of Environment
Hon. James J. Hewitt, Minister of Energy,
Mines & Petroleum Resources
Hon. Donald M. Phillips, Minister of Economic Development
Hon. James McGrath, Minister of Fisheries & Oceans

802.3

OUR FILE

YOUR FILE

Regional District of Comox-Strathcona

4795 HEADQUARTERS ROAD
COURTENAY, B.C., V9N 5W3
TELEPHONE 334-4452

February 1, 1980

Quinsam Coal
Luscar Limited
800 Royal Trust Tower
Edmonton Centre
Edmonton, Alberta
T5J 2Z2

Dear Sirs:

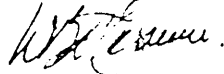
Re: Loading Out Facility - Tyee Spit (Discovery Point)

Please be advised that at the January 28, 1980 regular meeting of the Regional District Board the above captioned matter was discussed along with the recommendation from the Regional District Board's Planning Committee. The Planning Committee had recommended that the Board go on record as being opposed to the use of Discovery Point as a loading out site for Quinsam Coal. For your information, please be advised of the following motion which was passed by the Board at the above-noted regular meeting:

"Moved/Seconded: "THAT the Board concur with Recommendation No. 13 of the Planning Committee Report referring to the loading out site for Quinsam Coal."

CARRIED

Yours very truly,



W.B. d'Easum
Administrator

WBd'/bw

cc: Premier of B.C.
Minister of Mines
Minister of Economic Development
Minister of the Environment
District of Campbell River

MEMBER MUNICIPALITIES

CAMPBELL RIVER
COMOX
COURTENAY
CUMBERLAND
GOLD RIVER
SAYWARD
TAHSIS
ZEBALLOS

LOCAL AREAS

A BAYNES SOUND ISLANDS
B COMOX NORTH
C BLACK CREEK PUNTLEDGE
D OYSTER BAY BUTTLE LAKE
E QUINSAM
F NORTH CAMPBELL RIVER
G WEST COAST NOOTKA
H SAYWARD BLOEDEL
I CORTES
J COAST DISCOVERY



To: The Honourable Don Phillips
Minister of Industry and
Small Business Development
BUILDINGS

Date: February 7, 1980

Subject: Master Plan for Port of Campbell River

We have reviewed the subject study and have the following comments:

- (1) We could find no major errors, omissions or objectionable conclusions which would create significant public controversy. We have consulted with the Ministries of Transportation and Highways, Forests, Energy, Mines and Petroleum Resources, and Environment and the ELUCS and they all agree with us that the report should be made public.
- (2) The report provides a substantial and well documented data base on which future port planning decisions can be made, but it doesn't resolve the issue of where a coal terminal for Quinsam should be located.
- (3) The major points made by the study concerning coal port development are:
 - a. The study identifies three sites which could support major port development. These are Middle Point, Indian Reserve No. 11/Tyee Spit, and the southern end of Oyster Bay.
 - b. Middle Point is only capable of handling vessels of up to 35,000 DWT.
 - c. The Indian Reserve site is considered not suitable because of the environmental and social problems associated with trucking coal to this site. The consultants consider that this site has as its greatest potential use increased tourism and marina-oriented development. The consultants also consider that vessel size would be a constraint to developing markets at this site, as 100,000 DWT ships could not be accommodated.
 - d. Oyster Bay is the only site within the study area considered by the consultants to be capable of handling 100,000 DWT ships and thus accommodating a major coal terminal. Such a terminal could handle the exports of several coal mines. However, it is recommended by the consultants that sites other than those considered by the study first be examined.

The Honourable Don Phillips

February 7, 1980

- (4) The study recommends against the use of the Indian Reserve/Tyee Spit site. While the judgement that this site has higher-value uses appears reasonable it is not supported by hard numbers because they are not available. The study does not rule out shipment of coal from this site, and it provides environmental and social impact guidelines to be followed in the event that a coal terminal is situated there.
- (5) The study concludes that coal from several Vancouver Island mines should eventually be served by a single large terminal, (no evidence is presented that this is preferable to having two or more smaller terminals for coal shipment) and recommends that a study be undertaken of possible coal terminal sites outside the Campbell River area.

We agree that such a study should be commissioned. Peter Breiks of the BCDC, who is studying possible coal terminal sites in the Nanaimo area for Netherlands Coal has made a similar request, that such a study be undertaken.

This Ministry, together with the Ministry of Transportation and Highways, is now preparing a Treasury Board submission for funding of the recommended coal terminal study. Please advise us if you agree with this approach and whether and how we should involve the B.C. Harbours Board. Draft terms of reference are attached for your information.

We hope these comments will be of use to you. Please advise me if you have any questions.

Signed + mailed

80-27

A. L. (Sandy) Peel
Deputy Minister.

Originated by:


Wally Malkinson

cc: Members, Master Plan for Port of
Campbell River Review Committee

Second Draft

Proposed Terms of Reference for a Study of Port Development (Coal Terminals) - East Coast of Vancouver Island

Purpose

The purpose of the study is to assess the feasibility of possible coal terminal locations on Vancouver Island. The study will determine the optimal strategy for coal terminal development. In particular, the study will determine whether it is preferable to ship coal from Vancouver Island via one major port or through two or more smaller terminals. The study will be based on an examination of public and private sector costs associated with coal shipment and will recognize environmental and community impacts as well as investigating engineering requirements and constraints.

Scope

The scope of the study will necessarily be broad and will include an analysis of land transportation options as well as port development alternatives under varying assumptions regarding Vancouver Island coal production.

Methodology

More specifically this study will provide an analysis in the following framework:

A. Phase One - Establish Alternatives

A selection of sites which could be developed as coal terminals should be established. For the Quinsam coal project four sites, Menzies Bay, Middle Point, Discovery Point and Oyster Bay have been under study but this list should be expanded to include other possible sites to serve coal deposits on Vancouver

Island. Sites should be examined in the context of a large terminal serving all Vancouver Island coal deposits and as one of a number of small terminals.

B. Phase Two - An Analysis of Each Alternative

Once a list of the most viable alternatives is established they will be evaluated in terms of the following criteria and under varying assumptions of production and throughput.

1. Land Transport

a) Capital Costs of Road Construction

- new route construction (paved or gravel)
- upgrading existing routes

b) Route Planning

- impact on current traffic patterns
- options for bypassing populated areas and crossing major public routes.
- benefits to the public of new coal routes

c) Truck and Equipment Design

- carry capacity of units
- distance and turn around time
- loading and off loading equipment
- Gross vehicle weight as a limiting factor in British Columbia.

d) Capital Cost of Equipment

- cost of a unit
- optimal number of coal transport units
- economic life of a unit
- additional spare equipment necessary.

e) Operating Costs

- fuel consumption and cost (variable with distance, size of unit and number of trips)
- labour
- highway maintenance (public routes, private routes, fixed and variable costs)
- equipment maintenance (variable with trips, load factor, fixed maintenance charges)
- insurance costs

f) Environmental Impact and Land Acquisition

- possible access problems
- noise pollution
- effect on crossing environmentally sensitive areas and other resource use
- coal dust emission control

g) Alternatives to trucking

- rail link to major site
- upgrade current line

2. Port Development

a) Capital Cost of Coal Terminal

- unloading and loading equipment for transfer to shipside
 - storage space
 - docks and wharfage
 - coal dust emission control
- b) Engineering constraints and feasibility
- geological survey
 - seismic tests
 - soil suitability
- c) Navigational Considerations
- tides, waves & currents
 - current size of bulk carriers
 - navigational problems
 - ship size constraints
- d) Competing Uses for Land/General Environmental Constraints
- impact on recreational and other commercial usage
 - possibility of multiple use facilities (ie. lumber, ore)
- e) Supply of services to each site
- f) Operating Costs of Terminal
- overhead expenses
 - labour
 - administration
 - materials and supplies

- g) Ship Operating Costs
 - h) General Environmental Constraints
3. Coal Production Scenarios
- a) Quinsam - best estimates of future production and transport costs that will make it economical
 - b) Nanaimo Area - future possibility of production from this area.
 - c) General Survey - potential coal productions on Vancouver Island from other areas such as Comox, Cumberland and Port Hardy.

C. Ranking and Recommendation

Once the sites have been examined, the study will present and rank the most likely coal terminal network alternatives, some of which will consist of a single large facility, others being comprised of two or more smaller terminals. The evaluation will consist of comparison of the quantifiable public and private costs and benefits associated with each option, accompanied with a summary of non-quantifiable impacts and constraints. The result will be a recommendation as to where terminal facilities for Vancouver Island coal should be located.