

884704

*URS-CC. Reference
Signature
Pen telegraph*

*Received
at MDSC.*

RECEIVED MARCH 24 1987 RECEIVED		

ESSO MINERALS CANADA

A Division of
 Esso Resources Canada Limited
 1600 - 409 GRANVILLE STREET
 VANCOUVER, B.C. V6C 1T2
 Telex: 04-55717
 Telephone (604) 661-7100

E. M. BERTHELSEN
 President

FILE: Kutcho 12-1
 MV: 777
 March 24, 1987

Mr. R. Crook
 Chairman
 Mine Development Steering Committee
 Ministry of Energy, Mines
 & Petroleum Resources
 Parliament Buildings
 Victoria, B.C.
 V8V 1X4

LOG NO: 04/06/87	VAN 10-1
ACTION: → Note on 'master', MDSC file as 'ongoing from Stage II' TGS + file	
FILE NO: KUTCHO CK.	

Dear Mr. Crook:

Re: Kutcho Creek Project

I would like to thank you for meeting with Jim and myself on such short notice and providing us with an update on the status of the Kutcho project. As you are aware, both Esso and Sumac have a very significant investment in Kutcho. We are confident that the project can be developed, as outlined in our Stage II report, and will meet the regulatory requirements.

Currently, the B.C. Mining Association, through the RATS program, are investigating acid generation within the mining industry. We are keeping abreast of the progress being made and intend to utilize the results, if applicable, on the Kutcho project. Mr. Ed Dunn will be attending the Acid Mine Drainage Seminars in Halifax later this month, followed by the symposium in Campbell River in April. During this time, he will be meeting with various government representatives with the intent of designing a field test program for Kutcho.

I appreciate your frankness in discussing the Approval-in-Principle of the Stage II study. We feel that we have gone about as far as we can go in terms of response and studies under this stage of project development. We feel it is timely to recommend the project to Cabinet. We are very reluctant to spend additional money, both on exploration and further studies, unless we

have Stage II approval. We recognize that there will always be outstanding questions and concerns. The potential of acid generation on massive sulphides has raised an uncertainty and begs the question "If there is a problem, can you deal with it?" We maintain that the tests to date done on Kutcho indicate that the material is not acid-generating. We have, however, presented our Stage II study such that if problems develop, they can be dealt with on a timely fashion. We also recognize that further work on acid-generating potential will continue right through final Stage III approval.

We reviewed the latest correspondence dated February 26, 1987 from Mr. John Dick as well as the memo dated February 17, 1987 from Mr. M. Ito. Mr. Ed Dunn will be commenting on both memos in the near future, however, our response will be limited because we feel that some of the comments, in particular, raising the final lake level from 1,460 to 1,540 metres presents a greater risk than what it is designed to cure. Much work would have to be done in order to determine the viability of this option and, aside from the cost and design problems in raising the dam, the long-term liability of the dam after mine shutdown would be difficult to ascertain.

Jim's comments on horizontal dewatering wells used to keep groundwater away from the footwall are worth considering. Mr. Dunn will follow up on this suggestion during his minesite visits and if the scheme is feasible, we will review it with you. If we go ahead with further testing on site, we will, of course, review our program with you prior to initiation.

I appreciated meeting you and Daryl Brown last week and I look forward to advancing the project through to Stage III.

Yours very truly,



E.M. Berthelsen

EMB:wlb

1377C

cc: E.J. Dunn