



November 30, 1999

Gordon Lennie
Chairperson
Mackenzie Valley Environmental Impact Review Board
5102-50th Ave.
P.O. Box 938
Yellowknife NT X1A 2N7

Re: Comments on the Draft Terms of Reference for BHP's proposed development of the Sable, Pigeon and Beartooth Development

Dear Mr. Lennie:

Diavik Diamond Mines Inc. (DDMI) would like to draw the attention of the Mackenzie Valley Environment Impact Review Board (MVEIRB) to several issues related to cumulative effects, inconsistency between the Ranger and BHP reviews and the inclusion of a substantial socio-economic element in the forth-coming BHP environmental effects assessment.

We are concerned that the MVEIRB appears to be asking for an extensive cumulative effects analysis of the proposed expansion as though no cumulative effects analysis has been undertaken in the region at all. DDMI understands that BHP considered the potential effects of incremental development in its 1995 EIS. In 1996, the EARP panel examined the potential effects associated with the likely incremental expansion of the BHP Project (albeit hypothetical at that point). Subsequently, DDMI, as a requirement of the recently concluded CEAA Comprehensive Study, completed an analysis of the potential cumulative effects that were likely to occur as a result of the proximity of the BHP and Diavik operations. That analysis concluded that no significant cumulative environmental effects are likely to result from combined operations. In keeping with the cumulative effects analyses that have been undertaken for the two previous reviews, DDMI suggests that a tightly focused cumulative effects analysis that builds on the previous studies would be appropriate for Sable, Pigeon and Beartooth. The present wording of the Terms of Reference presents an opportunity for duplication that is in everyone's best interest to avoid.

Also when comparing the Terms of References for the Ranger Oil, Canadian Forest Oil and the Chevron Canada assessment against the BHP Sable, Pigeon and Beartooth assessment, DDMI found several troublesome inconsistencies. As examples, in the BHP assessment the MVEIRB has included environmental optimization, precise definition of temporal boundaries, and compensation. However, the MVEIRB did not find it necessary to do so in the review of Ranger *et.al.*. These inconsistencies in approaches and information requests by the MVEIRB increase uncertainty and risk for companies going through the review process.

Finally, Diavik is concerned that the MVEIRB has required BHP to undertake a fairly extensive review of potential socio-economic and cultural impacts of their proposed project. As mentioned earlier in this letter, BHP has recently undergone a review under EARP. That review concluded that there would be an economic benefit and potentially mixed socio-cultural effects. Based on BHP's October 1999 Project Description it is apparent that this project will not change any of the fundamentals of the EKATI™ /Diamond Mine. DDMI understands, that by systematically expanding the resource base, the company is simply trying to maintain a stable operation that avoids the peaks and troughs that are common in the resource industry. The potential effects

related to extending the economic benefits of this project should be considered in the context of the alternative which could result in earlier closure of the mine and associated effects of that scenario.

DDMI is concerned about the confusion for Industry that is created by inconsistent approaches to the environmental assessment of projects. This will result in barriers to the orderly economic development of the north. Sound environmental assessment under the MVRMA will result when all the parties work hard to find practical solutions to making the legislation work in balance. DDMI suggests that we need to build on the experience and knowledge gained through previous processes and suggest that reinventing the wheel is an unnecessary draw on limited resources for all parties involved.

DDMI trusts that our suggestions will be considered both in the context of the finalization of the Terms of Reference for the BHP expansion and in the development of future terms of reference for projects not yet proposed. DDMI is willing to provide the MVEIRB with assistance in the development of guidelines and processes for creating consistency and efficiency for environmental assessment in the Mackenzie Valley. Please feel free to call me at (867) 669-6509 or my staff to assist in the future.

Best regards,



Murray Swyripa
Vice President, Environmental Affairs

CC: NWT Chamber of Mines
Lorne Tricoteux, Associate Regional Director General DIAND



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