



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY
MARQUETTE DISTRICT OFFICE



LIESL EICHLER CLARK
DIRECTOR

August 9, 2019

Mr. David Anderson
Director, Environment and Regulatory Affairs
Aquila Resources Incorporated
E807 Gerue Street
Stephenson, Michigan 49887

Dear Mr. Anderson:

SUBJECT: Back Forty Project - Mining Permit Amendment Application – Request for Additional Information and Notification of Tolling of Review Period – MP 01 2016

The Michigan Department of Environment, Great Lakes, and Energy (EGLE) accepted written public comments for 28 days following the public hearing held on June 25, 2019, on the proposed decision to approve the Mining Permit amendment request as required by Section 63205 (8) of Part 632, Nonferrous Metallic Mineral Mining (Part 632) of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA). Section 63205 (9) of Part 632 requires EGLE to make a final decision within 28 days of the close of public comment period, which makes the deadline August 20, 2019. During this time in the process for a significant amendment application review, EGLE reviews the comments received, compiles the comments in a summary document, and prepares responses to those comments. A determination that an application is administratively complete does not preclude EGLE from requiring additional information from the applicant, and the 28-day period after expiration of the written public comment shall be tolled until such time as the applicant submits the requested information.

At this time, EGLE is tolling the review period as of the date of this letter to request the following information and clarification determined to be necessary to complete the evaluation of the amendment request application and responses to public comment:

1. Additional information is requested regarding the assessment of risk to the environment or public health and safety associated with potential embankment failure of the Contact Water Basin and Tailings Management Facility (TMF), and the response measures that shall be followed for such an event [R425.205(1)(a)(vi)]. Provide an evaluation of potential failure modes of both the TMF and Contact Water Basin. This analysis should include an assessment of likelihood of the various failure modes as well as flooding and environmental impact associated with failure of these facilities. Based on this analysis, provide

an estimated cost to implement response measures for a potential failure. An emergency action plan (EAP) outlining the extent of flooding and environmental impacts and emergency response procedures will be required as part of the Dam Safety Permitting process.

2. Aquila Resources Incorporated (Aquila) has previously indicated that reagents other than sodium cyanide were considered in the beneficiation process but rejected due to lower concentrate recovery. What alternatives other than the use of cyanide were considered for processing? Provide additional information as to why those alternatives were rejected. [R425.202(1)(c)]
3. Aquila has indicated an anticipated mercury generation captured from processing will be less than 75 liters per year and that costs for disposal of all wastes have been incorporated into the economic evaluation of the Back Forty Project. How and where will mercury be stored, and what is the maximum volume of mercury anticipated to be stored on site at any given time? Were the costs of disposal of wastes included in the financial assurance estimates? If so, explain how they were accounted for, including detail of anticipated volume, methods, and frequency of disposal. If not, provide the cost of disposal of wastes that must be removed for off-site disposal at projected maximum volume storage. [R425.301(2)(v)]
4. In reference to the Amended Design of Tailings Management Facility, Waste Rock Facilities, Ore Storage Areas and Overburden Stockpile, Mining Permit Amendment Application, Volume I, Appendix C: Please provide details of any analyses completed in order to determine that tailings will be non-segregating during deposition to the TMF. Is any sorting of tailings expected during placement? Is any washing of fines expected as decant water migrates to the sump areas? Provide a detailed monitoring plan that will ensure tailings have met design strength and drainage parameters, that proper function of installed drains is maintained, that expected consolidation/settlement has occurred, etc. as necessary to ensure stability of the TMF berm system. [R425.203(i)(A)]
5. Also, EGLE has received public comments regarding whether Wisconsin's blasting regulations will apply at the Back Forty Project. The Back Forty Project is under Michigan's jurisdiction, and while Part 632 requires a general description of blasting materials and methods, and disclosure of explosives storage, transportation, and handling plans, a preblasting survey is not specifically required. Has Aquila considered conducting a preblasting survey that meets Wisconsin's requirements?

Mr. David Anderson

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Thank you for your attention in this regard. If you have any questions, please feel free to contact me at the telephone number listed below or by e-mail at Humphreym@michigan.gov.

Sincerely,



Melanie Humphrey, Geologist
Gwinn Field Office
Oil, Gas, and Minerals Division
906-250-7564

mh:tc

cc: Mr. Adam Wygant, EGLE
Mr. Rick Henderson, EGLE
Mr. Mark Snow, EGLE
Mr. Luke Trumble, EGLE
Mr. Andrew Drury, EGLE
File: Back Forty Project, CM9