



**UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration**

National Marine Fisheries Service

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February 22, 2005

Anne Currie
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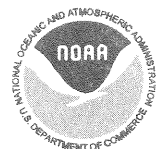
Dear Ms. Currie:

The National Marine Fisheries Service (NMFS) has reviewed the *Galore Creek Project Access Road Report* (Access Report), dated January 2005, prepared by NovaGold Canada Inc. and the *Galore Creek Project CEAA – Project Description* (Project Description), dated December 2004, prepared by Rescan Environmental Services Ltd. We offer the following comments on the NovaGold Canada Inc. Galore Creek Project based on information available in these two documents and in the Powerpoint presentations prepared for the January 26 – 28, 2005, project meetings in Vancouver. Our comments focus on the access route, issues of concern, and the 2005 baseline studies.

Overview

The Access Report summarizes the findings from the 2004 field programs, the engineering and exploration activities, NovaGold's route preference and rationale, and public engagement and feedback. At this point in the process NovaGold has chosen the southern access route as its preferred route and plans to focus its 2005 feasibility and environmental assessment activities solely on the southern access alternative. NovaGold states that the technical, financial, and environmental studies to date show the southern access corridor to be the preferred route and the northern option to have an unacceptably high level of risk from both a technical and environmental perspective and greater costs. The preliminary Galore Creek scoping study identified the following statistics for each access route: northern access requires construction of 82 km of road (approximately 51 miles) and 14 km of tunnel (8.7 miles); southern access requires construction of 156 km of road (approximately 97 miles) and 3 km of tunnel (1.86 miles).

At the January 28, 2005, meeting NovaGold announced an increase in the processing rate from 30,000 tons/day ore to 60,000 tons/day ore and the need for tailings impoundments capable of holding up to 500 million tons and waste rock storage strategies for up to 1 billion tons. Expected traffic on the access road is 50 concentrate haul truck trips per day plus approximately 20 one-way vehicle trips (transporting services and supplies including fuel).



Access Route

The 2004 baseline study provided a good initial baseline assessment of the biological resources along the two proposed access routes. The southern access has by far the highest value fisheries (anadromous and resident), the highest fish density, and the highest fish diversity. The southern access would potentially impact the most wetlands. Page 2-10 of the Access Report states that the northern route will pass along 3 km of wetland habitat whereas the Southern Route will pass near approximately 40 km of wetland habitat. Page 2-6 of the Access Report states that the northern route will cross up to 115 streams and tributaries of which 17% are estimated to be fish bearing and the southern route will cross up to 222 streams and tributaries of which 57% are estimated to be fish bearing. For resources of concern to NMFS the northern route is environmentally preferable.

One of the factors against choosing the northern access is the longer construction period. The only identified way to reduce this construction period, according to the Access Report, is to transport equipment and supplies over the glacier southeast of Galore Valley. This option was deemed not financially feasible because of the need for a barge landing storage area and a 40 km temporary road. Has the possibility of airlifting the needed equipment from a barge on the Stikine River to the mine site been investigated? This option was discussed during the October 2004 site visit but there is no analysis of it in the Access Report or the Project Description. Page 2-52 of the Project Description discusses the possibility of towing up to the Porcupine River confluence during high flows (June and July) with a 400-ton payload. Off loading equipment from a barge on the Stikine as far upriver as the Porcupine River would significantly decrease the helicopter transport time (relative to staging from Dease Lake B.C. or on the Stikine River near the confluence of the Choquette River). This option should be analyzed and results presented for agency review.

Potential options to reduce the cost of the tunnel construction and operation were identified in the January 28, 2005, meeting. These include using a slurry pipeline instead of a conveyor and reducing the size of the tunnel. NMFS requests an analysis or discussion of these potential cost cutting alternatives as part of the northern route analysis.

Issues of Concern

NMFS is concerned with the potential negative impacts from mine development and access road construction for fish resources and water quality downstream, and potential negative economic impacts to the anadromous fishery in U.S. waters. The southern access road would require 156 km of new road construction along unroaded sections of the Iskut, Stikine, and Porcupine Rivers and Scotts Simpson Creek. NovaGold is proposing to follow best management practices and provide for fish passage where needed with bridges or open arch culverts. NMFS supports these practices and construction techniques. However, substantial potential impacts remain from sedimentation, acid rock drainage, and altered habitats.

For either access route, the analysis should address road management including access management and road closure, the potential for hazardous spills along the road corridor

(i.e. concentrated tailings and oil and gas), and potential long term and cumulative impacts.

Safe storage of up to 500 million tons of tailings and up to 1 billion tons of waste rock is an issue of concern. Page 3-33 of the Project Description identifies avalanches as a serious hazard and in particular avalanches into tailings and the potential to generate a wave from the point of impact. In addition, the Stikine-Iskut area is an area of active volcanic and seismic processes (page 3-7 of the Project Description), and the high precipitation in the area requires additional control measures for tailings and waste rock storage. NMFS understands that studies are ongoing to address these issues and engineering designs will account for these potential hazards and complications.

The environmental tradeoffs between the northern and southern access routes (shorter vs. longer haul road) and between a larger mine footprint (Galore and Moore Valleys vs. Galore Valley) are complex and difficult to assess. We recommend examining the cumulative environmental impacts of both routes and the corresponding mining operations in detail before making decisions on the access route or mine footprint. NMFS understands that this is not the environmental assessment process used in Canada and this approach may require additional expense for analysis.

2005 Baseline Studies

The potential for acid generation along the access routes should be fully assessed. This may be accomplished by incorporating a rigorous survey and rock sampling design into field investigations.

The relative importance of the Iskut and Porcupine Rivers to the Stikine watershed should be fully assessed from a hydrological, water quality and biological perspective. This should include further field sampling and surveying to determine the habitat use by anadromous fish, available rearing and spawning habitats and population estimates.

A complete inventory of the potentially modified fish and wetland habitats should be made. The habitats should be identified, mapped and quantified as to its value and function.

The enhancement potential and initial feasibility of modifying fish barriers in the Iskut-Stikine watershed should be investigated as a possible mitigation tool. Potential sites include McLymont Creek (Access Report page 2-6) and Andismith and Jennifer Creeks (Appendix 1 page 3 of the Access Report). NMFS recognizes that barrier modification may have potential consequences for resident or upstream fish populations and as such may have potential drawbacks.

Initial reconnaissance of other potential habitat compensation projects should be a part of the 2005 baseline studies.

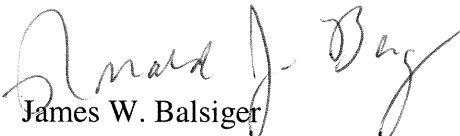
Conclusion

NMFS appreciates the opportunity to keep abreast of project information and to provide comments. We plan continued involvement in the project. We remain concerned with the potential impacts to fish and water quality on the Stikine River and its tributaries.

The Stikine River has high economic importance for the commercial salmon fishery and as a nursery area for other living marine resources.

Please contact Cindy Hartmann at 907 586-7585 or cindy.Hartmann@noaa.gov if you have any questions or for further coordination.

Sincerely,

For 
James W. Balsiger
Administrator, Alaska Region

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Cindy Hartmann, February 18, 2005

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