



Alaska Gold Company

A NovaGold Subsidiary

400.38.033

MSR

July 6, 2004

RECEIVED

Larry Johnson
Alaska Department of Environmental Conservation
610 University Avenue
Fairbanks, AK 99709

JUL 08 2004

CONTAMINATED
SITES
FAIRBANKS

RE: Snake River Property Draft Work Plan

Dear Mr. Johnson:

Alaska Gold is the owner of several lots along the Snake River and across the road from the West Nome Tank Farm. In November 2003, ADEC listed these properties as a contaminated site (File # 400.38.003). These lots were originally occupied by the United States military as part of Marks Air Base and utilized for the motor pool. They are currently leased by various tenants for industrial purposes. The main tenant of the property, Dale Whitney, has been leasing this land for his welding shop and residence for the past 30 years.

The contaminated site listing was based on the presence of soil stains. The stains were observed during a site investigation related to ground water contamination associated with the West Nome Tank Farm across the street. In addition, the contaminated site listing references contamination from mercury flasks stored on the site. Alaska Gold would like it clarified that this is an unfounded allegation. No flasks of mercury have been stored at this site and these lands have not been utilized by Alaska Gold for, or in support of, its gold mining operations. Alaska Gold requests that ADEC correct this information on the contaminated site listing.

In response to Alaska Department of Environmental requests, the Snake River property was sampled by Alaska Gold Company in the approximate areas of the reported visually observable soil stains. The stains were not apparent to the sampling team. As per ADEC direction, three samples were taken in the approximate area and analyzed for RRO/DRO and BTEX. An additional two samples were taken at one of the sites at the sampling team's discretion. There was a noticeable petroleum aroma at one of the additional sites, but the presence of stock metal prohibited access for further sampling. The laboratory analyses indicated petroleum contamination at this one suspected site. The other samples did not indicate the presence of petroleum products. The laboratory analyses were forwarded by e-mail to ADEC.

P.O. Box 640, Nome, Alaska 99762-0640 USA • Telephone 1-907-443-5272 • Facsimile 1-907-443-5472

Head Office:

Suite 3454, Four Bentall Centre, 1055 Dunsmuir Street, P.O. Box 49215, Vancouver, BC V7X 1K8 Canada
Telephone 1-604-669-6227 • Facsimile 1-604-669-6272

The lessee of the property (Dale Whitney) was contacted and asked to remove the stock metal from the area of concern so that further sampling could be conducted. The lessee was compliant in removing stock metal from the area of concern. The lessee was also helpful in moving stock metal away from another spill site that the lessee had reported the previous year. Additionally, boats stored on the land for the winter were launched for the season exposing ground further to the north for additional inspection.

A follow-up inspection was conducted by Alaska Gold Company and ADEC (Sharon Richmond) on June 15, 2004 to observe for staining and to take samples at ADEC's discretion. While the original alleged stained soils were not located, and sampling in the original area of concern did not support the presence of petroleum products in the soils, several other soil stained areas were apparent in the newly cleared areas. There were several small stains most likely related to small vehicle leaks, but there were also approximately ten larger stains most likely caused by leaking drums of fuel and/or lubricants. No samples were collected on this inspection due to the number of sites and limited allowable time for sample collection.

In conclusion, the property is not impacted by one or two large stains, but by a scattering of numerous smaller surface stains. Therefore, a traditional clean-up approach is not feasible for this site. Alaska Gold Company proposes to take the following steps to address the petroleum contaminated soils at the Snake River Property.

- An initial cleanup will be conducted based on visually noticeable soil stains. Through the use of a loader and/or excavator, and a hand shovel, the lessee will excavate all soils which show a noticeable and substantial stain.
- Excavation will be conducted up to depths of about 1.5 feet. Excavation to greater depths would encounter ground water. It is known from groundwater monitoring well data that there is a clear gradient of contamination from the West Nome Tank Farm that flows through this site. It would not be reasonable to extend this surface clean-up into the extensive contamination present from the West Nome Tank Farm.
- The potentially contaminated soils will be taken to a designated and approved land-spreading site. This site would be operated in accordance with ADEC stipulations.
- Alaska Gold Company would inspect the Snake River site after the excavation for any further noticeable petroleum contaminated soils. If noticeable stains remain, further excavation work will be conducted.
- Alaska Gold Company will collect soil samples from the edges and bottom of three of the excavation sites to be analyzed for DRO/RRO and BTEX to determine if the soil removal was generally thorough. If sample analyses indicate that there remains a presence of petroleum contamination in the soils that exceeds ADEC regulatory limits, then the process will be repeated. Photos will also be taken and submitted to ADEC in support of the clean-up documentation.
- If ADEC would like, they may wish to inspect the site prior to refilling and grading of the area after the excavation is completed.

Alaska Gold Company requests that ADEC assist in processing and approving a request for a *land-spreading facility for petroleum contaminated soils*. Alaska Gold would propose to locate the site over by Dredge VI in an area presently used for gravel stockpiles. I would appreciate an opportunity to discuss the approval process for the site with you at your earliest convenience. I may be reached at (907) 443-5272 or by e-mail at cmaccay@beesc.com.

Sincerely,



Charlotte MacCay
Alaska Gold Environmental Permitting and Management
Project Manager

443-3587