

STATE OF ALASKA

**DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF AIR QUALITY
AIR PERMITS PROGRAM**

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**CERTIFIED MAIL: 7003 0500 0004 7870 5576
Return Receipt Requested**

August 29, 2007

Henry Bogart
Mine Manager
Niblack Mining Corp.
PO Box 35503
Juneau, AK 99803

Re: Effective Date for the Owner Requested Limit Letter of Approval, Niblack Exploration Project, ORL No. AQ1098ORL01

Dear Mr. Bogart:

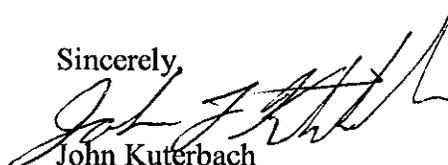
On August 27, 2007, the Department received the signed letter of approval for the Owner Requested Limit (ORL) for Niblack Exploration Project. Under the authority of AS 46.14 and 18 AAC 50.225(g), the Niblack Exploration Project ORL became effective on August 28, 2007 the day after the Department received the signed approval.

This enclosed ORL limits Niblack Exploration Project's emissions to below minor permitting thresholds listed in 18 AAC 50.502(c)(1), therefore the project does not need a permit under 18 AAC 50.502. Under Alaska law, the Niblack Mining Corporation (Niblack) is required to comply with each term and condition of the effective letter of approval.

Please note that this ORL does not relieve Niblack from complying with applicable emission standards and prohibitions. Niblack may access Alaska's air quality statutes, regulations, and ORL information from the Department's web page at the following address:
<http://www.dec.state.ak.us/air/>.

Should you have questions regarding this decision or other related matters, please contact Sally A. Ryan at (907) 269-6271.

Sincerely,



John Kuterbach
Air Permits Program Manager

Enclosures: Signed Final Approval Letter for ORL No. AQ1098ORL01

cc: Tim Knapp, ADEC/APP, Anchorage
Moses Coss, ADEC/APP, Fairbanks
Sally A. Ryan, ADEC/APP, Anchorage

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State of Alaska - Air Permits Program
Owner Requested Limit

STATIONARY SOURCE IDENTIFICATION:

No. AQ1098ORL01

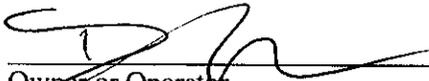
Owner/Operator:	Niblack Mining Corporation
Stationary Source:	Niblack Exploration Project
Stationary Source Address:	PO Box 35503
City, State, Zip:	Juneau, Alaska 99803
Location:	SE end of Prince of Wales Island
Stationary Source Contact:	Henry Bogert
Phone Number:	(907) 463-5757

The above-named stationary source has submitted a complete application for an owner-requested limit under 18 AAC 50.225(b) for the Niblack Exploration Project. The Department approves the owner-requested limit to restrict the stationary source allowable emissions and potential to emit. The Department certifies that the requested limit is effective as of the date noted below.

In accordance with 18 AAC 50.225(f), the applicant has agreed to the conditions listed on the following pages.

The owner or operator may revise the terms or conditions of this approval under 18 AAC 50.225(h)(1) by submitting a new request under 18 AAC 50.225(b). The owner or operator may request the Department revoke the limit in accordance with 18 AAC 50.225(h)(2). This limit remains in effect until the Department approves a new limit or revokes it.

I understand and agree to the terms and conditions of this approval.


Owner or Operator _____ Darwin Green
Printed Name
Title: VP Exploration

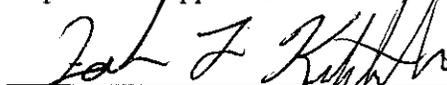
This certifies that on AUG. 23/07 (date) the person named above appeared before me, a notary public in VANCOUVER and for the State of B.C. and signed the above statement in my presence.
I.T. PROVINCE

Notary Signature & Seal 

My commission expires: IS PERPETUAL

LEE S. TUPPER
BARRISTER & SOLICITOR
PHONE: (604) 683-9262
1710 - 1177 WEST HASTINGS STREET
VANCOUVER, B.C.
V6E 2L3

Department Approval:


John F. Kuterbach, Program Manager
Air Permits Program

28 AUG 2007
Owner Requested Limit Effective Date

CONDITIONS:

1. The Owner/Operator shall limit total operating time of Unit 1 to no more than **8,585** hours per 12 consecutive months, and shall
 - a. not operate Unit 1 at greater than 75 percent load;
 - b. limit the amount of time that Unit 1 operates
 - (i) at loads between 50 percent and 75 percent to no more than **4,292** hours per 12 consecutive months;
 - (ii) at loads between 25 percent and 49 percent to no more than **1,717** hours per 12 consecutive months; and
 - (iii) at loads between 10 percent and 24 percent to no more than **1,717** hours per 12 consecutive months.
- 1.1 Monitor and record the power output in kilowatts for Unit 1 for every 15 minute interval during which Unit 1 operates. Determine the percent load for each 15 minute interval by dividing the recorded power output in kilowatts by the design capacity of 600 kiloWatts, and then determine the average percent load for each hour.
- 1.2 By the 15th of each month,
 - a. add the previous month's total hours of operation to the total from the previous 11 months;
 - b. add the previous month's hours of operation at loads between 50 percent and 75 percent to the hours of operation at loads between 50 percent and 75 percent from the previous 11 months;
 - c. add the previous month's hours of operation at loads between 25percent and 49 percent to the hours of operation at loads between 25 percent and 49 percent from the previous 11 months; and
 - d. add the previous month's hours of operation at loads between 10 percent and 24 percent to the hours of operation at loads between 10 percent and 24 percent from the previous 11 months.
- 1.3 Report as a permit deviation under condition 6 any time Unit 1 hours of operation at a given load exceeds a limit in this condition.
2. The Owner/Operator shall limit total fuel consumption in Unit 3 to no more than **12,439** gallons per 12 consecutive months.¹
 - 2.1 Install and operate a fuel meter that is accurate to within five percent on Unit 3.
 - 2.2 Monitor and record monthly total fuel consumption in gallons for Unit 3.

¹ This limit is necessary because engine-specific fuel consumption data is not available for Unit 3.

- 2.3 By the 15th of each month, add the previous months total fuel consumption for Unit 3 to the previous 11 months total for Unit 3.
- 2.4 Report as a permit deviation under condition 6 any time the 12 consecutive month total for Unit 3 exceeds a limit in this condition.
3. The Owner/Operator shall use only Diesel Fuel No. 1 or No. 2² in all equipment at the stationary source.
 - 3.1 Obtain a statement or receipt from the fuel supplier showing the fuel grade and amount of each fuel shipment delivered to the stationary source.
 - 3.2 Report as a permit deviation under condition 6 if a fuel grade other than No. 1 or No. 2 Diesel Fuel is delivered to the stationary source.
4. The Owner/Operator shall keep all records required by this approval for at least five years after the date of collection, including reports and certifications.
5. The Owner/Operator shall submit an annual compliance report to the Alaska Department of Environmental Conservation, Air Permits Program, 610 University Avenue, Fairbanks, Alaska 99709-3643, ATTN: Compliance Technician. Each year the report is due by August 1 for the period from July 1 of the preceding year to June 30 of the current year. Certify the report as specified in 18 AAC 50.205. Include in the report
 - 5.1 the name of the Owner/Operator, the stationary source name, ORL number, and the period of the report;
 - 5.2 a summary of monthly and 12 month rolling total operating hours, and the operating hours at each load range listed in condition 1 for Emission Unit 1 for the reporting period;
 - 5.3 a summary of the monthly and 12 month rolling total fuel consumption for Unit 3 during the reporting period;
 - 5.4 a summary of all fuel grade and amount of each fuel shipment delivered to the stationary source for the reporting period; and
 - 5.5 a certification of report information, signed by the Responsible Official defined in 18 AAC 50.990(93), using the format of 18 AAC 50.205.
6. The Owner/Operator shall report any excess air emissions or permit deviations to the Department no later than seven days after discovering the exceedance or permit deviation. To report excess emission, the Owner/Operator must use the Department's on-line form or the form contained in Attachment A of this permit. The Owner/Operator must provide all information called for by the form that is used.

² Fuel specifications for Diesel Fuel No. 1 and No. 2 require less than 0.5 weight percent sulfur.

Statement of Avoided Requirement:

The potential-to-emit for the emission units listed in Table 1 are reduced to less than 15 tons per year (tpy³) of particulate matter with an aerodynamic diameter less than ten microns, 40 tpy of nitrogen oxides, and 40 tpy of sulfur dioxide, by limiting the operating hours at the stationary source, and limiting fuel to No. 1 or No. 2 Diesel Fuel. In accordance with 18 AAC 50.225(b)(5), the capacity of the stationary source to emit an air pollutant is verifiable through the monitoring, record keeping, and reporting contained in this approval. By limiting the potential-to-emit of the emission units listed in Table 1, the Niblack Mining Corporation is avoiding the classification of the Niblack Exploration Project under AS 46.14.130(c), and the requirement to obtain a minor permit for the new source under 18 AAC 50.502(c)(1).

Table 1 - Regulated Emission Unit Inventory

Unit ID	Equipment Type	Manufacturer/Make/Model	Rating/Size	Install Date
1	Engine	Caterpillar/XQ600/C18 DITA	600 kW	TBD
2	Engine	John Deere/DCA/6068HF275	150 kW	TBD
3	Engine	Lister- Petter/3800805TS3A008	13.5 kW	TBD

³ In this permit, tpy means tons per 12 consecutive months.

Attachment A

ADEC Notification Form⁴

Niblack Exploration Project

Stationary Source Name

Niblack Mining Corp.

Company Name

AQ1098ORL01

Air Quality Permit Number

When did you discover the Excess Emissions/Permit Deviation?

Date: _____ / _____ / _____ Time: _____ : _____

When did the event/deviation occur?

Begin Date: _____ / _____ / _____ **Time:** _____ : _____ (please use 24hr clock)

End Date: _____ / _____ / _____ **Time:** _____ : _____ (please use 24hr clock)

What was the duration of the event/deviation?: _____ : _____ (hrs:min) or _____ days

(total # of hrs, min, or days, if intermittent then include only the duration of the actual emissions/deviation)

Reason for Notification: (please check only 1 box and go to the corresponding section)

Excess Emissions - Complete Section 1 and Certify.

Deviation from Permit Condition - Complete Section 2 and Certify

Deviations from COBC, CO, or Settlement Agreement - Complete Section 2 and Certify

Section 1. Excess Emissions

(a) Was the exceedance: Intermittent or Continuous

(b) Cause of Event (Check one that applies):

Start Up /Shut

Natural Cause (weather/earthquake/flood)

Control Equipment Failure

Scheduled Maintenance/Equipment Adjustment

Bad fuel/coal/gas

Upset Condition

Other _____

(c) Description

Describe briefly, what happened and the cause. Include the parameters/operating conditions exceeded, limits, monitoring data and exceedance.

(d) Emissions Units Involved:

Identify the emission unit involved in the event, using the same identification number and name as in the ORL. Identify each emission standard potentially exceeded during the event and the exceedance.

Unit ID	Unit Name	Permit Condition Exceeded/Limit/Potential Exceedance

⁴ Revised as of December 6, 2004

(e) Type of Incident (Please Check only one).

- Opacity _____ %
 Venting _____ (gas/scf)
 Control Equipment Down
 Fugitive Emissions
 Emission Limit Exceeded
 Record Keeping Failure
 Marine Vessel Opacity
 Failure to moitor/report
 Flaring
 Other: _____

(f) Unavoidable Emissions:

Do you intend to assert that these excess emissions were unavoidable? Yes No

Do you intend to assert the affirmative defense of 18 AAC 50.235? Yes No

Certify Report (go to end of form)

Section 2 Permit Deviations

(a) Permit Deviation Type (check one only box, corresponding with the section in the permit).

- Emission Unit Specific
 General Source Test/Monitoring Requirements
 Recordingkeeping/Reporting/Compliance Certification
 Standard Conditions Not Included in ORL
 Generally Applicable Requirements
 Reporting/Monitoring for Diesel Engines
 Insignificant Emission Unit
 Stationary Source Wide
 Other Section _____ (title of section and section number of your permit).

(b) Emission Unit Involved.

Identify the emission unit involved in the event, using the same identification number and name as in the ORL. List the corresponding ORL condition(s) and the deviation.

Unit ID	Unit Name	ORL Condition / Potential Deviation

(c) Description of Potential Deviation:

Describe briefly what happened and the cause. Include the parameters/operating conditions and the potential deviation.

(d) Corrective Actions:

Describe actions taken to correct the deviation or potential deviation and to prevent future recurrence.

Certification:

Based on information and belief formed after reasonable inquiry, I certify that the statements and information in and attached to this document are true, accurate, and complete.

Printed Name: _____ Title: _____ Date: _____

Signature: _____ Phone Number: _____

To Submit this Report:

Fax to: 907-451-2187; or

Email to: airreports@dec.state.ak.us - if emailed, the report must be certified within the Compliance Report required for the same reporting period per condition 5;

Mail to: ADEC, Air Permits Program, 610 University Avenue, Fairbanks, AK 99709-3643;

Phone Notification: 907-451-5173 - phone notifications require a written follow-up report within the deadline listed in condition 5; OR

Online Submission: (Website is not yet available) - if submitted online, the report must be certified within the Compliance Report required for the same reporting period per condition 5.

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
OWNER REQUESTED LIMIT**

RESPONSE TO COMMENTS

July 26, 2007

Owner Name: Niblack Mining Company.

Stationary Source No.: 1098

Public Comment Closing Date: July 23, 2007

Permit No.: AQ01098ORL01

Stationary Source Name: Niblack Exploration Project

The public comment period for the Niblack Mining Company, Niblack Exploration Project Owner Requested Limit (ORL) closed on July 23, 2007. Comments were received from the Niblack Mining Company. This paper provides the Department of Environmental Conservation's (ADEC's) responses to the comments.

DRAFT OWNER REQUESTED LIMIT NO. AQ1098ORLP01

General Comments:

1. The CAT XQ600 generator is a 600 kW unit versus the 514 kW Volvo unit originally proposed, thus paragraph 1.1 on page 2 of 7 should be changed from "514 kW" to "600 kW".

ADEC Response: ADEC agrees with the revisions and has revised the ORL.

2. Table 1.1 on page 4 of 7 should be revised to list the Unit 1 Manufacturer/Make/Model as "Caterpillar/XQ600/C18 DITA" and the Rating/Size as "600 kW"

The Cat XQ600 Performance Data Sheets are attached as back-up information for these changes. Niblack Mining Corporation respectfully requests that the final ORL be updated to include the 600 kW Caterpillar XQ600 generator as Unit 1. Please contact me should you have any questions.

ADEC Response: ADEC agrees with the revisions and has revised the ORL.

3. Based on our discussions during the application process and emails during the comment period, Niblack Mining Corporation respectfully requests the following load and hours limits be included in the Niblack ORL:

No operation above 75%

No more than 4292 hrs btwn 50% and 75%

No more than 1717 hrs btwn 25% and 49%

No more than 1717 hrs btwn 10% and 24%

AND

No more than 8585 hrs total

ADEC Response: ADEC agrees with the revisions and has revised the ORL.