



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

NOTICE OF DECISION - Bureau of Mining Regulation and Reclamation

Web Posting: 02/23/2015

Deadline for Appeal: 03/05/2015

WPC Permit No. NEV0086001
Florida Canyon Mine
Florida Canyon Mining, Inc.

The Administrator of the State of Nevada Division of Environmental Protection (the Division) has decided to issue modified Water Pollution Control Permit NEV0086001 to Florida Canyon Mining, Inc., (Permittee). This Permit authorizes the construction, operation, and closure of approved mining facilities in Pershing County, Nevada. The Division has been provided with sufficient information, in accordance with Nevada Administrative Code (NAC) 445A.350 through 445A.447, to assure that the waters of the State will not be degraded by this operation, and that public safety and health will be protected.

The Permit will become effective 10 March 2015. The final determination of the Administrator may be appealed to the State Environmental Commission pursuant to Nevada Revised Statute (NRS) 445A.605 and NAC 445A.407. All requests for appeals must be filed by 5:00 PM, 5 March 2015, on Form 3, with the State Environmental Commission, 901 South Stewart Street, Suite 4001, Carson City, Nevada 89701-5249. For more information, contact Shawn Gooch at (775) 687-9557 or visit the Bureau of Mining Regulation and Reclamation website at www.ndep.nv.gov/bmrr/bmrr01.htm

Two (2) written comments were received during the public comment period from Adrienne Parsons, resident of Imlay, Nevada; and John R. Zimmerman of Parsons Behle and Latimer of Reno, Nevada, representing Safeco Insurance Company of America (Safeco). The text of all comments, in some cases excerpted, and the Division responses (in *italics*) are included below as part of this Notice of Decision.

Adrienne Parsons, Comment 1:

I own three parcels of land located in the NW ¼ of Section 34 Township 32N, Range 33E...totaling 9 acres. Why does Florida Canyon list the entire section 34 as their property?

Division Response 1:

The Project occupies only a portion of the Section 34 in question, not the entire Section 34. No modification to the proposed Permit is warranted.

Adrienne Parsons, Comment 2:

What exactly is the “major modification” to their existing Water Pollution Control Permit?

Division Response 2:

The application for the Major Modification includes a new heap leach pad and process facilities located south of the existing heap leach pad as well as expansion of the open pit mine and expansion of the associated waste rock disposal area. The application for the Major Modification is on file at the Division and is available for public review. No modification to the proposed Permit is warranted.

Adrienne Parsons, Comment 3:

How will this modification affect my property?

Division Response 3:

The Permittee is required by Nevada regulations not to degrade waters of the State. No modification to the proposed Permit is warranted.

Adrienne Parsons, Comment 4:

Since this Legal Notice cites ‘water pollution’, is the water concerned above ground or below ground or both? Where is the water coming from?

Division Response 4:

The Permit is focused primarily groundwater but includes all waters of the State. The facility is located in an area where annual evaporation is greater than annual precipitation. Therefore, it must operate under a standard of performance which authorizes no discharge(s) except for those accumulations resulting from a storm event beyond that required by design for containment. No modification to the proposed Permit is warranted.

Safeco, Comment 1:

According to NDEP, groundwater under the existing permitted area and in the vicinity of the proposed expansion under the major modification is contaminated with, among others, aluminum, antimony, arsenic, mercury, nitrate, and WAD cyanide at levels greater than the maximum concentration levels. Florida Canyon failed to remedy this contamination, which resulted in a finding of alleged violation and compliance order in August 2012. As NDEP has recognized, the existing heap leach pad is likely a contributing source of the groundwater pollution. Safeco is concerned that the proposed approval of the major modification to Florida Canyon's permit does not adequately address the current contamination plume still being investigated by NDEP. Although the compliance order has been closed, concerns remain about the nature and source of the groundwater contamination within the existing operations and proposed expansion area that are not adequately addressed by the proposed permit. Approving a major modification to a water pollution control permit without adequately addressing questions and concerns regarding present compliance and groundwater contamination is unreasonable and inconsistent with the Nevada Water Pollution Control Law and related regulations. NRS 445A.300 et seq., NAC 445A.424. In renewing the permit, NDEP should impose additional conditions to ensure that contributing sources of potential water pollution are adequately addressed.

Division Response 1:

Groundwater remediation in the vicinity of the process plant is currently underway, is hydraulically disconnected, and is physically separated from the Major Modification subject South Expansion by approximately ½ of a mile. No modification to the proposed Permit is warranted.

Safeco, Comment 2:

Specifically, NDEP should require, as a condition of approving the major modification, that the remaining unclosed portion of the existing leach pad be closed permanently as contemplated in NDEP's September 4, 2014 annual remediation review letter. A compliance schedule should be set to accomplish permanent closure of this facility. This condition is required because of NDEP's determination that the existing heap leach pad is a contributing source of the plume and is at its end-of-life capacity. NAC 445A.446(l)(c), 445A.424. Accordingly, Safeco submits that NDEP should condition its approval of the major modification by requiring Florida Canyon to close and reclaim the existing heap leach pad according to an NDEP-approved final plan for permanent closure. The closure should be finished before completing the heap leach pad expansion proposed under the major modification. This condition is within NDEP's authority and consistent with the facts regarding the plume investigation and containment. Lastly, the condition would assure NDEP that Florida Canyon

will take the necessary steps to eliminate a contributing source of the plume as soon as possible to reduce the impacts of its mining operation on groundwater quality.

Division Response 2:

The Division issued a Finding of Alleged Violation (FOAV) and Order in February 2015 to the Permittee that includes a compliance schedule and the closure of additional area of the existing Heap Leach Pad. Permit Part I.G.9 was modified to reflect the FOAV and Order.

Safeco, Comment 3:

In conjunction with closure of the existing leach pad, NDEP should require Florida Canyon to use water from the existing leach pad as process water for the expanded pad and sequentially close the solution ponds serving the existing leach pad. This condition would eliminate other potential sources of groundwater contamination and is consistent with the regulatory requirement to close facilities that are at the end of their design life.

Division Response 3:

Comment noted, no modification to the proposed Permit is warranted.

Safeco, Comment 4:

Lastly, NDEP should require Florida Canyon to investigate other potential sources of groundwater pollution from its existing facilities, including but not limited to, the solution ponds. This condition should require Florida Canyon to reclaim and permanently close any other existing facility if it may be a contributing source of groundwater contamination.

Division Response 4:

Groundwater quality is currently monitored through a series of strategically located monitoring wells throughout the site. The location of these wells is based on the potential to degrade waters of the State such as downgradient of solution ponds and other process components. These wells are listed in the Permit and the monitoring results are required to be reported to the Division on a quarterly basis. The Division has currently has no indication that waters of the State are at risk at the site other than at or near the Process facility. No modification to the proposed Permit is warranted.