



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Jim Gibbons, Governor

Allen Biaggi, Director

Leo M. Drozdoff, P.E., Administrator

04 May 2009

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NOTICE OF DECISION

Water Pollution Control Permit
Number NEV2003114

Rodeo Creek Gold Inc.

Hollister Development Block Infiltration Project

The Nevada Division of Environmental Protection (NDEP) has decided to issue renewal Water Pollution Control Permit NEV2003114 to Rodeo Creek Gold Inc. This permit authorizes the construction, operation, and closure of approved water management facilities in Elko County. The NDEP has been provided with sufficient information, in accordance with Nevada Administrative Code (NAC) 445A.350 through NAC 445A.447, to assure the NDEP that the groundwater quality will not be degraded by this operation, and that public safety and health will be protected.

The permit will become effective 19 May 2009. 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, 14 May 2009, on Form 3, with the State Environmental Commission, 901 South Stewart Street, Suite 4001, Carson City, Nevada 89701-5249. For more information, contact Miles Shaw at (775) 687-9409 or visit the NDEP's Bureau of Mining Regulation website at www.ndep.nv.gov/bmrr/bmrr01.htm

Comments received during the Public Comment Period, which closed 20 April 2009, with responses from NDEP, follow.

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(Comments are followed by the NDEP responses in *italics*)

Comment submitted by e-mail, on 31 March 2009, from the Nevada Division of Water Resources: All waters of the State belong to the public and may be appropriated for beneficial use pursuant to the provisions under Chapters 533 and 534 of the Nevada Revised Statutes and not otherwise. Currently the operator has permits on file with the Division of Water Resources to dewater nearby mine workings in excess of the maximum of 999,999 gallons per day (1,120 acre feet per year) that is sent to the infiltration facility under the proposed renewal. Accurate measurements of water discharged to the facility and infiltrated to the basin must be kept. The operator shall install, maintain and plug the required monitoring wells in compliance with Chapter 534 of the Nevada Administrative Code.

NDEP Response: *Comment noted.*

A “Review”, prepared by Tom Myers, Ph.D., was submitted 20 April 2009 by e-mail on behalf of Great Basin Resource Watch (GBRW). The following are the four (4) “summary of recommendations” provided at the end of the 6-page “Review” for consideration and response by the NDEP.

GBRW Recommendation ‘a’: The extent of the gravel layer should be mapped. If it outcrops, the gravel layer should be inspected now and into the future, as part of the permit, to assure that seeps and springs do not form with discharge into the creek.

NDEP Response ‘a’: *The flat, flood plain on which the RIBs are located limits outcrop development. However, geologic and hydrologic observations were part of the original Permit application design report dated November 2003, which notes in Section 2.5 “... that gravel exposed in the bed of Little Antelope Creek is interpreted to be the same gravel horizon exposed in the Site 2 [RIB-1/RIB-2] drillholes and backhoe pits”. It should also be noted that Little Antelope Creek is hydrologically upgradient of the RIB-1/RIB-2 location. In the downgradient direction, the gravel horizon dips below the bed of the main Antelope Creek. In accordance with the existing and proposed Renewal Permit, water elevations are recorded weekly for eight (8) piezometer wells and quarterly for six (6) groundwater monitoring wells. Access to these wells is in close proximity to the creek bed and the Permit already requires management of the discharge to prevent the formation of surface seeps or artificial springs. Based on approximately five (5) years of operating experience with no Permit exceedances, there is no need for additional monitoring requirements and the current Permit reporting requirements adequately address a potential scenario and appropriate action could be taken as warranted.*

GBRW Recommendation ‘b’: The permit should be clarified as to how much water may be discharged to the RIBs both individually and cumulatively. The maximum discharge rate should be specified along with a maximum time period over which such a discharge may occur.

NDEP Response ‘b’: *The term “or” in the Permit limit, by definition, is clear in that only one (1) of two (2) alternatives may be used at any one (1) time. In addition, the splitter box design that directs flow to one or the other of the RIB pair, RIB-1 or RIB-2, should preclude simultaneous discharge to both RIBs. The Permit limit of 450 gpm was based on a conservative model design for maximum, one-day surge capacity, which, as GBRW notes, has never been exceeded. However, the wording in the Permit Part I.G.5 has been revised in an attempt to add clarity. With reference to the main text of the “Review”, GBRW is correct that the Permit would allow*

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an additional maximum 200 gpm discharge to RIB-3, in accordance with that approved design. It should be noted that RIB-3 is located approximately ½ mile east-northeast of the RIB-1/RIB-2 location. Additionally, the required Operating Plan contains protocols for rotational use of all RIBs based on performance monitoring.

GBRW Recommendation 'c': The groundwater model for RIBs 1 and 2 should be calibrated with observed transient data. The current permit values should be reconsidered by running the model into the future and determining whether the mound will approach the ground surface or whether it will discharge from a gravel layer outcropping into the streams.

NDEP Response 'c': *Based on approximately five (5) years of operating experience with no Permit exceedances, there is no justification to revisit the model upon which the functional designs were based.*

GBRW Recommendation 'd': The column tests should be reconsidered as to how well the predicted chemistry resembles the chemistry of the infiltrated dewatering water once it reaches the groundwater table.

NDEP Response 'd': *The NDEP would like to clarify that the "McClelland" report referenced in the body of the "Review" was prepared 10 December 2007, as part of the Permit modification application package for construction of RIB-3 completed in 2008. A separate report prepared by McClelland Laboratories, Inc. was prepared 07 July 2003, and was submitted as part of the original application package for Permit NEV2003114 and the design for RIB-1 and RIB-2, which were completed in 2005. GBRW notes in the body of the "Review", that none of the groundwater monitoring chemistry reported for any of the RIBs has exceeded any Permit monitoring requirements. The NDEP concurs and, therefore, no justification exists for requiring further study of the existing facilities.*