



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

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NOTICE OF FINAL DECISION - Bureau of Mining Regulation and Reclamation

Web Posting: 01/15/2013

Deadline for Appeal: 01/25/2013

**Blue Diamond Mine
Gypsum Resources, LLC
Reclamation Permit No. 0328**

The Nevada Division of Environmental Protection (Division) has decided to issue Reclamation Permit No. 0328 (Permit) for a mining project to Gypsum Resources, LLC (Permittee). This Permit authorizes the Permittee to reclaim the Blue Diamond Mine project located in Clark County, Nevada. The Division has been provided with an application, in accordance with Nevada Revised Statute (NRS) and Nevada Administrative Code (NAC) 519A to assure the Division that the Permittee will leave the project site safe, stable, and capable of providing for a productive post-mining land use.

This Permit will become effective on January 30, 2013. The final determination of the Administrator may be appealed to the State Environmental Commission (Commission) pursuant to NAC 519A.415. The appeal must be filed by January 25, 2013 on SEC Form #3 and in accordance with administrative rules of the Commission.

The Permit authorizes 1007 acres of surface disturbance on private land and 130 acres of surface disturbance on public lands administered by the Bureau of Land Management (BLM), as described in the permit application dated July 2012, entitled *Mining Plan of Operations and Reclamation Plan, for Gypsum Resources, LLC's Blue Diamond Mine* (Plan). Much of project area has been previously disturbed by previous mining activities by other operators. The Plan is not proposing any new disturbance on public lands, nor reactivating mining on public lands. The Plan proposes to perform reclamation only on 130 acres of existing disturbance on public lands. Of the 1007 acres of private land disturbance permitted, approximately 734 acres have been previously disturbed, and approximately 273 acres of new disturbance may be created.

The following comments were received during the 30-day public comment period and at a public hearing conducted in Blue Diamond, Nevada on the evening of December 18, 2012. Many of the public comments received relayed similar concerns. The comments are presented below and have been paraphrased:

- Comment 1. The application does not entail an extensive and independent environmental impact assessment. The proposed reclamation and mining is adjacent to the Red Rock Canyon National Conservation Area (RRCNCA), an area that is phenomenally beautiful, fragile, and used by millions each year for recreation. Any attempt to modify the area should require close examination of environmental impacts.

Division Response: There is no regulatory authorization in NAC 519A for a comprehensive environmental study to be completed as part of the State permitting process.

- Comment 2. The Notice of Intent (to issue the permit) is vague in that it does not outline the extent of mining operations which are being permitted or their intended or unintended consequences. The NOI does not explicitly identify which lands will be reclaimed as part of the permit since it states “some historic disturbance located on lands administered by the BLM will be reclaimed as part of this project”.

Division Response: The NOI listed the Sections, Ranges and Townships that are included in the project boundary and the reclamation permit. The NOI provided information regarding location and availability of specific documents and correspondence that are available for public viewing as follows: “The draft Reclamation Permit and all application documents are on file at the Division and are available for public inspection and copying pursuant to NRS Chapter 239.010.”

- Comment 3. It would be unfair to the citizens of Nevada to approve the Permit without serious public examination of the many issues involved. I am writing to request a public hearing on application the Permit.

Division Response: In response to public comments received during the public comment period, the Division held a public hearing in Blue Diamond, Nevada on December 18, 2012.

- Comment 4. The reactivation of mining is being requested at the same time that plans for residential development are being processed for the same land, through Clark County - the two plans seem at odds.

Division Response: The 519A regulations do not prohibit a permittee from developing post-mining land use plans while holding a reclamation permit.

- Comment 5. The Division should consider requiring an environmental study when it comes to offering a mining and reclamation permit on public lands so sensitively located and publicly controversial as these are in Red Rock Canyon.

Division Response: See Division response to Comment 1.

- Comment 6. The Division needs to explain as to whether “development” is considered proper reclamation with regards to this Permit.

Division Response: As required by NAC 519A, the Permittee has provided an acceptable permit application/reclamation plan that describes the types of reclamation that will be performed on surface disturbances approved in the Permit. The reclamation plan states that future residential and commercial development may be a type of beneficial post-mining land use proposed on private lands within the project.

- Comment 7. The Division needs to detail exact locations involved during the public hearing scheduled on December 18, 2012.

Division Response: During the Public Hearing the Division presented a slide presentation that included plan view disturbance mapping that located and delineated all of the existing and proposed surface disturbances by type of disturbance that are included in the Permit.

- Comment 8. The Division needs to explain how the Permittee is allowed to use semi-trucks that are overweight on Highway 159 in Red Rock Canyon?

Division Response: The regulation of vehicle weight limits on any roads is beyond the scope of the NAC 519A regulatory framework.

- Comment 9. I have lived in Las Vegas since 1957 and have an emotional attachment to the Red Rock area. I feel the Division is not interested in peoples’ emotional feelings and are only here for the facts. The Permittee is going to build 750 homes up there and it (mining) is a smoke screen. You need to draw into your own hearts while making your decision to issue a permit.

Division Response: Comment noted. The Division is constrained to follow the NRS 519A and NAC 519A. The Permittee has provided all the necessary information for issuance of the Permit.

- Comment 10. You (the Division) say the Permittee is “proposing mining”, and are implying he hasn’t been doing it yet. But we know he has been doing something. I suggest when you fly over the hill you will see areas that seem to be ready to be developed. Why are we looking at an approval for someone to do a mixed land

package of private and public? When you look at the areas he wants to reclaim, that are public lands, you're looking at the valley, west valley disposal area map. You're looking at Section 29, Section 30, Section 5; those are the areas where the Permittee needs to create flat areas to put that huge community that he wants to build.

Division Response: The Permittee provided notification of their intent to perform limited activities including processing and offsite sales of material mined and stockpiled by previous operators. The Division gave approval of the limited non-mining activities to the Permittee in a November 29, 2011 correspondence.

- Comment 11. You (the Division) are letting the Permittee into that BLM property for reclamation, and he doesn't belong there. He does not belong on the public lands. They belong to us. You do not have the right to give him permission to go to those public lands. He needs to come to us for that permission, and we don't give it.

Division Response: Under NRS 519A and NAC 519A, the Division has the authority to approve reclamation plans and issue reclamation permits for projects involving both public and private lands within the State.

- Comment 12. I want it on the record that no one from the BLM or the County is here.

Division Response: Comment noted.

- Comment 13. Does the NDEP permit that we're talking about obviate the need for a county grading permit to implement the reclamation plan, or will the county grading permit still be required, if you know?

Division Response: The Permit does not preclude the Permittee from obtaining all required permits from other governmental agencies.

- Comment 14. I have attended stakeholder meetings with the Permittee in the past and want to read something from one of their documents. It says the majority of the site was disturbed by mining prior to the 1990 reclamation act. Neither the Permittee nor any prior owner has a legal obligation to reclaim the area impacted by the first 75 years of mining. Notwithstanding any legal obligation to, or lack thereof, the Permittee has always intended to reclaim the entire property. For the past 20 years, all the long-term reclamation plans for this site have been predicated on some form of development taking place when the mining ceases.

At a stakeholder meeting on January 20, 2011; the Permittee stated they have begun talking with geologists to evaluate the opportunity to restart mining operations at some level, and mining may help pay for the development and pre-development process. I think the people in this room realize that mining will benefit the developer up there. I think this is a giant smoke screen and mining is just another way the developer is continuing to start developing.

Division Response: The Permittee has provided a reclamation plan that adequately describes the proposed mining and reclamation activities that will be performed under the Permit. In the Plan, the Permittee agreed to reclaim mining related disturbances that have been created since 1987.

- Comment 15. I would suggest that if you're going to issue the permit, that you issue the permit on lands the applicant owns, and leave the rest (the public lands) to a separate permit that you can go to the property owners for.

Division Response: See Division response to Comment 10.

- Comment 16. In terms of my comments, I only have two. I think one of the flaws of the Notice is that it is incredibly vague. For example, 'some historic surface disturbance located on lands administered by BLM', that's pretty vague.

Division Response: See the Division response to Comment 2.

- Comment 17. To document the notion that the property is at the center of the Red Rock Canyon National Conservation Area, the presentation should have included some pictures and video.

Division Response: Comment noted.

- Comment 18. You (the Division) have spoken about the BLM approved an environmental assessment (EA) in March 2001. It is unclear what was approved. Was it approved to do an EA, and was one done, and where is that? It seems like the EA should have been part of the documentation. But further than that, in 2002 or 2003, since the Permittee did not intend to continue mining, you (the Division) discontinued the permitting process. And then what really smells is the BLM has reportedly reviewed the (May 2012, revised July 2012) Plan of Operation (PoO), and have determined that the proposed PoO is consistent with the PoO they approved from 1993. It seems like something this important, that if an EA was done, we should know where it is, and we

should have it here. Is an EA done that many years back still relevant in an area that has become increasingly nationally and internationally known? The BLM should be part of this hearing to discuss the EA with us.

Division Response: The Division was seeking public input on the draft reclamation permit. Questions regarding the EA should be directed to the BLM.

Comments 1 through 4 were received by written letters from the following people:

Tom Moulin, October 31, 2012;
Evan Blythin, October 31, 2012;
Trent Billingsley, October 29, 2012;
Patricia van Betten, November 1, 2012;
Sheila Billingsley, November 5, 2012;
Laurence F. Dunn Jr. November 8, 2012;
Susan Maples, November 12, 2012;
James O'Donoghue, November 13, 2012;
John Murphy, November 19, 2012 (received); and
Susan Lawrence, November 19, 2012 (received)

Comments 5 - 8 were received by e-mail from approximately 100 concerned citizens and Friends of Red Rock Canyon between December 17 and December 21, 2012.

Comments 9 through 18 were received during the public hearing on December 18, 2012 from the following people, respectively:

Mr. Bruce Nielsen
Ms. Patricia van Betten
Mr. Laurence Dunn
Mr. Bob Matthews
Ms. Heather Fisher
Mr. Evan Blythin