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DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES  
**DIVISION OF ENVIRONMENTAL PROTECTION**

333 W. Nye Lane, Room 138  
Carson City, Nevada 89706

March 14, 2005

Mr. Dale Denio  
Mr. Gary Hill  
North Tahoe Investment Group, LLC.  
451 Lakeshore Dr.  
Incline Village, NV 89451

**RE: Final Sampling Plan – Santa Maria Ranch Project Phase I, Dayton, NV**

Dear Sirs:

On February 22, 2005, the Nevada Division of Environmental Protection (NDEP) received a final grade soil sampling plan submitted by Converse Consultants on behalf of Dayton Land Developers (DLD). The plan outlines an approach to characterize potential soil mercury (Hg) contamination in the top 2 feet of finished grade at the Santa Maria Ranch residential development, Phase I. Approximately 438 soil samples will be collected and analyzed for total mercury content (EPA Method 7471A) in a 136-acre area. In addition, excavated soil has been evaluated for Hg regularly during the mass-grading phase over the past several months. This ongoing soil testing has allowed DLD to manage Hg-contaminated soils in a manner consistent with NDEP guidance and has allowed DLD to further characterize soil mercury the area. After reviewing the site history and Final Sampling Plan, the NDEP concurs with the approach outlined by DLD.

In accordance with the 1995 Record of Decision written by the US Environmental Protection Agency, DLD must demonstrate that all soil samples collected and analyzed as part of the Final Sampling Plan contain less than 80-ppm Hg. In addition to executing the Final Sampling Plan, the NDEP's concurrence is contingent upon institutional controls. The institutional controls will include a durable notification mechanism for current and future landowners, as well as guidelines for activities that involve soil excavation of more than 2 ft depth.

The US EPA, NDEP, and DLD have agreed that the Declaration of Convenants, Conditions and Restrictions (CC&R's) is an effective method of informing residential buyers of potential residual contamination and risks associated with some property uses. Nevertheless, the NDEP recognizes that CC&R's are not the most durable mechanism available, and are therefore not an ideal institutional control. Consequently, the NDEP should be notified of any substantive changes to the CC&R language regarding mercury contamination.

The notification language, which substantively meets the notification requirements of US EPA and the NDEP, will be included with the CC&R's as follows:

*During the heyday of Nevada's mining industry, elemental mercury was used to process gold and silver ore on or upstream from the land within Santa Maria Ranch. During the development of the subdivision, soils were systematically tested to determine whether mercury levels exceeded the 80 parts per million action level adopted by the U. S. Environmental Protection Agency (EPA) for the Carson River area. In locations where mercury levels exceeded the EPA action level, contaminated soil was removed from the site and/or replaced with clean soil, to a depth of at least two feet. These steps eliminated mercury-related health risks associated with most uses of your property.*

*In most locations, soil deeper than two feet below grade was not analyzed or removed since it does not present a current health risk even if mercury were present, because of the limited potential for direct contact with the deeper soil. If, however, the soil is excavated at depths greater than two feet, the lot owner must either: (1) rebury the excavated soil and cover with pavement, two feet of clean soil or other materials to prevent long-term contact with potentially contaminated soils; or (2) have an environmental laboratory test the excavated soil for the presence of mercury, and properly dispose of the soil if the mercury concentration exceeds the EPA action level of 80 parts per million mercury. The lot owner must take one of these steps even if mercury is not visible in the excavated soil. Contact the Nevada Division of Environmental Protection (Bureau of Corrective Action) for more information on testing or disposal methods.*

If you have any further questions, or if I can be of further assistance, please do not hesitate to contact me at (775) 687-9381.

Sincerely,



Samuel Jackson

Brownfields / State Response Supervisor  
Bureau of Corrective Actions

cc:

Nick Malarchik, Community Development Director, Lyon County Community Development, 27 S. Main St., Yerington, NV 89447  
Chairman, Lyon County Board of Commissioners, 27 South Main St, Yerington, NV 89447  
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Jim Najima, Chief, NDEP-Bureau of Corrective Actions  
Dennis Smith, Western Engineering & Surveying, 3032 Silver Sage Dr., Carson City, NV 89701  
Kathy Brandmueller, Converse Consultants, 4840 Mill St., Suite 5, Reno, NV 89502