

STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

BUREAU OF CORRECTIVE ACTIONS

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August 30, 2006

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

RE: Revised Final Map Review of Santa Maria Ranch Phase III Development

Dear Sirs:

The Nevada Division of Environmental Protection (NDEP) received the Revised Final Map for Santa Maria Subdivision – Phase III on July 31, 2006. The map shows the proposed residential development of 29 single family lots, on approximately 149 acres, south of and adjacent to the Carson River, southwest of Dayton, NV.

The Carson River Mercury Site (CRMS) encompasses approximately a 50-mile stretch of the Carson River beginning near Carson City, Nevada and extending downstream through the Lahontan Reservoir to the terminal wetlands in the Carson Desert, and tailings piles associated with the Comstock Lode. In August of 1990 the U.S. Environmental Protection Agency (EPA) added the CRMS to the National Priorities List (NPL) under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly referred to as Superfund. The contaminant of concern is mercury resulting from historic mining and milling practices during the "Comstock Lode". The NDEP has determined that the proposed Santa Maria Development -Phase III lies at least partially within the borders of the CRMS (lots 359-362, 365 and 367-372 specifically, lie within the FEMA 100-yr floodplain, even though no mass grading is planned for floodplain areas).

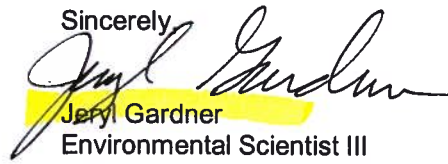
In December 1994 EPA finalized a Human Health Risk Assessment and Remedial Investigation Report (HHRA/RIR) for the area. A residential final grade soils clean-up level for total mercury of 80 mg/kg (ppm) in the top two feet below ground surface (2' bgs) was set for the site. This is based on the risk and probability of direct oral ingestion of elemental mercury by a 15 kg child at residential residence times (long term). In soils with less than 80 ppm total mercury, no mitigation may be required. As such, the goal of any mitigation of the mercury hazard (greater than 80 ppm) is to prevent direct exposure to contaminated soils. These findings were finalized in the EPA "Record of Decision" dated March 30, 1995.

Previous phases of the Santa Maria Ranch have sampled before, during and after mass grading to demonstrate that the top 2' bgs of final grade soils do not pose risks from mercury contamination. Phase III is substantially different: it is located south of and upland of the river, it is not downgradient of any mill sites, nor is it associated with any fluvial pathways adjacent to likely contaminated areas, and mass grading will not occur in the FEMA 100-yr floodplain. Four test pits were sampled for mercury in locations nearest the river, within the 100-year floodplain. The highest concentration of any the floodplain samples in Phase III was 25 mg/kg, substantially below the 80 mg/kg EPA action level. Based on the information provided by Converse Consultants and North Tahoe Investment Group, LLC, the NDEP has determined that further sampling during or after mass grading is not required for Phase III of the Santa Maria Ranch. However, because some of the Phase III lots are located within the floodplain, and are as such, subject to CRMS institutional controls. The NDEP will work with the developer and consultant to determine appropriate controls, such as an environmental covenant, deed restrictions or other durable notification mechanisms (DNM). One component of the DNM is a long-term soils management plan (SMP). The SMP is generally a method for ensuring that no final grade soils below 2' bgs are disturbed without first notifying the NDEP –BCA and receiving BCA approval of the likely required sampling during earth moving activity (similar to a utility "call before you dig" campaign).



If you have any questions, or if we can be of further assistance, please do not hesitate to contact me by email at jgardner@ndep.nv.gov or by phone at (775) 687-9385, or Sam Jackson, BCA Superfund Supervisor, at (775) 687-9381.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeryl Gardner", is written over a yellow rectangular highlight. The signature is fluid and cursive.

Jeryl Gardner
Environmental Scientist III
Bureau of Corrective Actions

CC:

Kathi Brandmueller, Converse Consultants, 4840 Mill St., Suite 5, Reno, NV 89502
Dennis Smith, Western Engineering & Surveying, 3032 Silver Sage Dr., Carson City, NV 89701
Nick Malarchik, Community Development Director, Lyon County Community Development, 27 S. Main St., Yerington, NV 89447
Bob Miltz, Chairman, Lyon County Board of Commissioners, 27 South Main St, Yerington, NV 89447
Wayne Praskins, Superfund Project Manager, USEPA -Region 9, 75 Hawthorne St., San Francisco, CA 94105
Samuel Jackson, Brownfields Supervisor, NDEP -Bureau of Corrective Actions (electronic copy)
Steve McGoff, P.E., NDEP -Bureau of Water Pollution Control