



**COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY**

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Planning Department
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Environmental Health
Fax (530) 265-9853

Building Department
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Code Compliance
Fax (530) 265-9851

Housing Division
Phone (530) 265-1388
Fax (530) 265-9845

Agricultural Commissioner
255 S. Auburn Street
Grass Valley, CA
Phone (530) 273-2648
Fax (530) 273-1713

June 15, 2009

Mr. Robert White
The Blue Lead Gold Mine, LLC
4355 Quail Run Lane
Danville, CA 94506

Re: NOTICE OF VIOLATION

Certified Mail Receipt Number 7000 1670 0010 2386 0014
Blue Lead Mine (formerly known as "Golden Girl Mine")
18272 Red Dog Road, Nevada City, CA
Assessor's Parcel Numbers 38-390-12, 20, 21
County File Numbers U08-021, Z08-006, RP08-001, EIS08-027

Dear Mr. White:

This letter serves as a Notice of Violation under Section 2774.1(a) of the Surface Mining and Reclamation Act (SMARA) that the mining activity at the above-referenced location is a violation of SMARA for not having a valid permit, reclamation plan, and financial assurance mechanism in place prior to the onset of mining activities. In order to come into compliance, you must submit the following within 30 days of receipt of this letter:

1. A complete application, as acceptable to the County, for a mining use permit that incorporates all proposed activities; and
2. A complete Reclamation Plan application, as acceptable to the County, for the mining use permit; and
3. A financial assurance acceptable to the County and OMR for all existing disturbed areas. The financial assurance must be payable to "County of Nevada and the Department of Conservation." If a change of ownership occurs, the financial assurance remains in force until the County approves a replacement financial assurance. The financial assurance must be in the form of surety bond, irrevocable letter of credit, or trust fund (such as an assigned CD). A surety bond must be on the form approved by OMR, available at http://www.conservation.ca.gov/omr/financial_assurances. For CDs, an Assignment of CD form that may be used is available in the State Mining and Geology Board Guidelines for Financial Assurances; and

4. A financial assurance mechanism acceptable to the County and OMR for all mining-related activities proposed within the first year of operations. This financial assurance will be cumulative with the surety for existing disturbance, and must follow the same guidelines as noted in item 3 above.

If the violation extends beyond 30 days from receipt of this letter, the County or the Office of Mine Reclamation (OMR, which is part of the Department of Conservation) will issue an Order to Comply (“Order”). Any operator who violates or fails to comply with an Order shall be subject to an administrative penalty up to \$5,000 per day, assessed from the original date of noncompliance under SMARA Section 2774.1.

The Planning Department first received an inquiry about activities on the adjoining Bureau of Land Management (BLM)-owned parcel identified as APN 38-390-02 in October 2007, including installation of signage and gates, as well as passage of mining equipment over Red Dog Road. County staff discussed this complaint in a telephone conversation with the BLM, who indicated that the observed activities onsite were likely part of the mercury cleanup that had been ongoing.

In January 2008, Tucker White, the property owner, visited the County Planning Department and requested a Use Permit and other applicable permit applications for the proposed mine, at that time called “Golden Girl Mine.”

On April 9, 2008, in response to a BLM complaint about grading, vegetation removal, and road widening on the BLM parcel, County Planning staff visited the site with BLM staff. During that visit, staff observed grading being conducted simultaneous with the site visit, and observed the results of the road widening, vegetation removal, the enlargement/excavation of an existing pond and excavation of two new ponds (portions of which were on BLM land), and a large pad that had been constructed near the ponds. Planning staff advised the equipment operator to stop all work until a Use Permit and Reclamation Plan were submitted and approved. BLM staff also advised the equipment operator that a “Notice of Trespass” would be issued, and advised him to move all equipment off the BLM property immediately.

On May 8, 2008, a Game Warden with the State Department of Fish and Game (DFG) visited the site and took photographs showing sediment pushed into ponds at the site, loose soils and de-vegetated graded areas, trees buried up to approximately four feet above trunk bases, and milky opaque water in a processing pond at the site.

On May 22, 2008, staff from the DFG, Regional Water Quality Control Board (RWQCB), the U.S. Army Corps of Engineers (USACE), and the County Department of Environmental Health (EH) met on the site to evaluate water quality and hazardous materials concerns from the previous activities on the site. Construction activities in preparation for mining at the site were observed. The RWQCB reported that the disturbance had impacted natural drainage waterways, which carry storm water runoff and sediment to Greenhorn Creek, a tributary to the Bear River, and riparian areas protected by the State of California and the United States Environmental Protection Agency (USEPA). These construction activities, which had occurred on both the privately owned parcels and the BLM parcel, were noted as a substantial threat to water quality.

After further review, it was found that the applicant had not obtained a construction stormwater permit or report of waste discharge, as required. At the same site visit, the DFG reported observing recent grading of the road and other scraping and earth moving activities that caused changes in site drainage, as well as sediment discharge in one of the ponds and in a stream near the perimeter road. The two other newly constructed, unlined, mining process ponds at the site did not contain water on this date. Close to the process ponds at the north end of the site, soil had been pushed into a wooded section where the property topography drops off sharply, and trees had been scraped from earth moving activities. The processing ponds were constructed very close (within 15 feet) to the edge of this steep wooded slope. Additional road grading on a perimeter road was also observed.

On June 10, 2008, the RWQCB issued a Notice of Violation of the Clean Water Act and California Water Code. On July 29, 2008, staff from the Nevada County Planning Department and OMR visited the site and observed over 7 acres of disturbance, as well as a trammel, hopper, and other mining equipment to process material for mining placer gravels. The applicant indicated at that time that he was in the process of obtaining a permit to operate, a reclamation plan, and financial assurance with Nevada County.

On August 4, 2008, an application for these permits was received, and on September 2, 2008, the application was deemed incomplete. OMR noted in a letter to the County and copied to the applicant on August 15, 2008, that the surface disturbing activities were in direct violation of Public Resources Code Section 2770(a).

On August 19, 2008, staff from the County Planning Department re-visited the site and observed additional work that had been conducted in direct violation of verbal direction from County Planning and BLM staff during the April 9, 2008 visit. The most notable change was the construction a retaining wall without permits and the installation of equipment at the pad. Staff also observed, for the first time, significant grading activity south of processing ponds and staging area, as well as evidence of sewage disposal violations. The applicant informed staff that his associates, and at times, he himself, had been living on the site without sewage disposal, thus resulting in direct discharge of raw sewage onto the property. The applicant was advised that this was in violation of health and safety codes as well as Zoning Regulations, and was advised that all occupants must immediately vacate the property. The applicant had also conducted well drilling outside the scope of an issued well permit that had not been finalized. Staff advised the applicant of these violations, and wrote to the applicant's representative, Mr. Charles Watson, on August 27, 2008, advising him as well.

On October 16, 2008, the Nevada County Code Compliance Division opened a case file on the subject property due to another public complaint about unauthorized grading on the site and on adjacent private property. Initial contact was attempted on the site on October 21, 2008, but staff was unable to visit the site due to locked gates at the property boundary. After leaving a phone message on October 28, 2008, Code Compliance staff received a return call from the applicant's representative, Mr. Charles Watson, on November 13, 2008. Following a November 21, 2008, site visit by County Planning and Code Compliance staff, a Warning Notice of Code Violation outlining all County Code violations was issued to the applicant on December 1, 2008. On March 31, 2009, due to a lack of substantive and material response to the Warning Notice, a

Citation Warning was sent to Mr. Watson. On April 20, 2009, the County received another complaint that large equipment was being hauled into the site, in violation of County Codes and previous advisories to stop all work. Both Code Compliance and Planning staff advised Mr. Watson about the County's storage prohibitions in writing.

On May 14, 2009, the County was informed by BLM that the applicant was seeking an Exploration Permit on the adjacent BLM property. The County subsequently advised the applicant and BLM of its lead agency status and that any immediately adjacent activities covered under SMARA would fall under the current Use Permit and Reclamation Plan application.

As of June 12, 2009, nine months after the Use Permit, Reclamation Plan, and Rezone applications were deemed incomplete, no substantial activity associated with bringing the application into compliance has occurred. The current Notice of Violation of SMARA is now being issued in response to advisories from OMR that it is needed to maintain the County's compliance with SMARA. **Therefore, within 30 days of receipt of this letter, you are required to demonstrate that you have a complete use permit and reclamation plan application, an approved and submitted financial assurance for existing disturbance, and an approved financial assurance mechanism for proposed disturbance of this site.** As noted above, if violations extend beyond 30 days from receipt of this notice, the County or OMR will issue an Order under SMARA Section 2774.1. This will include scheduling a public hearing before the Planning Commission to consider the violation. As a reminder, failing to comply with this Order shall be subject to an administrative penalty up to \$5,000 per day, assessed from the original date of noncompliance under SMARA Section 2774.1. Any activities to stabilize or restore the current operation as ordered by a state or local agency would not be considered a violation.

Please contact Associate Planner Jessica Hankins at (530) 265-1345 if you have any questions regarding this Notice of Violation.

Sincerely,

JORY STEWART, AICP
Planning Director

By:



Jessica Hankins, Associate Planner

cc:

Charles Watson, Project representative
Tim Carroll, Bureau of Land Management
Michael Luksic, Office of Mine Reclamation
Carol Oz, Department of Fish and Game
Jeff Huggins, Regional Water Quality Control Board
Erin Hess, U.S. Army Corps of Engineers
David Huff, Nevada County Environmental Health Department
Lyle Bohnet, Nevada County Code Compliance
Ted Owens, Nevada County District V Supervisor