

ITEM: 16

SUBJECT: Shasta Gold Corporation, French Gulch (Nevada) Mining Corporation, and U.S. Department of Interior-Bureau of Land Management, Washington Mine, Shasta County

BOARD ACTION: *Consideration of a resolution approving an Environmental Initial Study and Negative Declaration, adoption of an NPDES Permit, and adoption of a Cease and Desist Order.*

BACKGROUND: Shasta Gold Corporation and French Gulch (Nevada) Mining Corporation operate the Washington Mine, approximately 2.5 miles west of the Community of French Gulch, Shasta County. The Washington Mine complex includes both private and public lands. The private lands are owned by Shasta Gold Corporation and the public lands are on federal property administered by the U.S. Department of Interior, Bureau of Land Management.

The Washington Mine is an underground hardrock gold mine which has been operated sporadically since 1852. Gold bearing ore is brought to the surface and processed through a mill where it is crushed and ground to reduce the particle size, and then passed through flotation cells where the bearing sulfide minerals are concentrated. Solid waste, in the form of tailings, is deposited in an on-site tailings disposal facility regulated under separate WDRs.

NPDES Permit

Waste water is produced by drainage of ground water from the underground workings and from the mill circuit. Historical mine adits, including the Robillard, O'Neil, I-level, and Government adits discharge mine water with elevated concentrations of natural minerals, the most problematic being arsenic. This mine drainage is currently uncontrolled and can enter surface waters. The proposed operations will include active dewatering of the underground workings to allow access for mining operations. The waste water will be treated by an on-site, yet to be constructed, water treatment system to meet water quality objectives and then discharged to Scorpion Creek. Drainage from the historic mine adits will also be collected and treated prior to discharge.

Cease and Desist Order

The Discharger is unable to meet the effluent limits in the proposed permit immediately on adoption. The water treatment system has yet to be constructed. The Discharger is unable to dewater the underground workings and begin active ore extraction until this system is in-place and operational. Collection of the on-going discharges from the historic mine adits requires the construction of conveyance pipelines, electrical power lines etc. to convey the mine drainage to the proposed treatment plant. A Cease and Desist Order with a five year time schedule for the Discharger

to address all the known mine drainage sources on property they either own or have a claim is proposed to be adopted concurrently.

CEQA

The construction of the water treatment system and the discharge of treated effluent to Scorpion Gulch, a water of the United States, constitutes "new source" discharge under the Federal Clean Water Act (CWA) and an environmental review under the California Environmental Quality Act is required. Regional Water Board staff conducted an Initial Study and completed an Environmental Checklist for the project and concluded the project would not have a significant impact on the environment. A Negative Declaration was prepared for the construction and operation of the water treatment system. A resolution adopting the Initial Study and Negative Declaration is also proposed.

ISSUES:

The Discharger has proposed a five year schedule to collect and treat the on-going, historic mine drainage that has been draining from the old mine portals for many years. The collection and treatment of this historic drainage should improve water quality in Scorpion Gulch and French Gulch.

RECOMMENDATION:

Adopt the proposed resolution approving the Environmental Initial Study and Negative Declaration, NPDES Permit, and Cease and Desist Order.

Mgmt. Review _____

Legal Review _____

27 May 2010

11020 Sun Center Dr. #200

Rancho Cordova, CA 95670