



United States Department of the Interior



BUREAU OF LAND MANAGEMENT

Mount Lewis Field Office

50 Bastian Road

Battle Mountain, Nevada 89820

Phone: 775-635-4000 Fax: 775-635-4034

http://www.blm.gov/nv/st/en/fo/battle_mountain_field.html

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JUL 12 2011

DEPARTMENT OF ADMINISTRATION
OFFICE OF THE DIRECTOR
BUDGET AND PLANNING DIVISION

In Reply Refer To:
3809 (NV063)
NVN-088264

JUL 08 2011

CERTIFIED MAIL: 7008 0150 0001 6431 6127

Return Receipt Requested

DECISION

Montezuma Mines, Inc.
Attn: Mr. John M. Hogg
559 West Silver Street, Suite 301
Elko, NV 89801

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:

Surface Management

Red Canyon Exploration Project Plan of Operations Approval Determination of Required Financial Guarantee Conditions of Approval Required Notice Vacated

INTRODUCTION

The Bureau of Land Management (BLM) has prepared Environmental Assessment (EA) DOI-BLM-NV-B010-2010-0081-EA that analyzes the affected environment, environmental impacts and proposed mitigation measures associated with Montezuma Mines Inc. (MMI) Red Canyon Exploration Project (BLM case file number NVN-088264). The Red Canyon Exploration Project (Project) is located approximately 30 miles northwest of the town of Eureka, Nevada. The Project is located in the Roberts Mountains, Eureka County, Nevada, at elevations ranging from 6,700 feet above mean sea level (amsl) to 7,230 feet amsl. The Project is located entirely on public lands administered by the BLM Mount Lewis Field Office (MLFO) in all or portions of Sections 1 and 12, Township 23 North (T23N), Range 49 East (R49E) and Sections 6, 7, 8, 17 and 18, T23N, R50E, Mount Diablo Base and Meridian (MDBM), Eureka County, Nevada. The Project area encompasses approximately 1,556 acres; the BLM MLFO has been designated as the lead agency for the Project.

The Project (Figure 1) is located in the Roberts Mountains and is accessed by traveling north of the town of Eureka, Nevada, for approximately 39 miles on Highway 278 to the Alpha-Tonkin

county road (M-113); then left for approximately 11 miles to the Bartine to J.D. Ranch county road (M-107); then left approximately three miles to the Red Canyon Road; then left approximately one mile to the Project. In the past, several companies have conducted mineral exploration and mining operations in the Project Area. These companies include Meridian Minerals Company, Hycroft Resources & Development, Tenneco Minerals Company, Great Basin Mining & Exploration, Hemlo Gold Mines (US) Inc., Kennecott Exploration Company, Newmont Mining Corporation, Romarco Minerals Inc., US Gold, and Montezuma Mines Inc.

MMI has submitted a Plan of Operations (PoO) and Reclamation Plan whose Proposed Action is to expand the Notice-level exploration activities on public lands that are currently being conducted under a Notice approved by MLFO (BLM case file number NVN-086223). This Notice will be vacated with the approval of the PoO and the remaining reclamation requirements under this Notice will be incorporated into the reclamation requirements of the PoO. The Proposed Action will be to conduct exploration activities that will include exploration drilling, construction of drill pads and sumps on existing and new disturbance, improving existing access roads, constructing new access roads, installation of up to three monitoring wells, use of existing surface disturbance for equipment storage and laydown yards, and reclamation. In March 2010, MMI submitted to the MLFO the Red Canyon Exploration Project Plan of Operations. The PoO was assigned BLM case file number NVN-088264. The PoO was revised in May 2010 and a final revised PoO was received in June 2011.

Under the Proposed Action, MMI proposes to conduct exploration related activities in a phased manner that will create approximately 125.00 acres of total surface disturbance over the five-year life of the Project. The 125.00 acres of disturbance includes 120.01 acres of new disturbance and 4.99 acres of existing Notice-level disturbance. The proposed Phase 1 exploration (figure 2) will create approximately 29.60 acres of disturbance that includes 24.61 acres of new disturbance and 4.99 acres of existing notice-level disturbance.

The Proposed Action is consistent with Federal law, BLM regulations and policy, and the BLM Shoshone-Eureka Resource Management Plan (1986), as amended. The U.S. Department of the Interior's surface management regulations, Code of Federal Regulations (CFR) 43 Subpart 3809 (43 CFR 3809), and current BLM policy permit mineral development on public lands, if such activities do not cause unnecessary or undue degradation of the public resources. In addition, the Proposed Action is consistent with the plans and policies of neighboring local, county, state, tribal, and federal agencies and governments. The Proposed Action, with mitigation measures, as well as additional environmental measures stipulated by the BLM, will not cause unnecessary or undue degradation of public lands.

BACKGROUND

Internal scoping meetings for the BLM were initiated on March 16, 2010. During the scoping meeting, BLM resource specialists identified the supplemental authorities and other resources and uses to be addressed in the EA. The following specific issues related to the Proposed Action were identified as present/potentially affected: Cultural Resources; Migratory Birds; Noxious Weeds, Invasive Non-native Species; Water Quality – Surface and Ground; Wetlands and Riparian Zones; Wilderness; Fire Management; Forestry and Woodland Resources; Land Use

and Realty; Rangeland Management; Socioeconomic Values; Soils; Special Status Species (Plants and Wildlife); Vegetation; Visual Resources; and Wildlife.

The supplemental authorities and other resources and uses that were determined to be present/not affected are: Air Quality; Environmental Justice; Fish Habitat; Native American Religious Concerns; Wastes, Hazardous or Solid; Geology and Mineral Resources; Paleontological Resources; Recreation; and Wild Horses.

The supplemental authorities and other resources and uses that were determined to be not present are: Area of Critical Environmental Concern (ACEC); Farmlands (Prime or Unique); Floodplains; Forests and Rangelands (HFRA Projects only); Human Health and Safety (Herbicide Projects); Threatened or Endangered Species; and Wild and Scenic Rivers.

Native American tribal consultation was initiated on May 25, 2010, with consultation initiation/invitation letters being sent to the following: Te-Moak Tribe of Western Shoshone, Battle Mountain Band, South Fork Band, Yomba Shoshone Tribe and Duckwater Shoshone Tribe. One comment letter was received from the Duckwater Shoshone Tribe. The response to the comments was incorporated into the Decision documents. The Duckwater Shoshone Tribe indicated they might request a site visit; to-date, no request has been received.

The EA went through a 30-day public comment period ending on April 15, 2011. Copies of the EA were sent out to persons and agencies on the project mailing list. Public comments were received from the Nevada Department of Wildlife, Nevada Division of State Lands and Nevada Division of Water Resources. A total of seven comments were received. The comments received and responses to these comments, along with the Finding of No Significant Impact (FONSI), can be found in the enclosed Attachment A and Attachment B.

All correspondence relative to this planning process is part of the public record and available for review at the MLFO. Information gathered as a result of the above mentioned contacts and correspondence was utilized by the BLM staff to identify issues and formulate alternatives.

DECISION

As a result of the analysis presented in the EA, and after carefully considering the comments and input received from the public, it is my decision to:

1. Approve the Red Canyon Exploration Project Plan of Operations with the conditions of approval listed below. This management decision for the Red Canyon Exploration Project is issued pursuant to 43 CFR 3809.803. This Decision is effective immediately and will remain in effect while appeals are pending before the Office of Hearings and Appeals (OHA) unless OHA grants a stay under §4.21(b) of this title. The Plan of Operations for the Montezuma Mines Inc. Red Canyon Exploration Project is hereby approved subject to the conditions of approval required to implement the Red Canyon Exploration Project in order to prevent unnecessary or undue degradation. MMI must conduct operations as described in the PoO and in accordance with the conditions of approval contained in this Decision.

2. Based on your reclamation cost estimate, the BLM review of the cost estimate, and consideration of the conditions of approval, the required financial guarantee amount is hereby set at \$136,560 for reclamation of the Red Canyon Exploration Project. This amount is subject to change pending further review by the BLM and the Nevada Bureau of Mining Regulation and Reclamation. You must provide a financial guarantee in this amount using one or more of the acceptable financial guarantee instruments listed in 43 CFR 3809.555.

Within 60 days of receipt of this Decision, a financial guarantee in the amount of \$136,560 must be filed and accepted by the Bureau of Land Management, Nevada State Office, Branch of Minerals Adjudication, P.O. box 12000, Reno, NV 89520-0006. Failure to do so may result in enforcement action being taken against MMI. That office will issue you a decision as to the acceptability of your financial guarantee. You must not begin surface disturbing activities under the Plan of Operations until you receive notification from the BLM State Office that the financial guarantee has been accepted.

Approval of a Plan of Operations by the BLM does not constitute a determination regarding the validity or ownership of any unpatented mining claims involved in the exploration operation. **MMI is responsible for obtaining any use rights or local, state or federal permits, licenses or reviews that may be required before operations begin.**

This decision also constitutes concurrence with MMI's use and occupancy of public lands as described in the approved Plan of Operation. MMI must maintain compliance with the Use and Occupancy regulations at 43 CFR 3715.2, 3715.2-1 and 3715.5 throughout the duration of the approved Plan of Operations. Concurrence by BLM on MMI's proposed use and occupancy is not subject to State Director review, but may be appealed by adversely affected parties directly to the Interior Board of Land Appeals as outlined in enclosed BLM form 1842-1.

The rationale for the attached FONSI supports this decision. The Proposed Action coupled with operating, environmental mitigation and reclamation measures detailed in the EA and listed in this document have led to my decision that all practicable means to avoid or minimize environmental harm have been adopted and that unnecessary or undue degradation of the public lands will not result. This decision is consistent with the 1986 Shoshone-Eureka Resource Management Plan and Record of Decision.

The BLM approval of the PoO will be subject to operating, mitigation, reclamation and monitoring measures proposed by MMI in the Plan of Operations, the performance standards set forth in §3809.420 and additional BLM mitigation measures set forth in the EA and restated in this Decision.

3. Conditions of Approval

Air Quality

AQ-1: Emissions of fugitive dust from disturbed surfaces would be minimized by utilizing appropriate control measures. Surface application of water from a water truck and reduced speed limits on dirt access roads is the current method of dust control during high wind conditions.

Cultural Resources

CR-1: Pursuant to 43 CFR 10.4(g), MMI would notify the BLM authorized officer, by telephone, and with written confirmation, immediately upon the discovery of human remains, funerary objects, sacred objects, or objects of cultural patrimony (as defined in 43 CFR 10.2). Further pursuant to 43 CFR 10.4 (c) and (d), the operator would immediately stop all activities in the vicinity of the discovery and not commence again for a maximum of 30 days or when notified to proceed by the BLM authorized officer.

CR-2: MMI would not knowingly disturb, alter, injure, or destroy any historical or archaeological site, structure, building, or object. If MMI discovers any cultural resource that might be altered or destroyed by operations, the discovery would be left intact and reported to the authorized BLM officer.

CR-3: In order to prevent impacts to cultural resources, MMI would avoid eligible or unevaluated cultural sites within the Project Area. In order to avoid eligible or unevaluated cultural sites, MMI would submit an annual work plan to the BLM. MMI would ensure that eligible or unevaluated cultural sites within the area of proposed phase surface disturbance are mapped by a qualified cultural resource specialist with a global positioning system (GPS) unit prior to surface disturbance, and a summary report of that mapping would be provided to the BLM by the cultural resource specialist. The BLM would review the proposed locations of the surface disturbance and notify MMI if the locations overlap with an eligible or unevaluated cultural site. If an eligible or unevaluated cultural site is located within the area of proposed surface disturbance, the identified cultural site(s) would be avoided.

Erosion and Sediment Control

EC-1: Final reclamation of constructed roads, sumps, and drill pads would consist of, if applicable, fully recontouring disturbances to their original grade and reseeding in the fall season immediately following completion of exploration activities. Overland travel routes would be scarified, if compacted, and then seeded.

EC-2: Reseeding would be consistent with all BLM recommendations for mix constituents, application rate, and seeding methods.

EC-3: Drill pads and sumps would be reclaimed as soon as practicable after completion of logging and sampling.

Fire Management

FM-1: All applicable state and federal fire laws and regulations would be complied with and all reasonable measures would be taken to prevent and suppress fires in the Project Area.

FM-2: In the event the Project should start a fire, MMI would be responsible for all the costs associated with suppression. The following precautionary measures would be taken to prevent and report wildland fires:

FM-2a: All vehicles should carry fire extinguishers, and a minimum of 10 gallons of water.

FM-2b: Adequate firefighting equipment i.e. shovel, pulaski, extinguisher(s), and a minimum 10 gallons of water should be kept at the drill site(s).

FM-2c: Vehicle catalytic converters would be inspected often and cleaned of all brush and grass debris.

FM-2d: MMI would conduct welding operations in an area free from or mostly free from vegetation. A minimum of 10 gallons water and a shovel should be on hand to extinguish any fires created from the sparks. Extra personnel should be at the welding site to watch for fires created by welding sparks.

FM-2e: MMI would report wildland fires immediately to the BLM Central Nevada Interagency Dispatch Center (CNIDC) at (775) 623-3444. Helpful information to be reported is location (latitude and longitude if possible), what is burning, time started, who/what is near the fire, and direction of fire spread.

FM-2f: When conducting operations during the months of May through September, MMI would contact the BLM MLFO, Division of Fire and Aviation at (775) 635-4000 to inquire about any fire restrictions in place for the area of operation and to advise this office of approximate beginning and ending dates for your activities.

FM-3: A defensible space around fire-sensitive equipment utilized in the Project Area would be created. The defensible space would be 2.5 times the height of the vegetation in the area.

Hazardous or Solid Wastes

HSW-1: Pursuant to 43 CFR 8365.1-1(b)(3), no sewage, petroleum products, or refuse would be dumped from any trailer or vehicle.

HSW-2: Only nontoxic fluids would be used in the drilling process.

HSW-3: Regulated wastes would be removed from the Project Area and disposed of in a state, federal, or local designated area.

HSW-4: If a spill of a petroleum constituent is considered to meet the reportable quantity per the NDEP's guidelines (greater than 25 gallons or greater than 3 cubic yards of impacted material) or a reportable quantity for hazardous waste is released based on the Federal EPA guidelines established under Title III List of Lists (40 C.F.R. Part 302), the NDEP would be notified within

24 hours and the appropriate remedial actions and confirmation sampling would be conducted under direction of the NDEP.

Noxious Weeds, Invasive and Non-native Species

NW-1: Noxious weeds would be controlled through implementation of preventive BMPs and eradication measures if noxious weeds were found.

NW-2: To eliminate the transport of vehicle-borne noxious weed seeds, roots, or rhizomes all vehicles and heavy equipment used for the completion, maintenance, inspection, or monitoring of ground disturbing activities, for emergency fire suppression, or for authorized off-road driving within the Project Area would be free of soil and debris capable of transporting weed. All such vehicles and equipment would be cleaned in Eureka or the Tonkin Mine with high power or high pressure equipment prior to entering the Project Area. Vehicles and equipment would not drive through known populations of noxious weeds or invasive species following the vehicle washing and prior to entering the Project Area. Vehicles used for emergency fire suppression would be cleaned as part of check-in and demobilization procedures. Cleaning efforts would concentrate on tracks, feet and tires, and on the undercarriage. Special emphasis would be applied to the axles, frames, cross members, motor mounts, on and underneath the steps, running boards, and front bumper/brush guard assemblies. Vehicle cabs would be swept out and refuse would be disposed of in waste receptacles. Cleaning sites would be recorded using GPS and provided to the MLFO weed coordinator or designated contact person.

MW-3: MMI would coordinate the eradication of the known population of musk thistle with the BLM prior to surface disturbing activities in the vicinity of this population.

Migratory Birds

MB-1: In order to avoid potential impacts to breeding migratory birds (including golden eagles [*Aquila chrysaetos*]), a nest survey would be conducted by a BLM approved biologist prior to any surface disturbance associated with exploration activities during the avian breeding season (March 1 through August 31 for raptors and April 1 through August 1 for other avian species). Pre-disturbance surveys for migratory birds are only valid for 14 days. If the disturbance for the specific location does not occur within 14 days of the survey another survey would be needed. If nests are located, or if other evidence of nesting (i.e., mated pairs, territorial defense, carrying nest material, transporting food) is observed, a protective buffer (the size depending on the habitat requirements of the species) would be delineated after consultation with the BLM resource specialist and the buffer area avoided to prevent destruction or disturbance to nests or birds until they are no longer actively breeding or rearing young. The site characteristics to be used to determine the size of the buffer area are as follows: a) topographic screening; b) distance from disturbance to nest; c) the size and quality of foraging habitat surrounding the nest; d) sensitivity of the species to nest disturbances; and e) the protection status of the species.

Native American Concerns

NA-1: Tribal representatives and/or lineal descendants, along with BLM cultural resources specialists, may periodically monitor identified sites (previously identified or inadvertent discovery of any new site). This monitoring may continue throughout the life of the proposed Project.

NA-2: With the implementation of the protection, avoidance, and monitoring measures previously described above, no additional mitigation measures are necessary at this time (pending continued consultation). However, as the Project Area continues to be utilized or new disturbance is proposed, consultation can be reinitiated for the same activity at any time. Depending on observed impacts, monitoring, identified mitigation measures, unforeseen impacts, growth of the Project, and continued tribal participation, consultation can occur throughout the life of this Project.

Paleontological Resources

PR-1: MMI would not knowingly disturb, alter, injure, or destroy any scientifically important paleontological deposits. If MMI discovers any paleontological resource that might be altered or destroyed by operations, the discovery would be left intact and reported to the authorized BLM officer.

Public Safety

PS-1: Public safety would be maintained throughout the life of the Project. All equipment and other facilities would be maintained in a safe and orderly manner.

PS-2: All trenches, sumps, and other small excavations that pose a hazard or nuisance to the public, wildlife, or livestock would be adequately fenced to preclude access.

PS-3: Activities would be restricted to frozen or dry ground conditions where feasible. Operations would be curtailed when saturated and soft soil conditions exist.

PS-4: In the event that any existing roads are severely damaged as a result of MMI activities, MMI would return them to their original condition.

Survey Monuments

SM-1: As directed in 43 CFR 3809.420 – Surface Management – (b) (9) *Protection of survey monuments*, it is your responsibility to bear the cost of any necessary restoration or reestablishment activity of the affected monument(s). Correspondingly, in the course of any accepted surface disturbance activity when Public Survey System Monuments/Cadastral corners or accessories that may or have been subject to obliteration, destruction, or damage, it will be your responsibility to protect and preserve the monumentation. Further clarification can be found in Nevada BLM's Instruction Memorandum No. NV-2007-003 www.nv.blm.gov.

Water Quality

WQ-1: In order to avoid potential impacts to water resources within the Project Area, MMI would avoid direct impacts to the riparian areas within the Project Area.

WQ-2: Surface disturbance associated with proposed drill site locations adjacent to Red Canyon drainage would be set back 20 feet from the banks of this water course to avoid accelerated sedimentation and impacts to water quality. Further, BMPs including the installation of straw wattles or bales would be implemented on the downslope side of the disturbance footprint to further protect this water course from sedimentation. No drill sites would be located within the bed of this water course.

WQ-3: All but three drill holes would be surveyed and plugged as an operational procedure immediately after completion of drilling in accordance with NAC 534.421 and 534.425. Three drill holes would be collared with a reverse circulation drill rig and completed using a core rig. Once the core rig has completed drilling, the hole would be plugged. Remaining drill holes would be plugged by placing drill cuttings or inorganic fill material into the total depth of the hole, or if ground water is encountered, plugged as a well pursuant to NAC 534.420.

WQ-4: Drill cuttings would be contained and fluids managed on site utilizing appropriate control measures. Sediment traps would be used as necessary and filled at the end of the drill program.

WQ-5: MMI would follow the Spill Contingency Plan for the Project as outlined in Appendix D of the PoO.

WQ-6: If artesian water is encountered in any well or borehole, it will be controlled as required in the NRS § 534.060(3).

Wilderness Study Area

WSA-1: MMI would survey and flag the boundary of the Roberts Mountains Wilderness Study Area (WSA) where it bounds the Project Area on the southeast margin to ensure that no surface disturbing activity is conducted within the WSA.

4. BLM Notice NVN-086223 is hereby vacated with the approval of the PoO. The remaining reclamation requirements under this Notice will be incorporated into the reclamation requirements of the PoO.

RATIONALE

The Proposed Action in combination with the mitigation measures detailed in EA #NV-B010-2010-0081-EA and the attached FONSI show that all practicable means to avoid or minimize environmental harm have been adopted and that unnecessary or undue degradation of the public lands will not occur as a result of the exploration activities at the Red Canyon Exploration Project.

The Proposed Action is in conformance with the Shoshone-Eureka Resource Management Plan Record of Decision (ROD) which states: 1) “Make available and encourage development of mineral resources to meet national, regional, and local needs consistent with national objectives for an adequate supply of minerals (page 29),” 2) the ROD also states “All public lands in the planning area will be open for mining and prospecting unless withdrawn from mineral entry (page 29),” and 3) final reclamation will ensure public safety and the return of the exploration disturbance to its pre-exploration land uses of grazing, wildlife habitat, and mineral exploration. Final reclamation will also reduce visual contrast created during the mining operation.

The Proposed Action is in conformance with the President’s National Energy Policy Act of 2005 as per Instruction Memorandum (IM-2002-053), as put forth in Executive Order 13212 and will not have an adverse impact on energy development, production, supply, and/or distribution. The EA and FONSI support this decision.

AUTHORITY

This Decision is in conformance with the National Environmental Policy Act (NEPA) of 1969 (P.L. 91-190) as amended (72 USC 4321 et.seq.); General and Title V of the Federal Land Management Policy Act of 1976 (FLPMA); 43 CFR Part 3800 Subpart 3809- Surface Management (16 USC et.seq.); and 43 CFR Part 3710 Subpart 3715 – Use and Occupancy Under the Mining Laws.

APPEAL PROVISIONS

If you are adversely affected by this decision, you may request that the Nevada BLM State Director review this decision. If you request a State Director Review, the request must be received in the BLM Nevada State Office at either:

(by US Postal Service)

BLM Nevada State Office
State Director
P.O. Box 12000
Reno, Nevada 89520-0006

(by other delivery service)

BLM Nevada State Office
State Director
1340 Financial Blvd.
Reno, Nevada 89502

no later than 30 calendar days after you receive or have been notified of this decision. The request for State Director Review must be filed in accordance with the provisions in 43 CFR 3809.805. This decision will remain in effect while the State Director Review is pending, unless a stay is granted by the State Director. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

If the State Director does not make a decision on your request for review of this decision within 21 days of receipt of the request, you should consider the request declined and you may appeal this decision to the Interior Board of Land Appeals (IBLA). You may contact the BLM Nevada State Office to determine when the BLM received the request for State Director Review. You

have 30 days from the end of the 21-day period in which to file your Notice of Appeal with this office at 50 Bastian Road, Battle Mountain, NV 89820, which we will forward to IBLA.

If you wish to bypass a State Director Review, this decision may be appealed directly to the IBLA in accordance with the regulations at 43 CFR 3809.801(a)(1). Your Notice of Appeal must be filed in this office at 50 Bastian Road, Battle Mountain, NV 89820, within 30 days from receipt of this decision. As the appellant you have the burden of showing that the decision appealed from is in error. Enclosed is BLM Form 1842-1 that contains information on taking appeals to the IBLA.

This decision will remain in effect while the IBLA reviews the case, unless a stay is granted by the IBLA. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Request for a Stay

If you wish to file a petition pursuant to regulations 43 CFR 4.21 for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by IBLA, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of this notice of appeal and petition for a stay must also be submitted to each party named in the decision and to the IBLA and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal must show sufficient justification based on the following standards:

1. The relative harm to parties if the stay is granted or denied.
2. The likelihood of the appellant's success on the merits.
3. The likelihood of immediate and irreparable harm if the stay is not granted.
4. Whether the public interest favors granting the stay.


Michele F. McDaniel
Acting Field Manager
Mount Lewis Field Office

7/7/2011
Date

Enclosures

cc: Shawn K. Gooch
Nevada Division of Environmental Protection
Bureau of Mining Regulation & Reclamation
901 S. Stewart Street, Suite 4001
Carson City, Nevada 89701

Melissa Sherman
Environmental Specialist
Enviroscientists Inc.
2720 Ruby Vista Drive, Suite 102
Elko, NV 89801

Minerals Adjudication Branch
NV-923

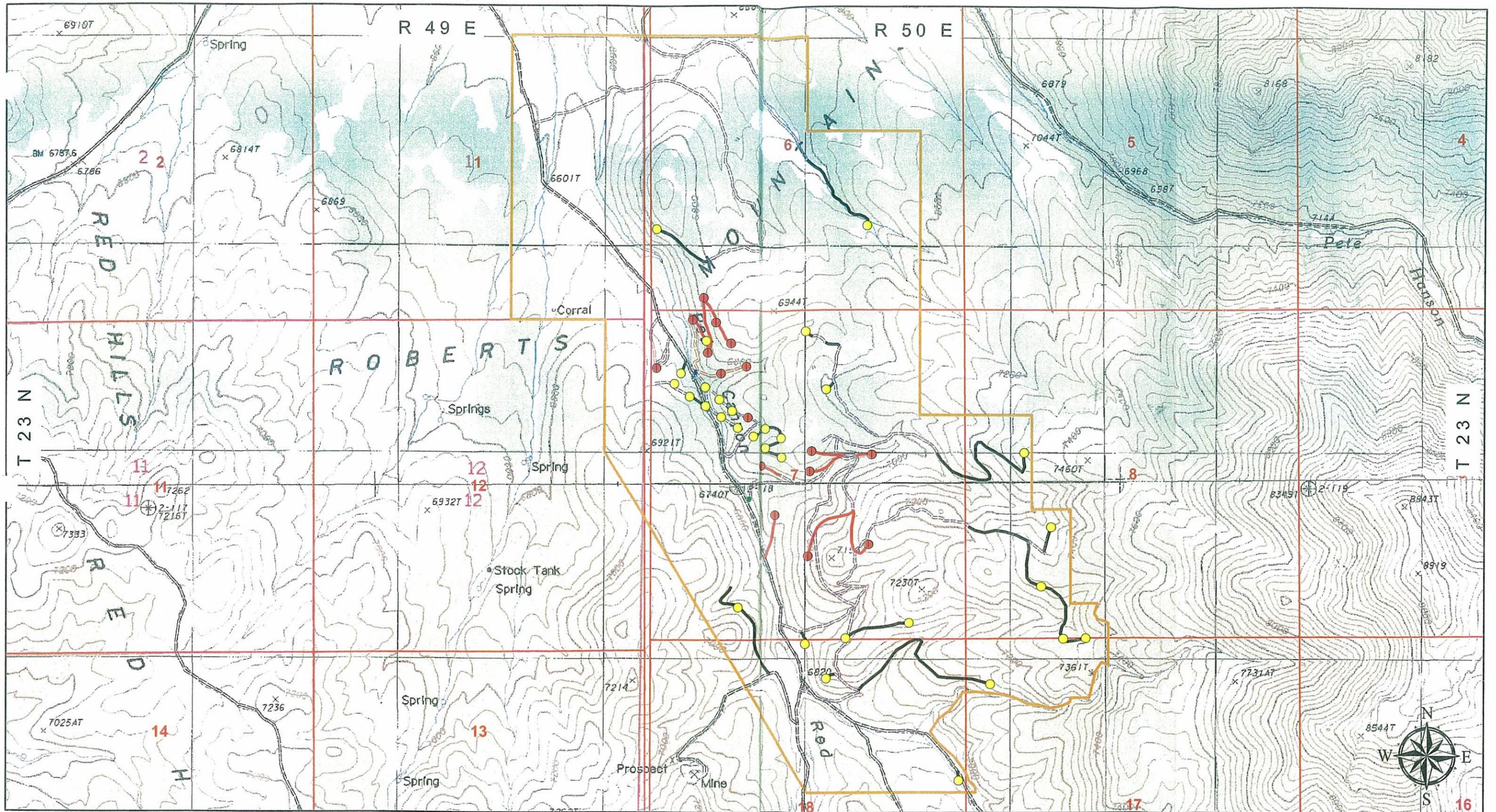
Mr. Maurice Frank-Churchill
Assistant to Division Managers
Duckwater Shoshone Tribe
P.O. Box 140068
Duckwater, NV 89314

Katie Erin G. Miller
Eastern Region Mining Biologist
Nevada Department of Wildlife
60 Youth Center Road
Elko, NV 89801

Reese Tietje
Nevada Department of Administration
Nevada State Clearinghouse
209 E. Musser Street, Room 200
Carson City, NV 89701-4298

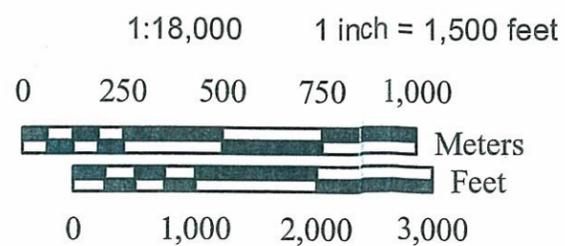
Skip Canfield
State Land Use Planning Agency
Nevada Division of State Lands
901 S. Stewart Street, Suite 5003
Carson City, NV 89701-5246

Joseph E. DiTucci
Staff Engineer II
Nevada Division of Water Resources
901 S. Stewart Street, Suite 2002
Carson City, NV 89701-5246



Legend:

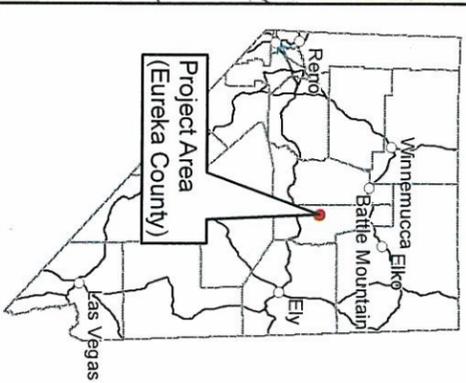
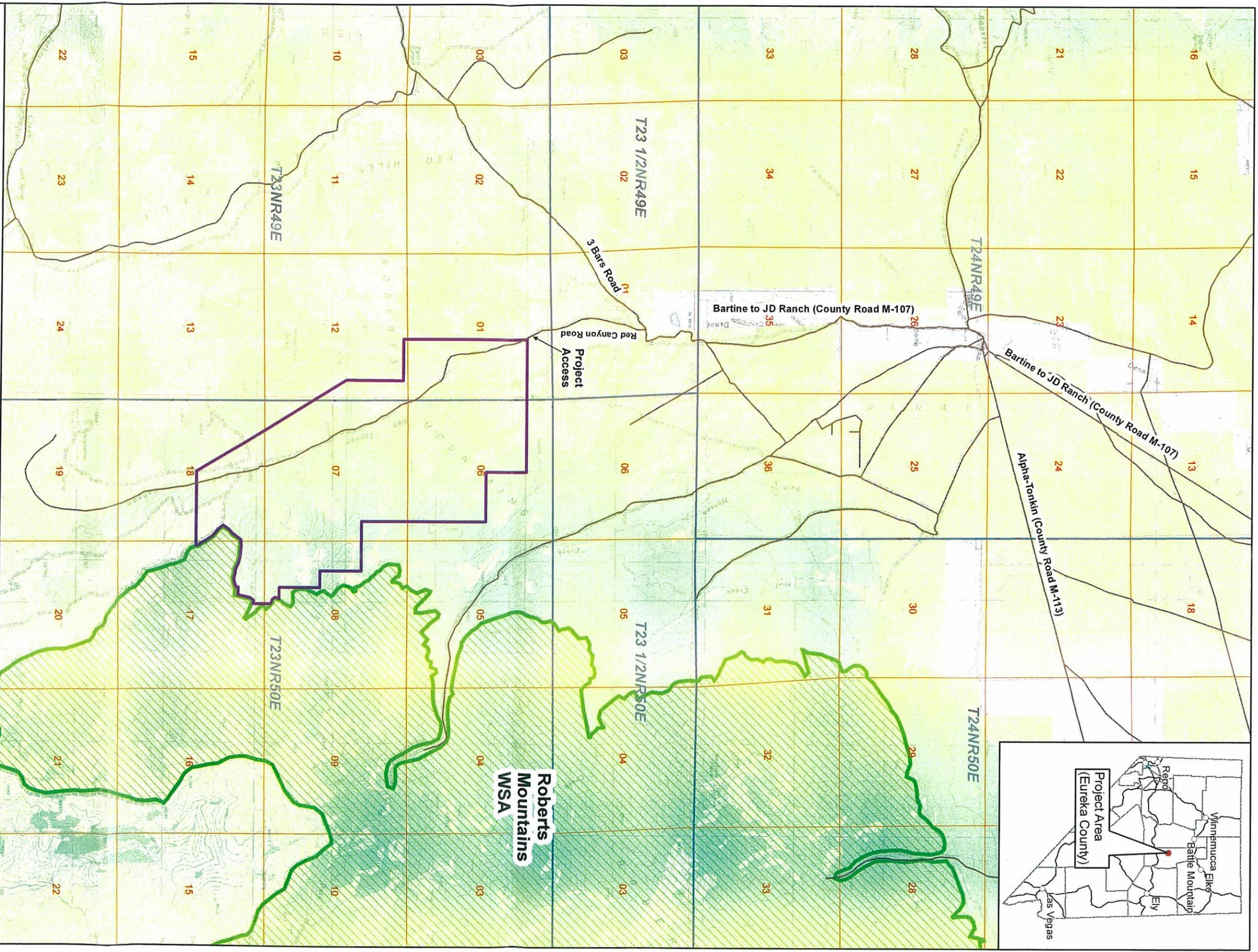
- Notice Level Drill Hole
- Proposed Phase 1 Drill Hole
- Existing Culvert
- Proposed Culvert
- ▭ Red Canyon POO outline
- ==== Existing Post-1981 Road Requiring Reclamation
- Notice-Level Road
- ==== Notice-Level X-country
- Proposed Phase 1 road
- ==== Pre-1981 Road



USGS Topographic Base: Tonkin Summit, Nevada compiled from 1982 aerial photographs, field checked in 1983 and edited in 1986. Three Bar Ranch, Cooper Peak and Roberts Creek Mountain, Nevada topos compiled from 1982 air photo, field checked in 1984 and edited in 1986.

Figure 2

| | | |
|---|------------------------------|---|
| 559 W. Silver St. #301 Elko, NV 89801 775-778-3693 | | |
| Montezuma Mines, Inc. | | |
| Red Canyon Project - Existing & Proposed Phase 1 Disturbance | | |
| PROJECT: Red Canyon | PLOT DATE: May 11, 2010 | COORDINATE SYSTEM: UTM-meters Zone 11N |
| COMPILED BY: SMS | PLOT SCALE: 1:18,000 | DATUM: NAD27 |
| DRAFTED BY: RMS | FILE NAME: Red Canyon POO | CONTOUR INTERVAL: 10 |



- Explanation**
- Project Area
 - Wilderness Study Area
 - Public Land (Bureau of Land Management)
 - Private Land



BATTLE MOUNTAIN DISTRICT OFFICE
 Mount Lewis Field Office
 50 Bastian Road
 Battle Mountain, Nevada 89820

No warranty is made by the Bureau of Land Management as to the accuracy, reliability, or completeness of these data for individual use or aggregate use with other data. Original data were compiled from various sources. This information may not meet National Map Accuracy Standards. This product was developed through digital means and may be updated without notification.



Projection: UTM Zone 11 North, NAD83

BUREAU OF LAND MANAGEMENT

RED CANYON EXPLORATION PROJECT

**Project Area, Access,
and Land Status**

Figure 1

10/29/2010

JUL 08 2011

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JUL 12 2011

DEPARTMENT OF ADMINISTRATION
OFFICE OF THE SECRETARY
BUDGET AND PLANNING DIVISION

ATTACHMENT A

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
BATTLE MOUNTAIN DISTRICT/MOUNT LEWIS FIELD OFFICE

DOI-BLM-NV-B010-2010-0081-EA

FINDING OF NO SIGNIFICANT IMPACT

I have reviewed Environmental Assessment (EA) DOI-BLM-NV-B010-2010-0081-EA dated January 2011. After consideration of the environmental effects as described in the EA, and incorporated herein, I have determined that the proposed action with the project design specifications, including minimization or mitigation measures identified in the EA will not significantly affect the quality of the human environment; individually or cumulatively with other actions in the general area. No environmental effects meet the definition of significance in context or intensity as described in 40 CFR 1508.27. Therefore, preparation of an Environmental Impact Statement (EIS) is not required as per section 102(2)(c) of the National Environmental Policy Act (NEPA).

Environmental Assessment DOI-BLM-NV-B010-2010-0081-EA has been reviewed through the interdisciplinary team process; as well as being sent to the Nevada State Clearinghouse and the public for a 30-day comment period. Four comment letters were received containing a total of nine comments. These comments did not identify any significant new issues or concerns that warrant additional analysis. The comments did not result in any revisions to the EA; therefore, a second public comment period is not necessary. Copies of the comments and BLM responses are provided in Attachment B.

After consideration of the of the environmental effects of the Bureau of Land Management's (BLM) preferred alternative (the Proposed Action) described in the EA and the supporting documentation, it has been determined that the Proposed Action identified in the EA is not a major Federal action and will not significantly affect the quality of human environment.

It has been determined that the Proposed Action is in conformance with the approved Shoshone-Eureka Resource Management Plan and its amendments, and is consistent with the plans and policies of neighboring local, county, state, tribal, and federal agencies and governments. This finding and conclusion is based on my consideration of the Council on Environmental Quality's (CEQ) criteria for significance (40 CFR 1508.27), both with regard to the context and the intensity of impacts described in the EA.

Context

The BLM, Mount Lewis Field Office (MLFO), has prepared an Environmental Assessment (EA) to analyze the impacts of conducting exploration-related activities at the Red Canyon Exploration Project by Montezuma Mines Inc. (MMI) for the purpose of locating additional

mineral resources from mining claims in the Project Area. In March 2010, MMI submitted to the MLFO the Red Canyon Exploration Project Plan of Operations (PoO) and Reclamation Plan. The PoO was assigned BLM case file number NVN-088264. The PoO was deemed complete on March 29, 2010 and the final version of the PoO was received in June 2011. The Project is located in the Roberts Mountains approximately 30 miles northwest of Eureka, Eureka County, Nevada. The Project is located entirely on public lands administered by the BLM MLFO in all or portions of Sections 1 and 12, Township 23 North (T23N), Range 49 East (R49E) and Sections 6, 7, 8, 17 and 18, T23N, R50E, Mount Diablo Base and Meridian (MDB&M), Eureka County, Nevada.

MMI has submitted a Plan of Operations and Reclamation Plan whose Proposed Action is to expand the Notice-level exploration activities on public lands that are currently being conducted under a Notice approved by MLFO (BLM case file number NVN-086223). This Notice would be vacated with the approval of the PoO and the remaining reclamation requirements under this Notice would be incorporated into the reclamation requirements of the PoO. The Proposed Action would be to conduct exploration activities which would include: exploration drilling, construction of drill pads and sumps on existing and new disturbance, improving existing access roads, creating new access roads, installation of up to three monitoring wells, use of existing surface disturbance for equipment storage and laydown yards, and reclamation.

Under the Proposed Action, MMI proposes to conduct exploration related activities in a phased manner that would create approximately 125.00 acres of total surface disturbance over the Project life of five years. The 125.00 acres of surface disturbance would include: 120.01 acres of new disturbance and 4.99 acres of existing Notice-level disturbance. The proposed Phase 1 exploration would create approximately 29.60 acres of disturbance which includes: 24.61 acres of new disturbance and 4.99 acres of existing Notice-level disturbance. The remaining 95.40 acres of disturbance would occur in subsequent phases over the next five years. The location and amount of disturbance in the subsequent phases would be based on the results of the preceding phases.

For a complete description of the proposed project, please refer to the EA, Section 2.1, Proposed Action.

Pursuant to the National Environmental Policy Act (NEPA) and the Council on Environmental Quality regulations on implementing NEPA, the EA identifies, describes, and evaluates resource protection measures that would mitigate the possible impacts of the proposed project. The short and long-term impacts as disclosed in the EA are not considered to be significant to the human environment. The short-term impacts from implementation of the proposed action are local; they are not regional or national in nature. The long-term impacts resulting from the proposed action would be mitigated by ongoing reclamation during the life of the project and final reclamation upon completion of the project.

Intensity

1. Impacts that may be both beneficial and adverse.

The EA considered impacts that may be both beneficial and adverse through the analysis of direct, indirect, and cumulative impacts of the Proposed Action.

Impacts to resources as identified in Chapter 4 of the EA include the following: fugitive dust, drill rig and vehicle emissions; potential for spread of noxious weeds and invasive non-native species on roads and within the project area; a temporary loss of approximately 7 livestock grazing animal unit months (AUMs); temporary soil, piñon tree and vegetation loss; temporary wildlife habitat loss and displacement due to project activities and human presence; noise from the project activities; employment for up to 14 individuals who would likely reside in the Eureka area; a minor increase in local revenues from lodging, goods and services utilized by the employees; and visual impacts from drill rigs and vehicles at the project site during exploration activities. Many of these impacts would be minimized by the Environmental Protection Measures as well as by the concurrent reclamation and other measures committed to by MMI.

Impacts that would be avoided or minimized by operating and reclamation measures committed to by MMI are presented in Chapter 2 and by the BLM operating and reclamation measures described in Chapter 4 of the EA. Reclamation and revegetation of the project disturbance would gradually reestablish soils, vegetative cover and wildlife habitat. None of the environmental impacts disclosed above and discussed in detail in Chapter 4 of the EA are considered significant.

Reclamation would be completed to the standards described in 43 CFR 3809.420 and Nevada Administrative Code (NAC) 519A. Reclamation would meet the reclamation objectives as outlined in the United States Department of Interior Solid Minerals Reclamation Handbook #H-3042-1, Draft Surface Management of Mining Operations Handbook H-3809-1, and revegetation success standards per BLM/Nevada Division of Environment Protection (NDEP) "Revised Guidelines for Successful Mining and Exploration Revegetation."

The No Action Alternative represents no change to current management direction. Under the No Action Alternative, exploration activities in the Project Area would continue under the existing Notice-level exploration activities on public lands that are currently being conducted under a Notice approved by MLFO (BLM case file number NVN-086223).

2. The degree to which the proposed action affects public health and safety.

The effects of the Proposed Action on both employees and public health and safety are considered to be positive. Compliance by MMI with both BLM and NDEP mining regulations, along with compliance with the Mine Safety and Health Administrations' regulations would ensure employee and public safety.

Through adherence to resource mitigation measures, and Best Management Practices (BMPs), the Proposed Action would not result in potentially substantial or adverse impacts to public health and safety. Public safety would be maintained throughout the life of the Project. MMI would commit to the following environmental protection measures to insure public health and safety:

- All equipment and other facilities would be maintained in a safe and orderly manner.

- Personnel working at the site would keep the occasional public out of operational area.
- All sumps and other small excavations that pose a hazard or nuisance to the public, wildlife, or livestock would be adequately fenced to preclude access to them.
- The Project would not use pesticides or herbicides, therefore would not pose a health or human safety risk.
- Existing roads within the project boundary that are disturbed during the proposed action would be reclaimed, by MMI, to their pre-disturbance condition in order to provide continued public access through the area.
- Unpaved roads are well maintained and accommodate two-lane traffic to and from the project area.
- Trash and regulated wastes would be contained and hauled to an approved landfill.
- Portable chemical toilets would be used for human waste.
- Drill sites and storage yards would be located off of existing roads.
- Only nontoxic fluids would be used in the drilling process.
- Emissions of fugitive dust from disturbed surfaces would be minimized by utilizing appropriate control measures.

The project and its potential effects on the human environment are not highly uncertain and do not involve unique or unknown risks.

3. Unique characteristics of the geographic area such as proximity of historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas.

The project area is located in the Roberts Mountains. The nearest town is Eureka, Nevada, which lies approximately 30 miles southeast of the project area along US Highway 50. There are no park lands, prime farmlands, or wild and scenic rivers in the vicinity.

The Project Area is adjacent to the western boundary of the Roberts Mountains Wilderness Study Area (WSA) (NV-060-541), which is located in the Roberts Mountains and contains approximately 15,090 acres of public lands with no privately owned inholdings. The Roberts Mountains WSA is irregularly shaped and surrounded on three sides by a major valley system. The western boundary is formed by topographic lines and cherrystem roads. In order to prevent an accidental ingress to the Roberts Mountains WSA, MMI would complete a survey of the western boundary of the WSA and flag that boundary before any exploration activity occurs to ensure that no surface disturbing activity is conducted within the WSA.

There are known cultural resources located within the Project Area. All known National Register of Historic Places (NRHP) eligible and unevaluated cultural resource sites would be avoided. In order to avoid known cultural sites, MMI would submit an annual work plan to the BLM. MMI would ensure that known cultural sites within the area of proposed phase surface disturbance are mapped by a qualified cultural resource specialist with a global positioning system (GPS) unit prior to surface disturbance, and a summary report of that mapping would be provided to the BLM by the cultural resource specialist. The BLM would review the proposed locations of the surface disturbance and notify MMI if the locations overlap with any cultural

site. If a cultural site is located within the area of proposed disturbance, the identified cultural site(s) would be avoided.

In addition, the EA did not identify any significant impacts to unique species or their habitats that may occur in the project area.

4. The degree to which the effects on the quality of the human environment are likely to be highly controversial.

The proposed action is not expected to have highly controversial effects on the quality of the human environment. The parameters of the exploration activities, along with associated reclamation of the drill holes, drill pads and sumps, roads, and ancillary facilities are well established. The project area is isolated from human habitations. Except for mining, mineral exploration and recreation, the project area is typically uninhabited. Eureka, the nearest town, is 30 miles from the project area.

The reclamation should return the land to its pre-exploration uses of livestock grazing, mineral exploration, dispersed recreation, and wildlife habitat.

Copies of the EA were sent to interested public on March 15, 2011. Comments were accepted until April 15, 2011. Public comments were received from four agencies and organizations.

The original consultation, initiation, and notification letter for the Proposed Action was mailed from the MLFO to the interested Native American tribes on May 25, 2010. Letters were sent to the following: Te-Moak Tribe of Western Shoshone, Battle Mountain Band, South Fork Band, Yomba Shoshone Tribe and Duckwater Shoshone Tribe. One comment letter was received from the Duckwater Shoshone Tribe.

Four public comment letters, including the Duckwater Shoshone Tribe, were received containing a total of nine comments. These comments did not identify any significant new issues or concerns that warrant additional analysis. The comments did not result in any revisions to the EA; therefore, a second public comment period is not necessary. Copies of the comments and BLM responses are provided in Attachment B.

5. The degree to which the possible effects on the human environment are highly uncertain or involve unique or unknown risks.

There are no known effects of the Proposed Action identified in the EA that are considered highly uncertain or involve unique or unknown risks. This is demonstrated through the effects analysis in Chapter 4 of the EA.

6. The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.

The proposed action will not establish a precedent for future actions with significant effects or represent a decision about a future consideration. Completion of the EA does not establish a

precedent for other assessments or authorization of other exploration projects including additional actions at the Red Canyon site. Any future projects within the area or in surrounding areas will be analyzed on their own merits, independent of the actions currently selected.

7. Whether the action is related to other actions with individually insignificant but cumulatively significant impacts.

Direct and indirect impacts of the Proposed Action were analyzed in Chapter 4 (Environmental Consequences) of the EA. None of the environmental impacts disclosed under item 1 above and discussed in detail in Chapter 4 of the EA are considered significant. Past, present and reasonably foreseeable future actions have been considered in the cumulative impacts analysis within Chapter 5 of the EA. The cumulative impacts analysis examined all of the affected resources and all other appropriate actions within the Cumulative Effects Study Area and determined that the Proposed Action would not incrementally contribute to any significant impacts. In addition, for any actions that might be proposed in the future, further site-specific environmental analysis, including assessment of cumulative impacts, would be required.

8. The degree to which the action may adversely affect districts, sites, highways, structures, or objects listed in or eligible for listing in the National Register of Historic Places or may cause loss or destruction of significant scientific, cultural, or historic resources.

The area of potential effect (APE) for this Project is defined as the 1,556-acre Project Area. A Class III cultural resource inventory of the entire APE was completed by Knight and Leavitt Associates between May 17 and June 4, 2010. A total of 31 sites were recorded, including eight sites within the Pete Hanson Creek Carbonari Historic District (District), with 12 of the sites previously recorded (three previously recorded sites were not relocated). Nine of the 23 unassociated sites are recommended eligible to the National Register of Historic Places (NRHP) under criterion D, and one site is recommended eligible under criterion A, B, and C. It is recommended that eligibility determination of six of the sites be postponed pending further work. Six of the sites are recommended not eligible for the NHRP. The District is also recommended eligible under criterion D, with three of the sites that comprise the District recommended as contributing to the NHRP eligibility of the District. It is recommended that an eligibility determination be deferred on one of the sites pending further work, and that four of the sites that comprise the District be considered non-contributing elements of the National Register eligibility of the District. The unevaluated sites should be treated as eligible until further investigation is conducted and an official determination of eligibility is made.

MMI has committed to avoid all known eligible and potentially eligible sites, as described in the PoO. In order to avoid all known cultural sites, MMI would submit an annual work plan to the BLM. MMI would ensure that known cultural sites within the area of proposed phase surface disturbance are mapped by a qualified cultural resource specialist with a GPS unit prior to surface disturbance, and a summary report of that mapping would be provided to the BLM by the cultural resource specialist. There are no other districts, sites, highways, structures, or objects listed in or eligible for listing in the NRHP within the Project area. There are no significant scientific, cultural, or historical resources that would be lost or destroyed by the exploration project. If MMI discovers any cultural or paleontological resource during project activities that

might be altered or destroyed by operations, all project activities in the vicinity would be halted, the discovery would be left intact and reported to the authorized BLM officer.

9. The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under the Endangered Species Act (ESA) of 1973.

The United States Fish and Wildlife Service (USFWS), the Nevada Natural Heritage Program (NNHP) and the Nevada Department of Wildlife (NDOW) were contacted to obtain a list of threatened and endangered and sensitive species that have the potential to occur within the Project Area. In addition, the BLM Sensitive Species List and Special Status Species (threatened and endangered) lists for the Battle Mountain District were evaluated.

In response to a request for identification of federally-listed and candidate species in the Project Area, the USFWS memorandum of April 14, 2010, stated that the Lahontan cutthroat trout (*Onocorhynchus clarkia henshawi*) (LCT), a federally threatened species, and the greater sage-grouse, a candidate species have the potential to occur in the Project Area. No Threatened and Endangered Species were observed during baseline biological surveys of the Project Area.

The BLM and NDOW have identified that the pygmy rabbit (*Brachylagus idahoensis*) has the potential to occur within the Project Area. Four sensitive raptor species are known to occur within the Project vicinity, which are: peregrine falcon (*Falco peregrines*), prairie falcon, golden eagle, and northern goshawk (*Accipiter gentilis*). Three BLM sensitive bird species were observed in the Project Area, which were: gray vireo, piñon jay, and vesper sparrow.

The following common raptor species were observed in the Project Area: Cooper's hawk, red-tailed hawk, American kestrel and turkey vulture.

The NDOW identified seven BLM sensitive species of bats that may occur within the Project Area. The species include: pallid bat (*Antrozous pallidus*), California myotis (*Myotis californicus*), little brown bat (*Myotis lucifugus*), Brazilian free-tailed bat (*Tadarida brasiliensis*), western small-footed myotis (*Myotis ciliolabrum*), long-eared myotis (*Myotis evotis*), and long-legged myotis (*Myotis volans*).

In a letter dated March 22, 2010, the NNHP stated that no at-risk taxa have been recorded within the Project Area and a three-mile radius. In a letter dated April 14, 2010, the USFWS did not identify any threatened or endangered plant species to have the potential to occur within the Project Area.

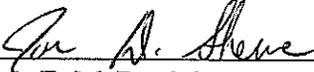
Impacts to threatened and endangered and special status species or their habitat from the proposed action are analyzed in Chapters 4 and 5 of the EA. These impacts are expected to be minimal, based on the implementation of the mitigation measures outlined in Sections 2.1.11, 3.10, 3.17, 4.1.8 and 4.1.15.

The action complies with the ESA, in that potential effects of this decision on listed species have been analyzed and documented. The action will not adversely affect any endangered or

threatened species or its habitat that has been determined to be critical under the ESA of 1973, as amended.

10. Whether the action threatens a violation of Federal, State, or local law or requirements imposed for the protection of the environment.

The Proposed Action will not violate or threaten to violate any federal, state, or local law or requirement imposed for the protection of the environment.



Michele F. McDaniel
Acting Field Manager
Mount Lewis Field Office

7/7/2011
Date

JUL 08 2011
ATTACHMENT B

This attachment addresses comments received from the Duckwater Shoshone Tribe, Nevada Department of Wildlife, Nevada Division of Water Resources, and Nevada Division of State Lands between the dates of March 21 through April 14, 2011, for the Montezuma Mines Inc. (MMI) Red Canyon Exploration Project Environmental Assessment (EA) DOI-BLM-NV-B010-2010-0081-EA. The comments are in bold followed by BLM's responses in italics.

Duckwater Shoshone Tribe

Comment 1: The Duckwater tribe requested the cultural information on the above mentioned project.

Response to Comment 1: The Tribe was advised, by separate correspondence, that the cultural information for the Red Canyon Exploration Project could not be released by the Battle Mountain District because a data sharing agreement has not been established with the Battle Mountain District or the Nevada BLM. At this time, the Duckwater Shoshone Tribe does not have a data sharing agreement with the Battle Mountain District or the Nevada BLM. The BLM has offered to provide a template of a Nevada data sharing agreement for the Tribe to use in the creation of a data sharing agreement, if the Tribe desires.

A brief summary of the proposed activities and a Phase 1 map of the exploration project were provided to the Duckwater Shoshone Tribe.

Comment 2: If the Tribe is unable to procure the cultural reports from the BLM, they asked for a site visit to the area to determine if any cultural sites may be impacted.

Response to Comment 2: In the correspondence to the Tribe referenced in comment 1, the BLM extended an offer to conduct a site visit at the convenience of the Tribe and when ground conditions at the Site allow traffic. To-date, the BLM has not received a request for a site visit from the Tribe.

Nevada Department of Wildlife

Comment 1: "Although most of our comments and concerns have been addressed, one remains. This exploration project is just one drainage south of Pete Hanson Creek, an occupied Lahontan Cutthroat Trout (LCT) stream, which is a threatened species. Previously, we expressed concerns that the proposed drilling operation may impact the ground water aquifer. This EA does not demonstrate an understanding of hydrologic conductivity underground, and how that may express itself as surface water. To give you some background on our concerns, a drilling exploration project near the north fork of the Humboldt River punctured and drained an underground aquifer. This, in turn emptied two drainages that feed into the north fork of the Humboldt River, impacting a significant amount of the remaining habitat for LCT in this drainage. A recent survey effort on this river failed to detect any LCT. As you can see, our concerns are serious, and not unfounded.

This document states that the depth to groundwater is shallow, which implies that groundwater may feed surface water in this portion of Roberts Mountain. We know, from the hydrology model for the Mt. Hope project, that the hydrology of this mountain is extremely complex and poorly understood. As such, we want to understand how BLM and Montezuma Mines, Inc. intend to prevent a similar scenario. What hydrologic data, besides depth to groundwater can be collected during the drilling process that can inform us of any potential impacts? Can the BLM require Montezuma Mines Inc. to conduct surface water flow monitoring of Pete Hansom Creek during its operations?”

Response to Comment 1: The Red Canyon Exploration Project does not propose the pumping or extraction of groundwater or the beneficial use of groundwater or surface water. Therefore, the Project will not deplete the groundwater aquifer in the Project Area. Section 2.1.4 Drilling Activities and Work Force states that water used for drilling would be obtained from the US Gold Tonkin Springs Mine, per a standing oral agreement to use their water rights, located approximately two miles northwest of the Project.

To avoid the potential transfer of groundwater between aquifers or to the surface due to drilling, Section 2.1.4 Drilling Activities and Work Force states: “Up to three pre-collar holes would be drilled with a reverse circulation rig then completed with a core rig. Cuttings not bagged and removed during sample collection would be used as a source of backfill and placed back down the drill hole. All drill holes except the three pre-collar would be plugged prior to the drill rig moving from the drill site in accordance with Nevada Revised Statute (NRS) 534, NAC 534.4369, and NAC 534.4371. If groundwater is encountered, the drill holes would be plugged pursuant to NAC 534.420.” Due to the relatively short time that a drill hole would remain open, the impacts to the groundwater aquifer and surface waters are considered to be minimal, if any.

Section 2.1.6 Water Use states that none of the drilling fluids to be used on the Project contain hazardous substances and all are approved for well drilling and would not contaminate aquifers. This practice will further reduce any impacts to the groundwater aquifer and surface waters.

Section 2.1.5 Ground Water Monitoring Wells states that MMI could construct up to three ground water monitoring wells within the Project Area to collect baseline data for future use. The data collected from these wells would be in accordance with any requirements imposed by NDEP. MMI will be required to collect groundwater data from the monitoring wells; the data would be provided in required reports to BLM and NDEP. The monitoring wells are not currently planned for the first phase of 7 to 11 drill holes.

The comment in the correspondence from NDOW that “The document states that the depth to groundwater is shallow” is not accurate. Section 3.21.2 Ground Water states: “None of the shallow drill holes (e.g., holes less than 100 feet deep) encountered ground water.” Section 3.21.2 also states that based on previous drilling, the depth to ground water is approximately 280 to 300 feet below the ground surface; however, in the main Red Canyon drainage area the water can occur at approximately 140 feet below the ground surface. Due to the relatively short time that drill holes will remain open, and they will be closed in accordance with State

regulations, the impacts to the groundwater aquifer and surface waters are considered to be minimal, if any.

Within the Project Area, storm water flow, springs, and ephemeral drainages all flow to the Red Canyon Drainage watershed (a separate HUC 6 level watershed from Pete Hanson Creek). Therefore, the geology and topography at the site indicate that the Pete Hanson Creek and the Red Canyon Drainage represent distinct watersheds and the groundwater encountered within the Project Area is inferred to represent interaction with the Red Canyon Drainage system and not Pete Hanson Creek. Further, the Red Canyon Drainage and Pete Hanson Creek are separated by approximately 1.3 air miles.

From a historical perspective, no groundwater has been encountered during drilling activities in the eastern portion of the Project Area, closest to Pete Hanson Creek. Drilling within the Project Area commenced in 1985 and has totaled 283 holes. A total of 156,098 feet of drilling has been completed, with the deepest holes approximately 2,500 feet below ground surface. During the 25+ year period, there have been no significant impacts noted to Pete Hanson Creek. Due to the distance separating the Red Canyon Drainage and Pete Hanson Creek and the lack of any impacts to Pete Hanson Creek from historical drilling, the continuation of the Red Canyon Project is not expected to have an impact on Pete Hanson Creek.

BLM resource specialists have stated that Pete Hanson Creek is currently being monitored by other parties and that additional monitoring by MMI would not be required. This monitoring is on-going and will continue during the expected life of the Project. The current monitoring programs would identify any impacts to Pete Hanson Creek.

Nevada Division of Water Resources

Comment 1: All waters of the State belong to the public and may be appropriated for beneficial use pursuant to the provisions of Chapters 533 and 534 of the Nevada Revised Statutes (NRS), and not otherwise.

Response to comment 1: The Proposed Action does not include the use of waters of the State for beneficial use; therefore, no appropriation of State waters will be required. Water, used for drilling purposes, will be obtained from the US Gold Tonkin Springs Mine. An agreement between the parties has been made for this purpose.

Comment 2: No use of groundwater is to occur unless a waiver (MM) for mining and milling exploration is granted by this office. If the water to be used is from a permitted well, a signed letter from the owner of the permitted water right allowing the use of the water must be submitted along with the waiver. If monitor wells are required, a monitor well waiver must be submitted along with an Affidavit of Abandonment form.

Response to Comment 2: The Proposed Action is a drilling exploration project that will only require water for dust suppression and not for mining or milling; therefore, a MM waiver would not apply to this project. All water for dust suppression and drilling operations would be obtained from offsite water sources at the Tonkin Springs Mine. A letter from US Gold stating

that water would be available at the Tonkin Springs Mine to support the Red Canyon Exploration Project has been provided. The Proposed Action does not include the installation of production wells for use of groundwater during this minerals exploration project.

The Proposed Action only includes the installation of groundwater monitoring wells in order to obtain groundwater level and quality data. Prior to the installation of groundwater monitoring wells, a monitor well waiver and an Affidavit for Abandonment form will be submitted to the NDWR. The monitoring wells are currently not planned in the first phase of drilling.

Comment 3: Boreholes that are proposed to be drilled within the described lands are the ultimate responsibility of the entity allowing the drilling to occur and must be plugged and abandoned as required in Chapter 534 of the Nevada Administrative Code. If artesian water is encountered in any well or borehole it shall be controlled as required in the NRS § 534.060(3).

Response to Comment 3: As described in Section 2.1.4 2.1.5, 2.1.10, all drill holes would be plugged and abandoned per the requirements in Chapter 534 of the Nevada Administrative Code. A BLM-approved financial guarantee for the closure of drill holes will be posted by MMI. This financial guarantee will be part of the total financial guarantee that will be posted by MMI prior to starting any ground-disturbing activities for the project.

The BLM will require an amendment to the Project's Plan of Operations and final Environmental Assessment text to include as a condition of approval for the project that if artesian water is encountered in any well or borehole it shall be controlled as required in the NRS § 534.060(3).

Nevada Division of State Lands

Comment 1: Multiple use activities on Nevada's public lands are supported and encouraged. There are continuing concerns about the cumulative visual impacts to public lands users' experiences from certain activities (temporary and permanent). Some notable activities include proliferation of new roads, poorly-sited and designed structures, lack of co-location of infrastructure and improper lighting, to name a few.

Response to Comment 1: The Proposed Action is a minerals exploration project that is temporary and intermittent in nature. No development or construction of structures or infrastructure is proposed. The Project includes the use of tree screening, concurrent reclamation when feasible, the use of existing roads and disturbed areas, and other measures set forth in the Plan of Operations to reduce impacts to visual resources and public land users' experiences. Section 2.1.11 of the Environmental Assessment document includes a complete list of the environmental protection measures that are included in the Proposed Action.

Comment 2: There is a concern about the cumulative visual impacts to public land users' experiences. For example, dark sky attributes are a finite resource and subject to increasing deterioration as inappropriately-lighted development covers the landscape. This

is even more evident in remote stretches of Nevada where dark skies prevail yet are seriously impacted by even one new lighting source.

Response to Comment 2: The proposed Project is a minerals exploration project and will not result in the construction of permanent or temporary structures (Section 2.1.8 Surface occupancy) requiring night lighting. The majority of the Proposed Action will be conducted during daylight hours and; therefore, no temporary source of night lighting would result that would impact night sky resources. Core drilling may occur on a 24-hour basis that would require temporary night lighting. This activity would be temporary and intermittent and the source of night lighting would be eliminated upon completion of the core drilling. The Proposed Action includes the use of tree screening, concurrent reclamation when feasible, the use of existing roads and disturbed areas and other measures set forth in the Plan of Operations to reduce impacts to visual resources. As analyzed in Section 3.19 of the Environmental Assessment document, the Project is located within a BLM Visual Resource Management Class II and IV objectives. Based on the analysis, it was determined that the effects of the Proposed Action on visual resources would be consistent with the BLM prescribed objectives.

Comment 3: A comprehensive look at visual impacts should be considered when federal agencies review any development plan on public lands in Nevada, and nationally. The Nevada Division of State Lands encourages federal agencies to develop a consistent policy and “conditions of approval” that can be required of applications and included in NEPA decisions. It is hoped that all Federal agencies would include dark sky lighting and other visual resource protection and mitigation as a condition of approval for permanent and temporary applications.

Response to Comment 3: The proposed Project does not consist of a development plan on public lands that includes lighting; and, therefore, no additional visual resource protection or mitigation measures will be required as a condition of approval for the Project.

The BLM appreciates your input and involvement with the EA. If you have any additional comments or questions please contact Larry Tuner, Mining Engineer, at (775) 635-4167, or contact Angelica Rose, Planning and Environmental Coordinator, at (775) 635-4060. In addition, the BLM may be reached at the address above.