

NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT

DATE: November 9, 2012

TO: Responsible Agencies, Organizations, and Interested Parties

LEAD AGENCY: County of Nevada

CONTACT: Tod Herman, Senior Planner

Planning Department
Community Development Agency
950 Maidu Avenue
Nevada City, CA 95959-8617

SUBJECT: Environmental Impact Report for the San Juan Ridge Mine Project

In its duties under Section 15021 of the California Environmental Quality Act (CEQA) Guidelines, the County of Nevada (as lead agency) intends to prepare an Environmental Impact Report (EIR), consistent with Article 9 and Section 15161 of the CEQA Guidelines, for the San Juan Ridge Mine Project. In accordance with Section 15082 of the CEQA Guidelines, the County of Nevada has prepared this Notice of Preparation to provide responsible agencies, trustee agencies, and other interested parties with sufficient information describing the proposed project and its potential environmental effects. The County seeks comments as to the scope and content of the EIR. As specified by the CEQA Guidelines, the Notice of Preparation will be circulated for a 30-day review period. Comments may be submitted in writing during the review period and addressed to:

Tod Herman, Senior Planner
Planning Department
Community Development Agency
950 Maidu Avenue
Nevada City, CA 95959-8617
Phone: 530-265-1257
Email: tod.herman@co.nevada.ca.us

In addition, oral comments will be accepted at a project scoping meeting on December 5, 2012, at 6:00 p.m., to be held at:

Nevada County Board of Supervisors' Chambers
Eric Rood Administrative Center
950 Maidu Avenue
Nevada City, CA 95959

The Notice of Preparation comment period closes on **December 10, 2012.**

NOTICE OF PREPARATION

PROJECT LOCATION AND CURRENT USE

The 1,700-acre San Juan Ridge Mine property was acquired by San Juan Mining Company in 2011. It is located approximately 17 miles north of the town of Nevada City, in Nevada County, California, and 0.3 mile south of the former mining town of North Columbia (**Figure 1**). Nevada City is approximately 55 miles northeast of Sacramento, California. The site is located between the Middle Yuba and South Yuba rivers in an area known as San Juan Ridge, between 2,600 and 3,000 feet above sea level.

Access to the property from Nevada City is via State Route 49 for 9 miles to Tyler-Foote Crossing, then east on Tyler-Foote Crossing Road for 8 miles to North Columbia. The property is transected by a fire access road (Jackass Flat Road).

SURROUNDING LAND USES

Land uses in the vicinity of the proposed project include a combination of rural residences on 1- to 20-acre parcels, Coughlin Ranch, North Columbia Schoolhouse Cultural Center, and Grizzly Hill School, as well as recreation land, forest, and open space.

PROJECT CHARACTERISTICS

The project includes a request for a Use Permit (U12-001) proposing to re-establish the subsurface mining operation at the San Juan Ridge Mine site. The project includes approximately 17 months for rehabilitation of the site, including on-site access road improvements, possible improvement of the existing power line distribution system, restoration of the on-site buildings (shop, offices, storage, change house, and refinery), installation of a surface plant, possible improvements to the freshwater distribution system and septic systems, restoration of the various settlement and infiltration ponds, restoration of the surface mine entrance, and dewatering of the mine workings. There will be approximately 20 employees for the restoration phase. Upon resumption of the mining phase, approximately 78 employees will be needed to run the operation.

The initial processing steps will be done underground to mitigate the amount of material that must be transported to the surface. Mined rock generated from mechanical excavation will be transported by underground haul trucks to a subsurface processing facility to be classified.

Classifying ore underground will reduce the quantity of material that must be hauled to the surface. Ore will be dumped by a front-end loader through a rock sorter into a storage hopper. From there, the material will be further broken down and only materials smaller than 0.25 inch (approximately 40 percent of the weight of the mined ore) will be pumped to the surface as a water slurry. The rejected material, larger than 0.25 inch in size, will be used primarily for underground backfill.

The general layout of the underground recovery system mirrors the plant used by the former operation of the San Juan Ridge Mine. Following the productivity designs of the former processing facility, the new machinery will be designed to accommodate approximately 187.5 tons per hour. At the surface plant, the slurry will be processed using water and gravity methods. The concentrate will then be transported to the refinery building for final processing.

The mining phase will span approximately 11 years. The total production of ore will range between 622 bank cubic yards per day (BCY) at start-up (122,000 BCY per year) to 1,000 BCY per day (196,000 BCY per year) during the optimal function.

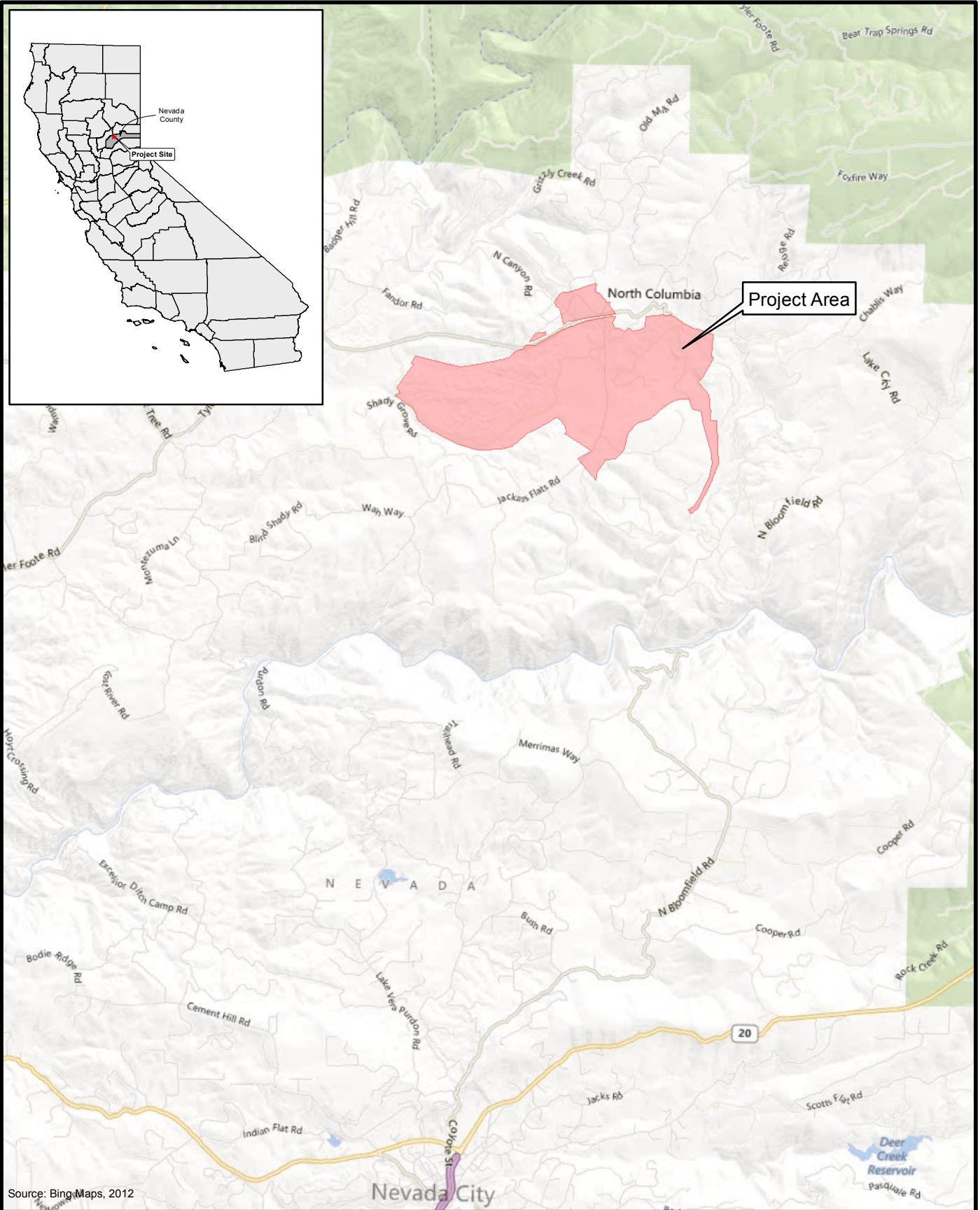


Figure 1
Regional Vicinity Map

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The project also includes a Reclamation Plan (RP12-001) to restore the areas of surface disturbance associated with the underground mining activities to a usable condition. The project site was hydraulically mined beginning in the 1800s and again mined between 1994 and 1997 with a prior subsurface mining operation. The proposed Reclamation Plan will return the site to compliance with Nevada County Codes and the California Surface Mining and Reclamation Act of 1975.

There are approximately 28 acres available for waste areas; approximately 2.8 acres of waste area would be used annually. The project proposes reclamation of disturbed areas to be undertaken each year, and these waste areas will be actively reclaimed as additional waste is created. Overall, due to reclamation occurring on a continuous basis, the greatest net area of disturbance at any one point during mining operations is projected to be approximately 12 acres.

For a complete description of the proposed project details, please view the Nevada County website at <http://www.mynevadacounty.com/nc/cda/planning/Pages/San-Juan-Ridge-Mine.aspx> and Appendix B and C located at the bottom of that page.

REQUIRED APPROVALS

County of Nevada: Actions that would be required from Nevada County may include, but are not limited to, the following:

- Certification of the EIR
- Adoption of a Statement of Findings and Overriding Considerations
- Adoption of a Mitigation Monitoring and Reporting Program
- Approval of a Use Permit
- Approval of a Reclamation Plan

In addition to the list of entitlements, approvals, and/or permits identified above that must be obtained from the County of Nevada, the following approvals, consultations, and/or permits may be required from other agencies.

- *Central Valley Regional Water Quality Board (CVWQCB):* Issuance of a National Pollutant Discharge Elimination System (NPDES) Permit and Storm Water General Permit would be required from CVWQCB. Storm water pollution prevention program (SWPPP) and Water Quality Certification or Waiver, under Sections 401 and 402 of the Clean Water Act (CWA).
- *California Department of Conservation, Office of Mine Reclamation*
- *California Department of Fish and Game (CDFG):* Streambed Alteration Agreement (Sections 1601 and 1603 of the Fish and Game Code), if necessary.
- *US Army Corps of Engineers (USACE):* Permits under Section 404 of the CWA.
- *Northern Sierra Air Quality Management District:* Air Pollution Control Permit.

POTENTIAL ENVIRONMENTAL EFFECTS

The following issue areas are not anticipated to result in significant environmental effects, for the reasons discussed, and will not be evaluated further in the EIR.

Agriculture/Forestry Resources

The project site is zoned FR40-ME (Forest 40 Acres–Mineral Extraction Combining District). The FR district provides areas for the protection, production, and management of timber, timber support uses, including but not limited to equipment storage and temporary offices, low-intensity recreational uses, and open space. The purpose of the Mineral Extraction Combining District is to allow for surface mining and to provide for public awareness of the potential for surface mining to occur where adequate information indicates that significant mineral deposits are likely present.

The project site is designated as Other Land on the Farmland Mapping and Monitoring Program Nevada County Important Farmland Map. Other Land is described as land not included in any other mapping category. Common examples cited for this designation include low-density rural developments, brush, timber, wetland, and riparian areas not suitable for livestock grazing, confined livestock, or poultry. Other examples include aquaculture facilities, strip mines, borrow pits, and water bodies smaller than 40 acres. Vacant and nonagricultural land surrounded on all sides by urban development and greater than 40 acres is also mapped as Other Land. The project site is not under a Williamson Act contract. The site is not defined as timberland, nor is it zoned for timberland production.

Portions of the project site have been substantially disturbed by previous mining activities during California's Gold Rush, when the project area was operated as an open pit hydraulic mine. Because of the past disturbance, which removed much of the topsoil on the project site, the site currently contains small clusters of vegetation, which comprise approximately 10 percent of the property, within the disturbed open areas. Given the disturbed nature of the project site, the designation of the site for mineral extraction, and the focus of project activities in areas that have been previously disturbed, the project would not have an adverse effect on agriculture or forest resources.

Land Use/Planning

The project site has previously been used for mineral extraction, and the proposed mining activities would not result in any changes that would physically divide an existing community. As noted above, the project site is zoned FR40-ME (Forest 40 Acres–Mineral Extraction Combining District) and the project is consistent with that zoning.

Mineral Resources

The majority of the project site is classified by the State of California as MRZ-2, which is defined as a mineral resource zone where adequate information indicates that significant mineral deposits are present or there is a high likelihood of their presence and development should be controlled. A small portion of the site is classified MRZ-1, which is defined as areas where significant mineral deposits are present or where it is judged that little likelihood exists for their presence. The proposed project includes mining of the portion of the site classified MRZ-2. This is consistent with the classification of the site and would not result in the loss of a known mineral resource or important mineral resource recovery site.

Population/Housing

The project site contains no housing, so the project would not displace people or housing such that additional housing would be required to be built. The proposed project does not include residential uses, would not directly result in population growth in the county, and would not include the construction of infrastructure that would indirectly induce growth. At its maximum, the project would require approximately 78 employees to run the operation, which would not represent a substantial increase in population in the county such that new housing would need to be constructed.

Public Services and Utilities (Law Enforcement, Public Schools, Telecommunications, and Medical Services)

As noted above, the project would not include construction of housing that would result in the needs for additional schools or a substantial increase in the need for additional law enforcement, telecommunications, or medical services. Any increase in need for these services would not be substantial enough to require any new facilities, the construction of which could result in significant physical environmental effects.

Recreation

As noted above, the proposed project would not result in substantial increases in population in the county. Some of the future employees of the project could already reside in Nevada County, and any new residents could be accommodated in existing housing in the county. Any new population that would result from employees of the project would not require the construction of new parks or occur in a single area in the county. Therefore, the project would not result in such a substantial increase in use of any one park such that substantial physical deterioration of the facility would occur.

Based on the above findings, the EIR will address the issue areas below:

Aesthetics

The EIR will discuss potential effects on the visual environment, including but not limited to light and glare and changes to the existing visual character of the area.

Air Quality

The EIR will address emissions associated with project start-up, operation, and reclamation. The analysis will characterize and quantify the airborne particulate matter and diesel-exhaust particulate matter generated by the project.

Biological Resources

The EIR will analyze the potential impacts associated with all aspects of the project, from site preparation and mining activities to reclamation activities. Based on a site-specific biological survey, the EIR will evaluate the potential for the potential for plant and animal species to be present and affected by the project. The EIR will describe the potential effects to the listed species associated with jurisdictional waters (such as the foothill yellow-legged frog), project application mitigation measures, and whether project discharge rates would impact the species.

Cultural Resources

The EIR will evaluate the potential for any project activities to impact known or currently undiscovered cultural resources.

Geology and Soils

The EIR will evaluate the geologic, soil, and seismic stability of the project area, including the ability of the soils to stand intact over excavated areas of the mine.

Greenhouse Gas Emissions

The EIR will discuss the existing regulatory framework pertaining to climate change and greenhouse gas emissions and quantitatively assess emissions attributable to the project. In addition to on-site emissions sources associated with start-up, operation, and reclamation activities, the EIR will evaluate potential increases in greenhouse gas emissions associated with off-site haul truck and employee vehicle trips.

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Hazards and Hazardous Materials

The EIR will address potential hazards and contamination associated with project-related activities, including but not limited to transport and storage hazardous materials, such as blasting materials, petroleum products, and fuels.

Hydrology and Water Quality

The EIR will address effects on water quality and hydrology. The analysis will include, but not be limited to, potential for effects on domestic water supplies (local off-site wells), effects on groundwater quality, likelihood of encountering a groundwater-conducting fault, and potential impacts on local surface water quality due to erosion.

Noise

The noise analysis for the EIR will determine existing background noise levels without the project and analyze project-related noise impacts associated with mining recovery, concentrate processing, and reclamation, including noise sources such as on-site haul truck traffic, backup alarms, construction of the plant facility, excavation and drilling operations, crushing and screening operations, refinery operations, grading and other heavy equipment, and blasting activities. The analysis will include any new sensitive receptors (residences) that have been constructed since the prior EIR.

Transportation

The EIR will include a traffic analysis that includes 24-hour traffic counts on segments of county roads. The traffic analysis will consider the operating schedule of the facility to determine the timing of peak traffic to and from the facility.

Utilities and Service Systems (Fire Protection, Solid Waste, and Energy)

The EIR will assess the potential for adverse effects on fire protection service, solid waste disposal, and energy demand.

Agency representatives, members of the public, and other interested parties are encouraged to provide comments on these and any other environmental issues that should be examined in the Draft EIR.