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November 9, 2015

Nevada County Board of Supervisors
c/o Clerk of the Board
950 Maidu Avenue, Suite 200
Nevada City, CA 95959

Re: North Star Water Treatment Project: November 10, 2015 Board of Supervisors Hearing

Dear Honorable Supervisors:

As a follow-up to our letter to the Board of Supervisors dated November 5, 2015, Newmont USA, LTD. (Newmont) submits the following additional comments to address recent submittals to the Board from a few of the appellants with regard to the proposed North Star Water Treatment Project (U14-009, MGT14-015, EIS14-012). Our prior letter addressed the thorough analysis of alternative locations and treatment methods, as well as the appellants' unsubstantiated speculation about property values and the misconceptions that appear to exist regarding the nature of the untreated water and the treatment ponds (which are not "toxic"). This letter will address a couple of additional comments from appellants regarding protection measures in the event of failure and the Drew Tunnel pump station portion of the project proposed to be located on property that is currently owned by the City of Grass Valley.

The Proposed Project Includes Safety Measures and Protection Features

We understand some of the appellants have expressed concern about potential failure of the proposed water treatment ponds. First of all, as noted above and discussed in greater detail in our prior letter, the water that would be contained in the proposed treatment system is not "toxic." In addition, there are a number of safety measures and protection features incorporated into the design of the proposed project, as described in the Board Agenda Memo and in the MND. The sedimentation pond would be double-lined with a 60-mil high density polyethylene (HDPE) liner, with an intervening leak detection system and sump for leak extraction in the event a leak occurs. The leak detection system would consist of a geo-grid material installed between the primary and secondary liners, with instrumentation in the sump to detect water (leakage) between the primary and secondary liner system. In the event of water leakage from the primary liner, it would be captured by the secondary liner, and the geo-grid layer sandwiched between the two liner surfaces would convey the water to the sump where the water would be pumped to the sedimentation pond. The sedimentation pond contains two independent ponds to

provide operational flexibility and allow each pond to be drained for maintenance or repair if leakage is detected from the primary liner, while still maintaining treatment in the other pond.

The wetland pond and limestone beds are designed with a single 60-mil HDPE liner because the sedimentation pond would remove the majority of the naturally occurring iron in the water. The wetland pond and limestone beds are quite shallow (with a maximum depth of 4-6 inches and one inch, respectively), as described in the Board Agenda Memo and MND. All of the ponds are designed to manage a 100-year storm event, with two feet of freeboard. The treatment system would be subject to regular inspection and monitoring.

With respect to the potential for metals migration to groundwater, the iron and manganese constituents contained in the ponds would be solid particles and are not considered very mobile given the local soil conditions. As discussed above, the possibility of such a release is remote, and the treatment system is engineered to be as safe as possible, with a number of protection measures incorporated into the design of the project.

Drew Tunnel Pump Station Property Has Been Properly Addressed as Part of the Project

With regard to the recent comments regarding the Drew Tunnel pump station property (APN 29-290-26), which is currently owned by the City of Grass Valley, Newmont would purchase a portion of the parcel to construct the collection and conveyance system for the water draining from the Drew Tunnel on the City's Wastewater Treatment Plant property. An interim treatment system is currently in place at the City's Wastewater Treatment Plant property, but needs to be replaced with a permanent system. This area has been described as part of the project in all necessary documents, and contrary to the unfounded assertions in appellant Kathryn Connolly's letter dated October 25, 2015, there is no issue with regard to the California Department of Toxic Substances Control (DTSC) oversight.

As explained in the MND, the City of Grass Valley entered into a Voluntary Cleanup Agreement and Land Covenant Agreement with DTSC in 1995 to restrict the use of the City's Wastewater Treatment Plant property (APN 29-290-26) due to the discovery of mercury and lead-contaminated soil during expansion of the City's Wastewater Treatment Plant (WWTP). The Voluntary Cleanup Agreement resulted in encapsulation of approximately 105-135 cubic yards of mercury-contaminated soil in the southwest area of the City's property. As further explained in the MND for the proposed North Star Water Treatment Facility:

“The City's WWTP represents a controlled recognized environmental condition in the Project Area. As previously described, Newmont would purchase a sufficient area of APN 29-290-26 from the City necessary to collect and convey the Drew Tunnel water to the permanent treatment system, but **the area to be purchased is located in the northwest portion of the City's WWTP property, is outside the limits of the encapsulated mercury soil area, and is not known to have elevated lead or mercury concentrations in soil.**” (emphasis added)

In addition, in the Notice of Completion and Environmental Document Transmittal prepared by County Planning staff on July 9, 2015, and submitted to the State Clearinghouse (a copy is attached as Exhibit 6 to Kathryn Connolly's letter), DTSC is marked with an "X" on the Reviewing Agencies Checklist, which indicates that DTSC was included among the reviewing agencies recommended for State Clearinghouse distribution by the County as Lead Agency. We note that in addition to DTSC, a number of reviewing agencies were given the opportunity to comment on the MND and did not provide comments, which is not unusual (and certainly does not indicate that there is anything reprehensible afoot, despite appellant's unfounded contention otherwise).

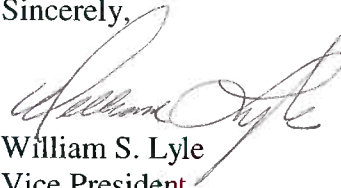
Further, we note that the Land Covenant Agreement described above (and attached as Exhibit 1 to Kathryn Connolly's letter) applies only to the Drew Tunnel parcel and not to the entire project area. The Land Covenant Agreement does not preclude the proposed project nor does it prohibit the transfer of a portion of the City's property to Newmont (or any other party). In fact, the Land Covenant Agreement expressly contemplates transfers of land, and, as covenants are designed to do, the Land Covenant Agreement runs with the land and would bind any successor property owner to its terms.

The Land Covenant Agreement requires notice to DTSC thirty days in advance of any sale, lease, or other conveyance of the property subject to the covenant and establishes other obligations and procedures with regard to specific activities that may occur on the City's property and be subject to DTSC approval. The proposed project has not given rise to any of the obligations of the covenant yet. For example, since the portion of the City's property contemplated for transfer to Newmont to accommodate the Drew Tunnel pump station has not yet occurred (and is more than thirty days from occurring), notice to DTSC is not yet required. In any event, there are already procedures in place to protect DTSC's interest with regard to the City's Wastewater Treatment Plant property, and the applicable terms of the Land Covenant Agreement will be complied with as various obligations arise with regard to the proposed project and the transfer of a portion of the subject property to Newmont.

Lastly, while we are reluctant to dignify the personal attacks on senior Planning staff and the "conspiracy theory"-type comments with a response, we note simply that the record speaks for itself. The proposed project has been thoroughly analyzed in a comprehensive MND, including an alternatives analysis which was not required but was provided by the County to address questions from the community. We have modified the project in response to input from Planning staff to further address community concerns, and the proposed project was unanimously approved by the County's Planning Commission.

We reiterate our support of the Planning Department's report and recommendation in the Board Agenda Memo, and we respectfully request that you deny the appeal, consistent with staff's recommendation, and uphold the unanimous decision of the Planning Commission in granting the use permit for this important public benefit project. We appreciate your consideration of our comments.

Sincerely,



William S. Lyle
Vice President
New Verde Mines
Director Reclamation/Closure
Newmont USA, LTD.

cc: Brian Foss, Planning Director
Jessica Hankins, Senior Planner
Sherm Worthington, Worthington Miller Environmental