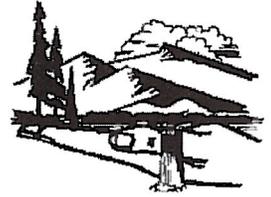




# Department of Environmental Quality

*To protect, conserve and enhance the quality of Wyoming's environment for the benefit of current and future generations.*



Matthew H. Mead, Governor

Todd Parfitt, Director

September 18, 2014

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED # 7014 0510 0001 9716 5128**

Mr. John Watson  
NV Gold Corporation (USA)  
P.O. Box 187  
Evergreen, CO 80437

**RE: Drilling Notification DN0430, Notice of Violation, Docket No. 5459-14**

Dear Mr. Watson:

Enclosed you will find a Notice of Violation issued under the provisions of W.S. § 35-11-701. The Notice of Violation is based on a Land Quality Division (LQD) August 26, 2014 inspection that identified topsoil issues and excessive, unnecessary disturbance.

The LQD is attempting to resolve this issue without further enforcement action, and requires that you contact Mr. John Erickson, LQD District II Supervisor at 307-332-3047 within fifteen (15) days of receipt of this letter to schedule a meeting to resolve this enforcement action. Should resolution of this enforcement action be reached as a result of this meeting, a Settlement Agreement will be signed by both parties.

Respectfully,

Todd Parfitt, Director  
Department of Environmental Quality

Nancy Nuttbrock, Deputy Director  
Department of Environmental Quality  
Administrator, Land Quality Division

Enclosures: Notice of Violation

xc: John Erickson, District 2 w/enclosure  
Docket #5459-14 w/enclosure  
Tom Sunderland- BLM Lander, 1335 Main Street, Lander, WY 82520 w/enclosure



DEPARTMENT OF ENVIRONMENTAL QUALITY STATE OF WYOMING

NOTICE OF VIOLATION

IN THE MATTER OF THE NOTICE OF VIOLATION ISSUED TO )  
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)  
)  
NV Gold Corporation (USA) )  
P.O. Box 187 )  
Evergreen, CO 80437 )  
**RE: Drilling Notification DN0430** )

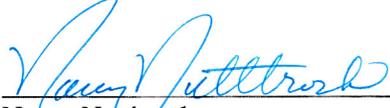
DOCKET NO. 5459-14

NOTICE

NOTICE IS HEREBY GIVEN THAT:

1. Notice of Violation is being sent to you pursuant to W.S. §35-11-701 which requires that a written notice shall be issued in the case of failure to correct or remedy an alleged violation.
2. On August 26, 2014 an inspection of the NV Gold Corporation (USA) Bald Mountain exploration project, Drilling Notification DN 430, was conducted by Wyoming Department of Environmental Quality personnel. That inspection was summarized in a report dated September 5, 2014. Bald Mountain Project is located in Section 11 in T32N, R.88W, 6th P.M., in Natrona County, Wyoming in the vicinity of Natrona County Rd 321 (Dry Creek Road).
3. The Land Quality Division (LQD) Noncoal Rules and Regulations (NCRR) Chapter 3, Section 2 (c) (i) (A) states "All topsoil or approved surface material shall be removed from all areas to be affected in the permit area prior to these areas being affected unless otherwise authorized by the Administrator." The August 26, 2014 inspection revealed that topsoil was not adequately salvaged across the project site, including drilling sumps and constructed road segments.
4. The LQD NCRR Chapter 3, Section 2 (c) (iv) (A) states "All overburden, spoil material and refuse shall be segregated from the topsoil and subsoil and stockpiled in such a manner to facilitate the earliest reclamation consistent with the approved reclamation plan." The August 26, 2014 inspection revealed a failure to protect topsoil. Specifically, topsoil and subsoil were inadequately separated, topsoil had been contaminated by subsoil and drilling mud, and topsoil had not been stripped prior to sump construction. Failure to separate and protect topsoil is a violation.
5. The LQD NCRR Chapter 8, Section 3 (b) states "Excess drilling mud and drill cuttings or any acid forming or toxic materials uncovered during or created by exploration by drilling, including petroleum contaminated soils, shall be properly disposed of so as not to constitute a fire, health, or safety hazard during or after the exploration by drilling." The August 26, 2014 inspection revealed open, improperly fenced mud pits at drill hole sites 1, 4, and 5. Failure to cover or fence the mud pit to ensure public and wildlife safety is a violation. The inspection further revealed Petroleum Contaminated Soils (PCS) at Pads 4 and 5. Failure to properly dispose of PCS is a violation.
6. W.S. § 35-11-901(a) provides that any person who violates any provision of the Environmental Quality Act or any rule, standard, permit, license or variance adopted there under is liable to a penalty of ten thousand dollars (\$10,000.00) for each day of violation, which penalty may be recovered in a civil action brought by the Attorney General in the name of the People of the State of Wyoming.

DATED THIS 18<sup>th</sup> day of September, 2014.

  
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Nancy Nuttbrock  
Deputy Director/Land Quality Administrator  
Department of Environmental Quality

  
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Todd Parfitt  
Director  
Department of Environmental Quality

PLEASE DIRECT ALL INQUIRIES regarding this Notice of Violation to John Erickson, Land Quality District 2 Supervisor, 510 Meadowview Dr., Lander, WY 82520, phone (307) 332-3047.