

# EXHIBIT F



United States  
Department of  
Agriculture

Forest  
Service

American River  
Ranger  
District

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File Code: 2810

Date: April 20, 2011

Subject: April 19, 2011 Inspection of the Red Ink Maid/Big Seam Mine

To: Chris Fischer, American River District Ranger, Tahoe National Forest

On April 19, 2011 the Forest Service and Central Valley Regional Water Quality Control Board conducted an inspection of the Big Seam/Red Ink Mine located on the American River Ranger District of the Tahoe National Forest. The purpose of the inspection was to assess site conditions, and to inspect Waste Dump #5(WD #5) because of stability concerns raised previously by both the Forest Service and the Regional Board. District Ranger Chris Fischer and Mary Sullivan of the American River Ranger District, Jeff Huggins from the Regional Board and myself met at the Foresthill Ranger Station at 0930 and drove to the overlook on the east side of Mad Canyon to observe the overall site. We then drove back to the access road off Mosquito Ridge Road, arriving there at 1000 hours.

**Background Summary:** The operator is Richard Sykora of Foresthill, CA. The authorization for Mr. Sykora's previous plan of operation had expired as of December 1, 2009. Mr. Sykora received a Notice of Violation from the Forest Service dated March 18, 2010 ordering him to cease and desist any mining operations on National Forest System land until he has obtained an approved Plan of Operations. Subsequently, Mr. Sykora had submitted proposed Plan of Operation for the Big Seam and Red Ink Mine dated April 9, 2010. Mr. Sykora had previously been notified that the mining waste was being placed in Waste Dump #5 by end dumping method alone and no effort was being made to construct the waste dump in the manner prescribed in the Conditions of Approval for the Plan of Operation that expired on December 1, 2009 and the Findings 27 and 28 of Order No. R5-2007-0181.

On June 28, 2010 a Forest Service geotechnical engineer conducted a cursory stability evaluation of the Waste Dump #5 (WD#5). That stability evaluation indicated that the current configuration of the slope at WD #5 is marginally stable and that the slope is potentially unsafe if it becomes saturated with water or subject to strong seismic forces.

In a letter from the Forest Service dated July 19, 2010, Mr. Sykora was told that he must consult with a geotechnical engineer or engineering geologist and submit a report signed and stamped by a California Registered Engineer on an alternative method or plan that will fulfill the objectives to construct a stable slope that meet the conditions required by the Forest Service and Waste Discharge Order No. R5-2007-0181. He was also instructed that until he has Forest Service



authorization in an approved plan of operations, he may not conduct any mining operations on National Forest System lands.

To date Mr. Sykora has not complied with the Forest Service requests and he has no authorized to conduct mining operations at the Red Ink Maid/Big Seam Mine.

**Observations:** Looking across Mad Canyon from the overlook on Mosquito Ridge Road, we observed what appeared to be a fresh scar from recent earth movement at the toe of Waste Dump #4(WD #4) (Photo 1). The gate at the top of the access road was closed and locked. There were signs of recent travel on the road with some minor visible rutting observed (Photo2). We estimated that the road had been driven on before the last rain Sunday night but not more than 10 days ago. No one else was present at the mine when we were there.

Walking down the road we observed minor sloughing on the cut slope of the access road in several locations. The water bars looked to be in need of maintenance and were barely functioning. It did not appear that they would be sufficient to divert heavy runoff from a large storm.

The compressor and generator had pans to collect dripping engine oil and fluids. The fuel tank did not have any secondary containment vessel other than a pan under the valve (Photo 5).

As we approached WD #4, we observed signs of slope failure (Photo 6). There were transverse separation cracks visible to the immediate west of the dump. On the top of the dump there is a well developed crown and a head scarp with several feet of displacement (Photo 7). There were several minor scarps and transverse cracks observed in the surface of Waste dump # 4 that indicate downward movement. There is a fresh scar at the toe of WD #4 (Photo 8) indicating failure of the colluvial soil material below the dump. It appears there might have been an earth flow and an undetermined amount of material has slid and unknown distance below the toe of the dump towards Mad Ravine.

Next we walked up the haul road to WD #5. The road did not show signs of excessive scour from runoff. Waste dump #5 appeared to have settled slightly, but there were no cracks, scarps, or obvious signs of sloughing, slumping or other incipient indications of failure.

We departed from the site at 1130 hours.

*/S/ Rick Weaver*

RICK WEAVER  
Hydrologist, Minerals Officer  
Tahoe National Forest

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Photo 1. Fresh soil erosion scar at toe of WD #5

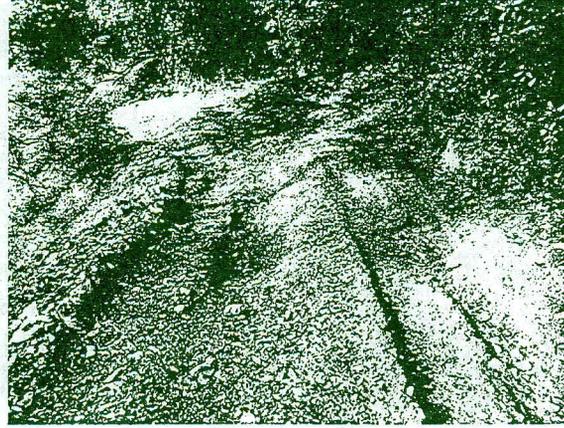


Photo 2. Signs of recent traffic and rutting

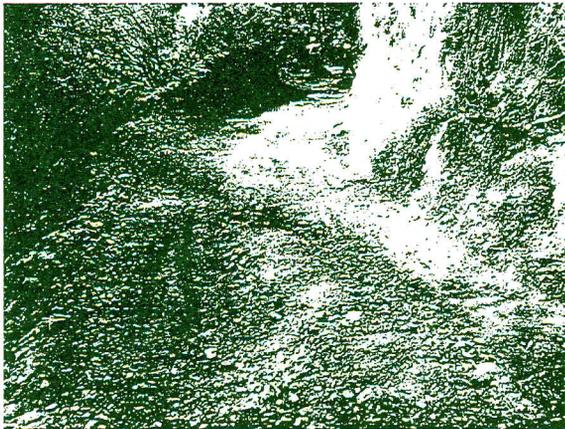
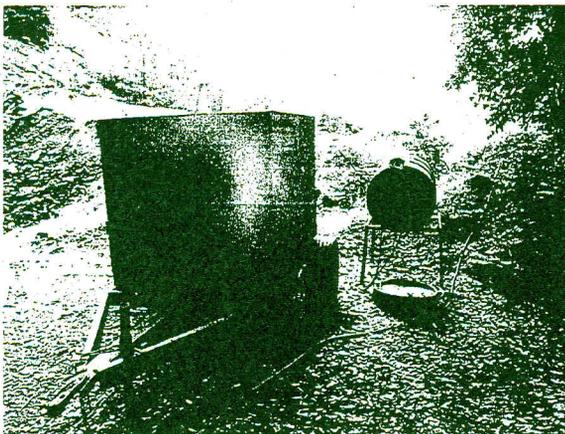


Photo 3. Water bar needs maintenance



Photo 4. Sloughing of the cut slope on road



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Photo 5. Pans under equipment and fuel tank

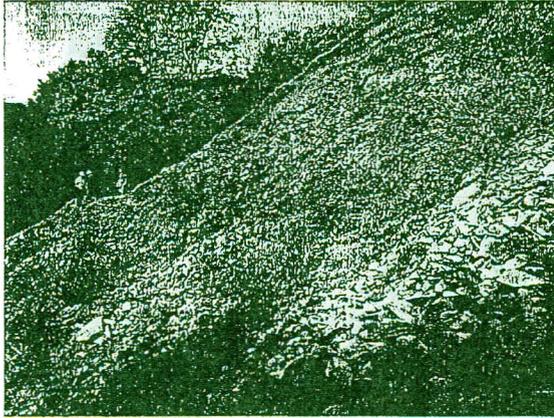


Photo 6. Soil cracks at top of WD#4



Photo 7. Head scarp/soil movement WD #4

Photo 8. Fresh earth flow scar at toe of WD #4

