

# EXHIBIT X



California Regional Water Quality Control Board  
Central Valley Region

Karl E. Longley, ScD, P.E., Chair



Arnold Schwarzenegger  
Governor

Linda S. Adams  
Secretary for  
Environmental  
Protection

11020 Sun Center Drive #200, Rancho Cordova, California 95670-6114  
Phone (916) 464-3291 • FAX (916) 464-4645  
<http://www.waterboards.ca.gov/centralvalley>

18 August 2009

Richard Sykora  
P.O. Box 622  
Forest Hill, CA 95631

FILE COPY

JSA

AD

**STABILITY CONCERNS WITH WASTE ROCK PLACEMENT, WASTE DUMP #5  
RED INK MAID AND BIG SEAM MINE, PLACER COUNTY**

Central Valley Regional Water Quality Control Board (Central Valley Water Board) staff has prepared this letter due to stability concerns with the waste rock placement method currently being utilized to construct waste dump #5 at the Red Ink Maid and Big Seam Mining Claims, Placer County.

United States Department of Agriculture (Forest Service) representatives and Central Valley Water Board staff are concerned about the long-term stability of waste dump #5 because of the ongoing placement of material into waste dump #5 by end-dumping method alone. Proper placement of the waste rock is necessary to ensure the stability of waste dump #5 as described in Findings 25 through 29 of the adopted Waste Discharge Requirements (WDRs) Order No. R5-2007-0181 for the Red Ink Maid and Big Seam Mining Claims.

The placement method of waste rock for waste dump #5 is described in Findings 25 and 28 of the WDRs and based on the *Proposed Stockpile 5 Plan Sheets and Stability Review* (Holdrege & Kull, 12 March 2007). In particular, Finding 28 states that when sufficient material is present, a ramp is to be constructed into the bottom of the waste area and the waste material shaped and compacted, and from that point forward, waste material is to be placed from the toe in an upgradient direction to promote stability. Discharge Specification 9 of the WDRs requires that waste dump #5 incorporate the provisions of Findings 27 through 29. Proper construction of the waste dump is also required by Forest Service Mitigation Measure #20 contained in the 20 September 2004 Conditions of Approval for your Plan of Operations.

Concerns about the construction of waste dump #5 have been previously raise in a 23 April 2009 Forest Service letter, and by Forest Service representatives and Central Valley Water Board staff in a 9 July 2009 meeting with you at the Forest Hill Ranger District and the subsequent 30 July 2009 site visit.

Our observations during the site visit indicate that the temporary placement method is beyond what was analyzed in the stability analysis for waste rock dump #5 (Holdrege & Kull, 12 March 2007) and that a violation of Discharge Specification 9 exists. You have stated that construction of waste dump #5 as described in the above referenced WDRs and Forest Service Mitigation Measures will be done "when it is safe to do so." While we agree with your safety concerns, stability of waste dump #5 must also be considered as part of your mining operation.

California Environmental Protection Agency

In the opinion of Central Valley Water Board staff, if the current method of waste rock disposal is continued with out modification, it is unlikely that waste rock dump #5 will be constructed as required by Title 27 California Code of Regulations 21750(f)(5) and as described in Order No R5-2007-0181.

Therefore, in order to ensure that waste rock dump #5 is being constructed as designed, the current placement method and stability of waste rock dump #5 must be evaluated by a California-registered geotechnical engineer to determine if it is being constructed as described in the March 2007 Holdrege & Kull report. If not, a revised stability analysis and placement method must be prepared and submitted to the Central Valley Water Board.

Therefore, by **30 September 2009**, you shall submit a report prepared by a California-registered geotechnical engineer presenting the results of the evaluation of the current placement method and stability of waste dump #5, and if found to differ from the proposed placement method, the report shall include a revised stability analysis and placement method meeting the requirements of Title 27 California Code of Regulations 21750(f)(5). Failure to submit the report by the required date may result in enforcement action related to the violation of Discharge Specification 9 of the WDRs.

In accordance with California Business and Professions Code sections 6735, 7835, and 7835.1, engineering and geologic evaluations and judgments must be performed by or under the direction of registered professionals competent and proficient in the fields pertinent to the required activities. All technical reports specified herein that contain work plans for, that describe the conduct of investigations and studies, or that contain technical conclusions and recommendations concerning engineering and geology must be prepared by or under the direction of an appropriately qualified professional(s), even if not explicitly stated. Each technical report submitted by the Dischargers must contain the professional's signature and, where necessary, his stamp or seal.

If you have any questions, please call me at (916) 464-4626 or Jeff Huggins at (916) 464-4639.

VICTOR IZZO

Senior Engineering Geologist  
Title 27 Permitting and Mining

cc: (electronic copies to)

Chris Fischer, District Ranger, US Forest Service, American River Ranger District Foresthill  
Greg Schimke, Minerals Officer, US Forest Service, Tahoe National Forest  
Rick Weaver, Hydrologist, US Forest Service, Tahoe National Forest  
Mike Luksic, Department of Conservation, Office of Mine Reclamation, Sacramento  
Ted Rel, Placer County Community Resource Agency, Auburn  
Rob Fingerson, Geotechnical Engineer, Holdrege & Kull, Nevada City