

STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

August 4, 2014

Jack McMahon
General Manager
Waterton Global Mining Company, LLC
P.O. Box 2610
Winnemucca, Nevada 89446

Re: Notices of Alleged Air Quality Violation and Order Nos. 2508 and 2509
Class I Air Quality Operating Permit to Construct AP1041-2853 (FIN A0408)

Dear Mr. McMahon:

On May 7, 2014, the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP-BAPC) held an enforcement conference with Waterton Global Mining Company (Waterton) to discuss the information regarding Notice of Alleged Violation and Order (NOAV) Nos. 2508 and 2509. Based on the information presented during the enforcement conference the NDEP-BAPC has made the determination to formally issue NOAV Nos. 2508 and 2509. NOAV Nos. 2508 and 2509 represent air quality violations under **NAC 445B.275 Violations: Acts constituting; notice** (see below).

The attached NOAV Nos. 2508 and 2509 alleges that Waterton is in violation of **Nevada Administrative Code (NAC) 445B.275 Violations: Acts constituting; notice**. NAC 445B.275 states, in part, that: "1. Failure to comply with any requirement of NAC 445B.001 to 445B.3791, inclusive, any applicable requirement or any condition of an operating permit constitutes a violation. As required by Nevada Revised Statutes NRS 445B.450, the Director shall issue a written notice of an alleged violation to any owner or operator for any violation, including, but not limited to:

NAC 445B.275 Violations: Acts constituting; notice states in part, that: "1. Failure to comply with any requirement of NAC 445B.001 to 445B.3791, inclusive, any applicable requirement or any condition of an operating permit constitutes a violation. As required by NRS 445B.450, the Director shall issue a written notice of an alleged violation to any owner or operator for any violation, including, but not limited to:

- (c) Failure to construct or operate a stationary source in accordance with any condition of an operating permit.

NOAV Nos. 2508 and No. 2509 constitutes a major violation under **NAC 445B.281 Violations: Classification; administrative fines**. NOAV Nos. 2508 and 2509 are the first NOAV's issued to Waterton in the past 60 months.



Waterton Global Mining Company, LLC

August 4, 2014

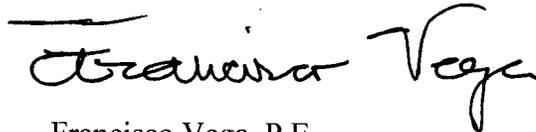
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As was discussed during the enforcement conference, the NDEP-BAPC makes recommendations to the Nevada State Environmental Commission (SEC) as to what an appropriate penalty may be for major air quality violations. Based on the approved penalty matrix, the NDEP-BAPC will be recommending a penalty of \$15,000 to the SEC for NOAV No. 2508. NOAV No. 2509 will be issued as a warning.

An appeal of NOAV Nos. 2508 and 2509 may be requested pursuant to **Nevada Revised Statutes (NRS) 445B.360** and SEC administrative rules. A copy of SEC Appeal Form #3 is enclosed. Appeals must be received within 10 days of receipt of this notice, pursuant to **NRS 445B.340**. Appeals are processed through Valerie King, the Executive Secretary for the SEC, at 901 South Stewart Street, Suite 4001, Carson City, Nevada, 89701-5249. Ms. King can be reached at 775-687-9374, or by fax at 775-687-5856. Please provide me with a copy of any correspondence your company may have with the SEC.

If you have any questions regarding the alleged violations please call Robert Whited at (775) 687-9335 or call Francisco Vega at (775) 687-9343.

Sincerely,



Francisco Vega, P.E.
Supervisor, Compliance and Enforcement Branch
Bureau of Air Pollution Control

FV/rew

enc.: 1. Notice of Alleged Air Quality Violation and Order No. 2508
2. Notice of Alleged Air Quality Violation and Order No. 2509
3. SEC Appeal Form #3

cc (w/ enc. 1-3): Francisco Vega, NDEP
Mineral County Board of Commissioners
FIN A0408 (Certified Copy)

E-Copy: Rob Bamford, NDEP
Jeff Kinder, NDEP

Certified Mail No.: 9171 9690 0935 0012 2715 18

STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
BUREAU OF AIR POLLUTION CONTROL
901 SOUTH STEWART ST., SUITE 4001
CARSON CITY, NEVADA 89701-5249

NO. 2508

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: Jack McMahon, General Manager
Company Name: Waterton Global Mining Company, LLC
Address: P.O. Box 2610, Winnemucca, Nevada 89446
Permit Number: AP1041-2853 **FIN:** A0408
Site of Alleged Violation: Esmeralda Mine
Date of Observation: 3/3/2014 **Arrival:** N/A **Departure:** N/A
Ambient Temperature: N/A °F **Clear:** **Cloudy:** **Rain:** **Snow:**
Wind Speed: N/A MPH **Wind Direction:** N/A

It is alleged that the following regulation was violated by the person named in this notice:

NAC 445B.275 Violations: Acts constituting; notice. 1. Failure to comply with any requirement of NAC 445B.001 to 445B.3791, inclusive, any applicable requirement or any condition of an operating permit constitutes a violation. As required by NRS 445B.450, the Director shall issue a written notice of an alleged violation to any owner or operator for any violation, including, but not limited to:

(c) Failure to construct or operate a stationary source in accordance with any condition of an operating permit.

It is alleged that the following act or practice constitutes the violation:

Failed to conduct compliance source testing on System 06

Evidence:

Waterton Global Mining Company, LLC (Waterton) operates a gold mine in Mineral County, Nevada under Class I Air Quality Operating Permit to Construct AP1041-2853. Class I Air Quality Operating Permit to Construct AP1041-2853 was issued by the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP-BAPC) on February 22, 2012.

On March 3, 2014, the NDEP-BAPC reviewed the annual emission report submitted by Waterton. The annual emission report showed that System 01 through System 06 had operated in 2013. The Class I Air Quality Operating Permit to Construct (OPTC) AP1041-2853 has compliance testing requirements for System 06 that were not conducted. The testing for System 06 needed to be conducted within 180 days of permit issuance. The deadline for the testing was July 25, 2012.

On May 7, 2014, the NDEP-BAPC held an enforcement conference with Waterton to determine whether the issuance of this Notice of Alleged Air Quality Violation and Order (NOAV) was or was not warranted. The enforcement conference represented Waterton the opportunity to provide any evidence that would lead the NDEP-BAPC into determining that NOAV 2508 should not be issued. During the enforcement conference Waterton was unable to provide any evidence that violations associated with NOAV No. 2508 did not occur and should not be issued.

In accordance with NAC 445B.281 Violations: Classification; administrative fines, failure to conduct compliance testing on System 06 constitutes a major violation. NOAV No. 2508 represents Waterton's first air quality violations within the last 60 months.

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2508

ORDER

Under the authority of NRS 445B.100 to 445B.640, inclusive, the person named in this notice is ordered:

_____ To pay the following administrative fine in accordance with 445B.281.1: \$ _____

To take corrective action: Conduct a compliance source test within 60 days of startup of System 06.

_____ To appear for a hearing before the Environmental Commission at:
Date: _____ Time: _____

_____ To appear for an enforcement conference at:
Date: _____ Time: _____

_____ This notice is a warning.

Signature Francisco Vega
Issued by: Francisco Vega, P.E.
Supervisor, Compliance and Enforcement Branch
Bureau of Air Pollution Control

Phone: 775-687-9343 Date: August 4, 2014

FV/rew
Certified Mail No.: 9171 9690 0935 0012 2715 18

This order becomes final unless appealed within ten (10) days after receipt of this notice or ten (10) days after a required enforcement conference. The person named in this order may appeal this notice by submitting a written request for a hearing to the Chairman of the Environmental Commission, 901 South Stewart Street, Suite 4001, Carson City, Nevada 89701-5249. An administrative fine may be levied by the Environmental Commission of not more than \$10,000 per day of violation.

STATE OF NEVADA
DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION
BUREAU OF AIR POLLUTION CONTROL
901 SOUTH STEWART ST., SUITE 4001
CARSON CITY, NEVADA 89701-5249

NO. 2509

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: Jack McMahon, General Manager

Company Name: Waterton Global Mining Company, LLC

Address: P.O. Box 2610, Winnemucca, Nevada 89446

Permit Number: AP1041-2853 **FIN:** A0408

Site of Alleged Violation: Esmeralda Mine

Date of Observation: 3/3/2014 **Arrival:** N/A **Departure:** N/A

Ambient Temperature: N/A °F **Clear:** **Cloudy:** **Rain:** **Snow:**

Wind Speed: N/A MPH **Wind Direction:** N/A

It is alleged that the following regulation was violated by the person named in this notice:

NAC 445B.275 Violations: Acts constituting; notice. 1. Failure to comply with any requirement of NAC 445B.001 to 445B.3791, inclusive, any applicable requirement or any condition of an operating permit constitutes a violation. As required by NRS 445B.450, the Director shall issue a written notice of an alleged violation to any owner or operator for any violation, including, but not limited to:

(c) Failure to construct or operate a stationary source in accordance with any condition of an operating permit.

It is alleged that the following act or practice constitutes the violation:

Failed to conduct Initial Opacity Compliance Demonstrations (IOCD's)

Evidence:

Waterton Global Mining Company, LLC (Waterton) operates a gold mine in Mineral County, Nevada under Class I Air Quality Operating Permit to Construct AP1041-2853. Class I Air Quality Operating Permit to Construct AP1041-2853 was issued by the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP-BAPC) on February 22, 2012.

On March 3, 2014, the NDEP-BAPC reviewed the annual emission report submitted by Waterton. The annual emission report showed that System 01 through System 06 had operated in 2013. The Class I Air Quality Operating Permit to Construct (OPTC) AP1041-2853 has an Initial Opacity Compliance Demonstrations (IOCD's) requirement for System 01 through System 06 that was not conducted. The testing for System 01 through System 06 needed to be conducted within 180 days of permit issuance. The deadline for the testing was July 25, 2012.

On May 7, 2014, the NDEP-BAPC held an enforcement conference with Waterton to determine whether the issuance of this Notice of Alleged Air Quality Violation and Order (NOAV) 2509 was or was not warranted. The enforcement conference represented Waterton the opportunity to provide any evidence that would lead the NDEP-BAPC into determining that NOAV 2509 should not be issued. During the enforcement conference Waterton was unable to provide any evidence that violations associated with NOAV No. 2509 did not occur and should not be issued.

In accordance with NAC 445B.281 Violations: Classification; administrative fines, failure to conduct IOCD's testing on System 01 - System 06 constitutes a major violation. NOAV No. 2509 represents Waterton's first air quality violations within the last 60 months.

