



NEW MEXICO  
ENVIRONMENT DEPARTMENT

*Surface Water Quality Bureau*

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BUTCH TONGATE  
Deputy Secretary

THOMAS SKIBITSKI  
Acting Director  
Resource Protection Division

**Certified Mail - Return Receipt Requested**

April 17, 2013

Mr. Gary Halverson  
North America Regional President  
LAC Minerals (USA) LLC  
460 West 50 North  
Salt Lake City, UT 84101

**RE: Minor Industrial; SIC 1041; NPDES Compliance Evaluation; LAC Minerals (USA) LLC;  
NM0028711; April 17, 2013**

Dear Mr. Halverson:

Enclosed, please find a copy of the report for the referenced inspection that the New Mexico Environment Department (NMED) conducted at your facility on behalf of the U.S. Environmental Protection Agency (USEPA). This inspection report will be sent to the USEPA in Dallas, for their review. These inspections are used by USEPA to determine compliance with the National Pollutant Discharge Elimination System (NPDES) permitting program in accordance with requirements of the federal Clean Water Act.

Problems noted during this inspection are discussed in the Further Explanations section of the inspection report. You are encouraged to review the inspection report, required to correct any problems noted during the inspection, and to modify your operational and/or administrative procedures, as appropriate.

If you have any questions, please feel free to contact me at the above address or by telephone at (505) 827-2575.

Sincerely,  
*/s/Daniel Valenta*

Daniel J. Valenta  
Surface Water Quality Bureau

Cc: Rashida Bowlin, USEPA (6EN-AS) by e-mail  
Samuel Tate, USEPA (6EN-AS) by e-mail  
Carol Peters, USEPA (6EN-WM) by e-mail  
Diana McDonald, USEPA (6EN-WM) by e-mail  
Larry Giglio, USEPA (6WQ-PP) by e-mail  
Hannah Branning, USEPA (6EN-WC) by e-mail  
Jan Walker, USEPA (6EN) by e-mail  
NMED District II by e-mail



Form Approved  
OMB No. 2040-0003  
Approval Expires 7-31-85

### NPDES Compliance Inspection Report

#### Section A: National Data System Coding

Transaction Code	NPDES	yr/mo/day	Inspec. Type	Inspector	Fac Type
1   N   2   5   3   N   M   0   0   2   8   7   1   1   11   12   1   3   0   4   1   6   17   18   C   19   S   20   2					
Remarks					
M   I   N   E   R   E   C   L   A   M   A   T   I   O   N					
Inspection Work Days	Facility Evaluation Rating	BI	QA	Reserved	
67   0   0   1   69	70   4	71   N	72   N	73	74   75   M   I   N   O   R   80

#### Section B: Facility Data

Name and Location of Facility Inspected (For industrial users discharging to POTW, also include POTW name and NPDES permit number)	Entry Time /Date 1147/04-16-2013	Permit Effective Date June 1, 2011
LAC MINERALS (USA) LLC, CUNNINGHAM HILL MINE RECLAMATION PROJECT I-25 South to NM 14 to Cerrillos, left on CR 55 (Goldmine Road) on east side of NM 14 & just south of the Galisteo creek bridge, travel on CR 55 for approximately 5.5 miles to LAC Minerals Gate, follow directions for keypad for entry.	Exit Time/Date 1315/04-16-2013	Permit Expiration Date May 31, 2016
Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s)	Other Facility Data	
Desiree Forbuss, Environmental Coordinator, 505- 471-0434/505- 474-8582 Bill Daubenschmidt, Maintenance Coordinator, 505-471-0434	SIC 1041	
Name, Address of Responsible Official/Title/Phone and Fax Number	N. 35°20.170' W. 106°08.414'	
Mr. Gary Halverson, LAC Minerals (USA) LLC, 460 West 50 North, Suite 500, Salt Lake City, UT 84101/ President North America Region/801-741-4669	Contacted Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

#### Section C: Areas Evaluated During Inspection (S = Satisfactory, M = Marginal, U = Unsatisfactory, N = Not Evaluated)

S	Permit	N	Flow Measurement	N	Operations & Maintenance	N	CSO/SSO
S	Records/Reports	N	Self-Monitoring Program	N	Sludge Handling/Disposal	N	Pollution Prevention
S	Facility Site Review	N	Compliance Schedules	N	Pretreatment	N	Multimedia
N	Effluent/Receiving Waters	N	Laboratory	N	Storm Water		Other:

#### Section D: Summary of Findings/Comments (Attach additional sheets if necessary)

1. See Report and Narrative

Name(s) and Signature(s) of Inspector(s)	Agency/Office/Telephone/Fax	Date
Daniel Valenta /s/Daniel Valenta	(505) 827-2575	4/17/2013
Signature of Management QA Reviewer	Agency/Office/Phone and Fax Numbers	Date
Bruce Yurdin /s/Bruce Yurdin	(505) 827-2795	4/17/2013

Compliance Evaluation Inspection  
LAC Minerals (USA) LLC  
NPDES Permit No. NM0028711  
April 16, 2013

**Introduction**

On April 16, 2013, a Compliance Evaluation Inspection (CEI) was conducted at LAC Minerals (USA) LLC, Cunningham Hill Mine Reclamation Project, located southeast of Cerrillos, New Mexico, by Mr. Daniel Valenta and Ms. Seva Joseph of the New Mexico Environment Department (NMED), Surface Water Quality Bureau (SWQB). This facility is classified as a minor industrial discharger under the federal Clean Water Act (CWA), Section 402 National Pollutant Discharge Elimination System (NPDES) permit program, and is assigned NPDES permit number NM0028711. The permittee is authorized to discharge overflows from open pit pool. Any unauthorized surface discharge due to, but not limited to, a direct hydrologic connection of seepage of open pit water, is prohibited. To date, there have been no NPDES reported discharges from Outfall 001 at this facility.

In the event of a discharge from outfall 001, effluent would discharge into Lower Cunningham Gulch, an intermittent water in Segment 20.6.4.98 of the Rio Grande Basin NMAC (*State of New Mexico Standards for Interstate and Intrastate Surface Waters 20.6.4 NMAC*). Designated uses of this segment are livestock watering, wildlife habitat, limited aquatic life, and secondary contact. Cunningham Gulch connects to Galisteo Creek approximately eight (8) miles downstream from Outfall 001. Galisteo Creek is a tributary of the Rio Grande in Segment 20.6.4.110 NMAC.

The inspector arrived at the facility office at 1147 hours and conducted an entrance interview with Ms. Desiree Forbuss, Environmental Coordinator, and Mr. Bill Daubenschmidt, Maintenance Coordinator, LAC Minerals (USA) LLC. The inspector made introductions, showed his credentials and stated the purpose of the inspection. An exit interview to discuss preliminary findings of the inspection was held onsite with Ms. Forbuss and Mr. Daubenschmidt. The inspector exited the facility approximately 1315 hours.

The NMED performs a specific number of CEI's annually for the United States Environmental Protection Agency (USEPA). The purpose of the inspection is to provide the USEPA with information to evaluate the permittee's compliance with their NPDES permit. The enclosed inspection report is based on verbal information supplied by the permittee's representative, observations made by the NMED inspector and a review of records maintained by NMED. Findings of the inspection are detailed on the attached USEPA form 3560-3.

**Facility Description**

LAC Minerals (USA) LCC, Cunningham Hill Mine Reclamation Project was an active open pit gold mine and cyanide heap leach operation from 1979 through 1987.

Compliance Evaluation Inspection  
LAC Minerals (USA) LLC  
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The site is now in the post-closure and reclamation phase. Water in the open pit consists of mine drainage from ground water inflow and storm water conveyed from Upper Cunningham Gulch. The water in the pit is treated on an as needed basis with a buffering agent of lime slurry when the pH falls below 6.0 standard units.

Based on modeling studies conducted by the permittee, the existing pit has sufficient capacity to retain both storm water and mine drainage for approximately 60 years before a surface water discharge from the pit may be necessary.

Seeps and springs in the vicinity below the waste rock pile and open pit include Dolores Seep, Dolores Spring (both located in Dolores Gulch), and Deer Spring (located west of Dolores Gulch). According to the permittee's representatives, mine related impacts of these seeps, springs, and other surface water is prevented by existing ground water treatment systems in the vicinity of the waste rock pile and residue pile (heap leach site). The Acid Rock Drainage (ARD) treatment system for the waste rock pile consists of an interceptor wall, recovery wells, collection ponds, evaporation ponds, treatment ponds with lime, and land application areas for emergency discharges. The treatment system for the residue pile consists of recovery wells, collection ponds, evaporation ponds, and selective land application.

The EPA is encouraging permittees to transition from submitting DMRs as paper copies to the NetDMR system. Ms. Desiree Forbuss is the person who fills out the DMRs. Ms. Forbuss prefers to use certified mail in order to confirm delivery of DMR's. Information on the NetDMR training information can be found at:

<http://epa.gov/netdmr/about/training.html>

Additionally, the State conducts classes on a periodic basis, through the Operator Certification Schools. Facility personnel are encouraged to attend these training sessions.

**NMED/SWQB  
Official Photograph Log**

Photo # 1

Photographer: Daniel Valenta	Date: 4/16/2013	Time: Time recorded incorrectly, approximately 1210
City/County: Approximately 8 miles south of Los Cerrillos, NM/ Santa Fe County		
Location: Picture taken from south side of LAC Minerals open pit mine facing north.		
Subject: LAC Minerals open pit mine.		



**NMED/SWQB  
Official Photograph Log**

Photo # 2

Photographer: Daniel Valenta	Date: 4/16/2013	Time: Time recorded incorrectly, approximately 12115
City/County: Approximately 8 miles south of Los Cerrillos, NM/ Santa Fe County		
Location: Picture taken from south side of LAC Minerals open pit mine facing northeast.		
Subject: Permitted outfall LAC Minerals open pit mine.		



SECTION A - PERMIT VERIFICATION

PERMIT SATISFACTORILY ADDRESSES OBSERVATIONS  S  M  U  NA (FURTHER EXPLANATION ATTACHED NO)

DETAILS:

- 1. CORRECT NAME AND MAILING ADDRESS OF PERMITTEE  Y  N  NA
- 2. NOTIFICATION GIVEN TO EPA/STATE OF NEW DIFFERENT OR INCREASED DISCHARGES  Y  N  NA
- 3. NUMBER AND LOCATION OF DISCHARGE POINTS AS DESCRIBED IN PERMIT  Y  N  NA
- 4. ALL DISCHARGES ARE PERMITTED  Y  N  NA

SECTION B - RECORDKEEPING AND REPORTING EVALUATION

RECORDS AND REPORTS MAINTAINED AS REQUIRED BY PERMIT.  S  M  U  NA (FURTHER EXPLANATION ATTACHED NO)

DETAILS: **Permittee has correctly checked the "no discharge" box on all DMRs. All DMRs are up-to-date.**

- 1. ANALYTICAL RESULTS CONSISTENT WITH DATA REPORTED ON DMRs., **Outfall 001 has never discharged.**  Y  N  NA
- 2. SAMPLING AND ANALYSES DATA ADEQUATE AND INCLUDE.  S  M  U  NA
  - a) DATES, TIME(S) AND LOCATION(S) OF SAMPLING  Y  N  NA
  - b) NAME OF INDIVIDUAL PERFORMING SAMPLING  Y  N  NA
  - c) ANALYTICAL METHODS AND TECHNIQUES.  Y  N  NA
  - d) RESULTS OF ANALYSES AND CALIBRATIONS.  Y  N  NA
  - e) DATES AND TIMES OF ANALYSES.  Y  N  NA
  - f) NAME OF PERSON(S) PERFORMING ANALYSES.  Y  N  NA
- 3. LABORATORY EQUIPMENT CALIBRATION AND MAINTENANCE RECORDS ADEQUATE.  S  M  U  NA
- 4. PLANT RECORDS INCLUDE SCHEDULES, DATES OF EQUIPMENT MAINTENANCE AND REPAIR.  S  M  U  NA
- 5. EFFLUENT LOADINGS CALCULATED USING DAILY EFFLUENT FLOW AND DAILY ANALYTICAL DATA.  Y  N  NA

SECTION C - OPERATIONS AND MAINTENANCE

TREATMENT FACILITY PROPERLY OPERATED AND MAINTAINED.  S  M  U  NA (FURTHER EXPLANATION ATTACHED No)

DETAILS:

- 1. TREATMENT UNITS PROPERLY OPERATED.  S  M  U  NA
- 2. TREATMENT UNITS PROPERLY MAINTAINED.  S  M  U  NA
- 3. STANDBY POWER OR OTHER EQUIVALENT PROVIDED.  S  M  U  NA
- 4. ADEQUATE ALARM SYSTEM FOR POWER OR EQUIPMENT FAILURES AVAILABLE.  S  M  U  NA
- 5. ALL NEEDED TREATMENT UNITS IN SERVICE  S  M  U  NA
- 6. ADEQUATE NUMBER OF QUALIFIED OPERATORS PROVIDED.  S  M  U  NA
- 7. SPARE PARTS AND SUPPLIES INVENTORY MAINTAINED.  S  M  U  NA
- 8. OPERATION AND MAINTENANCE MANUAL AVAILABLE.  Y  N  NA
- STANDARD OPERATING PROCEDURES AND SCHEDULES ESTABLISHED.  Y  N  NA
- PROCEDURES FOR EMERGENCY TREATMENT CONTROL ESTABLISHED.  Y  N  NA

## SECTION C - OPERATIONS AND MAINTENANCE (CONT'D)

9. HAVE BYPASSES/OVERFLOWS OCCURRED AT THE PLANT OR IN THE COLLECTION SYSTEM IN THE LAST YEAR?  Y  N  NA  
 IF SO, HAS THE REGULATORY AGENCY BEEN NOTIFIED?  Y  N  NA  
 HAS CORRECTIVE ACTION BEEN TAKEN TO PREVENT ADDITIONAL BYPASSES/OVERFLOWS?  Y  N  NA
10. HAVE ANY HYDRAULIC OVERLOADS OCCURRED AT THE TREATMENT PLANT?  Y  N  NA  
 IF SO, DID PERMIT VIOLATIONS OCCUR AS A RESULT?  Y  N  NA

## SECTION D - SELF-MONITORING

PERMITTEE SELF-MONITORING MEETS PERMIT REQUIREMENTS.  S  M  U  NA (FURTHER EXPLANATION ATTACHED No.)  
 DETAILS:

1. SAMPLES TAKEN AT SITE(S) SPECIFIED IN PERMIT.  Y  N  NA
2. LOCATIONS ADEQUATE FOR REPRESENTATIVE SAMPLES.  Y  N  NA
3. FLOW PROPORTIONED SAMPLES OBTAINED WHEN REQUIRED BY PERMIT.  Y  N  NA
4. SAMPLING AND ANALYSES COMPLETED ON PARAMETERS SPECIFIED IN PERMIT.  Y  N  NA
5. SAMPLING AND ANALYSES PERFORMED AT FREQUENCY SPECIFIED IN PERMIT.  Y  N  NA
6. SAMPLE COLLECTION PROCEDURES ADEQUATE  Y  N  NA
- a) SAMPLES REFRIGERATED DURING COMPOSITING.  Y  N  NA
- b) PROPER PRESERVATION TECHNIQUES USED.  Y  N  NA
- c) CONTAINERS AND SAMPLE HOLDING TIMES CONFORM TO 40 CFR 136.3.  Y  N  NA
7. IF MONITORING AND ANALYSES ARE PERFORMED MORE OFTEN THAN REQUIRED BY PERMIT, ARE THE RESULTS REPORTED IN PERMITTEE'S SELF-MONITORING REPORT?  Y  N  NA

## SECTION E - FLOW MEASUREMENT

PERMITTEE FLOW MEASUREMENT MEETS PERMIT REQUIREMENTS.  S  M  U  NA (FURTHER EXPLANATION ATTACHED NO.)  
 DETAILS:

1. PRIMARY FLOW MEASUREMENT DEVICE PROPERLY INSTALLED AND MAINTAINED.  Y  N  NA  
 TYPE OF DEVICE **No measuring device in place; one will be installed if water rises.**
2. FLOW MEASURED AT EACH OUTFALL AS REQUIRED.  Y  N  NA
3. SECONDARY INSTRUMENTS (TOTALIZERS, RECORDERS, ETC.) PROPERLY OPERATED AND MAINTAINED.  Y  N  NA
4. CALIBRATION FREQUENCY ADEQUATE.  Y  N  NA  
 RECORDS MAINTAINED OF CALIBRATION PROCEDURES.  Y  N  NA  
 CALIBRATION CHECKS DONE TO ASSURE CONTINUED COMPLIANCE.  Y  N  NA
5. FLOW ENTERING DEVICE WELL DISTRIBUTED ACROSS THE CHANNEL AND FREE OF TURBULENCE.  Y  N  NA
6. HEAD MEASURED AT PROPER LOCATION.  Y  N  NA
7. FLOW MEASUREMENT EQUIPMENT ADEQUATE TO HANDLE EXPECTED RANGE OF FLOW RATES.  Y  N  NA

## SECTION F - LABORATORY

PERMITTEE LABORATORY PROCEDURES MEET PERMIT REQUIREMENTS.  S  M  U  NA (FURTHER EXPLANATION ATTACHED NO.)  
 DETAILS:

1. EPA APPROVED ANALYTICAL PROCEDURES USED (40 CFR 136.3 FOR LIQUIDS, 503.8(b) FOR SLUDGES)  Y  N  NA

**SECTION F - LABORATORY (CONT'D)**

- 2. IF ALTERNATIVE ANALYTICAL PROCEDURES ARE USED, PROPER APPROVAL HAS BEEN OBTAINED  Y  N  NA
- 3. SATISFACTORY CALIBRATION AND MAINTENANCE OF INSTRUMENTS AND EQUIPMENT.  S  M  U  NA
- 4. QUALITY CONTROL PROCEDURES ADEQUATE.  S  M  U  NA
- 5. DUPLICATE SAMPLES ARE ANALYZED. \_\_\_ % OF THE TIME.  Y  N  NA
- 6. SPIKED SAMPLES ARE ANALYZED. \_\_\_ % OF THE TIME.  Y  N  NA
- 7. COMMERCIAL LABORATORY USED.  Y  N  NA

LAB NAME  
 LAB ADDRESS  
 PARAMETERS PERFORMED

**SECTION G - EFFLUENT/RECEIVING WATERS OBSERVATIONS.**  S  M  U  NA (FURTHER EXPLANATION ATTACHED No.).

OUTFALL NO.	OIL SHEEN	GREASE	TURBIDITY	VISIBLE FOAM	FLOAT SOL.	COLOR	OTHER
001	No Discharge						

RECEIVING WATER OBSERVATIONS

**SECTION H - SLUDGE DISPOSAL**

SLUDGE DISPOSAL MEETS PERMIT REQUIREMENTS.  S  M  U  NA (FURTHER EXPLANATION ATTACHED NO.).  
 DETAILS:

- 1. SLUDGE MANAGEMENT ADEQUATE TO MAINTAIN EFFLUENT QUALITY.  S  M  U  NA
- 2. SLUDGE RECORDS MAINTAINED AS REQUIRED BY 40 CFR 503.  S  M  U  NA
- 3. FOR LAND APPLIED SLUDGE, TYPE OF LAND APPLIED TO: agricultural (e.g., FOREST, AGRICULTURAL, PUBLIC CONTACT SITE)

**SECTION I - SAMPLING INSPECTION PROCEDURES** (FURTHER EXPLANATION ATTACHED No.).

- 1. SAMPLES OBTAINED THIS INSPECTION.  Y  N  NA
- 2. TYPE OF SAMPLE OBTAINED  
 GRAB \_\_\_\_\_ COMPOSITE SAMPLE \_\_\_ METHOD \_\_\_\_\_ FREQUENCY \_\_\_\_\_
- 3. SAMPLES PRESERVED.  Y  N  NA
- 4. FLOW PROPORTIONED SAMPLES OBTAINED.  Y  N  NA
- 5. SAMPLE OBTAINED FROM FACILITY'S SAMPLING DEVICE.  Y  N  NA
- 6. SAMPLE REPRESENTATIVE OF VOLUME AND MATURE OF DISCHARGE.  Y  N  NA
- 7. SAMPLE SPLIT WITH PERMITTEE.  Y  N  NA
- 8. CHAIN-OF-CUSTODY PROCEDURES EMPLOYED.  Y  N  NA
- 9. SAMPLES COLLECTED IN ACCORDANCE WITH PERMIT.  Y  N  NA