

RECORD OF DECISION AND PLAN OF OPERATIONS APPROVAL

DOI-BLM-NV-WO30-2011-0001-EIS

Plan of Operations Number: NVN-064641

Hycroft Mine Expansion Project

August 2012

Prepared by:

U.S. Bureau of Land Management
Winnemucca District
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AND
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**HYCROFT MINE EXPANSION PROJECT
FINAL ENVIRONMENTAL IMPACT STATEMENT**

**Plan of Operation Number: NVN-064641
DOI-BLM-NV-W030-2011-0001-EIS**

**Bureau of Land Management
Winnemucca District
Black Rock Field Office
Winnemucca, Nevada**

**Cooperating Agencies:
U.S. Environmental Protection Agency
Nevada Department of Wildlife**

\s\ Gene Seidlitz

**Gene Seidlitz
District Manager**

08/14/2012

Date Signed

Introduction

The Black Rock Field Office (BRFO) of the United States Department of the Interior, Bureau of Land Management (BLM) received an Amended Plan of Operations (the Hycroft Mine Expansion Project [Project]) from Hycroft Resources and Development, Inc. (HRDI) in April 2010 (NVN-064641) (Plan). The Project includes the expansion of HRDI's existing precious metal mining operation and Project boundary (Proposed Action). The Project is located on public land administered by the BLM and private land controlled by HRDI in Humboldt and Pershing Counties, Nevada, approximately 55 miles west of Winnemucca, Nevada.

Under the Proposed Action, HRDI proposes expanded mining and mineral exploration activities on public lands at the existing Hycroft Mine, which will expand the Project boundary and create additional surface disturbance. The expansion will include 2,172 acres of new surface disturbance on private and public land, for a total Project surface disturbance of 5,235 acres. The expansion will expand the existing Project boundary, which encompasses approximately 8,858 acres, by an additional 5,895 acres to bring the total Project area to 14,753 acres of public and private land. When the project was proposed, Hycroft Mine employed approximately 200 workers. The Proposed Action will increase the mine life by an additional 12 years and increase employment to 537 mine personnel.

RECORD OF DECISION

Based on the Hycroft Mine Expansion Environmental Impact Statement (EIS), DOI-BLM-NV-W030-2011-0001-EIS, and the following rationale, it is my decision to select the Proposed Action alternative, including the applicant's committed environmental measures at EIS section 2.1.15, and all of the BLM recommended mitigation in the EIS for the Proposed Action. The Amended Plan of Operations Approval (APO) is subject to these mitigation measures which are attached herein as the *Hycroft Mine Expansion Amended Plan of Operations Authorization Stipulations and Applicant Committed Environmental Protection Measures*. The Bureau's authority applies only to activities on public land. However, federal law and policy require that mitigation measures associated with this project apply to private lands of the project as well as to the public lands.

Rationale

Rationale for this decision is based on factors including, but not limited to:

- 1) The Proposed Action conforms to the BLM's Sonoma Gerlach Management Framework Plan (MFP) dated July 1982. Specifically, in Section .42 Minerals, Objective M-1 states: "Make all public lands and other federally owned minerals available for the exploration and development of mineral and material commodities."
- 2) The Proposed Action conforms to the BLM's Paradise Denio MFP dated July 1982. Specifically, in Section .42 Minerals, Objective M 1.0 states: "Provide the public the opportunity to acquire minerals from the public lands to meet market demands."

- 3) Based on the consultation, coordination and public involvement that has occurred, it is determined that this is a well informed decision.
- 4) This decision will provide opportunities on public lands for HRDI to conduct mining exploration and development.
- 5) Based on the environmental impact analysis contained in the EIS, it is determined that this decision will not result in any undue or unnecessary environmental degradation of the public lands.
- 6) This decision is consistent with other federal, state and local plans to the maximum extent consistent with Federal law and Federal Land Policy and Management Act provisions.
- 7) The National Historic Preservation Act Section 106 process was completed prior to this decision being made. The *Memorandum of Agreement between the DOI, Bureau of Land Management, Winnemucca District and the Nevada State Historic Preservation Officer regarding the Data Recovery at the Hycroft Mine Expansion Project in Humboldt and Pershing Counties, Nevada* was signed on August 6, 2012.
- 8) The selected alternative will not adversely impact any threatened or endangered species or significant scientific, cultural or historical resources.
- 9) The selected action, subject to implementation of all mitigation recommended in the EIS meets the purpose and need for the federal action.
- 10) Implementation of the attached *Hycroft Mine Expansion Project ROD and Plan Approval Stipulations and Applicant Committed Environmental Protection Measures* will serve to monitor for impacts and reduce or prevent impacts.
- 11) Based on the above stated points and the discussion that follows, the Proposed Action is the environmentally preferred course of action.
- 12) Based on the President's National Energy Policy and Executive Order 13212, the Proposed Action will not generate any adverse energy impacts or limit energy production and distribution. Therefore, no "Statement of Adverse: Energy Impact" is required per WO IM No 2002-053 and NV IM 2002-049.

Native American Consultation

Certified letters requesting a consultation meeting on the proposed Project were mailed on December 23, 2010, to the following tribes: Fort McDermitt Paiute and Shoshone Tribe, the Lovelock Paiute Colony, the Pyramid Lake Paiute Tribe, the Shoshone-Paiute Tribes of Duck Valley, the Summit Lake Paiute Tribe, and the Winnemucca Indian Colony. Consultation meetings were held with the Fort McDermitt Paiute and Shoshone Tribe on June 10 and July 18, 2011, Pyramid Lake Paiute Tribe on February 15 and May 31, 2011, and the Summit Lake Paiute Tribe on February 19, 2011. Consultation meetings between the BLM and the Fort McDermitt Paiute and Shoshone Tribe occurred in the proposed Project Area on February 17, 2012 and March 29, 2012. Additional consultation meetings between the BLM and the tribe occurred on March 19, April 16, and June 19, 2012.

From consultation in February 2012 and March 2012, the Fort McDermitt Paiute and Shoshone Tribe asserted that the area around Pulpit Rock, including the cliff face to the east and northeast, is a sacred site. The Proposed Action would not impact Pulpit Rock or the cliff face based on a 250-foot buffer from the cliff face to the proposed waste rock facility; therefore, no direct or

indirect impacts are anticipated from the Proposed Action. In the May 31, 2011 meeting, Pyramid Lake Paiute Tribe reiterated the sacredness of Pulpit Rock.

Fort McDermitt Paiute and Shoshone Tribe also expressed concerns related to the springs in the area. Some springs are considered sacred by the Northern Paiutes and Shoshone, and some are believed to be the home of supernatural creatures dubbed “Water Babies” (Hultkrantz 1986). The springs in the proposed Project Area will not be impacted by the Proposed Action; therefore, no direct or indirect impacts are anticipated from the Proposed Action.

From the site visits, the Fort McDermitt Paiute and Shoshone Tribe expressed concerns that 35 isolated stone features may have cultural or spiritual significance. These isolated stone features may have been trail markers for the trail between Rosebud Canyon and Pulpit Rock or they may have other cultural sensitivity to tribal members. These features are within the proposed Project Area and may be adversely impacted by the Proposed Action. Evaluation and potential mitigation of these isolated stone features will be addressed in the *Memorandum of Agreement between the DOI, Bureau of Land Management, Winnemucca District and the Nevada State Historic Preservation Officer regarding the Data Recovery at the Hycroft Mine Expansion Project in Humboldt and Pershing Counties, Nevada (Treatment Plan)*.

The BLM has consulted with the following tribes:

- Fort McDermitt Paiute and Shoshone Tribe
- Lovelock Paiute Colony
- Pyramid Lake Paiute Tribe
- Shoshone-Paiute Tribes of Duck Valley
- Summit Lake Paiute Tribe
- Winnemucca Indian Colony

Cooperating Agencies

The cooperating agency relationships established during this project facilitated the exchange of views and expertise between BLM personnel and other government officials and staff. This form of consultation, unique to planning and NEPA processes, was crucial to the shaping of this EIS. The BLM formalized cooperating agency relationships with two governmental parties: U.S Environmental Protection Agency and the Nevada Department of Wildlife.

Intergovernmental Partners

Under the Federal Land Policy and Management Act (FLPMA) of 1976, the BLM’s coordination responsibilities include maximizing consistencies with the plans and policies of other government entities.

Coordination was conducted with the Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation (NDEP/BMRR) as specified within Memorandum of

Understanding (MOU) 3000-NV920-0901, MOU for Mining and Mineral Related Activities within the State of Nevada.

Public Involvement

Public Scoping

To initiate the public scoping process, the BLM published the Notice of Intent to Prepare an Environmental Impact Statement for the Proposed Hycroft Mine Expansion Project, Humboldt and Pershing Counties, Nevada in the Federal Register (Vol. 76, No. 63, page 18243) on Friday, April 1, 2011. A news release was also issued by the BLM on Tuesday, April 5, 2011, that stated the comment period to accept public comments was open for 90 days until June 29, 2011.

Three public open house meetings were held as follows: May 10, 2011 in Lovelock, Nevada; (a total of six members of the public attended this meeting and three written comments were provided); May 11, 2011 in Gerlach, (a total of six members of the public attended this meeting, but no written comments were provided); Nevada; and May 12, 2011 in Winnemucca, Nevada (a total of ten members of the public attended this meeting and two written comments were provided).

Issues of Concern Identified in Project Scoping

Issue	EIS Reference
What are the expected point source and fugitive emissions from the proposed action including particulate matter with aerodynamic diameter less than ten microns (PM10), and 2.5 microns (PM2.5), and greenhouse gases?	Section 3.2 Air and Atmospheric Resources
What are the mercury emissions from the proposed Project?	Section 3.2 Air and Atmospheric Resources
What are the effects to cultural resource sites?	Section 3.3 Cultural Resources
What is the effect of the Project on adjacent mineral resources?	Section 3.10 Geology, Minerals, and Energy
What are the noise effects to the NCA, the nearby private residence, the wilderness area, and the historic trail?	Section 3.11 Noise
What are the effects on the population of Crosby's buckwheat?	Section 3.16 Special Status Species
What are the effects on the availability of Golden eagle nesting habitat?	Section 3.6 Migratory Birds

Issue	EIS Reference
How would special status bat species be impacted by the Proposed Action?	Section 3.16 Special Status Species
How would increased traffic on Jungo Road affect public safety (i.e., collision with cows or reduced visibility from increased dust?)	Section 3.17 Transportation, Access, and Public Safety
What effect does the Project have on the viewshed?	Section 3.19 Visual Resources
What effect does the Project have on the night skies?	Section 3.19 Visual Resources
What would be the cumulative impacts from the Project?	Chapter 4 Cumulative Impacts

Draft EIS

To solicit public comments and feedback on the Draft EIS, the BLM published the Notice of Availability of the Draft Environmental Impact Statement for the Hycroft Mine Expansion, Humboldt and Pershing Counties, Nevada in the Federal Register (Vol. 77, No. 18, page 4360) on Friday, January 27, 2012. There was a 45-day public review period following the publication in the Federal Register.

The BLM held three public open house meetings as follows: February 14, 2012 in Winnemucca, Nevada; February 15, 2012 in Lovelock, Nevada; and February 16, 2012 in Gerlach, Nevada.

A total of 79 comment letters were received on the Draft EIS and categorized as follows: 73 letters were in general support of the Project with no substantive comments to address. One letter was in general opposition of the Project with no specific issues identified. Five comment letters contained substantive comments and were appropriately addressed in respective sections of the FEIS. Refer to Section 8.3 Public Comments on the Draft EIS and Responses for an in depth analysis of public comments.

One Federal agency commented (Region IX of the Environmental Protection Agency): one state agency commented (Nevada State Clearinghouse): and one Native American Tribe commented (Fort McDermitt Paiute and Shoshone Tribe).

Final EIS (FEIS)

The Notice of Availability for the FEIS was published in the Federal Register (vol. 77, No. 130, page 40047) on July 6, 2012, and the 30 day availability period ended on August 6, 2012. The BLM received a total of 41 comments during this 30-day period. Thirty-nine of these comments were in support of the project (37 emails, and two letters from the City of Winnemucca and Humboldt County). One email was in general opposition of the project, and a comment letter was received from the EPA, which was evaluated and considered before approving this ROD for the project.

Alternatives Including the Proposed Action

The Proposed Action, which is the preferred alternative, includes:

- Expansion of the plan boundary and use of the entire project area for exploration;
- Incorporates five rights-of-way; expands four existing open pits;
- Backfills all or portions of three open pits;
- Builds a dispatch center and expands maintenance facilities;
- Expands haul road and secondary roads, waste rock facilities, and heap leach facilities;
- Expands existing and constructs two ready line and heavy equipment fueling facilities;
- Operates a portable crusher with conveyors at the south heap leach facility;
- Constructs, operates, and then closes the south heap leach facility, Merrill-Crowe process plant, and solution ponds; constructs storm water diversions, installs culverts, and other storm water controls;
- Closes the existing Class III landfill and constructs a new Class III landfill;
- Drills one potable water well and one process well;
- Relocates the existing Brimstone substation, upgrades the existing Crofoot substation, and extends power lines to new process areas;
- Constructs growth media stockpiles and reclaims the project constituent with the proposed reclamation plan.

The Proposed Action is a 20-year Project, including a 12-year extension of the mine life, and increases employment to 537 mine personnel.

The Proposed Action and No Action alternatives were analyzed in detail. The FEIS considered and eliminated from detailed analysis the following alternatives: Daylight Only Hours of Operation; Modified Exploration Activities; Different Waste Rock Facility and Heap Leach Pad Configurations; and Project Design to Meet Federal Air Quality Standards. Consult the FEIS for a complete discussion of alternatives and for the rationale for eliminating specific alternatives from detailed analysis.

Environmentally Preferred Alternative

The BLM's environmentally preferred alternative is also the BLM's preferred alternative. The BLM's preferred alternative includes all of the environmental protection measures of the Amended Plan of Operations (APO) and all mitigation measures identified in the FEIS.

The APO, approved below, provides for the continuation and expansion of mining and ore processing in an area where mining has been identified as an appropriate land use as stated in the Winnemucca District MFP's. Approval of the APO will allow HRDI to utilize and expand its current workforce, equipment and infrastructure to expand the Hycroft Mine. The mitigation measures specified in the ROD, will minimize potential adverse environmental impacts identified in the FEIS. The monitoring requirements specified in this ROD will assist the BLM

and others to identify, avoid, and/or mitigate, if necessary, any unforeseen adverse environmental impacts that may occur. The environmental measures committed to by HRDI and the stipulations (including monitoring) in this combined ROD/Plan Approval will provide environmental protection during and after implementation of the Agency Preferred Alternative and provide BLM periodic opportunities to re-evaluate its analysis of potential impacts during and after implementation.

PLAN OF OPERATIONS APPROVAL DECISION UNDER SURFACE MANAGEMENT REGULATIONS (43 CFR§3809)

The Winnemucca District, Black Rock Field Office (WD/BRFO), has reviewed the Hycroft Mine Expansion amended Plan of Operations (case file NVN-064641) that was submitted in April 2010, and was last amended in July 2012. An Environmental Impact Statement (EIS), DOI-BLM-NV-W030-2011-0001-EIS was prepared and is detailed in the above Record of Decision (ROD).

It is my decision to approve the amendment to Plan NVN-064641, including the environmental protection measures specified in the plan of operations. This approval is subject to the attached stipulations, referenced in the above ROD (pages 1-6). HRDI may only perform those actions that have been described in the Plan. Implementation of the aforementioned conditions will prevent unnecessary or undue degradation.

The surface occupancy proposed in the Plan meets the conditions specified in the applicable regulations (43 CFR§3715). The BLM is in concurrence with the occupancy of the subject lands. HRDI must comply with sections 3715.2, 3715.2-1, and 3715.5 of the regulations.

This approval does not constitute: certification of ownership to any person or company named in your plan of operations; recognition of the validity of any mining claims named in your plan of operations; or recognition of the economic feasibility of the proposed operations.

No work is authorized under the amended plan of operations until HRDI has complied with all federal, state and local regulations, including obtaining all necessary permits from the Nevada Division of Environmental Protection (NDEP) and other federal, state and local agencies.

Activities approved in this decision shall not begin until the BLM Nevada State Office issues a decision accepting the reclamation financial guarantee. An updated Reclamation Cost Estimate (RCE) for your amended project was received by the BLM on July 16, 2012. We have reviewed your RCE and agree that an increased financial guarantee amount of \$42,180,212 would satisfy the requirements to have your proposed project reclaimed. You must also seek concurrence from the Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation (NDEP/BMRR). The types of financial instruments that are acceptable to the BLM are found at 43 CFR 3809.555. Please contact the BLM Nevada State Office at (775) 861-6400 for further information on the financial guarantee process.

If you are adversely affected by this decision, you may request that the BLM Nevada State Director review this decision. If you request State Director Review, the request must be received in the BLM Nevada State Office at: **BLM Nevada State Office, State Director, 1340 Financial Blvd., Reno, Nevada 89502**, no later than 30 calendar days after you receive or have been notified of this decision.

The request for State Director Review must be filed in accordance with the provisions in 43 CFR 3809.805. This decision will remain in effect while the State Director Review is pending, unless you request and obtain a stay (suspension) from the State Director. If you request a stay, you

have the burden of proof to demonstrate that a stay should be granted using the standards and procedures for obtaining a stay (43 CFR 4.21) from the Interior Board of Land Appeals (IBLA).

If the State Director does not make a decision on your request for review of this decision within 21 days of receipt of the request, you should consider the request declined and you may appeal this decision to the IBLA. You may contact the BLM Nevada State Office to determine when the BLM received the request for State Director Review. You have 30 days from the end of the 21-day period in which to file your Notice of Appeal with this office at 5100 E. Winnemucca Blvd., Winnemucca, Nevada, 89445, which we will forward to IBLA.

Under 43 CFR 3809.801(a)(1), if you wish to bypass a State Director Review, this decision may be appealed directly to the IBLA in accordance with the regulations at 43 CFR part 4. Your Notice of Appeal must be filed in this office at 5100 E. Winnemucca Blvd., Winnemucca, Nevada, 89445, within 30 days from receipt of this decision. As the appellant you have the burden of showing that the decision appealed from is in error. Enclosed is BLM Form 1842-1 which contains information on taking appeals to the IBLA. This decision will remain in effect while the IBLA's decision is pending, unless you request and obtain a stay under 43 CFR 4.21. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted under the criteria in 43 CFR 4.21.

Request for Stay

If you wish to file a petition (request) pursuant to regulations 43 CFR 4.21 for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by IBLA, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of this notice of appeal and petition for a stay must also be submitted to each party named in the decision and, to the IBLA, and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

1. The relative harm to parties if the stay is granted or denied.
2. The likelihood of the appellant's success on the merits.
3. The likelihood of immediate and irreparable harm if the stay is not granted.
4. Whether the public interest favors granting the stay.

Approval of the Plan by the BLM does not constitute a determination regarding the viability or ownership of any unpatented mining claims involved in the mining operation. Approval of the Plan in no way implies the economic viability of the operations. Any modification to the Plan must be coordinated with and approved by the authorized officer. Surface occupancy related to the Plan is reasonably associated with the mining operation. The Bureau's authority applies only

to activities on public land. However, federal law and policy require that mitigation measures associated with this project apply to private lands of the project as well as to the public lands.

This Decision is issued pursuant to 43 CFR 3809.803. It is effective immediately. In the case of an appeal before the Office of Hearings and Appeals (OHA), this Decision will remain in effect unless OHA grants a stay under §4.21(b) of this title.