

# 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

March 14, 2013

Stephen Ball  
General Manager  
Queenstake Resources USA, Inc.  
HC 31 Box 78  
Elko, NV 89801

**Re:** Notice of Alleged Air Quality Violation No. 2431  
Class I Air Quality Operating Permit AP1041-0778 (FIN A0004)

Dear Mr. Ball:

The Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP) alleges that Queenstake Resources USA, Inc., Jerritt Canyon Mine (Queenstake) has violated a condition of Class I Air Quality Operating Permit AP1041-0778.

**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.

The attached Notice of Alleged Air Quality Violation and Order (NOAV) No. 2431 alleges that Queenstake has violated conditions of Class 1 Air Quality Operating Permit AP1041-0778. As defined by Section 2 of **NAC 445B.281 Violations: Classification; administrative fines**, NOAV No. 2431 constitutes a major air quality violation.

As was discussed during the conference held on February 11, 2013, the NDEP makes recommendations to the Nevada State Environmental Commission (SEC) as to what an appropriate penalty may be for major air quality violation. The NDEP will be recommending a penalty of \$67,500 to the SEC. The penalty recommendation is based on the use of the Administrative Penalty Table for emission violations related to source test and adjusted by the Penalty Matrix.

An appeal of NOAV No. 2431 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 John Walker, the Executive Secretary for the SEC, at 901 South Stewart

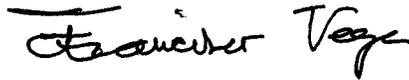


Queenstake Resources USA, Inc.  
March 14, 2013  
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Street, Suite 4001, Carson City, Nevada, 89701-5249. Mr. Walker can be reached at 775-687-9308, or by fax at 775-687-5856. Please provide me with a copy of any correspondence your company may have with the SEC.

If you have any questions regarding the alleged violations please call Ryan Fahey at (775) 687-9546, if he is unavailable please contact me at (775) 687-9343.

Sincerely,



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

FV/rf

Enc. 1. Notice of Alleged Air Quality Violation and Order No. 2431  
2. SEC Appeal Form #3

cc (w/enc. 1): John Walker, SEC  
Elko County Board of Commissioners  
Francisco Vega, NDEP  
FIN A0004 (Certified Copy)

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

Certified Mail No.: 9171 9690 0935 0011 8838 97

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. 2431

**NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER**

**NOTICE OF ALLEGED AIR QUALITY VIOLATION**

**Person(s) to Whom Served:** Mr. Stephen Ball

**Company Name:** Queenstake Resources USA, Inc., Jerritt Canyon Mine

**Address:** HC 31 Box 78 Elko, Nevada 89801

**Permit Number:** AP1041-0778 **FIN:** A0004

**Site of Alleged Violation:** Jerritt Canyon Mine 50 Miles North of Elko, NV

**Date of Observation:** 12/10/2012 **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 source test on System 39 (West Roaster Fluidized Feed Process).

**Evidence:**

Queenstake Resources USA, Inc. (Queenstake) operates a gold mining and processing facility 50 miles north of Elko, Nevada in Elko County under Class I Air Quality Operating Permit AP1041-0778 issued to Queenstake on March 10, 2004.

On December 10, 2012, compliance source testing was conducted at the Queenstake facility on System 39 (West Roaster Fluidized Feed Process) in accordance with Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP-BAPC) requirements as part of Queenstake's request to increase production throughput on the East and West Roasters. System 39, particulate matter and particulate matter smaller than 10 microns (PM/PM10) emissions were measured at an average of 0.21 pound per hour (lbs/hr). The permit limits PM and PM10 emissions to 0.07 lbs/hr for System 39. System 39 failed to meet the permit required emission limits during this testing.

On February, 11, 2013 the NDEP-BAPC and Queenstake held an enforcement conference to determine whether the issuance of this Notice of Alleged Air Quality Violation and Order was or was not warranted. Queenstake could not find any specific problems with the baghouse associated with System 39, however they have taken steps to try and mitigate any future emissions exceedances by implementing a more stringent preventative maintenance program. This is the second source test failure for PM/PM10 on System 39 within the last 12 months.

In accordance with NAC 445B.281 Violations: Classification; administrative fines, exceeding a permitted emission limit constitutes a major violation. This Notice of Alleged Air Quality Violation and Order represents Queenstake's twelfth air quality violation within the last 60 months.

# NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2431

## 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: Re-testing of System 39 will take place the week of March 11, 2013. Due to the compliance history as it relates to System 39 the NDEP-BAPC will require an additional PM/PM10 compliance test be conducted between 180 and 365 days from the issuance of this violation.

\_\_\_\_\_ 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: March 14, 2013

FV/rf  
Certified Mail No.: 9171 9690 0935 0011 8838 97

*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

Dept. of Conservation & Natural Resources

State Environmental Commission SEC.nv.gov

901 South Stewart Street, Suite 4001, Carson City, Nevada 89701

**FORM 3: FORM FOR REQUESTING AN APPEAL HEARING**  
(Provide attachments as needed)

**1. Name, address, telephone number, and signature of appellant:**

Name: \_\_\_\_\_

Physical Address: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Signature: \_\_\_\_\_

Representative capacity (if applicable): \_\_\_\_\_

**2. Attach copy of Nevada Division of Environmental Protection final decision, such as permit or notice of alleged violation, being appealed.**

**3. Specify grounds of appeal: (check all that apply)**

Final decision in violation of constitutional or statutory provision;

Final decision made upon unlawful procedure;

Final decision was affected by other error of law;

Final decision was clearly erroneous in view of the reliable, probative and substantial evidence on the whole record;

Final decision was arbitrary or capricious or characterized by abuse of discretion;

**4. For each ground of appeal checked above, please list the constitutional, Nevada Revised Statute (NRS), and/or Nevada Administrative Code (NAC) provision allegedly violated. Also list the statutes and/or or regulations that give the State Environmental Commission jurisdiction to hear the appeal.**

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**5. For each ground of appeal checked above, provide a brief and concise statement of the facts which provide the basis for the appeal.**

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**Date of Request:** \_\_\_\_\_.

**Send Form to: Executive Secretary, State Environmental Commission, 901 South Stewart Street, Suite 4001, Carson City, NV 89701**