

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 24, 2011

David A. Ensign
Managing Member
Wendover Nugget Hotel and Casino
101 Wendover Boulevard
West Wendover, Nevada 89883

Re: Notice of Alleged Air Quality Violation No.'s **2264, 2265, 2266, 2267 and 2310**
Class II Air Quality Operating Permit **AP7011-1384 (FIN A0575)**

Dear Mr. Ensign:

On September 21, 2010 and again on March 9, 2011 the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP) and the Wendover Nugget Hotel and Casino (WNC) held an enforcement conference to discuss the WNC's alleged failure to comply with several air quality regulations. Based on the information presented during the conferences the NDEP determined that issuance of Notice of Alleged Air Quality Violation and Order (NOAV) No.'s **2264, 2265, 2266, 2267 and 2310** was warranted. Failing to comply with the air quality regulations associated with NOAV No.'s **2264, 2265, 2266, 2267 and 2310** represent an air quality violation under **NAC 445B.275 Violations: Acts constituting; notice** (see below).

The attached NOAV No.'s **2264, 2265, 2266, 2267 and 2310** allege that the WNC 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:

- (a) Failure to apply for and obtain an operating permit;
- (c) Failure to construct or operate a stationary source in accordance with any condition of an operating permit;
- d) Commencing construction or modification of a stationary source without applying for and receiving an operating permit or a modification of an operating permit as required by NAC 445B.001 to 445B.3497, inclusive, or a mercury operating permit to construct as required by NAC 445B.3611 to 445B.3689, inclusive;
- (e) Failure to comply with any requirement for recordkeeping, monitoring, reporting or compliance certification contained in an operating permit;
- (f) Failure to pay fees as required by 445B.327 or 445B.3689.



Wendover Nugget Hotel and Casino

March 24, 2011

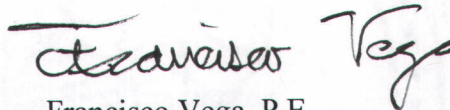
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NOAV No.'s **2264, 2265, 2266, 2267 and 2310** constitute major violations under **NAC 445B.281 Violations: Classification; administrative fines**. NOAV No.'s **2264, 2265, 2266, 2267 and 2310** are the first violations issued to the WNC in the last five years. As was discussed during the March 9, 2011 enforcement conference, it is the decision of the NDEP to issue NOAV No.'s **2264 and 2267** as warning violations.

An appeal of NOAV No.'s **2264, 2265, 2266, 2267 and 2310** 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 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 or the enforcement conference, please call Joseph Prary at (775) 687-9340 or myself at (775) 687-9343.

Sincerely,



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

Enc.: 1. Notice of Alleged Air Quality Violation and Order No.'s 2264, 2265, 2266, 2267 and 2310
2. SEC Appeal Form #3

cc (w/enc. 1): Even Grimsdell, WNC
Mauricio Cuellar, WNC
John Walker, SEC
Francisco Vega, NDEP
FIN A0575 (Certified Copy)

Route to (w/enc. 1): Michael Elges, NDEP
Jeff Denison, NDEP

Certified Mail No.: 7009 3410 0000 1454 5270

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. 2264

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: David A. Ensign, Managing Member

Company Name: Wendover Nugget Hotel and Casino

Address: 101 Wendover Boulevard, West Wendover, NV 89883

Permit Number: AP7011-1384 **FIN:** A0575

Site of Alleged Violation: 101 Wendover Blvd. West Wendover, NV

Date of Observation: June 15, 2010 **Arrival:** 8:00 AM **Departure:** 10:00 AM

Ambient Temperature: 65°F **Clear:** X **Cloudy:** **Rain:** **Snow:**

Wind Speed: mph **Wind Direction:**

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:

- (e) Failure to comply with any requirement for recordkeeping, monitoring, reporting or compliance certification contained in an operating permit; or
- (f) Failure to pay fees as required by 445B.327 or 445B.3689.

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

Failure to submit the 2009 actual production/emission report and pay the necessary 2009 annual fee.

Evidence:

The Stateline Nugget Hotel & Casino operates four hot water boiler units and two cooling towers under Class II Air Quality Operating Permit AP7011-1384 issued by the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP) on May 12, 2004. The facility is located in Wendover Nevada, 50 feet west of the Nevada/Utah border.

On June 15, 2010 an inspection of the Stateline Nugget Hotel and Casino (SLN) was conducted. On July 20, 2010 a review of the SLN file and yearly production and emission report was conducted. The inspector discovered that the SLN had not submitted a 2009 yearly production/emission report nor had the annual fees been paid.

On September 21, 2010, the NDEP-BAPC held an enforcement conference with SLN Chief Engineer, Even Grimsdell. The enforcement conference was held to discuss the four alleged violations at the SLN. During the conference it was explained to the SLN Chief Engineer that the facility has not paid their 2010 annual maintenance fee.

SLN paid their 2010 annual maintenance fee and associated late charges on September 30, 2010.

Failure to submit the yearly production/emission report and the pay annual fee constitutes a minor violation under NAC 445B.281 Violations: Classification; administrative fines. NOAV 2264, in conjunction with NOAV's 2265, 2266, 2267 and 2310 are the first violations issued to the SLN in the past five years.

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2264

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: Submit all future yearly production/emission reports and annual fees by the required deadlines.

_____ 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

Phone: 775-687-9343 Date: March 24, 2011

FV/jp
Certified Mail No.: 7009 3410 0000 1454 5270

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. 2265

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: David A. Ensign, Managing Member

Company Name: Wendover Nugget Hotel and Casino

Address: 101 Wendover Boulevard, West Wendover, NV 89883

Permit Number: AP7011-1384 **FIN:** A0575

Site of Alleged Violation: 101 Wendover Blvd. West Wendover, NV

Date of Observation: June 15, 2010 **Arrival:** 8:00 AM **Departure:** 10:00 AM

Ambient Temperature: 65 °F **Clear:** X **Cloudy:** **Rain:** **Snow:**

Wind Speed: mph **Wind Direction:**

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:

(a) Failure to apply for and obtain an operating permit;

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

Operating without a valid air quality operating permit.

Evidence:

Stateline Nugget Hotel & Casino operates four hot water boiler units and two cooling towers under Class II Air Quality Operating Permit AP7011-1384 issued by the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP) on May 12, 2004. The facility is located in Wendover Nevada, 50 feet west of the Nevada/Utah border.

On November 18, 2008, the NDEP sent the Stateline Nugget Hotel and Casino (SLN) a courtesy reminder letter that Class II Air Quality Operating Permit AP7011-1384 would expire on May 12, 2009 and that a complete renewal application was due 70 days prior to the expiration of the permit.

Class II Air Quality Operating Permit AP7011-1384 expired on May 12, 2009.

On June 15, 2010 an inspection of the Stateline Nugget Hotel and Casino (SLN) was conducted. During the inspection, the inspector discovered that the SLN air quality operating permit had expired on May 12, 2009.

On September 21, 2010, the NDEP held an enforcement conference with the Chief Engineer and responsible official of the SLN, Evan Grimsdell. The enforcement conference was held to discuss the four alleged violations at the SLN. Mr. Grimsdell explained that he was aware that the permit had expired and that a complete application would be submitted within two weeks.

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2265

Evidence (continued):

The SLN submitted an application to the NDEP on December 16, 2010; Over two months later than the deadline agreed upon during the September 21, 2010 enforcement conference. After being reviewed by the NDEP permitting branch, the application was returned incomplete. The application lacked numerous required pieces of information and the necessary application fee was insufficient.

Despite countless phone calls attempting to contact the SLN regarding their expired permit; the SLN did not submit a complete application to receive a new air quality operating permit until March 7, 2011.

The NDEP met with the SLN again on March 9, 2011. Attending this meeting was Mauricio Cuellar, general manager of the SLN, in addition to Mr. Grimsdell. The NDEP asked the SLN what had occurred since the September meeting and why a complete application had not been submitted until March 7, 2011. The SLN explained that filling out the application was outside the capabilities of the SLN personnel and that a consultant was contracted to aid in the application preparation. The SLN also explained that Mr. Grimsdell would no longer be the responsible official and that Mr. David A. Ensign, Managing Member of the SLN, would become the responsible official.

Failure to apply for and receive an air quality operating permit prior to the expiration of the existing permit constitutes a major violation under NAC 445B.281 Violations: Classification; administrative fines. NOAV 2265, in conjunction with NOAV's 2264, 2266, 2267 and 2310 are the first violations issued to the SLN in the past five years.

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: Submit a complete application for the renewal Class 2 Air Quality Operating Permit AP7011-2678 no later than 70 days prior to the date of expiration.

_____ 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 24, 2011

FV/jp
Certified Mail No.: 7009 3410 0000 1454 5270

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. 2266

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: David A. Ensign, Managing Member

Company Name: Wendover Nugget Hotel and Casino

Address: 101 Wendover Boulevard, West Wendover, NV 89883

Permit Number: AP7011-1384 **FIN:** A0575

Site of Alleged Violation: 101 Wendover Blvd. West Wendover, NV

Date of Observation: June 15, 2010 **Arrival:** 8:00 AM **Departure:** 10:00 AM

Ambient Temperature: 65 °F **Clear:** X **Cloudy:** **Rain:** **Snow:**

Wind Speed: mph **Wind Direction:**

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:

- (e) Failure to comply with any requirement for recordkeeping, monitoring, reporting or compliance certification contained in an operating permit

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

Failure to monitor and record daily operating records.

Evidence:

Stateline Nugget Hotel & Casino operates four hot water boiler units and two cooling towers under Class II Air Quality Operating Permit AP7011-1384 issued by the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP) on May 12, 2004. The facility is located in Wendover Nevada, 50 feet west of the Nevada/Utah border.

On June 15, 2010 an inspection was conducted at the Stateline Nugget Hotel and Casino (SLN). When the inspector asked to see May 2010 operating records, the maintenance manager was unable to produce any operating records. During the close out meeting between the inspector and SLN Chief Engineer, Even Grimsdell, he explained that the facility had not been monitoring the daily operating parameters that are specified in air quality operating permit AP7011-1384.

On September 21, 2010, the NDEP-BAPC held an enforcement conference with the Chief Engineer of the SLN, Evan Grimsdell. The enforcement conference was held to discuss the four alleged violations at the SLN. During the conference it was explained to the SLN's Chief Engineer what operating parameters needed to be monitored and the frequency in which they needed to be recorded. Mr. Grimsdell explained that he was aware of what parameters needed to be monitored. In an effort to help the SLN become into compliance with their air quality operating permit, during the enforcement conference it was agreed that an order would be issued by the NDEP-BAPC requiring the SLN to install and operate fuel consumption meters on the boilers, water flow meters on the cooling towers and hour of operation meters for all the equipment.

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2266

Evidence (continued):

Order No. 2010-06 was issued on October 8, 2010 and required the SLN to have the fuel consumption meters on the boilers, water flow meters on the cooling towers and hour of operation meters for all the equipment installed, calibrated and operational by November 20, 2010.

Fuel consumption meters were installed sometime in late December 2010. To date the NDEP-BAPC is unaware of any other meters being installed and calibrated at the SLN.

Failure to monitor and record daily operating records for Systems 1 through 7 constitutes a major violation under NAC 445B.281 Violations: Classification; administrative fines. NOAV 2266, in conjunction with NOAV's 2264, 2265, 2267 and 2310 are the first violations issued to the SLN in the past five years.

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: Monitor and record all operating parameters as required by Order No. 2010-06 and Class II Air Quality Operating Permit AP7011-2768.

_____ 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

Phone: 775-687-9343 Date: March 24, 2011

FV/jp
Certified Mail No.: 7009 3410 0000 1454 5270

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. 2267

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: David A. Ensign, Managing Member

Company Name: Wendover Nugget Hotel and Casino

Address: 101 Wendover Boulevard, West Wendover, NV 89883

Permit Number: AP7011-1384 **FIN:** A0575

Site of Alleged Violation: 101 Wendover Blvd. West Wendover, NV

Date of Observation: June 15, 2010 **Arrival:** 8:00 AM **Departure:** 10:00 AM

Ambient Temperature: 65 °F **Clear:** X **Cloudy:** **Rain:** **Snow:**

Wind Speed: mph **Wind Direction:**

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:

- d) Commencing construction or modification of a stationary source without applying for and receiving an operating permit or a modification of an operating permit as required by NAC 445B.001 to 445B.3497, inclusive, or a mercury operating permit to construct as required by NAC 445B.3611 to 445B.3689, inclusive;

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

Operating an un-permitted boiler unit.

Evidence:

Stateline Nugget Hotel & Casino operates four hot water boiler units and two cooling towers under Class II Air Quality Operating Permit AP7011-1384 issued by the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP) on May 12, 2004. The facility is located in Wendover Nevada, 50 feet west of the Nevada/Utah border.

On June 15, 2010 an inspection was conducted at the Stateline Nugget Hotel and Casino (SLN). While conducting a physical inspection of the boiler units, it was discovered that a decommissioned 4.25 MMBtu Spencer boiler unit (Boiler #3) had been refurbished and operating. Boiler #3 is listed in the Class II Non-Permit Equipment List of SLN Air Quality Operating Permit. The permit states that this unit is not functioning and being used for parts. According to SLN personnel Boiler #3 went back online in February of 2010.

Failure to apply and receive a modified air quality operating permit prior to operating boiler #3, constitutes a major violation under NAC 445B.281 Violations: Classification; administrative fines. NOAV 2267, in conjunction with NOAV's 2264, 2265, 2266 and 2310 are the first violations issued to the SLN in the past five years.

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2267

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: Apply for receive a valid air quality operating permit prior to all modifications of the SLN.

_____ 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

Phone: 775-687-9343 Date: March 24, 2011

FV/jp
Certified Mail No.: 7009 3410 0000 1454 5270

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. 2310

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER

NOTICE OF ALLEGED AIR QUALITY VIOLATION

Person(s) to Whom Served: David A. Ensign, Managing Member

Company Name: Wendover Nugget Hotel and Casino

Address: 101 Wendover Boulevard, West Wendover, NV 89883

Permit Number: AP7011-1384 **FIN:** A0575

Site of Alleged Violation: 101 Wendover Blvd. West Wendover, NV

Date of Observation: June 15, 2010 **Arrival:** 8:00 AM **Departure:** 10:00 AM

Ambient Temperature: 65 °F **Clear:** X **Cloudy:** **Rain:** **Snow:**

Wind Speed: mph **Wind Direction:**

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:

- (e) Failure to comply with any requirement for recordkeeping, monitoring, reporting or compliance certification contained in an operating permit

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

Failure to comply with Compliance Order 2010-16 issued on October 8, 2010.

Evidence:

Stateline Nugget Hotel & Casino operates four hot water boiler units and two cooling towers under Class II Air Quality Operating Permit AP7011-1384 issued by the Nevada Division of Environmental Protection, Bureau of Air Pollution Control (NDEP) on May 12, 2004. The facility is located in Wendover Nevada, 50 feet west of the Nevada/Utah border.

On September 21, 2010, the NDEP held an enforcement conference with the SLN's Chief Engineer and responsible official, Even Grimsdell. The enforcement conference was held to discuss the four alleged violations at the SLN. During the conference it was explained to the SLN's Chief Engineer what operating parameters were required by Class II Air Quality Operating Permit AP7011-1384 to be monitored and the frequency in which they needed to be recorded. Mr. Grimsdell explained that he was aware of what parameters needed to be monitored. In an effort to assist the SLN to come back into compliance with their air quality operating permit, during the enforcement conference it was agreed that an order would be issued by the NDEP requiring the SLN to install, calibrate and operate fuel consumption meters on the boilers, water flow meters on the cooling towers and hour of operation meters for all the equipment. The NDEP discussed with the SLN responsible official what an adequate timeframe would be to have the meters installed, calibrated, and operational. Mr. Grimsdell explained that November 20, 2010 would be more than sufficient time to have the meters installed, calibrated, and operational.

NOTICE OF ALLEGED AIR QUALITY VIOLATION AND ORDER NO. 2310

Evidence (continued):

Order No. 2010-06 was issued on October 8, 2010 and required the SLN to have the fuel consumption meters on the boilers, water flow meters on the cooling towers and hour of operation meters for all the equipment installed, calibrated and operational by November 20, 2010.

Fuel consumption meters were installed sometime in late December 2010.

The NDEP met with the SLN again on March 9, 2011. Attending this meeting was Mauricio Cuellar, general manager of the SLN, in addition to Mr. Grimsdell. The NDEP asked the SLN what had occurred since the September meeting and why the November 20, 2010 deadline for the meter to be installed, calibrated, and operational had not been met. Mr. Cuellar explained that he was not aware of the order and that Mr. Grimsdell was obviously incapable of handling compliance with NDEP requirements. Mr. Cuellar assured the NDEP that the meters would be installed, calibrated, and operational by no later than April 15, 2011. Mr. Cuellar also explained that Mr. Grimsdell would no longer be the responsible official and that Mr. David A. Ensign, Managing Member of the SLN, would become the responsible official.

To date the NDEP is unaware of any other meters being installed and calibrated at the SLN.

Failure to comply with compliance order 2010-16 constitutes a major violation under NAC 445B.281 Violations: Classification; administrative fines. NOAV 2310, in conjunction with NOAV's 2264, 2265, 2266 and 2267 are the first violations issued to the SLN in the past five years.

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: Have installed, calibrated, and operating all required monitors as required by Compliance Order No. 2010-16 no later than April 15, 2011.

_____ **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

Phone: 775-687-9343 Date: March 24, 2011

FV/jp
Certified Mail No.: 7009 3410 0000 1454 5270

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.

FORM # 3
FORM FOR REQUESTING AN APPEAL HEARING
BEFORE THE NEVADA STATE ENVIRONMENTAL COMMISSION

1. Name, address, telephone number, and signature of applicant:
Name: _____
Address: _____
Telephone: _____
Signature: _____
Representative Capacity (if applicable): _____
2. Specify type of applicant: Individual, Partnership, Corporation, or Other: _____
3. Other person or persons authorized to receive service of notice: _____
4. Complete description of the business or activity and the location of the activity involved in the request: _____

5. Nature of the appeal and grounds thereof: _____

6. Section or sections of the State Air Quality Regulations, Water Pollution Control Regulations, Hazardous Waste Regulations, Solid Waste Management Regulations, or NRS section involved in the appeal: _____

7. Approximate time in hours and minutes necessary for delivery of oral testimony and reading of prepared statements as admissible evidence to be entered in the record: _____

Date of Request _____

Send Form To: John Walker, State Environmental Commission, 901 South Stewart Street, Suite 4001
Carson City, Nevada 89701-5249 (Fax 775-687-5856)