Montana Department of
ENVIRONMENTAL QUALITY

Brian Schweitzer, Governor

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March 12, 2009

Interested Party List

RE: Final Checklist EA for RX Exploration, Inc. for Exploration License No. 00674 for the Drumlummon Mine

Dear Reader:

RX Exploration, Inc., (RX) operating under DEQ Exploration License No. 00674, has conducted exploration of the Drumlummon mine since February 2008. The mine is flooded to the 400 level. There is a need to access lower levels of the mine, down to the 800 level, to continue exploration drilling from the lower levels. RX has submitted a revision to their operating plan under the exploration license, proposing to dispose of groundwater pumped from the Drumlummon No.1 shaft by infiltration to groundwater through a 2,000 foot long perforated pipe bedded in gravel and buried to depth of approximately 24 inches, located along an abandoned Northern Pacific Railroad roadbed.

The initial pumping rate would be 40 gpm. Following a trial period, pumping would be increased to 100 gpm, and then by 100 gpm increments from 100 to a maximum 400 gpm. Percolation tests have indicated a maximum rate of 500 gpm would be possible, but the lower rate provides a margin of safety. RX has estimated that pumping at a rate of 400 gpm for six months would dewater the mine workings to the 800 level. Pumping could then be reduced to a rate of 100 to 150 gpm to maintain this water level for the duration of the exploration project.

Water pumped from the No. 1 shaft would be treated as needed to remove arsenic in a treatment plant located underground.

RX has established surface water monitoring points along Silver Creek, both above the mine and below the proposed infiltration line. These are being sampled quarterly for many constituents, including arsenic, and would be monitored monthly during infiltration. Water leaving the treatment plant would be monitored weekly for arsenic during infiltration.

Reclamation Plan: The ground disturbed by construction of the infiltration line would be seeded upon completion with an aggressive grass seed mix designed to compete with the spotted knapweed that infests the area. Spotted knapweed would be aggressively controlled during the life of the operation. Upon closure of the operation, the pipe would be removed and the disturbed ground seeded again. DEQ currently holds sufficient bond under Exploration License 00674 to ensure that this reclamation work would be completed. The DEQ issued a Draft Checklist Environmental Analysis (CEA) on January 9, 2009 evaluating the potential impacts from the proposed plan and asked for comments.

A number of comments have been received (see attachment). Following review of the comments, I have decided to approve the proposed plan under Exploration License 00674 with the following stipulations:

Stipulations:

1. RX must submit a groundwater level monitoring plan to DEQ for approval prior to the initiation of mine dewatering. The plan must include water level monitoring of selected domestic wells within and near the town of Marysville, and additional appropriate observation wells located between the Drumlummon Mine and Silver Creek. Mine water levels and dewatering rates must be reported to DEQ. The water quality monitoring program outlined in Section 25 of the EA (Approval with Modification) must be incorporated into the monitoring plan to be submitted by RX.

2. RX may not commence dewatering until the water treatment plant has been demonstrated to be capable of treating the Drumlummon Mine water to the criteria specified in the EA. For purposes of compliance with this stipulation, adequate demonstration will consist of submittal of the results from at least 5 daily samples of effluent collected while operating the treatment system at 40 gallons per minute. The samples must document the treatment system's ability to consistently achieve effluent limits.

3. Only the discharge of water pumped from the Drumlummon Mine workings is authorized by this amendment. No other wastes may be discharged to the infiltration system.

4. RX must provide DEQ with a base map identifying the distribution of existing mine workings which will be dewatered, plus the locations of domestic wells, monitoring wells, and surface water features within one mile of the Drumlummon Mine workings.

5. RX must provide DEQ with annual updates on the status of mine rehabilitation and the development of new headings. This information should be presented by updating the base map required via Stipulation 4. The quantity of ore shipped from the site must also be reported.

6. RX must test spent media from the water treatment system prior to disposal. On-site disposal will only be allowed if the material passes TCLP testing. If the spent media are to be disposed in the mine, they must be placed in a dry area on or above the 400 foot Level and covered to exclude moisture.

In addition, an error was discovered in the draft EA concerning the effluent limits for copper and zinc in which human health standards were listed instead of federal effluent limits. The values listed in the table under section 25 of the draft EA for copper and zinc should be changed from 1.3 mg/l for copper to 0.15 mg/l, and for zinc from 2.0 mg/l to 0.75 mg/l.

RX has stated its willingness to voluntarily place an additional amount of bond, yet to be determined, with DEQ for replacement or augmentation of water supplies, should that prove necessary.

DEQ's responses to public comments on the Draft CEA are attached.

Information on the exploration license can be obtained by writing or calling the Montana Department of Environmental Quality, c/o Bob Cronholm, P.O. Box 200901, Helena, MT 59620, telephone (406) 444-4330; e-mail address rcronholm@mt.gov.

Legal actions seeking review of this decision must be filed within 90 days of the decision pursuant to Section 82-4-349(1), MCA. An action alleging failure to comply with the Montana Environmental Policy Act must be brought within 60 days of the action that is the subject of the challenge which, in this case, is the date of this decision document pursuant to Section 75-1-201(6)(a)(ii), MCA. An applicant for revision to an exploration license may request an administrative hearing on a denial of the application within 30 days of written notice of the denial pursuant to Section 82-4-353(2), MCA.

Warren D. McCullough

Warren D. McCullough, Chief
Environmental Management Bureau

3/12/09
Date

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