

11-4503

WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
LAND QUALITY DIVISION -- INSPECTION REPORT

MINE: ORO Management (ORO), LLC, License to Explore 238LE

DATE OF INSPECTION: September 19, 2011

PARTICIPANTS: James Healey – RC Mineral & Rock, LLC
Mark Moxley – Lander WDEQ/LQD Supervisor
Melissa L. Bautz – Lander WDEQ/LQD Geologist

DATE OF REPORT: September 28, 2011

PREPARED BY: Melissa L. Bautz – Lander WDEQ/LQD Geologist

FILED

NOV 17 2011

Jim Ruby, Executive Secretary
Environmental Quality Council

Annual Report/Renewal

The 2011 inspection of License to Explore 238LE was conducted on September 19, 2011. The License was approved on July 20, 1999 for gold exploration along Rock Creek in South Pass of Fremont County, Wyoming. The last annual report/renewal request filed by ORO Management for 238LE was received at the Lander WDEQ/LQD office on July 20, 2010. That report indicated that a total of 3.3 acres are affected at the site and that ORO planned to test the Rock Creek placer marked as “#3” on the map provided. The report also indicated that ORO washed material derived from the Meadow Lark claim to the north, which belongs to Mr. Carl Anderson. The July 2010 renewal request has not been processed due to the lack of communication and response (failure to provide a commitment and follow-through on cleaning up the site) on the part of ORO. Thus, **238LE has not been renewed since the fall of 2009.**

Site History/Background

Prior to the October 2009 Inspection the 238LE site had no problems noted.

October 23, 2009: The 2009 annual site inspection indicated that the processing site at 238LE had changed dramatically from the (then-previous) August 2006 inspection. Specifically, the 2009 Inspection Report indicated that the processing area had changed from strictly a processing area with a few pieces of heavy equipment and gold processing equipment to an unpermitted Solid Waste Disposal Facility (SWDF) on both sides of Rock Creek. Scrap materials of all sorts were documented as covering an area of several acres.

March 15, 2010: Letter of Violation (LOV) issued by WDEQ/LQD LOV for problems noted in 2009 Inspection. LOV stated that ORO Management was operating a Solid Waste Disposal Facility (SWDF) at the 238LE property and the LOV mandated that ORO submit a clean-up schedule no later than March 31, 2010.

March 29, 2010: In response to the LOV, Mr. Zane Pasma's lawyer, Richard Mathey, informed the Lander WDEQ/LQD office via letter that Mr. Pasma would arrive on-site in six weeks (i.e. approximately May 6, 2010) to begin clean-up and complete it that summer (of 2010). No written schedule was ever submitted. Mr. Pasma is the responsible party/agent for ORO Management.

April 26, 2010: Mr. Ron Bixler (who was, at the time, surface owner of half of the Rock Creek property covered by 238LE) contacted WDEQ/LQD's Lander office via telephone and informed Steve Platt (WDEQ/LQD) that 1) he gives LQD verbal approval to inspect the 238LE property and 2) he wished to be contacted regarding the specifics of any reclamation work required at the site. It is currently understood by LQD personnel, based on meetings in 2011 with Mr. James Healey, that Mr. Bixler and Mr. Healey are in a partnership that is in the process of purchasing the 238LE property and surrounding properties. That partnership is called RC Mineral & Rock, LLC.

June 23, 2010: The 2010 Annual Inspection. Revealed no equipment or scrap materials had been removed from the site. The Inspection is summarized in an inspection report dated July 6, 2010

August of 2010: Mr. Carl Anderson (who has worked with Mr. Pasma at the 238LE site in the past and has functioned as Mr. Pasma's local contact) sent some pictures of the oil-storage area of the 238LE site where a lined bermed area had been established for hydrocarbon storage. This was the only clean-up work conducted at the site, apparently in response to the March 15, 2010 LOV.

February 16, 2011: An attorney named Jon Aimone contacted WDEQ/LQD personnel (Melissa Bautz) stating that he wanted to learn more about the 238LE property on behalf of his client who is interested in purchasing the property. That conversation ended with Mr. Aimone indicating he would get back in contact with LQD around August 1, 2011 in order to arrange a site inspection. In hindsight, it is likely that Mr. Aimone's client was RC Mineral & Rock, LLC.

June 1, 2011: Melissa Bautz (WDEQ/LQD) contacted Mr. Carl Anderson (local contact for 238LE) who indicated that the hydrocarbon storage area had been cleaned up (as indicated by the pictures he sent in August of 2010) and that Mr. Pasma plans on getting rid of the junk on the site this summer.

June - September 2011: On three separate occasions during the summer of 2011, Mr. James Healey stopped by the WDEQ/LQD Lander office to ask about the 238LE site. He met with

either Melissa Bautz or Mark Moxley. He indicated that he and his partner, Mr. Ron Bixler, were in the process of purchasing the property as well as surrounding properties. Mr. Healey accompanied LQD personnel on the September 19, 2011 Inspection, which was documented in the Inspection Report dated September 27, 2011.

Inspection

This site is now characterized by an immeasurably huge accumulation of solid waste in the form of abandoned vehicles, scrap metal, mining equipment, and other junk. The photo addendum depicts the area whose footprint was not measured but is estimated to exceed five (5) acres.

The mineral processing area, which is totally dwarfed by the solid waste strewn about the site, occupies a meager 0.2 acres at the most. It is in the form of three settling ponds and a trommel/screen/wash plant arrangement. The attached photo addendum depicts the processing area, which is not viewed as problematic.

Lastly, it was noted during this Inspection that it appears there are five temporary dwellings on site. They are noted on the attached site map.

Bond Evaluation

The currently posted bond in the amount of \$10,000 is not considered adequate to cover the reclamation liability and solid waste clean-up at the 238LE site. The reason for the inadequacy of the bond is because of the excessive solid waste that has been accumulated at the site. At this point, WDEQ/LQD personnel are unable to calculate a bond estimate because of the time required to inventory/map all of the waste stored at the site. However, **it is estimated that a minimum of \$30,000 would be necessary to clean up the site as it sits today.**

Summary/Conclusion

As revealed in the attached Photo Addendum, the 238LE site is completely overrun with scrap and solid waste storage. The LQD interprets this activity as ORO Management, LLC operating a Solid Waste Disposal Facility (SWDF). The operation of a SWDF without authorization is a violation of **W.S. §35-11-502(a) (i).**

The storage of scrap materials at the site has also caused damage to topsoil where the waste/junk is stored on native lands. Failure to remove (strip) topsoil prior to stockpiling materials (solid waste included) is a violation of **Non Coal Rules and Regulations Chapter 5, Section 2 (b).**

Storage of scrap materials at the site is also contrary to the approved plan for 238LE which states that topsoil will be stripped prior to disturbing the ground. Failure to follow the approved plan is a violation of **W.S. §35-11-415 (b)(ii)**.

As mentioned at the beginning of this memorandum, ORO Management has not submitted an Annual Report for 2011. Failure to submit an annual report with the required information is a violation of **Non Coal Rules and Regulations Chapter 5, Section 4 (c)**. Also mentioned previously in this report is ORO Management's failure to adequately respond to WDEQ/LQD's Letter of Violation (LOV) dated March 15, 2010.

In light of the above listed violations, a Notice of Violation will be sent under separate cover.

w/Photo Addendum (Pages 5 – 14 of this memo) and Site Map

*****End of Memorandum*****

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE



Photo Number 1: This depicts an area east of the processing area where scrap aluminum is stored. This view is looking toward the southeast.



Photo Number 2: This is another view of the aluminum scrap area. This view is looking to the northwest.

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE cont'd...



Photo Number 3: This depicts the easternmost processing/settling pond.



Photos Numbered 4a and 4b: The photo on the left depicts a cabin that has been placed to the west of the processing area. The photo on the right depicts an outhouse that is located north of the cabin, also west of the processing area. It is believed that this cabin is occupied by Roger, the site watchman. LQD understand that the placement of these structures has not been authorized by Mr. Bixler, partial owner of this property.

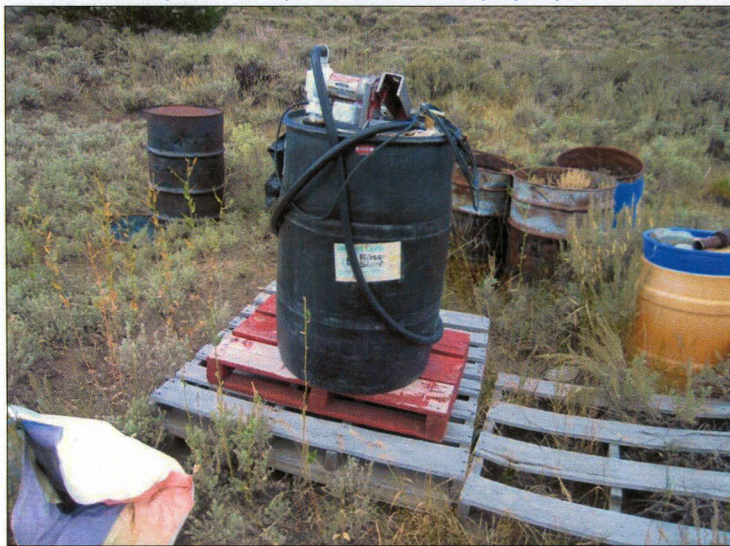


Photo Number 5: This depicts a plastic drum whose contents are unknown. The drum was noted, during this inspection, as having some type of liquid stored in it.

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE cont'd...



Photo Number 6: This depicts one of the hydrocarbon storage areas at the site. The upper portion at this location is the lined/bermed area mentioned in the text.



Photo Number 7: This is a view of the eastern portion of the site. It is a panoramic looking from east-northeast to the south. The aluminum scrap pile depicted in Photo Number 1 is noted by the red oval. The vantage point of this panoramic view is from the center of the site. The processing area/ponds are to the right of this viewpoint.

Photo Addendum to accompany 2011 Annual Report for ORO Management’s 238LE cont’d...



Photo Number 8: This depicts the stockpile and processing area. The “first pond” (easternmost settling pond) can be seen in the top right of this photo. The view is looking to the southwest, from the same vantage point as Photo Number 7.



Photo Number 9: This is a view of the entire site looking east from its west end. The vantage point is from the old dredge pile west of the site. The outhouse depicted in Photo Number 4b can be seen on the far left side of this picture. The blue line denotes the path of Rock Creek (beneath the vegetation). Thus, it can be seen that there is solid waste stored south and north of Rock Creek. And the outhouse is adjacent to Rock Creek.

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE cont'd...



Photo Number 10: This depicts a plastic container with approximately six inches of fluid in it. Its placard has the number 1805 on it which is the corrosive, Phosphoric Acid.



Photo Number 11: This depicts some other scrap materials stored on the site.

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE cont'd...



Photo Number 12: This depicts a five-gallon bucket with some kind of hydrocarbon in it. There is no lid on this bucket.



Photo Number 13: This depicts the hydrocarbon storage area that was bermed and lined in August 2010 and documented via pictures sent to LQD by Carl Anderson. There is a break in the liner, a close up of which is depicted in Photo Number 14.

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE cont'd...



Photo Number 14: This is a close up of the liner depicted in Photo Number 13.



Photo Number 15: This depicts two of several petroleum-contaminated soil stains (red ovals) noted at the site. There is also the noxious weed, Henbane in this picture.

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE cont'd...



Photo Number 16: This depicts some of the abandoned vehicles parked north of Rock Creek at the 238LE site. In front of the blue and white truck in the foreground of this picture is a spot of PCS, a close-up of which is provided in Photo Number 17.



Photo Number 17: This depicts a close-up of the PCS in front of the blue and white truck depicted in Photo Number 16.

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE cont'd...



Photo Number 18: This depicts more of the solid waste stored north of Rock Creek at the 238LE site.



Photo Number 19: This is a view looking east from the road leading to the site. It depicts the solid waste stored north of Rock Creek.

Photo Addendum to accompany 2011 Annual Report for ORO Management's 238LE cont'd...

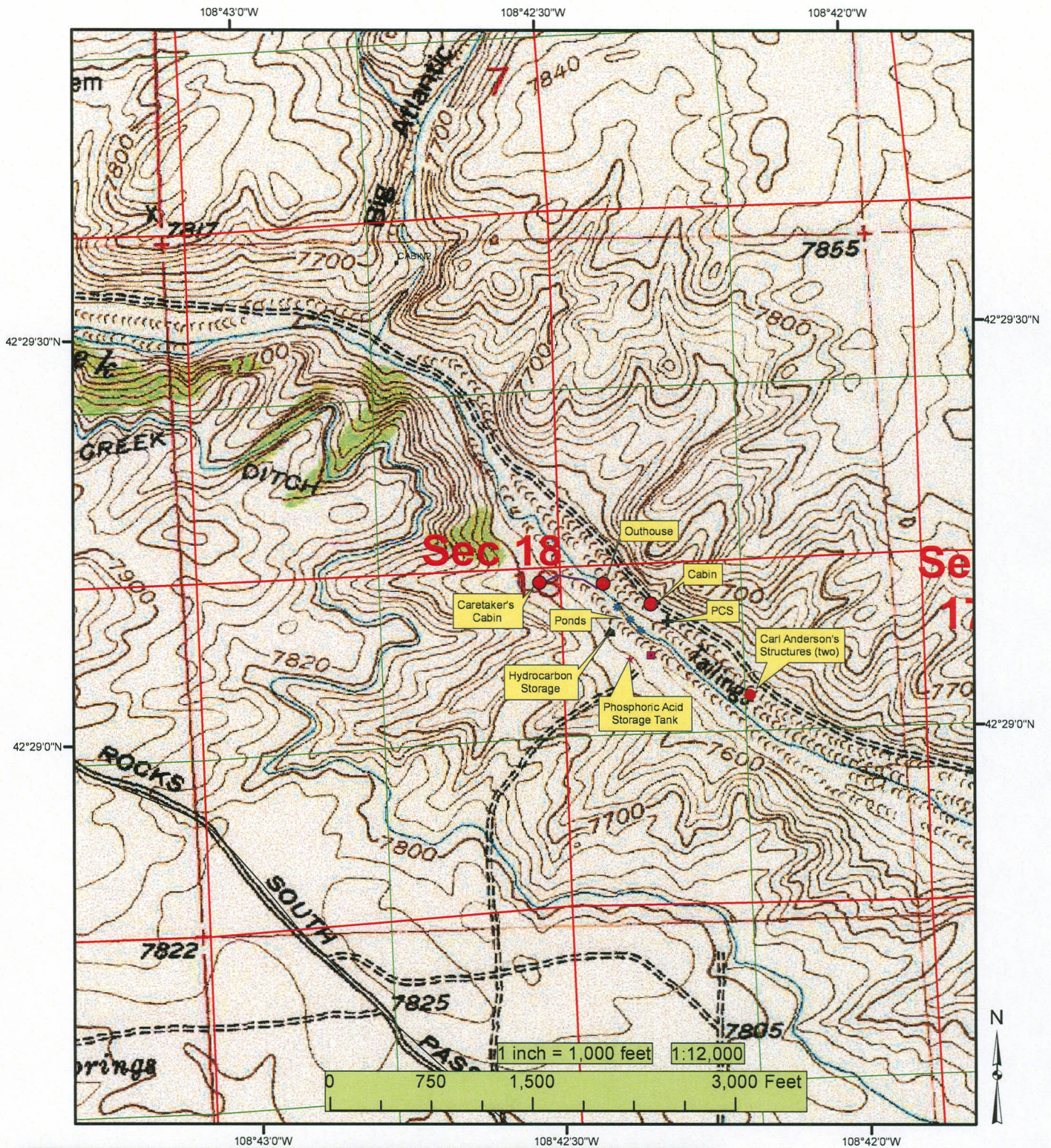


Photo Number 20: This depicts another items stored on site.



Photo Number 21: This depicts the site's entrance sign.

Map to accompany the 2011 Annual Inspection of
 ORO Management's 238LE - License to Explore on Rock Creek
 Section 18, T.29N, R.99W, 6th P.M.



Legend	
● Structures (Cabins, outhouse)	★ ACID
▲ Hydrocarbon Storage	⊕ Petroleum Contaminated Soil
■ Aluminum_scrap	⊛ Ponds

Map created by WDEQ/LQD District 2
 on 9-28-2011
 Based on mapping done on
 9-19-2011 using Garmin GPSmap60
 handheld GPS - NAD 1927 Zone 12N