

EXHIBIT E



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Secretary for
Environmental
Protection

California Regional Water Quality Control Board Central Valley Region

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Arnold
Schwarzenegger
Governor

22 March 2010

Richard Sykora
P.O. Box 622
Forest Hill, CA 95631

FILE COPY



TRANSMITTAL OF INSPECTION REPORT FOR RED INK MAID AND BIG SEAM MINING CLAIMS, PLACER COUNTY

On 10 March 2010, at the request of the US Department of Agriculture (USFS) and the California Department of Conservation Office of Mine Reclamation (OMR), Central Valley Water Board staff participated in a joint inspection of your Red Ink Maid and Big Seam Mining Claims in Placer County. The purpose of the inspection was to inspect waste dumps #1 through #4 for compliance with the approved reclamation plan and to inspect waste dump #5 because of stability concerns raised by both the USFS and staff in 2009

Enclosed is a copy of our inspection report of the Red Ink Maid and Big Seam Mining Claims.

If you have any questions, please call me at (916) 464-4639.

JEFF HUGGINS
Water Resource Control Engineer
Title 27 Permitting and Mining Unit

Enclosure: Inspection Report

cc: (electronic copies to)

Chris Fischer, District Ranger, US Forest Service, American River Ranger District
Foresthill
Rick Weaver, Hydrologist, US Forest Service, Tahoe National Forest
Mike Luksic, Department of Conservation, Office of Mine Reclamation, Sacramento
Ted Rel, Placer County Community Resource Agency, Auburn

CENTRAL VALLEY REGIONAL WATER QUALITY CONTROL BOARD

INSPECTION REPORT

17 March 2010

DISCHARGER: Richard Sykora, Red Ink Maid and Big Seam Mining Claims

LOCATION & COUNTY: 6 miles east of Foresthill on Mosquito Ridge Road, Placer County,

CONTACT(S): Richard Sykora

INSPECTION DATE: 10 March 2010

INSPECTED BY: Jeff Huggins, Water Resources Control Engineer

ACCOMPANIED BY: US Department of Agriculture-Tahoe National Forest, Rick Weaver, State of California-Department of Conservation Office of Mine Reclamation, Bret Koehler, Michael Luksic, and Fred Gius, Placer County Community Resource Agency, Ted Rel

OBSERVATIONS AND COMMENTS:

On 10 March 2010, at the request of the US Department of Agriculture (USFS) and the California Department of Conservation Office of Mine Reclamation (OMR), Central Valley Water Board staff participated in a joint inspection of Richard Sykora's Red Ink Maid and Big Seam Mining Claims in Placer County. The purpose of the inspection was to inspect waste dumps #1 through #4 for compliance with the approved reclamation plan and to inspect waste dump #5 because of stability concerns raised by both the USFS and staff in 2009.

Previous concerns regarding the placement method and stability of waste dump #5 had been discussed with Mr. Sykora in 2009 by both the USFS and Central Valley Water Board staff. For more information, please refer to the USFS letter dated 23 April 2009 and Central Valley Water Board staff letters of 15 July 2009 and 18 August 2009.

SUMMARY:

Staff met with Mr. Weaver of the USFS at the Foresthill Ranger District and drove to the mine site. Staff and Mr. Weaver identified ourselves to Mr. Sykora while awaiting the arrival of the OMR representatives and Mr. Rel of Placer County. Once the OMR representatives and Mr. Rel arrived and completed their introductions, the entire group walked down the access road to the primary mine portal level (photos 1-3). The portal area was for the most part, neat and workmanlike. The air compressor was running at the time of our inspection and Mr. Sykora indicated that his crew was currently working underground.

Representatives of the agencies divided into several smaller groups and inspected waste dumps #1 through #4 (photos 4-9). Upon inspection, it was clear that waste dumps #1 through #4 had not been fully reclaimed by 30 October 2009 as is required by Order No. R5-2007-0181 (Discharge Specification B.6.). No apparent reclamation measures such as hydroseeding or hydromulching that establish self-sustaining plant cover to control erosion,

At various times, different individuals posed both operational and chronological questions to Mr. Sykora regarding his mining operation. Some of Mr. Sykora's responses were at odds with the written record or only selectively described mitigating measures or partial conditions of his various permits.

Upon finishing the inspection of waste dumps #1 through #4, representatives from OMR, the USFS, and staff proceeded to waste dump #5 (photo 10). Neither Mr. Sykora nor Mr. Rel of Placer County chose to accompany the group during the inspection of waste dump #5.

A significant quantity of mining waste had been discharged to waste dump #5 since our 30 July 2009 site visit (photo 11). It was evident that the mining waste was being discharged by end dumping method alone (photos 12-16) and no effort was being made to construct the waste dump in the manner prescribed in Findings 27 and 28 of Order No. R5-2007-0181

We next inspected the area below the toe of waste dump #5 (photo 17). Only one of the two debris or sediment barriers recommended by the Dischargers consultant (Holdrege & Kull, 12 March 2007) has been constructed. It did not appear that the debris or sediment barrier had been recently maintained or would be effective in reducing any potential debris or sediment discharged or eroded from waste dump #5 (photos 18-22). Approximately, 40 feet below the debris or sediment barrier, the topography becomes much steeper than the 33% slope that forms the base of waste dump #5.

Upon completion of the inspection of waste dump #5, we returned to the portal area and conducted an informal summary of the inspection with Mr. Sykora. Mr. Weaver of the USFS reminded Mr. Sykora that his operating plan had expired in December of 2009. Mr. Weaver noted that numerous deficiencies or departures from the Conditions of Approval had been observed during the inspection and also in previous inspections and that these deficiencies or departures would need to be addressed before a new operating plan could be approved. Mr. Weaver said that he would prepare a written summary of the items and forward it shortly to Mr. Sykora and send copies to the various agency representatives.

Mr. Gius of OMR summarized his observations from the inspection. Mr. Gius noted that he observed weak material and slippage near the toe of waste dumps #2 and #3 and that he had concerns about the placement method for waste dump #5. Mr. Gius indicated that he would be providing a written summary of his observations and findings.

Central Valley Water Board Staff said to Mr. Sykora that the issues identified in our letters of 15 July 2009 and 18 August 2009 were still of concern and needed to be addressed without delay. We ended the inspection at 1400hrs.


Jeff W. McKinnon



Photo 1. Red Ink Main Mine Portal.



Photo 4. Looking west at the berm of waste dump #2.
Middle Fork of the American River visible on left.

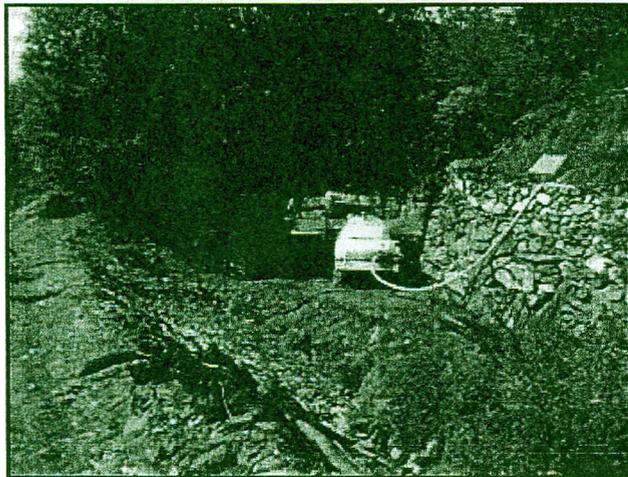


Photo 2. Portal area looking west.



Photo 5. Portal area looking towards waste dump #1.

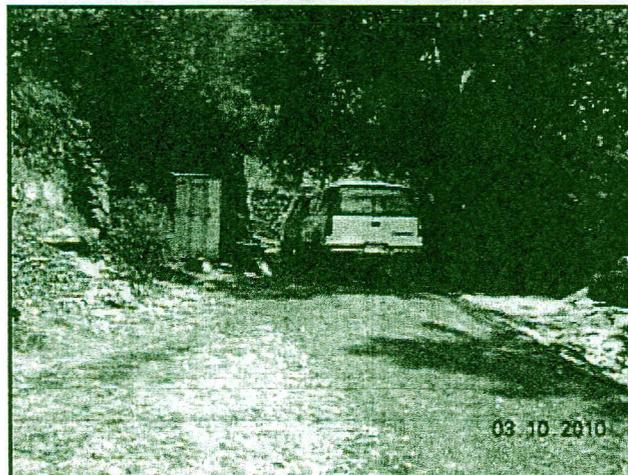


Photo 3. Portal area looking east.



Photo 6. Waste dump #3, looking west.

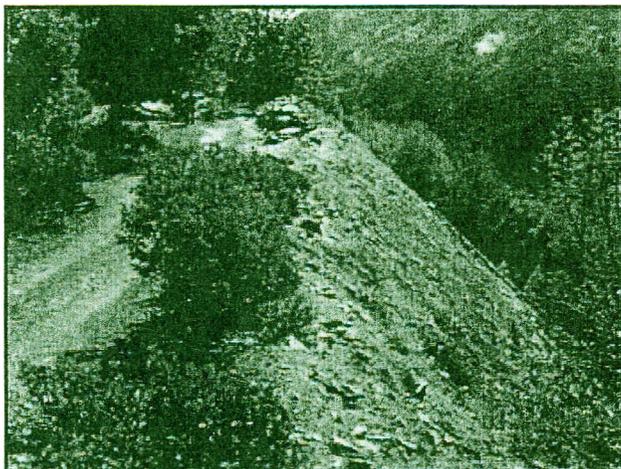


Photo 7. Looking east at waste dump #1.

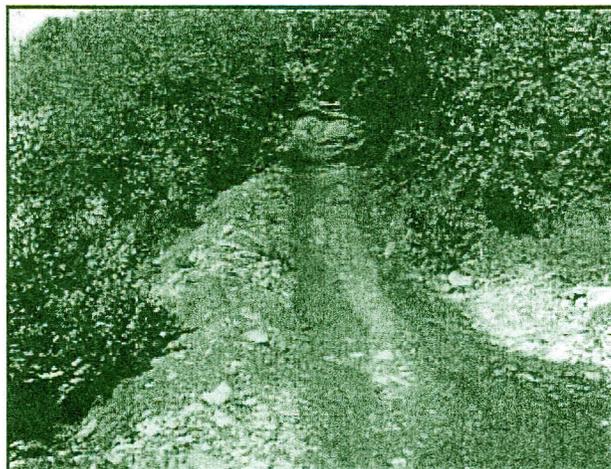


Photo 10. Looking west at the access road to waste dump #5.

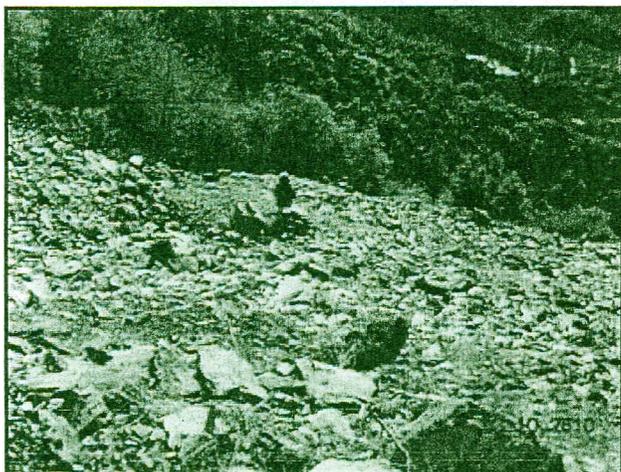


Photo 8. Looking east at waste dump #4.

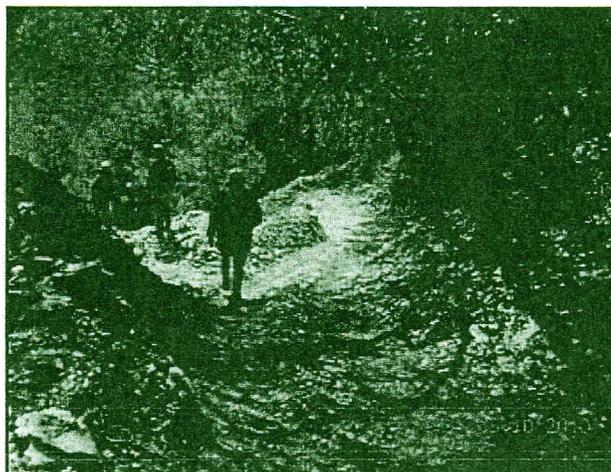


Photo 11. Waste dump #5 looking west.



Photo 9. Looking at slump failure on waste dump #4.



Photo 12. Waste dump #5 showing end dumped mining waste.



Photo 13. Waste dump #5 showing end dumped mining waste.



Photo 16. Showing natural segregation of end dumped materials.



Photo 14. Showing fine grained materials in waste dump #5.

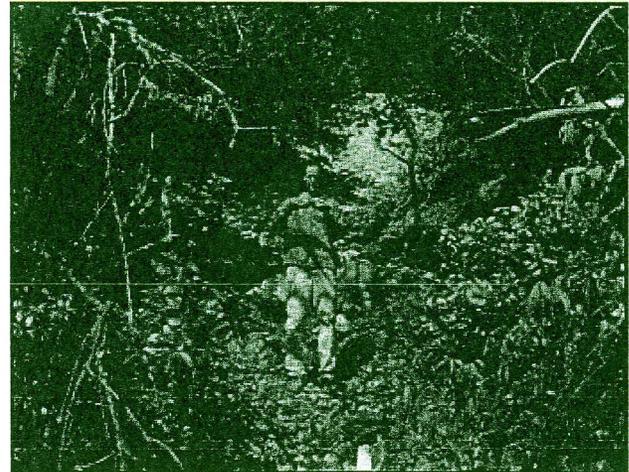


Photo 17. Looking up from the debris barrier to waste dump #5.

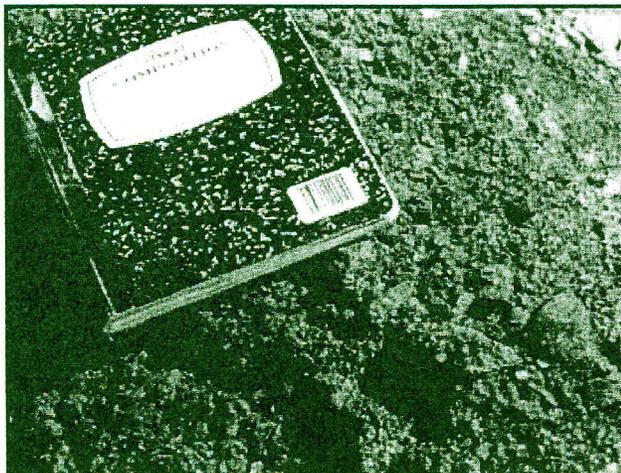


Photo 16. Close up of previous photo.



Photo 18. Near the toe of waste dump #5, looking downgradient at the debris barrier

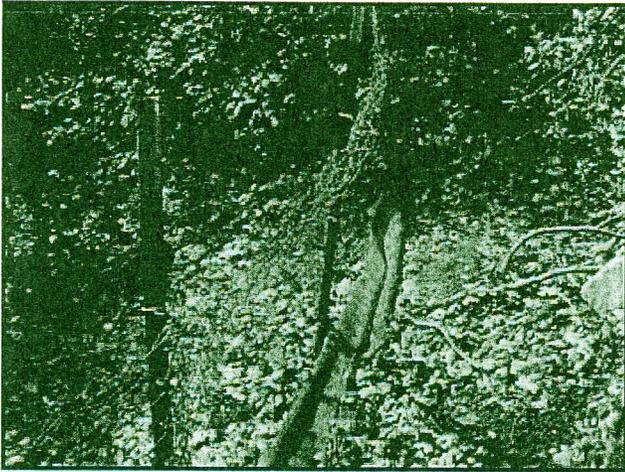


Photo 19. Debris barrier downgradient of the toe of waste dump #5

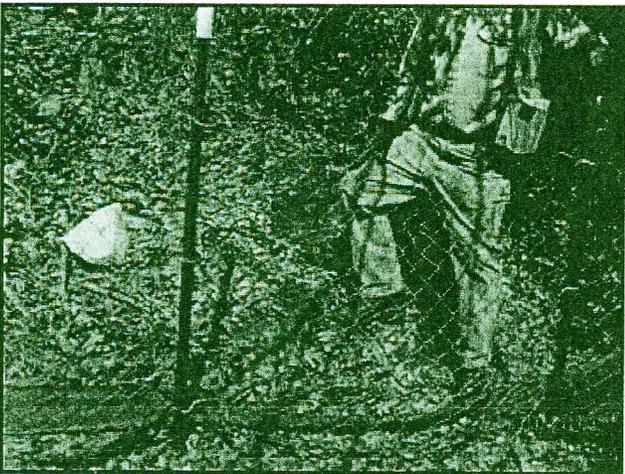


Photo 20. Close-up view of previous photo.

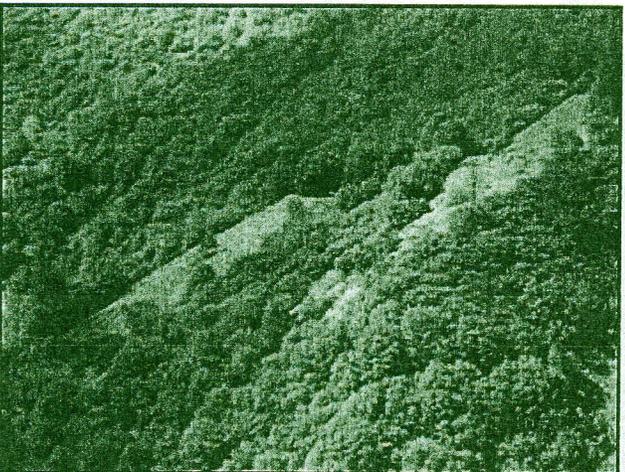


Photo 21. Photo taken from Mosquito Ridge Road overlook 1 mile east of mine site. Photo shows slope failures at the toes of waste dump #2 and #4.