

**U.S. Department Of the Interior
Bureau of Land Management**

**Finding of No Significant Impact
for the
Malheur Queen Placer Project**

Environmental Assessment OR-030-08-006

**Malheur Resource Area
100 Oregon Street
Vale, Oregon 97918
March, 2010**



Finding of No Significant Impact (FONSI)

Background

The FONSI is a document that explains the reasons why an action will not have a significant effect on the human environment and why, therefore, an EIS will not be required (40 CFR 1508.13). This FONSI is a stand-alone document but is attached to the Environmental Assessment (EA) and incorporates the EA by reference. The FONSI does not constitute the authorizing document: the decision record is the authorizing document.

The original Malheur Queen Placer Project environmental assessment was completed and approved in August 2005. The proponent of the project at that time met all regulatory requirements to initiate the project with the exception of being able to provide the required financial guarantee for reclamation as required by 43 CFR 3809.412. Eldorado Resources, L.L.C. (Eldorado) is the claimant of record for the unpatented mining claims in the project area and has a mining agreement with the owner of the patented (private) lands in Quartz Gulch and near Malheur City. Eldorado initiated their own Plan of Operations in August 2007, however, the original proponent maintained that their operation remained viable and would commence once financial backing was obtained. BLM notified the original proponent that the required financial guarantee must be received by July 31, 2008 or their Plan of Operations would be closed to allow progress on the Eldorado plan. BLM was notified on August 1, 2008 that the original proponent was unable to provide the required reclamation financial guarantee. The original case file was considered closed as of August 4, 2008.

This revised EA (OR-030-08-006) analyzes the environmental impacts of Eldorado's planned mining operation. The Eldorado mining plan is essentially the same mining plan as originally submitted in 2005. Eldorado has selected an alternative mining option that incorporates smaller, exploratory mining areas during the first three years of operation. This alternative to the original plan does not affect the analysis completed in the EA because the ultimate project goal and surface disturbance remains the same.

The Malheur Queen Placer Project (Project) is located 0.5 miles southwest of Malheur City on the south slope of the divide between Willow Creek and Burnt River. The Project area is approximately 1.2 miles northwest of Malheur Reservoir, 5.5 miles south of the Burnt River and 47 road miles northwest of Vale in the Shasta Mining District in Malheur County, Oregon. The project area is situated within T. 13 S., R. 41 E., Section 29, 30, 31, and 32, Willamette Meridian (33). The district has been mined periodically for gold since the late 1800's when gold was discovered along Shasta Gulch on the western edge of the project area. The Proposed Action is in close proximity to the historic Mormon Basin mining area and the mining camp of Eldorado. Placer mining, and isolated hard rock mining, has occurred on both public and private land throughout the area of the Cumulative Effects Study Area (EA, Section C, p.66).

The proposed project is detailed in a Plan of Operations (POO) submitted on February 7, 2005 with the revision submitted in August 2007 with the final version submitted in March 2008. The Project area includes 94 acres of patented land owned by James A. Hurst under lease to Eldorado. A 40-acre parcel of patented land located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 31 is also included in the

Project boundary. This parcel is not under lease to Eldorado. The remaining 791 acres are unpatented mining claims held by Eldorado on public lands administered by the Bureau of Land Management, Vale District (BLM). Existing disturbance within the proposed Project area are primarily remnants of historic placer mining including approximately 206 acres associated with the placer mining and tailings in Quartz Gulch, Iron Gulch, Greenhorn Gulch, and Shasta Gulch.

The proposed action is to use conventional placer mining techniques to excavate gold-bearing gravel- and sand-sized alluvial material over a period of 7 to 9 years from five gulches in the vicinity of Malheur City, Malheur County, Oregon. The alluvial material would be excavated, sized, washed and the free-gold particulate would be removed prior to the un-mineralized gravels being deposited back into the area of excavation.

As mining progresses along the gulches, so would reclamation of the disturbance. Concurrent reclamation would be required to limit mining disturbance to a maximum of 50 acres at any one time. As mining blocks are completed, reclamation of previous mining areas including contouring and re-vegetation with native species would be completed.

The Malheur Queen Placer Project area has not been determined to possess wilderness characteristics. The contiguous BLM land parcel is 1,191 acres of which approximately 206 acres have been disturbed by historic mining activity. BLM has evaluated this area and has determined long-term impacts are unlikely to occur because of the pre-existing mining disturbance and the proposed concurrent reclamation plan.

Significance

“Significance” as used in NEPA requires considerations of both context and intensity (40 CFR 1508.27).

Context

For context, significance varies with the setting of the proposed action. For instance, for a site-specific action, significance would usually depend upon the effects in the locale rather than in the world as a whole. For this proposed action, the effects are confined to Cumulative Effects Study Area (CESA) including the Malheur Queen Placer project area boundary within the Quartz Gulch, Iron Gulch, Greenhorn Gulch, and Shasta Gulch in northern Malheur County near Malheur City, Oregon. These effects are described and analyzed in the EA.

Intensity

Intensity refers to the severity of effect. The proposed action would adhere to best management practices, operating stipulations, and mitigation actions that would prevent undue and unnecessary degradation of public land.

Controversy

Controversy in this context means disagreement about the nature of the effects, not expressions of opposition to the proposed action or preference among the alternatives. There will always be some disagreement about the nature of the effects for land management actions, and the decision-maker must exercise some judgment in evaluating the degree to which the effects are likely to be



highly controversial. Substantial dispute within the scientific community about the effects of the proposed action would indicate that the effects are likely to be highly controversial.

FINDING OF NO SIGNIFICANT IMPACT

Under the Proposed Action, there would be temporary changes to topography; land use; plants, wildlife, and associated habitat; air quality; esthetics and hydrology during mining. Short-term or temporary socioeconomic impacts are anticipated as well. Impacts to public lands are predicted to be initially adverse and diminish to low over the life of the mine period (7 to 9 years) and the final bond release period (approximately 12 years). Additionally, some permanent or long-term changes would occur including alteration of the geologic strata, increased infiltration rates through the backfilled placer material, and growth stages of the post-mining vegetative cover.

The gulches have experienced historic mining disturbance involving approximately 206 acres. Eldorado proposes to mine approximately 192 acres of the historic mining disturbance area in an effort to retrieve placer gold mobilized or not retrieved by historic mining methods.

The appropriate implementation of the proposed operating stipulations, mitigation measures, and reclamation plan, would prevent or minimize any long-term adverse effects that may occur from the permanent changes. A maximum of 50 acres would remain disturbed by mining operations or reclamation activities at any one time. The uneven, sometimes jagged, topography and cobble piles remaining from the historic mining activity would be contoured more evenly to fit with natural topography. The abrupt, steep historic placer ridges and trenches would be contoured to more natural slopes represented in the undisturbed gulches in the vicinity. Wildlife habitat would be temporarily eliminated within the areas disturbed by placer operations (approximately 192 acres), resulting in displacement of the more mobile species and some direct mortality of slow-moving terrestrial species. However, concurrent site reclamation, including establishment of native grasses, forbs, and shrubs could result in enhanced wildlife habitat, providing opportunity for any displaced species to re-inhabit the area.

One area located in Quartz Gulch within T. 13 S., R. 41 E., Section 30 SW¼ has received increased evaluation because of the resource values present. Those resource values consist of sagebrush, cottonwood trees, one ponderosa pine tree, and a man-made pond serving as potential riparian habitat for aquatic species. The riparian values extend 1,100 feet along the gulch with widths ranging from 15 to 120 feet and an average width of approximately 25 feet for an approximate total of two acres. Of those two acres, approximately 0.5 acres is on public land with the remaining 1.5 acres on private land including the potential habitat area. The trees and pond area are on private land. In 1997, the Vale Fisheries Biologist identified an adult Columbia spotted frog and an egg mass in the pond area on private land. Subsequent surveys in 2005, 2007, and 2009 have not identified the presence of the species in the area.

I find that the project's affected region is localized and the effects of implementation are relevant to compliance with Federal and Oregon State law. There would be no adverse societal or regional impacts and no significant adverse impacts to the environment. I have evaluated the environmental effects, together with the proposed mitigating measures, against the tests of

significance found at 40 CFR 1508.27. Although not a condition of my determination, implementation of all operating stipulations and mitigation measures identified in Section C5 of the EA would be critical to successful surface management of the proposed action.

Any land management action involving ground disturbance invariably, and by definition, entails environmental effects. I have determined, based upon the analysis of environmental impacts contained in the referenced EA (OR-030-08-006), that the potential impacts resulting from the proposed action would not be significant and that, therefore, preparation of an environmental impact statement is not required.

I have determined that if the decision were made to implement the proposed action:

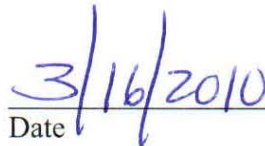
1. The proposed action would cause no significant impacts, either beneficial or adverse; all impacts would be insignificant; and the proposed activity would not have an adverse effect on water quality. The reason for this determination is because the planned mining disturbance of 192 total acres is within an area of at least 200 acres that has been previously disturbed by mining activity. Water used for the mining operation will be clarified and returned to the alluvial aquifer.
2. The proposed action would have no adverse effect on public health or safety because of the remote location, low public recreation use, and the safeguards proposed in the Plan of Operations.
3. The proposed action would not affect unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, or ecologically critical areas because none have been identified in this area.
4. The proposed action would have no highly controversial effects. Public comment provided input to the decision process allowing the Malheur Resource Area staff to further evaluate the analysis on Quartz Gulch and associated riparian habitat. The BLM operating stipulations and mitigation measures required for this project eliminate mining in the center of the riparian area and provide protection for the water resources. Additionally, mining scenarios similar to this operation were analyzed in the SEORMPFEIS, 2001, Appendix P, page 353.
5. The proposed action would have no uncertain effects and would not involve unique or unknown risks because the Malheur Queen Placer project is considered to be a small- to moderate-sized placer gold mining operation. The size and disturbance created by placer mining operations can range from locally concentrated hand panning operations to extensive dragline and hydraulic extraction methods. The proposed action is confined to the previously mined gulches using established methods of excavator extraction to feed the mobile washing plant.
6. The proposed action is not related to any immediate action being considered by BLM within the Cumulative Effects Study Area defined (CESA) in the EA (pg.67).
7. The proposed action would have no adverse effect to any property listed on or potentially eligible for listing on the National Register of Historic Places because none are present in this area.

8. The proposed action would not significantly adversely affect an endangered or threatened species or any habitat critical to an endangered or threatened species because the one identified species has not been present in the area for a period of 13 years. Additionally, the implementation and use of the stipulations, mitigation measures, and BMPs would minimize or preclude adverse impacts to the habitat on private and public land.
9. The proposed action does not violate any law or requirement imposed for the protection of the environment as the BLM regulations under 43 CFR 3809 require that all required Federal, State, and Local regulations and permits are in full effect before commencement of operations.
10. The proposed action would not significantly affect air quality because no chemicals will be used in the gold extraction process and dust control measures will be used during mining operations (EA OR-030-08-006, page 37).
11. The proposed action would not significantly adversely affect permitted livestock grazing. The project area contains an isolated 1,192-acre parcel of public land designated as a "C" (custodial) allotment surrounded by private ranch land. Mining operations will not immediately impact the total planned disturbance acreage allowing livestock and wildlife to adjust and graze in adjacent areas.
12. The proposed action would not adversely affect wild horses or wildlife because adequate sources of forage and water will remain available. No wild horses or burros have been identified in this area.

The proposed action is consistent with the Southern Malheur Management Framework Plan (1983), the Southeastern Oregon Resource Management Plan/Final Environmental Impact Statement (2001) and Oregon State law.



Pat Ryan
Field Manager
Malheur Resource Area



Date