ANACONDA MINE SITE - MAIN MESSAGES Q&A

1. Agricultural and Water Safety

Are the agricultural products from Mason Valley safe?

Crops and livestock raised in the Yerington area should be considered safe for consumption. The U.S. EPA (EPA) has no evidence that groundwater contamination from the mine has affected any agricultural products in the Yerington area. It should not be assumed that crops and livestock raised in the vicinity are affected just by virtue of their proximity to the site. EPA has considered many lines of evidence to determine that Mason Valley agricultural products are safe for consumption.

EPA believes there are no current impacts to agricultural irrigation wells. This conclusion is based on an extensive investigation of the mine's impact to the groundwater resource, including the monitoring of 354 wells.

Is the water safe?

The City of Yerington water supply comes from wells on the other side of the Walker River and is not affected by contamination from the Site. The City of Yerington tests its water quality regularly and posts results in a consumer confidence report on its website (http://www.yerington.net/index.aspx?NID=931) demonstrating that its water meets all federal and state drinking water standards.

Since 2005, domestic well owners north of the Site have been provided bottled water if uranium concentrations in their well water exceed 25 µg/l (the drinking water standard for uranium is 30 µg/l). Uranium occurs naturally in the area and there was no attempt at that time to distinguish between naturally occurring uranium and uranium from the Site for purposes of providing bottled water. As a result of a settlement of a class action lawsuit in 2015, brought by area residents against Atlantic Richfield Company, the City of Yerington water system is being extended to the area north of the mine and well owners that choose to participate will be connected to the municipal system at no charge. Long-term remedies for groundwater contamination from the Site will be evaluated.

With regard to surface water, there is no impact or threat to the Walker River, although the Wabuska Drain which originates at the Site is being investigated as a potential historical pathway for site contaminants. Access to the pit lake is controlled, but the quality of the water is fairly good, largely reflecting mineralized groundwater conditions, with elevated levels of copper and selenium, but a neutral (non-acidic and non-alkaline) pH.

2. Urgency

What is the reasoning for moving so quickly to add the Anaconda mine Site to the Superfund National Priorities List (NPL) now?

The immediate threat is that acidic liquids continually drain out of the mine heaps, and if left uncontained, those fluids could be released and result in additional contamination to the Mason Valley Groundwater Basin. EPA and Nevada conservatively estimate that the current

Arimetco fluid ponds will reach capacity in 2019. To prevent releases of pond fluids to soil and groundwater, major construction to close the heaps must begin by summer 2019. EPA's objective for moving now to add the Site to the NPL is to provide adequate time to complete the required formal remedy selection process and construct the selected "remedial action" to prevent this failure. EPA believes that the Site must be added to the NPL no later than spring 2017 (barring any other funding source) to ensure that the funding will be in place to achieve this goal. Federal funds cannot be made available for construction without a site being on the NPL. Delaying construction beyond 2019 risks the failure of existing containment systems.

3. EPA Listing

How does the NPL listing process work?

Based on federal law, EPA has established a process to evaluate releases of hazardous substances from a site and, if appropriate, add it to the "Superfund" National Priorities List (NPL). In its simplest form the process involves collecting information and environmental data and evaluating that data using the Hazard Ranking System (HRS). The HRS is a numerically based screening tool that scores the relative threat to human health and the environment posed by contamination. A site's score can range between 0 and 100 and sites with a score of 28.5 or greater are eligible for proposal to the NPL.

EPA generally requests support for NPL listing from the State or Tribe with jurisdiction prior to proposal. Then the site is proposed for the NPL through a Notice of Rulemaking where all relevant documentation, including the HRS report, is published in the Federal Register. This is followed by a 60-day public comment period. EPA then evaluates and responds to all comments and makes a final determination whether to list the site on the NPL.

EPA plans to propose the Site for listing in 2016 and after receiving and responding to public comment, make a formal determination on adding the Site to the NPL in spring of 2017. This should allow adequate time to secure federal funding needed to begin site work no later than 2019.

4. Benefits of NPL

What are the benefits of being on the NPL?

Listing the Anaconda site on the NPL makes it eligible for federal funding for cleanup. Because NPL listing provides access to federal funding, EPA is able to minimize delays in cleanup that may be due to Potentially Responsible Party (PRP) negotiations or other mitigating factors. The process provides closure and certainty to PRPs, community members and property owners.

5. NPL stigma

Won't proposing a site for the NPL stigmatize the area?

In EPA's experience, adding a site to the NPL demonstrates that the site is being managed and is not uncontrolled. As EPA anticipates the Anaconda Site will be competitive in obtaining federal funding, NPL listing manages the problem and can help to address any stigma by demonstrating control of the contamination in a public process.

6. NPL effect on property values?

What will proposing a site for the NPL do to property values?

EPA has not observed a consistent correlation between NPL listing and property values. Many factors are important in determining property values. At some sites, property continues to sell and be developed. At others, property values take a temporary dip until the cleanup is completed. In our experience, the presence of contamination on a property, whether listed on the NPL or not, may affect the value of the property.

Superfund listing ensures the clean - up process will proceed. Once the cleanup is completed, EPA has found that property values improve. EPA has learned that there are things it can do to mitigate the impacts on property. Sometimes uncertainty about the status of a property is a concern to lenders.

EPA can help property owners clarify the status of their property by sharing information with lenders and realtors. EPA informs property owners when their property is free of contamination and also assists with prospective purchaser agreements, which spell out the clean - up responsibilities of present owners and prospective purchasers.

7. Future Funding

If the Anaconda mine Site is added to the NPL, do we expect to receive a dedicated funding source to begin clean-up immediately?

The Anaconda Mine Site would be eligible to compete for federal funding shortly after we are able to list the site on the NPL. Given the gravity of the situation for the Arimetco fluids, we believe that the Agency would consider the Site a high priority for funding.

At most sites, final addition to the NPL begins the process of more intensive site evaluation and selection of cleanup remedies, followed by design and construction of those remedies. This process can take several years. When a site is on the NPL, its cleanup remedies are eligible for federal funding. Factors that affect how soon EPA funds a project include other competing needs, available funds and site-specific conditions. It is typically several years after a site is placed on the NPL before funds for remediation activities (i.e., long- term cleanup—as opposed to investigation, study and design) are needed for a given project.

At Anaconda, and in particular the Arimetco Operable Unit (OU) 8, NDEP and EPA have already completed several steps in the remedy selection process and are ready to propose a remedial action. The latter work was affirmed by an independent engineering study completed by

Nevada in the spring of 2015.

While there can be no guarantee for future funding of government programs, in FY2015, EPA funded/started 33 of 36 eligible, new government-performed remedial construction projects. In other words, only 3 of 36 construction ready projects went unfunded in 2015.

8. How is the state involved financially with Superfund cleanup and longer term Operation and Maintenance?

State partnership is critical to the cleanup of Superfund sites. EPA requests state support to list sites on the NPL and coordinates with them to conduct early site assessments. At sites or individual site areas such as the Arimetco portion of Anaconda Site that do not have viable PRPs willing and able to conduct or finance the work, EPA will use congressionally appropriated resources to characterize the contamination, select and design the remedy and conduct a Superfund Trust Fund-financed remedial action. When EPA uses congressionally appropriated resources to conduct a remedial action, the CERCLA law requires the state to assure to pay generally 10% of the cost of the remedial action (i.e., cost share) as well as provide for all of the post-remedy construction operation and maintenance at the site. If EPA conducts the cleanup, the state will generally pay cost share directly to EPA. A state may also lead the remedial action work pursuant to a cooperative agreement with EPA, in which EPA will pay for 90% of the cost of the cleanup. In some cases EPA may have settlement funds from a PRP that it uses to conduct a remedial action, which will reduce the cost of the fund-financed remedy for which the state owes cost share. A state may also obtain funds from a PRP which, depending on the terms of the settlement, the state may use to pay its cost share to EPA or use to conduct all or a portion of the remedial action through a cooperative agreement with EPA.

9. Re-mining

<u>Is re-mining a possible solution to the environmental problems caused by the mine?</u>

While it is possible that re-mining could address many of the problems on the original mine property, at this time there is no certainty that re-mining will occur in the foreseeable future or in a manner that would mitigate existing conditions at the Site and address the Fluid Management System problem in a timely manner. Recognizing that re-mining presented a potentially viable alternative to managing the Site under the Superfund program, EPA and NDEP have explored re-mining options for the Site since at least 2009, when mine exploration company Singatse Peak Services(SPS) acquired the Site through the Arimetco bankruptcy. Since 2009, SPS has conducted mine exploration work in coordination with necessary review and approvals from NDEP and in consultation with EPA. In June 2014, SPS announced an interest in acquisition by Freeport Nevada, a subsidiary of the global mining company Freeport McMoRan, which may conduct additional mining at the Site. Freeport Nevada informed EPA and NDEP that it will first perform three phases of diligence and that they would not be ready to discuss their potential involvement in addressing environmental issues at the site until 2017 at the earliest.

Past experience in Nevada indicates that if Freeport Nevada proceeded with mining at the Site it would not occur for approximately ten more years due to feasibility planning, land use changes, and permitting requirements.

10. Groundwater Resource

What is EPA hoping to achieve?

EPA's goal is to help protect the groundwater resource in the area of the mine site from possible impacts from the Site.

Why is groundwater so important?

Water supplies in the Western United States are scarce, including in the Mason Valley.

Has the Site contaminated groundwater offsite?

Data collected from a network of 354 monitoring wells confirms contamination does extend offsite. The groundwater beneath the Site and extending to the north and west of the Site already contains levels of arsenic and uranium above state and federal drinking water standards.

How far has groundwater contamination traveled offsite?

Areas of mine impacted groundwater have been detected by the monitoring well network a mile or more beyond the northern property boundary of the Site, with the highest concentrations found along the northern boundary of the site.

What contaminants related to the Site have been detected in groundwater?

The primary contaminants are uranium, arsenic, and sulfate.

How is groundwater used locally?

Groundwater near the mine site is being used to supply domestic wells, agriculture, and Tribal uses.

Are domestic wells currently being impacted by the Site?

Data collected from domestic wells indicates a number of these wells have been impacted by the Site. However, measures are in place to address this impact. Bottled water was provided initially. This is being followed by extension of city water lines to the local community, a project which began in 2015 and is expected to be completed in 2016.

If city water is being extended to the community then isn't that the end of the problem?

While ARC has provided bottled water in the past and is presently extending city water as a replacement supply for contaminated domestic wells, not all well owners have signed up. City water was part of a private settlement between ARC and certain well owners. While EPA appreciates that city water addresses current exposures to contaminated groundwater, a

permanent solution is still needed to protect future uses of domestic and Tribal water supply and agriculture.

Is agricultural use of groundwater currently being impacted by the mine site?

Based on data collected from a network of 354 monitoring wells EPA believes there are no current impacts to agriculture.

How will EPA help ensure the safety of groundwater used for agriculture?

In the near term, quarterly monitoring of the network of 354 monitoring wells will provide advance notice of any possible threats to agricultural wells, which will enable steps to be taken before wells become contaminated. In the long term, EPA is beginning the process of evaluating methods of controlling and/or cleaning up areas of groundwater contamination caused by the mine site.

Are Tribal uses of groundwater currently being impacted by the mine site?

Based on data collected from a network of 354 monitoring wells, EPA believes mine impacted groundwater has yet to reach Tribal lands, although the potential does exist. At a minimum, mine impacted groundwater has traveled more than halfway from the Site property toward Tribal lands. The Yerington Paiute Tribe has installed a treatment system on their Tribal well capable of addressing elevated levels of arsenic and uranium.

How will EPA help ensure the safety of Tribal uses of groundwater?

The Federal government maintains a trust responsibility to ensure the integrity of Tribal resources. In the near term, quarterly monitoring of the network of 354 monitoring wells will provide advance notice of any possible threats to Tribal uses, which will enable steps to be taken to protect those uses. In the long term, EPA is beginning the process of evaluating methods of controlling and/or cleaning up areas of groundwater contamination caused by the mine site.

Will the groundwater itself need to be cleaned up?

Mine related contamination has impacted groundwater offsite. Groundwater in the area has beneficial uses for domestic and Tribal water supply and agriculture. It is EPA's policy under Superfund to restore contaminated groundwater to its beneficial uses. EPA analyzes site-specific information to determine the likelihood that ground water can be restored to these levels using available technologies (i.e. to determine the aquifer's "restoration potential.") EPA can also use early or interim actions to control further contaminant migration and evaluate feasibility and effectiveness of anticipated longer term remedies. Where the contaminated groundwater is not currently used and an alternate water source is available, it is appropriate to consider longer time frames to achieve restoration. At other sites with large areas of off-site contamination or complex conditions, the actual process to restore contaminated groundwater has proven to take long periods of time. At these longer term sites EPA can also establish interim cleanup goals.

If groundwater cleanup is necessary who will pay for it?

Atlantic Richfield Company, as corporate successor to Anaconda, bears the responsibility for implementing groundwater remedies for mine related contamination.

Where is the groundwater contamination coming from and how will those sources be turned off?

EPA has been requiring Atlantic Richfield Company to investigate the former Anaconda evaporation ponds as the most likely ongoing source of groundwater contamination. Field work and data collection are ongoing and should be completed by 2017-8. Following this investigation, an appropriate range of cleanup methods will be evaluated.