



US Army Corps
of Engineers
Alaska District

Public Notice of Application for Permit

ANCHORAGE
Regulatory Division (1145)
CEPOA-RD
Post Office Box 6898
Elmendorf AFB, Alaska 99506-0898

PUBLIC NOTICE DATE: August 4 2008
EXPIRATION DATE: 19 August 2008
REFERENCE NUMBER: POA-1998-1160-M2
WATERWAY: Norton Sound

Interested parties are hereby notified that a Department of the Army permit application has been received for work in waters of the United States as described below and shown on the enclosed project drawings.

Comments on the described work, with the reference number, should reach this office no later than the expiration date of this Public Notice to become part of the record and be considered in the decision. Please contact Leah Durocher at (907) 753-2829, toll free from within Alaska at (800) 478-2712, by fax at (907) 753-5567, or by email at leah.t.durocher@usace.army.mil if further information is desired concerning this notice.

APPLICANT: Rayson LLC; 8355 N. Stoney Mtn Way; Flagstaff, AZ 86001

LOCATION: The project site is located within Sections 19 and 26-35, T. 11 S., R. 35 W., Sections 31 and 35, T. 11 S., R. 34 W., Sections 2-6 and 8-11, T. 12 S., R. 34 W., and Sections 3-5 and 9-10, T. 12 S., R. 33 W., Kateel River Meridian; USGS Quad Maps Nome (B-1, C-1, C-2); Latitude 64.5089° N., Longitude -165.6249° W.; in Nome, Alaska.

PURPOSE: The applicant's stated purpose is to extract gold from the ocean floor via suction dredging.

PROPOSED WORK: The proposed suction dredge operation involves two 12-inch nozzles (with 10-inch restrictor rings) on a submersible dredge to process approximately 19,000 cubic yards of material annually from 4 acres of navigable waters of the U.S. Also used will be a standard floating dredge with a 10-inch nozzle. All work would be performed in accordance with the enclosed plan (sheets 1-7), dated May 2008.

ADDITIONAL INFORMATION: The proposed suction dredge operation is not authorized under GP 2007-372, Suction Dredge Activities in the State of Alaska; therefore, this project requires an Individual Permit.

MITIGATION: The applicant proposes the following mitigation measures to avoid and minimize for impacts to waters of the United States from activities involving discharges of dredged material: Tailings will be released 6' above sea floor to reduce turbidity and for a more even replacement of tailings on sea floor.

WATER QUALITY CERTIFICATION: A permit for the described work will not be issued until a certification or waiver of certification, as required under Section 401 of the Clean Water Act (Public Law 95-217), has been received from the Alaska Department of Environmental Conservation.

COASTAL ZONE MANAGEMENT ACT CERTIFICATION: Section 307(c)(3) of the Coastal Zone, Management Act of 1972, as amended by 16 U.S.C. 1456(c)(3), requires the applicant to certify the described activity affecting land or water uses in the Coastal Zone complies with the Alaska Coastal Management Program. A permit will not be issued until the Division of Coastal and Ocean Management, Department of Natural Resources has concurred with the applicant's certification.

CULTURAL RESOURCES: The latest published version of the Alaska Heritage Resources Survey (AHRS) has been consulted for the presence or absence of historic properties, including those listed in or eligible for inclusion in the National Register of Historic Places. There are no listed or eligible properties in the vicinity of the worksite. Consultation of the AHRS constitutes the extent of cultural resource investigations by the District Commander at this time, and he is otherwise unaware of the presence of such resources. This application is being coordinated with the State Historic Preservation Office (SHPO). Any comments SHPO may have concerning presently unknown archeological or historic data that may be lost or destroyed by work under the requested permit will be considered in our final assessment of the described work.

ENDANGERED SPECIES: The project area is within the known or historic range of the spectacled and Steller's eiders. Preliminarily, the described activity is not likely to affect threatened or endangered species, or their critical habitat designated as endangered or threatened, under the Endangered Species Act of 1973 (87 Stat. 844). This application is being coordinated with the U.S. Fish and Wildlife Service and the National Marine Fisheries Service. Any comments they may have concerning endangered or threatened wildlife or plants or their critical habitat will be considered in our final assessment of the described work.

ESSENTIAL FISH HABITAT: The Magnuson-Stevens Fishery Conservation and Management Act, as amended by the Sustainable Fisheries Act of 1996, requires all Federal agencies to consult with the NMFS on all actions, or proposed actions, permitted, funded, or undertaken by the agency, that may adversely affect Essential Fish Habitat (EFH).

Preliminarily, the described activity may affect EFH in the project area. During the review for the previous modification, NMFS submitted a comment letter, dated October 26, 2000, expressing EFH concerns for "known concentrations of RKC and general distributions of Alaska plaice, yellowfin sole, chum, coho, king, pink, and sockeye salmon." This Public Notice initiates a new EFH consultation with the NMFS. If the Corps does not receive any new response from the NMFS, we will assume the existing EFH conditions are still applicable. Any comments or recommendations they may have concerning EFH will be considered in our final assessment of the described work.

TRIBAL CONSULTATION: The Alaska District fully supports tribal self-governance and government-to-government relations between Federally recognized Tribes and the Federal government. Tribes with protected rights or resources that could be significantly affected by a proposed Federal action (e.g., a permit decision) have

the right to consult with the Alaska District on a government-to-government basis. Views of each Tribe regarding protected rights and resources will be accorded due consideration in this process. This Public Notice serves as notification to the Tribes within the area potentially affected by the proposed work and invites their participation in the Federal decision-making process regarding the protected Tribal right or resource. Consultation may be initiated by the affected Tribe upon written request to the District Commander during the public comment period.

PUBLIC HEARING: Any person may request, in writing, within the comment period specified in this notice, that a public hearing be held to consider this application. Requests for public hearings shall state, with particularity, reasons for holding a public hearing.

EVALUATION: The decision whether to issue a permit will be based on an evaluation of the probable impacts including cumulative impacts of the proposed activity and its intended use on the public interest. Evaluation of the probable impacts, which the proposed activity may have on the public interest, requires a careful weighing of all the factors that become relevant in each particular case. The benefits, which reasonably may be expected to accrue from the proposal, must be balanced against its reasonably foreseeable detriments. The outcome of the general balancing process would determine whether to authorize a proposal, and if so, the conditions under which it will be allowed to occur. The decision should reflect the national concern for both protection and utilization of important resources. All factors, which may be relevant to the proposal, must be considered including the cumulative effects thereof. Among those are conservation, economics, aesthetics, general environmental concerns, wetlands, cultural values, fish and wildlife values, flood hazards, floodplain values, land use, navigation, shore erosion and accretion, recreation, water supply and conservation, water quality, energy needs, safety, food and fiber production, mineral needs, considerations of property ownership, and, in general, the needs and welfare of the people. For activities involving 404 discharges, a permit will be denied if the discharge that would be authorized by such permit would not comply with the Environmental Protection Agency's 404(b)(1) guidelines. Subject to the preceding sentence and any other applicable guidelines or criteria (see Sections 320.2 and 320.3), a permit will be granted unless the District Commander determines that it would be contrary to the public interest.

The Corps of Engineers is soliciting comments from the public; Federal, State, and local agencies and officials; Indian Tribes; and other interested parties in order to consider and evaluate the impacts of this proposed activity. Any comments received will be considered by the Corps of Engineers to determine whether to issue, modify, condition or deny a permit for this proposal. To make this decision, comments are used to assess impacts on endangered species, historic properties, water quality, general environmental effects, and the other public interest factors listed above. Comments are used in the preparation of an Environmental Assessment and/or an Environmental Impact Statement pursuant to the National Environmental Policy Act. Comments are also used to determine the need for a public hearing and to determine the overall public interest of the proposed activity.

AUTHORITY: This permit will be issued or denied under the following authorities:

- (X) Perform work in or affecting navigable waters of the United States - Section 10 Rivers and Harbors Act 1899 (33 U.S.C. 403).

(X) Discharge dredged or fill material into waters of the United States - Section 404 Clean Water Act (33 U.S.C. 1344). Therefore, our public interest review will consider the guidelines set forth under Section 404(b) of the Clean Water Act (40 CFR 230).

Project drawings, Notice of Application for Certification of Consistency with the Alaska Coastal Management Program, and Notice of Application for State Water Quality Certification are enclosed with this Public Notice.

District Commander
U.S. Army, Corps of Engineers

Enclosures

STATE OF ALASKA
ANNUAL PLACER MINING APPLICATION (APMA)
SUCTION DREDGE OPERATION
2008-2012

Legal Description of Mineral Properties To Be Worked:

Kateel River Meridian

Township 11S, 35W, Sections 19, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35

Township 11S, 34W, Sections 31, 35

Township 12S, 34W, Sections 2, 3, 4, 5, 6, 8, 9, 10, 11

Township 12S, 33W, Sections 3, 4, 5, 9, 10

Mineral Properties On Which Suction Dredge Activity Will Occur:

ADL #	Track #
✓ 598743	1
✓ 598744	2
✓ 598745	3
✓ 598746	4
✓ 598748	6
✓ 598751	9
✓ 598752	10
✓ 598753	11
✓ 598754	12
✓ 598755	13
✓ 598759	17
✓ 598763	21
✓ 598764	22
✓ 598765	23
✓ 598766	24
✓ 598767	25
✓ 598768	26
✓ 598769	28

(Attachment)

MINING METHOD (19)

Indicate Size of Dredge(s) Used in Operation:

Suction Dredge # 1: Nozzle Size: (2) 10 Inches – Engine HP: 400

Suction Dredge # 2: Nozzle Size: 1 10 Inches – Engine HP: _____ ~19,000

ESTIMATED: Sluice Days This Season: 125 Cubic Yards of Material To Be Processed: Daily: 900 Annually: 112,500
 (variable with weather) (variable with ground conditions)

STRUCTURES/FACILITIES (20)

(Placement and use of any surface structure must be requested in writing and approved in advance)
 (Include location, claim name and number, on sketch sheet and topographic map)

Camp facilities not required

Request use of existing facilities (Indicate number of each):
 Frame _____ Log Structure _____ Trailer _____ Tent/Tent Frame _____

Request authorization to construct or place (Indicate number of each):
 Frame _____ Log Structure _____ Trailer _____ Tent/Tent Frame _____

FUEL (21)

Volume Stored: 0 Gallons Indicate Distance Stored From Flowing Waters: _____ Feet

Type of Storage Container: Tanks Larger Than 660 Gallons Tanks Less Than 660 Gallons Fuel Bladder 55 Gallon Drums

Other (Specify): _____

Are Fuel Containment Berms Around Storage Containers?: Yes No Is Berm Area Lined? Yes No

**Notice of Intent for the ENVIRONMENTAL PROTECTION AGENCY (EPA)
 NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES) GENERAL PERMIT (GP)** (22)

Do you want this APMA to act as an application (NOI) for the EPA NPDES General Permit? Yes No

Indicated name of waterbody into which the discharge flows: Norton Sound

Signature of Permittee: Jay Gustafson (manager) Rayson LLC

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Stream By-Pass Or Diversion? Not required Existing To Be Constructed (23)

Is Stream By-Pass? Permanent Temporary

(Indicate on mine plan diagram): Length: _____ Width: _____ Depth: _____

Average stream bed material size: Bedrock Boulder Cobble Gravel Sand Silt/Clay

WATER USE AUTHORIZATIONS (24)

Water usage (including water used in a 100% recycle system) may require authorization by either a Temporary Water Use Permit or a Water Rights Permit or Certificate. Information provided in the Make-Up Water Supply and Recycle/Settling Pond System sections of this application will be used to determine the quantity of water that you can be authorized to use for your mining operation.

Do you currently have a Water Rights Permit or Certificate? Yes No If yes, please Indicate ADL/LAS Number: _____

(If no, please contact a Division of Mining, Land & Water, Water Resource Section, to determine what type of water uses authorization you will require for your project, in Fairbanks @ (907) 451-2790)

Quantity of water required for dredge operation NA 30,000 gpd.

Description of Operation

- Operator will be prospecting and mining on all leases under the permit
- All reclamation to be performed immediately and continuously while mining
- Access via the port of Nome and operator's private property
- Refueling of the dredge via fuel truck
- Sanitary and solid waste to be transported to City of Nome collection locations

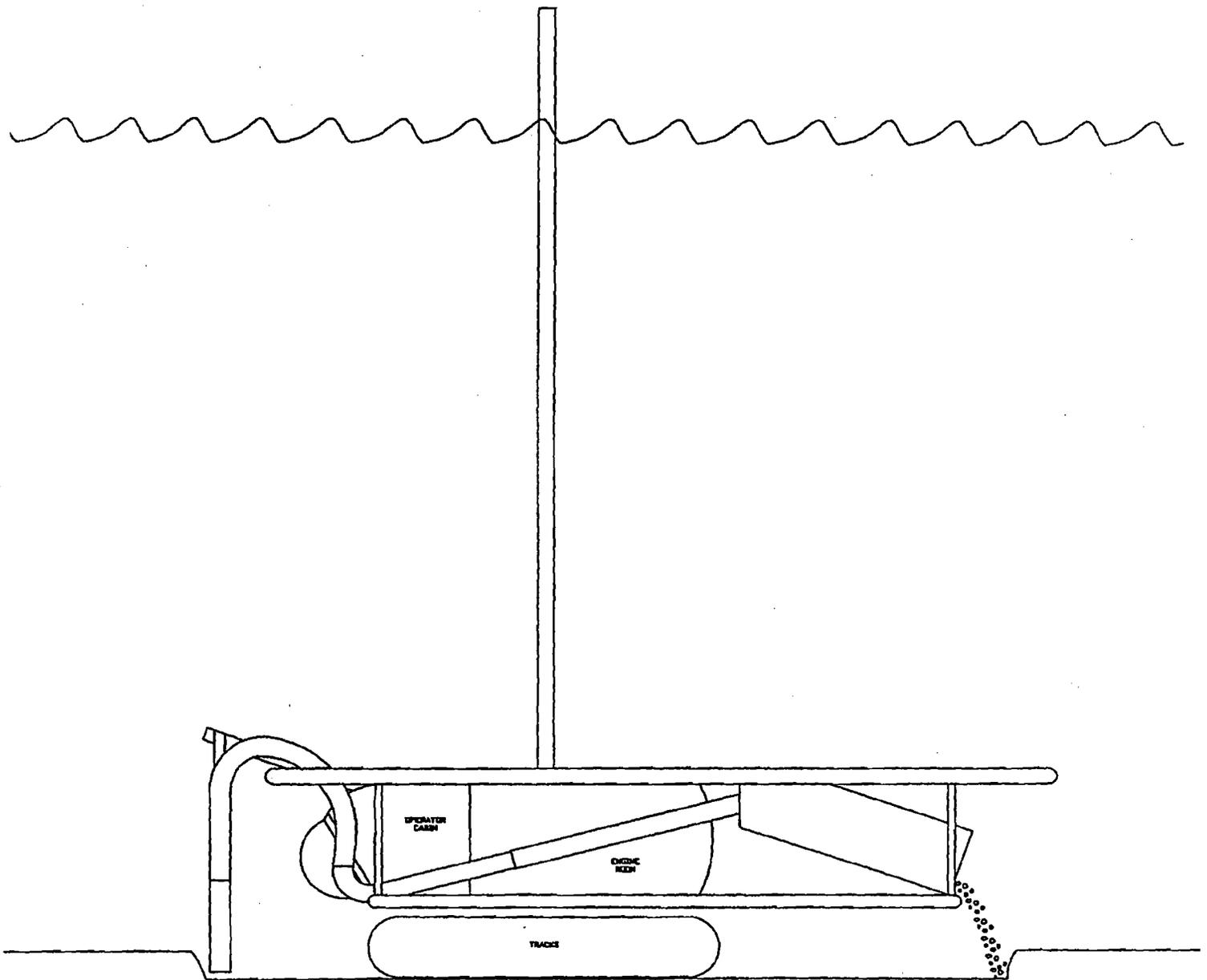
Dredge #1

Description of Submersible Dredge

- Specifically designed for Nome's offshore placer deposit
- Dredge is amphibious, operating as a boat or crawler (mining to be done in crawler mode only)
- Dredge has two separate modes of travel: tracks and propellers
- Can be launched either from the beach or harbor
- Self contained and propelled with no support boat
- While operating on the sea floor no anchoring is necessary
- Dredge can ascend from sea floor to surface at any time
- Mostly unaffected by surface conditions as it is working on the sea floor (more hours of operation)
- Dredge allows for continuous operation with no diver limitations
- Tailings released 6' above sea floor with two benefits: 1) reduced water turbidity vs. floating dredges 2) more even replacement of dredged material on the sea floor

Dredge #2

- standard suction dredge w/ 10" diameter hose + floating sluice box
- dredge will be operating in 30' of water and possibly 55' in water depth.



RECLAMATION

(26)

Check One: RECLAMATION PLAN (Mined Area 5 Acres Or Greater) LETTER OF INTENT TO DO RECLAMATION (Mined Area Less Than 5 Acres)

In accordance with Alaska Statute 27.19, reclamation is required of all mining operations. Reclamation bonding is required of mining operations with a mined area (all portions of a mining operation excluding camp and roads) of 5 acres or greater. Completion of this application will meet the requirements for a "Reclamation Plan" for operations 5 acres and larger in size on state land and "Letter of Intent To Do Reclamation" for operations under 5 acres. If you do not intend to use the reclamation methods presented below, please provide additional information concerning your plans for reclamation under separate attachments.

Total acreage currently disturbed: 0 acres. This should match; "Total Unreclaimed Acres" on your 2005 Annual Reclamation Statement for Small Mines, or line #7 on your 2007 Bond Pool Renewal Form. (Disturbed ground includes stripped areas; mining cuts; overburden and tailing stockpiles and disposal areas; stream by-passes; settling ponds and any other areas disturbed since October 1991 (State mining claims or Private lands) or 1981 (Federal mining claims); and are currently unreclaimed. Federal operators include area of camp and roads.

New acres to be disturbed in ²⁰⁰⁸~~2007~~: 4 acres.

Total acreage (currently disturbed plus new acres): 4 acres.

Of this acreage: 4 acres are State land. 0 acres are Private land. 0 acres are Federal land.

Total acreage to be reclaimed in ²⁰⁰⁸~~2007~~: 4 acres; and:

- Reclamation will be conducted concurrently with mining.
- Reclamation will be conducted at the end of the mining season.

Total volume of material to be disturbed in ²⁰⁰⁸~~2007~~: 112,500 19,000 cubic yards. (Including strippings and overburden to be removed)

The following reclamation measures shall be used. (These measures are required by law. Those that do not apply may be crossed out; but, an explanation must be given as to why these measures are not necessary at your site.)

1. Stream Suction Dredge Operations:

- a. Reclamation shall be completed prior to the end of the mining season. Reclamation shall consist of leveling or contouring all gravel bar and stream bed tailings. Tailings shall be left in such a manner that spring run off will level the tailings without causing undue erosion. In no case will tailing piles extend more than 18 inches above the water surface at the end of the mining season.
- b. Prior to the end of the mining season, tailing piles, berms, or wing dams will be removed or left in such a manner to allow unrestricted passage of fish and flood waters.
- c. All buildings and structures constructed, used or improved, on State land, will be removed, dismantled, or otherwise properly disposed of at the completion of mining. The campsite will be cleaned up and left free of debris.
- d. Other: _____

2. Offshore Suction Dredge Operations:

- a. Tailings discharged from the dredge to the sea floor shall be placed in a manner that will approximate the adjacent sea floor surface. The dredge shall be moved as necessary to allow for the proper low profile distribution of tailings. Tailings shall be placed in a manner that will maintain a water depth suitable for safe passage of sea traffic. Blockage of the dredge area to navigation is prohibited.
- b. All buildings and structures constructed, used or improved, on State land, will be removed, dismantled, or otherwise properly disposed of at the completion of mining. The campsite will be cleaned up and left free of debris.
- c. Other: _____

NOV 28 2007

IMPORTANT:

FBKS MINING & WATER

- 1. Alternative reclamation measures may be approved if the reclamation measures presented above are not applicable to your site. Please explain in separate correspondence. Submit a sketch and describe additional reclamation measures you propose to conduct at your mining operation. Reclamation measures must comply with Alaska Statute 27.19.
- 2. Federal land managers may require reclamation measures different to those identified above.

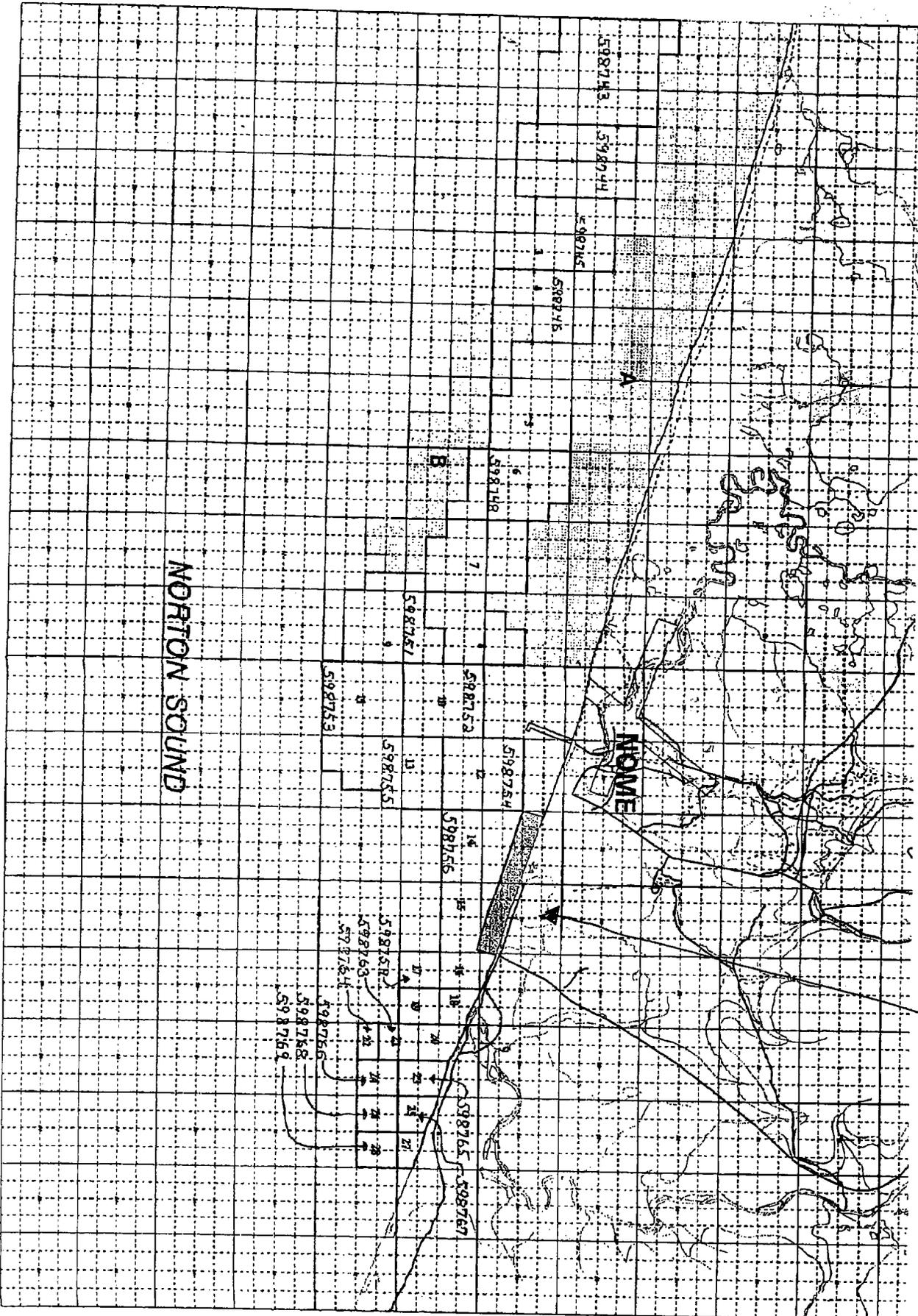
BONDING

In accordance with Alaska Statute 27.19, bonding is required for all mining operations having a mined area of five acres or greater on state land. This area must be bonded for \$750.00 per acre, unless the miner can demonstrate that a third party contractor can do the required reclamation for less than that amount. A Statewide bonding pool has been established and may be joined by completing the bond pool application form. Federal land managers may have additional bonding requirements. Use bond form to calculate area of disturbance for bonding.

Signature of Applicant <i>Tom Hunter manager, Rayson LLC.</i>	Relationship to Claim(s) <input type="checkbox"/> Owner <input type="checkbox"/> Lessee <input checked="" type="checkbox"/> Operator <input type="checkbox"/> Agent	Date 10-26-07
Printed Name Rayson LLC.		

POA-1998-1160
Norton Sound
May 2008
Sheet 6 of 7

Rayson LLC



Area mined for gold dredge # 2

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF COASTAL AND OCEAN MANAGEMENT

DIVISION OF COASTAL AND OCEAN MANAGEMENT
550 WEST 7TH AVENUE, SUITE 705
ANCHORAGE, ALASKA 99501-3559
PHONE: (907) 269-7470/FAX: (907) 269-3981

**NOTICE OF APPLICATION
FOR
CERTIFICATION OF CONSISTENCY WITH THE
ALASKA COASTAL MANAGEMENT PROGRAM**

Notice is hereby given that a request is being filed with the Division of Coastal and Ocean Management for a consistency determination, as provided in Section 307(c)(3) of the Coastal Zone Management Act of 1972, as amended [16 U.S.C. 1456(c)(3)], that the project described in the Corps of Engineers Public Notice No. **POA-1998-1160-M2, Norton Sound**, will comply with the Alaska Coastal Management Program and that the project will be conducted in a manner consistent with that program.

This project is being reviewed for consistency with the Alaska Coastal Management Program. Written comments about the consistency of the project with the applicable ACMP statewide standards and district policies must be submitted to the Division of Coastal and Ocean Management (DCOM). For information about this consistency review, contact DCOM at the address or phone number above, or visit the ACMP web site at <http://www.alaskacoast.state.ak.us//Projects/projects.html>.

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF WATER
401 Certification Program
Non-Point Source Water Pollution Control Program

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
WQM/401 CERTIFICATION
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501-2617
PHONE: (907) 269-7564/FAX: (907) 334-2415

**NOTICE OF APPLICATION
FOR
STATE WATER QUALITY CERTIFICATION**

Any applicant for a federal license or permit to conduct an activity that might result in a discharge into navigable waters, in accordance with Section 401 of the Clean Water Act of 1977 (PL95-217), also must apply for and obtain certification from the Alaska Department of Environmental Conservation that the discharge will comply with the Clean Water Act, the Alaska Water Quality Standards, and other applicable State laws. By agreement between the U.S. Army Corps of Engineers and the Department of Environmental Conservation, application for a Department of the Army permit to discharge dredged or fill material into navigable waters under Section 404 of the Clean Water Act also may serve as application for State Water Quality Certification.

Notice is hereby given that the application for a Department of the Army Permit described in the Corps of Engineers' Public Notice No. **POA-1998-1160-M2, Norton Sound**, serves as application for State Water Quality Certification from the Department of Environmental Conservation.

After reviewing the application, the Department may certify there is reasonable assurance the activity, and any discharge that might result, will comply with the Clean Water Act, the Alaska Water Quality Standards, and other applicable State laws. The Department also may deny or waive certification.

Any person desiring to comment on the project, with respect to Water Quality Certification, may submit written comments to the address above by the expiration date of the Corps of Engineer's Public Notice.