Nomination Package Example

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United States Department of the Interior
Central Hazardous Materials Fund

Ute-Ulay Mill Site
Lake City, Colorado

Summary Overview

The Ute Ulay Mill site was first approved for CHF funding in 2000. A screening level and baseline PRP search were immediately conducted to begin identifying PRPs for possible cost recovery. The PRP search identified several primary PRPs including Kye Abraham of LKA International (the current owner and operator), Newmont and ASARCO. At this time the Solicitor's Office believes that both Newmont and ASARCO will be *de minimus* PRPs. While Kye Abraham may be the only PRP that had substantial involvement in the site, it is probable that his contribution to the cleanup with be minimal compared to the overall cost. During this time, EPA completed a Preliminary Assessment (PA) and Site Investigation (SI) for the entire Henson Creek watershed which includes the Ute Ulay site. As a result of these investigations, the watershed was placed on EPA's CERCLA Information System (CERCLIS). BLM began preparing CERCLA documents including the Engineering Evaluation/Cost Analysis (EE/CA). The draft EE/CA, which is being prepared by Harding ESE, is due to BLM at the end of May 2002. Following a BLM review, the document will be made available for public comment and the Gunnison Field Office Manager will then make the final selection for the site remedy. Following the selection, engineering and construction contracts will be awarded for implementation of the cleanup.

1. Status of Site

The Ute-Ulay site is a 10-acre historic mine/mill site located approximately 4 miles west of Lake City, in southwestern Colorado. This mixed ownership site consists of approximately 40% BLM managed land and 60% private land. The site has operated intermittently for more than 100 years to mine and mill silver, gold, copper, lead, and zinc. In addition to the main mine/mill area there are four tailings ponds located approximately 1/4 mile upstream along the creek. The tailings piles and mine dumps extend down to Henson Creek where they are eroded during spring runoff and flood-producing precipitation events. Another small area of tailings (about 1,000 cubic yards) have been identified downstream of the site and were placed on a bench along Henson

Creek by an aerial tram. Since the creek is a source of Lake City's drinking water and a prime area for fishing and recreation, BLM feels that it is important to protect these uses. The site is currently used by campers, day visitors and off-road vehicles which exposes them to lead levels of up to 23,000 ppm.

BLM plans to conduct a site cleanup at the Ute-Ulay mill which would involve removing the tailings/waste rock from the 100-year flood plain and dealing with seeps flowing from the bottom of the tailings piles directly into Henson Creek. A remedy will be selected from the EE/CA that will: 1) prevent human exposure to high levels of lead at the upper tailings, 2) end the threat of continuing erosional release and a possible larger release during flooding events, and 3) eliminate shallow ground water loading of metals into Henson Creek from the tailings and waste rock piles. During data collection for the EE/CA one water sample contained cyanide at a level exceeding the state standard. The only known use of cyanide at the site was for limited use in flotation probably during the 1970s or 1980s. Some of these tailings were placed underground and may be the source of the cyanide. Additional water sampling will be used to determine if there is a cyanide problem.

There are two types of risk associated with the site, off-site and on-site. An off-site risk is the possibility of a release of tailings into Henson Creek by a major flood event. Although this is considered to be a low probability event, it would be of serious magnitude to BLM. Such an event could carry large quantities of tailings into the drainage where they would be more difficult to remove and it could contaminate the drinking water source for Lake City. The upper tailings are high in lead and zinc and exceed BLM's Risk Management Criteria (RMC) by greater than 10 times for the camper, wildlife and leaching criteria. A seep from the bottom of the tailings exceeds Colorado water quality standards for the following: cadmium (4,880-fold), copper (9,750-fold), manganese (7,860-fold) and zinc (9,113-fold), (Dr. Karl Ford, 2001.) Following an underground assessment by Mining Environmental Science (MES), the source of the seeps appear to be from two different underground sources. One source, the "black source", named for its black color and high manganese content and the "orange source", named for its orange color probably from the iron content contribute to different seeps along the creek. It is believed that the source of the seeps is runon and precipitation into mine openings and stopes on the slopes above the mill. The EE/CA will investigate options for eliminating these seeps.

The selected remedy will remove tailings from the 100-year flood plain, place this material in an engineered repository, and construct runon diversions for mine openings which are serving as a source for the seeps and close unsafe mine openings.

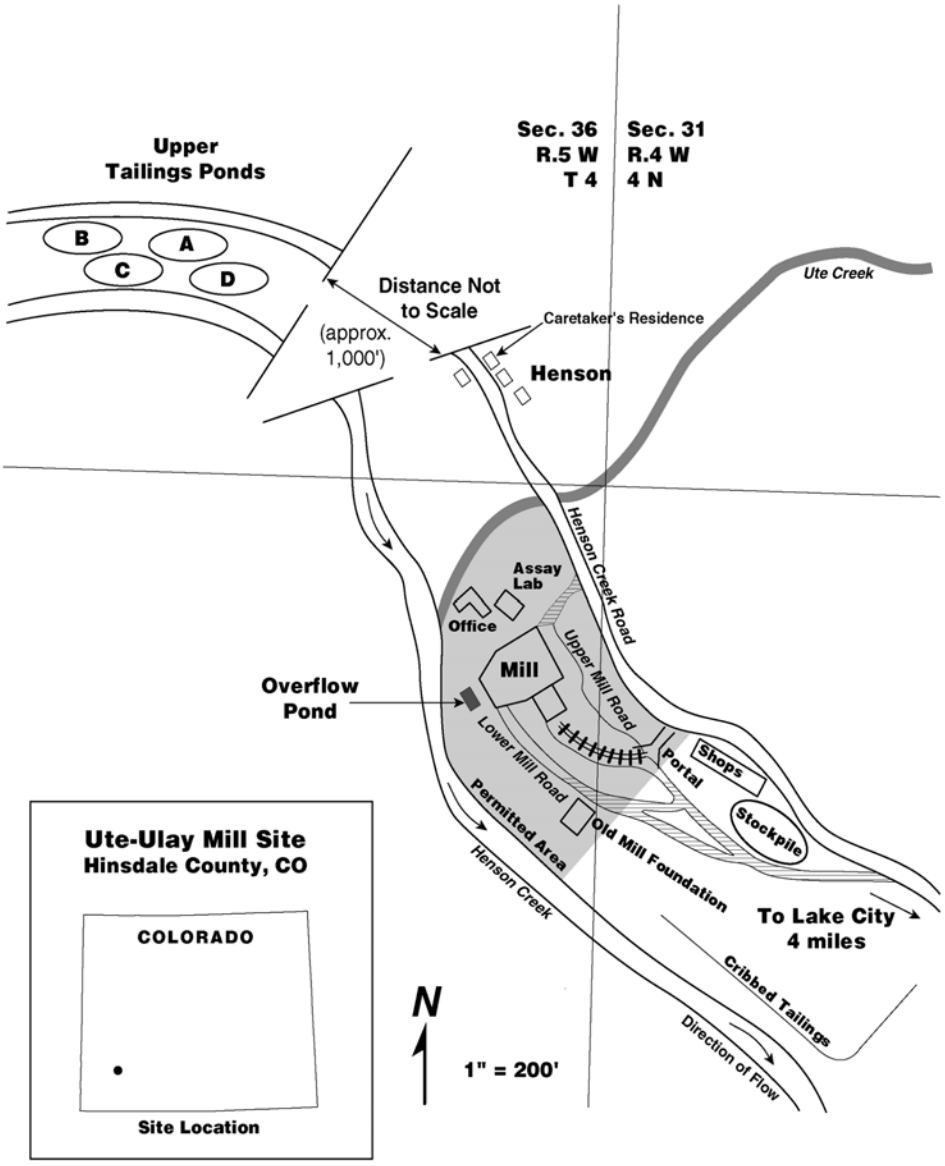
Accomplishments to date:

1999-PA completed by EPA for entire watershed (including the Ute Ulay site), watershed placed on CERCLIS
2000-SI completed by EPA, administrative record established, community relations plan and screening level PRP search completed
2001-Baseline PRP search and project management plan completed, archeological recordation
2002-Cost recovery plan completed, MOU signed by BLM, EPA, CDPHE and CO DMG draft EE/CA underway (due to BLM May 31, 2002)

Planned Accomplishments:

Remainder of 2002-Review of EE/CA, public comment on EE/CA, selection of alternative, action memo
2003-Award engineering contract, award construction contract, initiate construction
2004-Complete construction, revegetate disturbed areas, develop monitoring plan

2. Map


Upper
Tailings Ponds
B
A
C
D
Distance Not
to Scale
(approx.
1,000')
Sec. 36
R.5 W
T 4
Sec. 31
R.4 W
4 N
Ute Creek
Caretaker's Residence
Henson
Henson Creek Road
Assay
Lab
Office
Mill
Upper Mill Road
Overflow
Pond
Lower Mill Road
Portal
Shops
Stockpile
Permitted Area
Old Mill Foundation
Henson Creek
To Lake City
4 miles
Cribbed Tailings
Direction of Flow
N
1" = 200'
Ute-Ulay Mill Site
Hinsdale County, CO
COLORADO
Site Location

In addition to the map included in this document, NSTC has prepared more detailed maps with 2-foot contours using photogrammetry for engineering purposes.

3. Proposed Use of Funds

The funds requested under this proposal would be used for the engineering and construction of the selected remedy. The alternatives in the draft EE/CA (due the end of May) will have a cost range of approximately $145,000 to $2,900,000. At this time, the most probable alternative would cost about $2,200,000. This alternative would include the construction of a repository at the upper tailings, the application of a chemical stabilizer, such as Ecobond, to the material left in place and the construction of runon controls for mine openings located above the site to dry up seeps along Henson Creek. These cost estimates are very preliminary and will be refined during the preparation of the draft and final EE/CA. In addition to funds required for the remedy, funds would be needed for O&M and monitoring.

Work Proposal

Year	**Funding Request**	**Proposed Work**
FY03	$2,200,000	award engineering contract, award construction contract, initiate construction
FY04	Carryover	complete construction/revegetation
FY05	$10,000	O & M, monitoring
FY06	$10,000	O & M, monitoring

4. National Contingency Plan (NCP) Administrative Requirements

There are two copies of the project's administrative record available to the public, one is located in the Colorado State Office, Denver, Colorado and the other is in the Lake City Visitor's Center, Lake City, Colorado. A community relations plan and health and safety plan have been completed. An index and cost documentation file are located at the Colorado State Office.

5. Regulatory Status

EPA placed the watershed on the CERCLIS in March of 1999 following the completion of a PA of the Henson Creek watershed which includes the Ute Ulay site. The Colorado Division of Minerals and Geology (DMG) administers an active permit (DMG Permit Number M-78-092) on the site. The 4-acre permit is held by LKA International.

6. Project Team

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7. **PRP Report**

A PRP report was completed in 2000 followed by a Cost Recovery Plan in 2002. A review by the solicitor's office concludes that the only significant PRP is Kye Abraham of LKA International, the current owner and operator, who may only be able to make nominal contributions to the cleanup. Two other PRPs, ASARCO and Newmont, will probably be *de minimus* PRPs.

8. **PRP Involvement**: The current owner, LKA International and Lance Barker, LKA's agent at the site have been working with BLM during the EE/CA process and BLM will continue to work with the PRPs as a final remedy is selected. No significant monetary contribution is expected from any PRP. LKA International may be able to contribute some equipment time.

9. **Evaluation Methodology**: Methods used to evaluate the site are consistent with the NCP. Initial evaluation was made by EPA through the PA and SI process. Further evaluation of hazards by BLM were conducted through sampling efforts during the preparation of the EE/CA. A risk assessment prepared by Dr. Karl Ford, NSTC is included in the EE/CA.

10. **Other Funding**: EPA provided funding for the PA and SI. The dollar amount expended on these document is unknown and EPA has indicated that they did not maintain records of these costs. No other funding is currently available.

11. **Annual Report**: All Departmental guidance will be followed.