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*Eureka Smelters Site (aka Town of Eureka)
Enforcement Confidential Addendum*

In September 2013, EPA issued CERCLA 104(e) Request for Information letters to two companies that appeared to be possible successors in interest to two of the largest smelting companies that operated in Eureka, Nevada. The two possible successor companies include Mueller Industries and Metallic Ventures, Inc. The two largest smelting sites in Eureka, Nevada were originally operated by Eureka Consolidated Mining Company and Richmond Mining Company. After smelting ceased the late 1800s, the two companies were acquired by Richmond Eureka Mining Company. In the early 1900s, Richmond Eureka Mining Company was acquired as a subsidiary of U.S. Smelting, Refining and Mining Company and remained a subsidiary through succession of parent companies including Mueller Brass Corporation, UV Industries, and Sharon Steel. Following bankruptcy of Sharon Steel in 1990, the reorganized company, Mueller Industries, formed a subsidiary, Arava Natural Resources. Richmond Eureka Mining Co. became a subsidiary of Arava Natural Resources. In 2007, Richmond Eureka Mining Co. merged into Metallic Ventures Gold, Inc, a Canadian firm. In 2010, Canadian firm, International Minerals Co., entered into a stock purchase statutory arrangement agreement with Metallic Ventures Gold, Inc. Although International Minerals has apparently acquired Metallic Ventures, Metallic Ventures still maintains an office in Reno, Nevada. Total assets of Metallic Ventures, in 2009 prior to acquisition by International Minerals was more than \$40 million. Current assets of International Minerals appear to exceed \$50 million. EPA recently sent additional CERCLA Section 104(e) requests to Metallic Ventures to ascertain its ability to pay based on current assets and insurance coverage.

Based on EPA's current understanding of the nature of the acquisition of the two original smelting companies by Richmond Eureka Mining Company, and subsequent line of succession of interest in these two companies today, Metallic Ventures Gold, Inc./International Minerals may be liable for contamination left at these smelter sites. There is no indication that Mueller Industries or any of the other parent companies ever exerted sufficient management and control over their subsidiary, Richmond Eureka Mining Company or its operations, such that the corporate veil of the parent companies could be pierced and the parent(s) could be held liable under CERCLA. Following analysis of the CERCLA 104(e) responses and EPA's own independent research in late 2013, EPA issued a general notice letter to Metallic Ventures Gold, Inc. in February 2014. EPA recently received a response from Metallic Ventures and met with principals of the company and their attorney on May 29, 2014.

EPA and Metallic Ventures continued settlement discussion during 2014 following review of financial documents provided by Metallic Ventures to EPA pursuant to EPA's CERCLA Section 104(e) request for financial information. As a result of these discussions, Metallic Ventures suggested in a confidential offer that they might be willing to settle the

matter for \$1.8 million, but needed a response from EPA within a few days. EPA did not respond, although discussions within EPA indicated the confidential offer fell far short of the overall cleanup costs. Negotiations with Metallic Ventures came to a stand-still as a result of repeated attempts by another Canadian firm, Waterton, to acquire Metallic Venture's parent company, Chaparral Gold. Based on review of financial information, Metallic Ventures lacked the financial resources to pay for the cleanup. However, its parent, Chaparral Gold appeared to have assets of up to \$50 million. On February 18, 2015, Chaparral Gold was acquired by Waterton Precious Metals Bid Corporation. No further communications with EPA have occurred since the acquisition other than an indication from Metallic Venture's attorney that he was unsure about the status of his engagement with Metallic Ventures following the acquisition by Waterton. Further research carried out in late 2015 revealed that as part of the acquisition of Chaparral Gold by Waterton, a new company was created as a direct parent company to Chaparral Gold. The company is Titan Resources Limited, incorporated in the state of Nevada. Little is known about the relationship among Waterton, Titan, Chaparral Gold and Metallic Ventures. EPA intends to send out additional CERCLA Section 104(e) requests to Chaparral Gold and Titan Resources in the near future.

On July 30, 2013 EPA signed an Action Memorandum authorizing the initial removal action at the site. From early September 2013 through early November 2013, EPA's Emergency Response Program conducted the following removal activities at the Site:

- Excavation of up to one foot of contaminated soil at 16 residential properties and at a portion of the Eureka Elementary School, replacement of excavated soil with clean backfill, and replacement of landscaping that was damaged during the excavation.
- Sampling and analysis of excavated areas to document contaminant levels at the base of the excavation.
- Placement of barrier tape at the base of excavation areas where removal action levels were not reached.
- Placement of excavated soil in a temporary storage area at the north end of town.
- Air sampling and monitoring of all operations to monitor for off-Site emissions of hazardous substances.
- Sampling of 28 additional properties.

In a Ceiling Increase Action Memo, dated April 19, 2014, EPA requested additional funding to conduct similar work at up to twenty additional residential properties. These properties, and those cleaned up in the fall of 2013, represent the properties with the highest known levels of lead and arsenic in soil. EPA has established removal action levels of 3,000 mg/kg lead and 600 mg/kg arsenic.

In 2015, EPA requested additional funding through a Ceiling Increase Action Memorandum, date June 12, 2015 to prepare a cost Engineering Evaluation/Cost Analysis (EE/CA) for additional non-time critical removal work at Eureka. EPA initiated an EE/CA to evaluate additional residential properties that may require cleanup. It is possible that the number of additional properties could be substantial, perhaps as many as 100

additional properties. Currently, EPA has only sampled less than half of the residential properties in town. Also, it is likely that some of the historic smelter and mill sites and slag piles will require remediation. The extent to which the former slag piles and smelter and mill sites will require remediation is currently unknown, but will be evaluated as part of the EE/CA process. The current 2016 ceiling increase request is for additional cleanup of residential properties and to construct an on-site repository for contaminated soil removed from residential properties.

Several other smaller smelter or mill sites and/or smelter slag piles exist in the town of Eureka, Nevada. A number of these sites have either not been sampled or have not had adequate sampling and analysis carried out on them. Therefore, it is premature to notify potentially responsible parties concerning these sites at this time. However, EPA is currently moving forward with investigations and research to determine current ownership of these sites as well as possible successors in interests to the smelter operators who may have disposed of contaminated slag and smelter materials at these sites. Additional notice letters may be sent to the current owner(s) of these contaminated sites, although further discussion concerning this is warranted before any such letters are sent. Initial research, however, indicates that there are no viable successors in interest to the companies that operated these sites and the current owners are residential homeowners, local government entities or small holding companies with what appear to be few financial assets. Additional research is continuing regarding the ability of these current owners to contribute to the cleanup.

EPA intends to negotiate settlement(s) with any Site PRPs that are identified. If possible EPA will try to enter into administrative orders on consent (AOC) to have the PRPs conduct the bulk of the response actions at the Site. If AOC(s) cannot be achieved, EPA will consider other enforcement options allowed under CERCLA, including issuing unilateral administrative orders to successors in interests to the smelting companies and, possibly, to current owners of the contaminated sites, where such actions would be appropriate. However, given the urgency of the situation, it is imperative that EPA address the remaining contamination around residential homes in Eureka, Nevada with the highest lead and arsenic concentration in soils. This work must be done on an expedited basis, in advance of reaching any settlement with Metallic Ventures/International Minerals or other PRPs. Should EPA reach agreement with one or more of the PRPs during the course of the cleanup, EPA will have the PRP(s) take over the cleanup activities at the Site, if feasible.

