

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street San Francisco, CA 94105-3901

MINOR MODIFICATION TO PERMIT NO. R9UIC-CA3-FY19-1 ISSUED TO FORT CADY CALIFORNIA CORPORATION

In accordance with 40 CFR §144.41, this permit for the Fort Cady California Corporation's Fort Cady Project is hereby modified at the Permittee's request for a well construction change in the cement placement procedures and cement type as described below.

PART II.C. WELL CONSTRUCTION: The following new language in bold font below is added and text that is struck through is deleted from Part II, Section C.4, Cementing, page 11 of the Permit (with the existing language in regular font).

4. Cementing

Casing in all wells will be cemented from a depth of 40 feet below the top of the orebody (minimum) to the surface. The cement will **either** be circulated into the annular space through a cement shoe or cement diverter valve for steel cased wells to allow cement to be pumped through the casing and upward through the annulus, or Tthe cement will be placed in the annular space between the borehole and FRP casing from the bottom up to the surface using a tremie method. If cementing after the hole is drilled to design depth, the cement will be the last step before testing and development. If the solid casing is cemented a minimum of 40 feet into the ore body or targeted monitoring zone, then Tthe lower section of each the well will be drilled from the bottom of the cemented casing to the design depth before the lower casing is installed, as depicted in Figures M-3 and M-4 in Appendix B.

Water and/or appropriate mud-breaker chemicals shall be circulated through the casing prior to cement placement to reduce mud viscosity, assist in removal of mud from the borehole/casing annulus, and promote bonding between the casing, cement, and formation. Cement return shall be observed at the surface prior to terminating the cementing operation. Following placement of the cement slurry, the cement will be allowed to cure for a minimum of 24 hours before performing additional operations on the well. The cement shall consist of Type G with an acid resistant cement additive mixed thoroughly and free of lumps and used at a minimum in the bottom 200 feet of the casing. The remainder of the annular space will be cemented with Type G via tremie from the top of the acid resistant cement to surface. The cement shall consist of sulfate resistant Portland Type V that is mixed thoroughly and free of lumps.

All other permit conditions remain unchanged.

This minor modification is effective on the date signed.

Tomás Torres Director, Water Division