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Minutes of the
Board of Minerals and Environment
Telephone Conference Call Meeting
Matthew Environmental Education and Training Center
523 East Capitol Avenue
Pierre, South Dakota

February 15, 2018
10:00 a.m. CT

CALL TO ORDER: The meeting was called to order by Chairman Rex Hagg. The roll was called, and Chairman Hagg declared that a quorum was present.

Chairman Hagg announced that the meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

BOARD MEMBERS PRESENT: Rex Hagg, Gregg Greenfield, Glenn Blumhardt, Dennis Landguth, Daryl Englund, John Scheetz, Doyle Karpen, Pete Bullene, and Bob Morris.

BOARD MEMBER ABSENT: None.

OTHERS PRESENT: Lori “Chip” Kimball, Bureau of Land Management, Belle Fourche, SD.

APPROVAL OF MINUTES FROM JANUARY 18, 2018, MEETING: Motion by Blumhardt, seconded by Englund, to approve the minutes from the January 18, 2018, Board of Minerals and Environment meeting. A roll call vote was taken, and the motion carried unanimously.

MINING ISSUES

Consent Calendar: Tom Cline presented the consent calendar, which was sent to the board prior to the meeting. The consent calendar is a table listing the department recommendations for release of liability and surety, releases of surety, transfers of liability, and releases of liability (see attachment).

Motion by Bullene, seconded by Karpen, to accept the department recommendations for release of liability and surety, releases of surety, transfers of liability, and releases of liability as listed on the consent calendar. A roll call vote was taken, and the motion carried unanimously.

ANNUAL UPDATE OF LAC MINERALS’ POSTCLOSURE FINANCIAL ASSURANCE:
Bob Morris recused himself from participating in this matter.

Eric Holm reported that in the postclosure conditions for Mine Permit No. 445, which were approved by the board on January 21, 2016, it states the financial assurance shall be automatically extended for periods of one year. At the time of each annual extension, the face value of the financial assurance shall be adjusted to the bonding schedule set by the board in 2016.

For 2018, the face value of the surety bond that serves as the postclosure financial assurance is required to be \$20,503,154. This is an increase from the \$19,906,292 that was submitted last year. LAC Minerals has submitted a rider to its current surety bond increasing the amount to the new face value. The rider and the status of Fidelity & Deposit Company of Maryland and Zurich American Insurance Company have been reviewed by the department. Ratings from AM Best and Standard and Poor's are superior to very strong.

The department's recommendation was to accept the rider to Surety Bond No. 09177703, Fidelity & Deposit Company of Maryland and Zurich American Insurance Company, to increase the amount to \$20,503,154.

Motion by Landguth, seconded by Scheetz, to accept the rider to Surety Bond No. 09177703, Fidelity & Deposit Company of Maryland and Zurich American Insurance Company, to increase the amount to \$20,503,154 for LAC Minerals (USA), LLC, Central City, SD, Mine Permit 445. A roll call vote was taken, and the motion carried with Blumhardt, Bullene, Englund, Greenfield, Hagg, Karpen, Landguth, and Scheetz voting aye. Mr. Morris had recused himself, therefore, he did not vote on the motion.

ACCEPTANCE OF HOMESTAKE MINING COMPANY'S RECLAMATION AND POSTCLOSURE SURETY BOND RIDERS: Mr. Holm reported that during the January 18, 2018, hearing on Homestake's release of reclamation liability petition, the board approved reducing Homestake's \$1,246,000 reclamation bond to \$178,700.

For the reclamation bond reduction, Homestake submitted a rider to Surety Bond No. 5444262, Safeco Insurance Company of America, reducing the amount from \$1,142,531 to \$178,700. Also, since the reclamation bonds for Mine Permits 332 and 456 are being combined, Surety Bond No. 5722945, Safeco Insurance Company of America, in the amount of \$103,469 is no longer needed.

The department's recommendation was to accept the rider to Surety Bond No. 5444262, Safeco Insurance Company of America, decreasing the reclamation surety amount to \$178,700 and release Surety Bond No, 5722945, Safeco Insurance Company of America, in the amount of \$103,469.

Mr. Holm answered questions from the board.

Motion by Scheetz, seconded by Morris, to accept the rider to Surety Bond No. 5444262, Safeco Insurance Company of America, decreasing the reclamation surety amount to \$178,700 and release Surety Bond No, 5722945, Safeco Insurance Company of America, in the amount of

\$103,469 for Homestake Mining Company, Lead, SD, Mine Permits 332 and 456. A roll call vote was taken, and the motion carried unanimously.

At the January 18, 2018, meeting the board also approved increasing Homestake's \$41,979,523 postclosure financial assurance to \$47,797,929. For the postclosure financial assurance increase, Homestake submitted a rider to Surety Bond No. 8233-63-10, Federal Insurance Company, increasing the amount from \$41,979,523 to \$47,797,929.

The department's recommendation was to accept the rider to Bond No. 8233-63-10, Federal Insurance Company, increasing the postclosure financial assurance amount to \$47,797,929.

Mr. Holm answered questions from the board.

Motion by Blumhardt, seconded by Bullene, to accept the rider to Bond No. 8233-63-10, Federal Insurance Company, increasing the postclosure financial assurance amount to \$47,797,929 for Homestake Mining Company, Lead, SD, Mine Permits 332 and 456. A roll call vote was taken, and the motion carried with Blumhardt, Bullene, Englund, Greenfield, Hagg, Karpen, Morris and Scheetz voting aye. Mr. Landguth had been unintentionally disconnected from the conference call so he could not vote.

INFORMATIONAL BRIEFING ON RELEASE OF CONDITIONAL RELEASE AREA AT GOLDEN REWARD: Mr. Holm stated that on January 15, 2009, the Board of Minerals and Environment approved release of reclamation liability for 395.91 acres of land affected by the Golden Reward Mining Company under Mine Permit No. 450. The board also approved the conditional release of 7.30 acres around the mine site for areas that did not meet reclamation release criteria.

In accordance with the January 15, 2009, board order, once these areas either meet the 40 percent vegetative cover criteria or noxious weeds are brought under control, the board granted the department authority to release Golden Reward's reclamation liability for these areas.

Previously, the department released 5.05 acres of the 7.30 acres of conditional release areas from 2009 to 2012. The department subsequently informed the board of the release of these areas.

On January 23, 2018, the department released reclamation liability for the remaining 2.25 acres located on the North Bonanza/Fantail slope. During the June 27, 2017, permit audit, the department inspected the slope and determined it had a live vegetative cover of 40 percent that was diverse and self-sustaining with no noxious weed infestations.

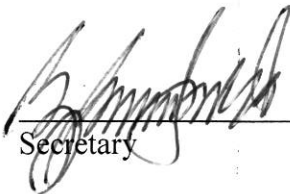
All of the conditional release areas have now met the requirements of the January 15, 2009, board order. Reclamation liability for all reclaimed areas at the mine, except for the areas re-affected under Wharf Resources' Large Scale Mine Permit 476, have now been released and placed into postclosure status.

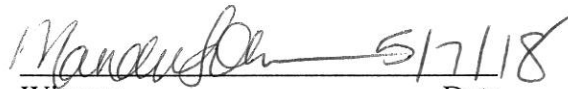
NEXT MEETING: The next meeting will be April 19, 2018.

Board of Minerals and Environment
February 15, 2018, Meeting Minutes

Bob Townsend, Minerals and Mining Program, announced that he is retiring on April 6, 2018. The board thanked Mr. Townsend for his service to the state.

ADJOURN: Motion by Karpen, seconded by Englund, that the meeting be adjourned. A roll call vote was taken, and the motion carried unanimously.


Secretary _____
Date 5/17/18


Witness _____
Date 5/17/18

***South Dakota Board of Minerals & Environment
Consent Calendar***

						<i>February 15, 2018</i>
<u>License Holder</u>	<u>License No.</u>	<u>Site No.</u>	<u>Surety Amount</u>	<u>Surety No.</u>	<u>Surety Company or Bank</u>	<u>DENR Recommendation</u>
<u>Release of Liability and Surety:</u>						
Midwest Development of Pierre, Inc. Pierre, SD	00-697		\$10,000	00758921	Capitol Indemnity Corporation, Madison, WI	Release liability and \$10,000.
		697001	S1/2 SW1/4 Section 27; T111N-R79W, Hughes County			
Darrell's Rock, Sand, & Gravel, Inc. Wessington Springs, SD	86-320		\$20,000	RC-0016	Sun Surety Insurance Company, Rapid City, SD	Release liability and \$20,000.
		320002	NE1/4 Section 14; T107N-R66W, Jerauld County			
<u>Releases of Surety:</u>						
Glen Haines, DBA Haines Trucking LLC Faith, SD	91-422		\$1,000	39663	Farmers State Bank, Faith, SD	Release \$1,000.

***South Dakota Board of Minerals & Environment
Consent Calendar***

<u>License Holder</u>	<u>License No.</u>	<u>Site No.</u>	<u>Surety Amount</u>	<u>Surety No.</u>	<u>Surety Company or Bank</u>	<i>February 15, 2018</i> <u>DENR Recommendation</u>
<u>Transfers of Liability:</u>						
Beckler Construction Redfield, SD	98-645		\$20,000	SD 4455	Merchants Bonding Company, Des Moines, IA	Transfer liability.
		645007	W1/2 Section 10; T116N-R67W, Hand County			
Transfer to:						
Oakley Gravel & Rock Rockham, SD	15-989		\$1,000	432	Dakotaland Federal Credit Union, Huron, SD	
LPN Holding, LLC. Sturgis, SD	87-356		\$10,000	8101002584	First Interstate Bank, Sturgis, SD	Transfer liability.
		356003	W1/2 SW1/4, N1/2 NE1/4, E1/2 NW1/4, SW1/4 NW1/4 Section 8; T5N-R5E, Meade County			
Transfer to:						
GCC Dacotah, Inc. Rockham, SD	01-721		\$20,000	0263068553	Wells Fargo Bank, Belle Fourche, SD	
<u>Releases of Liability:</u>						
DOT Mitchell Region Mitchell, SD	83-10		Exempt	NA	NA	Release liability.
		10262	SW1/4 SW1/4 Section 13; T106N-R71W, Buffalo County			

***South Dakota Board of Minerals & Environment
Consent Calendar***

<u>License Holder</u>	<u>License No.</u>	<u>Site No.</u>	<u>Surety Amount</u>	<u>Surety No.</u>	<u>Surety Company or Bank</u>	<i>February 15, 2018</i> <u>DENR Recommendation</u>
<u>Releases of Liability:</u>						
Mc Laughlin & Schulz Inc. Watertown, SD	83-5		\$20,000	SD 9006	Merchants Bonding Company, Des Moines, IA	Release liability.
		5001	SW1/4 SW1/4 Section 13; T106N-R71W, Buffalo County			
		5003	SW1/4 Section 33; T117N-R52W, Codington County			
First Rate Excavate, Inc. Sioux Falls, SD	05-817		\$20,000	2047001	North American Specialty Insurance Company, Sioux Falls, SD	Release liability.
		817011	NE1/4 Section 28; T102N-R49W, Minnehaha County			

South Dakota Board of Minerals & Environment

February 15, 2018

<u>Permit Holder</u>	<u>Permit No.</u>	<u>Surety Amount</u>	<u>Surety No.</u>	<u>Surety Company or Bank</u>	<u>DENR Recommendation</u>
<u>Annual Update of Post Closure Financial Assurance:</u>					
LAC Minerals (USA), LLC Central City, SD	445	\$19,906,292	09177703	Fidelity & Deposit Company of Maryland And Zurich American Insurance Company	Accept rider to Bond No. 09177703, Fidelity & Deposit Company of Maryland and Zurich American Insurance Company, increasing the Post Closure Financial Assurance amount to \$20,503,154.
<u>Acceptance of Reclamation Surety Bond Rider for Homestake Mining Company</u>					
Homestake Mining Company Lead, SD	332	\$1,142,531	5444262	Safeco Insurance Company of America	Accept rider to Bond No. 5444262, Safeco Insurance Company of American, decreasing the Reclamation Surety amount to \$178,700. Release Bond No. 5722945, Safeco Insurance Company of America, in the amount of \$103,469.
	456	\$103,469	5722945	Safeco Insurance Company of America	
<u>Acceptance of Postclosure Financial Assurance Surety Bond Rider for Homestake Mining Company</u>					
Homestake Mining Company Lead, SD	332 & 456	\$41,979,523	8233-63-10	Federal Insurance Company	Accept rider to Bond No. 8233- 63-10, Federal Insurance Company, increasing the Post Closure Financial Assurance amount to \$47,797,929.