



## **Board of Minerals and Environment**

523 East Capitol Avenue  
Pierre, South Dakota 57501-3182  
(605)773-3151 Fax: (605)773-4068

### **AGENDA**

Live audio of the meeting can be heard at <http://www.sd.net/mtc>

#### **Board of Minerals and Environment Telephone Conference Call Meeting**

April 19, 2018  
10:00 a.m. CDT

**Scheduled times are estimates only. Agenda items may be delayed due to prior scheduled items.**

10:00 a.m. Call meeting to order and roll call

Approval of minutes from the February 15, 2018, meeting

Mining issues:

- Consent Calendar – Tom Cline

Next meeting – May 17, 2018

Adjourn

Interested parties who wish to participate in the telephone conference call should contact DENR at (605)773-3886 no later than 3:00 p.m. CDT on Wednesday, April 18, 2018. Interested parties may also participate at the Department of Environment and Natural Resources, Matthew Environmental Education and Training Center, 523 East Capitol Avenue, Pierre, SD.

Notice is given to individuals with disabilities that this meeting is being held in a physically accessible place. Please notify the Department of Environment and Natural Resources at least 48 hours before the meeting if you have a disability for which special arrangements must be made. The telephone number for making special arrangements is (605) 773-4216.

Board members are reminded that effective July 1, 2016, members are subject to SDCL 3-23-1 to 3-23-5 (Disclosure Laws) which address the disclosure of any conflicts of interest a member may have regarding contracts with the State of South Dakota. Board members should report any potential conflicts to the board and seek a waiver where appropriate.

The audio recording for this meeting is available on the South Dakota Boards and Commissions Portal at <http://boardsandcommissions.sd.gov/Meetings.aspx?BoardID=67>

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.



***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>
<b><u>Release of Liability and Surety:</u></b>						
Midwest Development of Pierre, Inc. Pierre, SD	00-697	<b>697001</b>	\$10,000	00758921	Capitol Indemnity Corporation, Madison, WI	Release liability and \$10,000.
			S1/2 SW1/4 Section 27; T111N-R79W, Hughes County			
Darrell's Rock, Sand, & Gravel, Inc. Wessington Springs, SD	86-320	<b>320002</b>	\$20,000	RC-0016	Sun Surety Insurance Company, Rapid City, SD	Release liability and \$20,000.
			NE1/4 Section 14; T107N-R66W, Jerauld County			
<b><u>Releases of Surety:</u></b>						
Glen Haines, DBA Haines Trucking LLC Faith, SD	91-422		\$1,000	39663	Farmers State Bank, Faith, SD	Release \$1,000.

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<b><u>Transfers of Liability:</u></b>						
Beckler Construction Redfield, SD	98-645		\$20,000	SD 4455	Merchants Bonding Company, Des Moines, IA	Transfer liability.
		<b>645007</b>	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.
		<b>356003</b>	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	
<b><u>Releases of Liability:</u></b>						
DOT Mitchell Region Mitchell, SD	83-10		Exempt	NA	NA	Release liability.
		<b>10262</b>	SW1/4 SW1/4 Section 13; T106N-R71W, Buffalo County			

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<b><u>Releases of Liability:</u></b>						
Mc Laughlin & Schulz Inc. Watertown, SD	83-5		\$20,000	SD 9006	Merchants Bonding Company, Des Moines, IA	Release liability.
		<b>5001</b>			SW1/4 SW1/4 Section 13; T106N-R71W, Buffalo County	
		<b>5003</b>			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.
		<b>817011</b>			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>
<b><u>Annual Update of Post Closure Financial Assurance:</u></b>					
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.
<b><u>Acceptance of Reclamation Surety Bond Rider for Homestake Mining Company</u></b>					
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.
	456	\$103,469	5722945	Safeco Insurance Company of America	Release Bond No. 5722945, Safeco Insurance Company of America, in the amount of \$103,469.
<b><u>Acceptance of Postclosure Financial Assurance Surety Bond Rider for Homestake Mining Company</u></b>					
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.

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

						<i>April 19, 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>
<b><u>Release of Liability and Surety:</u></b>						
LPN Holdings LLC Sturgis, SD	87-356		\$10,000	8101002584	First Interstate Bank, Sturgis	Release liability and \$10,000.
		<b>356003</b>	W1/2 SW1/4, N1/2 NE1/4, E1/2 NW1/4, SW1/4 NW1/4 Section 8; T5N-R5E, Meade County			
<b><u>Transfers of Liability:</u></b>						
Asphalt Paving & Materials Company Huron, SD	83-159		\$20,000	55-96750	United Fire & Casualty Company	Transfer liability.
		<b>159023</b>	Section 16; T106N-R68W, Buffalo County			
Transfer to:						
Fisher Sand & Gravel Company Dickinson, ND	83-54		\$20,000	190-002-030	Liberty Mutual Insurance Company	

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Consent Calendar***

***April 19, 2018***

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<b><u>Transfers of Liability:</u></b>						
Bob Bak Construction Pierre, SD	83-61		\$3,000	4981	American State Bank, Pierre	Transfer liability.
			\$3,500	7410	American State Bank, Pierre	
			\$1,000	64334	First National Bank, Pierre	
			\$500	65266	First National Bank, Pierre	
			\$500	0621959600	Wells Fargo Bank, White River	
			\$500	7305	American State Bank, Pierre	
			\$500	13751	American State Bank, Pierre	
			\$500	13850	American State Bank, Pierre	
			\$4,000	13871	American State Bank, Pierre	
			\$6,000	532390	American Bank & Trust, Pierre	
		<b>61030</b>	SW1/4 Section 22; T9N-R12E, Meade County			
Transfer to:						
Meade County Highway Department Sturgis, SD	83-113		EXEMPT	NA	NA	

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***April 19, 2018***

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<b><u>Transfers of Liability:</u></b>						
Fisher Sand & Gravel Company Dickinson, ND	83-54		\$20,000	190-002-030	Liberty Mutual Insurance Company	Transfer liability.
		<b>54023</b>	W1/2 Section 15; T110N-R77W, Hughes County			
Transfer to:						
Hughes County Highway Department Pierre, SD	83-31		EXEMPT	NA	NA	
<b><u>Release of Liability:</u></b>						
Dawson Construction Inc. Howard, SD	83-21		\$20,000	RC-0024	Sun Surety Insurance Company	Release liability.
		<b>21031</b>	NE1/4 Section 10; T105N-R57W, Miner County			