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Minutes of the
Board of Minerals and Environment
Teams/Conference Call Meeting
DANR Large Conference Room
523 East Capitol Avenue
Pierre, South Dakota

January 15, 2026
10:00 a.m. Central Time

CALL TO ORDER: The meeting was called to order by Chairman Glenn Blumhardt. The roll was called, and a quorum was present.

The meeting was streaming live on SD.net, a service of South Dakota Public Broadcasting.

BOARD MEMBERS PRESENT: Glenn Blumhardt, Bob Ewing, Gregg Greenfield, Gary Haag, Doyle Karpen, Rhett Miller, Bob Morris, and Laurie Schultz.

BOARD MEMBERS ABSENT: Jessica Gruenwald.

OTHERS PARTICIPATING: Roberta Hudson, Eric Holm, Bret Graves, Tom Cline, DANR Minerals, Mining, and Superfund Program; Kayla Fawcett, DANR Waste Management Program, Barb Regynski and Kyrik Rombough, DANR Air Quality Program, Steve Blair, DANR General Counsel, and David McVey, Assistant Attorney General

APPROVE AGENDA: Motion by Morris, seconded by Karpen, to approve the agenda. The motion carried unanimously.

APPROVAL OF MINUTES FROM NOVEMBER 20, 2025, MEETING: Motion by Ewing, seconded by Karpen, to approve the minutes of the November 20, 2025, Board of Minerals and Environment meeting. The motion carried unanimously.

MINING ISSUES CONSENT CALENDAR: Prior to the meeting the board received a copy of the consent calendar (see attachment).

Tom Cline with the Minerals, Mining, and Superfund Program was available for questions from the board. There were no questions.

Motion by Karpen, seconded by Haag, to approve the consent calendar, as presented. A roll call vote was taken, and the motion carried unanimously.

DAKOTA STONE LETTER OF CREDIT EXCHANGE FOR ITS THREE MINE PERMITS: Eric Holm reported that the board previously approved Irrevocable Letter of Credit number A071 from Platinum Bank in Oakdale, Minnesota to cover Dakota Stone's \$408,200 reclamation bond for Large Scale Mine Permits 15 and 485. On December 22, 2025, Dakota Stone submitted

Irrevocable Letter of Credit number 5481408001 in the amount of \$408,200 from Dacotah Bank in Minneapolis, Minnesota to replace the letter of credit issued by Platinum Bank.

Staff recommended the board approve the exchange of Platinum Bank Irrevocable Letter of Credit No. A071 for Dacotah Bank Irrevocable Letter of Credit No. 5481408001 in the amount of \$408,200.

Mr. Holm stated that the board previously approved Irrevocable Letter of Credit number A072 from Platinum Bank in Oakdale, Minnesota to cover Dakota Stone's \$69,900 reclamation bond for Large Scale Mine Permit 318. On December 22, 2025, Dakota Stone submitted Irrevocable Letter of Credit number 5481408002 in the amount of \$69,900 from Dacotah Bank in Minneapolis, Minnesota to replace the letter of credit issued by Platinum Bank.

These are among the first irrevocable letters of credit to be reviewed under ARSD 74:29:12, the new bonding rules. The letters of credit comply with the format requirements in ARSD 74:29:12:06. Dacotah Bank, which is FDIC insured, is headquartered in Aberdeen, SD and has a branch in Minneapolis where the letters of credit were issued. Balance and income and revenue sheets certified by a CPA were submitted by the bank and meet the financial requirements of ARSD 74:29:12:06.

Staff recommended the board approve the exchange of Platinum Bank Irrevocable Letter of Credit No. A072 for Dacotah Bank Irrevocable Letter of Credit No. 5481408002 in the amount of \$69,900.

Motion by Morris, seconded by Schultz, to approve the exchange of Platinum Bank Irrevocable Letter of Credit No. A071 for Dacotah Bank Irrevocable Letter of Credit No. 5481408001 in the amount of \$408,200 for Permits 15 and 485 and to approve the exchange of Platinum Bank Irrevocable Letter of Credit No. A072 for Dacotah Bank Irrevocable Letter of Credit No. 5481408002 in the amount of \$69,900 for Permit 318. A roll call vote was taken, and the motion carried unanimously.

RELEASE OF RECLAMATION LIABILITY AND SURETY FOR SDO SERVICES LLC,
EXNI 448: Roberta Hudson reported that SDO Services LLC requested release of reclamation liability and surety for EXNI 448 covered under the previous statewide surety amount of \$20,000.

EXNI 448 was issued in September of 2023, is located in Hill City, and was originally permitted for 80 holes. There was no activity conducted under this EXNI.

SDO Services LLC filed for release of liability in August 2025. DANR conducted a closure inspection for EXNI 448 on October 9, 2025, and confirmed that there had been no disturbance as a result of this EXNI.

Staff recommended release of SDO Services reclamation liability and CD No. 240312, First National Bank, Rapid City, SD, in the amount of \$20,000.

In response to a question from Mr. Morris, Ms. Hudson stated that by releasing reclamation liability and surety for SDO Services, LLC, EXNI 448 is cancelled.

Motion by Morris, seconded by Karpen, to release SDO Services LLC, EXNI 448, reclamation liability and CD No. 240312, First National Bank, Rapid City, SD, in the amount of \$20,000. A roll call vote was taken, and the motion carried unanimously.

ANNUAL UPDATE ON SOUTH DAKOTA'S VOLKSWAGEN BENEFICIARY MITIGATION PLAN: Barb Regynski, DANR Air Quality Program, provided an update on South Dakota's Volkswagen Beneficiary Mitigation Plan.

In 2016, the Environmental Protection Agency (EPA) and the State of California filed a lawsuit against Volkswagen for manufacturing and selling diesel vehicles in the U.S. which exceeded allowable nitrogen oxide (NOx) levels. As part of a court settlement Volkswagen agreed to fund an environmental mitigation Trust in the amount of approximately \$3,000,000,000 to be used to offset the excess NOx emissions.

To receive the funds, the states needed to develop and submit a beneficiary mitigation plan to the Trust. DANR was designated by the Governor to be the lead agency in South Dakota to administer the state's allocation, which was \$8,125,000. The Trust allowed the plan to use ten specific categories to offset the excess nitrogen oxide emissions.

The Board of Minerals and Environment approved the Volkswagen Beneficiary Mitigation Plan in August 2018. In March 2019, the Governor signed a bill giving spending authority for the Volkswagen Trust funds. In May 2021, the Board of Minerals and Environment approved revisions to the plan. Some of the categories were grouped together and instead of a set amount for each category, a percentage range was approved.

Ms. Regynski stated that at least 80 percent of the funds must be obligated by October 2027.

There are currently three rebate programs covered under South Dakota's plan –a bus replacement rebate program , which is allotted 35 to 45 percent of the funds; a truck replacement rebate program, which is allotted 35 to 45 percent of the funds; and a Light Duty Zero Emission Vehicle Supply Equipment program (EV chargers), which is 10 to 15 percent of the funds. There are also administrative costs, which are allotted 2.5 to 10 percent of the funds. The Volkswagen Trust limits the maximum amount that may be used for the EV chargers and administrative costs categories to up to 15 percent.

Trucks – Categories 1 and 6

The VW Truck Rebate Program provided rebates for replacing old diesel trucks, with new cleaner trucks. The program has been open to state and local government agencies. There were two funding rounds per year, open for applications in January and June. After the second round in 2024, no additional funds were obligated. All of the current projects for the Truck program have been completed. The total obligated amount is \$3,633,922, which is in the upper end of the percentage range.

Buses – Categories 2 and 10

In 2009 DANR started the State Clean Diesel Grant Program, which provides rebates for replacing old diesel buses, with newer, cleaner buses. Part of the Trust option is to use the Diesel Emissions Reduction Act (DERA) funds in conjunction with other funds. Every year DANR receives DERA funds from EPA. If the DERA option from VW is used, EPA also gives the program bonus funds, which are one half of the base funding the program received. Category 2 funds are also used, which can be extra funds for buses that are not necessarily match of the DERA funds.

Rebate percentages have been 25-35 percent depending on the fuel type of replacement bus. If the school gets a new diesel or gas bus they receive a 25 percent rebate, and if the school gets a propane bus, they receive a 35 percent rebate. There was also the option of receiving a 45 percent rebate for an electric bus, but no applications for an electric bus have been submitted.

Round 18 opened in November 2025, and the agreements for this funding round will be signed by February 2026. For this funding round the remaining DERA funds and additional VW C10 funds will be used. Ms. Regynski said it is unknown whether additional DERA funds will be received in the future.

The total expended for buses is \$2,855,588, which is at the lower end of the percentage range.

Electric Vehicle Charging Stations – Category 9

The maximum allowed by the Trust for this category is 15 percent. The rebates are for up to 80 percent per charging station and installation.

Ms. Regynski noted several of the projects that applied for rebates later decided not to follow through with their project.

During round one, seven sites were approved, but only one charging station was completed in Mitchell.

For round two, eight charging stations were selected for rebates, but only five were completed. Charging stations were installed in Vermillion, Pierre, Brookings, Murdo, and Spearfish.

For round three, of the five charging stations selected, two dropped out. Mobridge, Lemmon, and Hot Springs are still to be completed, for rebates totaling \$409,065. These projects were to be completed by October 2025; however, they all requested and received an extension to May 2026. If these three charging stations are completed, the total amount expended will be approximately \$1,000,000, which is on the higher end of the percentage range.

Ms. Regynski stated that she believes funding for Department of Transportation EV charging station projects was rescinded.

Administrative Costs

Through November 2025, approximately \$346,000 has been expended, which is at the lower end of the percentage range.

Funding Summary

Ms. Regynski stated that of the \$8,125,000 available, \$7,836,651 has been expended or obligated, which is 96 percent of the total funds in the Trust, leaving \$288,349 for Round 18 buses and administration costs.

Ms. Regynski stated that staff does not intend to present any changes to the Volkswagen Beneficiary Mitigation Plan this year. She noted that if the EV charging stations are not completed, there will be leftover funds available. While the money has been sitting in the Trust, South Dakota has earned approximately \$706,000 in interest. After the 10-year anniversary date, there may be an opportunity for supplemental funding from the Trust, due to other states not expending 80 percent of their Trust funds.

More information on the Volkswagen Beneficiary Mitigation Plan is available at <https://danr.sd.gov/Environment/AirQuality/VolkswagenTrust/VWEVCS.aspx>.

In response to questions from board members, Ms. Regynski stated that the link shown above contains a list of all bus, truck, and charging stations that received rebates. She noted that in order to use the \$706,000 for rebates the department would need to receive spending authority from the legislature.

PUBLIC COMMENT PERIOD IN ACCORDANCE WITH SDCL 1-25-1: There were no public comments.

UPCOMING BOARD MEETINGS: The next meeting is scheduled for February 19, 2026.

Mr. Morris, hearing chair in the matter of Clean Nuclear Energy Corporation's application for a uranium exploration permit, stated that if any of the Orders he issued during the January 6 prehearing conference are appealed to the full board, he would recommend that the board meet in person on February 19. Mr. Morris stated that he also set the hearing on this matter for March 18, 19, and 20 in Pierre. He noted that several of the parties objected to the hearing being scheduled to take place in Pierre.

Chairman Blumhardt noted that he will be in Arizona on February 19. He plans to participate remotely, so he asked Vice Chair Gregg Greenfield to chair the in-person meeting in Pierre.

ADJOURN: Motion by Karpen, seconded by Miller, to adjourn the meeting. The motion carried unanimously.

Secretary, Board of Minerals
and Environment

Date

Consent Calendar
South Dakota Board of Minerals & Environment

January 15, 2026

January 15, 2026					
<u>License Holder</u>	<u>License No.</u>	<u>Site No.</u>	<u>Surety Amount</u>	<u>Surety Company or Bank</u>	<u>DANR Recommendation</u>
<u>Transfer of Liability:</u>					
SDO Services, LLC Lamie, NM	23-1131		\$20,000	First National Bank – Rapid City, SD	Transfer Liability
		1131001	Section 6; T2S-R6E, Pennington County		
Transfer to:					
Longview Minerals Custer, SD	24-1139		\$20,000	Pioneer Bank & Trust – Rapid City, SD	
<u>Surety Release:</u>					
Carl Scott Custer, SD	89-388		\$1,000	First Interstate Bank – Custer, SD	Release \$1,000
		License Only			
<u>Release of Liability & Surety Release:</u>					
Ryan Breske Waubay, SD	09-873		\$1,000	Peoples State Bank – Summit, SD	Release Liability & \$1,000
		873001	E1/2 Section 34; T122N-R54W, Day County		
Shanard Husted Ft. Pierre, SD	05-814		\$2,000	Bankwest – Pierre, SD	Release Liability & \$2,000
		814001	SW1/4 Section 4; T4N-R31E, Stanley County		

Consent Calendar
South Dakota Board of Minerals & Environment

January 15, 2026

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<u>License Holder</u>	<u>License No.</u>	<u>Site No.</u>	<u>Surety Amount</u>	<u>Surety Company or Bank</u>	<u>DANR Recommendation</u>
		814002	NW1/4 Section 4; T4N-R31E, Stanley County		
<u>Release of Liability:</u>					
Hand County Highway Dept. Miller, SD	83-148		Exempt		Release Liability
		148003	NE1/4 Section 24; T112N-R66W, Hand County		
TCB LLC Sioux Falls, SD	20-1080		\$20,000	First National Bank – Sioux Falls, SD	Release Liability
		1080005	NE1/4 Section 2; T101N-49W, Minnehaha County		
Western Construction Inc. Rapid City, SD	09-880		\$20,000	Western Surety Co. – Chicago, IL	Release Liability
		880004	SE1/4 Section 18; T4N-R6E, Meade County		

South Dakota Board of Minerals & Environment

January 15, 2026

<u>Permit Holder</u>	<u>Permit No.</u>	<u>Surety Amount</u>	<u>Surety Company or Bank</u>	<u>DANR Recommendation</u>
<u>Exchange of Surety for Dakota Stone Inc. – Permits 15 and 485 Reclamation Bond:</u>				
Dakota Stone Inc. Milbank, SD	15 & 485	\$408,200	Platinum Bank, Oakdale, MN	Exchange Platinum Bank Irrevocable Letter of Credit No. A071 for Dacotah Bank Irrevocable Letter of Credit No. 5481408001 in the amount of \$408,200.
<u>Exchange of Surety for Dakota Stone Inc. – Permit 318 Reclamation Bond:</u>				
Dakota Stone Inc. Milbank, SD	318	\$69,900	Platinum Bank, Oakdale, MN	Exchange Platinum Bank Irrevocable Letter of Credit No. A072 for Dacotah Bank Irrevocable Letter of Credit No. 5481408002 in the amount of \$69,900.

South Dakota Board of Minerals & Environment

				<i>January 15, 2026</i>
<u>Permit Holder</u>	<u>Permit No.</u>	<u>Surety Amount</u>	<u>Surety Company or Bank</u>	<u>DANR Recommendation</u>
<u>Release of Liability and Surety – SDO Services, LLC:</u>				
SDO Services, LLC. Rapid City, SD	EXNI-448	\$20,000	First National Bank, Rapid City, SD	Release reclamation liability and CD No. 240312, First National Bank, in the amount of \$20,000.
Portions of Section 31; T1S-R5E, Pennington County				