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Minutes of the
Board of Minerals and Environment
Telephone Conference Call Meeting
523 East Capitol Avenue
Pierre, South Dakota

March 20, 2025
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.

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

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

BOARD MEMBERS ABSENT: Gregg Greenfield.

OTHERS PRESENT: Mike Lees, Roberta Hudson, Eric Holm, and Tom Cline, Minerals, Mining, and Superfund Program, Assistant Attorney General David McVey, Carla Marshall, Timm Comer, Crystal Hocking, and Jared McEntaffer.

INTRODUCTION OF COUNSEL FOR THE BOARD: Assistant Attorney General David McVey introduced himself and provided an overview of his employment history. Mr. McVey was appointed to represent the Board of Minerals and Environment following the retirement of former Deputy Attorney General Charles McGuigan.

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

APPROVE MINUTES FROM JANUARY 16, 2025, MEETING: Motion by Morris, seconded by Karpen, to approve the minutes from the January 16, 2025, Board of Minerals and Environment meeting. The motion carried unanimously.

MINING ISSUES CONSENT CALENDAR: Included in the board packet was a copy of the consent calendar, which is a table listing the department recommendations for transfers of liability, transfers of liability and surety release, and releases of liability. (See attachment.)

Tom Cline was available to answer questions about the consent calendar.

In response to a question from Mr. Haag regarding the surety amount for the transfer of Pete Lien & Sons Mine License 83-100 to A-G-E Corporation Mine License 24-1146, Mr. Cline stated that, in accordance with legislation passed in 2024, the \$300,000 bond amount for A-G-E Corporation is the required surety amount for a mine license.

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

TRANSFER OF SMALL SCALE MINE PERMIT 417 FROM SHIRLEY AND ANDREW KREJCI TO ANDREW KREJCI: Eric Holm reported that Andrew Krejci has requested transfer of Small Scale Mine Permit 417 from Shirley and Andrew Krejci. The general location of the permitted operation is approximately 3.5 miles west of Lead, SD. Under SDCL 45-6B-47 any mine permit can be transferred from one operator to another, with the successor operator assuming all reclamation liability.

The complete transfer application form was received on December 6, 2024. The \$100 transfer fee was submitted on November 8, 2024. The \$2,500 replacement surety, which consists of a name change on the Certificate of Deposit, was received on January 16, 2025, and the application was deemed complete on January 16, 2025.

The department recommendation to transfer the permit was prepared on February 3, 2025, and published in the Black Hills Pioneer on March 6 and 13, 2025. The Affidavit of Publication was received on March 20, 2025. The recommendation was also posted on DANR's public notice web page.

No petitions to intervene were received.

Under SDCL 45-6B-47, the board cannot deny a mine permit transfer unless the operation is not or cannot be brought into compliance with all applicable federal, state or local laws or the successor operator is in violation of state mining laws or mine permit conditions for any mining operation in the state. The current mine permit and Andrew Krejci are in compliance with all federal, state, and local laws and regulations. Andrew Krejci also submitted a Certification of Applicant form and disclosed no violations.

The department recommended the board approve the transfer of Small Scale Mine Permit 417 and liability from Shirley and Andrew Krejci to Andrew Krejci and accept CD No. 242778, First National Bank, Rapid City, SD, with the name change from Shirley and Andrew Krejci to Andrew Krejci, in the amount of \$2,500.

Motion by Morris, seconded by Gruenwald, to transfer Small Scale Mine Permit 417 and liability from Shirley and Andrew Krejci to Andrew Krejci and accept CD No. 242778, First National Bank, Rapid City, SD, with the name change from Shirley and Andrew Krejci to Andrew Krejci, in the amount of \$2,500. A roll call vote was taken, and the motion carried unanimously.

ANNUAL UPDATE OF POST CLOSURE FINANCIAL ASSURANCE FOR HOMESTAKE MINING COMPANY, MINE PERMITS 332 AND 456 AND MINE PERMIT 445: Mr. Holm

stated that in the May 18, 2006, Order regarding the post closure financial assurance for Mine Permits 332 and 456, 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 2006 and updated in 2012, 2018, and 2023 during the five-year financial assurance reviews.

For 2025, the face value of the surety bond that serves as the post closure financial assurance is required to be \$84,000,056. This is an increase from the \$82,004,927 amount which was submitted last year. For the increase, Homestake submitted a rider to Surety Bond No. 8233-63-10, Federal Insurance Company, which increases the amount to the new face value. Federal Insurance is licensed in South Dakota and is on the US Department of Treasury list of approved surety companies. Ratings for the company from AM Best, Standard and Poor's, Moody's, and Fitch's are superior, very strong, high quality, and very high credit, respectively. Outlooks are stable.

The department recommended that the board accept the rider to Surety Bond No. 8233-63-10, Federal Insurance Company, increasing the post closure financial assurance amount to \$84,000,056.

Mr. Morris asked what areas the post closure bond covers.

Mr. Holm answered that this post closure bond covers the areas affected under Permits 332 and 456, which include the Open Cut, the East Waste Rock Depository, and the Sawpit Waste Rock Depository. The bond does not cover anything that was done underground.

Motion by Miller, seconded by Ewing, to accept the rider to Surety Bond No. 8233-63-10, Federal Insurance Company, increasing the post closure financial assurance amount to \$84,000,056 for Homestake Mining Company Permits 332 and 456. A roll call vote was taken, and the motion carried unanimously.

In the post closure conditions for Mine Permit 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 and updated in April 2022 as part of the five-year financial assurance review.

For 2025, the face value of the surety bond that serves as the post closure financial assurance is required to be \$41,773,222. This is an increase from the \$40,634,534 amount which was submitted in 2024. For the increase, Homestake Mining submitted a rider to Surety Bond No. 09177703, Fidelity & Deposit Company of Maryland and Zurich American Insurance Company, which increases the amount to the new face value. Both surety companies are licensed in South Dakota and are on the US Department of Treasury's list of approved surety companies. Ratings for both companies from AM Best, Standard and Poor's, Moody's, and Fitch's are superior, very strong, high quality, and very high credit, respectively, and outlooks are stable.

The department recommended that the board is to accept the rider to Surety Bond No. 09177703, Fidelity & Deposit Company of Maryland and Zurich American Insurance Company, increasing the post closure financial assurance amount to \$41,773,222.

Motion by Karpen, seconded by Schultz, to accept the rider to Surety Bond No. 09177703, Fidelity & Deposit Company of Maryland and Zurich American Insurance Company, increasing the post closure financial assurance amount to \$41,773,222 for Homestake Mining Company Permit 445. A roll call vote was taken, and the motion carried unanimously.

DAKOTA GOLD CORPORATION REQUEST FOR APPROVAL OF SOCIOECONOMIC CONTRACTOR FOR LARGE-SCALE MINE PERMIT APPLICATION PURSUANT TO SDCL 45-6B-33.1: Roberta Hudson reported that Dakota Gold has requested board approval of Dakota Institute as its socioeconomic contractor.

Dakota Gold is applying for a large-scale mine permit for a gold mine located approximately five miles northwest of Lead, SD.

Under the mining statutes, an applicant for a large-scale mine is required to conduct a socioeconomic impact study and include it in the mine permit application. The law requires the applicant to receive board approval for the contractor to conduct the study.

As part of the decision-making process a mine permit application, the board can consider the socioeconomic impacts of a mining operation. The board can deny a mine permit application if it finds the adverse socioeconomic impacts of the proposed mining operation outweigh the benefits of the operation.

Ms. Hudson noted that a copy of the resume of Jared McEntaffer of Dakota Institute and the preliminary scope of work was sent to the board prior to the meeting.

Timm Comer with Dakota Gold, Dr. Jared McEntaffer with Dakota Institute, and Crystal Hocking with RESPEC were on the conference call and available to answer questions.

Mr. Morris stated that he assumes there is no connection between Dakota Gold and Dakota Institute.

Ms. Hudson stated that to her knowledge there is no connection between the two companies.

Mr. Comer and Dr. McEntaffer both confirmed that Dakota Institute is not connected to Dakota Gold in any way.

Chairman Blumhardt asked Dr. McEntaffer if he has ever appeared before the board as a socioeconomic contractor.

Dr. McEntaffer answered that this is his first time appearing before the board.

Motion by Morris, seconded by Ewing, to approve Dakota Institute as the socioeconomic contractor for Dakota Gold Corporation's large-scale mine permit application. A roll call vote was taken, and the motion carried unanimously.

Mr. Karpen requested that staff add Dakota Gold Corporation to the list of places for the board to tour when it meets in the Hills in September.

LEGISLATIVE UPDATE: Mike Lees provided an overview of 2025 legislation pertinent to DANR and the board. He stated that the department did not propose or support any legislation related to mining or mineral exploration during the 2025 session. The only bill related to mining that the department took action on in 2025 was House Bill 1258.

HB1258 was an act to subject lithium mining operations to certain provisions regarding permitting, annual reporting, disturbed land limitations, and mined land reclamation. The intent of the bill was to require lithium mine operators to comply with the same requirements as large-scale gold mine operators.

Mr. Lees reported that the known lithium deposits in South Dakota occur exclusively in the Black Hills, in small, localized deposits known as pegmatites. Pegmatite is a type of granite with larger-than-normal crystal structure. These deposits are scattered throughout the Black Hills and are typically between one and ten acres in aerial extent. Unlike heap leach gold mining, lithium mining does not involve the use of cyanide or other chemical agents to process ore.

The type of lithium ore targeted in the Black Hills is a stable mineral known as spodumene. Spodumene is not flammable, explosive, toxic, or otherwise hazardous to people or the environment.

The handful of existing lithium mines sites in the Black Hills are very similar to small gravel mine sites in terms of scale, operation, and scope of potential environmental impacts.

Mr. Lees explained that DANR opposed HB1258 for the following reasons.

Requiring lithium mine operators to comply with large-scale gold mining requirements is unnecessary, largely because lithium mining in South Dakota does not involve the same type of potential environmental impacts as large-scale gold mining.

Requiring lithium mine operators to comply with large-scale gold mining requirements is unnecessary because the existing environmental requirements in SDCL 45-6 are adequate and appropriate. SDCL 45-6 covers mining of sand, gravel, limestone, certain cement additives, and pegmatites, including lithium ore. SDCL 45-6B covers mining of everything else.

Mr. Lees stated that regardless of whether a mine is regulated under SDCL 45-6 or 45-6B, all mining operations are subject to state water quality standards and applicable water quality permitting requirements, and lithium mine operators must comply with reclamation, weed control, reporting, and bonding requirements (§§ 45-6-67 and 45-6-71).

In 2024, the legislature approved SB111, which increased the reclamation surety requirements for licensed mine sites, which include pegmatite mine sites.

Mr. Lees stated that in the unlikely event future lithium mine operators consolidate lithium ore from multiple mine sites and process the ore at a centralized milling facility, the mill site would require a large-scale mine permit.

Mr. Lees noted another reason DANR opposed this bill was because it created inconsistencies in Chapter 45-6B. The bill didn't adequately address the distinctions between requirements for large-scale mine permits versus small-scale mine permits, creating a number of unintended "loose ends" in the statute.

HB1258 was deferred to the 41st legislative day by the House Ag and Natural Resources Committee on February 13, 2025.

There were no questions from the board.

RHETT MILLER ORAL BIOGRAPHY: Mr. Miller provided a personal biography.

PUBLIC COMMENT PERIOD IN ACCORDANCE WITH SDCL 1-25-1: No public comments were offered.

NEXT MEETING: The next meeting is May 15, 2025.

Chairman Blumhardt noted that he would be unable to attend the May meeting due to a prior commitment.

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 and Environment

March 20, 2025

<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>					
Pete Lien & Sons, Inc. Rapid City, SD	83-100		\$20,000	Western Surety Company	Transfer Liability.
		100013	S1/2 & NE1/4 Section 10; T113N-R75W, Sully County		
Transfer to:					
A-G-E Corporation Ft. Pierre, SD	24-1146		\$300,000	Merchants Bonding Company	
Schenkel Demolition, LLC Tyndall, SD	21-1097		\$17,900	Community Bank – Avon, SD	Transfer Liability.
		1097002	Section 13; T93N-R62W, Charles Mix County		
Transfer to:					
Roger Baumfalk	25-1149		\$9,625	Security Bank Midwest – Tyndall, SD	
<u>Release of Liability & Surety Release:</u>					
AP & Sons Construction Inc. Summit, SD	14-972		\$1,500	Peoples State Bank – Summit	Release Liability & \$1,500.
		972001	SW1/4 Section 28; T122N-R51W, Roberts County		
Larry Starr Alpena, SD	11-925		\$2,000	First National Bank – Woonsocket	Release Liability & \$2,000.
		925001	NE1/4 Section 34; T108N-R63W, Jerauld County		

Consent Calendar
South Dakota Board of Minerals and Environment

March 20, 2025

<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>Release of Liability:</u>					
Western Construction Inc. Rapid City, SD	09-880	880022	\$20,000	Western Surety Company	Release Liability.
			SE1/4 NE1/4 Section 36; T41N-R40W, Jackson County		
McPherson County Highway Department - Leola, SD	83-41	41036	Exempt	Exempt	Release Liability.
			SE1/4 NW1/4 Section 10; T127N-R68W, McPherson County		

South Dakota Board of Minerals and Environment

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March 20, 2025				
<u>Permit Holder</u>	<u>Permit No.</u>	<u>Surety Amount</u>	<u>Surety Company or Bank</u>	<u>DANR Recommendation</u>
<u>Transfer of Small Scale Mine Permit 417:</u>				
Shirley & Andrew Krejci Yutan, NE	417	\$2,500	First National Bank, Rapid City, SD	Transfer Permit 417 and liability from Shirley & Andrew Krejci to Andrew Krejci. Accept CD 242778, First National Bank, Rapid City, with name change from Shirley & Andrew Krejci to Andrew Krejci in the amount of \$2,500.
Transfer to:	NE1/4 Section 34; T5N-R2E, Lawrence County			
Andrew Krejci Yutan, NE				
<u>Annual Update of Post Closure Financial Assurance:</u>				
Homestake Mining Company Lead, SD	332 & 456	\$84,000,056	Federal Insurance Company	Accept rider to Bond No. 8233-63-10, Federal Insurance Company, increasing the Post Closure Financial Assurance amount to \$84,000,056.
Homestake Mining Company Lead, SD	445	\$41,773,222	Fidelity & Deposit Company of Maryland 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 \$41,773,222.