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

August 17, 2023
10:00 a.m. Central Time

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

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

Chairman Hagg welcomed new board member Laurie Schultz.

BOARD MEMBERS PRESENT: Rex Hagg, Glenn Blumhardt, Gregg Greenfield, Gary Haag, Doyle Karpen, Bob Morris, and Laurie Schultz.

BOARD MEMBERS ABSENT: Jessica Peterson.

OTHERS PRESENT: Mike Lees, Roberta Hudson, Eric Holm, Tom Cline and Bret Graves, DANR Minerals, Mining, and Superfund Program; Matt Zietlow, Wharf Resources, Stephanie Kuntz, Marsh; Sam Keeran, Bureau of Land Management.

APPROVAL OF MINUTES FROM JULY 20, 2023, MEETING: Motion by Karpen, seconded by Greenfield, to approve the minutes from the July 20, 2023, Board of Minerals and Environment meeting. A roll call vote was taken, and the motion carried unanimously.

MINING ISSUES CONSENT CALENDAR: Prior to the meeting the board received a copy of the consent calendar, which is a table listing the department recommendations for transfers of liability and releases of liability, transfer of liability and release of surety, transfers and releases of liability. (See attachment)

Tom Cline, Minerals, Mining, & Superfund Program, presented the consent calendar.

In response to a question from Mr. Haag regarding the transfer of liability and release of surety from Fred Ludwig to Jared and Shantell Gross, Mr. Cline stated that Mr. Ludwig sold his property to the Gross's. He reclaimed all of the site except for a small portion that the Gross's would like to take over. Staff visited the site and determined that the small portion was less than an acre, which requires a \$500.00 surety.

Motion by Karpen, seconded by Haag, to accept the department recommendations for releases of liability and surety, transfer of liability and releases of surety, transfer of liability, and releases of liability. A roll call vote was taken, and the motion carried unanimously.

ACCEPTANCE OF INCREASE TO RECLAMATION AND POSTCLOSURE BONDS FOR WHARF RESOURCES (USA), INC., MINE PERMITS 356,434, 435, 464,,476, AND 490: Eric Holm noted that Matt Zietlow, Wharf Resources, and Stephanie Kuntz, Wharf's bond broker from Marsh, were on the conference call.

Mr. Holm reported that Wharf's current reclamation surety includes bonds issued by five companies for a total of \$58,246,100.

At the July 20, 2023, meeting the Board of Minerals and Environment approved a \$13,906,800 increase to Wharf's reclamation bond. Wharf submitted a bond from Ascot Surety and Casualty Company to cover that amount, bringing the total reclamation surety to \$72,152,900.

Wharf's current postclosure surety includes bonds issued by four companies for a total of \$38,396,200.

At the July 20, 2023, meeting the board approved a \$4,289,400 increase to Wharf's postclosure bond. Wharf submitted a bond issued by Ascot Surety and Casualty Company to cover that amount, bringing the total postclosure surety to \$42,685,600.

Mr. Holm stated that Ascot Surety and Casualty Company is a certified company listed on the US Department of Treasury Circular. The department reviewed the ratings for Ascot Surety and Casualty Company. The company only has ratings from AM Best: Financial strength A, long term A+ (excellent) and the outlook for the company is stable.

The department recommendation for the reclamation surety increase for Wharf Resources is that the board accept Bond No. SURU2210000179, Ascot Surety and Casualty Company, in the amount of \$13,906,800 increasing the reclamation bond amount to \$72,152,900.

The department recommendation for the postclosure increase for Wharf Resources is that the board accept Bond No. SURU2210000180, Ascot Surety and Casualty Company, in the amount of \$4,289,400 increasing the post closure bond amount to \$42,685,600.

In response to a question from Mr. Morris regarding diversity in the bonding rather than Wharf Resources holding one bond, Stephanie Kuntz stated that, as a surety broker, Marsh is responsible to ensure that Wharf Resources' entire bond portfolio across all of their mine sites is actively managed and continually reviewed to ensure that no one surety market is too heavily weighted. It is very much purposeful to try to have an even spread of that surety exposure across Marsh's surety partners.

Chairman Hagg requested board action.

Board of Minerals and Environment
August 17, 2023, Meeting Minutes

Motion by Morris, seconded by Haag, to accept Bond No. SURU2210000179, Ascot Surety and Casualty Company, in the amount of \$13,906,800 increasing the reclamation bond amount to \$72,152,900 for Wharf Resources (USA), Inc.'s Permit Nos. 356, 434, 435, 464, 476, and 490. A roll call vote was taken, and the motion carried unanimously.


Motion by Blumhardt, seconded by Greenfield, to accept Bond No. SURU2210000180, Ascot Surety and Casualty Company, in the amount of \$4,289,400 increasing the post closure bond amount to \$42,685,600 for Wharf Resources (USA), Inc.'s Permit Nos. 356, 434, 435, 464, 476, and 490. A roll call vote was taken, and the motion carried unanimously.

Matt Zietlow extended Wharf Resources' appreciation to DANR staff and the Board of Minerals and Environment for the diligent, thorough, and extensive work they have done regarding the Boston Expansion permit and the bond approval.

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

NEXT MEETING: The next meeting is scheduled for October 19, 2023.

ADJOURN: Motion by Karpen, seconded by Greenfield, to adjourn the meeting. A roll call vote was taken, and the motion carried unanimously.



Secretary, Board of Minerals
and Environment

10/19/2023
Date



Witness

10/19/23
Date

Consent Calendar
South Dakota Board of Minerals & Environment

August 17, 2023

<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 & Surety:</u>					
David Braun Rosholt, SD	10-897		\$500 \$500	First Interstate Bank, Rosholt	Release liability and \$1000.
		897001	SW1/4 Section 34; T129N-R48W, Roberts County		
Harvey Fouberg Letcher, SD	12-937		\$1,000	CorTrust Bank, Mitchell	Release liability and \$1,000.
		937001	E1/2 NE1/4 Section 35; T104N-R61W, Davison County		
Heavy Constructions Inc. Rapid City, SD	93-504		\$10,000	Western Surety Company	Release liability and \$10,000.
		504001	S1/2 Section 34; T2N-R8E, Pennington County		

Consent Calendar
South Dakota Board of Minerals & Environment

August 17, 2023

<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 & Release of Surety:</u>					
Fred Ludwig Aberdeen, SD	00-710		\$1,000 \$1,000 \$500 \$500	Dacotah Bank, Aberdeen	Transfer liability and release \$3,000.
		710002	SE1/4 Section 33; T124N-R64W, Brown County		
Transfer to:					
Jared & Shantell Gross Aberdeen, SD	23-1127		\$500	First Interstate Bank, Aberdeen	
<u>Transfer of Liability:</u>					
Morris Inc. Pierre, SD	83-2		\$20,000	United Fire & Casualty Company	Transfer liability.
		2053	NW1/4 Section 16; T121N-R74W, Walworth County		
Transfer to:					
Mathew Arbach Hoven, SD	15-982		\$8,000 \$4,000	Plains Commerce Bank, Hoven	

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<u>Transfer of Liability:</u>					
Simon Contractors of SD Inc. Rapid City, SD	14-977		\$20,000	Liberty Mutual Insurance Company	Transfer liability.
		977009	Portion of E1/2 Section 18 North of I-90 except N1/2 NE1/4 Section 18; T6N-R3E, Lawrence County		
Transfer to:					
Johner Gravel Inc. Spearfish, SD	09-884		\$1,000 \$1,000 \$4,000 \$2,000 \$1,500 \$10,500	First Interstate Bank, Spearfish	
Dixie Veurink Trucking Mitchell, SD	83-167		\$20,000	Nationwide Mutual Insurance Company	Transfer liability.
		167037	Section 29; T105N-R65W, Aurora County		
Transfer to:					
Richard Markhardt White Lake, SD	10-893		\$2,123 \$4,500	Farmers & Merchants State Bank, White Lake	

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<u>Release of Liability:</u>					
Clausen & Sons Construction LLC Watertown, SD	83-15		\$20,000	Merchants Bonding Company (Mutual)	Release liability.
		15003	NW1/4 Section 31; T117N-R57W, Clark County		
Charles Mix County Highway Department Lakes Andes, SD	83-22		EXEMPT	NA	Release liability.
		22005	NW1/4 Section 35; T98N-R69W, Charles Mix County		
Day County Highway Department Webster, SD	83-34		EXEMPT	NA	Release liability.
		34020	Section 11; T121N-R53W, Day County		
Edmunds County Highway Department Ipswich, SD	83-161		EXEMPT	NA	Release liability.
		161011	SW1/4 Section 30; T122N-R66W, Edmunds County		

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<u>Release of Liability:</u>					
Gregory County Highway Department Burke, SD	83-171		EXEMPT	NA	Release liability.
		171003	N1/2 Section 32; T95N-R70W, Gregory County		
		171004	SE1/4 Section 31; T97N-R72W, Gregory County		
		171005	NE1/4 Section 13; T97N-R73W, Gregory County		
		171006	N1/2 Section 9; T95N-R71W, Gregory County		
		171008	NW1/4 Section 3; T95N-R71W, Gregory County		
		171009	NW1/4 Section 7; T99N-R70W, Gregory County		
		171010	NE1/4 Section 1; T97N-R70W, Gregory County		
		171011	S1/2 Section 36; T98N-R70W, Gregory County		
		171014	NE1/4 Section 24; T97N-R73W, Gregory County		

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August 17, 2023

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<u>Release of Liability:</u>						
Haakon County Highway Department Philip, SD	83-40		EXEMPT	NA	Release liability.	
		40006	NE1/4 Section 20; T6N-R18E, Haakon County			
		40007	Section 2; T7N-R22E; Haakon County			
		40025	S1/2 Section 31; T2N-R25E, Haakon County			
		40028	S1/2 Section 36; T2N-R24E, Haakon County			
		40029	S1/2 Section 18; T7N-R21E, Haakon County			
		40031	W1/2 Section 14; T7N-R23E, Haakon County			
Perkins County Highway Department Bison, SD	83-91		Exempt	NA	Release liability.	
		91013	E1/2 SE1/4 Section 31; T17N-R13E, Perkins County			
		91018	SW1/4 Section 20; T17N-R11E, Perkins County			
		91024	E1/2 SW1/4 Section 29; T17N-R12E, Perkins County			
		91025	SE1/4 Section 9; T16N-R16E, Perkins County			
		91028	SE1/4 Section 30; T16N-R11E, Perkins County			
		91029	NW1/4 Section 21 & SW1/4 Section 16; T13N-R10E, Perkins County			

Consent Calendar
South Dakota Board of Minerals & Environment

August 17, 2023

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<u>Release of Liability:</u>					
Walworth County Highway Department Selby, SD	83-7		EXEMPT	NA	Release liability.
		7033	SW1/4 Section 13; T124N-R76W, Walworth County		
Ziebach County Highway Department Dupree, SD	83-246		EXEMPT	NA	Release liability.
		246015	SE1/4 Section 20; T13N-R22E, Dewey County		

South Dakota Board of Minerals & Environment

August 17, 2023

<u>Permit Holder</u>	<u>Permit No.</u>	<u>Surety Amount</u>	<u>Surety Company or Bank</u>	<u>DANR Recommendation</u>
<u>Acceptance of Reclamation Bond Increase for Wharf Resources (USA), Inc.:</u>				
Wharf Resources (USA), Inc. Lead, SD	356, 434, 435, 464, 476, & 490	\$13,906,800	Ascot Surety & Casualty Company	Accept Bond No. SURU2210000179, Ascot Surety & Casualty Company, in the amount of \$13,906,800 increasing the reclamation bond amount to \$72,152,900.
<u>Acceptance of Post Closure Bond Increase for Wharf Resources (USA), Inc.:</u>				
Wharf Resources (USA), Inc. Lead, SD	356, 434, 435, 464, 476, & 490	\$4,289,400	Ascot Surety & Casualty Company	Accept Bond No. SURU2210000180, Ascot Surety & Casualty Company, in the amount of \$4,289,400 increasing the post closure bond amount to \$42,685,600