

## **Mineral Mountain Resources EXNI-427 and Temporary Permit for Use of Public Water Q&A**

### **Q: Does Mineral Mountain Resources have a permit to mine?**

**A:** No. Mineral Mountain has never applied for a permit to mine in the State of South Dakota. The company is currently operating under an Exploration Notice of Intent (EXNI) 427, which allows for the exploration of minerals on a parcel of private land near Rochford. If the company decides to pursue a mining project, a mine permit is needed which requires public notice and the opportunity to petition and participate in a contested case hearing.

### **Q: What is the difference between an Exploration Notice of Intent and a Mine Permit?**

**A:** An exploration notice of intent is obtained when a company wishes to determine the location, scope, or grade of a possible ore deposit. The state does not issue a permit for an exploration notice of intent. A company files the notice with the state and may begin operations within 30 days after the notice is filed. The Department of Environment and Natural Resources (DENR) may issue a restriction letter based on review and inspection of the proposed project by the department as well as comments and review provided by the Department of Game, Fish and Parks, and the State Archeologist.

A state mine permit is required for the profitable extraction of minerals in the state. A large scale mine permit is required for operations exceeding 10 acres in size, removing more than 25,000 tons of material annually, and/or using biological or chemical leaching processes to extract minerals from ore. A small scale permit is required for operations that are less than 10 acres in size, removes less than 25,000 tons annually, and do not use chemical or biological leaching agents. The permit process includes opportunities for public comment, review, and participation in contested case hearings.

### **Q: For what length of time is a temporary permit for use of public water issued?**

**A:** A temporary permit can only be issued for up to one year for construction, testing, or drilling purposes. No temporary permit is valid after December 31 of the year it was issued. In the case of Mineral Mountain, the temporary permit was issued only through May 1, 2018. The company must submit a new request for the temporary use of water beyond that date, at which time DENR will evaluate the current hydrologic conditions to determine impacts to prior appropriations or vested rights.

If the company decides to pursue a mining project, a permanent water right permit is needed, which requires public notice and the opportunity to petition and participate in a contested case hearing.

### **Q: Is this located on public land?**

**A:** No. EXNI-427 is for drilling activities on private land only. Any additional drilling activity that may occur on public lands would require Mineral Mountain to apply for a new EXNI with the state and a Plan of Operations with the US Forest Service (USFS).

### **Q: Are there limitations on what the company is allowed to do under this EXNI?**

**A:** Yes. For EXNI-427, Mineral Mountain is allowed to drill a maximum of 120 holes from 12 drill sites (10 holes per drill site) with a maximum depth of 4,000 ft. The DENR also issued a restriction letter in regards to this operation on June 9, 2017.

**Q: Are there limitations on what the company is allowed to do under the temporary permit for use of public water?**

**A:** Yes. The company can only divert up to 200 gallons per minute and can only use a total of 1.8 million gallons of water. There are also a number of qualifications included in the issued permit including metering, reporting, bypass requirements.

**Q: Is the state taking steps to watch drilling operations and ensure the company is following state law?**

**A:** Yes. We have field inspectors available to be at the site on a regular basis once exploration activities begin. We will monitor the activities and ensure all activities are being done within the scope of state law and as defined in the filed Exploration Notice of Intent and the Temporary Permit of Use of Public Water.

**Q: Will the company be utilizing the Mickelson Trail for any of its operations?**

**A:** Yes. Mineral Mountain will be utilizing the Mickelson Trail to install a pump along Rapid Creek. The department has contacted the Department of Game, Fish, and Parks Trails Division and confirmed the company is utilizing a motorized access permit to access 0.3 miles of Mickelson Trail. Mineral Mountain will not be hauling water or drilling supplies on the Trail.

**Q: What happens if there is a discharge to surface waters, creeks, or drainages from this operation?**

**A:** Mineral Mountain will be ordered to immediately stop any unauthorized discharges, remediate any water quality impacts, and fix issues that may have caused the discharges. Depending on the size, scope, nature, and environmental damage caused by the discharge, the company may receive a warning letter, notice of violation, and/or be required to suspend operations until the operation can be brought back into compliance. Depending on the violation, the company could be subject to monetary penalties.

**Q: When will the company begin pumping water from Rapid Creek?**

**A:** Mineral Mountain notified DENR pumping under the temporary water right will likely begin on February 9, 2018.

**Q: What happens if water freezes in the pump lines during operations in the winter months and there is a discharge from this line?**

**A:** The prevention of frozen pipes or hoses is an operational issue which Mineral Mountain must address during their operations. As mentioned above, they are not allowed to discharge to surface waters of the state.

**Q: Are there any concerns with ground water quality?**

**A:** There are no concerns with ground water quality associated with this project. No chemical processes are being utilized during the drilling process. The holes will be plugged in accordance with state plugging regulations. These regulations require holes to be plugged with bentonite or cement grout which is commonly used in the plugging and abandonment of drinking water wells and does not pose a risk to water quality.

**Q: What would happen if the company has a violation of the EXNI or Permit for Temporary Use of Public Water?**

**A:** Upon DENR investigation and review, any violation of EXNI-427 or Permit for Temporary Use of Public Water may be subject to a warning letter, notice of violation, and/or a suspension of operations until such time as the operation can be brought back into compliance. Depending on the violation, the company could be subject to monetary penalties.

**Q: Can the permit be revoked?**

**A:** As mentioned above, an Exploration Notice of Intent is not a permit granted by DENR. However, should the company operate in violation of the terms and conditions of the EXNI, depending on the severity and/or size, scope, nature and environmental concerns related to a violation the state may take steps to suspend exploration activities until they are brought back into compliance with state laws and regulations. The Permit for Temporary Use of Public Water can be rescinded if the company violates a qualification or limitation of the temporary permit.

**Q: There has been some concern regarding an illegal staging area. Is this a violation of EXNI-427?**

**A:** We received reports from the public that Mineral Mountain was staging equipment on USFS property near the intersection of the Rochford and Bloody Gulch Roads located east of Rochford. Upon further investigation and through communications with the company and the USFS, we determined the company coordinated travel through the area with the USFS. A bridge on the Bloody Gulch Road was not rated for load limits of semi-trucks carrying drilling equipment. As a result, the company coordinated the unloading of the drilling equipment at this intersection with the USFS so it could be moved across the bridge and to the drilling site. All activities were done with full knowledge and cooperation of the USFS, which had law enforcement officers present to monitor the operations. DENR determined this was not a violation of EXNI-427.

**Q: Where is Pe' Sla located in relation to this operation?**

**A:** Pe' Sla is located approximately 4 miles to the southwest of this operation.

**Q: Is the operation currently in violation of EXNI-427 or the Permit for Temporary Use of Public Water?**

**A:** No. As of February 9, 2018, this operation is in full compliance with all applicable state laws and regulations and permit conditions.

**Q: Would the company be required to file an Exploration Notice of Intent for operations located on USFS Property?**

**A:** Yes. The company would be required to file an Exploration Notice of Intent for any planned exploration operation on Forest Service property. In addition, the company would be required to obtain a Plan of Operations with the Forest Service. As per 45-6C-16, an approved Plan of Operations from the Forest Service is required prior to the commencement of exploration activities on public land.

**Q: Has the state received an Exploration Notice of Intent from Mineral Mountain regarding activities on any USFS Property?**

**A:** No.