

Wharf Resources (USA), Inc.

APR 27 2011

April 26, 2011

DEPT. OF ENVIRONMENT &
NATURAL RESOURCES,
GROUND WATER PROGRAM

Mr. Matt P. Hicks
Ground Water Quality Program
SD DENR
Joe Foss Building
523 East Capitol
Pierre, South Dakota 57501

Mr. Mike Cepak
Minerals & Mining Program
SD DENR
Joe Foss Building
523 East Capitol
Pierre, South Dakota 57501

RE: American Eagle Ground Water Discharge Permit Application Modification

Dear Mr. Hicks and Mr. Cepak:

Thank you, for taking the time to visit with me last week. As a result I am sending you two copies of the compiled listing of our past Notices of Violation issued by the South Dakota Department of Environment and Natural Resources. I am also sending pages to be included in our permit application that correct a few editorial changes. They include two copies of a revised Exhibit 1 to replace the existing Exhibit 1 in each of your applications, four copies of the Water Sampling Schedule to replace the Water Sampling Schedules in each application at the end of Exhibit 4 and at the end of the monitoring section of the Post Closure Monitoring Plan found in Exhibit 5 of each application, and two copies of Figure 1 to replace existing Figure 1 in the Post Closure Monitoring Plan found in Exhibit 5 of each application.

I am mailing this to Matt and ask that you distribute the appropriate copies to the Mining and Minerals Program so that they can up-date their copy of the application. I am also sending a disc containing the ERM report titled "Potential Impacts of Spent Ore disposal in the American Eagle/Deep Portland Pit". If you have any questions or comments, please don't hesitate to give me a call at (605) 584-4155.

Sincerely,



Ron Waterland
Environmental Manager

WHARF RESOURCES PARTNERSHIP

LIST OF NOTICES OF VIOLATION

1. Notice of Violation issued 5/24/84.
Reason: a.) Wharf failed to install hypalon liner in the Overflow Pond prior to use.
b.) Wharf failed to allow a minimum of 2 feet of freeboard in the ponds.
c.) Wharf failed to report the possible release of cyanide into the environment within 24 hours as required.
2. Cease and Desist Order issued 6/12/84.
Reason: Failed to comply with 5/24/84 Notice of Violation and Order.
3. Two Notices of Violation issued 10/13/95.
Reason: From 8/21-28/95 Wharf discharged inadequately treated cyanide solution into Ross Valley and subsequently into Annie Creek. Two Notices of Violations were issued, one under mining and one under the water pollution laws.
4. Notice of Violation issued 12/12/97.
Reason: Wharf exceeded the nitrate groundwater standard in two shallow wells and the total cyanide limit in its surface water discharge permit for Ross Valley and Annie Creek.
5. Notice of Violation issued 5/31/00.
Reason: Wharf exceeded the selenium standard for Annie Creek, exceeded the ammonia standard for the outfall from the Ross Valley de-nitrification facility and failed an acute whole effluent toxicity test in Ross Valley.
6. Notice of Violation issued 8/7/01
Reason: Wharf failed to meet conditions required in the Action Leakage Rate Response Plan. Mitigation plans were not submitted to the DENR in the time frame required by the plan.
7. Notice of Violation issued 1/28/03
Reason: Wharf exceeded daily maximum limits for ammonia at compliance point 001, 005, 006A, and 006B. Wharf exceeded daily maximum limits for total suspended solids at compliance point 005. Wharf exceeded groundwater discharge permit limits in Ross Valley at compliance well MW-2A. Wharf exceeded drinking water limits for nitrate and total coliform in the potable water system a number of times.

8. Notice of Violation issued 3/20/08

Reason: Wharf exceeded surface water discharge permit limits for total ammonia, weak acid dissociable cyanide, biological oxygen demand, pH, dissolved oxygen, and acute whole effluent toxicity at various compliance points a number of times over a period of three years.

Golden Reward (Mine Permit No. 450).

1. Notice of Violation and Order issued October 7, 1988.

Reason: Golden Reward began construction of their process plant lining system prior to department approval of plans and specifications.

Order: Golden Reward was to cease construction until plans and specifications are approved, and repair or reconstruct any areas that were not up to the approved specifications.

Settlement: Paid \$1,000.

EXHIBIT 1

LIST OF WELLS WITHIN 1 MILE RADIUS

ALL LAWRENCE COUNTY SOUTH DAKOTA

<u>Name</u>	<u>Location</u>	<u>Description</u>	<u>Status</u>	<u>Usage</u>
Two Johns # 2 Supply	NW ¼ NW ¼ NE ¼ Section 34 T5N R2E	Municipal	Active	Trojan Water District
ACP Well	SW ¼ SW ¼ SE ¼ Section 34 T5N R2E	Monitoring	Active	Monitoring
MW-41	SW ¼ SE ¼ NE ¼ Section 34 T5N R2E	Monitoring	Active	Monitoring
MW-37	SW ¼ NE ¼ SE ¼ Section 34 T5N R2E	Monitoring	Active	Monitoring
Joseph Well	NW ¼ NW ¼ SW ¼ Section 35 T5N R2E	Monitoring	Active	Monitoring
Kirk Robbins	NE ¼ SE ¼ SW ¼ Section 26 T5N R2E	Domestic	Active	Single Family
Lonny Mertz	SW ¼ SE ¼ SW ¼ Section 26 T5N R2E	Domestic	Active	Single Family
MW-60	SW ¼ NE ¼ NW ¼ Section 35 T5N R2E	Monitoring	Active	Monitoring
MW-61	SW ¼ SE ¼ NW ¼ Section 35 T5N R2E	Monitoring	Active	Monitoring
War Bonnet Well	NW ¼ SE ¼ SW ¼ Section 35 T5N R2E	Industrial	Abandoned	Not Existing
Jeremy Muth	NW ¼ NW ¼ SE ¼ Section 26 T5N R2E	Domestic	Active	Single Family

EXHIBIT 1

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ALL LAWRENCE COUNTY SOUTH DAKOTA

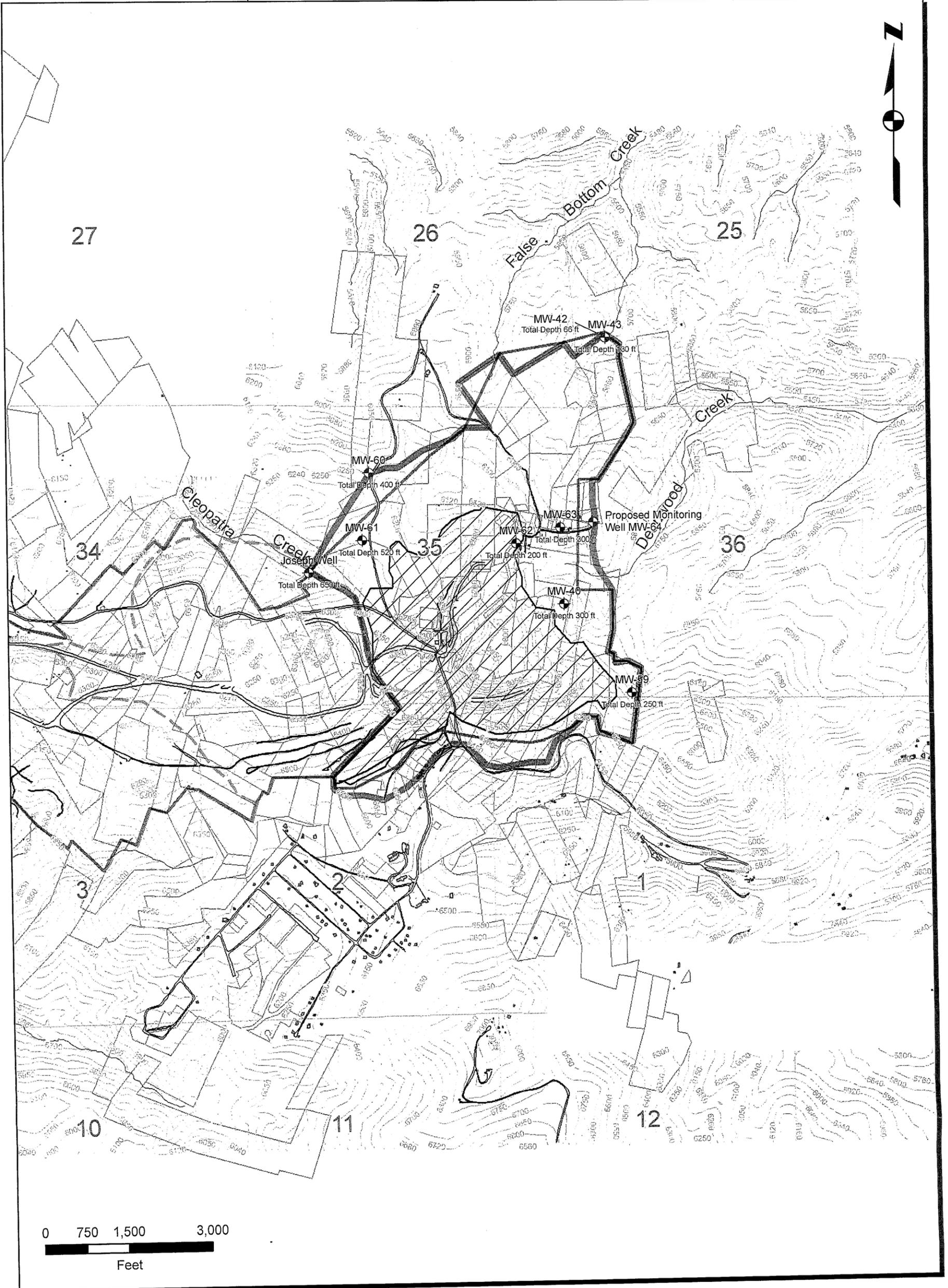
<u>Name</u>	<u>Location</u>	<u>Description</u>	<u>Status</u>	<u>Usage</u>
Jeremy Muth	NW ¼ NW ¼ SE ¼ Section 26 T5N R2E	Domestic	Active	Single Family
MW-62	SW ¼ SE ¼ NE ¼ Section 35 T5N R2E	Monitoring	Active	Monitoring
MW-63	SE ¼ SE ¼ NE ¼ Section 35 T5N R2E	Monitoring	Active	Monitoring
Terry Peak Well	NE ¼ SW ¼ SW ¼ Section 1 T4N R2E	Industrial	Active	Snow making
MW-59	SE ¼ SW ¼ SW ¼ Section 36 T5N R2E	Monitoring	Active	Monitoring
Horse Shoe Well	NE ¼ SE ¼ NW ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring
Railroad Well	SE ¼ NW ¼ SW ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring
Dark Horse Well	NW ¼ NW ¼ SE ¼ Section 1 T4N R2E	Domestic	Active	Public Water
SM-13	NW ¼ NW ¼ SE ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring
SM-11	NE ¼ NW ¼ SE ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring
SM-12	NE ¼ NW ¼ SE ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring

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ALL LAWRENCE COUNTY SOUTH DAKOTA

<u>Name</u>	<u>Location</u>	<u>Description</u>	<u>Status</u>	<u>Usage</u>
SM-01A	NE ¼ NW ¼ SE ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring
SM-09	NW ¼ NE ¼ SE ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring
SM-02A	NE ¼ SE ¼ SE ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring
MM-04	SE ¼ SE ¼ SE ¼ Section 1 T4N R2E	Monitoring	Active	Monitoring
SM-10	NW ¼ NW ¼ SW ¼ Section 6 T4N R3E	Monitoring	Active	Monitoring
Proposed MW-64	SW ¼ SW ¼ NW ¼ Section 36 T5N R2E	Monitoring	Proposed	Monitoring



SOURCE: Base map provided by Wharf Resources (U.S.A), Inc., May 2008.

LEGEND

- Proposed Perimeter of Operational Pollution
- Proposed Spent Ore and Barren Rock Disposal Area
- Juno-Foley Perimeter of Operational Pollution
- Point of Compliance Well
- Existing Monitoring Well
- Structures
- Roads
- Streams
- Wharf Land Ownership
- Mining Permit Boundary

Figure 1
 Postclosure Monitoring Plan
 American Eagle/Deep Portland Pit
 Wharf Mine
 Wharf Resources
 10928 Wharf Road
 Lead, South Dakota