



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

PMB 2020
JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
denr.sd.gov

**NOTICE OF DETERMINATION OF
SPECIAL, EXCEPTIONAL, CRITICAL OR UNIQUE LANDS
FOR WHARF RESOURCES (USA), INC. MINE EXPANSION**

The Department of Environment and Natural Resources has made its determination regarding a Notice of Intent to Operate and Request for Determination of Special, Exceptional, Critical, or Unique Lands from Wharf Resources (USA), Inc., 10928 Wharf Road, Lead, SD 57754. The Notice of Intent to Operate was submitted as required under ARSD 74:29:10 for purposes of requesting the department to determine whether the lands potentially affected by the mining operation are eligible for inclusion on the preliminary list of special, exceptional, critical or unique lands.

The Notice of Intent involves a gold mine expansion approximately three miles west of Lead, South Dakota. Wharf Resources will affect approximately 430 acres during the seven years of the operation. The proposed project will involve open pit mining and the use of rock to backfill previously mined areas. Ore extracted from the expansion areas will be trucked to the existing Wharf Mine heap leach facility for processing. Neutralized spent ore will be deposited in permitted facilities which may include the American Eagle and Deep Portland pits. Reclamation will be conducted concurrently with the mining operation. The land will be reclaimed to woodland grazing, recreation, and residential and commercial development.

The legal description of the proposed mine expansion is portions of Sections 1, 2, 3 and 12, T4N-R2E; portions of Sections 6 and 7, T4N-R3E; and portions of Sections 33 and 36, T5N-R2E; in the Black Hills Meridian, Lawrence County.

In accordance with ARSD 74:29:10:08 and 74:29:10:09, the department has determined the Terry Cemetery is eligible for inclusion on the preliminary list of special, exceptional, critical, or unique lands. The Terry Cemetery is nominated for historic and cultural significance. This determination is based on an on-site inspection of the proposed lands to be affected, examining the established preliminary list, consulting with other agencies, and evaluating information provided with the Notice of Intent to Operate. Enclosed with this Notice of Determination is the department's Petition for Listing Special, Exceptional, Critical or Unique Lands, and Notice of Opportunity to Request a Contested Case Hearing.

On January 3, 2011, Jeannine Guern, on January 7, 2011, Vernon W. Davis, and on January 10, 2011, Larry Miller each submitted petitions nominating the Terry Cemetery to the preliminary list of special, exceptional, critical or unique lands in accordance with ARSD 74:29:10:12. Copies of the petitions are enclosed. Under ARSD 74:29:10:13, a hearing before the Board of Minerals and Environment regarding the nominating petitions will be scheduled. The date, time and place of the hearing will be announced at a later date.

Pursuant to SDCL 45-6B-33.7, Wharf Resources (USA), Inc. may appeal the department's determination and intervene in the Jeannine Guern, Vernon W. Davis and Larry Miller petitions by filing a petition for a contested case hearing complying with ARSD 74:09 and 74:29:10. If Wharf contests the department's determination, the hearing will be combined with the hearing on the Jeannine Guern, Vernon W. Davis and Larry Miller nominating petitions.

Additional information can be found on the Minerals and Mining Program website at <http://denr.sd.gov/des/mm/wharfsupage1.aspx>, or by contacting Mike Cepak at the South Dakota Department of Environment and Natural Resources, Minerals and Mining Program, 523 East Capitol, Pierre, South Dakota 57501 – telephone (605) 773-4201.

January 13, 2011

Steven M Pirner
Secretary

SOUTH DAKOTA DEPARTMENT OF ENVIRONMENT

AND NATURAL RESOURCES

IN THE MATTER OF THE) DEPARTMENT OF ENVIRONMENT AND
2010 REQUEST FOR) NATURAL RESOURCES'
DETERMINATION OF SPECIAL) NOTICE OF DETERMINATION;
EXCEPTIONAL, CRITICAL, OR) PETITION FOR LISTING
UNIQUE LANDS AND NOTICE) SPECIAL, EXCEPTIONAL, CRITICAL OR
OF INTENT TO OPERATE) UNIQUE LANDS; AND
FILED BY WHARF RESOURCES) NOTICE OF OPPORTUNITY
(USA), INC.) TO REQUEST
) CONTESTED CASE HEARING

TO: BILL SHAND. MINE GENERAL MANAGER, WHARF RESOURCES (USA),
INC.:

COMES NOW, the South Dakota Department of Environment and
Natural Resources, hereinafter "DENR", and hereby

GIVES NOTICE of its determination in the above referenced
matter pursuant to SDCL 45-6B-33.6 and ARSD 74:29:10:09; and

PETITIONS for a parcel of involved land to be added to the
preliminary list of special, exceptional, critical or unique
lands pursuant to ARSD 74:29:10:09 and 74:29:10:16.

In support of its Determination and Petition for Listing,
the DENR submits the following information:

- (1) This Petition is submitted by Secretary Steve Pirner,
South Dakota Department of Environment and Natural
Resources, 523 E. Capitol, Pierre, S.D. 57501, telephone:
605-773-5559.

- (2) One parcel of land is being nominated, the Terry Cemetery. The legal description of the land being nominated is: M.S. 989 Terry Cemetery, located in the north-east quarter of the south-east quarter of Section 1 of Township 4 North, Range 2 East, in the Black Hills Meridian, Lawrence County, South Dakota.
- (3) Maps of the land being nominated are attached as Exhibit A; these maps were prepared by DENR.
- (4) The DENR's interest in the lands being nominated is as follows: The DENR is by state law responsible for the determination of whether the lands described in the Wharf Resources (USA), Inc., hereinafter "Wharf", notice of intent to operate are eligible for inclusion on the preliminary list of special, exceptional, critical or unique lands. SDCL 45-6B-33.3 through -33.7. The DENR is also the lead agency responsible for processing Wharf's mine permit application, if submitted, and is the agency responsible for the environmental regulation of the mine site, if permitted. SDCL ch. 45-6B.
- (5) The written statement giving the reasons for the petition and boundaries is attached as Exhibit B, entitled "Department of Environment and Natural Resources Determination of Special, Exceptional, Critical or Unique

Lands for Wharf Resources (USA), Inc.", hereinafter referred to as "DENR Determination".

(6) The characteristics of SDCL 45-6B-33.3 that apply, and the evidence that supports that the lands possess those characteristics, are set out in the DENR Determination (Exhibit B), and are summarized as follows:

- a. The Terry Cemetery has historic significance (SDCL 45-6B-33.3(3)) in that it is eligible for listing on the National Register of Historic places. Terry Cemetery, Site No. LA000007704, is located at the north of the former townsite of Terry, a nineteenth century gold rush camp. The cemetery represents community burial practices from the gold rush days to the present.
- b. The Terry Cemetery has cultural significance (SDCL 45-6B-33.3(3)) in that it contains 240 graves, many of which are unmarked and unknown, dating back to the gold camp mining days.

The DENR therefore determines that the above-described land should be added to the preliminary list of special, exceptional, critical or unique lands, and hereby nominates the same.

DENR hereby also

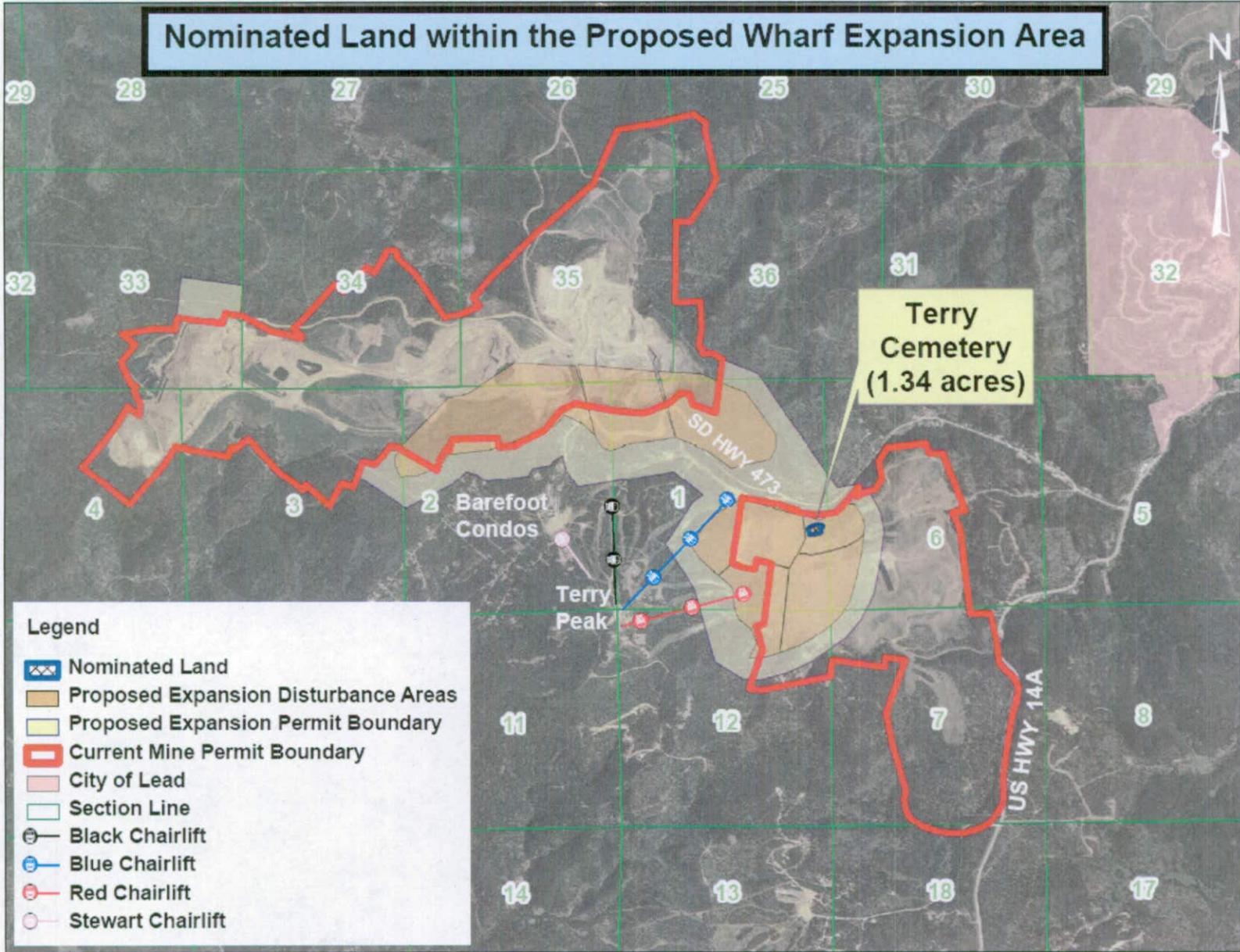
GIVES NOTICE that on January 3, 2011, Jeannine Guern, on January 7, 2011, Vernon W. Davis, and on January 10, 2011, Larry Miller each submitted petitions nominating the Terry Cemetery to

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EXHIBIT A

MAPS OF THE NOMINATED LANDS

Nominated Land within the Proposed Wharf Expansion Area



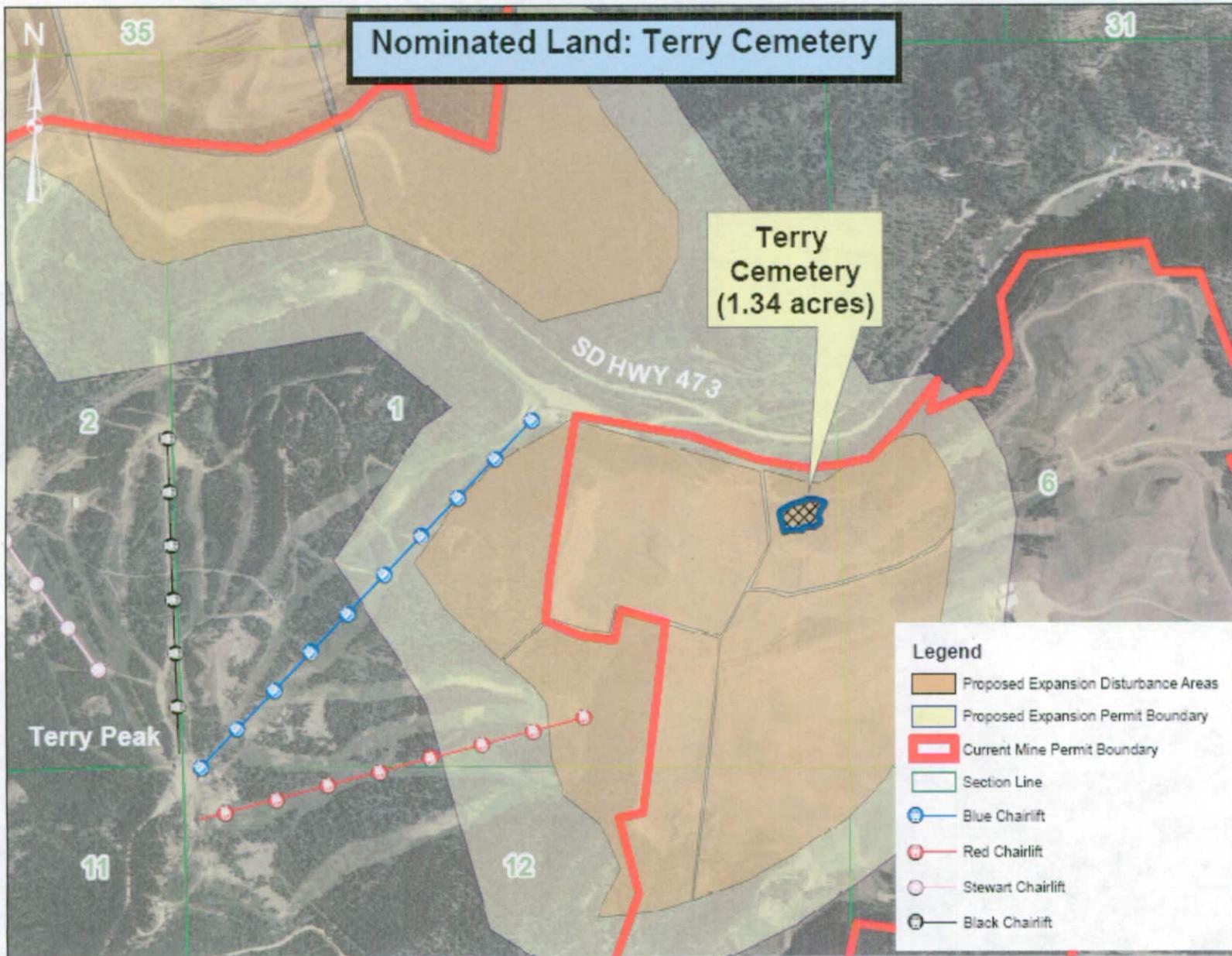


EXHIBIT B

DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DETERMINATION OF
SPECIAL, EXCEPTIONAL, CRITICAL OR UNIQUE LANDS
FOR WHARF RESOURCES (USA), INC. EXPANSION PROJECT

**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DETERMINATION OF
SPECIAL, EXCEPTIONAL, CRITICAL, OR UNIQUE LANDS FOR
WHARF RESOURCES (USA) INC. EXPANSION PROJECT**

On September 27, 2010, Wharf Resources (USA) Inc. submitted a Request for Determination of Special, Exceptional, Critical, or Unique Lands and Notice of Intent to Operate for a proposed expansion of its open pit gold mining operation at the Wharf and Golden Reward Mines three miles west of Lead, South Dakota. The Request was considered complete on November 2, 2010.

In accordance with ARSD 74:29:10:08(1), department staff conducted inspections of the proposed mine expansion areas on September 30 and October 26, 2010. In accordance with ARSD 74:29:10:08(2), department staff examined the Preliminary List of Special, Exceptional, Critical, or Unique Lands on November 30, 2010 and noted that the proposed mine expansion area is not on the Preliminary List. In accordance with ARSD 74:29:10:08(3), no review agencies (the Department of Game, Fish and Parks, the Department of Tourism and State Development, the Office of History, the Department of Agriculture, and the State Archaeologist) submitted recommendations for nominating the proposed mine areas for inclusion on the Preliminary List. In accordance with ARSD 74:29:10:08(4), department staff evaluated the information provided by Wharf in the Request for Determination and Notice of Intent to Operate.

In its review the department evaluated the land based on the criteria in SDCL 45-6B-33.3, which states the land is special, exceptional, critical, or unique if it possesses one or more of the following characteristics:

- (1) The land is so ecologically fragile that, once it is adversely affected, it could not return to its former ecological role in the reasonably foreseeable future;
- (2) The land has such a strong influence on the total ecosystem of which it is a part that even temporary effects felt by it could precipitate a system-wide ecological reaction of unpredictable scope or dimension; or
- (3) The land has scenic, historic, archaeological, topographic, geologic, ethnologic, scientific, cultural, or recreational significance.

The following represents the recommendations and observations made by the Department of Environment and Natural Resources in determining whether the proposed mine areas should be included on the Preliminary List of Special, Exceptional, Critical, or Unique Lands. Each subsection of SDCL 45-6B-33.3 has been addressed as part of the department's analysis.

1. **ECOLOGICAL FRAGILITY (SDCL 45-6B-33.3(1)):**

The lands to be affected by the proposed mining operations should not be so ecologically fragile that once affected by mining, they could not return to their former ecological role in the reasonably foreseeable future with the application of proper reclamation techniques. Areas disturbed under adjacent, active mine permits have been successfully reclaimed to woodland grazing and wildlife habitat, and these areas are returning to their premining ecological role. Three major vegetation communities are located within the expansion area: ponderosa pine/creeping juniper, ponderosa pine/common snowberry, and quaking aspen. Two other

communities also exist: reclaimed grassland and white spruce. Two sensitive species, *Pyrola picta* (white-veined wintergreen) and *Vaccinium membranaceum* (thinleaf huckleberry) are present in the area south of Highway 473. There are between 100 and 300 mountain huckleberry plants in three separate patches located on the Terry Peak ski slopes just to the west of the Golden Reward Mine. These patches are along and close to the proposed expansion disturbance line. Wharf will need to ensure these plants are not disturbed during the mining operation. The remaining huckleberry plants and the white-veined wintergreen plant are outside of the proposed disturbed areas and are not anticipated to be impacted.

Eight vertebrate sensitive species or species of local concern have been documented within or near the proposed expansion area: the sharp-shinned hawk, Cooper's hawk, broad-winged hawk, northern saw-whet owl, three-toed woodpecker, brown creeper, Cassin's finch, and smooth green snake. These species, however, are considered to be secure populations within their respective ranges and are common in the region.

Although numerous raptor nest sites have been identified in the proximity of the expansion area, no raptor nests, current or historic, exist in the proposed disturbance area. One active broad-winged hawk territory was found to the south of proposed expansion area, but the nest was not located.

Based on baseline studies and experience from mining and reclamation conducted over the past three decades, mining disturbances can be restored and the land can be returned to its premining ecological role. The Wharf expansion area is not considered to be ecologically fragile.

The Department of Game, Fish and Parks had no comments on the Request and did not recommend that the areas be placed on the Preliminary List.

2. **INFLUENCE OF THE AREA ON ITS ECOSYSTEM (SDCL 45-6B-33.3(2)):**

The temporary effects on the lands in the proposed expansion area should not impact the total ecosystem and should not precipitate a system-wide ecological reaction of unpredictable scope or dimension.

The expansion area is predominantly ponderosa pine and mixed forest, with areas of reclaimed grassland. The proposed disturbed lands are located on, near, or adjacent to mined lands, both active and reclaimed. Prior to mining, these areas had characteristics similar to the proposed expansion area. This would include similarities in geology, soil types, vegetation, wildlife, topography, etc.

The Foley Ridge, Green Mountain, and Bald Mountains portions of the proposed expansion area are adjacent to Wharf's active mining operation (Foley, Portland and Trojan Pits). The West Liberty, Harmony Hill, Fantail Ridge and Cemetery Ridge areas of the expansion are located adjacent to, or within, the currently reclaimed Golden Reward Mine. In addition to new lands proposed to be affected by the Mine Expansion, some currently reclaimed lands will be re-affected in both the Wharf and Golden Reward areas.

The Wharf and Golden Reward operations have been mining and reclaiming land for the past three decades. Based on 2009 data, of the approximately 1449 acres affected by mining activity at Wharf and Golden Reward, approximately 694 acres have been reclaimed and meet post-mine land use. These reclaimed acres meet either woodland grazing or wildlife habitat land uses. For these reclaimed areas, a diverse and viable ecosystem has been restored. Considering the past

mining and reclamation activity, no system-wide ecological reaction of unpredictable scope or dimension has resulted.

Two sensitive species, *Pyrola picta* (white-veined wintergreen) and *Vaccinium membranaceum* (thinleaf huckleberry) are present in the area south of Highway 473. There are between 100 and 300 mountain huckleberry plants in three separate patches located on the Terry Peak ski slopes just to the west of the Golden Reward Mine. These patches occur along and close to the proposed expansion disturbance line. Wharf will need to ensure these plants are not disturbed during the mining operation. The remaining huckleberry plants and the white-veined wintergreen plant are outside of the proposed disturbed areas and are not anticipated to be impacted.

Based on this past experience, and considering the proximity and similar characteristics of the proposed disturbed land to previously mined land, mining and reclamation in the expansion area will not have a strong influence on the total ecosystem. No system-wide ecological reaction has resulted from past mining activity, and none is expected for the proposed mine expansion, as long as proper reclamation techniques are performed to ensure the re-establishment of a diverse and viable ecosystem.

The Department of Game, Fish and Parks had no comments on the Request and did not recommend that the areas be placed on the Preliminary List.

3. **SIGNIFICANT CHARACTERISTICS OF THE LAND (SDCL 45-6B-33.3(3)).**

The proposed area was reviewed for the following significant characteristics:

SCENIC:

The proposed expansion land is similar to surrounding land, which is predominantly evergreen forest. The area provides aesthetic appeal which is common in the Black Hills and is not unique to the area. The area also includes active gold mining (Wharf) and a reclaimed gold mine (Golden Reward) which could distract from the aesthetic appeal.

Parts of the Wharf Mine are visible on the north side of Terry Peak, but the operation is screened to a great degree topographically by Foley Ridge and Green Mountain. The reclaimed Golden Reward Mine lies on the eastern flank of Terry Peak and is visible from the ski area.

The proposed mine expansion at Wharf will cross the Foley/Green Mountain ridgeline and will be visible from Terry Peak and State Highway 473. Proposed mining on Green Mountain and Bald Mountain will be highly visible from the ski area. As Wharf plans to mine through the ridgeline at Green Mountain, more of the existing mining operation (the Trojan Pit backfill area) will be visible from Terry Peak and the ski areas.

Regarding the proposed mining activity for the Golden Reward Mine area, the view will be similar to the view that existed during the period of active mining and reclamation from 1988 to 2003. Mining the Harmony Hill area (at the base of the Red Chair) and the West Liberty area (near the Blue Chair) at Golden Reward would remove hills and ridgelines close to the ski area. This would eliminate some visual barriers between the ski runs on the east side of Terry Peak and previously mined and reclaimed Golden Reward areas.

Although mining of the expansion areas will continue until approximately 2020, the expansion area can be split into smaller areas that can be sequenced to be mined, backfilled and reclaimed within two or three years. Sequencing mine areas and the use of screening where possible could mitigate some visual impacts.

The Department of Tourism and State Development had no comments on the Request and did not recommend that the areas be placed on the Preliminary List.

HISTORIC, ARCHAEOLOGIC, CULTURAL, and ETHNOLOGIC:

The expansion area has considerable mining history, with the development of numerous gold mines, railroads, and the towns of Portland, Trojan and Terry. Portland and Trojan have disappeared in the footprints of Wharf's Portland and Trojan Pits, but vestiges of Terry still remain along Fantail Creek. The old mining camp of Terry has considerable history including an association with Calamity Jane, who died in Terry in 1903. However, according to archaeological recommendations developed during the cultural surveys of the expansion areas, the great majority of the historic sites do not meet the eligibility requirements for inclusion on the National Register of Historic Places (NRHP). The State Archaeologist and the Office of History did not comment on the request and did not recommend that the proposed mine expansion areas be placed on the Preliminary List.

North of Highway 473 on Bald Mountain, a relic railroad site (Site 39LA2009, Fremont, Elkhorn, and Missouri Valley Railroad) was recorded and recommended as contributing to the site's NRHP eligibility. Because of its potential for listing, Wharf stated it would follow recommendations from the state archaeologist regarding additional data collection or mitigation measures. The State Archaeologist did not have specific comments or recommend inclusion of Site 39LA2009 on the Preliminary List. The department does not recommend this railroad site for inclusion on the Preliminary List; however, if the mine permit application goes forward, the department would condition the protection or mitigation of the site pursuant to the State Archaeologist's recommendations.

The Terry Cemetery is included within the proposed mine disturbance area, and could potentially be mined. The cemetery has historic (Site LA00000704) and cultural significance. The site is eligible for listing on the NRHP. The cemetery contains 240 graves, many of which are unmarked, dating back to gold mining camp days. Wharf was not considering mining the cemetery until it was approached by the Terry Cemetery Board. As the cemetery is hard to access in winter months, the Cemetery Board asked Wharf to move it to another location. As Wharf stated in its Request, any disturbance of the cemetery would be conducted only with the authorization of the State Archaeologist. The State Archaeologist did not have specific comments or recommend Site LA00000704 be placed on the Preliminary List.

The department considers the cemetery to have historic and cultural significance and would recommend inclusion of the Terry Cemetery on the Preliminary List of Special, Exceptional, Critical, or Unique Lands. The legal description for the area is M.S. 989 Terry Cemetery, NE1/4 SE1/4 Section 1; T4N-R2E. The cemetery covers 1.34 acres. A map of the Terry Cemetery area is shown in Appendix 1.

TOPOGRAPHIC:

The expansion area consists of typical Black Hills terrain: moderate to steep hills separated by narrow drainages. The elevation of the area ranges from 6600 feet above sea level at the top of Foley Ridge down to 5800 feet along Fantail Creek. Terry Peak, which is immediately south and west of the expansion area, has an elevation of 7064 feet.

The only drainages within the expansion area are Nevada Gulch and Fantail Creek, although the Wharf/Golden Reward site contributes to Deadwood Creek, False Bottom Creek, Cleopatra Creek, Long Valley, McKinley Gulch, Annie Creek, Lost Camp Gulch and Stewart Gulch.

The topography of the expansion area is similar to other areas in the Black Hills and is not considered significant.

GEOLOGIC:

The geology of the proposed expansion area consists of Precambrian metamorphic rock and Cambrian Deadwood Formation sedimentary rock. These rocks in turn have been intruded by Tertiary igneous rock. These intrusions and the hydrothermal fluids associated with them are responsible for the gold deposits in the area. Gold and silver mineralization occurs in the dolomites and sandstones of the Deadwood Formation and in the Tertiary intrusions. The rock types associated with this area can be found in many other areas of the Black Hills.

Other than low-grade gold and silver mineralization present at the site, the expansion areas are not geologically significant as similar rock formations occur throughout the northern Black Hills.

SCIENTIFIC:

Wharf conducted various baseline studies of the area which are summarized below.

Vegetation. Vegetation and the sensitive species, *Pyrola picta* (white-veined wintergreen) and *Vaccinium membranaceum* (mountain huckleberry), were addressed in the Ecological Fragility and Influence of the Area on Its Ecosystem sections above, and were not considered to be significant.

Soils. Soils in the expansion area are nearly identical to those of surrounding areas, including those in the currently permitted Wharf and Golden Reward Mines. The soil types in the proposed permit area are typical of the surrounding region and no significant features are present.

Wildlife. Sensitive wildlife species were addressed in the Ecological Fragility section above. Eight sensitive species were identified: the sharp-shinned hawk, Cooper's hawk, broad-winged hawk, northern saw-whet owl, three-toed woodpecker, brown creeper, Cassin's finch, and smooth green snake. These sensitive species, however, are considered to be secure populations within their respective overall ranges, and are not considered scientifically significant within the context of the proposed mine expansion area. No raptor nests, current or historical, exist in the proposed disturbance area.

Aquatic. Wharf conducted field investigations on Annie Creek, Cleopatra Creek, upper Deadwood Creek, False Bottom Creek, Lost Camp Gulch, McKinley Gulch, Nevada Gulch, Ross Valley, Stewart Gulch and Whitetail Creek. There are only two streams in the expansion area—Nevada Gulch and Fantail Gulch; however, the other streams could be subject to impacts from the on-going mining operation.

Regarding streams in the expansion area, Nevada Gulch and Fantail Creek have been fishless in recent years. Brook trout were found in Stewart Gulch and Whitetail Creek, which could be impacted by mining activity in the Golden Reward area. Brook trout are not a sensitive, rare or endangered species.

Long-term stream monitoring results for the Wharf area indicate the presence of healthy, balanced populations of aquatic macroinvertebrates, which is characteristic of good water quality. No state-listed sensitive, threatened or rare aquatic insects or mollusks have been identified in the streams near the Wharf mine.

As part of the Golden Reward reclamation release request, postmining aquatic resources studies were conducted on Fantail Creek, Nevada Gulch, Stewart Gulch and Whitetail Creek. The studies found that mining activity at Golden Reward did not have a negative effect on aquatic resources.

Surface Water. The Wharf/Golden Reward mining area is the headwater for several streams, including Annie Creek, Cleopatra Creek, Deadwood Creek, False Bottom Creek, Lost Camp Gulch, McKinley Gulch, Nevada Gulch, Ross Valley, Stewart Gulch and Fantail Creek. The only streams within the expansion area are Nevada Gulch and Fantail Creek. Both streams flow only intermittently in the proposed disturbance areas. Golden Reward operations mined completely through Fantail Creek in the vicinity of the Harmony and East Liberty pits. The stream channel in the disturbed sections was restored as a part of reclamation. Proposed mine disturbance is not expected to impact the surface water flow or water quality in Nevada Gulch, as the stream channel will be minimally impacted. Proposed mining activity would impact Fantail Creek in the Harmony area, but flow in this portion of the drainage is minimal.

The proposed expansion area north of Wharf's Leach Pad 4 in Section 33, T5N, R2E is drained by both McKinley Gulch and Long Valley. The upper reaches of both McKinley Gulch and Long Valley are typically dry for more than a mile downstream of the expansion area. Therefore, no significant surface water impacts are expected.

There are no special, exceptional, critical or unique characteristics associated with surface water within the expansion area.

Groundwater. The aquifers in the Wharf/Golden Reward area are similar to those throughout the northern Black Hills and do not constitute special resources. The area is underlain by two aquifers. One occurs in the Deadwood Formation, and the other in the underlying Precambrian basement complex.

The Deadwood Formation aquifer consists of Cambrian-age conglomerates, sandstone, limestone, and mudstone. Locally, ground water in the Deadwood Formation is discontinuous because portions of the formation have been eroded away, and other portions have been isolated by geologic structures (faulting). In terms of ground water production, the Deadwood aquifer is of moderate importance throughout most of the Black Hills, although in some local areas its production value is of greater significance. Despite the discontinuous nature of the aquifer in the vicinity of the mine site, the Deadwood aquifer is moderately important as a local water supply source.

The Precambrian aquifer underlying the proposed expansion area occurs within metamorphic rock. Flow with the Precambrian aquifer occurs primarily within fractures related to weathering or shear zones. Many residents in the Central Black Hills rely on the Precambrian aquifer for their water supply.

There are no water supply wells within the expansion area and most of the active wells in the area around the expansion area are owned by Wharf or the Black Hills Chairlift Company. In the expansion and surrounding area, water uses are related to housing development, mining and snow making. It is unlikely that water levels in wells outside the expansion areas would be affected by proposed mining operations

Some of the Golden Reward lands within the proposed expansion area include former ore processing areas and spent ore disposal sites. Proposed mine expansion plans are protective of water quality in the Golden Reward area, largely because they do not involve processing ore or disposal of spent ore in the Golden Reward area.

There are no special, exceptional, critical or unique aspects of the groundwater within the expansion area.

The Departments of Game, Fish and Parks and Agriculture had no comments on the Request and did not recommend that the areas be placed on the Preliminary List.

RECREATIONAL:

Recreational opportunities in the expansion area include hiking, biking, hunting, all-terrain vehicle use, snowmobiling, skiing, camping, etc. However, as property owner, Wharf restricts such activities within its mine permit boundary and would not allow them on land considered in the expansion area.

The proposed mining activity will be very close to the Terry Peak Ski Area, especially in the areas of the Red Chair (east side of the mountain) and the Blue Chair (northeast side). During the 1980's and 1990's the proximity of the Golden Reward Mine did not appear to impact skiing at Terry Peak, as trends in recreational use continued to increase during the time the mine operated.

In the Request, Wharf states that the expansion area will have minor short-term impacts to winter activities. To mitigate these impacts, Wharf may limit mining to the east of the runs. Wharf is considering seasonal mining in small sections and reclamation of the disturbances each fall prior to the winter ski season. These actions will lessen the impact to the ski area and off-season mining should not cause a disruption of skiing. Postmining land use plans for the area include lengthening the eastern ski runs and allowing development of additional recreational, retail and housing facilities.

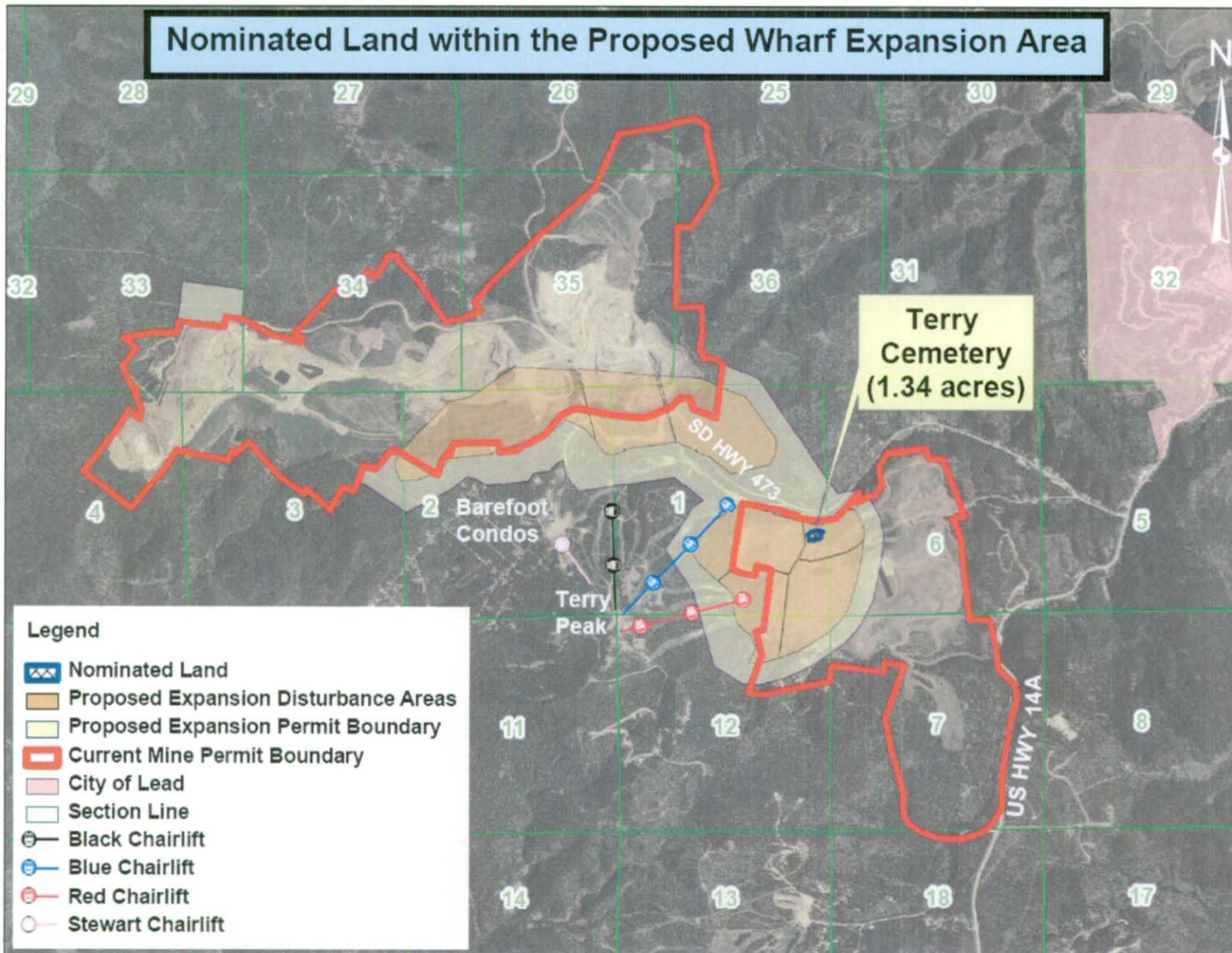
The department does not recommend the lands near the ski area for inclusion on the Preliminary List; however, if the mine permit application goes forward, the department would attach conditions regarding seasonal mining and concurrent reclamation to minimize impacts to the ski season.

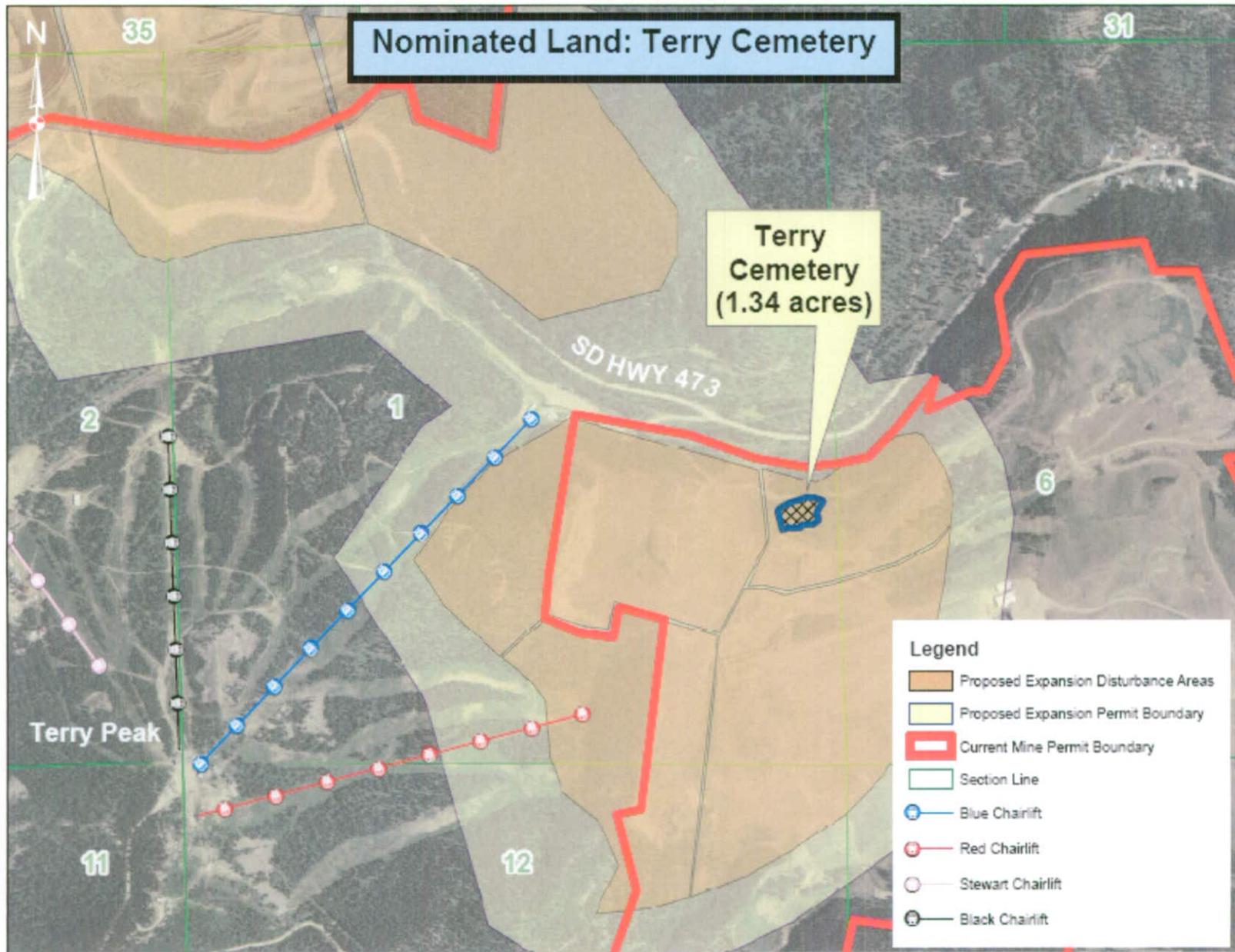
The Department of Tourism and State Development had no comments on the Request and did not recommend that the areas be placed on the Preliminary List.

RECOMMENDATION

The department recommends the Terry Cemetery for inclusion on the Preliminary List of Special, Exceptional, Critical or Unique Lands. The cemetery is an historic site (Site LA00000704), is eligible of for listing on the NRHP, and it has cultural significance.

APPENDIX 1
TERRY CEMETERY





Legal: M.S. 989 Terry Cemetery, NE1/4 SE1/4 Section 1; T4N-R2E, Black Hills Meridian, Lawrence County, South Dakota.

Size of Area: 1.34 acres

Reason for Establishing the Proposed Boundary: The boundary would be the plat of M.S. 989 Terry Cemetery, which covers the cemetery.

Surface Owner:

The Golden Reward Mining Company, LP
10928 Wharf Road
Lead, SD 57754

Surface Owner within 500 feet:

The Golden Reward Mining Company, LP
10928 Wharf Road
Lead, SD 57754

Mineral Owner:

The Golden Reward Mining Company, LP
10928 Wharf Road
Lead, SD 57754

Other Contact:

Terry Cemetery Association
c/o Jolene Rantapaa
21902 US Highway 385
Deadwood, SD 57732-7340