

October 14, 2010

Ron Waterland  
Environmental Manager  
Wharf Resources (USA), Inc.  
10928 Wharf Road  
Lead, SD 57754-9710

Re: Wharf Request for Determination of Special, Exceptional, Critical, or Unique Lands

Dear Mr. Waterland:

The department has completed its review of the Wharf Resources Expansion Area Request for Determination of Special, Exceptional, Critical, or Unique Lands and Notice of Intent to Operate, submitted September 27, 2010. Department staff has developed the following comments regarding the Request application:

1. The following items were previously discussed during the September 30, 2010 meeting at the Wharf mine office:
  - a. The area delineated north of Wharf's Pad No. 4 will need to be included and addressed in the Request. In addition to the list of surface and mineral owners for this area, Wharf needs to provide a listing of the surface owners within 500 feet of the mining operation (proposed surface mining disturbed land).
  - b. Any area proposed for mining disturbance within the current Golden Reward permit boundary will need to be included and addressed in the Request. For these disturbed areas, Wharf needs to provide a listing of the surface owners within 500 feet of the mining operation (proposed surface mining disturbed land).
  - c. The "Confidential Draft" label on Figure 2-2, Project Disturbance Map, should be removed.
  - d. A final version of the letter in Appendix E from GEI Consultants needs to replace the draft letter in the Request.
  - e. The baseline studies (wildlife, cultural resources, sound, meteorology, etc.) should be included as appendices to the Request.
  - f. In Section 4.0, Defining if Land is Ecologically Fragile, Wharf needs to discuss impacts to sensitive plants such as mountain huckleberry and *pyrola picta* and sensitive wildlife species such as raptors.

2. Referring to Table 3-1, the fourth row states that permit nos. 356, 434, and 435 were combined into one permit. The department considers these to be separate permits as Wharf is paying annual fees for each permit. The fourth row also conflicts with the paragraph above the table, which says “Wharf Resources has maintained three active mine permits ...” The department suggests deleting the fourth row on the table.
3. In Section 5.1, Scenic, please discuss whether the mine will be visible from Highway 34 or Interstate 90.
4. In Section 5.2, Historic, there were several sites listed in the text (i.e., LA2000, LA2009) that did not have a location or a reference to the baseline cultural report. In the third paragraph of this section, it states “Archaeological and historic remains associated with the historic Trojan Townsite (39LA376) have been determined to be eligible for inclusion on the National Register of Historic Places (NRHP).” Considering the mining of the Trojan, American Eagle and Deep Portland Pits, does anything of the Trojan Townsite still exist?

Also, areas such as the town of Terry, the Terry Cemetery, and the Peterson House mentioned in the cultural/archaeological report for Golden Reward’s Mine Permit No. 450 need to be addressed in the Request for Determination.

A brief history of the area could be included in this section which points out some of the notable historic events (i.e., death of Calamity Jane at Terry, Horseshoe mine fire, etc.).

5. In Section 5.4, Topographic, referring to the second paragraph, with the addition of the area north of Pad 4 at Wharf, the site could also contribute to the Long Valley drainage.
6. During the September 30, 2010 inspection, a revised list of review agencies was given to Wharf. A copy of the entire Request for Determination is required to be submitted to each review agency on the list. Proof of submittal such as certified mail green cards is required to be submitted to the department.

In addition to the above comments, the following comment is in regards to the Wharf mine expansion permit application and baseline requirements:

1. As discussed at the September 30, 2010 meeting, monitoring at surface site SS-05 will need to resume for baseline and operational purposes. This site is necessary as it covers any surface water impacts to Nevada Gulch as a result of mining in the Terry Cemetery area.

Once the amended Request is received and found to be procedurally complete, the department will notify the Lawrence County Commission and parties on the Interested Persons mailing list. The department will also prepare the public notice and will provide it to Wharf for publication a local newspaper.

Should you have any questions concerning this letter, please feel free to contact us.

Sincerely,

\s/

Michael D. Cepak, P.E.  
Natural Resources Engineering Director  
Minerals and Mining Program  
Telephone: (605) 773-4201