

**DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
RECOMMENDATION
APPLICATION FOR SMALL SCALE MINE PERMIT
DAKOTA GRANITE COMPANY**

The Department of Environment and Natural Resources is recommending conditional approval of Dakota Granite Company's application for its granite quarry expansion project. The proposed project is located in Portions of SW1/4 Section 7; T120N-R47W and Portions of NE1/4 Section 13; T120N-R48W, Grant County. The general location is approximately six miles east of Milbank, South Dakota.

The proposed project, which involves a land exchange between Dakota Granite Company and Cold Spring Granite Company, will modify the current mine permit boundary of Mine Permit 15, which requires a new mine permit application pursuant to ARSD 74:29:03:02. The 8.30 acres transferred to Dakota Granite will be used for quarry expansion, block storage, and parking. Dakota Granite is also transferring 8.00 acres to Cold Spring Granite which will reduce a portion of the permit boundary. A maximum 20,000 tons of granite will be mined annually from the expansion area. Mining is expected to start sometime after permit approval and will be completed, including final reclamation, by January 1, 2090. The proposed future land use is wildlife habitat.

Pursuant to ARSD 74:29:01:15, the department is recommending conditional approval of Dakota Granite's permit application. The department has determined the permit application addresses all of the requirements of SDCL 45-6B and ARSD 74:29, and should be approved subject to the conditions attached to this recommendation. The application, with the recommended conditions, provides the necessary safeguards to protect the environment during and following operations and ensure that the land is reclaimed to a beneficial use following operations.

This recommendation is being mailed to you pursuant to ARSD 74:29:01:15. The application is available for review at the Minerals and Mining Program, 523 East Capitol Avenue, Pierre, South Dakota, or on the Minerals and Mining web page at <http://denr.sd.gov/des/mm/newminepermits.aspx>. The application is also available for public review at the Grant County Register of Deeds office in Milbank, South Dakota. Written objections to, statements in support of, or petitions to intervene and become a party to the proceedings pursuant to ARSD 74:29:01:09 must be filed with the Department of Environment and Natural Resources no later than August 18, 2016. The department will issue the permit on August 19, 2016 if no petitions are received. Comments may be submitted in writing or online at <http://denr.sd.gov/public/default.aspx>. Information about the contents of a petition can be found in ARSD 74:09:01:01 at <http://legis.state.sd.us/rules/DisplayRule.aspx?Rule=74:09:01:01>. Written comments or petitions should be mailed to the Minerals and Mining Program, 523 East Capitol Avenue, Pierre, South Dakota 57501-3182.

Persons desiring further information may contact Eric Holm, Minerals and Mining Program, at (605) 773-4201.

Steven M. Pirner
Secretary
Department of Environment and Natural Resources

August 11, 2016

DAKOTA GRANITE COMPANY
SMALL SCALE MINING PERMIT NO. 485 CONDITIONS

General

1. The conditional approval of this permit application incorporates by reference those representations made by Dakota Granite, as to plans, specifications, operations, environmental impacts, and reclamation as contained in the permit application submitted April 29, 2016, and supplemental information submitted on July 11, 2016. The representations contained in these documents are general conditions of this permit unless modified by a future technical revision, amendment, or permit, or modified by other conditions imposed by the board.
2. This permit and all rights under it are expressly conditioned on the truth of representations made by the applicant, Dakota Granite, its officers, and employees in the application and supporting documentation relating to the application. Should any material representation prove to be false, this permit and all rights under it may be canceled by the board.
3. This permit is conditioned upon compliance with all applicable laws and regulations.
4. The operation shall be conducted in compliance with all Grant County zoning requirements.
5. Dakota Granite shall abide by the recommendations, proposed at the time of permit approval, by the South Dakota State Archaeologist, the South Dakota Department of Agriculture, the South Dakota Department of Game, Fish and Parks, and the South Dakota Department of Health, except as modified or restated in these conditions.

Other Permits

1. Dakota Granite shall obtain, as necessary, any additional storm water or surface water discharge permits for the permit area. This also includes appropriate modifications to the surface water discharge permit, and if required, new surface water discharge and storm water permits.
2. These conditions do not change the requirements of other existing permits, including surface water discharge and storm water permits.

Water Quality

1. Surface water runoff from the site shall not cause South Dakota Surface Water Discharge permit requirements, or water quality standards, as appropriate, to be violated.
2. Any visible sheen of oil, gas, or other organic petroleum substances shall not be allowed to accumulate on any water surfaces in or near the permit boundaries.

Sedimentation and Erosion Control

1. Erosion and sedimentation controls shall be in place and functional during all phases of clearing, earthwork, construction, mining, and reclamation, and during the postclosure period in the permit area.
2. Dakota Granite shall install rock check dams, diversion ditches, or other adequate structures needed to minimize channelization and erosion from surface runoff. Surface water diversions and final reclamation drainage channels must meet the requirements of ARSD 74:29:07:09.
3. Interim sedimentation and erosion controls shall be used on disturbed land during clearing, construction, mining, and reclamation until these areas are stabilized, in accordance with any General Storm Water Construction Permit issued to Dakota Granite.
4. Dakota Granite shall submit a sediment control map for the permit area showing sediment control locations and type prior to any new land disturbance in the permit area.
5. Dakota Granite shall inspect, clean out, repair, or upgrade the sediment controls as necessary to maintain compliance with its surface water discharge permit and storm water permit as applicable.

Air Quality and Noise

1. Dakota Granite shall effectively control fugitive dust and other air emissions during all phases of construction and operation in the small scale permit area. Dust control measures shall include the use of water trucks, dust suppressants, dust filters on equipment, and revegetating disturbed areas as soon as practicable.
2. Dakota Granite shall notify the department within five working days of written complaints from landowners adjacent to the operation concerning dust, noise, and blasting. The department, on finding that a complaint is based in fact on potential permit violations, may require Dakota Granite to develop a mitigation plan to correct the potential violation. The completion date for the mitigation plan will be set at the time of the department's request.

Wildlife Protection

1. Dakota Granite shall install structures to protect wildlife and make every effort to contain solutions and chemicals, and keep areas harmful to wildlife in a condition where access by wildlife is eliminated. This should include, but is not limited to, storage ponds, drainage ways, and ancillary buildings.
2. Dakota Granite shall promptly notify the Department of Game, Fish and Parks of species or critical habitat of species listed as state or federal rare, threatened, or endangered that are located in the permit area.

Reclamation

1. Available topsoil or other material suitable for use as a plant growing medium in the small scale mine permit area shall be stripped and stockpiled for use in reclamation. Topsoil stockpiles shall be clearly labeled and shall be stabilized to prevent wind and water erosion. Berms and/or other sediment and erosion control structures shall be installed on and around topsoil stockpiles to minimize erosional loss of soil resources. Topsoil shall not be used as backfill material.
2. Dakota Granite shall use the following seed mix as recommended by Dale Thiel of the Grant County NRCS for the small scale permit area:

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| Big Bluestem | 2.78 lbs. pls/acre |
| Green Needlegrass | 1.63 lbs. pls/acre |
| Western Wheatgrass | 2.92 lbs. pls/acre |
| Switchgrass | 1.34 lbs. pls/acre |
| Purple Prairieclover | 0.28 lbs. pls/acre |
3. Prior to final closure and bond release, Dakota Granite shall maintain sufficient access to reclaimed areas to allow for any necessary reclamation maintenance. Roads which are not necessary for future use shall be reclaimed after the successful reclamation of all affected areas.
4. Pursuant to ARSD 74:29:08, Dakota Granite shall conduct concurrent and interim reclamation on all small scale mine permit areas where mining or land disturbance is completed.
5. In accordance with SDCL 45-6B-42, Dakota Granite shall take precautions to limit access to highwall areas by fencing, posting warning signs, and other suitable means. On completion of mining, highwall areas shall be adequately fenced or blocked with granite blocks to prevent hazards to the public.

Reclamation Surety

1. The reclamation surety for Small Scale Mine Permit 485 shall be included with the reclamation surety for Large Scale Mine Permit 15. Based on the additional small scale acreage and other adjustments, the department calculated a new bond for Large Scale Mine Permit 15 of \$408,200 which is a \$60,800 increase over the current bond. Dakota Granite shall submit the additional \$60,800 bond prior to issuance of the small scale mine permit.
2. Pursuant to SDCL 45-6B-27, the department and the board reserve the right to adjust the reclamation surety amount for inflation, for unanticipated conditions, and for modifications to the permit by technical revision or amendment. The reclamation surety may also be adjusted downwards as reclamation work is completed.

Postclosure

1. All affected land in the small scale permit area shall be included in the postclosure plan for Large Scale Mine Permit No. 15.

Technical Revisions

1. The Board of Minerals and Environment, pursuant to ARSD 74:29:03:16, authorizes the department to approve proposed technical revisions to Dakota Granite's small scale mine permit for the following:
 1. Adding contiguous affected land within the permit boundary area for this permit with the total of such additions not to exceed 20 percent of the permitted affected land area of 8.30 acres for this permit. The maximum amount of expansion allowed is 0.80 acres which is the remaining land available for expansion within the mine permit boundary;
 2. Modifying seeding mixtures or rates;
 3. Modifying water usage and sources as allowed by water rights permits;
 4. Modifying dust control measures;
 5. Modifying topsoil stripping and borrow or storage piles;
 6. Modifying blasting methods and control measures by use of new procedures or products developed in the future provided they are operationally and economically feasible;
 7. Modifying or relocating erosion, sedimentation, or drainage control including sediment control structures;
 8. Modifying operating timetables for proposed operations;
 9. Locating or modifying ancillary facilities, within the permit boundary, including equipment and granite storage areas, parking lots, office buildings, septic systems,

- perimeter fencing, utilities (phone, natural gas, power, and water lines), crushing areas, stockpiles, and rubble sites;
10. Modifying and relocating haulage routes and access roads within the permit boundary;
 11. Relocating chemical or petroleum storage areas;
 12. Implementing new surface mining techniques or equipment;
 13. Implementing new and improved reclamation techniques as they are developed; and
 14. Change the slope angle for final reclamation of specific sites where visually and functionally compatible.

Technical revisions must comply with ARSD 74:29:03:03, as applicable, and must be submitted to the department in writing. The department shall approve, disapprove, conditionally approve, or request additional information deemed necessary to approve technical revisions within thirty days of receipt.