

DENR Preliminary Comments on Wharf Response to Completeness Letters on Mine Expansion Permit Application – June 24, 2011

March 21, 2011 Procedural Completeness Issues

Remaining Completeness Items

Item 2, page 3, Postclosure Plan – In Wharf’s response, it refers to the bond calculation in Table 6-5 as the calculation for the postclosure bond. However, this is the calculation for the reclamation bond. The postclosure bond calculation currently covers a period of 50 years and covers mainly water treatment costs. Please submit an updated postclosure bond calculation that includes any changes to the current bond resulting from the proposed expansion project.

Item 8, page 8, NRCS Approval of Soil Survey – Please submit a letter from the Lawrence County Conservation District approving the soil survey.

Item 12, page 12, Disturbance Prior to 1971 – Please discuss any surface disturbance from previous mining operations in the expansion area prior to 1971.

Item 14, page 14, Instruments of Consultation – Please submit instruments of consultation with the BLM and DOT which contains written confirmation of operating and reclamation plans.

Item 17 (a), (b), (c), (d), and (e), page 16, Grading Plan; Item 26, page 22, Postmine Contour Map; Item 31, page 24, Reclamation Plan Details; Item 41, pages 29 – 30, Industrial Land Use; and Item 42, pages 30 - 31, Homesite Reclamation – Rangeland is not the primary and only postmine land use. Wharf has also proposed recreation, home sites and industrial (commercial development) postmine land uses as shown on Exhibit 23. Rangeland is actually only an alternative or secondary land use for the home site and industrial land uses. In addition, there are no alternative land uses for the recreation post mine land use. If Wharf proposes to reclaim areas of the proposed expansion area to recreation, it must be reclaimed to recreation uses such as enhancements to the Terry Peak Ski area and not rangeland.

In addition, the regulations for recreation, industrial, and home sites (ARSD 74:29:07:23, 74:29:07:24, and 74:29:07:25) require the applicant (Wharf) and not future developers to address the requirements in these regulations for each postmine land use. In addition, for the recreation postmine land use, Lawrence County is requiring Wharf (and not developers) through conditions to the conditional use permits to lengthen ski runs and improve ski area facilities during reclamation of the expansion area. In fact, during recent discussions with Amber Vogt of Lawrence County, she said the enhancement of the ski area was a major part of the approved conditional use permit and needs to be part of our approval of the mine permit application.

Therefore, for the final grading plan required in section 1 of ARSD 74:29:07:04 Wharf needs to address the following:

Recreation – Describe how the final slopes in and around the Golden Reward Mine will be visually and functionally compatible with the Terry Peak Ski area, how the graded

slopes will be suitable for extending the current ski runs, how the graded slopes will be suitable for other recreational aspects identified in the reclamation plan such as sledding, snowmobiling, and hiking, and if the slopes will be stable or exceed the angle of repose.

Home Sites – Describe how the final slopes will be visually and functionally compatible with the surrounding area, how the graded slopes will be suitable for home construction, and if the slopes will be stable or exceed the angle of repose.

Industrial (Commercial Development) – Describe how the final slopes will be visually and functionally compatible with the surrounding area, how the graded slopes will be suitable for condominium, ski lodge, and other development, and if the slopes will be stable or exceed the angle of repose.

Also, regarding the postmine contour map, to give the Board and the public an idea of what Wharf is proposing, Wharf must show at a minimum any conceptual enhancements to the ski area such as extensions to the ski runs and modifications of the Empress (Red) Chairlift, and potential locations of lodges, condominiums, and home sites.

In addressing ARSD 74:29:07:01, Wharf needs to provide more details on how the reclamation plan rehabilitates land with respect to the recreation, home site, and industrial (commercial development) postmine land uses. Finally, for the home site and industrial land uses, Wharf needs to address how traffic will be controlled.

It should be noted for the postmining land uses of recreation, industrial and homesites, reclamation is considered complete as follows:

- a. Reclamation to a recreation (ARSD 74:29:07:23(2)) land use is considered complete when it is demonstrated that the type of recreation has been established and all other requirements of the reclamation plan have been met;
- b. Reclamation to an industrial (ARSD 74:29:07:24(4)) land use is considered complete when a vegetative cover sufficient to control erosion has been established over all affected land not being developed for industrial use and the incoming industry has firmly established itself at the site (unless the alternative postmining land use reclamation plan is implemented); and
- c. Reclamation to a homesite (ARSD 74:29:07:24(4)) land use is considered complete when a vegetative cover sufficient to control erosion has been established over all affected land not presently being developed for homesites and at least 25 percent of the land designated for homesite development is developed or in the process of being developed for homesites (unless the alternative postmining land use reclamation plan is implemented).

Item 19, page 17, Seed Mix Consultation – Please submit letters from the BLM and the US Forest Service stating these agencies are in agreement with the proposed seed mix.

Item 22, page 21, Terry Cemetery Highwall Stability – Even though little or no backfill in the Terry Cemetery buttress will be removed during mining, will the new pit near the southwest

corner of the cemetery create any stability issues considering the past history of mining in this area, and should a stability analysis be conducted?

Item 24, page 21, Reclamation Acreage Credit – SDCL 45-6B-83.2 has not been repealed and needs to be address as a completeness item. It also needs to be added back into Table 1-1.

Item 30, page 23, Financial Capability to Complete Reclamation – Please address how Wharf has the financial capability to complete the reclamation outlined in the mine permit application.

Item 44, page 32, Table 1-1 – ASRD 74:29:07:27 needs to be added back into the completeness list in table 1-1. Even though no impoundments will be constructed, it is still a completeness item that has been addressed.

Please submit proof of filing with the Lawrence County Register of Deeds office.

Please address whether Wharf wants to change the postmine land use (wildlife habitat) of the undisturbed areas of the Golden Reward Mine as part of this mine permit application.