



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

PMB 2020
JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182
www.state.sd.us/denr

July 29, 2008

Richard E. Blubaugh
Vice President-Environmental Health and Safety Resources
Powertech (USA) Inc.
5575 DTC Parkway Suite #140
Greenwood Village, CO 80111

Re: Uranium Exploration Permit Application – 30-Hole Project

Dear Mr. Blubaugh:

The department has completed its review of Powertech (USA), Inc.'s uranium exploration permit application (30-hole project) submitted July 7, 2008. Based on our review, we have found that the application is procedurally incomplete. Powertech will need to address the following items to complete the application:

1. Uranium Exploration Permit Application Form: Referring to the Legal Description on the first page, the Township numbers are wrong. The legal description should read:

T6S R1E Section 29 SW/4, Section 30 SE/4, Section 32 NW/4
T7S R1E Section 2 SW/4, Section 10 NE/4, Section 11 NW/4-SE/4, NE/4-SW/4

Note: The department would prefer the legal description be written this way:

SW1/4 Section 29, SW1/4 Section 30 and NW1/4 Section 32; T6S-R1E, Custer County
SW1/4 Section 2, NE1/4 Section 10, and NW1/4 SE1/4 and NE1/4 SW1/4 Section 11;
T7S-R1E, Fall River County

The legal description will need to be corrected on the form.

On the second page, the notary did not complete the date the form that was notarized. We have enclosed a copy of the original form and a blank application form. Please fill out the blank form with the corrected legal description and ensure it is properly notarized. Please resubmit it to our office.

2. SDCL 45-6D-7(8): Referring to the Surface Owners map, there is some confusion over the blank (white) areas in Section 11. Does the blank area need to be marked as Daniel property?

Also, regarding mineral rights, for the drill area shown in Section 32, it appears that the drill area may cover parts of claims MD4, MD 5 and MD 6. However, these claims are not listed or mentioned in the mineral leases, mining claim maintenance fee filing and affidavits, or quit claim deeds included with the application. We note that in the July 21, 2008 BLM list of mining claims for Section 32; T6S-R1E, Powertech is listed as the claimant for these claims.

3. SDCL 45-6D-9(2): Powertech will need to submit proofs of consultation with the conservation districts in Custer and Fall River Counties. Also, please submit any seeding and planting recommendations these offices may have.
4. SDCL-45D-10: The topographic maps of the proposed drilling areas submitted with the application have a scale of approximately 1:63,000. This scale exceeds the maximum 1:25,000 scale required by this statute. The maps showed wells, but did not show required springs, lakes, ponds, reservoirs, water pipeline, earthen dam and building with the drill areas and within one-half mile of the drill areas. Also, the maps did not show roads and trails very well. Please resubmit the map(s) with the appropriate scale and show the required features. Note: you only have to show these features within the six drill areas and within one-half mile of the drill areas. You do not need to show these features for the entire Powertech area.
5. SDCL 45-6D-11: In application cover letter, Powertech said it would wait until notification by the department that the application is complete before filing the application with the Custer and Fall River County Register of Deeds offices. The department understands and accepts this plan, however, please be aware that the submission of the application to the Register of Deeds Office is a procedural completeness item, and that the application cannot be considered complete by the department until proof of filing from the county Register of Deeds is submitted.
6. SDCL 45-6D-16: Powertech will need to submit proof of consultation with the surface landowners for the six drill areas. Powertech will also need to submit any written restrictions a landowner may have regarding travel on the properties.

As part of its review, department staff also developed the following technical comments regarding the application. Please address the following items:

1. Regarding the Uranium Exploration Reclamation Plan, the third paragraph under item no. 4 addresses plugging a non-flowing test holes with bentonite gel. Powertech should say that non-flowing artesian test holes will be plugged in accordance with ARSD 74:11:08:05.

Also, pursuant to SDCL 5-6D-19, in the near future we will be contacting you to arrange a site inspection of the areas proposed for drilling. We are targeting late August for the inspection due to lack of motel rooms in the Black Hills area during the Sturgis Motorcycle Rally in early August. We may also be able to combine this inspection with the Special, Exceptional, Critical or Unique Lands inspection (ARSD 74:29:10:08).

The department will continue its review of the application and any additional comments will be forwarded to you. If you have any questions, please feel free to contact the Minerals and Mining Program (telephone: (605) 773-4201).

Sincerely,

\S/

Roberta Fivecoate
Natural Resources Project Engineer
Minerals and Mining Program
Phone (605) 773-4201

Enclosures: Copy of Original Uranium Exploration Permit form
Blank Uranium Exploration Permit form