



September 8, 2008

DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

PMB 2020
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Mark Hollenbeck
Project Manager
Powertech (USA) Inc.
PO Box 812
Edgemont, SD 57735

Dear Mr. Hollenbeck:

The department has completed its review of the Request for Determination of Special, Exceptional, Critical, or Unique Lands that Powertech submitted on August 21, 2008. Based on our review, the Request is incomplete. You will need to address the following items in order to complete the Request:

1. SDCL 45-6B-33.3 (1 and 2) and ARSD 74:29:10:03(6): Please submit a detailed assessment of whether the lands included in the proposed mining operation meet the criteria of the following sections of SDCL 45-6B-33.3:
 - (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; and
 - (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.

2. SDCL 45-6B-33.3 (3) and ARSD 74:29:10:03(6): In the detailed assessment that addresses scenic, historic, archaeologic, topographic, geologic, ethnologic, scientific, cultural or recreational significance, Powertech will need to include all information and data necessary to support its assessment and conclusions. Please consider using baseline data from wildlife, vegetative, archaeologic and other surveys to support the conclusions in section 4.0.

The department will need more information regarding all of the archaeologic or historic sites in the proposed mine area so it can make an adequate determination on whether the

sites are special, exceptional, critical, or unique. I have enclosed a copy of cultural resources information provided by a large scale gold mine in its Request for Determination. It is very important that Powertech provide this information to the department. After reviewing the information, if we determine that some of the archaeological sites are special, exceptional, critical, or unique, the department will need to place lands containing these sites on the preliminary list of special, exceptional, critical, or unique lands. The information will also be helpful during the upcoming inspection of the proposed mining area with Mike Fosha of the State Archaeologist office.

3. ARSD 74:29:10:04: Please submit proof, such as certified mail receipts, that copies of the August 21, 2008 Request and the information requested in this letter have been sent to the various review agencies. I have enclosed a revised list of the review agencies that includes some contact and address changes.
4. Section 1.0, Introduction, Page 1: In the first paragraph, please change (ARSD) 74:29:11 to (ARSD) 74:29. Even though ARSD 74:29:11 addresses in situ leach mines, the other sections in ARSD 74:29 will also apply to the mining operation. Also, in the second paragraph, please change (SDCL) 45-6B-81 to (SDCL) 45-6B-33.3 since it is the statute that includes the requirements that must be addressed in the Request for Determination.
5. Section 1.2, Clearance, Page 2: Please note that lands determined to be special, exceptional, critical, or unique are not necessarily excluded from the mining operation. The Board of Minerals and Environment may place special conditions on the mine permit to protect or mitigate impacts to any special, exceptional, critical, or unique features in the proposed mining area. The goal of the process is actually to determine whether lands in the proposed mining area are eligible for inclusion on the preliminary list of special, exceptional, critical, or unique lands.
6. Section 1.3, Scope of Work, Page 2: Instead of stating that Powertech is helping the department in making its determination, Powertech should state that it is doing a detailed assessment of the items in SDCL 45-6B-33.3 to comply with the requirements of ARSD 74:29:10:03(6). Also, Powertech needs to include the ecological fragile sections of SDCL 45-6B-33.3 (1 and 2) in the list in this section.
7. Section 3.0, Description of the Proposed Mining Operation, Page 8: In the first full sentence on page 8, the statement "During this process, the aquifer returns to a reduced state, thus precipitating any metals or salts that become mobilized during the recovery process of mining" is misleading and needs to be modified. A reducing agent must be introduced before the aquifer can return to a reduced state.
8. Section 4.2, Historic, Page 10: Powertech should include dates of the various periods mentioned in this section. Also, Powertech should include a discussion of the pictographs in Craven Canyon even though it will not be impacted by the mining operation. Please note that Craven Canyon was placed on the preliminary list of special, exceptional, critical, or unique lands in July 1991.

9. Section 4.7.3, Wildlife, Page 14: Powertech needs to include a discussion of prairie dog towns in the proposed mining area.
10. Section 4.9, Recreational, Page 17: Powertech needs to include a discussion of the Department of Game, Fish, and Parks walk-in and Cooperative Management Areas in this section.

If you have any questions, please feel free to contact me.

Sincerely,

\s/

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Enclosures