

Minutes of the  
Board of Minerals and Environment  
Matthew Environmental Education and Training Center  
523 East Capitol Avenue  
Pierre, South Dakota

January 22, 2015  
10:00 a.m. CT

CALL TO ORDER AND ROLL CALL: The meeting was called to order by Chairman Rex Hagg. The roll was called and a quorum was present.

BOARD MEMBERS PARTICIPATING: Rex Hagg, Glenn Blumhardt, Linda Hilde, Dennis Landguth, Doyle Karpen, Gregg Greenfield, Daryl Englund, and Bob Morris (via telephone).

BOARD MEMBER ABSENT: Pete Bullene.

OTHERS PRESENT: See attached attendance sheet.

APPROVAL OF MINUTES FROM NOVEMBER 20, 2014, MEETING: Motion by Englund, seconded by Hilde, to approve the minutes from the November 20, 2014, Board of Minerals and Environment meeting. Motion carried unanimously.

MINING ISSUES: Prior to the meeting, the board received a table listing the department recommendations for release of surety, release of liability and surety, transfers of liability, and releases of liability (see attachment).

Update of Homestake Mining Company's Conditional Release Area: The board was given a map showing the Homestake Open Cut area.

Eric Holm reported that on May 16, 2006, the Board of Minerals and Environment approved release of reclamation liability for approximately 514 acres of land affected by Homestake Mining Company under Mine Permit Nos. 332 and 456. At the request of Homestake, the board also approved the conditional release of 10.2 acres at the east end of the East Waste Rock Facility. For this portion of the facility, cheat grass and noxious weeds were required to be sprayed and controlled before final release could be granted.

On May 16, 2006, the board approved an Order granting the Department of Environment and Natural Resources the authority to release Homestake's reclamation liability for the 10.2-acre area once the cheat grass and noxious were controlled.

On September 18, 2009, the department released 1.96 acres of the 10.2-acre area, as shown on the map. The department subsequently informed the board of the release of the 1.96-acre area.

During the June 23 and 24, 2014, Homestake mine permit audit, Minerals and Mining staff inspected the remaining 8.24-acre East Waste Rock Facility conditional release area. Staff determined that the cheat grass and noxious weed infestations were adequately controlled. As a result, the department released the 8.24-acre area shown on the map on September 24, 2014.

Mr. Holm stated that all of the conditional release areas, including the 2.88 acres on the Sawpit Waste Rock Facility, have now met the requirements of the May 16, 2006, board Order. Homestake's reclamation liability for these areas has been released, and the areas have been placed into post-closure status.

No board action was required for this matter.

Release of Surety: Motion by Blumhardt, seconded by Hilde, to release \$2,500 for Zacharias Construction, Hartford, SD, Mine License No. 84-279. Motion carried unanimously.

Release of Liability & Surety: Motion by Landguth, seconded by Hilde, to release liability and \$500 surety for one site in Marshall County for Britton Ready-Mix, Inc., Britton, SD, Mine License No. 84-284. Motion carried unanimously.

Transfers of Liability: Motion by Greenfield, seconded by Englund, to approve transfers of liability for the following: Darrell's Rock, Sand & Gravel, Inc., Wessington Springs, SD, Mine License No. 86-320, one site in Spink County to Williamson Trucking, Doland, SD, Mine License No. 09-869; Darrell's Rock, Sand & Gravel, Inc., Wessington Springs, SD, Mine License No. 86-320, three sites in Jerauld County to Jerauld County Highway Department, Wessington Springs, SD, Mine License No. 83-80; Darrell's Rock, Sand & Gravel, Inc., Wessington Springs, SD, Mine License No. 86-320, one site in Jerauld County to Spencer Quarries, Inc., Spencer, SD, Mine License No. 83-36; Darrell's Rock, Sand & Gravel, Inc., Wessington Springs, SD, Mine License No. 86-320, two sites in Jerauld County to Wayne Feistner, Woonsocket, SD, Mine License No. 14-979; Darrell's Rock, Sand & Gravel, Inc., Wessington Springs, SD, Mine License No. 86-320, one site in Buffalo County to Steve & Brian Roduner, Miller, SD, Mine License No. 14-962; and TF Luke & Sons, Inc., Kimball, SD, Mine License No. 83-11, one site in Douglas County to Hutchinson County Highway Department, Olivet, SD, Mine License No. 83-133. Motion carried unanimously.

Releases of Liability: Motion by Blumhardt, seconded by Landguth, to approve release of liability for the following: Aggregate Construction, Inc., Minot, ND, Mine License No. 89-382, one site in Custer County; Darrell's Rock, Sand & Gravel, Inc., Wessington Springs, SD, Mine License No. 86-320, two sites in Jerauld County, one site in Jackson County, one site in Potter County, and one site in Pennington County; Fenton Construction, Canova, SD, Mine License No. 83-74, one site in Lake County; Loiseau Construction, Inc., Flandreau, SD, Mine License No. 98-651, one site in Day County; Hamlin County Highway Department, Hayti, SD, Mine License No. 83-56, one site in Hamlin County; Kingsbury County Highway Department, DeSmet, SD, Mine License No. 83-117, one site in Kingsbury County; City of Huron, Huron, SD, Mine License No. 83-128, one site in Beadle County. Motion carried unanimously.

UPDATE ON EPA'S PROPOSED CLEAN POWER PLAN AND LOWERING THE OZONE STANDARD: Kyrik Rombough provided a presentation on EPA's Clean Power Plan. EPA's proposed Clean Power Plan is also known as a 111(d) Plan. The purpose of the regulation is to reduce or regulate greenhouse gas emissions or carbon dioxide emissions from existing electrical generation facilities. The current EPA proposal will affect the Big Stone Power Plant, which is a coal fired plant, and the Deer Creek Plant, which is a natural gas combined cycle plant.

EPA's proposed plan would require states to submit compliance plans by June 2016, and the plan would take effect in the summer of 2020.

Roxanne Giedd provided an update on the federal lawsuit challenges regarding the proposed 111(d) rule.

Mr. Rombough discussed how the proposal would affect these power plants and he answered questions from the board.

Brad Schultz provided a presentation on EPA's proposed revised Ozone Standard and its impacts on South Dakota. The current standard, which was set in 2008, is 0.075 parts per million. EPA is proposing to revise the ozone standard to a concentration between 0.070 to 0.065 parts per million.

Mr. Schultz discussed data obtained at the department's 11 air quality monitoring sites, six of which collect ozone data.

Comments regarding EPA's proposed Ozone Standard are due by March 17, 2015.

Mr. Schultz answered questions from the board.

PRESENTATION ON RECLAMATION BONDING: Eric Holm provided a presentation regarding financial assurance. He provided information on permits and licenses issued, financial assurance requirements, financial assurance instruments and forms, department review procedures, how various bonds are calculated, bond submittals and forfeitures, and interaction with federal agencies.

Prior to the meeting, the board was provided with examples of the forms used for the various types of financial assurance. Chairman Hagg noted that the Plugging and Performance Bond form should be updated because it contains outdated language.

Mr. Holm answered questions from the board.

PRESENTATION ON OIL & GAS DEVELOPMENT, SPACING UNITY, UNITIZATION, POOLING, ETC.: Mike Lees provided a presentation discussing background information on development areas, types of development, the scope of oil and gas activity in South Dakota, and recent statutory and regulatory issues and changes.

Mr. Lees explained the order approval process and the different types of orders issued by the department and the board.

Mr. Lees answered questions from the board.

NEXT MEETING: The next board meeting is scheduled for February 19, 2015, at 10:00 a.m. Central Time via telephone conference call.

Chairman Hagg noted that since Roxanne Giedd is retiring in the near future, this may be the last Board of Minerals and Environment meeting she attends. He expressed the board's appreciation to Ms. Giedd for the valuable service she has provided to the board.

ADJOURNMENT: Motion by Karpen, seconded by Greenfield, that the meeting be adjourned. Motion carried unanimously.

The meeting was digitally recorded and a copy of the recording may be obtained by contacting the Department of Environment and Natural Resources, 523 East Capitol Avenue, Pierre, SD 57501; telephone number 605-773-3886. The recording is also available on the DENR website at <http://denr.sd.gov/boards/schedule.aspx>.

Approved this 19<sup>th</sup> day of February, 2015.

Linda Hilde 2-19-2015  
Secretary Date

Dennis Hilde 2-19-2015  
Witness Date

## *South Dakota Board of Minerals & Environment*

*January 22, 2015*

License or Permit Holder	License or Permit Number	Site Number or Legal	Surety Amount	Surety Number	Surety Company or Bank	DENR Recommendation
<b>Mine Permits:</b>						
<b><u>Update on Homestake Mining Company's Conditional Release Area:</u></b>						
Homestake Mining Company Lead, SD	332	<b>Reclama- tion Bond</b>	\$1,142,531	5444262	Safeco Insurance Company	
		<b>Post Closure Bond</b>	\$39,626,023	8233-63-10	Federal Insurance Company	
<p>In June, 2014, the Department determined that the 8.24 acre conditional release area on the East Waste Rock Depository met release criteria and was placed into Post Closure status.</p>						
<b>Mine Licenses:</b>						
<b><u>Release of Surety:</u></b>						
Zacharias Construction Hartford, SD	84-279		\$2,000 \$500	11502 61763	US Bank, Sioux Falls US Bank, Sioux Falls	Release \$2,500.
<b><u>Release of Liability &amp; Surety:</u></b>						
Britton Ready-Mix, Inc. Britton, SD	84-284		\$500	85374	First National Bank, Pierre	Release liability and \$500.
		<b>284001</b>	N1/2 NE1/4 Section 25; T127N-R57W, Marshall County			

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*January 22, 2015*

License or Permit Holder	License or Permit Number	Site Number or Legal	Surety Amount	Surety Number	Surety Company or Bank	DENR Recommendation
<b><u>Transfers of Liability:</u></b>						
Darrell's Rock, Sand, & Gravel, Inc. Wessington Springs, SD	86-320		\$20,000	RC-0016	Sun Surety Insurance Company	Transfer liability.
		<b>320003</b>	SW1/4 Section 14; T114N-R62W, Spink County			
Transfer to:						
Williamson Trucking Doland, SD	09-869		\$1,000 \$5,500	169590 25583	First National Bank, Pierre The Farmers State Bank, Turton	
Darrell's Rock, Sand, & Gravel, Inc. Wessington Springs, SD	86-320		\$20,000	RC-0016	Sun Surety Insurance Company	Transfer liability.
		<b>320008</b>	SE1/4 Section 11; T108N-R66W, Jerauld County			
		<b>320039</b>	Section 26; T106N-R67W, Jerauld County			
		<b>320040</b>	SE1/4 Section 34; T106N-R65W, Jerauld County			
Transfer to:						
Jerauld County Highway Department Wessington Springs, SD	83-80		EXEMPT	NA	NA	

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Darrell's Rock, Sand, & Gravel, Inc. Wessington Springs, SD	86-320		\$20,000	RC-0016	Sun Surety Insurance Company	Transfer liability.
		<b>320022</b>	N1/2 Section 16; T107N-R67W, Jerauld County			
Transfer to:						
Spencer Quarries, Inc. Spencer, SD	83-36		\$20,000	55-194360	United Fire & Casualty Company	
Darrell's Rock, Sand, & Gravel, Inc. Wessington Springs, SD	86-320		\$20,000	RC-0016	Sun Surety Insurance Company	Transfer liability.
		<b>320037</b>	NE1/4 Section 35; T107N-R63W, Jerauld County			
Transfer to:						
		<b>320041</b>	SE1/4 Section 26; T107N-R63W, Jerauld County			
Wayne Feistner Woonsocket, SD	14-979		\$3,500	3003322	First National Bank, Woonsocket	
Darrell's Rock, Sand, & Gravel, Inc. Wessington Springs, SD	86-320		\$20,000	RC-0016	Sun Surety Insurance Company	Transfer liability.
		<b>320038</b>	SE1/4 Section 11; T107N-R68W, Buffalo County			
Transfer to:						
Steve & Brian Roduner Miller, SD	14-962		\$2,000	ILOC 3125702	Farmers & Merchants State Bank, White Lake	

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<b><u>Transfers of Liability:</u></b>						
TF Luke & Sons, Inc. Kimball, SD	83-11		\$20,000	929211763	Western Surety Company	Transfer liability.
		<b>11016</b>	E1/2 NE1/4 Section 8; T98N-R62W, Douglas County			
Transfer to:						
Hutchinson County Highway Department Olivet, SD	83-133		EXEMPT	NA	NA	
<b><u>Releases of Liability:</u></b>						
Aggregate Construction Inc. Minot, ND	89-382		\$20,000	5301306	Ohio Farmers Insurance Company	Release liability.
		<b>382040</b>	NE1/4 Section 33; T6S-R7E, Custer County			
Darrell's Rock, Sand, & Gravel, Inc. Wessington Springs, SD	86-320		\$20,000	RC-0016	Sun Surety Insurance Company	Release liability.
		<b>320023</b>	SE1/4 Section 14; T107N-R66W, Jerauld County			
		<b>320029</b>	S1/2 Section 2; T1S-R19E, Jackson County			
		<b>320032</b>	E1/2 Section 29; T120N-R74W, Potter County			
		<b>320033</b>	Section 24; T1S-R10E, Pennington County			
		<b>320036</b>	SE1/4 Section 23; T106N-R65W, Jerauld County			

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<b><u>Releases of Liability:</u></b>						
Fenton Construction Canova, SD	83-74	<b>74010</b>	\$7,500 NW1/4 Section 24; T105N-R54W, Lake County	105825	Miner County Bank Canova	Release liability.
Loiseau Construction, Inc. Flandreau, SD	98-651	<b>651002</b>	\$20,000 W1/2 Section 9; T124N-R55W, Day County	55-167144	United Fire & Casualty Company	Release liability.
Hamlin County Highway Department Hayti, SD	83-56	<b>56004</b>	EXEMPT SW1/4 Section 24; T113N-R54W, Hamlin County	NA	NA	Release liability.
Kingsbury County Highway Department De Smet, SD	83-117	<b>117009</b>	EXEMPT SE1/4 Section 26; T110N-R56W, Kingsbury County	NA	NA	Release liability.

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<b><u>Releases of Liability:</u></b>						
City of Huron Huron, SD	83-128	<b>128004</b>	EXEMPT NE1/4 Section 18; T109N-R62W, Beadle County	NA	NA	Release liability.

