

WATER PERMIT NO. 1406A-1

MAP No. same 584-1441

Name of Applicant Wharf Resources / Trojan - Terry Peak water system

Post Office Address PO Box 446, Deadwood 57732

Amount of Water Claimed no add'l Total Acres NA

Source of Water Supply ground water / well

Water to be used for SHD & IND County Lawrence

About 5 miles W of Lead.

PROOF OF PUBLICATION: Received _____ Not Received _____

APPLICATION: Approved 12/8/88 Subject to _____

F.F.& C.L. Adopted _____ Not Approved _____ Deferred _____

PRIORITY Date Received Oct 3, 1988 Fee 50⁰⁰ Remarks change

7/29/87 location of diversion point.

Corrected Application Received _____ Period of Annual Use Jan 1 - Dec 31

WATER QUALITY APPROVAL RECEIVED NA APPROVED/CONDITIONAL (Circle one)

WI-1 Description same as Application YES NO REMARKS _____

Diversion Point well: NW $\frac{1}{4}$ NE $\frac{1}{4}$ section 34-

T5N-R2E

Land to be irrigated - Plan to supply Trojan and Terry Peak subdivisions and backup supply for Annie Creek Mine Operation

old site	☒	☒ new site			
		31			

Well Log: Driller Taylor Licensed YES ☒ NO ☐

Depth of Well. ~ 435 Feet REMARKS _____

Type of Map topo PREPARED BY John M. Arleth Reviewed and the Number

assigned on October 17, 1988 By Ker L. Juvall



Application for uses other than irrigation (type or print)

No. 1406A-1 Hydrologic Unit 10120203
Map No. same Basin Belle Fourche R
Newspaper Lead Daily Call, Box 876 57754

Mail to: Water Rights Div.
DWNr, Foss Bldg.
Pierre, SD 57501
(605) 773-3352

Application For Permit To Appropriate Water Within The State Of South Dakota

Check use of water: Industrial ☐ Commercial ☐ Municipal ☐ Other Common Distribution System ☐
Rural Water System ☐ Suburban Housing ☒ Geothermal Heat ☐ Institutional ☐ Recreational ☐
Domestic ☐ (above 18gpm) Other ☐

Type of Application: Check one or more of the following

New ☐ Vested Right ☐ Future Use ☐ Change Use ☐

☒ Amend Permit No. 1406-1 with old priority date retained

Change diversion point(s) ☒ Add diversion point(s) ☐ Other ☐

☐ Application to: Change diversion point(s) ☐ Add diversion point(s) ☐ on Permit No. _____

☐ Construction to use water reserved by Future Use Permit No. _____

1. Name of Applicant Wharf Resources/Trojan-Terry Peak water / system Phone No. 584-1441
Post Office Address PO Box 446, Deadwood State SD 57732
(Street, RR or Box) Zip Code

2. Amount of water claimed (c.f.s) ~~7.56 cfs (250 gpm)~~ no additional

3. Source of water supply Well drilled into Two Johns underground mine workings

4. Location of point of diversion Well (See attached map)

NW¹/₄, NE¹/₄ Section 34, T5N, R2E, B.H.M.

County Lawrence

5. Counties where water will be used Lawrence

6. Annual period during which water is to be used January 1 - December 31

7. Give a brief description of proposed project. When available include any preliminary engineering report or other reports or information that will help explain the project. (Attach sheet if more space is needed)

The proposed well will satisfy mine permit conditions and provide an alternative water supply to the Trojan and Terry Peak subdivisions as well as a backup supply for the Wharf Annie Creek Mine. The amendment changes the point of diversion while use of water remains unchanged.

Attachments: Attach Form 2A if diversion from a well or dugout, or if storage of water, is proposed. Attach map (see instruction)

STATE OF SOUTH DAKOTA)
County of Lawrence)^{ss}

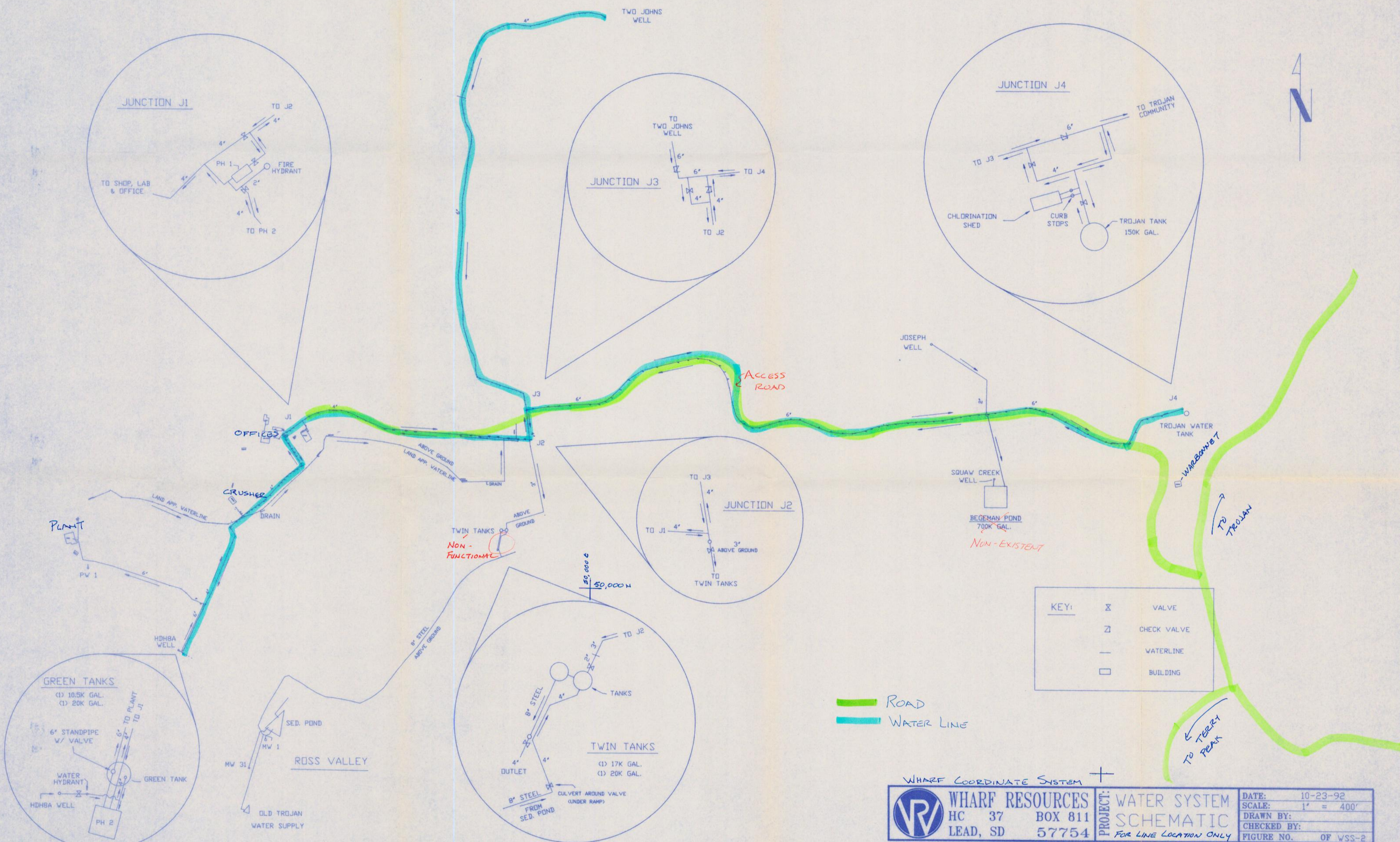
I, Luther J. Russell, Gov. Affairs Director for Wharf Resources as applicant, certify that I have read the foregoing application, have examined the attached map and that the matters therein stated are true and that I intend, and am able to complete the necessary construction.

Signed [Signature]

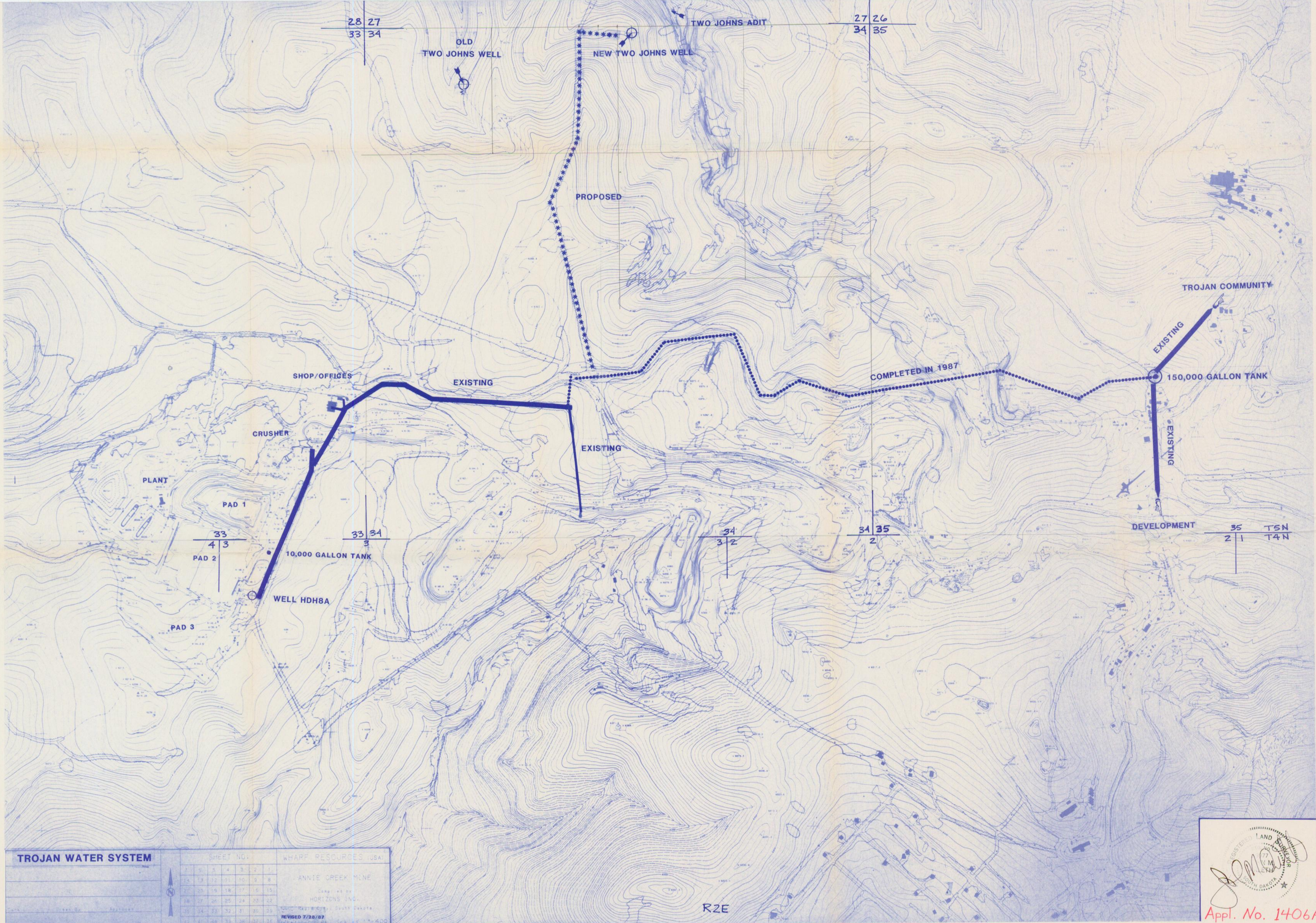
Subscribed and sworn to before me this 30 day of September 1988

My commission expires 7-16-90.

[Signature]
Notary Public (or other qualified officer)



1406A-1



TROJAN WATER SYSTEM

SHEET NO. 1

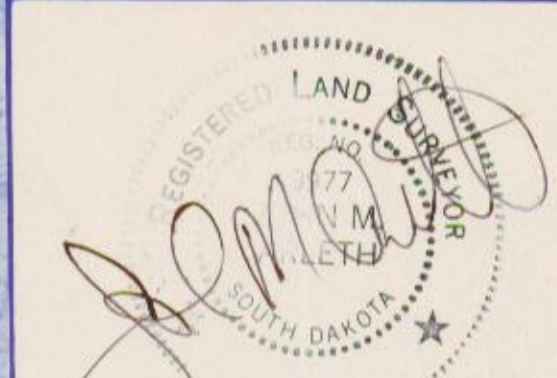
WHARF RESOURCES (USA)

ANNIE CREEK MINE

Compiled by
HORIZONS INC.

Revised 7/28/87

Scale 1" = 400'



Appl. No. 1406A-1

**SOUTH DAKOTA
WATER PERMIT** No. 1406A-1

Date of first receipt of application October 3, 1988

Date of return to applicant for correction, amendments or changes required October 17, 1988

Date of receipt of corrected application November 14, 1988

The Water Management Board approved Water Permit Application No. 1406A-1

on December 8, 1988 for Wharf Resources/Trojan-Terry Peak water system
(Applicant)

P O Box 446 Deadwood SD 57732
(Street, RR or Box) (City) (State) (Zip Code)

authorizing the construction of the water use system and the placing of water to beneficial use subject to the following limitations, conditions and qualifications:

1. Water Permit No. 1406A-1 authorizes a change in location of one well authorized by Water Permit No. 1406-1. Water Permit No. 1406-1 appropriates 0.56 cubic feet of water per second (cfs) from one well to be located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 34, T5N-R2E. This permit authorizes a change in the well location to the NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 34, T5N-R2E with no increase in the water appropriation.
2. The water appropriated shall be used for the purpose of supplying the Trojan and Terry Peak subdivision and providing a back-up supply for the Annie Creek mining operation, and may not exceed the amount of water needed for beneficial use for suburban & industrial purposes.
3. The water is to be used during the following described annual period: January 1 - December 31
4. The date from which applicant may claim the right is July 29, 1987
5. One-fifth of the construction is to be completed on or before June 8, 1991
6. All construction is to be completed on or before December 8, 1993
7. Water is to be put to beneficial use on or before December 8, 1997
8. Water rights obtained in compliance with the laws of the State of South Dakota may not be unlawfully impaired by this appropriation.

QUALIFICATIONS

1. The well authorized by Permit No. 1406A-1 shall be constructed by a licensed well driller and construction shall comply with Water Management Board Well Construction Rules, Chapter 74:02:04 with the well casing pressure grouted with cement (bottom to top) from the producing formation to the surface pursuant to Section 74:02:04:30.
2. The well approved under this Permit will be located near domestic wells and other wells which may obtain water from the same aquifer. The well owner under this Permit shall control his withdrawals so there is not a reduction of needed water supplies in adequate domestic wells or in adequate wells having prior water rights.
3. That the water supply developed pursuant to Permit No. 1406A-1 shall be in an amount equal to in quantity and quality to the existing supply of water provided by Warbonnet, Inc.

WATER MANAGEMENT BOARD

By: John Hatch
Chief Engineer

MAR 10 1989

Division of Water Rights
Dept. of Water and Natural Resources

Supplemental Information

(type or print in ink)

1. Well Information - Proposed construction

- a) Drill Hole Diameter 8-3/4" Depth 435'
- b) Casing Type 30' steel Diameter 8" O.D. Thickness .280
- c) Screen Type Hardrock well Diameter --- Thickness ---
- d) Gravel Pack Thickness None Length of Gravel Pack ---
- e) Depth to Top of Water Bearing Material 365'
- f) Depth of Water (ground surface to water level) 275'
- g) Distance to nearest existing domestic well:
On applicants property 1850' (Valiant) On property owned by others Unknown

2. Dugout Information Estimates N/A

- a) Surface Dimensions _____ Depth _____
- b) Depth to water (ground surface to water level) _____

3. Water Storage Dams N/A

If the proposed water use system contains one or more storage dams, please furnish the information requested below. The locations of each dam should be shown on the map submitted with the application.

- a) If a private engineering firm or government agency was involved in the design of this dam please give their name and address

b) Freeboard _____

c) Crest Width _____

Crest Length _____

d) Height _____

e) Outlet Dimensions:
Pipe diameter _____

Spillway width _____

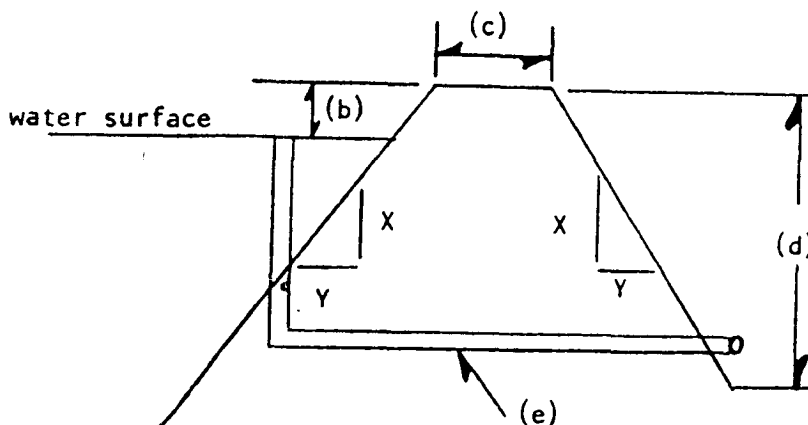
f) X & Y Slope
Upstream _____

Downstream _____

Surface Area of Impoundment _____

Storage _____ acre feet

Drainage area above dam _____



Signature of Applicant



WHARF RESOURCES

(A Montana General Partnership)

Wharf Resources Ltd.

Wharf Resources (U.S.A.) Inc.

October 3, 1988



HAND DELIVERED

Mr. John Hatch, Chief Engineer
Water Rights Division
Department of Water and Natural Resources
Joe Foss Building, Room 217
Pierre, South Dakota 57501-3181

RE: Amendment to Water Right 1406-1

Dear Mr. Hatch:

Pursuant to our telephone conversation of Friday, September 30, 1988, enclosed please find our application to amend Water Right Permit No. 1406-1.

As we discussed, this amendment is to change the proposed point of diversion for the water well that will supply water for the Terry Peak and Trojan housing developments as well as for our Annie Creek mining operation located in Lawrence County. Pursuant to SDCL 46-5-24, it is my understanding that this amendment application will follow the procedures of a new application. Therefore, I have enclosed maps, application form, well information, and a check in the amount of One Hundred Fifty Dollars (\$150.00) for the requested appropriation. I trust these submissions will cover all requirements for making an amended water right application.

As you know, the approved Water Right Permit No. 1406-1 was granted in part to allow us to comply with the conditions of our Lawrence County Conditional Use Permit granted on February 12, 1986. Among other provisions, the following conditions were germane to the originally approved water permit:

4. Applicant shall replenish the water supply of Warbonnet in an amount equal to in quantity and quality of Warbonnet's existing source or supply; and

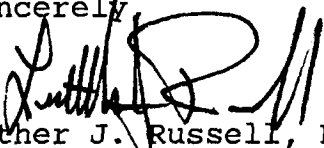
Mr. John Hatch, Chief Engineer
October 3, 1988
Page Two

5. Applicant will, prior to encroachment of the overburden on the Squaw Creek well, install and maintain the necessary equipment at the Two Johns well, including additional storage facilities to hook up to the existing Warbonnet delivery system.

This amended water right will allow us to comply with these conditions of our mining permit and, in addition, potentially supply water for use at our mining operation just as with the original Water Right 1406-1. This application merely relocates the well that will be developed in the Two Johns Mine workings and will have the mutual benefit of supplying potable water to the Terry Peak and Trojan subdivisions and serve the needs of our mining operation.

If additional information is required for your review of this amendment application, please feel free to contact me at 584-1441 at your earliest convenience.

Sincerely,



Luther J. Russell, Director
Governmental/Environmental Affairs

LJR/lkm

Enclosures

CC: Robert Barnes
John Begeman
John Lawson
Marv Truhe



WHARF RESOURCES

(A Montana General Partnership)

Wharf Resources Ltd.

Wharf Resources (U.S.A.) Inc.

October 4, 1988

Mr. Ron DuVall
Water Rights Division
Department of Water and Natural Resources
Joe Foss Building, 4th Floor
523 East Capitol
Pierre, South Dakota 57501-3181



RE: Amended Application
Water Right 1406-1

Dear Ron:

As per our conversation yesterday, enclosed please find a revised site location map indicating section corners and signed by a South Dakota licensed surveyor.

I trust this submittal will satisfy the requirements to amend Water Right 1406-1. If you have any questions or if I can be of further assistance, please contact me at 584-1441.

Thank you for your assistance.

Sincerely,

Luther J. Russell, Director
Governmental/Environmental Affairs

LJR/lkm

Enclosure

CC: Water Right 1406-1 File

Conversation or File Documentation

NAME OF PERSON OR FILE: John Lawson / Wharf ResourcesADDRESS: PO Box 446, Deadwood SD COUNTY LawrenceDATE: Oct. 17, 1988 TELEPHONE _____RE: Status of Application No. 1406A-1

COMMENTS:

I asked John Lawson, Wharf Resources, the following questions regarding Application No. 1406A-1:

1) Any increase in water appropriation? no increase in the pumping capacity

2) Any test drilling completed? the test hole has been completed (hard rock well) and a copy of the log is being sent

3) Is the water for a back-up only source for the mine operation? yes

4) Purpose for relocating the well? improved water quality by eliminating some problems with metals

File in Permit or other file as necessary. Use to document conversations and what the other party was told; why action or decision was made.

NAME: Ron Duvall



Water & Natural Resources

Joe Foss Building
523 East Capitol
Pierre, South Dakota 57501-3181

October 18, 1988

Luther J Russell
Wharf Resources Ltd.
PO Box 446
Deadwood SD 57732-0446

Dear Mr. Russell:

This letter is in response to the water permit application received on October 3, 1988 to relocate the Two Johns well.

The application fee to amend Permit No. 1406-1 with no additional increase in pumping capacity is \$50.00. Enclosed is your check for \$150.00. Please remit the correct application fee.

Sincerely,

A handwritten signature in cursive script that reads "Ron Duvall".

Ron Duvall
Natural Resources Engineer
605 773-3352

enc.





WHARF RESOURCES

(A Montana General Partnership)

Wharf Resources Ltd.

Wharf Resources (U.S.A.) Inc.

October 19, 1988

Mr. Ron Duvall
Natural Resources Engineer
Water Rights Division
Department of Water and Natural Resources
Joe Foss Building, 4th Floor
523 East Capitol
Pierre, South Dakota 57501-3181

RE: Application Fee
Water Right 1406-1
Amendment Application



Dear Mr. Duvall:

Thank you for your letter of October 18 and for returning our check for \$150.

Our check for the correct application fee amount of \$50 is enclosed.

Again, thank you for calling this error to our attention. If you require anything further, please feel free to contact me at 584-1441.

Sincerely,

Lea Mathis
Administrative Assistant

Enclosure



Department of Water & Natural Resources

Joe Foss Building
523 East Capitol
Pierre, South Dakota 57501-3181

MAR 10 1989

Wharf Resources/Trojan-Terry Peak
water system
PO Box 446
Deadwood, SD 57732

Dear Sirs:

Enclosed is Water Permit No. 1406A-1 as approved by the Water Management Board authorizing you to construct your water diversion system and put the water to beneficial use, not exceeding the limits as specified in Water Permit No. 1406A-1.

Also enclosed is Form 10, Notice of Completion of Works and Application of Water to Beneficial Use, which you are to complete and submit to the Chief Engineer when you have completed the system and/or have put the water to beneficial use. An inspection can then be scheduled so that the Water License may be issued, thus completing your acquisition of a Water Right.

Very truly yours,

A handwritten signature in black ink, appearing to read "John Hatch". The signature is stylized with a large, flowing "J" and "H".

JOHN HATCH, Chief Engineer
Water Rights Division
605 773-3352

JH:mra

enclosure

PLEASE NOTE: Certain changes can be made in your permit within the five year construction period, usually without affecting the priority date provided an application to amend your permit is made within the five year period - i.e. changes in location or number of diversion points (wells) or location of land to be irrigated. Well locations for wells into the same aquifer can be moved up to 660 feet without application.

Applications to amend a permit after the five year construction period will be assigned a new priority date. Applications to change water sources, to add lands or increase original diversion rates, if approved will usually receive the date of the new application as a priority date regardless of the five year construction period.

RECEIPT

Division of Water Rights

South Dakota Department of Water and Natural Resources

411460

Pierre, October 21, 1988, 19

RECEIVED OF Wharf Resources, PO Box 446, Deadwood, SD 57732

the following amount in fees for services rendered as provided for by law:

Fee for Application for Permit No. <u>1406A-1</u> to Appropriate Water, to construct works and to put water to beneficial use	50	00
Fee for Application for Permit No. _____ to Appropriate Water for Future Use		
Fee to retain Future Use Permit No. _____ after period of seven years.		
Fee for Inspecting Constructed Works, confirming beneficial use and issuing Water License No. _____		
Fee for Filing Transfer Form _____		
Fee for Filing Extension Request _____		
Fee for Certified Copy of _____		
Fee for Print Copy of Map _____		
Fee for Certifying _____		
Fee for _____		
(Any Other Work Provided by Law)	Total	50 00

By John Hatch
Chief Engineer JOHN HATCH MS

SOUTH DAKOTA WATER WELL COMPLETION REPORT

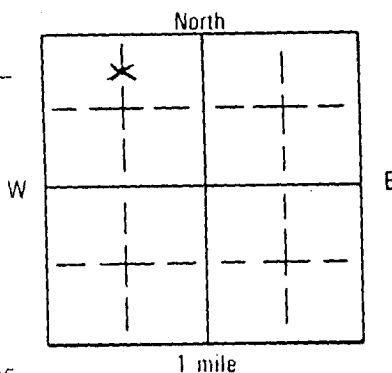
10-85 1406A-1

Location N 1/2 NW 1/4 Sec 34 Twp 51 Rg 2 E

County

Lawrence

Please mark well location with an "X"



Two-Johns Mine

Purchase Order #10325

Well Completion Date June 29, 1987

PROPOSED USE:

☒ Domestic ☐ Municipal ☐ Test Holes
☐ Irrigation ☐ Industrial ☐ Stock

Method of Drilling:

Air Rotary

CASING DATA:

☒ Steel ☐ Plastic ☐ Other

If other describe _____

PIPEWEIGHT	DIAMETER	FROM	TO	HOLE DIAMETER
<u>23</u> LB/FT	<u>7</u> IN	<u>0</u> FT	<u>212</u> FT	<u>8 3/4</u> IN
_____ LB/FT	_____ IN	_____ FT	_____ FT	_____ IN
_____ LB/FT	_____ IN	_____ FT	_____ FT	_____ IN
_____ LB/FT	_____ IN	_____ FT	_____ FT	_____ IN

GROUT:

Was the well grouted? ☒ YES ☐ NOTo what depth? 297 FEETWhat is grouting material? concreteIf cement, number of sacks? 130Describe grouting procedure pressure grouted through casingWhat was grout weight? 15 LB/GALCasing ☐ Perforated pipe ☐ Manufactured

Diameter _____ IN Length _____ FEET

Material _____

Slot Size _____ Set From _____ Feet To _____ Feet

Slot Size _____ Set From _____ Feet To _____ Feet

Slot Size _____ Set From _____ Feet To _____ Feet

Other information _____

Was a packer or seal used? ☐ YES ☒ NO

If so, what material? _____

Describe packer(s) and location? _____

Was well disinfected upon completion? ☒ YES ☐ NOExplain granular chlorine placed in wellBacteriological analysis ☐ YES ☐ NO

Laboratory sent to _____

Well Owner:

Name WHEAT Resources, Inc.Address P.O. Box 446 Deadwood, SD 57732

Well Log:

Depth

Formation	From	To
porphyry	0	187
black calc siltstone	187	220
SS	220	235
brown + red siltstone	235	327
shale + siltstone	327	350
porphyry	350	590
red + brown SS + siltstone	590	605
brown + tan siltstone	605	626
porphyry	626	710
SS + siltstone	710	810
broken (no sample)	810	830

STATIC WATER LEVEL 400 Feet

If flowing: closed in pressure _____ PSI

GPM flow _____ through _____ inch pipe

Controlled by ☐ Valve ☐ Reducers ☐ Other

If other: specify _____

Can well be completely shut in? _____

WELL TEST DATA:

☒ Pumped☐ Bailed

Describe: _____

☐ Other

Pumping Level Below Land Surface

600 ft. After 24 Hrs. pumped 210 GPM

_____ ft. After _____ Hrs. pumped _____ GPM

_____ ft. After _____ Hrs. pumped _____ GPM

REMARKS:

This well was drilled under license # 331

And this report is true and accurate.

Drilling firm WHEAT Resources, Inc.

Signature of License Representative:

Ralph T. Taylor

Signature of Well Owner:

Date _____

REPORT ON PERMIT APPLICATION No. 1406A-1
WHARF RESOURCES/TROJAN-TERRY PEAK WATER SYSTEM
October 21, 1988

Permit application No. 1406A-1 proposes to change the location of a well authorized by Water Permit No. 1406-1 from the NW 1/4 NW 1/4 to the NW 1/4 NE 1/4; all in Sec.34, T5N-R2E. Water Permit No. 1406-1 authorizes a water appropriation of 0.56 cubic feet of water per second from a well 835 feet deep, completed in the underground mine workings of the Two Johns Mine. Permit application No. 1406A-1 does not propose an increase in the diversion rate authorized by permit No. 1406-1. The replacement well is to be 435 feet deep, completed into the underground workings of the Two Johns Mine. Water is to be used for suburban housing development by the Trojan and Terry Peak subdivisions in accordance to mine permit conditions, and for a back up supply by the Annie Creek Mine Operation.

Aquifer: Crystalline rock

Geology and Aquifer Characteristics:

A review of the areal geology of the lead quadrangle (Darton, 1925), test wells drilled in the area (Division of Water Rights, 1988), and the information submitted with the mine permit application, suggest the geology of this area consists of an intrusive or a series of intrusives forcibly injected into the Cambrian aged Deadwood Formation. The Tertiary aged intrusive is primarily composed of quartz monzonite and rhyolite porphyries. Metamorphism resulting from the intrusion, or intrusives has undoubtedly altered the constitution of the Deadwood Formation, both structurally and internally to a more crystalline form, quite distinct from it's original sedimentary form.

The Tertiary igneous rock, the metamorphosed Deadwood Formation, and the underlying Precambrian rock are probably hydraulically connected, and basically represent a single water table aquifer. These crystalline rocks are distinguished by low porosity, and transmit water to wells along bedding planes, joints, fissures, and fractures. Voids in the crystalline rock are primarily in the form of secondary porosity (i.e. fractures, fissures, etc.) rather than intergranular openings (primary porosity). The total porosity of the crystalline rock is estimated to be 3% and the effective porosity, containing recoverable ground water is assumed to be 1% (Rahn, 1979). The hydrologic properties of these igneous and metamorphic rocks make the potential as a water source very difficult to assess, highly variable, and quite site-specific. Few wells completed in the crystalline rock are capable of a sustained yield of 0.56 cfs because of the rocks limited porosity and permeability. The storage of the Two Johns Mine will have a significant impact on the productivity of this

well. However, long term pumping would be necessary to confirm the production potential at this well site, as is always the case when dealing with fracture flow, because of the properties inherent to the system.

Recharge to the Crystalline rock occurs through infiltration of precipitation falling directly on the outcrop, runoff over the outcrop, and streamflow. Estimates are not available for the recharge to the crystalline rock in this area.

Review of Existing Water Rights:

The Division of Water Rights does not have any record of any domestic wells in the immediate area of the proposed well site.

There are six existing Water Permits within approximately one mile of this proposed well site, all of which belong to Wharf Resources. There are no Water Permits belonging to others within approximately 2 miles of this well site. Wharf Resources permits include:

Permit	Location	Source	Diversion
1173-1	NW ⁴ NW ⁴ Sec.3,T4N-R2E	Madison(springs)	0.20 cfs
1174-1	SW ⁴ SW ⁴ Sec.35,T5N-R2E	Deadwood Fm.	0.67 cfs
1278-1	SW ⁴ SE ⁴ Sec.33,T5N-R2E	Madison Ls.	0.25 cfs
1288-1	SE ⁴ SW ⁴ Sec.33,T5N-R2E	Madison Ls.	0.25 cfs
1346-1	NW ⁴ SW ⁴ Sec.3,T4N-R2E	Madison Ls.	0.25 cfs
1365-1	NW ⁴ SW ⁴ Sec.35,T5N-R2E	Precambrian	0.25 cfs

Conclusions:

1. Permit application No. 1406A-1 proposes to change the location of a well authorized by Water Permit No. 1406-1. This application does not request additional water appropriation.
2. The source of water is the same for permit application No. 1406A-1 as the source for Water Permit No. 1406-1.
3. Although hydrologic data is limited for the crystalline rock in this area, test wells indicate the crystalline rock is a viable aquifer in this area, and there is a reasonable probability there is unappropriated groundwater available at this site.
4. Because of the distance from existing Water Permits belonging to others, well interference should not be a problem.
5. The well must be completed according to the South Dakota Well Construction Standards.

Kent Buhler /KS

KENT BUHLER
Natural Resources Engineer

References:

Division of Water Rights, "Water Permit and Domestic Well Files",
SD Department of Water and Natural Resources- Division of
Water Rights, Joe Foss Building, Pierre SD.

Darton, N.H., S.Paige, 1925, Geologic Atlas of The United States,
Central Black Hills Folio, South Dakota, USGS, Folio No.
219.

Rahn, P.H., 1979, Groundwater Resources of Western South Dakota,
U.S. Army Corps of Engineers, Draft-Final Report.

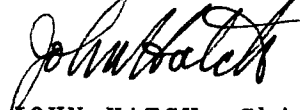
RECOMMENDATION OF CHIEF ENGINEER FOR WATER PERMIT
APPLICATION NO. 1406A-1, Wharf Resources/Trojan-Terry Peak
Water System

Pursuant to SDCL 46-2A-2, the following is the recommendation of the Chief Engineer, Water Rights Division, Department of Water and Natural Resources concerning Water Permit Application No. 1406A-1, Wharf Resources/Trojan-Terry Peak Water System, PO Box 446, Deadwood SD.

The Chief Engineer is recommending APPROVAL of Application No. 1406A-1 because 1) the proposed diversion can be developed without unlawful impairment of existing rights, 2) the proposed use is a beneficial use and 3) in the public interest with the following qualifications:

1. The well authorized by Permit No. 1406A-1 shall be constructed by a licensed well driller and construction shall comply with Water Management Board Well Construction Rules, Chapter 74:02:04 with the well casing pressure grouted with cement (bottom to top) from the producing formation to the surface pursuant to Section 74:02:04:30.
2. The well approved under this Permit will be located near domestic wells and other wells which may obtain water from the same aquifer. The well owner under this Permit shall control his withdrawals so there is not a reduction of needed water supplies in adequate domestic wells or in adequate wells having prior water rights.
3. That the water supply developed pursuant to Permit No. 1406A-1 shall be in an amount equal to in quantity and quality to the existing supply of water provided by Warbonnet Inc.

See the attached report for additional information.



JOHN HATCH, Chief Engineer
October 25, 1988



Department of Water & Natural Resources

Joe Foss Building
523 East Capitol
Pierre, South Dakota 57501-3181

October 28, 1988

**NOTE: TO BE SURE OF PUBLICATION ON
THE CORRECT DATES, CONTACT
THE NEWSPAPER RIGHT AWAY.**

Wharf Resources/Trojan-Terry Peak
water system
Luther Russell
PO Box 446
Deadwood SD 57732

Dear Mr. Russell:

Your Application No. 1406A-1 for a permit to appropriate water for suburban housing use has been examined and found to comply with the South Dakota Water Laws and applicable rules. A notice of your intent to appropriate water has been sent to the Publisher of the Lead Daily Call printed at Lead SD. For your information, a copy of the notice, the recommendation of the Chief Engineer and a report on the application are enclosed. Please review the notice prior to publication and notify this office, if you have any corrections or questions.

Be sure to contact the above newspaper to authorize publication of your Notice of Intent to Appropriate Water and to arrange for payment. Early contact with the paper can eliminate delays. The publisher has been instructed to publish your notice once each week for two consecutive weeks with the last publication to occur twenty days before the board meeting. We must receive Proof of Publication before the application can be considered by the Water Management Board.

Sincerely,

Ron Duvall
Natural Resources Engineer
605 773-3352

enclosures





Department of Water & Natural Resources

Joe Foss Building
523 East Capitol
Pierre, South Dakota 57501-3181

October 28, 1988

Lead Daily Call
Box 876
Lead SD 57754

Dear Sir:

Enclosed is a Notice of Hearing on Application No. 1406A-1 to be published twice. Please publish the first notice on or before November 3, 1988 with the second publication 7 days later.

The APPLICANT MUST VERIFY TO YOU THAT THE NOTICE IS TO BE PUBLISHED, before you make the first publication. Please BILL the APPLICANT for the cost of publication. The APPLICANT is Wharf Resources/Trojan-Terry Peak water system, PO Box 446, Deadwood SD.

A copy of BOTH publications must be SENT to the WATER RIGHTS DIVISION. IMMEDIATELY return the FIRST publication with the FIRST Transmittal form on the bottom of this page. The first copy is needed to check the publication for errors so any corrections can be made in the second publication. Publication errors can invalidate the public notice and cause the applicant costly delays.

Please be sure the SECOND publication is returned IMMEDIATELY with the enclosed Proof of Publication form. DO NOT WAIT until the end of the month or the billing cycle. The permit application cannot be considered by the Water Management Board until proof of publication has been received.

Sincerely,

Ron Duvall
Natural Resources Engineer
605 773-3352

enclosures

-----CUT HERE-----

FIRST TRANSMITTAL NOTICE

TO: ATTN: Ron Duvall
 Water Rights Division
 Joe Foss Building
 Pierre SD 57501-3181

No. _____

Date _____

We are in receipt of your letter of _____ enclosing Notice of Hearing to
Appropriate Water by Application No. _____ which was first published in our issue
of _____. ENCLOSED IS A COPY OF THIS FIRST PUBLICATION.

Name _____

Newspaper



Instruction to Newspaper - Publish first Notice on or before November 3, 1988 with 2nd publication 7 days later. The applicant is responsible for payment.

NOTICE OF HEARING on Application No. 1406A-1 to Amend Water Permit No. 1406-1

Notice is given that Wharf Resources/Trojan-Terry Peak water system, PO Box 446, Deadwood SD has filed an application for a water permit to change the location of one well. Water Permit No. 1406-1 authorizes a water appropriation of 0.56 cubic feet of water per second from one well for suburban housing development and for industrial use. This application is to amend Permit No. 1406-1 to change the well location from the NW 1/4 NW 1/4 to the NW 1/4 NE 1/4; all in Section 34-T5N-R2E with no increase in the pumping capacity from one well, 435 feet deep. Water is to be used for suburban housing development by the Trojan and Terry Peak subdivisions and for a backup supply by the Annie Creek Mine Operation.

Pursuant to SDCL 46-2A-2, the Chief Engineer of the Water Rights Division recommends APPROVAL of Application No. 1406A-1 because 1) existing rights will not be unlawfully impaired, 2) it is a beneficial use of water and 3) it is in the public interest. This application will be considered by the Water Management Board in Room Dakota A, Howard Johnson, 3300 West Russell, Sioux Falls SD on December 7, 1988 at 10:00 am. The Chief Engineer's recommendation is not final or binding upon the Board. The Board is authorized to 1) approve, 2) approve with qualifications, 3) defer or 4) deny this application based on the facts presented at the public hearing.

Any interested person that intends to participate in the hearing before the Board by presenting evidence or cross-examining witnesses according to SDCL 1-26, must file a written petition with BOTH the applicant and Chief Engineer by November 25, 1988. The Chief Engineer's address is "Water Rights Division, Foss Building, 523 E Capitol, Pierre SD 57501 (605 773-3352)". The petition may be informal, but must include a statement describing the petitioner's interest in the application, the petitioner's reasons for opposing or supporting the application and the signature and mailing address of the petitioner or legal counsel if legal counsel is obtained. The applicant need not file a petition. Contact the Water Rights Division to request information on this application or to assure access to the hearing by the handicapped.

This hearing is an adversary proceeding. Any person filing a petition and/or the applicant have the right to be represented by a lawyer. These and other due process rights will be forfeited if not exercised. Decisions of the Board may be appealed to the Circuit Court and State Supreme Court as provided by law. The time of the hearing will also be automatically delayed for at least twenty days upon written request to the Chief Engineer from the applicant or a petitioner. The request for a delay must be received by November 25, 1988.

This application is made pursuant to SDCL 46-1-1 thru 46-1-9, 46-1-12 thru 46-1-15; 46-2-3.1, 46-2-9, 46-2-11, 46-2-13, 46-2-17; 46-2A-1 thru 46-2A-10, 46-2A-12, 46-2A-14, 46-2A-15; 46-5-1 thru 46-5-11, 46-5-13 thru 46-5-15, 46-5-24, 46-5-25, 46-5-30.2, 46-5-30.4, 46-5-31; 46-6-3, 46-6-3.1, 46-6-6.1, 46-6-10, 46-6-13, 46-6-14; and Board Rules ARSD 74:02:01:01 thru 74:02:01:15.

STATE OF SOUTH DAKOTA)
) ss.
County Lawrence)

TOTAL	41.99
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NOTICE OF HEARING
on Application No. 1406A-1
to Amend Water Permit
No. 1406-1

Notice is given that Wharf Resources/Trojan-Terry Peak water system, P.O. Box 446, Deadwood, SD has filed an application for a water permit to change the location of one well. Water Permit No. 1406-1 authorizes a water appropriation of 0.56 cubic feet of water per second from one well for suburban housing development and for industrial use. This application is to amend Permit No. 1406-1 to change the well location from the NW 1/4 NW 1/4 to the NW 1/4 NE 1/4; all in Section 34-T5N-R2E with no increase in the pumping capacity

from one well, 435 feet deep. Water is to be used for suburban housing development by the Trojan and Terry Peak subdivisions and for a backup supply by the Annie Creek Mine Operation.

Pursuant to SDCL 46-2A-2, the Chief Engineer for the Water Rights Division recommends APPROVAL of Application No. 1406A-1 because 1) existing rights will not be unlawfully impaired, 2) it is a beneficial use of water and 3) it is in the public interest. This application will be considered by the Water Management Board in Room Dakota A, Howard Johnson, 3300 West Russell, Sioux Falls, SD on December 7, 1988 at 10:00 a.m. The Chief Engineer's recommendation is not final or binding upon the Board. The Board is authorized to 1) approve, 2) approve with qualifications, 3) defer or 4) deny this application based on the facts presented at the public hearing.

Any interested person that intends to participate in the hearing before the Board by presenting evidence or cross-examining witnesses according to SDCL 1-26, must file a written petition with BOTH the applicant and Chief Engineer by November 25, 1988. The Chief Engineer's address is "Water Rights Division, Foss Building, 523 E. Capitol, Pierre, SD 57501 (605 773-3352)". The petition may be informal, but must include a statement describing the petitioner's interest in the application, the petitioner's reasons for opposing or supporting the application and the signature and mailing address of the petitioner or of legal counsel if legal counsel is obtained. The applicant need not file a petition. Contact the Water Rights Division to request information on this application or to assure access to the hearing by the handicapped.

This hearing is an adversary proceeding. Any person filing a petition and/or the applicant have the right to be represented by a lawyer. These and other due process rights will be forfeited if not exercised. Decisions of the Board may be appealed to the Circuit Court and State Supreme Court as provided by law. The time of the hearing will also be automatically delayed for at least twenty days upon written request to the Chief Engineer from the applicant or a petitioner. The request for a delay must be received by November 25, 1988.

This application is made pursuant to SDCL 46-1-1 thru 46-1-9, 46-1-12 thru 46-1-15; 46-2-3.1, 46-2-9, 46-2-11, 46-2-13, 46-2-17; 46-2A-1 thru 46-2A-10, 46-2A-12, 46-2A-14, 46-2A-15; 46-5-1 thru 46-5-1, 46-5-13 thru 46-5-15, 46-5-24, 46-5-25, 46-5-30.2, 46-5-30.4, 46-5-31; 46-6-3, 46-6-3.1, 46-6-6.1, 46-6-10, 46-6-13, 46-6-14; and Board Rules ARSD 74:02:01:01 thru 74:02:01:15.





**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE SOUTH DAKOTA 57501-3181

February 25, 1998

1406A-1
1493-1

Wharf Resources
Terese Hruska and Jeff Dirkson
HC 37, Box 811
Lead, SD 57754-9710

Dear Ms. Hruska and Mr. Dirkson:

The investigation of your water use systems was conducted on November 20, 1998, by Ken Buhler, staff engineer. The investigation included the extent of application of water to beneficial use, as developed under Water Permit Nos. 1406A-1 and 1493-1. Your final water right documents, the Water Licenses, can now be issued. Upon licensing, the applicable portions of Water Permit No. 1406-1 will be incorporated into 1604A-1, and the applicable portions of Water Permit Nos. 1278-1 and 1288-1 will be incorporated into 1493-1.

Statutes require that we charge a \$50.00 fee per license (\$100.00 total) for the investigation and issuance of the Water License. Upon receipt of the \$50.00 fee per license (\$100.00 total) from you, we will begin processing your Water Licenses.

**Please remit fee to:
Department of Environment & Natural Resources
Water Rights Program
523 E. Capitol
Pierre, SD 57501-3181**

Sincerely,

Cheryl F. Frost
Secretary
Water Rights Program
(605) 773-3352

NOTE: On check or money order, please specify your permit numbers. This will insure proper handling of the fee.

RECEIPT

Water Rights Program

South Dakota Department of Environment and Natural Resources

No 415678

Pierre, _____

March 11, 19 98

RECEIVED OF Wharf Resources, HC 37, Box 811, Lead, SD 57754-9710

the following amount in fees for services rendered as provided for by law:

Fee for Application for Permit No. _____ to Appropriate Water, to construct
and to put water to beneficial use _____

Fee for Application for Permit No. _____ to Appropriate Water, for Future
Use _____

Fee to retain Future Use Permit No. _____ after period of seven years.

Fee for Inspecting Constructed Works, confirming beneficial use and issuing Water
License No. 1406A-1

50 00

Fee for Filing Transfer Form _____

Fee for Filing Extension Request _____

Fee for _____

(Any Other Work Provided by Law)

Total

50 00

By _____
Chief Engineer

John Hatch (Signature)

Permit Nos. 1406-1 and 1406A-1
Belle Fourche River - Water District

Report Of Examination Of Works And/Or Application of Water To Beneficial Use

TO: Chief Engineer, Water Rights Program, DENR, Foss Bldg., Pierre, SD 57501

I have this day, November 20, 1996, made a thorough examination of the water use system constructed by Wharf Resources of Lead, SD holder of Permit Nos. 1406-1 and 1406A-1, bearing the priority of July 29, 1987 authorizing the diversion of 0.56 cu. ft. per second of the waters of groundwater for suburban housing development and industrial purposes, in Lawrence County.

I have to report on the conditions of the same as follows:

A. Works used to divert the water:

Water is diverted from one well located approximately 2460 feet east and 60 feet south of the NE corner of Sec.34, T5N-R2E, (NW¼NW¼NW¼NE¼ Sec.34, T5N-R2E). The well is 370 feet deep and cased with 32 feet of 8 ½ inch diameter steel casing. The water is diverted with a 80 gallon per minute, 30 horsepower, 32 stage, Grundfos Submersible pump, powered by a 30 horsepower Hitachi motor.

B. Works used to transport water to place of use:

Water is transported through 6,360 feet of 4 inch diameter PVC pipe, 11,200 feet of 6 inch diameter pipe and 1,400 feet of 3 inch diameter PVC pipe.

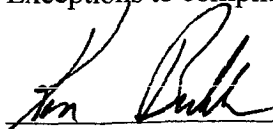
C. Works used to apply water to beneficial use:

Water is stored in a 150,000 gallon storage tank from which it is distributed throughout the Trojan Community with through 2 inch diameter pipe. Water is stored in a 24,000 gallon storage tank and distributed to Terry Peak Sub. The water can also be used as a backup at the Anne Creek Mine for processing and sanitary purposes.

The system is in the following condition good. The point of diversion is located 2460 feet east and 60 feet south of the NE corner of Sec.34, T5N-R2E. The works are capable of diverting and conveying to the place of use .178 cu. ft. per second of water of water which is to be used for suburban housing development and industrial purposes. The license should be issued for 0.178 cfs.

Applicable permit qualifications have been complied with: yes

Exceptions to compliance are: none



Ken Buhler

Natural Resources Engineer
DENR, Water Rights Program

2/10/98

Date

- 3) Size 8-inch diameter, 30 hp, 32 stage
- 4) Capacity 110 GPM (open discharge)
80 GPM (optimum pump setting with friction loss)

Motor:

- 1) Make Hitachi
- 2) Model No. J 88-689165E
- 3) Horsepower rating 30 hp

DISTRIBUTION LINES OR CANALS:

Well to Trojan Water Tank: (buried)	1) Type <u>PVC</u>	2) Size <u>4</u> inches	3) Length <u>1760</u> feet
	1) Type <u>PVC</u>	2) Size <u>6</u> inches	3) Length <u>9800</u> feet
Main Access Road to Offices, Crusher and Plant (buried)	1) Type <u>PVC</u>	2) Size <u>4</u> inches	3) Length <u>4600</u> feet
Crusher to Plant (buried)	1) Type <u>PVC</u>	2) Size <u>6</u> inches	3) Length <u>1400</u> feet
Main Access Road to Twin Tanks (above ground)	1) Type <u>PVC</u>	2) Size <u>3</u> inches	3) Length <u>1400</u> feet

SYSTEM SUMMARY:

The "Two Johns II" (#1406A-1) well supplies water to the town of Trojan and to Terry Peak Subdivision and is a back-up to the Wharf Mine. The Two Johns I Well (#1406-1) has been used for as a water quality compliance point. Wharf's system terminates with a 150,000 gallon storage tank and a 24,000 gallon secondary storage tank in Trojan.

PERMIT QUALIFICATIONS AND REGULATIONS:

- 1) Special qualifications to permit being abided by yes
- 2) All structures, wells and lands on map yes

REPORT ON INSPECTION OF PERMIT Nos. 1406-1 and 1406A-1

Other permit(s) associated with the project: 1173-1, 1174-1, 1278-1, 1288-1, 1346-1, 1365-1, 1437-1, 1460-1, 1493-1, 1514-1

NAME & ADDRESS OF INSPECTION CONTACT: Terese Hruska and Jeff Dirkson, HC 37 Box 811, Lead, SD 57754-9710

RELATIONSHIP TO PERMIT HOLDER, IF APPLICABLE: Environmental Coordinator and Process Supervisor (respectively)

NAME & ADDRESS OF PERMIT HOLDER: Wharf Resources Partnership, HC 37 Box 811, Lead, SD 57754-9710

DATE OF INSPECTION: November 20, 1996

DIVERSION POINT LEGAL LOCATION: 2460' West and 60' South of the NE corner of Sec.34, T5N-R2E (NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec.34, T5N-R2E

WELL INFORMATION: (Two Johns Well)

- 1) Well Drilling Firm: Taylor Drilling Co. (SD Driller's License No.331)
- 2) No. of Wells one
- 3) Depth(s) 370 feet
- 4) Well log is available yes

Casing:

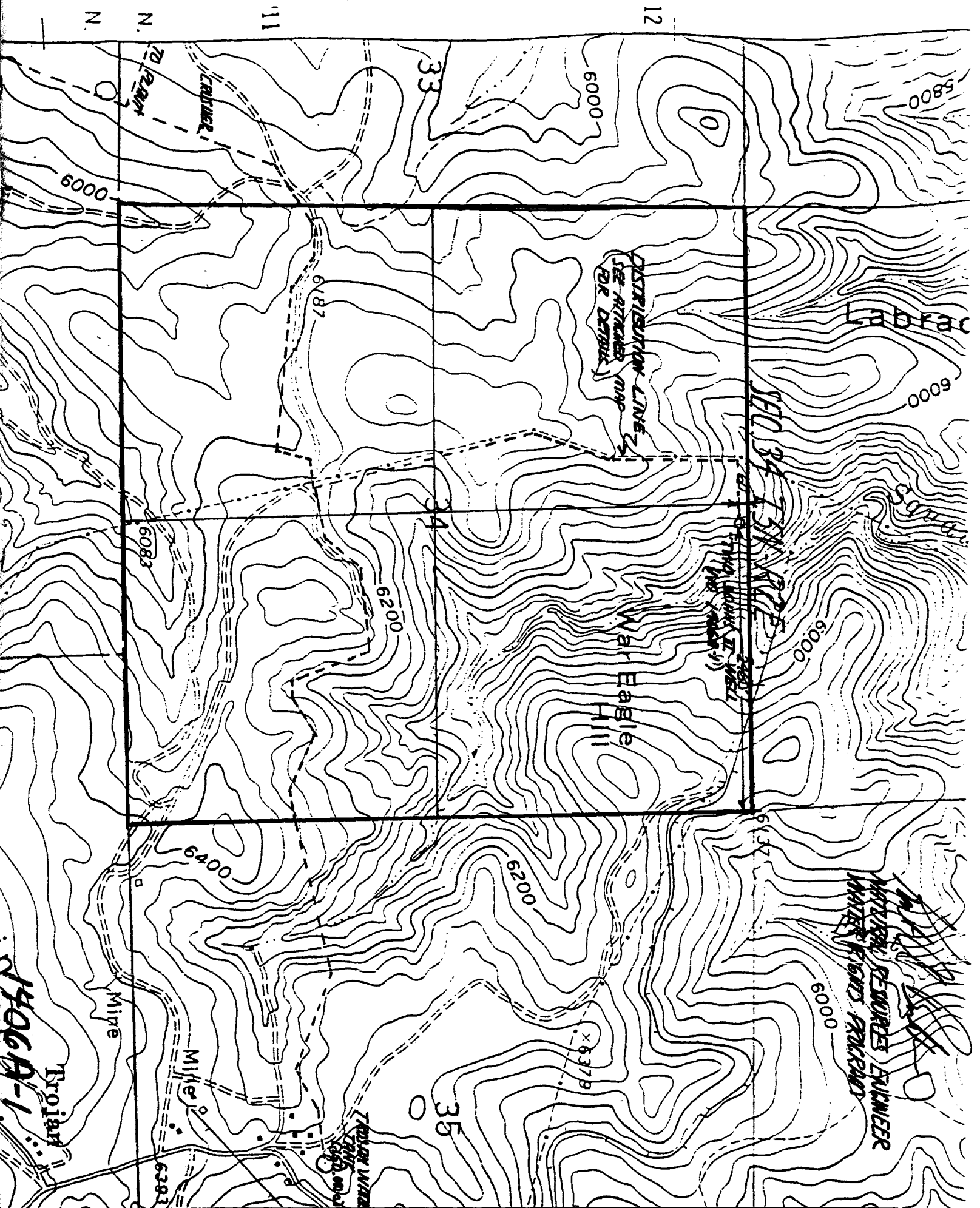
- 1) Diameter 8 5/8 inches
- 2) Length 32 feet
- 3) Type steel

Screen:

- 1) Type none- open hole completion
- 2) Length 338 feet open hole
- 3) Static water level 275 feet

Pump:

- 1) Make Grundfos
- 2) Model 80S300-32
- 3) Serial No. SD16 328841



STATE OF SOUTH DAKOTA

WATER LICENSE NO. 1406A-1

(1) Wharf Resources, HC 37, Box 811, Lead SD 57754-9710 made Application No. 1406A-1, October 3, 1988 for a water permit to change the location of a well authorized under 1406-1. The well is located in Lawrence County, South Dakota and used for suburban housing development and industrial purposes. Permit No. 1406A-1, with a priority date of July 29, 1987 was approved December 8, 1988 and issued to the applicant for diversion of water with construction of the described water supply system to be completed on or before December 8, 1993 and for the application to beneficial use of said water on or before December 8, 1997.

Water Permit No. 1406A-1 did not allow for increase in the 0.56 cfs diversion rate authorized by Permit No. 1406-1. The applicable portions of No. 1406-1 have been incorporated into 1406A-1.

(2) It is certified that the applicant has complied with the provisions of South Dakota State Law relating to completion of the construction of the water supply system and is entitled to divert 0.178 cubic feet of water per second for beneficial use. The location of the diversion point is 2,460 feet east and 60 feet south of the northeast corner of Section 34-T5N-R2E (NW 1/4 NE 1/4).

(3) The applicant has complied with the provisions of South Dakota State Law relating to the application of water to beneficial use to supply the Trojan and Terry Peak subdivisions and provides a back-up supply for the Annie Creek mining operation.

(4) Pursuant to South Dakota Water Law 46-5-30.1 Wharf Resources, HC 37 Box 811, Lead SD 57754-9710 the holder and/or owner of Incorporated Water Permit No. 1406A-1 is issued a license to appropriate water, the right to use 0.178 cubic feet of water per second from groundwater (one well) with a priority date of July 29, 1987 from the location specified in (2) of this license for the purpose of suburban housing development and industrial use. This license is subject to any limitations or qualifications listed in Incorporated Water Permit No. 1406A-1 and subject to South Dakota State Law.



JOHN HATCH, Chief Engineer
Water Rights Program
Department of Environment and Natural Resources

APR 23 1998

date



CHRISTENSEN, MOORE, COCKRELL & CUMMINGS, P.C.

Dana L. Christensen
Mikel L. Moore*
Dale R. Cockrell**
Steven E. Cummings***
Tracy Axelberg

Two Medicine Building
160 Heritage Way
P.O. Box 7370
Kalispell, MT 59904-0370

Office: (406) 751-6000
Fax: (406) 756-6522
*Also Admitted in Arizona
**Also Admitted in South Dakota
***Also Admitted in Washington

April 16, 1999

John Hatch
Chief Engineer, Water Rights Program
Department of Environment and Natural Resources
Joe Foss Building, 523 East Capitol
Pierre, South Dakota 57501-3181



Re: Wharf Resources

Dear Mr. Hatch:

This letter is being written on behalf of Wharf Resources, a Montana general partnership, and Wharf Resources (U.S.A.), Inc. Pursuant to a corporate reorganization, Wharf Resources, a Montana general partnership, has transferred the following water right permit and license numbers to Wharf Resources (U.S.A.), Inc.:

1346-1	1514-1
1365-1	1173-1
1406A-1	1437-1
1460-1	1493-1
PW-1	1667-1

If you have any questions, please do not hesitate to contact me.

Sincerely,

CHRISTENSEN, MOORE, COCKRELL
& CUMMINGS, P.C.

Dale R. Cockrell
Direct Line No. (406) 751-6003

DRC/bls
cc: John Begeman
Carol Koerner



WHARF RESOURCES (U.S.A.), Inc.

A wholly owned subsidiary of Goldcorp Inc.

1406A-1



Wharf Resources (U.S.A.), Inc.
HC 37 Box 811
Lead SD 57754

SD DENR WATER RIGHTS PROGRAM
523 EAST CAPITOL
PIERRE SD 57501-3181

As a matter of corporate simplification, Wharf Resources will now be doing business as Wharf Resources (U.S.A.), Inc. Therefore, all contracts, statements, invoices, or other documents you may have with Wharf Resources, a Montana General Partnership, or simply in the name of Wharf Resources, should be changed to Wharf Resources (U.S.A.), Inc. All purchase orders or other correspondence to you in the future will be from Wharf Resources (U.S.A.), Inc. The management structure of the company remains the same.

If you have any questions, please do not hesitate to contact me.

Sincerely,

John A. Begeman
General Manager



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3181
www.state.sd.us/denr

May 24, 1999

Dale R Cockrell
Christensen, Moore, Cockrell & Cummings, PC
PO Box 7370
Kalispell, MT 59904-0370

RE: Water Permits and Water Rights held by Wharf Resources

Dear Mr. Cockrell:

Thank you for your letter of April 16th regarding the transfer of water rights and permits held by Wharf Resources.

Enclosed are seven partially completed "Notice of Transfer of Ownership" forms for use in filing the transfers with Vested Water Right No. 1173-1, Water Right Nos. 1346-1, 1365-1, 1406A-1 and 1493-1 and Water Permit Nos. 1437-1 and 1667-1

Please review the enclosed forms and complete as needed. The forms should be signed in the presence of a notary public by a representative of Wharf Resources (U.S.A.), Inc. Please return the completed forms to our office with a required filing fee of \$2.50 each (total of \$17.50).

Thank you for your help and if I can answer any questions for you, please give me a call.

Sincerely,

Genny McMath
Environmental Scientist
Water Rights Program
(605) 773-3352

enclosures



1406A-1

DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3181
www.state.sd.us/denr

June 16, 1999

Dale R Cockrell
Christensen, Moore, Cockrell & Cummings, PC
PO Box 7370
Kalispell, MT 59904-0370

RE: Wharf Resources (U.S.A.) Inc.

Dear Mr. Cockrell:

I am writing to acknowledge receipt of the transfer of ownership forms for Vested Water Right No. 1173-1, Water Right Nos. 1346-1, 1365-1, 1406A-1 and 1493-1 and Water Permit Nos. 1437-1 and 1667-1. The transfers have been completed and the above water rights and permits are now listed in the name of **Wharf Resources (U.S.A.) Inc.** Enclosed are the receipts for the filing fees.

I noticed when transferring the records that Wharf had an additional water right that I did not send a transfer form to you for. I am including a copy of Vested Right No. 1174-1 to give you an idea of which system the water right pertains to. I apologize for overlooking this in my first correspondence to you.

Enclosed is a partially completed "Notice of Transfer of Ownership" form for Vested Water Right No. 1174-1. The form will need to be signed in the presence of a notary by a representative of Wharf Resources (U.S.A.) Inc. Upon completion, please forward the form and a \$2.50 filing fee to our office.

Thanks again for your help and if I can answer any questions for you please give me a call.

Sincerely,

Genny McMath
Environmental Scientist
Water Rights Program
(605) 773-3352

enclosures

c: John Begeman, General Manager of Wharf Resources (U.S.A.) Inc



WHARF RESOURCES (U.S.A.), INC.

A wholly owned subsidiary of Goldcorp Inc.

1406A-1

May 20, 2005

Mr. Mike Cepak
DENR – Mining & Minerals
Joe Foss Building
523 East Capitol Avenue
Pierre, SD 57501-3181

RE: Transfer of Water System to the Terry Valley-Trojan Water Project District

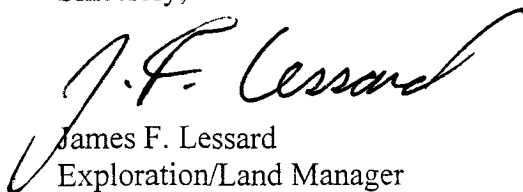
Dear Mike:

Please be advised that Wharf Resources has transferred ownership of the water gathering and water distribution system to the Terry Valley-Trojan Water Project District. The transfer was made effective June 1, 2005. As discussed in our January 13, 2005 phone conversation, the DENR requested notice of transfer of the water system and the effective date of District ownership of land inside the permit boundary.

Included in the transfer is the Two Johns well, water right number 1406A-1, the water pipeline from the well to the holding tank near Barefoot Resort and the boost station along the access road. The transfer also includes the surface estate to a 0.10 acre parcel located inside the mine permit boundary (permit #356) where the boost station is located.

Feel free to contact me at 605-584-4171 should you have any questions concerning this transfer.

Sincerely,


James F. Lessard
Exploration/Land Manager

XC: J. Begeman
C. Koerner
L. Derosier – Chairperson, Water District
R. Kittay – DENR Drinking Water Program
G. Erbele – DENR Water Rights Program ✓

RECEIVED
JUN 22 2005
WATER RIGHTS
PROGRAM

McMath, Genny

From: Cepak, Mike
Sent: Wednesday, June 22, 2005 9:53 AM
To: McMath, Genny
Cc: Kittay, Rob; Cepak, Mike
Subject: RE: Transfer of water system (Wharf)

The contact person for the Terry Valley - Trojan Water Project District is:

Linda Derosier
Chairperson, Water District
Terry Valley - Trojan Water Project District
Box 515
Lead, SD 57754

Phone: 722-7560 (answering machine)

You can also contact Linda directly, she is the general manager of Barefoot Resort, and her phone number is 584-1577 (fax # is 584-3811).

-----Original Message-----

From: McMath, Genny
Sent: Wednesday, June 22, 2005 9:26 AM
To: Cepak, Mike
Subject: Transfer of water system

We received a copy of a letter to you concerning the transfer of a permit held by Wharf Resources....

The water system now owning the property is Terry Valley-Trojan Water Project District. Do you have an address for them and a contact person?



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

June 23, 2005

1406A-1

Linda Derosier
Terry Valley – Trojan Water Project District
Box 515
Lead SD 57754

Dear Ms. Derosier:

We have been advised by Wharf Resources that they have transferred ownership of the water distribution system described in Water Right No. 1406A-1 to the Terry Valley – Trojan Water Project District. With this in mind, the water right should also be transferred to the District.

Enclosed is a partially completed Notice of Transfer of Ownership form for filing an ownership change. Please review and complete the remainder of the form. Upon completion, please sign the form and return it to our office with a required filing fee of \$2.50. The check or money order for the fee can be made payable to the Water Rights Program.

If I can answer any questions for you, please contact me.

Sincerely,

Genny McMath
Environmental Scientist
Water Rights Program
(605) 773-3352
email: genny.mcmath@state.sd.us

enclosure

NOTICE OF TRANSFER OF OWNERSHIP

To: Chief Engineer
Water Rights Program, DENR
523 E. Capitol
Pierre, SD 57501-3181

Water Right/Permit No. 1406A-1

Date: JUNE 1, 2005

I/We request that Water Right/Permit No. 1406A-1 formerly owned by:

WHARF RESOURCES (U.S.A.) INC.

be transferred to:

New Owner Name:

TERRY VALLEY-TROJAN WATER PROJECT DISTRICT

Address:

P.O. BOX 515

City, State, Zip

LEAD, S.D. 57754

Telephone No. 605-722-7560

Title to the following described land(s)/property has been transferred as described above:

THE TWO JOHNS WATER WELL AND WATER RIGHT NO. 1406A-1
WITH A PRIORITY DATE OF JULY 29, 1987

☐ I understand that the validity of Water Right/Permit No. _____ has not been determined by this transfer action. If I have any questions on validity, I understand that only the Water Management Board has the authority to determine if a water right/permit is valid (see note below.)

You are requested to file this "Notice of Transfer" in the appropriate file with the Water Rights Program, as evidence of the change of ownership.

A fee of Two Dollars and Fifty Cents (\$2.50) is included to cover the filing fee as required by SDCL 46-2-13.

I, TERRY VALLEY-TROJAN WATER PROJECT DISTRICT, the new owner, certify that the above information is true and correct.

Linda Derosier Chairperson
(Signed by new owner)

NOTE: Water permits may be cancelled for nonconstruction after the five year construction period has expired. Once a water permit is developed and the water used, the permit becomes a right. A water right may be lost for three reasons:

1. Abandonment - no intent to use water and use is abandoned.
2. Forfeiture - no use of water for three year period without legal excuse.
3. For a third violation of a condition of a water permit/right.

11/2002

RECEIVED
JUL - 1 2005
WATER RIGHTS
PROGRAM

RECEIPT

WATER RIGHTS PROGRAM

South Dakota Department of Environment and Natural Resources

Date July 1, 2005

RECEIVED OF Terry Trojan Water Project Dist., Terry Valley, PO Box 515, Lead SD 57754

The following amount in fees for services rendered as provided for by law:

Fee for Application for Permit No. _____ to Appropriate Water, to construct and to put water to beneficial use	2 50	
Fee for Application for Permit No. _____ to Appropriate Water for Future use		
Fee to retain Future Use Permit No. _____ after period of seven years.		
Fee for Inspecting Constructed Works, confirming beneficial use and issuing Water License No. _____		
Fee for Filing Transfer Form <u>1406A-1</u>		
Fee for _____		
Fee for Issuing New Well Driller's License No. _____ for C.Y. _____		
Fee for Renewal of Well Driller's License No. _____ for C.Y. _____		
Fee for Issuing Well Pump Installer's License No. _____ for C.Y. _____		
Fee for Renewal of Well Pump Installer's License No. _____ for C.Y. _____		
(Any Other Work Provided by Law)	TOTAL	2.50

No.

0011008

By

Darland Erbe
Chief Engineer



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

June 23, 2005

1406A-1

Linda Derosier
Terry Valley – Trojan Water Project District
PO Box 515
Lead SD 57754-0515

Dear Ms. Derosier:

I am writing to acknowledge receipt of the "Notice of Transfer of Ownership" form and filing fee submitted for changing ownership of Water Right No. 1406A-1. The transfer has been completed. The water right, formerly held by Wharf Resources (USA) Inc is now listed in the name of Terry Valley – Trojan Water Project District.

Enclosed is Receipt No. 001898 in the amount of \$2.50. You may keep this for your records.

If I can answer any questions for you, please contact me.

Sincerely,

Genny McMath
Environmental Scientist
Water Rights Program
(605) 773-3352
email: genny.mcmath@state.sd.us

enclosure