

WATER PERMIT NO. 1666-1

Name of Applicant: Golden Reward Mining Company, L.P.

Address: HC 37, Box 1020, Lead SD 57754

Phone: 605 584-2010

Amount of Water Claimed: 0.55 cfs (250 gpm)

Total Acres: NA

Source of Water Supply: groundwater (one well)

Water to be used for: industrial

County: Lawrence

Type of Waste Disposal System:

Location: 1 1/2 southwest of Lead

PRIORITY

Date Received: 3-17-1998

Fee: \$275

Corrected Application Received:

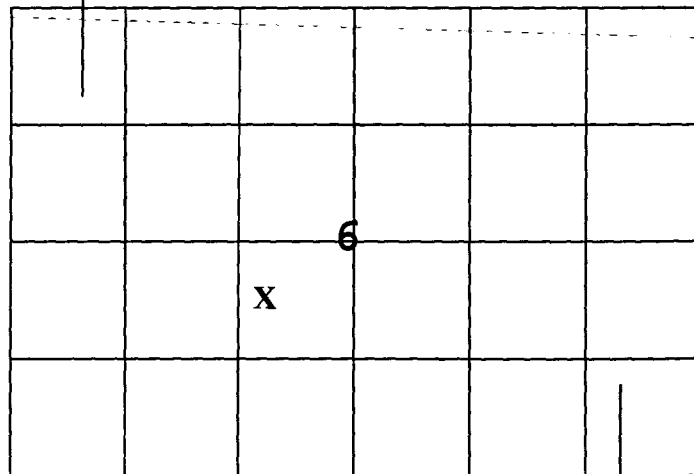
Period of Annual Use: Jan 1 - Dec 31

Remarks: Increases the appropriation authorized by No. 1440-1 from 0.28 cfs (125 gpm) to 0.83 cfs (375 gpm total)

Diversion Point: NE 1/4 SW 1/4

Sec 6-T4N-R3E

Land to be Irrigated: NA



Depth of Well: 97 feet deep

Well Driller: Golden Reward

Remarks: 540 ft casing in angular well

Type of Map: topo

Prepared by: Ken Buhler

Reviewed and the Number Assigned on: 3-18-1998

By: Karen Schlaak

Notice of Hearing - date to intervene: _____

SOUTH DAKOTA
WATER PERMIT NO. 1666-1

Date of first receipt of application March 17, 1998.

The Water Management Board approved Water Permit Application No. 1666-1 on May 6, 1998 for Golden Reward Mining Company, L.P., HC 37 Box 1020, Lead SD 57754 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. 1666-1 appropriates 0.55 cubic feet of water per second (cfs) by increasing the diversion rate authorized by Water Permit No. 1440-1. Water Permit No. 1440-1 appropriates 0.28 cfs of impounded groundwater from dewatering mine pits and impounded runoff water from precipitation falling on the mine site. The well is 97 feet deep and is located in the NE ¼ SW ¼ Section 6-T4N-R3E. This permit increases the water appropriation from the well, from 0.28 cfs (125 gallons per minute) to 0.83 cfs (375 gallons per minute).
2. The water appropriated shall be used for the purpose of supplying water for industrial use and may not exceed the amount of water needed for beneficial use for industrial use 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 right is March 17, 1998.
5. Water rights obtained in compliance with the laws of the State of South Dakota may not be unlawfully impaired by this appropriation.

QUALIFICATIONS

1. Golden Reward Mining Company, L.P. shall continue to operate a continuous recording flow gauging station on Stewart Gulch at the existing site below the Bertha Mine Workings outflow and above the confluence with Whitetail Creek.
2. Approval of Permit No. 1666-1 is subject to compliance with applicable provisions of the following Water Management Board rules:
 - a. Chapter 74:54:01 Groundwater Quality Standards
 - b. Chapter 74:54:02 Groundwater Discharge Permits
 - c. Chapter 74:51:01 Surface Water Quality Standards
 - d. Chapter 74:51:03 Uses Assigned To Streams
 - e. Chapter 74:52:01 Surface Water Discharge Permit - General Provisions
 - f. Chapter 74:52:02 Surface Water Discharge Permit Application Requirements
 - g. Chapter 74:52:03 Surface Water Discharge Permit Conditions
 - h. Chapter 74:52:04 Transfer, Modification, Revocation And Reissuance, And Termination Of Surface Water Discharge Permits
 - i. Chapter 74:52:05 Procedures For Processing Surface Water Discharge Permits
 - j. Chapter 74:52:06 Secondary Treatment Standards For Surface Water Discharge Permits

(continued)

- k. Chapter 74:52:07 Criteria And Standards For Surface Water Discharge Permits
- l. Chapter 74:52:08 Toxic Pollutant Effluent Standards For Surface Water Discharge Permits.
- m. Chapter 74:52:10 Effluent Guidelines And Standards For Surface Water Discharge Permits And Pretreatment Industrial Users
- n. Chapter 74:52:11 Pretreatment Regulations

WATER MANAGEMENT BOARD

By: _____

John Hatch
John Hatch, Chief Engineer
Water Rights Program
Department of Environment and Natural Resources

SEP 3 1998

date



FORM 2: Application for uses other than irrigation
(type or print)

Mail to: Water Rights Program Joe Foss Building 523 E. Capitol Pierre, SD 57501-3181 (605) 773-3352	(office use only)	
	No. <u>1666-1</u>	Hydrologic Unit <u>10/20202</u>
	Basin <u>Belle Fourche River</u>	
	Newspaper <u>Lawrence Co. Centennial, Deadwood, SD</u>	



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

Check use(s) of water:

☐ Municipal	☐ Suburban Housing	☐ Recreational	☐ Institutional
☐ Rural Water System	☐ Commercial	☐ Fish & Wildlife	☐ Geothermal Heat
☐ Domestic (over 18 gpm)	☒ Industrial	☐ Other	

Type of Application: ☒ New ☐ Vested Right (Use predates Mar 2, 1955) ☐ Future Use Reservation
(check one) ☐ Place to Beneficial Use Water Reserved by Future Use Permit No. _____
☐ Amendment/Correction to Permit No. _____

Description of amendment/correction: (i.e. change diversion point(s), add diversion point(s), change use, etc.) _____

- Name of Applicant Golden Reward Mining Company, L.P. Phone (605) 584-2010
(check one) ☐ Owner ☐ Tenant/lessee
Mailing Address HC 37 Box 1020, Lead State SD 57754
- Amount of water claimed 0.55 *CFS or 250 **GPM ***AF
(*Cubic Feet per Second) (**Gallons per Minute) (***)Acre Feet - storage capacity of dam/dugout or annual use if applicable)
- Source of water supply - groundwater
- Location of point of diversion (example - 3 wells in SW1/4 NE1/4 section 12-T104N-R53W)
SW1/4 NW1/4 NE1/4 SW1/4 Sec.6, T4N-R3E
County Lawrence
- County or counties where water will be used Lawrence
- Annual period during which water is to be used January 1 - December 31
- Give a description of the 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)

This application proposes additional appropriation from the "Bonanza Well". Permit No. 1440-1 authorizes diversions of 0.28 cfs from this well. The well is capable of producing 375 gallons per minute (0.83 cfs).

STATE OF SOUTH DAKOTA)
County of LAWRENCE) SS

Attachments: Attach Form 2A if diversion is from a well or dugout, or if storage of water is proposed. Attach map and any other technical information. (see instructions)

I, JOHN A. BEGENAN, the applicant, certify that I have read this application, have examined the attached map and that the matters stated are true and that I intend, and am able to complete the necessary construction.

Signed John A. Begeman
Subscribed and sworn to before me this 3rd day of February 19 98

Julian K. Benson
Notary Public

110,000 E

115,000 E

120,000 E

127,000 N

127,000 N

122,000 N

122,000 N

117,000 N

117,000 N

EXPLANATION

- SS - SURFACE SITE
- SS - SURFACE SITE, Flow only
- SP - SURFACE SITE, Spring or Seep
- SM - SHALLOW MONITOR WELL
- ▲ DM - DEEP MONITOR WELL
- ▲ PZ - DEEP MONITOR WELL, Depth only
- MM - MINE MONITOR WELL
- MW - MINE MONITOR WELL, Depth only
- PW - PRODUCTION MONITOR WELL
- OM - OPERATION MONITOR WELL
- PV - PRESSURE/VACUUM LYSIMETER

WATER INVESTIGATION MAP FOR
 1951, 1959-61 AND 1962-63
 BY
 J. H. BROWN
 WATER RESOURCES ENGINEER
 UNDER ARMY CONTRACT

THE GOLDEN REWARD MINING CO.

**HYDROLOGIC
 MONITORING SITES**
EXHIBIT 1
 Golden Reward Property
 Lawrence County, S. D.

500 0 500 1000

Scale, 1 inch = 500 feet

Dated by N. Brown

Date 2-14-91

Revision Dates 11-91, 1-92

Dated by N. Brown

Date 2-14-91

Revision Dates 11-91, 1-92

REFERENCE

Supplemental Information

(type or print in ink)

1. Well Information - Proposed Construction

- a) Drill Hole Diameter 12-inch Depth 97 (540' of casing at 11 degree angle from horizontal)
- b) Casing Type steel Diameter 12-inch Thickness _____
- c) Screen Type Slotted casing Diameter 12-inch Thickness _____
- d) Gravel Pack Thickness _____ Length of Gravel Pack _____
- e) Depth to Top of Water Bearing Material _____
- f) Depth to Water (ground surface to water level) 17
- g) Distance to nearest existing domestic well:
On applicants property _____ On property owned by others _____

2. Wastewater Disposal System Information

- a) Type of System (i.e. septic tank, drain field) _____
- b) System Capacity (gallons) _____ c) Year Constructed _____
- d) Connected to the City of _____ Sanitary System.

3. Dugout Information

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

4. Water Storage Dams

If the proposed water use system contains one or more storage dams, please furnish the information requested below for each dam. The locations of the dams need to 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) Primary Outlet Capacity _____

If pipe, diameter _____

f) Secondary Spillway Capacity _____

Spillway Width _____

g) X & Y Slope

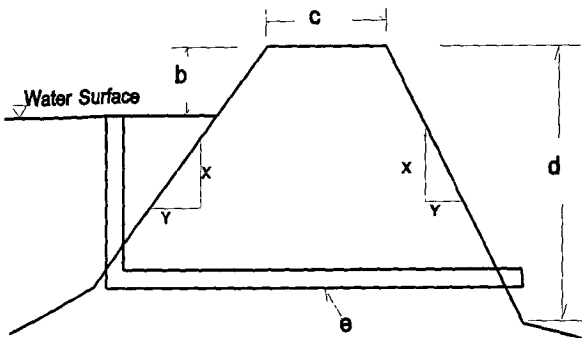
Upstream _____

Downstream _____

h) Surface Area of Impoundment _____

i) Storage _____ Acre Feet

j) Drainage Area Above Dam _____ Acres



RECEIPT

Water Rights Program

South Dakota Department of Environment and Natural Resources

10 415698

Pierre, March 17, 19 98

RECEIVED OF Golden Reward, HC 37 Box 1020, Lead SD 57754-9711
the following amount in fees for services rendered as provided for by law:

Fee for Application for Permit No. <u>1666-1</u> to Appropriate Water, to construct and to put water to beneficial use _____	275	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 _____		

(Any Other Work Provided by Law)	Total	275 00

By John Hall
Chief Engineer
(KG)



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

February 18, 1998

Tim Thomure
Golden Reward Mining Company
HC 37, Box 1020
Lead, SD 57754

Dear Mr. Thomure:

I am writing in response to our recent telephone conversations regarding Water Rights for the Golden Reward Mining Co. (GRMC). As we discussed, Water Permit No. 1440-1 authorizes the diversion of 0.28 cubic feet of water per second (cfs) from the inclined well known as the Bonanza Well. Since the well is capable of diverting 375 gallons per minute (0.83 cfs), GRMC must obtain additional diversion authority for 0.55 cfs, by way of a new water permit.

Please complete the enclosed Application For Permit to Appropriate Water Within the State of South Dakota and Form 2A, and return two signed and notarized copies to this office. According to South Dakota Statutes, a filing fee of \$275.00 is required with this application. Upon receipt, we will begin processing the application. Notice of the application must be published in one local county newspaper for two successive weeks. The publication notice will be sent to the newspaper by the Water Rights Program. The cost of the publication is the responsibility of the applicant.

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

Very truly yours,

Ken Buhler
Natural Resources Engineer
Water Rights Program
(605) 773-3352

enclosures

THE
GOLDEN REWARD
MINING COMPANY L.P.

March 16, 1998

Mr. Ken Buhler
Natural Resources Engineer
Water Rights Program
SD DENR
Joe Foss Building
523 East Capitol Avenue
Pierre, SD 57501-3181



RE: *Application for Permit to Appropriate Water Within the State of South Dakota*

Dear Ken:

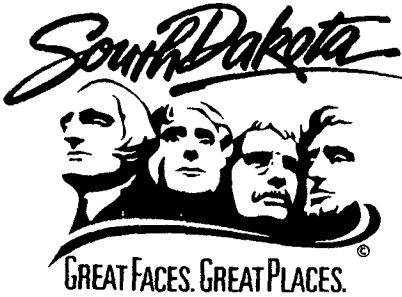
Please find enclosed two signed copies of Form 2 and Form 2A to expand the permitted rate at which Golden Reward can divert water through the Bonanza well system. If you have any questions or require any additional information to process the application, please contact me at 605-584-2010.

Sincerely,

Timothy M. Thomure
Environmental Coordinator

Enc.

xcopy: Carol Koerner, Wharf Resources
Central File



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

April 24, 1998

Golden Reward Mining Company, L.P.
%Tim Thomure
HC 37, Box 1020
Lead, SD 57754

Dear Mr. Thomure:

Please find enclosed a copy of the report and recommendation prepared for Water Permit Application No. 1666-1, filed by Golden Reward Mining Company, L.P.

The hearing before the Water Management Board on this application is scheduled for May 6, 1998, at 10:00 AM (CDT) in the Floyd Matthew Training Center, Joe Foss Building, 523 E. Capitol Ave., Pierre, SD.

Sincerely,

Eric Gronlund /ks

Eric Gronlund
Water Rights Program
(605) 773-3352

enclosure



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

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

April 1, 1998

Golden Reward Mining Company, L.P.
%Tim Thomure
HC 37, Box 1020
Lead, SD 57754

Dear Mr. Thomure:

Water Permit Application No. 1666-1 for industrial use has been examined and found to comply with the South Dakota Water Laws and applicable rules. A notice of hearing has been sent to the Publisher of the Lawrence Co. Centennial printed at Deadwood, SD (Ph # (605) 578-3305). For your information, a copy of the notice is enclosed. A copy of the Report and Recommendation will be sent to you at a later date. 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 Hearing 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. The newspaper has been instructed to send us the Proof of Publication. We must receive Proof of Publication before action can be taken on the application.

Sincerely,

Eric Gronlund
Natural Resources Engineer
(605) 773-3352

enclosures

NOTE: If you plan to contest any part of the Chief Engineer's recommendation, you must file a petition pursuant to the procedures outlined in the attached notice of hearing. The Water Management Board will then consider your concerns during a hearing on the application.

REPORT ON PERMIT APPLICATION No. 1666-1
GOLDEN REWARD MINING COMPANY, L.P.
March 31, 1998

Water Right Application No. 1666-1 proposes to appropriate 0.55 cubic feet of water per second (cfs) by increasing the diversion rate authorized by Water Permit No. 1440-1. Water Permit No. 1440-1 appropriates 0.28 cfs of impounded groundwater from dewatering mine pits and impounded runoff water from precipitation falling on the mine site. The mine pit that had been the diversion point for 1440-1 was backfilled but a "well" was installed to allow diversions authorized under the Water Permit to continue. The well is 97 feet deep and is located in the NE¼ SW¼ Section 6, T4N-R3E. This permit increases the water appropriation from this well, from 0.28 cfs (125 gallons per minute) to 0.83 cfs (375 gallons per minute).

INTRODUCTION:

In 1988, The Golden Reward Mining Company (GRMC) filed Water Permit Application No. 1440-1. The approved permit appropriated 0.28 cfs from groundwater seepage into the mine pit, precipitation and runoff. In 1995, GRMC began backfilling the "Bonanza Pit" which had contained the diversion point for No. 1440-1. As the mine pit was backfilled with waste rock, a pipe 540 feet long was installed at an 11 degree incline from horizontal to allow diversions authorized under the Water Permit to continue. The backfilled Bonanza Pit has become an important sediment control feature for the GRMC project. The waste rock provides filtration of sediments as runoff infiltrates it. Water that accumulates in the backfilled pit is pumped through this well to provide storage capacity for future runoff events. The water that is not needed for the mining operation is returned to Fantail Creek via a french drain. A 1996 Water Right Inspection of Works identified a diversion capacity of the "Bonanza Well" that exceeds the rate authorized by Permit No. 1440-1.

AQUIFER: Pre-Cambrian rock, Deadwood Formation, and Tertiary Intrusives

A review of the areal geology (Darton, 1925), and the logs from test wells and monitor wells, indicate groundwater in this area is encountered in the Pre-Cambrian rock, the Deadwood Formation, and in Tertiary aged intrusives. The Pre-Cambrian rock in this area consists primarily of mica schist, although metasediments and phyllites are also present. The Deadwood formation consists mainly of dolomite, quartzite, and a basal conglomerate, in this area. Tertiary aged intrusives, generally Phonolite Porphyry sills, are numerous in this area. The Pre-Cambrian Rock, the Deadwood Formation, and the Tertiary intrusives are not generally considered prolific aquifers. The rock types have low primary porosities and low permeabilities. Groundwater is generally stored and transmitted through fractures, joints and along foliation. However, the intrusion and or intusives have altered the constitution of the Pre-Cambrian rock and the Deadwood formation in the area. Stress on the country rock as a result of the intrusion has undoubtedly increased the density of joints, fractures and faults in the Pre-Cambrian and the Deadwood. The three rock types present in this area; sedimentary- Deadwood Formation, Metamorphic- Pre-Cambrian, and igneous-intrusives, are probably hydrologically connected and represent a single hydrologic unit, basically under unconfined conditions. Locally confining

conditions do exist where less permeable material overlies more permeable strata, and perched aquifers are present where a more permeable material overlies less permeable strata. The potentiometric surface of this aquifer generally follows the topography, groundwater flows away from topographic highs toward topographic lows. The general trend of the water table is probably from west to east; however, locally the groundwater flows may be obstructed by faults and underground mine workings. Historic underground mine workings are extensive in this area. These workings increase the water in storage in the aquifer and may dominate the local groundwater flow. The extent of interconnection between the various workings, and to what degree the workings are flooded is unknown.

This project area is located near the headwaters of several small drainages that flow into Whitetail Creek and ultimately into Whitewood Creek. The drainages include Nevada Gulch, Fantail Creek, Unnamed Gulch, Stewart Gulch, and Whitetail/Astoria Gulch. Springs and discharge from underground workings provide baseflow to area streams including Nevada, Fantail, Stewart and Whitetail streams. A "spring inventory" included with the Golden Reward Mining Co.'s mining permit application identifies several springs, seeps and boggy areas within the project area. These features represent natural discharge from the aquifer. Many of these springs and seeps are at elevations above the "Bonanza Well" so groundwater seepage to the well intake is apparent.

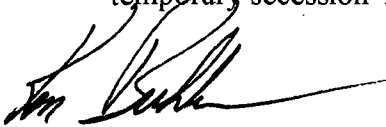
Recharge to the aquifer in this area occurs through infiltration of precipitation and recharge from local streams through the shallow alluvium/colluvium where it is hydrologically connected to the bedrock aquifer.

Appropriations authorized by this permit are not expected to adversely affect existing water rights because of the distance between diversions (>one mile to nearest the appropriation (No. 1335-1)), and the nature of the water use (much of the water pumped is "returned" to Fantail Creek a short distance from where it was diverted).

CONCLUSIONS:

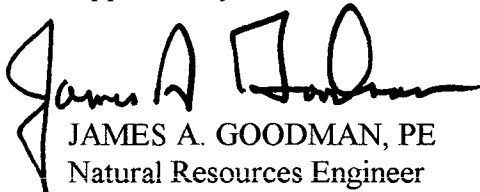
1. This application proposes an appropriation for an existing water use. The application was made as the result of a 1996 Water Right Inspection of Works that identified a diversion capacity in excess of the diversion authority.
2. The sources of water for this application include groundwater seepage, runoff and precipitation into the backfilled "Bonanza Pit". Water is diverted through a "well" that was installed as the pit was backfilled.
3. Groundwater in this area is found in the crystalline rock (Pre-Cambrian and Tertiary Intrusives) and the Deadwood formation. In this area the three rock types are hydraulically connected and represent a single aquifer. Unappropriated water is available from this aquifer for the appropriation proposed by this application.

4. Surface water rights will not be impaired by this appropriation of runoff due to the limited drainage area involved.
5. Existing groundwater rights will not be adversely impacted by this appropriation.
6. Diversions made under this permit help to reduce downstream sedimentation and provide a source of water for the operation.
7. Since 1997, the Golden Reward Mining Company has been technically "in a period of temporary secession".



KEN BUHLER
Natural Resource Engineer

Approved by:



JAMES A. GOODMAN, PE
Natural Resources Engineer

REFERENCES:

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

Water Rights, 1998, "Water Permit, and Domestic Well Log Files", DENR-Water Rights Program, Joe Foss Bldg., Pierre, SD.

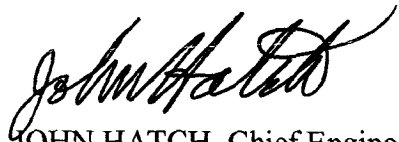
RECOMMENDATION OF CHIEF ENGINEER FOR WATER PERMIT APPLICATION NO.
1666-1, Golden Reward Mining Company, L.P.

Pursuant to SDCL 46-2A-2, the following is the recommendation of the Chief Engineer, Water Rights Program, Department of Environment and Natural Resources concerning Water Permit Application No. 1666-1, Golden Reward Mining Company, L.P., HC 37, Box 1020, Lead SD.

The Chief Engineer is recommending APPROVAL of Application No. 1666-1 because 1) there is a reasonable probability that there is unappropriated water available for the applicant's use, 2) the diversion has been developed without unlawful impairment of existing rights, 3) the use is a beneficial use and 4) in the public interest with the following qualifications:

1. Golden Reward Mining Company, L.P. shall continue to operate a continuous recording flow gauging station on Stewart Gulch at the existing site below the Bertha Mine Workings outflow and above the confluence with Whitetail Creek.
2. Approval of Permit No. 1666-1 is subject to compliance with applicable provisions of the following Water Management Board rules:
 - a. Chapter 74:54:01 Groundwater Quality Standards
 - b. Chapter 74:54:02 Groundwater Discharge Permits
 - c. Chapter 74:51:01 Surface Water Quality Standards
 - d. Chapter 74:51:03 Uses Assigned To Streams
 - e. Chapter 74:52:01 Surface Water Discharge Permit - General Provisions
 - f. Chapter 74:52:02 Surface Water Discharge Permit Application Requirements
 - g. Chapter 74:52:03 Surface Water Discharge Permit Conditions
 - h. Chapter 74:52:04 Transfer, Modification, Revocation And Reissuance, And Termination Of Surface Water Discharge Permits
 - i. Chapter 74:52:05 Procedures For Processing Surface Water Discharge Permits
 - j. Chapter 74:52:06 Secondary Treatment Standards For Surface Water Discharge Permits
 - k. Chapter 74:52:07 Criteria And Standards For Surface Water Discharge Permits
 - l. Chapter 74:52:08 Toxic Pollutant Effluent Standards For Surface Water Discharge Permits.
 - m. Chapter 74:52:10 Effluent Guidelines And Standards For Surface Water Discharge Permits And Pretreatment Industrial Users
 - n. Chapter 74:52:11 Pretreatment Regulations

See report on application for additional information.


JOHN HATCH, Chief Engineer
April 1, 1998



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

April 1, 1998

Lawrence Co. Centennial
Box 512
Deadwood, SD 57732-0512

ATTENTION: Legal Department

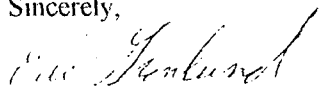
Enclosed is a Notice of Hearing on Application No. 1666-1 to Appropriate Water to be published twice. Please publish the first notice on April 8, 1998, with the second publication 7 days later.

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 Golden Reward Mining Company, L.P., %Tim Thomure, HC 37, Box 1020, Lead, SD 57754 (Ph # (605) 584-2010).

Please send the Water Rights Program the first publication immediately. The publication is checked for accuracy so any corrections can be made in the second publication. You may use the form below or fax a copy of the first publication. Any fax should be sent to the attention of Karen Schlaak at (605) 773-4068. Publication errors can invalidate the public notice.

After the second publication, **please send us an affidavit or use the enclosed Proof of Publication form.** The applicant pays the cost of publication, but the Water Rights Program records require an affidavit or Proof of Publication. Delays in receiving the affidavit can be costly to the applicant.

Sincerely,


Eric Gronlund
Natural Resources Engineer
605 773-3352

enclosures

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

No. 1666-1

TO: Eric Gronlund
Water Rights Program
Joe Foss Building
Pierre SD 57501-3181

Date _____

We are in receipt of your letter of April 1, 1998, enclosing Notice of Hearing to Appropriate Water by Application No. 1666-1 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 April 8, 1998, with the second publication 7 days later. The applicant is responsible for payment.

NOTICE OF HEARING ON APPLICATION NO. 1666-1 to Appropriate Water

Notice is given that Golden Reward Mining Company, L.P., HC 37 Box 1020, Lead SD 57754 has filed an application for a water permit to appropriate 0.55 cubic feet of water per second (cfs) by increasing the diversion rate authorized by Water Permit No. 1440-1. Water Permit No. 1440-1 appropriates 0.28 cfs of impounded groundwater from dewatering mine pits and impounded runoff water from precipitation falling on the mine site. The well is 97 feet deep and is located in the NE 1/4 SW 1/4 Section 6-T4N-R3E. This permit increases the water appropriation from the well, from 0.28 cfs (125 gallons per minute) to 0.83 cfs (375 gallons per minute).

Pursuant to SDCL 46-2A-2, the Chief Engineer recommends APPROVAL of Application No. 1661-1 because 1) unappropriated water is available, 2) existing rights will not be unlawfully impaired, 3) it is a beneficial use of water, and 4) it is in the public interest.

Any person interested in opposing or supporting this application must file a written petition with BOTH the applicant and Chief Engineer. The applicant must also file a petition if opposed to the Chief Engineer's recommendation. The Chief Engineer's address is "Water Rights Program, Foss Building, 523 E Capitol, Pierre SD 57501 (605 773-3352)" and the applicant's mailing address is given above. A petition filed by either an interested person or the applicant must be filed by April 27, 1998. 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 the petitioner's legal counsel, if legal counsel is obtained.

The Water Management Board will consider this application at 10:00 a.m. (CDT), May 6, 1998, Floyd Matthew Training Center, Joe Foss Building, 523 East. Capitol, Pierre, SD. 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. The May 6, 1998, hearing date will be automatically delayed for at least 20 days upon written request to the Chief Engineer from the applicant or any interested person opposing the application. The request for an automatic delay must be filed by April 27, 1998.

Any hearing will be an adversary proceeding. Any person filing a petition and/or the applicant have the right to be represented by a lawyer and may present evidence or cross-examine witnesses according to SDCL 1-26. 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. Contact Eric Gronlund by April 27, 1998, at the above Water Rights Program address to request copies of information pertaining to this application, to assure access to the hearing by the handicapped or to obtain an interpreter for the hearing impaired.

This application is made pursuant to SDCL 46-1-1 thru 46-1-9, 46-1-12 thru 46-1-16; 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, 46-2A-20, 46-2A-21; 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, 46-6-26; and Board Rules ARSD 74:02:01:01 thru 74:02:01:15. Nettie H. Myers, Secretary, Department of Environment and Natural Resources.



AFFIDAVIT OF PUBLICATION

STATE OF SOUTH DAKOTA
COUNTY OF LAWRENCE

Joan M. Lewis or Allana L. Houser, being duly sworn, says: That the **Lawrence County Centennial**, is and, during all the times hereinafter mentioned, was a legal newspaper as defined in SDCL 17-2-2, as amended, published at Deadwood, Lawrence County, South Dakota, by Dickson Media, Inc.; that affiant is and, during all of said times, was employed as an accountant by the publisher of such newspaper and has personal knowledge of the facts stated in the affidavit; the the notice, order or advertisement, a printed copy of which is attached, was published in said newspaper for successive issues, bearing the following dates:

April 8 1998 _____ 199_____
April 15 1998 _____ 199_____
_____ 199_____ 199_____
_____ 199_____ 199_____
_____ 199_____ 199_____

that the full amount of the fee charged for publishing the same, to-wit, the sum of \$ 55.69, inures solely to the benefit of the publisher of said newspaper; that no agreement or understanding for the division of the fee has been made with any person, and that no part of the fee has been agreed to be paid to any other person.

Allana L. Houser

Subscribed and sworn to before me this

28th day of April, 1998

Charita Brunner

Notary Public, South Dakota

My Commission Expires
February 1, 2001



Hearing set on water application

NOTICE OF HEARING ON APPLICATION NO. 1666-1

to Appropriate Water

Notice is given that Golden Reward Mining Company, L.P., HC 37 Box 1020, Lead SD 57754 has filed an application for a water permit to appropriate 0.55 cubic feet of water per second (cfs) by increasing the diversion rate authorized by Water Permit No. 1440-1. Water Permit No. 1440-1 appropriates 0.28 cfs of impounded groundwater from dewatering mine pits and impounded runoff water from precipitation falling on the mine site. The well is 97 feet deep and is located in the NE1/4 SW1/4 Section 6-T4N-R3E. This permit increases the water appropriation from the well, from 0.28 cfs (125 gallons per minute) to 0.83 cfs (375 gallons per minute).

Pursuant to SDCL 46-2A-2, the Chief Engineer recommends APPROVAL of Application No. 1661 -1 because 1) unappropriated water is available, 2) existing rights will not be unlawfully impaired, 3) it is a beneficial use of water, and 4) it is in the public interest.

Any person interested in opposing or supporting this application must file a written petition with BOTH the applicant and Chief Engineer. The applicant must also file a petition if opposed to the Chief Engineer's recommendation. The Chief Engineer's address is "Water Rights Program, State Building, 523 E Capitol, Pierre SD 57501 (605 773-3352)" and the

applicant's mailing address is given above. A petition filed by either an interested person or the applicant must be filed by April 27, 1998. 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 the petitioner's legal counsel, if legal counsel is obtained.

The Water Management Board will consider this application at 10:00 a.m. (CDT), May 6, 1998, Floyd Matthew Training Center, Joe Foss Building, 523 East Capitol, Pierre, SD. 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. The May 6, 1998, hearing date will be automatically delayed for at least 20 days upon written request to the Chief Engineer from the applicant or any interested person opposing the application. The request for an automatic delay must be filed by April 27, 1998.

Any hearing will be an adversary proceeding. Any person filing a petition and/or the applicant have the right to be represented by a lawyer and may present evidence or cross-examine witnesses according to SDCL 1-26. 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. Contact Eric Gronlund by April 27, 1998, at the above Water Rights Program address to request copies of information

pertaining to this application. No person is capped or to obtain an interpreter for the hearing impaired.

This application is made pursuant to SDCL 46-1-1 thru 46-1-9, 46-1-12 thru 46-1-16; 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, 46-2A-20, 46-2A-21; 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, 46-6-26; and Board Rules ARSD 74:02:01:01 thru 74:02:01:15.

Nettie H. Myers, Secretary
Department of Environment
and Natural Resources.

Public April 8 & 15, 1998
Lawrence County Courthouse



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

SEP 3 1998

Golden Reward Mining Company, L.P.
%Tim Thomure
HC 37, Box 1020
Lead, SD 57754

Dear Mr. Thomure:

Enclosed is Water Permit No. 1666-1 authorizing your water diversion system and beneficial use of the water, not exceeding the limits as specified in the Water Permit.

The final inspection has been completed on this Permit, and we are ready to issue the Water License. Statutes require we charge \$50 for the inspection and issuance of the final papers. Upon receipt of this amount the Water License will be sent to you.

Very truly yours,

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

enclosures

THE
GOLDEN REWARD
MINING COMPANY L.P.

September 14, 1998

Mr. Ken Buhler
Natural Resources Engineer
Water Rights Program
SD DENR
Joe Foss Building
523 East Capitol Avenue
Pierre, SD 57501-3181



RE: *Water License No. 1666-1, Inspection and Issuance Fee.*

Dear Ken:

Please find enclosed the \$50 fee for inspection (completed) and issuance of the Water License for Water Permit No. 1666-1 as required. Thank you for your help in assisting GRMC in maintaining compliance with the water rights regulations for South Dakota.

If you have any questions, please contact me at (605) 584-2010.

Sincerely,

Timothy M. Thomure
Environmental Coordinator

Enc.

xcopy: Carol Koerner, Wharf Resources
 Central File

RECEIPT

Water Rights Program

South Dakota Department of Environment and Natural Resources

№ 415861

Pierre, September 15, 1998

RECEIVED OF Golden Rewart Mining Company, L.P., HC 37, Box 1020, Lead, SD 57754-9711
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. 1666-1

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 (P)

Permit No. 1438-1, 1439-1, 1440-1 and 1666-1
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 18, 1996, made a thorough examination of the water use system constructed by Golden Reward Mining Company L.P. of Lead, SD holder of Permit No. 1438-1, 1439-1, 1440-1 and 1666-1, bearing the priorities of April 11, 1988 and March 17, 1998 authorizing the diversion of 0.67, 0.33, 0.28 and 0.55 respectively, cu. ft. per second of the waters of groundwater for industrial and domestic 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 three wells; the Astoria Well which is 355 feet deep, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec.7, T4N-R3E, capable of producing 300 gallons per minute; the Hannibal Well which is 300 feet deep, located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec.7, T4N-R3E, capable of producing 150 gallons per minute; and the Bonanza Well which is a directional drill hole 560 feet long, 97 feet deep, located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec.6, T4N-R3E, capable of producing 375 gallons per minute.

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

Water is transported to place through approximately 14,750 feet of 10-inch diameter steel pipe, and through 750 feet of plastic (HDPE) pipe.

C. Works used to apply water to beneficial use:

Water is put to beneficial for the heap leach process, for sanitary purposes at the shop and the office, and for dust supression

The system is in the following condition good. The points of diversion are located #1) 840 feet north 1870 feet west of the south east corner of Sec. 7, T4N-R3E, #2) 2250 feet north and 1685 feet west of the south east corner of Sec. 7, T4N-R3E, #3) 2020 feet north and 1470 feet east of the south west corner of Sec. 6, T4N-R3E. The works are capable of diverting and conveying to the place of use 0.67, 0.33 and 0.83 cu. ft. per second of water respectively which is to be used for industrial and domestic use. The license should be issued for 1.83 cfs.

Applicable permit qualifications have been complied with: yes

Exceptions to compliance are: na



Ken Buhler
Natural Resources Engineer
DENR, Water Rights Program

6/23/98
Date

REPORT ON INSPECTION OF PERMIT NO. 1438-1, 1439-1, 1440-1, and 1666-1

Other permit(s) associated with the project: 1447-1

NAME & ADDRESS OF INSPECTION CONTACT: Tim Thomure,
HC 37, Box 1020,
Lead, SD 57754

RELATIONSHIP TO PERMIT HOLDER, IF APPLICABLE: Environmental Coordinator

NAME & ADDRESS OF PERMIT HOLDER: Golden Reward Mining Company, L.P.
HC 37, Box 1020
Lead, SD 57754

DATE OF INSPECTION: 11/18/96

DIVERSION POINT LEGAL LOCATION: Astoria Well: 840' north and 1870' west of the SE corner
of Sec. 7, T4N-R3E, (SW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$);

Hannibal Well: 2250' north and 1685' west of the SE
corner of Sec.7, T4N-R3E,
(SW $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$)

Bonanza Well: 2020' north and 1470' east of the SW
corner of Sec.6, T4N-R3E,
(SW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$)

WELL INFORMATION:

Astoria Well (#1438-1)	Hannibal Well (#1439-1)	Bonanza Well (angular well) (#1440-1)
1) Well Drilling Firm: <u>B&B Drilling</u>	1) Well Drilling Firm: <u>B&B Drilling</u>	1) Well Drilling Firm: <u>Golden Reward Mining Co.</u>
2) Depth <u>355</u> feet	3) Depth(s) <u>300</u> feet	3) Depth(s) <u>97</u> feet (560 long)
4) Well log is available <u>yes</u> <u>(PW-88-1160, PW5)</u>	4) Well log is available <u>yes</u> <u>(MW-87-616p PW1)1)</u>	4) Well construction info available <u>yes</u>
Casing:	Casing:	Casing:
1) Diameter <u>8</u> inches	1) Diameter <u>6</u> inches	1) Diameter <u>12</u> inches

2) Length <u>282</u> feet	2) Length <u>300</u> feet	2) Length <u>560</u> feet (11° from Horizontal)
3) Type <u>PVC</u>	3) Type <u>PVC</u>	3) Type <u>Steel</u>
Screen: 1) Type: <u>Sch 40 PVC</u>	Screen: 1) Type: <u>Sch 40 PVC</u>	Screen: 1) Type: <u>slotted casing</u>
2) Length: <u>22</u> feet open hole	2) Length: <u>40</u> feet	2) Length: <u>?</u> feet
3) Static Water Level: <u>205</u> feet	3) Static Water Level: <u>210</u> feet	3) Static Water Level: <u>17</u> feet
Pump: 1) Type: <u>American Turbine</u>	Pump: 1) Type: <u>American Turbine</u>	Pump: 1) Type: <u>Grundfos</u>
2) Model: <u>50S 6-H-26</u>	2) Model: <u>30S 6-L-10</u>	2) Model: <u>225S250-10</u>
3) Size: <u>9 stage vertical turbine pump</u>	3) Size: <u>11 stage vertical turbine pump</u>	3) Size: <u>10 stage</u>
4) Horsepower rating <u>50</u> HP	4) Horsepower rating <u>30</u> HP	4) Horsepower rating <u>25</u> HP
5) Capacity <u>300</u> GPM	4) Capacity <u>150</u> GPM	4) Capacity <u>375</u> GPM

DISTRIBUTION LINES OR CANALS:

- | | | |
|-------------------------------|--------------------------|---|
| 1) Type <u>steel</u> | 2) Size <u>10</u> inches | 3) Length <u>1500</u> feet (Astoria well to Hannibal well) |
| 1) Type <u>steel</u> | 2) Size <u>10</u> inches | 3) Length <u>750</u> feet (Hannibal well to pump house) |
| 1) Type <u>steel</u> | 2) Size <u>10</u> inches | 3) Length <u>6250</u> feet (pump house to crusher/shop to storage tank ₁) |
| 1) Type <u>steel</u> | 2) Size <u>10</u> inches | 3) Length <u>6250</u> feet (storage tank ₁ to storage tank ₂) |
| 1) Type <u>plastic (HDPE)</u> | 2) Size <u>3</u> inches | 3) Length <u>750</u> feet (Bonanza well to storage tank ₂) |

STORAGE TANK CAPACITIES:

- 1) storage tank₁ (Crusher/Shop area water tank): 125,000 gallons
- 2) storage tank₂ (Process area water tank): 125,000 gallons

SYSTEM SUMMARY:

Water is pumped from the Astoria well to the Hannibal well house. From the Hannibal well house water from the Astoria and Hannibal wells is pumped to the pump house where two American Turbine Model 12N70, 5 stage vertical turbine pumps, transfer to storage tank₁. From storage tank₁ water goes to a) the crusher for dust suppression and sanitary use, b) the shop for sanitary use, c) to the leach pad, d) to a water truck for dust suppression, or e) to storage tank₂.

Water from the Bonanza Well can a) be pumped to storage tank₂ at a rate of 250 gpm through 3-inch HDPE pipe; or b) the well can be pumped to a french drain system at 375 gpm, where it is ultimately discharged to the Fantail Creek.

Storage tank₂ can be filled from storage tank₁ with a booster pump (Grundfos Spec 356861-82, frame 56 CZ, Serial No. F688, Model 2-50, Type CR2UH, 1 ½ HP). Storage tank₁ can be filled from storage tank₂ with gravity. Water from storage tank₂ is used at a) the process plant, b) the office, c) to a water truck for dust suppression, or d) to storage tank₁.

Water is no longer diverted from the Bertha Well (PW4) (Permit No.1447), there is no distribution line, the well is discharging to Stewart Gulch and is a groundwater quality compliance point.

There is one additional pump on site it is an Allis Chalmers, 5X4, type SHHF, Serial #881-81174-01-01, pump, powered by a US Electric 60 HP Motor (Serial No. 881-81174-01-01). The pump is capable of pumping 500 gpm and would be used for fire suppression.

Although the sediment control devices are in place including the Fantail Sediment Control Pond (total capacity 1.8 million gallons (5.5 ac-ft)), and the Stewart Gulch Sediment Control Pond (total capacity 455000 gallons (1.39 ac-ft)) and numerous silt fences with very small impounds throughout the property. GRMC does not divert water from them.

PERMIT QUALIFICATIONS AND REGULATIONS:

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

STATE OF SOUTH DAKOTA

WATER LICENSE NO. 1666-1

(1) Golden Reward Mining Company, L.P., HC 37 Box 1020, Lead SD 57754 made Application No. 1666-1, March 17, 1998 for a water permit to divert an additional 0.55 cubic feet of water per second (cfs) from groundwater (one well), Lawrence County, South Dakota for industrial purposes. Permit No. 1666-1, with a priority date of March 17, 1998 was approved May 6, 1998 and issued to the applicant for diversion of water with construction of the described water supply system completed and the application to beneficial use of said water completed.

Permits associated with this water use system:

- Water Permit No. 1440-1 - with a priority date of April 11, 1988, authorizes diversion of 0.28 cfs of impounded groundwater from dewatering mine pits and impounded runoff water from precipitation falling on the mine site. No. 1666-1 increased the water appropriation from the well from 0.28 cfs to 0.83 cfs.
- Water Permit No. 1439-1 - with a priority date of April 11, 1988, authorizes diversion of 0.33 cfs from one well;
- Water Permit No. 1438-1 - with a priority date of April 11, 1988, authorizes diversion of 0.67 cfs from one well.

The applicable portions of No. 1440-1, 1439-1 and 1438-1 have been incorporated into this Water License No. 1666-1.

(2) It is certified that the permit holder 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 1.83 cubic feet of water per second for beneficial use. The location of the diversion points are: Astoria Well - 840 feet north and 1,870 feet west of the southeast corner of Section 7 (SW ¼ SE ¼); Hannibal Well - 2,250 feet north and 1,685 feet west of the southeast corner of Section 7 (NW ¼ SE ¼); and Bonanza Well - 2,020 feet north and 1,470 feet east of the southwest corner of Section 6 (NE ¼ SW ¼); all in T4N-R3E.

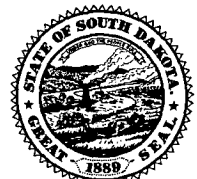
(3) The permit holder has complied with the provisions of South Dakota State Law relating to the application of water to beneficial use for industrial purposes at the mine and for sanitary purposes at the shop and office.

(4) Pursuant to South Dakota Water Law 46-5-30.1 Golden Reward Mining Company, L.P., HC 37 Box 1020, Lead SD 57754 the holder and/or owner of Incorporated Water Permit No. 1666-1 is issued a license to appropriate water, the right to use 1.83 cubic feet of water per second from groundwater (three wells) with priority dates of April 11, 1988 (1.28 cfs) and March 17, 1998 (0.55 cfs) from the location specified in (2) of this license for industrial and domestic use. This license is subject to any limitations or qualifications listed in Incorporated Water Permit No. 1666-1 and subject to South Dakota State Law.


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

SEP 23 1998

date





**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

SEP 23 1998

1666-1

Golden Reward Mining Company, L.P.
%Tim Thomure
HC 37, Box 1020
Lead, SD 57754

Dear Mr. Thomure:

Enclosed is Water License No. 1666-1. This is the final water right document completing your process of obtaining a Water Right. Enclosed is Receipt No. 415861 in the amount of \$50.00 which you paid for the investigation and issuance of the Water License.

For your information SDCL 46-6-27 requires that if the owner of an existing well, such as the well authorized by Water Right No. 1666-1, constructs a replacement well and does not plan to use the old well, the old well is considered abandoned and must be plugged. Also, any well that is being used or is not considered abandoned must be valved and controlled, if flowing, or sealed and capped so that no leaking occurs either underground or at the surface.

As long as you use the water beneficially, as stated in the Water License, the State Water Laws provide that you have a continuing right to use the water. If you have any questions, please contact our office.

Very truly yours,

JOHN HATCH, Chief Engineer
Water Rights Program
(605) 773-3352

ks
enclosures

NOTE: The applicable portions of No. 1440-1, 1439-1 and 1438-1 have been incorporated into this Water License No. 1666-1.

1666-1



DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

JOE FOSS BUILDING
523 EAST CAPITOL
PIERRE, SOUTH DAKOTA 57501-3182

denr.sd.gov

JUN 11 2015

1666-1
1666A-1

Mike McClelland
Golden Reward Mining Co LP
10928 Wharf Rd
Lead SD 57754

Dear Mr. McClelland:

Enclosed is Water License No. 1666A-1. This is the final water right document completing the process of obtaining a Water Right. Included with your license is a map prepared by the staff engineer who conducted the field investigation.

For your information SDCL 46-6-27 requires that if the owner of an existing well, such as the well authorized by Water Right No. 1666A-1, constructs a replacement well and does not plan to use the old well, the old well is considered abandoned and must be plugged. Also, any well that is being used or is not considered abandoned must be valved and controlled, if flowing, or sealed and capped so that no leaking occurs either underground or at the surface.

The qualifications contained in Water License No. 1666A-1 were taken from Water Permit No. 1666-1. If the qualifications no longer pertain to your operation, you may wish to come before the Water Management Board to have them removed from the water right. If you would like to do that, send written verification to us on why the qualification(s) are no longer needed. Based on your request, a hearing will be scheduled for the Board to take action on possible removal of the qualifications.

As long as you use the water beneficially, as stated in the Water License, the State Water Laws provide that you have a continuing right to use the water. If you have any questions, please contact our office.

Sincerely,

Jeanne Goodman, Chief Engineer
Water Rights Program
(605) 773-3352

enclosures

Note: The applicable portions of Water Right No. 1666-1 have been incorporated into Water License No. 1666A-1.