

WATER PERMIT NO. 1666A-1

Name of Applicant: Golden Reward Mining Co.

Address: 11255 Terry Gulch Road, Lead SD 57754

Phone: 605 584-2010

Amount of Water Claimed: 1.83 cfs (no add'l)

Total Acres: NA

Source of Water Supply: groundwater (3 wells)

Water to be used for: commercial

County: Lawrence

Type of Waste Disposal System:

Location: 1 ½ southwest of Lead

PRIORITY

Date Received: 5-6-2002

Fee: \$50

Corrected Application Received:

Period of Annual Use: January 1 – December 31

Remarks: Adding commercial use to Permit No. 1666-1 to be used snow making at Terry Peak

Diversion Point: SW ¼ SE ¼, NW ¼ SE ¼,
NE ¼ SW ¼ Sec 7-T4N-R3E

Land to be Irrigated: NA

Depth of Well: 355, 300 and 97 feet deep

Well Driller: :

Remarks:

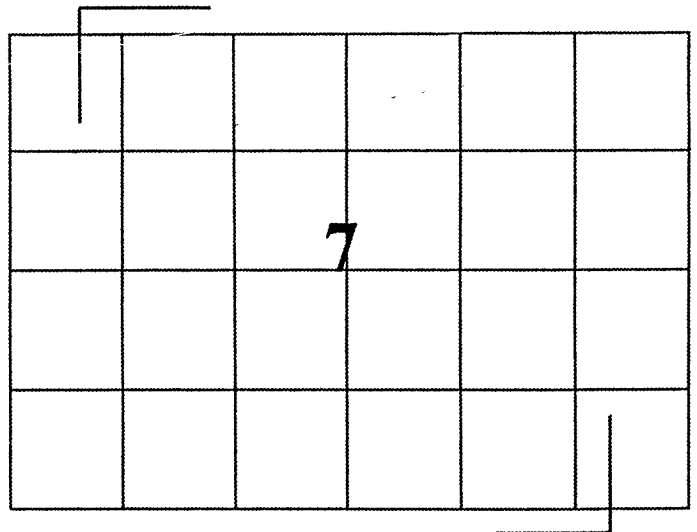
Type of Map:

Prepared by:

Reviewed and the Number Assigned on: 5-6-2002

By: **Karen Schlaak**

Notice of Hearing - date to intervene: _____



**REISSUED
SOUTH DAKOTA
WATER PERMIT NO. 1666A-1**

Date of first receipt of application May 6, 2002.

The Chief Engineer, on behalf of the Water Management Board, reissues Water Permit No. 1666A-1 to Golden Reward Mining Co., L.P., 11255 Terry Gulch Road, 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. 1666A-1 amends Water Right No. 1666-1. Water Right No. 1666-1 authorizes 1.83 cubic feet of water per second from three wells (Precambrian Rock, Deadwood Formation and Tertiary Intrusives) 355 feet, 300 feet and 97 feet deep located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 7 and NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 6; all in T4N-R3E for industrial and domestic use. This permit amends Water Right No. 1666-1 to include commercial use. Water will be pumped from the three wells to existing holding ponds and then used for snow-making purposes at Terry Peak Ski area. No increase in the diversion rate is authorized by this permit.
2. The water appropriated shall be used for the purpose of commercial use and may not exceed the amount of water needed for beneficial use.
3. The water is to be used during the following described annual period: January 1 – December 31.
4. The date of approval of Permit No. 1666A-1 is September 9, 2002.
5. The date from which applicant may claim right is April 11, 1988 (1.28 cfs) and March 17, 1998 (0.55 cfs) [established by Water Right No. 1666-1].
6. One-fifth of the construction is to be completed on or before March 9, 2005.
7. All construction is to be completed on or before September 9, 2007.
8. Water is to be put to beneficial use on or before September 9, 2011.
9. Water rights obtained in compliance with the laws of the State of South Dakota may not be unlawfully impaired by this appropriation.

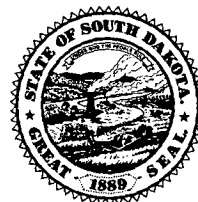
WATER MANAGEMENT BOARD

By: Garland Erbele

Garland Erbele, Chief Engineer
Water Rights Program
Department of Environment and Natural Resources

SEP 20 2002

date



SOUTH DAKOTA
WATER PERMIT NO. 1666A-1

Date of first receipt of application May 6, 2002.

The Chief Engineer, on behalf of the Water Management Board, issues Water Permit No. 1666A-1 to Golden Reward Mining Co., L.P., 11255 Terry Gulch Road, 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. 1666A-1 amends Water Right No. 1666-1. Water Right No. 1666-1 authorizes 1.83 cubic feet of water per second from three wells (Precambrian Rock, Deadwood Formation and Tertiary Intrusives) 355 feet, 300 feet and 97 feet deep located in the SW ¼ SE ¼, NW ¼ SE ¼, NE ¼ SW ¼ Section 7-T4N-R3E for industrial and domestic use. This permit amends Water Right No. 1666-1 to include commercial use. Water will be pumped from the three wells to existing holding ponds and then used for snow-making purposes at Terry Peak Ski area. No increase in the diversion rate is authorized by this permit.
2. The water appropriated shall be used for the purpose of commercial and may not exceed the amount of water needed for beneficial use.
3. The water is to be used during the following described annual period: January 1 – December 31.
4. The date of approval of Permit No. 1666A-1 is July 8, 2002.
5. The date from which applicant may claim right is April 11, 1988 (1.28 cfs) and March 17, 1998 (0.55 cfs) [established by Water Right No. 1666-1].
6. One-fifth of the construction is to be completed on or before January 8, 2005.
7. All construction is to be completed on or before July 8, 2007.
8. Water is to be put to beneficial use on or before July 8, 2011.
9. Water rights obtained in compliance with the laws of the State of South Dakota may not be unlawfully impaired by this appropriation.

WATER MANAGEMENT BOARD

By: Garland Erbele

Garland Erbele, Chief Engineer
Water Rights Program
Department of Environment and Natural Resources

JUL 31 2002

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	No. <u>1666A-1</u> (office use only) Hydrologic Unit <u>10120202</u>
	Basin <u>Belle Fourche River</u>
	Newspaper <u>Lawrence Co. Centennial, Deadwood</u>

RECEIVED
MAY 06 2002
WATER RIGHTS
PROGRAM

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. 1666-1

Description of amendment/correction: (i.e. change diversion point(s), add diversion point(s), change use, etc.) Amend license to include commercial use.

- Name of Applicant Golden Reward Mining Co., L.P. Phone (605) 584-2010
(check one) ☐ Owner ☐ Tenant/lessee
Mailing Address 11255 Terry Gulch Road, Lead State SD 57754
(Street, RR, or Box and City) (Zip Code)
- Amount of water claimed 1.83 *CFS or **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 Ground Water
- Location of point of diversion (example - 3 wells in SW1/4 NE1/4 section 12-T104N-R53W) 1) Astoria Well (PW05) SW1/4 SE1/4 Sec. 7
2) Hannibal Well (PW01) NW1/4 SE1/4 Sec. 7, and 3) Bonanza Well NE1/4 SW1/4; all in T4N-R3E County Lawrence
Sec. 6
- 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 to add the commercial use of water for snow-making as a permitted beneficial use.

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. Begeman, 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.

Applicant's signature John A. Begeman

Subscribed and sworn to before me this 26 day of April 20 02

Julian R. Benson
Notary Public signature

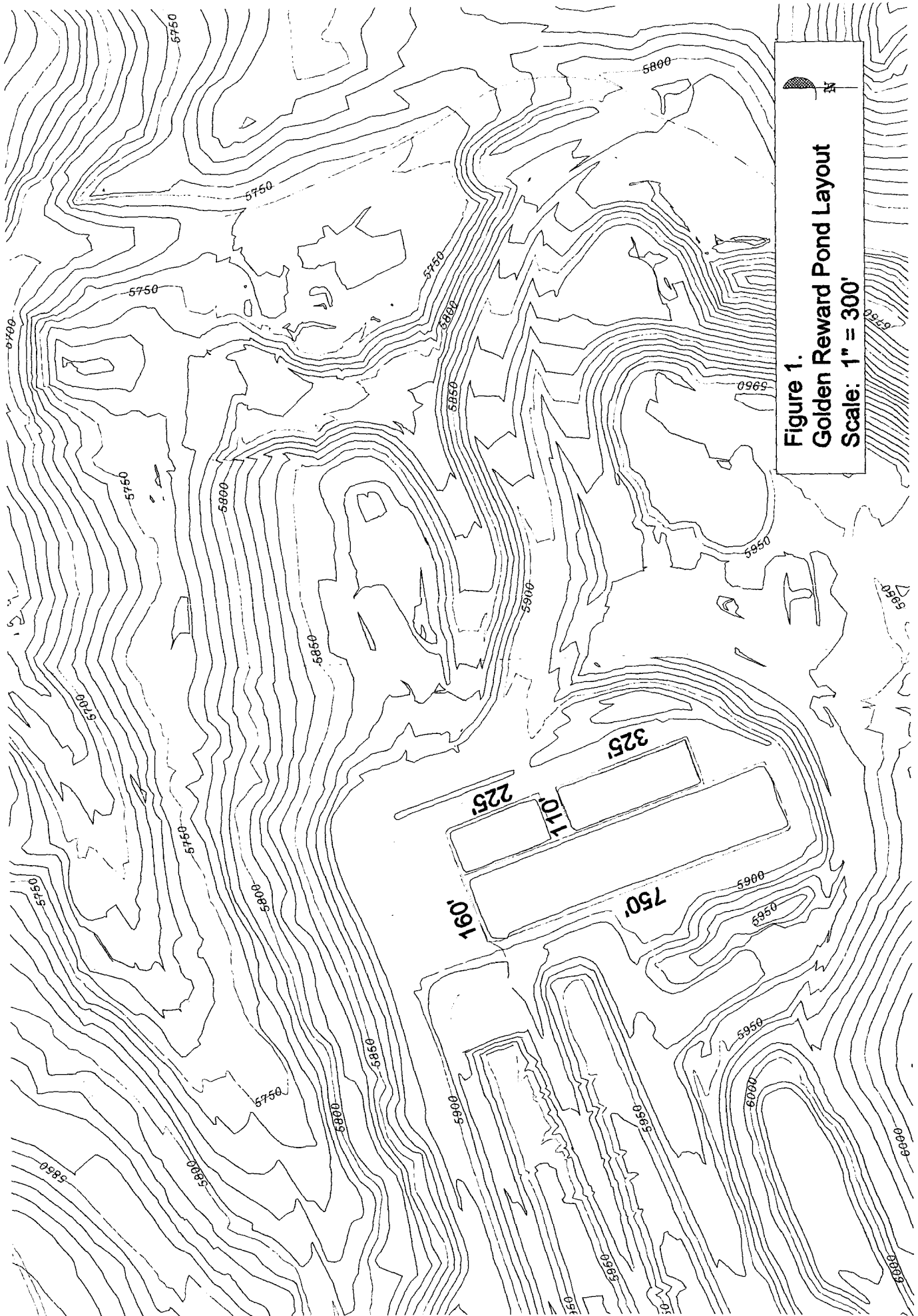


Figure 1.
Golden Reward Pond Layout
Scale: 1" = 300'

RECEIPT

Water Rights Program

South Dakota Department of Environment and Natural Resources

NR 417159

Pierre, May 6, 2002

RECEIVED OF The Golden Reward Mining Company, LP, 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>116666A-1</u> to Appropriate Water, to construct 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. <u>116666A-1</u>	50	00
Fee for Filing Transfer Form _____		
Fee for Filing Extension Request _____		
Fee for _____		

(Any Other Work Provided by Law)	Total	100 00

By

Darland White
Chief Engineer

gm



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

A wholly owned subsidiary of Goldcorp Inc.

April 25, 2002

Eric Gronlund
DENR – Water Rights
Joe Foss Building
523 East Capitol
Pierre, SD 57501-3181

RECEIVED

MAY 06 2002

**WATER RIGHTS
PROGRAM**

RE: Amendment of Water License No. 1666-1 for Commercial Use

Dear Eric:

Enclosed is the application to amend Water License No. 1666-1 to include the commercial use of water as a beneficial use. As you may know, the adjacent Terry Peak Ski Area has not had a consistent source and quantity of water for its snow-making activities in the past. It is proposed that ground water permitted for beneficial use by Water License No. 1666-1 be pumped to the Golden Reward ponds for snow-making purposes. This reservoir of water will significantly increase the water supply of the Ski Area and allow full utilization of the snow-making equipment when temperatures are optimal. The three existing ponds are depicted on the enclosed Figure 1. The largest pond is 750'x160' and the two smaller ponds are 325'x110' and 225'x110'. The lined ponds are 25 feet deep with 2:1 side slopes and have a combined storage capacity of over 18 million gallons.

Enclosed is the \$100 filing fee for the amendment of Water Permit No. 1666-1. Please call me at (605) 584-4110 should you require additional information or have any questions. Between May 3 through May 14, please contact Rod MacLeod at (605) 584-4110 for assistance. Thank you.

Sincerely,

Carol Koerner
Environmental/Governmental Affairs

xc: Central File

THE
GOLDEN REWARD
MINING COMPANY L.P.



May 27, 1999

Mr. Ken Beuhler
DENR – Water Rights
Joe Foss Building
523 East Capitol
Pierre, SD 57501

RE: Hannibal Well - Water License 1666-1

Dear Ken:

This letter is to confirm our conversation of May 26, 1999 regarding the use of the Hannibal well to assist in the process area diversion. This year, Golden Reward has utilized impounded run-off in the diversion; however, the impounded water will soon be depleted due to the low snow pack last winter. Golden Reward previously used the Hannibal well to supply water to the mine site for processing, road watering and other industrial activities.

Please call me at 605-584-4110 should you have any questions. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "C. Koerner".

Carol Koerner
Environmental/Governmental Affairs

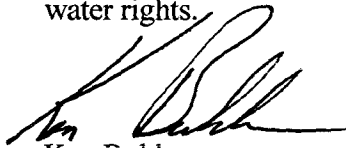
Xc: Gary Haag, DENR – Ground Water
Tom Durkin, DENR – Minerals & Mining

WATER PERMIT APPLICATION NO. 1666A-1
GOLDEN REWARD MINING CO., L.P.
MAY 30, 2002

Water Permit Application No. 1666A-1 proposes to amend Water Right No. 1666-1 to include the commercial use of water. Water Right No. 1666-1 authorizes the diversion of 1.83 cubic feet of water per second from three wells 355 feet, 300 feet and 97 feet deep located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ and the NE $\frac{1}{4}$ SW $\frac{1}{4}$, respectively, of Section 7, T4N-R3E, for industrial and domestic use. Water will be pumped from the three wells to existing holding ponds and then used for snow making purposes at Terry Peak Ski area.

Aquifer: Pre-Cambrian Rock, Deadwood Formation, and Tertiary Intrusives

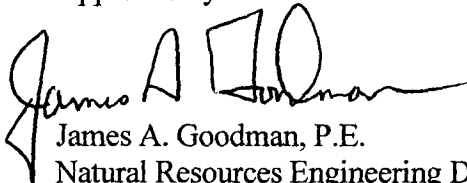
This permit would not increase the diversion rate currently authorized for the wells. This application simply proposes an additional use of the water from three existing wells, at the diversion rate currently authorized for the wells. Approval of this application would not effect the availability of water for other users or potential users, nor would it impair existing water rights.



Ken Buhler

Natural Resources Engineering Specialist

Approved by



James A. Goodman, P.E.

Natural Resources Engineering Director



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

**RECOMMENDATION OF CHIEF ENGINEER FOR WATER PERMIT
APPLICATION NO. 1666A-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. 1666A-1, Golden Reward Mining Company, L.P., c/o John A. Begeman, 11255 Terry Gulch Road, Lead SD 57754.

The Chief Engineer is recommending APPROVAL of Application No. 1666A-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) it is in the public interest.

See report on application for additional information.

Garland Erbele, Chief Engineer
June 11, 2002



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

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

June 12, 2002

Golden Reward Mining Co., L.P.
% Carol Koerner
11255 Terry Gulch Road
Lead, SD 57754

Dear Ms. Koerner:

Water Permit Application No. 1666A-1 for commercial 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). You will need to contact the newspaper and authorize publication of this notice. 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 Hearing and to arrange for payment. Early contact with the paper can eliminate delays. Upon receiving authorization, 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 also 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.



DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

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

June 12, 2002

Lawrence Co. Centennial
376 Main Suite A
Deadwood, SD 57732-0512

ATTENTION: Legal Public Notice

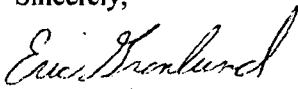
Enclosed is a Notice of Hearing on Application No. 1666A-1 to Appropriate Water to be published twice. Please publish the first notice on June 20, 2002 with the second publication 7 days later.

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 Co., L.P., %Carol Koerner, 11255 Terry Gulch Road, 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. 1666A-1

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

Date _____

We are in receipt of your letter of June 12, 2002 enclosing Notice of Hearing to Appropriate Water by Application No. 1666A-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 June 20, 2002 with the second publication 7 days later. The applicant is responsible for payment.

NOTICE OF APPLICATION NO. 1666A-1 to Appropriate Water
and to Amend Water Right No. 1666-1

Notice is given that Golden Reward Mining Co., L.P., 11255 Terry Gulch Road, Lead SD 57754 has filed an application for a water permit to amend Water Right No. 1666-1. Water Right No. 1666-1 authorizes 1.83 cubic feet of water per second from three wells (Precambrian Rock, Deadwood Formation and Tertiary Intrusives) 355 feet, 300 feet and 97 feet deep located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 7-T4N-R3E for industrial and domestic use. This application proposes amending Water Right No. 1666-1 to include commercial use. Water will be pumped from the three wells to existing holding ponds and then used for snow-making purposes at Terry Peak Ski area. No increase in the diversion rate is authorized by this permit.

Pursuant to SDCL 46-2A-2, the Chief Engineer recommends APPROVAL of Application No. 1666A-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. In accordance with SDCL 46-2A-23, the Chief Engineer will act on the application, as recommended, unless a petition is filed opposing the application or the applicant files a petition contesting the Chief Engineer's recommendation. If a petition opposing the application or contesting the recommendation is filed, then a hearing will be scheduled and the Water Management Board will consider the application. Notice of the hearing will be given to the applicant and any person filing a petition.

Any person interested in opposing or supporting this application or recommendation must file a written petition with BOTH the applicant and Chief Engineer. The applicant must file a petition if contesting 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 July 8, 2002.

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. Contact Eric Gronlund at the above Water Rights Program address to request copies of information pertaining to this application. Steven M. Pirner, Secretary, Department of Environment and Natural Resources.

AFFIDAVIT OF PUBLICATION

STATE OF SOUTH DAKOTA
COUNTY LAWRENCE

Sandy Geffre, Being duly sworn, says: That the Lawrence County Centennial is and, during all times hereinafter mentioned, is a legal newspaper as defined in SDDCL 17-2-2, as amended, published in Deadwood, Lawrence County, South Dakota, by Country Media, Inc.; that affiant is and, during all of said times, was employed as an accounting clerk by the publisher of such newspaper and has personal knowledge of the facts stated in the affidavit; that the notice, order or advertisement, a copy of which is attached, was published in said newspaper for the issues (s) bearing the following dates:

June 20 2002

June 27 2002

_____ 200 _____

_____ 200 _____

_____ 200 _____

That the full amount of the fee charged for publishing the same, to-wit, the sum of \$ 4221, insures solely to the benefit of the publisher of said newspaper; that no agreement or understanding for the division of the fees has been made with any person, and that no part of the fee has been agreed to be paid to any other person.

Sandy Geffre
Accounting Clerk

Subscribed and sworn before me this

28 day of June 2002

Pamela Buehler
Notary Public, South Dakota

My commission expires Feb 8, 2007

Notice of hearing given for water permit

NOTICE OF APPLICATION NO. 1666A-1

to Appropriate Water and to Amend Water Right No. 1666-1

Notice is given that Golden Reward Mining Co., L.P., 11255 Terry Gulch Road, Lead, SD 57754, has filed an application for a water permit to amend Water Right No. 1666-1. Water Right No. 1666-1 authorizes 1.83 cubic feet of water per second from three wells (Precambrian Rock, Deadwood Formation and Tertiary Intrusives) 355 feet, 300 feet and 97 feet deep located in the SW1/4 SE1/4, NW1/4 SE1/4, NE1/4 SW1/4 Section 7-T4N-R3E for industrial and domestic use. This application proposes amending Water Right No. 1666-1 to include commercial use. Water will be pumped from the three wells to existing holding ponds and then used for snow-making purposes at Terry Peak Ski area. No increase in the diversion rate is authorized by this permit.

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Any person interested in opposing or supporting this application or recommendation must file a written petition with BOTH the applicant and Chief Engineer. The applicant must file a petition if contesting 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 July 8, 2002.

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. Contact Eric Gronlund at the above Water Rights Program address to request copies of information pertaining to this application.

Steven M. Pirner, Secretary
Department of Environmental
and Natural Resources

Publish June 20 & 27, 2002
Lawrence County Centennial

Water Rights Program - File Documentation

NAME: Carol Koerner, Golden Reward Mining Co.

ADDRESS: Lead SD

DATE: 8-14-2002 **COUNTY:** Lawrence **TELEPHONE:** 605 584-4110

RE: Error in legal description

COMMENTS:

Carol Koerner called stating she noticed that the legal description of one of the three well locations authorized by Water Permit No. 1666A-1 was incorrect. Two of the wells are located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 7, but the third well is located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 6; all in T4N-R3E. The application as well as the public notice listed all three wells in Section 7.

As a result of the error, I told Ms. Koerner that the permit would need to be advertised again to ensure it is free from legal problems due to incomplete public notice. Ms. Koerner stated we should do whatever was necessary to make the correction.



Karen Schlaak
Environmental Scientist



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

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

August 15, 2002

Golden Reward Mining Co., L.P.
% Carol Koerner
11255 Terry Gulch Road
Lead, SD 57754

Dear Ms. Koerner:

Pursuant to our phone conversation with Karen Schlaak, enclosed is a copy of the Readvertisement for Water Permit Application No. 1666A-1. The notice has been sent to the Publisher of the Lawrence Co. Centennial printed at Deadwood, SD (Ph # 605-578-3305). You will need to contact the newspaper and authorize publication of this notice. 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 and to arrange for payment. Early contact with the paper can eliminate delays. Upon receiving authorization, 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 also 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



DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

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

August 15, 2002

Lawrence Co. Centennial
376 Main Suite A
Deadwood, SD 57732-0512

ATTENTION: Legal Public Notice

Enclosed is a Readvertisement Notice of Application No. 1666A-1 to Appropriate Water to be published twice. Please publish the first notice on August 22, 2002 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 Co., L.P., %Carol Koerner, 11255 Terry Gulch Road, 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. 1666A-1

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

Date _____

We are in receipt of your letter of August 15, 2002 enclosing Notice Appropriate Water by Application No. 1666A-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 August 22, 2002 with the second publication 7 days later. The applicant is responsible for payment.

READVERTISEMENT
NOTICE OF APPLICATION NO. 1666A-1 to Appropriate Water
and to Amend Water Right No. 1666-1

Notice is given that Golden Reward Mining Co., L.P., 11255 Terry Gulch Road, Lead SD 57754 has filed an application for a water permit to amend Water Right No. 1666-1. Water Right No. 1666-1 authorizes 1.83 cubic feet of water per second from three wells (Precambrian Rock, Deadwood Formation and Tertiary Intrusives) 355 feet, 300 feet and 97 feet deep located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 7 and NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 6; all in T4N-R3E for industrial and domestic use. This application proposes amending Water Right No. 1666-1 to include commercial use. Water will be pumped from the three wells to existing holding ponds and then used for snow-making purposes at Terry Peak Ski area. No increase in the diversion rate is authorized by this permit.

Pursuant to SDCL 46-2A-2, the Chief Engineer recommends APPROVAL of Application No. 1666A-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. In accordance with SDCL 46-2A-23, the Chief Engineer will act on the application, as recommended, unless a petition is filed opposing the application or the applicant files a petition contesting the Chief Engineer's recommendation. If a petition opposing the application or contesting the recommendation is filed, then a hearing will be scheduled and the Water Management Board will consider the application. Notice of the hearing will be given to the applicant and any person filing a petition.

Any person interested in opposing or supporting this application or recommendation must file a written petition with BOTH the applicant and Chief Engineer. The applicant must file a petition if contesting 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 September 9, 2002.

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. Contact Eric Gronlund at the above Water Rights Program address to request copies of information pertaining to this application. Steven M. Pirner, Secretary, Department of Environment and Natural Resources.

AFFIDAVIT OF PUBLICATION

STATE OF SOUTH DAKOTA
COUNTY LAWRENCE

Theresa Finn, Being duly sworn, says: That the Lawrence County Centennial is and, during all times hereinafter mentioned, is a legal newspaper as defined in SDDCL 17-2-2, as amended, published in Deadwood, Lawrence County, South Dakota, by Country Media, Inc that affiant is and, during all of said times, was employed as an accounting clerk by the publisher of such newspaper and has personal knowledge of the facts stated in the affidavit; that the notice, order or advertisement, a copy of which is attached, was published in said newspaper for the issues (s) bearing the following dates:

Aug 22 200 2
Aug 29 200 2
____ 200 ____
____ 200 ____
____ 200 ____

That the full amount of the fee charged for publishing the same, to-wit, the sum of \$ 38.02, insures solely to the benefit of the publisher of said newspaper; that no agreement or understanding for the division of the fees has been made with any person, and that no part of the fee has been agreed to be paid to any other person.

Theresa Finn

Accounting Clerk

Subscribed and sworn before me this

12 day of Sept 200 2

Pamela Buhler

Notary Public, South Dakota

My commission expires Feb. 8, 2007

**Golden Reward
Water Amendment**

**READVERTISEMENT
NOTICE OF APPLICATION**

NO. 1666A-1 to Appropriate Water and to Amend Water Right No. 1666-1
Notice is given that Golden Reward Mining Co., L.P., 11255 Terry Gulch Road, Lead, SD 57754 has filed an application for a water permit to amend Water Right No. 1666-1. Water Right No. 1666-1 authorizes 1.83 cubic feet of water per second from three wells (Precambrian Rock, Deadwood Formation and Tertiary Intrusives) 355 feet, 300 feet and 97 feet deep located in the SW 1/4 SE 1/4, NW 1/4 SE 1/4 Section 7 and NE 1/4 SW 1/4 Section 6; all in T4N-R3E for industrial and domestic use. This application proposes amending Water Right No. 1666-1 to include commercial use. Water will be pumped from the three wells to existing holding ponds and then used for snow-making purposes at Terry Peak Ski Area. No increase in the diversion rate is authorized by this permit.

Pursuant to SDCL 46-2A-2, the Chief Engineer recommends APPROVAL of Application No. 1666A-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. In accordance with SDCL 46-2A-23, the Chief Engineer will act on the application, as recommended, unless a petition is filed opposing the application or the applicant files a petition contesting the Chief Engineer's recommendation. If a petition opposing the application or contesting the recommendation is filed, then a hearing will be scheduled and the Water Management Board will consider the application. Notice of the hearing will be given to the applicant and any person filing a petition.

Any person interested in opposing or supporting the application or recommendation must file a written petition with BOTH the applicant and Chief Engineer. The applicant must file a petition if contesting 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 September 9, 2002.

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. Contact Eric Gronlund at the above Water Rights Program address to request copies of information pertaining to this application.

Steven M. Pirner, Secretary,
Department of Environment and Natural Resources

Publish: August 22, 29, 2002
Lawrence County Centennial

RECEIVED
SEP 13 2002
WATER RIGHTS
PROGRAM



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

JUL 31 2002

Golden Reward Mining Co LP
% Carol Koerner
11255 Terry Gulch Road
Lead SD 57754

Dear Ms. Koerner:

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

Form 10, *Notice of Completion of Works and Application of Water to Beneficial Use*, is enclosed. Please return this completed form after you have finished the system and have put the water to beneficial use. An investigation can then be scheduled so the water license may be issued, thus completing the acquisition of a water right.

An informational sheet *Common Water Right Questions?* is also enclosed. This sheet is intended to answer some of the questions associated with obtaining and keeping a water right.

Sincerely,

Garland Erbele, Chief Engineer
Water Rights Program
(605) 773-3352

enclosures



SEP 20 2002

**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

Golden Reward Mining Co LP
% Carol Koerner
11255 Terry Gulch Road
Lead SD 57754

Dear Ms. Koerner:

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

If you have any questions, please contact me.

Sincerely,

Garland Erbele, Chief Engineer
Water Rights Program
(605) 773-3352

enclosures

Water Permit No. 1666A-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 made a thorough examination of the water use system constructed by Golden Reward Mining Co. of 10928 Wharf Rd., Lead, SD 57754 holder of Permit No. 1666A-1, bearing the priority dates of April 11, 1988 and March 17, 1998 amending Water Right 1666-1 to include the diversion of water of groundwater for Commercial purposes, in Lawrence County.

Inspection contact & relationship to permit holder, if applicable:	New Contact and Address: Mike McClelland 10928 Wharf Rd Lead, SD 57754
---	---

A. Works used to divert the water:

Well Information:

- 1) Well Drilling Firm: Golden Reward Mining Co
- 2) No. of Wells 1
- 3) Depth(s) 97 feet
- 4) Well log is available N
- 5) Comment: Well construction information is available for the well under water Permit No. 1666-1(Form 2A). The well is known as the Bonanza Well.

B. Compliance with Permit Requirements:

- 1) Permit qualifications being abided by Y
- 2) Irrigation Questionnaires checked to determine if permit owner started irrigation by the end of construction period NA
- 3) Exceptions to compliance are: None

The system is in Good condition with the point(s) of diversion located as follows:

Bonanza Well:

Approximately 2,245 feet north and 1,950 feet east of the SW corner of Section 6-T4N-R3E
(N 44.33524, W -103.80778) (NE ¼ SW ¼)

Holding Pond:

Approximately 1,285 feet north and 1,115 feet east of the SW corner of Section 6-T4N-R3E
(N 44.33243, W -103.81075) (SW ¼ SW ¼)

The works are capable of diverting and conveying to the place of use 0.83 cfs of water which is to be used for **Commercial and Industrial use.**

The license should be issued for 0.83 cfs.

All structures, wells and lands on map Y

Comments or other permit(s) associated with the project:

Water Permit No. 1666A-1 was issued to amend Water Right No. 1666-1 to include commercial use with no increase of diversion rate. Water Right No. 1666-1 was originally issued to increase the diversion rate of Water Permit No. 1440-1 from 0.28 cfs (125 gpm) to 0.83 cfs (375 gpm) from only one well, known as the Bonanza well, for industrial use.

On November 18, 1996, inspections were conducted for licensing of permits held by Golden Reward Mining Co. These permits included Permit No(s) 1438-1, 1439-1, 1440-1 and 1666-1. Upon completion of the inspection report for these permits, all four permits were licensed and incorporated into Water Permit No. 1666-1 with Priority Dates of April 11, 1988 and March 17, 1998. Combined, Water Permit No. 1666-1 was then licensed to appropriate 1.83 cfs of water from three wells known as the Bonanza, Hannibal and Astoria wells.

Subsequently, at the time this application was applied for, Water Permit No. 1666A-1 authorized diversion of water from the three wells to pump water into three existing holding ponds and then used for snow-making purposes at the Terry Peak Ski area. The combined diversion rate from the three wells is 1.83 cfs.

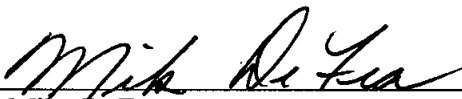
At the time of the licensing inspection of Water Permit No. 1666A-1, only the Bonanza well, originally authorized under Water Permit No. 1440-1, which was then incorporated into Water Permit No(s) 1666-1 and 1666A-1 was being used to divert water and only one holding pond was in place. The two smaller holding ponds have been reclaimed. Water Permit No. 1666A-1 should be licensed to only appropriate water from the Bonanza well at a maximum combined diversion rate of 0.83 cfs (375 gpm) covered under Water Permit No(s) 1666-1 and 1666A-1 for Industrial, Commercial and Domestic uses with priority dates of April 11, 1988 for 0.28 cfs and March 17, 1998 for 0.55 cfs.

Report of Examination of Works

Permit No. 1666A-1

The Astoria well authorized to divert water under Water Permit No. 1438-1 and the Hannibal well authorized by Water Permit No. 1439-1 are no longer in use as part of the mining operation or snowmaking process. The permit holder has stated there is a request to use the Astoria well for watering horses which are pastured there.

Incorporated Water Permit No(s) 1438-1, 1439-1, 1440-1 and Water Right No. 1666-1 contain qualifications, one of which states in part that the applicant shall continue to operate a continuous recording flow gaging station on Stewart Gulch at the existing site below the Bertha Mine Workings outflow and above the confluence with Whitetail Creek. Water Permit No. 1666A-1 does not contain any qualifications. The permit holder needs to be aware of this qualification and has the option of removing this qualification. This process will need to go before the Water Management Board.



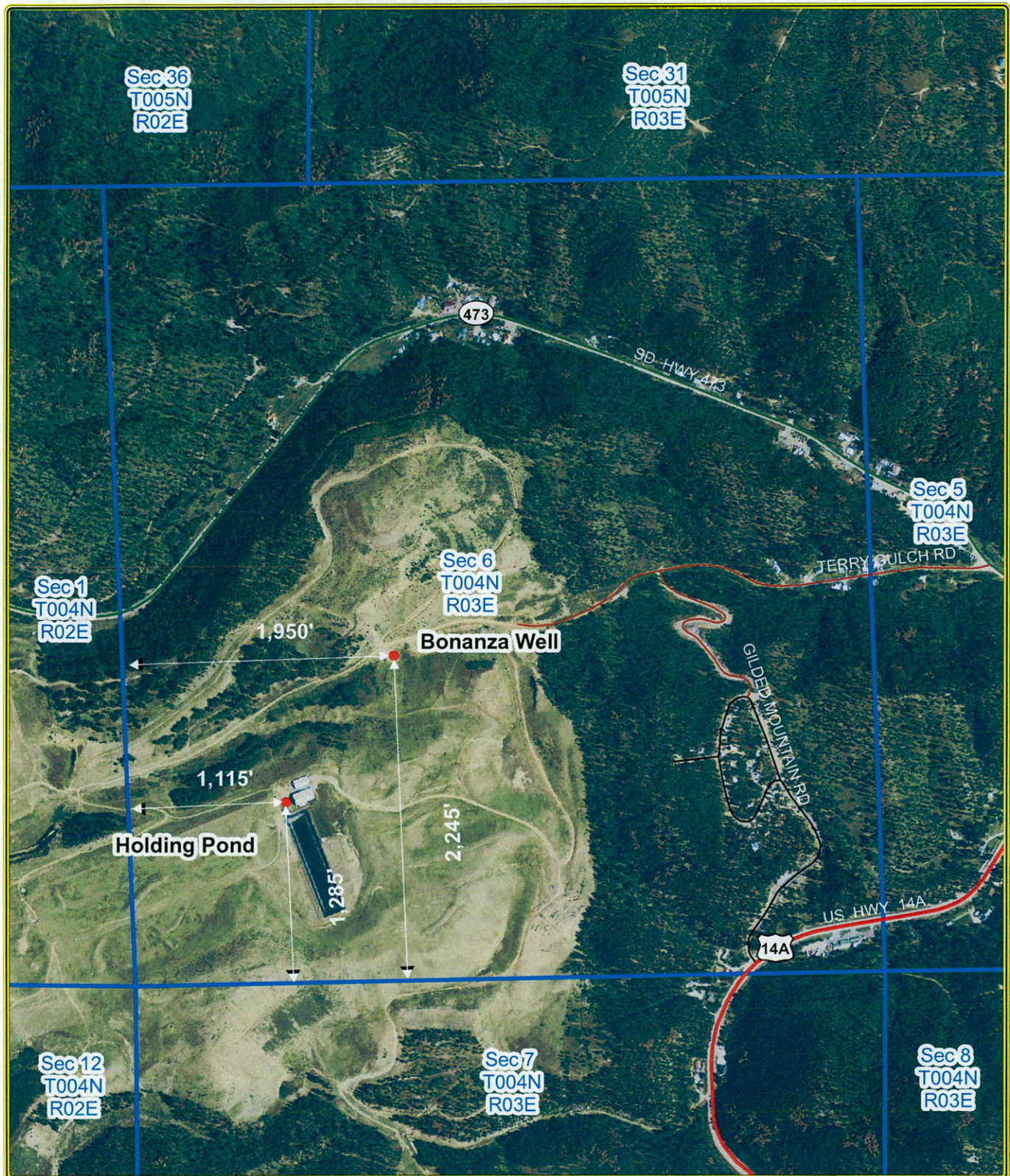
Mike DeFea

Natural Resources Engineer II
DENR, Water Rights Program

Date report completed: August 11, 2014

Water Permit No. 1666A-1

Golden Reward Mining Company



0 0.125 0.25 0.5 Miles

Mike DeFea

Mike DeFea
Natural Resources Engineer
DENR, Water Rights Program
August 5, 2014



South Dakota
Department of Environment
& Natural Resources
Protecting SD's Tomorrow... Today

1666A-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.

STATE OF SOUTH DAKOTA
WATER LICENSE NO. 1666A-1

(1) Golden Reward Mining Co., LP, 10928 Wharf Rd., Lead SD 57754 made Application No. 1666A-1, May 6, 2002 for a water permit to amend Water Right No. 1666-1 by including commercial use. The project is located in Lawrence County, South Dakota. Water Permit No. 1666A-1 did not allow for an increase in the diversion rate established under Water Right No. 1666-1. Water Right No. 1666-1 authorized diversion of 1.83 cubic feet of water per second from ground water (three wells) pumped into existing holding ponds and then used for snow making purposes at Terry Peak Ski area.

The investigation of the water use system found only one well (known as the Bonanza well) and one holding pond still being used. The two smaller ponds have been reclaimed. The heap leach process is no longer being done and water is used only for snow making purposes. The applicable portions of Water Right No. 1666-1 have been incorporated into this Water License No. 1666A-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 0.83 cubic feet of water per second for beneficial use. The location of the diversion points are as follows:

Bonanza Well: 2,245 feet north and 1,950 feet east of the SW corner of Section 6-T4N-R3E
(N 44.33524, W -103.80778) (NE ¼ SW ¼)

Holding Pond: 1,285 feet north and 1,115 feet east of the SW corner of Section 6-T4N-R3E
(N 44.33243, W -103.81075) (SW ¼ SW ¼)

(3) The permit holder has complied with the provisions of South Dakota State Law relating to the application of water to beneficial use.

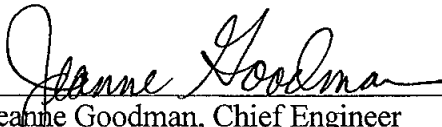
(4) Pursuant to South Dakota Water Law 46-5-30.1 Golden Reward Mining Co., LP, 10928 Wharf Rd., Lead SD 57754 the holder and/or owner of Incorporated Water Right No. 1666A-1 is issued a license to appropriate water, the right to use 0.83 cubic feet of water per second from ground water (one well and a holding pond) with priority dates of April 11, 1988 (0.28 cfs) and March 17, 1998 (0.55 cfs) from the locations specified in (2) of this license for commercial, industrial and domestic purposes.

This license is subject to South Dakota Water Law, any limitations or conditions listed in Incorporated Water Right No. 1666A-1 and subject to the following qualifications:

- Golden Reward Mining Company LP 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 of Whitetail Creek.
- 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 Ground Water Quality Standards,
 - b) Chapter 74:54:02 Ground Water Discharge Permits,
 - c) Chapter 74:51:01 Surface Water Quality Standards,

continued

- 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



Jeanne Goodman, Chief Engineer
Water Rights Program
Department of Environment and Natural Resources

JUN 11 2015

date





Wharf Resources (USA), Inc.

RECEIVED

JUN 22 2015

WATER RIGHTS
PROGRAM

June 18, 2015

Jeanne Goodman, Chief Engineer
Water Rights Program
Joe Foss Building
523 East Capitol Avenue
Pierre, SD 57501-3181

RE: Water license No. 1666A-1.

Dear Ms. Goodman:

I am writing to you in reference to your letter of June 11, 2015 to Golden Reward Mining Company LP. The Golden Reward Mining Company is controlled by Wharf Resources (USA), Inc. You addressed the letter to Mike McClelland who was the past Mine General Manager for Wharf Resources and in charge at the time Mike DeFea completed his field review. Please update your files to show that Ken Nelson replaced Mike McClelland as Wharf Mine General Manager January 1, 2015.

We request that one of the qualifications taken from Water Permit 1666-1 be removed from Water License 1666A-1. Specifically the qualification that requires Golden Reward Mining Company LP to 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 of Whitetail Creek. The basis for having this qualification was relative to active mining in and around Stewart Gulch. The scope of the mining operation is much reduced and the qualification is no longer valid. Please let me know if and when a hearing is scheduled for the Board to take action on our request.

Please contact me at 605-584-4155 should you have any questions or requested changes.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Waterland", is written over a horizontal line.

Ron Waterland
Environmental Manager
Wharf Resources

Enclosed

xc: Mike DeFea, DENR
Mike Cepak, DENR
Ken Nelson, WR

No. 1666A-1

Water Rights Program - DENR
Conversation File Documentation

NAME OF PERSON OR FILE: Water Right No. 1666A-1, Golden Reward

ADDRESS: COUNTY: Lawrence County

DATE: August 14, 2015 TELEPHONE:

RE: Call from Ron Waterland

Mr. Waterland called in regard to our previous phone conversation about whether Golden Reward has past records of the flow at the gaging station on Stewart Gulch. Previously he said he'd need to go to the place where records are kept and check.

He indicated they do have past records. He said they continue for a surface water discharge permit and send in their "DMR". The weir at the gaging station site has boulders in it. Golden Reward does not currently have the capability to operate the gage on a continuous basis.

NAME: Eric Lundberg



DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

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

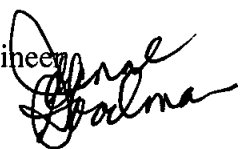
September 10, 2015

denr.sd.gov

NOTICE OF HEARING

TO: Ron Waterland, Environmental Manager
Wharf Resources
10928 Wharf Road
Lead SD 57754-9710

Kelly Hepler, Secretary
Department of Game, Fish and Parks
523 E Capitol Avenue
Pierre SD 57501

FROM: Jeanne Goodman, Chief Engineer
Water Rights Program 

SUBJECT: Notice of Hearing on Removal of a Qualification to Water Right No. 1666A-1, Golden Reward Mining Company, LP

Golden Reward Mining Company has requested removal of a qualification to Water Right No. 1666A-1 that requires the company to operate a continuous recording flow gauging station on Stewart Gulch in Lawrence County. Water Right No. 1666A-1 appropriates 0.83 cubic feet of water per second from one well known as the Bonanza well for commercial, industrial and domestic purposes. Attached is Water Right No. 1666A-1, the staff report and the recommendation prepared on the request to remove the qualification.

The qualification originated in 1988 when the company filed four water permit applications for industrial and domestic use purposes in a heap leach ore-processing facility. The Department of Game, Fish and Parks filed a petition as an interested party and presented testimony at the time of the hearing. Concerns were expressed at the time of the potential detrimental impacts to the cold water flow in Stewart Gulch. The Water Management Board approved three of the applications and denied the application that sought to divert water from the Bertha mining workings which contribute to the water flow in Stewart Gulch. The three approved permits all included the qualification for the gauging station. Over the years, these permits were incorporated into one water right from one well completed into Crystalline Rock.

The Chief Engineer recommends deletion of the qualification on Water Right No. 1666A-1 regarding the requirement for a continuous recording flow gauging station on Stewart Gulch since the diversion of water developed is not anticipated to effect the flow of water in Stewart Gulch. The Chief Engineer's recommendation is not final or binding upon the Board.

The Water Management Board will consider the request for removal of the qualification to Water Right No. 1666A-1 at 9:00 AM on Wednesday, October 14, 2015, in the Pierre Chamber of Commerce, 800 West Dakota Avenue, Pierre SD. The agenda time is an estimate. Written notice will be provided if there is a change to the hearing time or date.

Questions regarding the hearing process may be directed to Eric Gronlund, Water Rights Program at (605) 773-3352 or eric.gronlund@state.sd.us.

enclosures

c: Ann Mines-Bailey, Assistant Attorney General
Leslie Murphy, Department of Game, Fish and Parks

CERTIFICATION

I hereby certify that on September 10, 2015, I have personally deposited with the United States mail at Pierre, South Dakota, first class postage, prepaid envelopes containing a Notice dated September 10, 2015, regarding scheduling a hearing regarding removal of a qualification to Water Right No. 1666A-1, as addressed below:

Ron Waterland
Environmental Manager
Wharf Resources
10928 Wharf Road
Lead SD 57754-9710

Sent Inter-office to:

Ann Mines-Bailey, Assistant Attorney General
1302 East Highway 14, Suite 1
Pierre SD 57501-8501

Leslie Murphy
Department of Game, Fish and Parks
Joe Foss Building
523 E Capitol Avenue
Pierre SD 57501

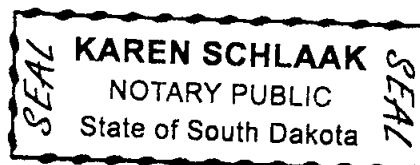
Kelly Hepler, Secretary
Department of Game, Fish and Parks
Joe Foss Building
523 E Capitol Avenue
Pierre SD 57501


Gail Jacobson
Water Rights Program, DENR

STATE OF SOUTH DAKOTA)
) SS
COUNTY OF HUGHES)

Sworn to, before me, this 10th day of September, 2015


Karen Schlaak
Notary Public
My Commission expires April 1, 2019





**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

denr.sd.gov

**RECOMMENDATION OF CHIEF ENGINEER ON REQUEST TO REMOVE
QUALIFICATION ON WATER LICENSE NO. 1666A-1, Golden Reward Mining Co. LP**

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 License No. 1666A-1, Golden Reward Mining Co. LP, c/o Ron Waterland, Environmental Manager, 10928 Wharf Rd, Lead SD 57754.

The Chief Engineer is recommending deletion of the qualification on Water License No. 1666A-1 regarding the requirement for a continuous recording flow gauging station on Stewart Gulch at the existing site below the Bertha Mining workings outflow and above the confluence of Whitetail Creek. The basis for the recommendation to remove the qualification is diversion of water from the Bonanza well authorized by Water License No. 1666A-1 is not anticipated to effect the flow of water in Stewart Gulch.

See report on the request for additional information.

Jeanne Goodman, Chief Engineer
September 10, 2015

REPORT TO CHIEF ENGINEER ON REQUEST TO REMOVE A QUALIFICATION ON WATER RIGHT NO. 1666A-1, GOLDEN REWARD MINING CO., LP

The Chief Engineer received a letter on June 22, 2015, from Ron Waterland, Environmental Manager, for Wharf Resources. Golden Reward Mining Company (Golden Reward) is controlled by Water Resources. The request is for removal of a qualification regarding continuing to operate a continuous recording flow gaging station on Stewart Gulch that is placed on Water Right No. 1666A-1. Specifically, the qualification requires Golden Reward to continue to operate a continuous recording flow gaging station on Stewart Gulch at the existing site below the Bertha Mine workings outflow and above the confluence of Whitetail Creek. The basis for Golden Reward's request is that the mining operation is much reduced and the qualification is no longer valid.

Water Right No. 1666A-1 was licensed July 11, 2015 based on an investigation by staff engineer Mike DeFea regarding the level of development. The water right appropriates 0.83 cubic feet of water per second (cfs) from one well known as the Bonanza well and a holding pond located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ and the SW $\frac{1}{4}$ SW $\frac{1}{4}$ respectively in Section 6, T4N-R3E in Lawrence County. The use is commercial, industrial and domestic purposes.

The qualification in question originates in 1988 when Golden Reward filed four water permit applications for diversions of water for industrial and domestic use purposes in a heap leach ore-processing facility operated by Golden Reward. This report will provide background on the past permitting that through incorporation resulted in Water License No. 1666A-1 and whether a need exists for the qualification requiring a continuous recording flow gaging station.

The Stewart Gulch gaging station has not been in operation since at least 2008 and likely not since reclamation of the area occurred in the late 1990's. A metal weir remains in place in the channel but has not been maintained and is filled with boulders. (Ron Waterland, personal communication on July 30, 2015)

BACKGROUND

Golden Reward Mining Company filed four applications for appropriations in April 1988 to appropriate water from sources for use in their mining operation. Appendix A provides a reference to the location of the applications relative to one another. The applications were:

Application No. 1438-1 sought to appropriate 0.67 cfs from one well, 365 feet deep, completed into the Deadwood Formation located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 7, T4N-R3E. This well is known as the Astoria well.

Application No. 1439-1 sought to appropriate 0.33 cfs from one well, 300 feet deep, completed into the Deadwood Formation located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 7, T4N-R3E. This well is known as the Hannibal well.

Application No. 1440-1 sought to appropriate 0.28 cfs of impounded ground water from dewatering of mine pits and impounded runoff water from precipitation falling on the proposed

mine site. Runoff water from areas disturbed by mining operations were also impounded by sediment control traps and by the primary pit water storage area. Groundwater seeping into mine pits located within the proposed site was to be diverted to the primary pit storage area. The impounded surface and groundwater would be used for industrial purposes. DENR was contacted in 1994 that the pit was to be back filled with a pipe installed that would in effect be a well so that diversion could still be made. DENR allowed this since the original application was processed in part as being groundwater. Ken Buhler's 1998 licensing investigation of these permits and Permit No. 1666-1 (discussed later), documents the well to be a directional drill hole 560 feet long and 97 feet deep located in the NE ¼ SW ¼ Section 6, T4N-R3E. This well is known as the Bonanza well.

Application No. 1441-1 sought to appropriate 0.22 cfs from one well approximately 100 feet deep. This well was to be completed into the Bertha Mine workings which contribute to the water flow in Stewart Gulch. The application proposed that no water will be diverted from the well when the flow in Stewart Gulch is equal to or less than 150% of the previously recorded minimum flow. The well was to supplement the wells specified on Application Nos. 1438-1 and 1439-1 to meet short term water demands that exceed average requirements and will be a back-up well in the event of pump failure in the other two wells.

At the time the Chief Engineer John Hatch recommended approval of all the applications with qualifications. One of the qualifications was:

That Golden Reward Mining Company install and operate a continuous recording flow gaging station on Stewart Gulch at a site below the Bertha Mine Workings outflow and above the confluence with Whitetail Creek.

A hearing was held before the Water Management Board on July 27, 1988. At hearing, Water Permit Nos. 1438-1, 1439-1 and 1440-1 were approved with the above qualification. Application No. 1441-1 was denied. The Board's findings stated that at critical times of the year, the water of Stewart Gulch contributes over 40 percent of the flow to Whitetail Creek. In summary, the denial of the Application No. 1441-1 was based on detrimental impacts of this cold water flow to Stewart Gulch, and, thereafter to Whitetail and Whitewood Creeks necessary for the propagation of fish. The Board's decision also involved consideration of Black Hills Power and Light and Homestake Mining Company's discharge permits which were based on existing flows in Whitetail and Whitewood Creeks.

In the case of the approved applications, the Board found there is a reasonable probability that there is unappropriated water available for the proposed use. Since only limited flow data was available for Stewart Gulch and impacts of proposed groundwater withdrawal on spring flows and stream flows are uncertain, the Board retained jurisdiction of the approved permits which was to be exercised prior to licensing.

Application No. 1666-1 was filed in March of 1998, proposing to appropriate 0.55 cfs by increasing the diversion rate authorized by Water Permit No. 1440-1 (Bonanza well). The application was filed based on a 1996 licensing investigation by staff engineer Ken Buhler which found the diversion from the Bonanza well was greater than the permitted amount. Permit No.

1666-1 was approved by the Water Management Board including the same qualification for continuous recording flow gaging station on Stewart Gulch at the existing site below the Bertha Mine Workings outflow and above the confluence with Whitetail Creek. Water License No. 1666-1 was then issued based on the 1996 staff investigation. Water License No. 1666-1 incorporated Water Permit Nos. 1438-1, 1439-1 and 1440-1 for a total appropriation of 1.83 cfs from the Astoria, Hannibal and Bonanza wells.

Application No. 1666A-1 filed in May of 2002, proposed to amend Water License No. 1666-1 to include commercial use to allow water to be pumped from the three wells to existing holding ponds and then used for snow-making purposes at Terry Peak Ski area. Permit No. 1666A-1 was approved but did not include any qualifications, most notably the condition requiring the gaging station. Staff engineer Mike DeFea conducted an on-site investigation of No. 1666A-1 for the purpose of licensing. This investigation found that only the Bonanza well and one holding pond were still in use. The Astoria and Hannibal wells were no longer in use as part of the mining operation or snowmaking process. Water License No. 1666A-1 incorporated Water License No. 1666-1 and was issued for 0.83 cfs from the Bonanza well and the one holding pond.

Since Water License No. 1666A-1 incorporated No. 1666-1, the qualification requiring the gaging station in Stewart Gulch was placed on Water License No. 1666A-1. This led Golden Reward to the request removal of the qualification from the water right. The request states the basis for having this qualification was relative to active mining in and around Stewart Gulch. The scope of the mining operation is much reduced and the qualification is no longer valid.

REVIEW

The Minerals and Mining Program was consulted regarding the present status of mining in the area. Historically, mining activities at the Golden Reward mine have had a much greater and more direct impact to the Stewart Gulch drainage than is currently being performed or planned at the mine. There has not been mining at this site from 1998 through 2013. The mine was in full reclamation as of 2001 and reclamation was considered complete and placed into post closure in 2009. The Harmony Pit along the western edge was reopened for mining in 2014. Harmony Pit is at the base of Terry Peak and located at the headwaters of Fantail Creek. While it is possible that new mining could intercept underground mine workings which could serve as a groundwater conduit to old mine workings in Stewart Gulch, based on information available on the historic mine workings the impact is likely minimal as there is only one known connecting tunnel to the mines along Stewart Gulch. Current mining activities are anticipated to have little impact to Stewart Gulch and past flow records are adequate to determine baseline flows at the site (Mike Cepak, Minerals and Mining Program, email July 22, 2015).

Appendix A is a map showing the proximity of Bonanza well and the abandoned Astoria and Hannibal wells in relation to Stewart Gulch and the Bertha mine workings which was the primary area of concern in the 1988 hearing. Appendix B is a 2014 Farm Service Agency's aerial photograph of the site showing current mining activity on the western edge at the headwater to Fantail Gulch.

The Bonanza well is located approximately ½ mile north of Stewart Gulch. The well is not within a direct groundwater gradient to Stewart Gulch. Therefore withdrawals from this well are not expected to have an impacts to stream flow in Stewart Gulch.

Since the approval of permits in 1988 and the period during Golden Reward's permitted diversions, DENR has not conducted an analysis to compare ground water withdrawals to stream flows. The qualification requiring the gaging station has been in place for 27 years. In that time period, there have been no complaints or DENR investigations regarding diminishment of flow in Stewart Gulch.

There was a USGS gaging station on Whitetail Creek at Lead that was in place from October 1988 through September 1998. This relates closely to when the Golden Reward permits were approved and when mining ceased in this area of Stewart Gulch. Figure 1 is a hydrograph of the flow records on Whitetail Creek during this period of time.

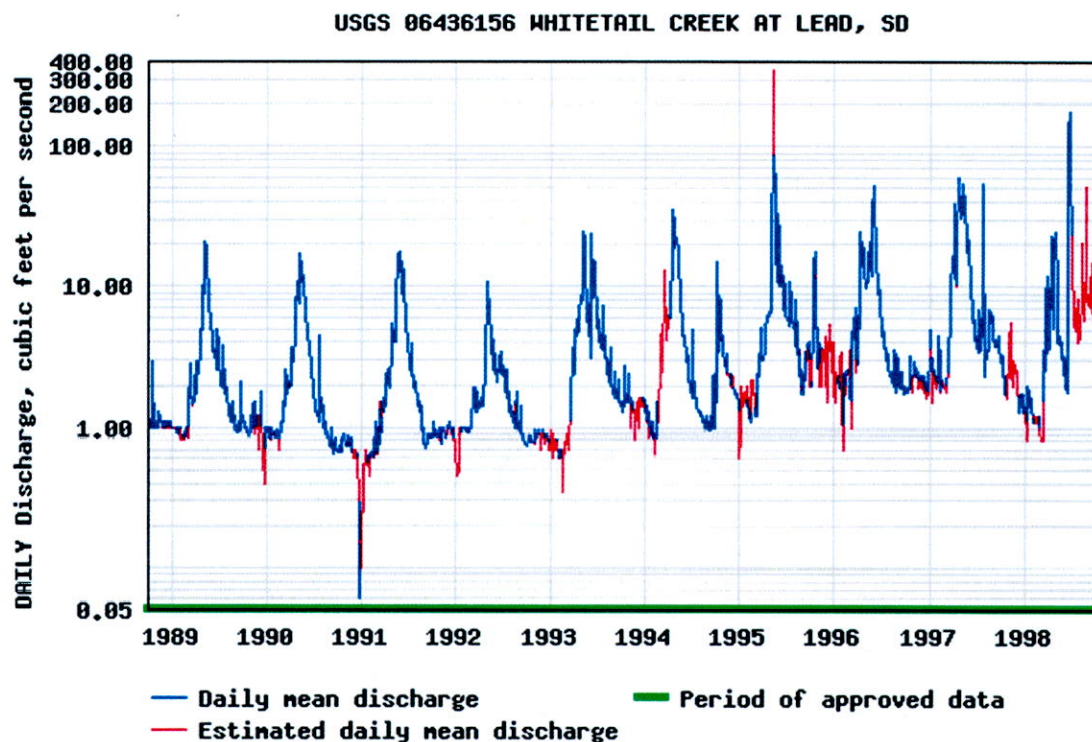


Figure 1 – Whitetail Creek gaging station at Lead SD for October 1988 through September 1998

The hydrograph shows seasonal fluctuations in creek flow. Overall the record indicates during the period of time the gaging station was operational there is a slight increasing trend in the base flow in Whitetail Creek. The gaging station was located approximately 2.4 miles downstream of Stewart Gulch's confluence with Whitetail Creek and there are other contributing drainages within this reach. The gaging station data is of value in determining whether there were impacts to flow within the drainage basin during Golden Reward's operation. Stewart Gulch's contributing flow to Whitetail Creek and Whitewood were factors in the Board's consideration of the applications in 1988. At the time of hearing in 1988, the Board concluded that at certain critical times of the year, the water of Stewart Gulch contributed over 40 percent to the flow of Whitetail Creek. If diversions from the Bonanza, Hannibal or Astoria wells were diminishing

flow in Stewart Gulch during Golden Reward's operations from 1988 - 1998, Whitetail Creek flows do not reflect a decrease in flow. Since Stewart Gulch is a large contributor to Whitetail Creek's flow, it can be concluded that there was not a significant loss of flow due to Golden Reward's diversion.

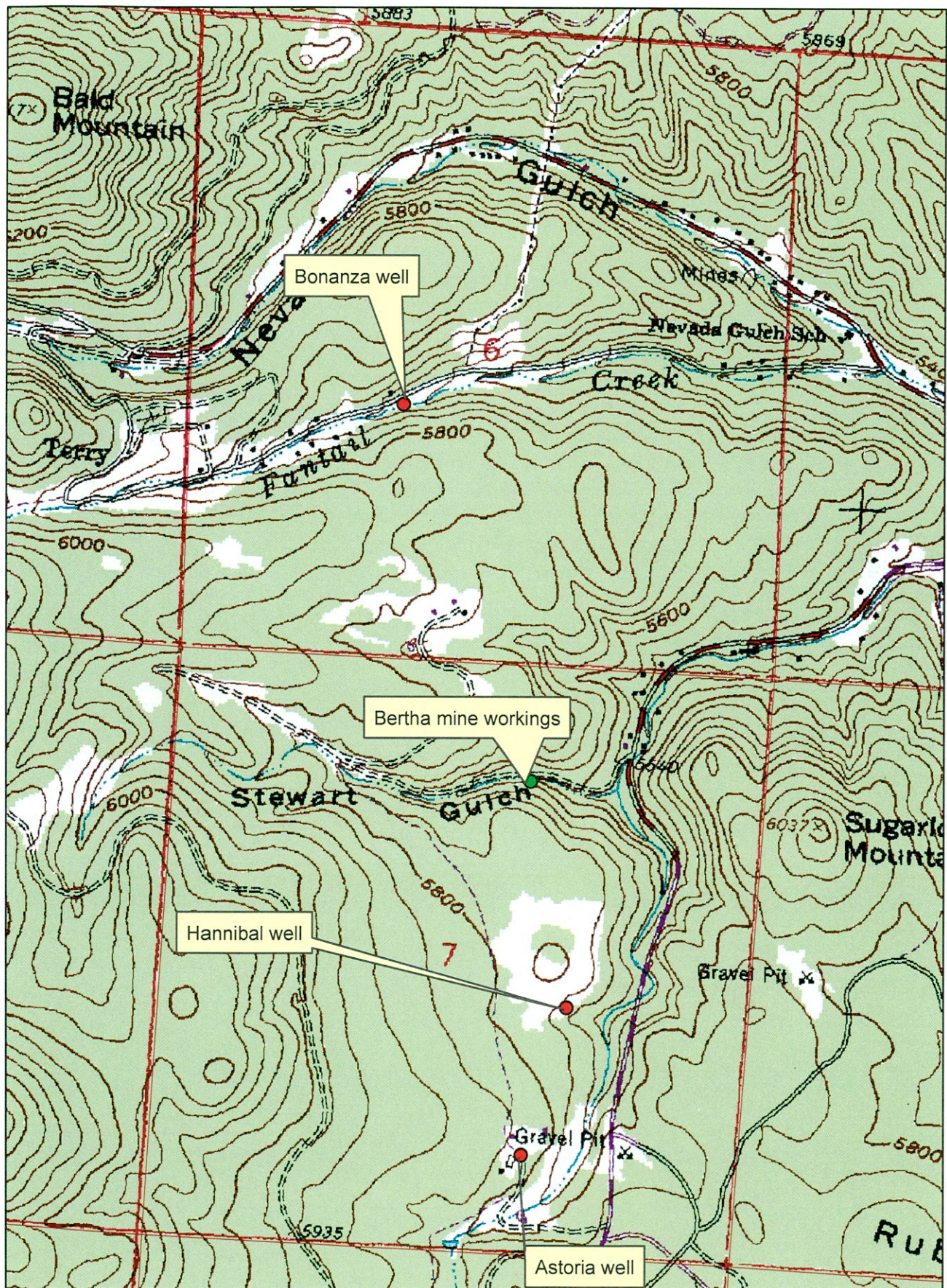
Golden Reward has requested removal of the qualification on Water License No. 1666A-1 requiring them to maintain a continuous recording gaging station on Stewart Gulch. The gage has not been in operation for a number of years. There is no evidence that Golden Reward's diversions from the Bonanza well authorized by Water Right No. 1666A-1 have impacted flow in Stewart Gulch.

CONCLUSIONS

1. Water License No. 1666A-1 appropriates 0.83 cfs from a well known as the Bonanza well.
2. The water license was issued with the qualification dating back to 1988 that Golden Reward continue to operate a continuous recording flow gaging station on Stewart Gulch.
3. The Hannibal and Astoria wells are no longer in use by Golden Reward.
4. Golden Reward has requested the qualification regarding the gaging station be removed from the water license.
5. The Bonanza well is not within a direct groundwater gradient to Stewart Gulch.
6. Current mining activities are anticipated to have little impact to Stewart Gulch.
7. Stewart Gulch is a large contributor of flow to Whitetail Creek.
8. A gaging station on Whitetail Creek in operation for ten years when Golden Reward mined in Stewart Gulch did not show decrease in flow.
9. There have been no known complaints regarding impacts to Stewart Gulch's flow in the past 27 years since the permit was approved.
10. The qualification requiring the continuous recording flow gaging station on Stewart Gulch can be removed.



Eric Gronlund
Natural Resources Engineer III
Water Rights Program, DENR



Appendix A - Approximate location of wells and denied application from Bertha mine workings in reference to Stewart Gulch



Appendix B - Location of active mining (2014 FSA aerial)

STATE OF SOUTH DAKOTA
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
WATER MANAGEMENT BOARD

IN THE MATTER OF THE REQUEST)
OF GOLDEN REWARD MINING)
COMPANY LP TO DELETE A)
QUALIFICATION ON WATER RIGHT) ORDER
NO. 1666A-1.)

Golden Reward Mining Company LP ("Golden Reward") filed a request with the Chief Engineer of the Water Right Program to delete the qualification on Water Right No. 1666A-1 requiring a continuous recording flow gaging station on Stewart Gulch at a site below the Bertha Mine workings outflow and above the confluence of Whitetail Creek. The request came on regularly to be heard before the Water Management Board ("Board") on the 14th day of October, 2015, in Pierre, South Dakota. Attorney Max Main, Belle Fourche, South Dakota, appeared as counsel for Golden Reward, and Assistant Attorney General Ann Mines-Bailey appeared as counsel for the Water Rights Program. The Board having considered Golden Reward's request, the evidence introduced during the hearing, the Chief Engineer's Recommendation, and the arguments of counsel, and good cause appearing therefore, it is hereby

ORDERED, that the qualification on Water Right No. 1666A-1 requiring a continuous recording flow gaging station on Stewart Gulch at a site below the Bertha Mine workings outflow and above the confluence of Whitetail Creek be, and the same hereby is, deleted.

Dated this 14th day of October, 2015.

WATER MANAGEMENT BOARD

By Chad A. Comos

Chad A Comos
Printed Name

Its: Chairman



DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES

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

denr.sd.gov

October 27, 2015

NOTICE

TO: Ron Waterland, Environmental Manager
Wharf Resources
10928 Wharf Road
Lead SD 57754-9710

FROM: Jeanne Goodman, Chief Engineer
Water Rights Program

SUBJECT: Removal of a Qualification to Water Right No. 1666A-1, Golden
Reward Mining Company, LP

The Water Management Board granted Golden Reward Mining Company's request to remove the qualification on Water Right No. 1666A-1 that required the company to operate a continuous recording flow gaging station on Stewart Gulch in Lawrence County.

Enclosed is the Board's Order deleting the qualification and the reissued water license.

Questions regarding the Board's action may be directed to Eric Gronlund, Water Rights Program at (605) 773-3352 or eric.gronlund@state.sd.us.

enclosures

c: Ann Mines-Bailey, Assistant Attorney General
Max Main, 618 State Street, Belle Fourche SD 57717-1489

CERTIFICATION

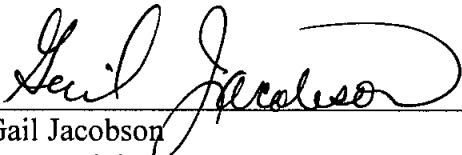
I hereby certify that on October 27, 2015, I have personally deposited with the United States mail at Pierre, South Dakota, first class postage, prepaid envelopes containing a Notice dated October 27, 2015, regarding removal of a qualification to Water Right No. 1666A-1, as addressed below:

Ron Waterland
Environmental Manager
Wharf Resources
10928 Wharf Road
Lead SD 57754-9710

Max Main
618 State Street
Belle Fourche SD 57717-1489

Sent Inter-office to:

Ann Mines-Bailey, Assistant Attorney General
1302 East Highway 14, Suite 1
Pierre SD 57501-8501



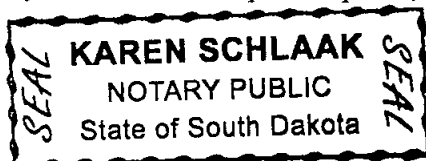
Gail Jacobson
Water Rights Program, DENR

STATE OF SOUTH DAKOTA)
) SS
COUNTY OF HUGHES)

Sworn to, before me, this 27th day of October, 2015



Karen Schlaak
Notary Public
My Commission expires April 1, 2019



STATE OF SOUTH DAKOTA
REISSUED WATER LICENSE NO. 1666A-1

(1) Golden Reward Mining Co., LP, 10928 Wharf Rd., Lead SD 57754 was issued Water License No. 1666A-1 on June 11, 2015 for a water right to divert 0.83 cubic feet of water per second from ground water (one well and a holding pond) for commercial, industrial and domestic purposes. The project is located in Lawrence County, South Dakota.

The original water license contained a qualification requiring Golden Reward Mining Company LP to continue to operate a continuous recording flow gaging station on Steward Gulch below the Bertha Mine workings outflow and above the confluence of Whitetail Creek. On October 14, 2015, at the request of the water right holder and based on evidence presented at the hearing, the Water Management Board removed the qualification requiring this continuous recording gaging station. Water License No. 1666A-1 is being reissued to reflect the Board's action.

(2) It is certified that the water right 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 0.83 cubic feet of water per second for beneficial use. The location of the diversion points are as follows:

Bonanza Well: 2,245 feet north and 1,950 feet east of the SW corner of Section 6-T4N-R3E
(N 44.33524, W -103.80778) (NE ¼ SW ¼)

Holding Pond: 1,285 feet north and 1,115 feet east of the SW corner of Section 6-T4N-R3E
(N 44.33243, W -103.81075) (SW ¼ SW ¼)

(3) The water right holder has complied with the provisions of South Dakota State Law relating to the application of water to beneficial use.

(4) Pursuant to South Dakota Water Law 46-5-30.1 Golden Reward Mining Co., LP, 10928 Wharf Rd., Lead SD 57754 the holder and/or owner of Incorporated Water Right No. 1666A-1 is issued a license to appropriate water, the right to use 0.83 cubic feet of water per second from ground water (one well and a holding pond) with priority dates of April 11, 1988 (0.28 cfs) and March 17, 1998 (0.55 cfs) from the locations specified in (2) of this license for commercial, industrial and domestic purposes.

This license is subject to South Dakota Water Law, any limitations or conditions listed in Incorporated Water Right No. 1666A-1 and subject to the following qualification:

- Water Right No. 1666A-1 is subject to compliance with applicable provisions of the following Water Management Board Rules:
 - a) Chapter 74:54:01 Ground Water Quality Standards,
 - b) Chapter 74:54:02 Ground Water 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

continued

- 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

Jeanne Goodman

Jeanne Goodman, Chief Engineer

Water Rights Program

Department of Environment and Natural Resources

OCT 27 2015

date

