

WATER PERMIT NO. 1746-1

Name of Applicant: Kaski Homes, Inc.

Address: PO Box 341, Piedmont SD 57764

Phone: 605 331-0727

Amount of Water Claimed: 0.1 cfs

Total Acres: NA

Source of Water Supply: groundwater (one well)

Water to be used for: suburban housing development

County: Meade

Type of Waste Disposal System:

Location: 2 miles north of Black Hawk

PRIORITY Date Received: 2-15-2001

Fee: \$50.00

Corrected Application Received:

Period of Annual Use: January 1 – December 31

Remarks:

Diversion Point: SE ¼ SE ¼ Sec 29-T3N-R7E

Land to be Irrigated: NA

Depth of Well: 1400 feet deep

Well Driller: :

Remarks:

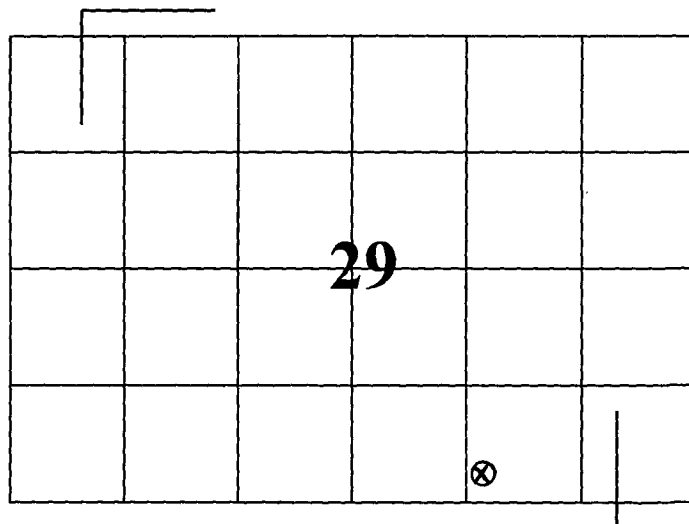
Type of Map: topo

Prepared by: Mark Mayer, P.E.

Reviewed and the Number Assigned on: 2-15-2001

By: **Karen Schlaak**

Notice of Hearing - date to intervene: _____



Mail to: Water Rights Program Joe Foss Building 523 E. Capitol Pierre, SD 57501-3181 (605) 773-3352	(office use only) No. <u>1746-1</u>	Hydrologic Unit <u>10120202</u>
	Basin <u>Belle Fourche River</u>	
	Newspaper <u>Meade Co. Times/Tribune, Sturgis</u>	
	<u>57785</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 Kaski Homes Inc. Phone (605) 381-0727
(check one) ☒ Owner ☐ Tenant/lessee
Mailing Address P.O. Box 341 Piedmont State SD 57764
(Street, RR, or Box) (Zip Code)
- Amount of water claimed 0.1 *CFS or 45 **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 New well Minnelusa fm.
- Location of point of diversion (example - 3 wells in SW1/4 NE1/4 section 12-T104N-R53W) 1 well in East 1/2 of
South East 1/4 of Section 29 Range 7 East T-5N-14E BHM
(SE 1/4 SE 1/4) Sec 29-T3N-R7E County Meade
- County or counties where water will be used Meade
- Annual period during which water is to be used Yearly Jan. 1-Dec 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)
See Attached

STATE OF SOUTH DAKOTA)

County of Meade) 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, Ryan Kaski of Kaski Homes Inc., 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 Ryan Kaski

Subscribed and sworn to before me this 16 day of Jan 2001

Judith A. Bryant
May 5 2001 Notary Public

**SOUTH DAKOTA
WATER PERMIT NO. 1746-1**

Date of first receipt of application February 15, 2001.

The Chief Engineer, on behalf of the Water Management Board, issues Water Permit No. 1746-1 to Kaski Homes, Inc., PO Box 341, Piedmont SD 57769 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. 1746-1 appropriates 0.1 cfs (45 gallons per minute) from one well (Minnelusa Formation) approximately 1400 feet deep located in the SE ¼ SE ¼ Section 29-T3N-R7E.
2. The water appropriated shall be used for the purpose of supplying water for a suburban housing development 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. 1746-1 is April 23, 2001.
5. The date from which applicant may claim right is February 15, 2001.
6. One-fifth of the construction is to be completed on or before October 23, 2003.
7. All construction is to be completed on or before April 23, 2006.
8. Water is to be put to beneficial use on or before April 23, 2010.
9. Water rights obtained in compliance with the laws of the State of South Dakota may not be unlawfully impaired by this appropriation.

QUALIFICATION

The well approved under this Permit will be located near domestic wells and other wells which may obtain water from the same aquifer. The well owner under this Permit shall control his withdrawals so there is not a reduction of needed water supplies in adequate domestic wells or in adequate wells having prior water rights.

WATER MANAGEMENT BOARD

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

MAY 02 2001

date



Supplemental Information

(type or print in ink)

1. Well Information - Proposed Construction

- a) Drill Hole Diameter 7 7/8" Depth Approx 1400
- b) Casing Type New Steel Diameter 5 1/2" Thickness .025
- c) Screen Type NA Diameter _____ Thickness _____
- d) Gravel Pack NA Length of Gravel Pack _____
- e) Depth to Top of Water Bearing Material Approx 1360
- f) Depth to Water (ground surface to water level) Approx 300
- g) Distance to nearest existing domestic well:
- On applicants property NA On property owned by others Approx 800'

2. Wastewater Disposal System Information

- a) Type of System (i.e. septic tank, drain field) Septic Tank with Drain Field (individual lots)
- b) System Capacity (gallons) 1500 Year Constructed NA
- c) Connected to the City of _____ Sanitary System

3. Dugout Information

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

4. Water Storage Dams

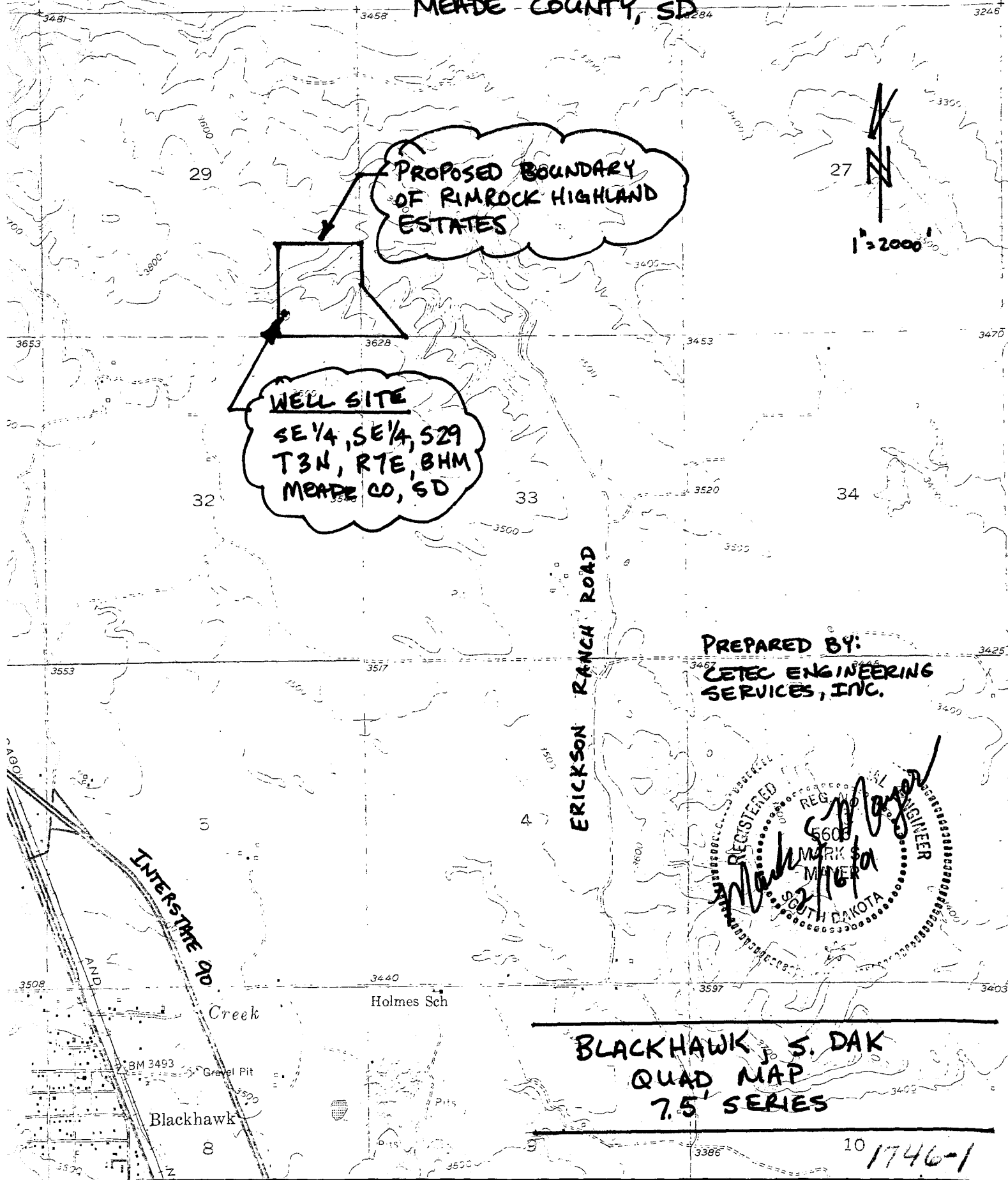
If the proposed water use system contains one or more storage dams, please furnish the information requested below for each dam. The locations of the dams need to be shown on the map submitted with the application.

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

NA

- 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

MAP OF WELL SITE FOR
RIMROCK HIGHLAND ESTATES
HOUSING SUBDIVISION
MEADE COUNTY, SD



PROPOSED BOUNDARY
OF RIMROCK HIGHLAND
ESTATES

WELL SITE
SE 1/4, SE 1/4, S29
T3N, R7E, BHM
MEADE CO, SD

1" = 2000'

PREPARED BY:
CETEC ENGINEERING
SERVICES, INC.

REGISTERED PROFESSIONAL ENGINEER
MARK MAYER
SOUTH DAKOTA
5608

BLACKHAWK, S. DAK
QUAD MAP
7.5' SERIES

10 1746-1

07-92

Date: _____ PROGRAM _____



RECEIPT

Water Rights Program

South Dakota Department of Environment and Natural Resources

N2 416765

Pierre, February 12, 2001

RECEIVED OF Kaski Homes, Inc., PO Box 341, Piedmont, SD 57769

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

Fee for Application for Permit No. 1746-1 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. 1746-1 _____

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 Erbele
Chief Engineer

gm

**RIMROCK HIGHLAND ESTATES
PUBLIC WATER SYSTEM
BUSINESS PLAN**

Prepared For:

Kaski Homes, Inc.
Ryan Kaski - Owner
PO Box 341
Piedmont, SD 57769

Prepared By:

CETEC Engineering Services, Inc.
Mark S. Mayer, P.E. - Project Manager
PO Box 9014
Rapid City, SD 57709

February 2001

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1. FACILITIES PLAN

1.1 Description of Water System

Rimrock Highland Estates is a proposed subdivision located in the W ½ SW ¼ Section 28, and the E ½ SE ¼ of Section 29, T5N, R7E, BHM, Meade County, South Dakota. The proposed water system is designed to provide domestic water service initially to 16 residential properties with provisions for an additional 12 lots as future development in the event that adjacent property owners may want to subdivide their property and extend the potable water system. Copies of the New Water System Application and Certification of Applicant can be found in Appendix A of this report.

The system will derive its water from a single well to be completed in early 2001 into the Minnelusa formation. A test well is being drilled currently into the Minnelusa formation and is expected to be approximately 1400 feet in depth with a depth to water bearing stratum about 1360 feet deep. The estimated static level is about 300 feet below the ground surface. A test well is currently being drilled and additional information will be made available as soon as the details are known.

The storage and distribution system will consist of PVC distribution mains, 6" size, and multiple precast concrete storage tanks. The tanks and well are located on a platted well lot in the highest area of the subdivision. Storage capacity of 30,000 gallons will be provided with 6,300 gallons to be considered operating storage and the remaining 23,700 gallons is considered emergency storage for emergency reserve in the event of a long-term power outage or well repair and limited fire fighting capabilities. The system is not designed nor intended to meet fire flows per AWWA M31. To meet M31 requirements, 60,000 gallons of fire storage (500 gpm for 2 hours) is needed. The proposed distribution main sizing will be 6" in size to accommodate higher flows in the event that additional storage is added to the proposed system in the future.

1.2 Area to be Served

The area served consists of mountainous, forested terrain. The development will be classified as a medium-density subdivision with a community water system and on-site septic systems for wastewater treatment and disposal. The average lot size will be approximately 3 acres.

The development will be strictly residential in nature and no commercial or industrial uses will be served by the system. Typical domestic uses including lawn and plant irrigation limited to near the structure will be served by the system. The terrain and tree density will not be conducive to large irrigated lawn areas and it is anticipated that most home Owners will want to have a natural setting for the majority of their property. Figure 1.1 shows the area to be served and the preliminary plat of Rimrock Highland Estates.

**1830 West Fulton Street
Rapid City, SD 57702
1021 Junction Avenue
Sturgis, SD 57785
Phone: (605) 341-7800
cetek@rushmore.com**

CETEC
Engineering Services Inc.

DESIGNED _____ MM
 DETAILED _____ LF
 CHECKED _____ MM
 APPROVED _____
 DATE _____ 01/25/01

WATER SYSTEM LAYOUT

SHEET DESCRIPTION:

**RIMROCK HIGHLAND ESTATES
MEADE COUNTY, SD**

PROJECT:

SHEET:

FIGURE 1.1

MONTGOMERY HILLS RANCHETTE ESTATES

END

CURB STOP W/BOX
CORPORATION STOPS
FIRE HYDRANT
GATE VALVE

Lot 12 CORNER
WATERSERVICE LINE
WATER LINE
:AY

Lot 2

TERMAIN = 3,589 FT.
VICE LINE = 395 FT.

JACKSON SUBDIVISION

Lot 8

Well Lot
A

CROSS
90° BE

45° BEND
22 1/2° BEND

Le

TABLE OF ESTIMATED QUANTITIES

ITEM	QUANTITY
5" PVC WATERMAIN	3589 LF.
6" GATE VALVE W/BOX	5 EA.
6"X6" CROSS	1 EA.
6"X6"X6" TEE	7 EA.
6"X6"X6" WYE	1 EA.
6" 90° BENDS	2 EA.
6" 45° BENDS	7 EA.
6" 22½° BENDS	7 EA.
6" 11¼° BENDS	5 EA.
6" MJ PLUGS	2 EA.
STD. FIRE HYDRANTS W/ISOLATION VALVE	5 EA.
1" HDPE SERVICE LINE	395 LF.
1" CORPORATION STOPS	16 EA.
1" CURB STOPS W/BOXES	16 EA.
5000 GALLON PRECAST CISTERN	6 EA.

'4SW1 / 4

February 03, 2001 12:21:04 p.m.
Drawing: SHI-1.DWG (FISH) (C:\CTEC\00137.POV)

1.3 Provisions for Extending Water Supply

As stated earlier, provisions will be made to extend the water system to the north. It is anticipated that the development will be expanded, adding an additional 8 lots. As shown on Figure 1.1, the newly platted subdivision is surrounded by previously platted subdivisions including Montgomery Hills Ranchette Estates, Westridge Subdivision, Erikson Subdivision, and McEwen Ranch Subdivision. The area identified as Tract 17 to the north is being considered for a second phase of Rimrock Highland Estates. It is estimated that an additional 8 residential lots could be developed in this area to the north. Also, as seen on Figure 1.1, the lots located in Erikson Subdivision are larger lots that, if a community water system is available, could be subdivided at some point in the future. An additional 4 connections have been included in the design results for extending service to the west, should this be requested in the future.

To accommodate these extensions, appropriate fittings and valves will be provided in the distribution system to allow extension and also isolation from the main system in event that a repair would be needed.

1.4 Population and Land Use Projections

The land use projections have basically been established by previous platting. All land use in the project vicinity is currently subdivided as low to medium density residential use. Commercial and industrial uses of the land in the vicinity do not exist and this type of use is restricted by the Declaration of Covenants for the Rimrock Highland Estates. Small amounts of agricultural uses are evident, however the terrain and existing vegetation do not allow for significant crop production.

The population projection will be developed at a design basis of 28 dwelling units (d.u.) connected to the system at full build-out. A typical number used to estimate population based on dwelling units is 3.2 people per dwelling unit. Using these numbers, a design population for the system will be $28 \text{ d.u.} \times 3.2 \text{ people/d.u.} = 89.6$ people. A design population of 90 people will be used in developing water usage later in the report.

It is estimated that approximately $\frac{1}{2}$ of the lots will be connected to the system within the first year of operation and that full build out of the initial 16 lots will be completed within 2 years of operation. Depending on the land acquisition for the second phase, the same numbers may apply to an overall development of 24 lots within 2-3 years of initial operation.

1.5 Forecast of Water Usage

CETEC Engineering has completed evaluations of several water systems in the Black Hills area, including a small subdivision of 24 lots located approximately 1.5 miles west of the proposed development. The Quaal water system serves a subdivision with of similar size and type. The conclusions from studies of the Quaal system as well as other municipally served suburban areas of Rapid City indicate the following data:

Location	Average Day (gpd/d.u.)	Average Day on Peak Month (gpd/d.u.)	Ratio of Average Day to Peak Month
Quaal Water System	233	471	2.02
Overall Rapid City Average	450	745	1.66
Wildwood Area	540	1100	2.04
Corral Drive Area	610	1580	2.59

As shown above, the use rate for the Quaal system is lower than municipal system values, however the historical data used to obtain the Quaal system data was during a series of wet years when the use for irrigation would be lower than normal.

The peak day (maximum 24 hour water use during an entire year) and peak hour (maximum rate of water use for a 1 hour period during an entire year) water use rates are not available from the Quaal system.

The ability of a water system to supply peak demands is based upon production capacity and storage volume. During periods of highest water use most water systems supply water from production sources and storage facilities working together. The peak day and peak hour demands determine if the combined production and storage facilities are adequately sized.

Statistical studies of water use patterns are available and were used to estimate peak day and peak hour usage. The following ratios of peak day and peak hour flows have been determined from studies of suburban residential areas in the Rapid City area.

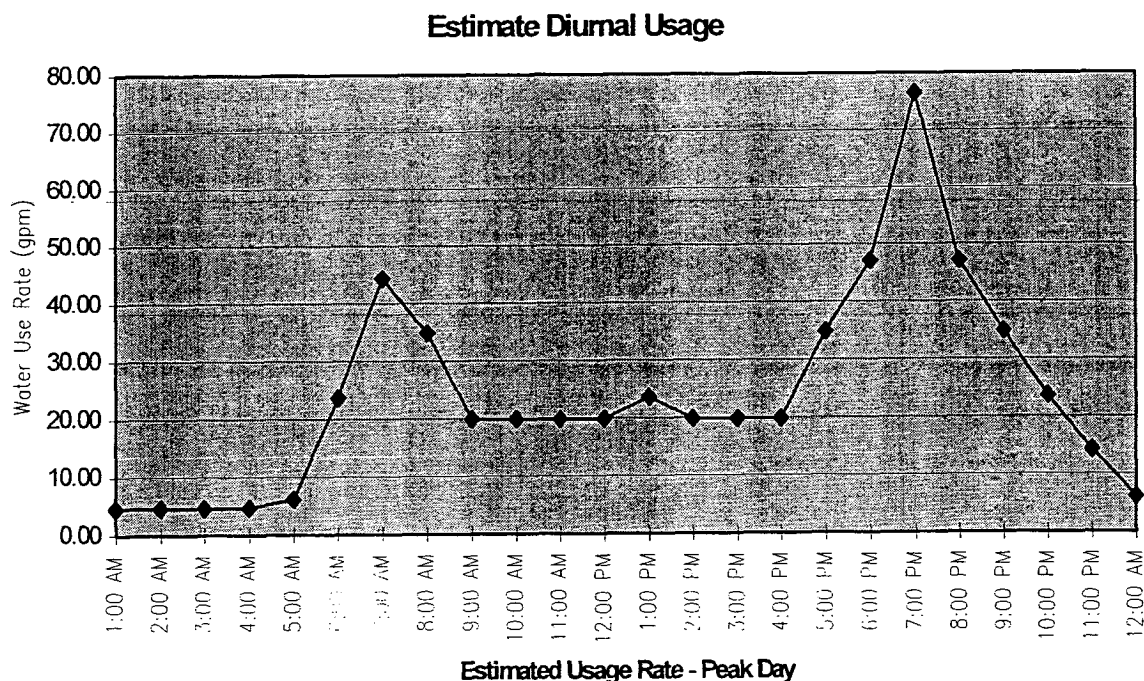
Parameter	Ratio
Peak Day to Average Day	4.6
Peak Hour to Peak Day	3.2

It was assumed that increasing the average day water usage rate by 15% was appropriate to account for a year with normal precipitation amounts and increases demand due to irrigation. The following summarizes the estimated design criteria for the Rimrock Highland Estates system:

Parameter	Criteria	Total for 28 Dwelling Units
Average Day	268 gpd/d.u.	7,504 gpd
Peak Day	1,230 gpd/d.u.	34,440 gpd
Peak Hour	2.7 gpm/d.u.	76.5 gpm

Dividing the average daily use of 7,500 gpd/d.u by the previously projected population of 90 people results in an average daily use of 83.4 gpcpd. This value is considered appropriate and within typical ranges for this type of water system.

The diurnal variation in water use over a 24-hour period was approximated from studies performed on other residential areas with lawn irrigation demands. This diurnal variation usually includes a relatively high use from about 6:00 AM to 8:00 AM, and an even larger peak between 5:00 PM and 9:00 PM. The following figure presents an estimated peak day flow pattern for the Rimrock system. The figure shows an estimated peak hour demand of 76.5 gpm occurring at about 7:00 PM on the peak day.



Well Pump Sizing:

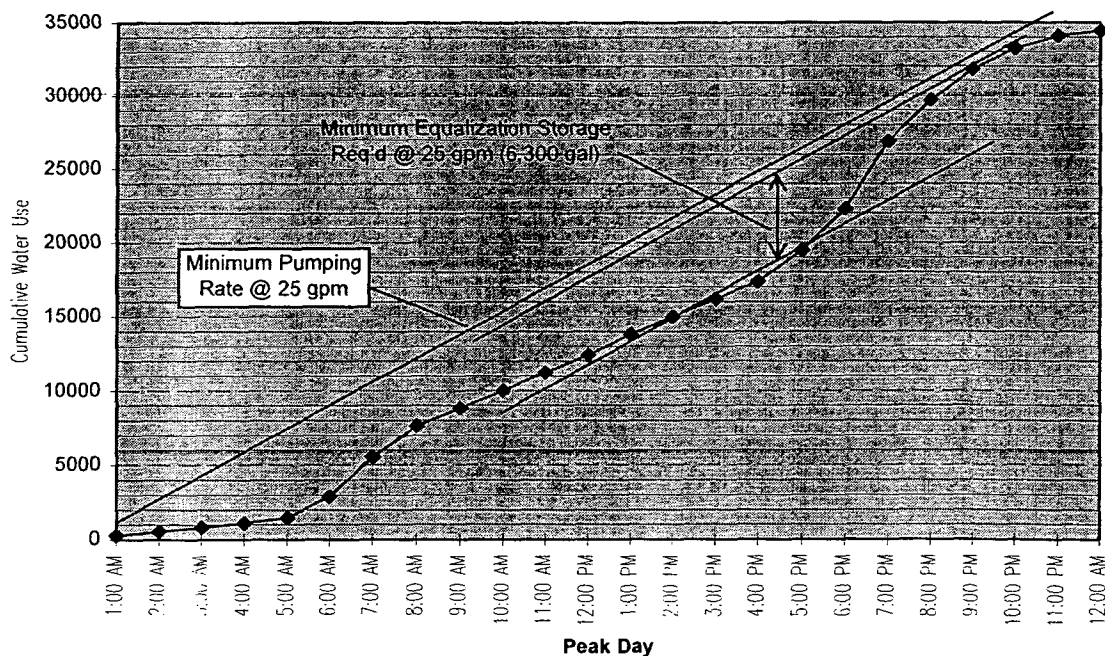
Using the estimated peak day demand of 34,440 gallons, a minimum pumping rate of 23.4 gpm is required to meet the peak day demand. This is the minimum value required to meet the projected demand, however it assumes that the pump will have to run continuously during peak day demand conditions. Rounding things up, the minimum design flow of the pump will be set at 25 gpm, providing a total production capacity of 36,000 gallons during sustained and continuous pumping. Because it is not desirable to depend on the well pumping continuously on peak days, a well pump of 35 gpm be installed providing the well can sustain this capacity.

The estimated average day usage of 7,500 gpd can be produced using a 25-gpm pump in 5 hours. A 40-gpm pump is intended to be provided, on average the well pump will run approximately 3 hours per day.

Storage:

Storage needs were based on the following graph that illustrates the cumulative water use. The graph presents the volume of water drawn from the reservoir to meet demands on the peak day. This storage volume is referred to as the "required equalization storage", and is the minimum required storage volume needed to avoid running out of water during the peak use period. The figure shows that approximately 6,300 gallons is required using a minimum pumping rate of 25 gpm. With a pumping rate of 35 gpm, the equalization volume is less and estimated to be approximately 3,900 gallons.

Estimated Equalization Storage



It is felt that the equalization storage of 6,300 gallons should be provided to ensure that if the well capacity is reduced over time, that the equalization storage will meet the needs of the peak day usage at the minimum recommended pumping rate.

Another important consideration for water systems such as Rimrock Highland Estates is to provide significant storage for emergency periods when the well is out of service due to mechanical or electrical problems. A general rule of thumb, but not a strict requirement, is that emergency storage equal to two to three days of average day demand should be provided. Based on the projected average day demand of 7,500 gpd, a minimum of 22,500 gallons should be provided to allow three days of average use for 28 dwelling units prior to running out of water.

1.6 Assessment of Drinking Water Compliance

The proposed well will be completed into the Minnelusa aquifer. The Black Hills area has many wells withdrawing from the same formation. Based on knowledge of existing wells in this formation, it is anticipated that the well will meet all current and foreseeable water quality regulations. A water rights permit has been completed and will be submitted to the Water Rights Program. Refer to Appendix A for a copy of the application.

Monitoring data is currently not available from the test well, once the well is completed, the well will be disinfected and a water quality sample will be analyzed to ensure that the water meets the drinking water quality standards. The test results will be added to this report once they become available. Additional testing will be completed during the first year of operation to document that the source water is meeting state drinking water standards. It is also anticipated that testing to obtain waivers for various requirements will be completed as part of the initial operation. If waivers can be obtained for requirements such as VOC's, SOC's, Lead and Copper, and other applicable water quality parameters, testing will be scaled back to a level consistent with state law. Sampling will

1.7 Alternative Plans

As noted earlier, several small subdivisions are located adjacent to the proposed system. Extension or expansion of the existing systems was ruled out due to the following factors:

- Topography is rugged and running transmission lines would be difficult.
- Existing systems are either too small, not meeting requirements of a public system and assumed that the existing Owners would not be motivated to incur additional costs to comply with public system requirements.
- Setting up a system to meet developer needs not cost effective.
- Utility easements through inaccessible property likely to be required and difficult to maintain.

- Systems would be more difficult to operate based on need for multiple pressure zones and costs for storage and pressure reducing or boosting will be higher.
- Due to timing and political factors, developing a stand alone system will be less restrictive and allow for developing a system tailored to the needs of the proposed subdivision.

It was therefore determined that the most cost effective solution for this subdivision was determined to be a separate system that will serve the proposed development and also allow for minor expansion to adjacent properties in the event they choose to subdivide.

1.8 Engineering Description

Distribution System:

The distribution system will consist of 6" PVC water main. The materials will meet ASTM D 2241 standard specifications for PVC Pressure-Rated Pipe. The piping will be rated as SDR 26 with a pressure rating of 150 psi. All fitting used shall be ductile iron, compact style with mechanical joints. Locator wire will be provided along all plastic pipe trenches.

The system varies in elevation significantly. Homes in the higher elevations will require individual pressure pump systems to provide adequate domestic and lawn irrigation supply pressures. The builder of the individual home will install the individual pressure systems. It is anticipated that home sites with less than 35 psi of static pressure will have in-home pressure pumping systems. The homes in the lower elevation areas of the system will require individual pressure reducing valves. The builder to limit the pressure to approximately 70-psi with pressures in excess of 75 psi will provide each home with a pressure-reducing valve.

Each home will be provided with an individual service line originating at the main with a 1" service saddle and corporation stops. Each lot will be provided with a 1" polyethylene water service line to a curb stop valve located at the property line. The individual lot Owner will then continue the water line to each home where the builder will provide individual meters. Individual meters at each home shall be a positive displacement type meter with remote reading capabilities. The meter heads shall also include a mechanical counter indicating gallons in increments of 100. The meters shall be ¾" in size meeting AWWA Standard C-700. The meters shall be a Schlumberger, Neptune T-10 or equal.

Shut-off valves and fire hydrants will be installed as shown in Figure 1.1 to provide operational control and flushing capabilities. The locations of the fire hydrants may vary slightly to ensure that high spots in the distribution system will be served with a hydrant to allow any trapped air to be vented from the main occasionally.

The shut-off valves will be a standard resilient seated gate valve with box. The valves will be a non-rising stem, solid wedge design meeting AWWA C-509 standards. All valve boxes will be provided with lids marked "water" and facilitate valve operation using a standard 2" operating nut and valve key.

The fire hydrants will be a standard hydrant with isolation valve and will meet AWWA C-502 requirements. Each hydrant will have a 5 1/4" main valve, 2 - 2 1/2 " hose nozzles and 1 - 4" pumper nozzle, National Standard Threads. The hydrants will be provided with a standard pentagon operating nuts.

A minimum of 6 feet of cover will be provided over all buried distribution and service line piping.

Storage:

Six - 5,000 gallon precast concrete cisterns are anticipated for providing the storage required for the system. The storage will be arranged such that half of the storage may be isolated using the appropriate valves and taken off-line, if needed, to perform maintenance tasks, while still providing useable storage for continuous system operations. The storage will be provided with sealed and locked access hatches and will be buried with approximately 3 feet of cover to provide frost protection.

Well Construction:

The well will be constructed in accordance with Chapter 74 of the SD Administrative rules. Further information regarding the particulars of construction will be amended and included in the operation and maintenance manual once additional information is known. In general, the well will be cased to the water-bearing stratum from which the water is to be withdrawn. The casing will be sealed to prevent contamination from the surface. The well pump will be set at the appropriate level as determined by the well driller based on the static and draw-down testing completed while constructing the well. The well will be fitted with a pitless unit to facilitate future maintenance activities.

A separate, above ground pump house will be constructed to house the well controls and chemical feed equipment. The well house will be of frame construction and heated to prevent damage to chemicals and equipment inside the facility due to winter conditions. The well house will be designed and constructed by the developer.

The well will be metered using a positive displacement 1 1/2 inch meter meeting AWWA C-700 requirements. The meter will have a register in which total gallons as well as a flow rate can be recorded. The meter shall be a Schlumberger, Neptune T-10 or equal. The well driller will complete the well house piping.

The well will be controlled using probe-type level sensors in the new storage tanks. The developer's electrician will be installing the well controls in conjunction with the well driller. The well driller will be setting the pump and submersible electric motor.

The well house will be equipped with a hypochlorite feed system to provide for a residual disinfection level in the distribution system. The chemical feed system will consist of a small 5gallon keg of hypochlorite solution and an adjustable metering pump to control the amount of chemical added to the water. The system will be sized to provide a residual chlorine level in the water to minimize the potential for bacterial contamination.

The chemical feed system will operate off of a switched outlet such that when the well pump is operating, the chemical metering pump is injecting chemical into the well water prior to entering the distribution system.

The chemical supply will be contracted out to a chemical supplier. When the chemical level is getting low, the system operator will notify the supplier that additional chemical is needed. This arrangement limits the exposure of handling chemicals by untrained people and adds reliability to the overall system operation because the chemical supplier will do a cursory inspection of the feed equipment while on-site changing the chemical container.

2. MANAGEMENT PLAN

2.1 Authority and Ownership

Kaski Homes, Inc. is the current Owner of the tract of land that is proposed for development of the initial 16 lots of the Rimrock Highland Estates Water System as illustrated in Figure 1.1 earlier in this document. Proof of ownership is presented in the form of a Warranty Deed found in Appendix B of this report. The Warranty Deed in an instrument that is filed with the Meade County Register of Deeds in Book 539, Page 875. The deed transfers ownership from the previous owners, Kevin Weiland and Laurie Weisensee to Kaski Homes, Inc. and is dated October 18, 2000.

Also included in Appendix B is a draft copy of Rimrock Highland Estates – Declaration of Covenants, Conditions, and Restrictions. This document will be finalized upon filing of the final platting document. The declaration identifies the authority and ownership of Kaski Homes, Inc. with regard to the water system. The declaration also includes language that will transfer ownership and operation of the water system to a road district, sanitary district or homeowner's association upon selling 13 of 16 lots.

2.2 Operating Plan

The operation of the system will initially be the responsibility of Kaski Homes, Inc. since they will have the majority interest in the development. As stated earlier, once 13 lots are sold within the first phase of the development, Ownership will be transferred to the appropriate authority within the current homeowners. The procedure for transfer of Ownership is outlined in the declarations found in Appendix B. The preferred plan is to have a road or sanitary district formed to govern the system. The reason the district option is the preferred method of ownership for the system is that a district has limited authority to assess taxes in the event of a shortfall in revenue. Additionally, if a district is the operating authority, they have limited authority to limit access to water if other fees are not paid, such as road maintenance fees.

If the system is operated under the auspicious of a homeowner's association, there is not the ability to assess taxes to generate additional revenue if it is required. Additionally, if an association sends out a bill that includes water and road maintenance costs, the association can not turn off someone's water for non-payment of the road portion of the bill.

The district form of authority must be voted on by the individual landowners (qualified voters) if passed, the district would be set up with appropriate by-laws and a three member elected board.

Regardless of the managerial structure for operating the system, each lot owner will be required to sign a standard water user agreement as discussed in the declarations.

The water user agreement is a contract between the water system operators and the lot owner to ensure that the responsibilities of each party are clearly defined. An example of a water service agreement can be found in Appendix B along with the draft declarations. The examples found in Appendix B are for two types of users, the first is for a lot owner who is hooked up to the system and is using the water for domestic purposes. The contract outlines the monthly costs for the water, initial hook-up costs, and operational responsibilities of the homeowner as well as the owner's obligations.

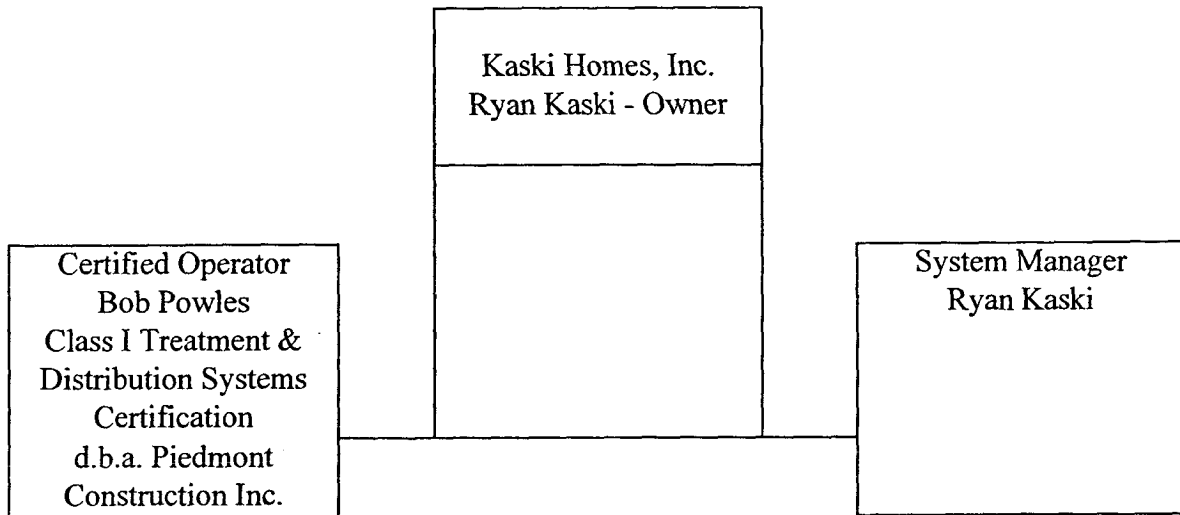
The nonuser contract is for a lot owner that has not built a home and is currently not a customer. The purpose of the nonuser contract is to ensure that the lot owner pays an appropriate amount to the water association to keep up the system since water service to the lot is considered an asset to the property.

Each of the agreements provides for transfer of the contract with the property to ensure that the agreement is enforceable under all circumstances. Once signed, the contracts are recorded at the Meade County court house and attached to the property that they pertain.

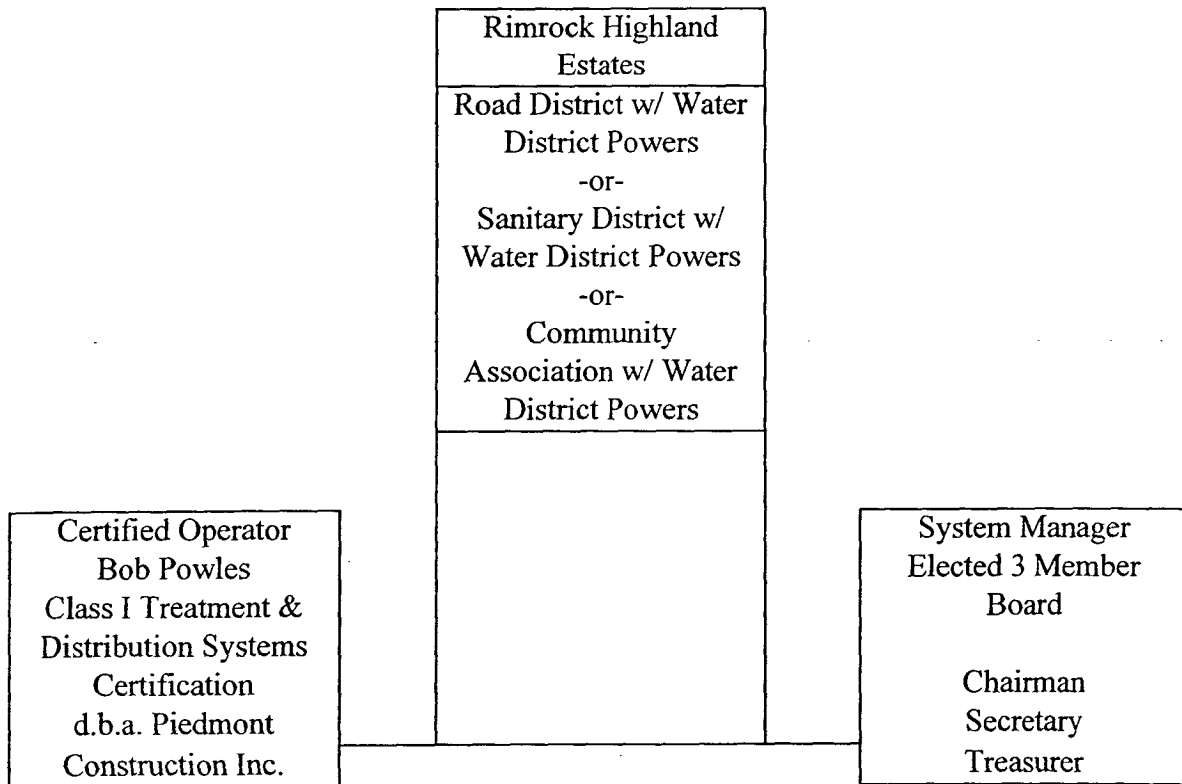
The contracts included are examples of what will be drawn up for the Rimrock Highland Estates system. The examples were drafted by Kaski Homes, Inc.'s attorney, Dale Hansen, for a subdivision that is currently being developed by Kaski Homes, Inc. It is anticipated that Hansen & Hubbard will also prepare the contracts for the Rimrock Highland Estates system once the specific organizational details have been finalized.

The following is an organizational chart showing the management structure as it is anticipated prior to transfer of Ownership to a district or association and a subsequent organizational chart showing the potential structure based on the declarations.

Initial Organizational Chart



Future Organizational Chart



The system will require the a Class I Treatment and Distribution Certified Operator. A draft agreement is contained in Appendix C with Kaski Homes, Inc. and Bob Powles d.b.a. Piedmont Construction. The agreement is being submitted for approval by the Board of Operator Certification.

Bob Powles has been in contact with the DENR Drinking Water Department during preparation of the scope of services offered.

It is anticipated that once the system ownership is transferred, that the operations contract with Bob Powles will be maintained. Once the system management is under the control of the governing organization however, continuation of the operating contract will need to be determined by the new system manager.

Initially, Kaski Homes will provide all staffing requirements for operation of the water system. They will contract with a certified operator in accordance with state law. The system operator will coordinate operations with Kaski Homes, Inc. to provide them with any needed information needed for decisions regarding system operations regarding the distribution system and treatment systems.

The management of the system with regard to administrative and billing tasks will be coordinated by Kaski Homes, Inc. and any contract resources they deem necessary to properly administer the business operations of the water system.

An operation and maintenance manual will be prepared once the system construction is completed and specific equipment is purchased and on-line.

2.3 Credentials

Documentation of credentials for the water system operator are included in Appendix C of this report. The service contract is in a draft form at this time and is anticipated to be finalized and approved at the March meeting of the Board of Operator Certification.

3. FINANCIAL PLAN

3.1 System Costs

The system costs presented in this business plan will outline the initial capital costs as well as project annual operating costs. As stated in the declarations found in Appendix B, the system will be turned over to the governing body of the subdivision upon sale of 13 of 16 lots.

The declarations indicate that the capital costs for the system will be incurred by Kaski Homes, Inc. Kaski Homes will recover the capital costs to construct the system through connection fees as the lots are sold to individual owners.

Annual operating costs will be recovered by water use rates that will be established by the water service contract. Depending on the governing body of the system once the transfer of ownership from Kaski Homes, Inc. to Rimrock Highlands Estates, additional revenue may be obtained either by additional assessment of taxes to lots within a road or sanitary district or through a fee imposed by the homeowner's association.

Initial Capital Costs:

The initial capital costs will consist of furnishing and installing all materials and components of the system generally as shown on Figure 1.1 of this report and engineering and legal costs to plan and design the system. Detailed plans and specifications for the distribution system and storage will be prepared and used for construction purposes. The system is being constructed by Kaski Homes, Inc. and various subcontractors that normally do business with Kaski Homes.

Because the project is a privately owned, the project will not be bid, but rather directly built or subcontracted through Kaski Homes. The well house will be constructed by Kaski Homes. The well pump and interior piping for the well will be completed by the well driller, Cimmaron Drilling. Kaski Homes electrical subcontractor will be installing the electrical service to the well house, wiring the well house to meet UBC codes, and installing the electrical probe level controls for the well pump. Kaski Homes will be installing all of the distribution system piping and fittings as well as setting the concrete storage cisterns. The cisterns will be purchased for JD precast in Rapid City and have been designed by a professional engineer for potable water service. All miscellaneous grading and surface restoration work will be completed by Kaski Homes.

The following table is a breakdown of the estimated initial capital costs to construct the system for the initial 16 lots. Costs to extend the system to an additional 8 lots is not included in the hook-up cost based on the uncertainty that the system will be extended at this time.

Estimated Initial Capital Cost				
Rimrock Highland Estates Water System				
Description	Estimated Quantity	Unit	Unit Price	Extended Price
6" PVC Water Main	3589	LF	15.50	\$55,629.50
6" Gate Valve w/ Box	5	EA	800.00	\$4,000.00
6"x6" Cross	1	EA	250.00	\$250.00
6"x6"x6" Tee	7	EA	225.00	\$1,575.00
6"x6"x6" Wye	1	EA	250.00	\$250.00
6" - 90 Deg. Bends	2	EA	200.00	\$400.00
6" - 45 Deg. Bends	7	EA	200.00	\$1,400.00
6" - 22 1/2 Deg. Bends	7	EA	200.00	\$1,400.00
6" - 11 1/4 Deg. Bends	5	EA	200.00	\$1,000.00
6" MJ Plugs	2	EA	100.00	\$200.00
Std. Fire Hyd. w/ Valve	5	EA	1,800.00	\$9,000.00
1" HDPE Service Line	395	LF	9.00	\$3,555.00
1" Service Taps	16	EA	90.00	\$1,440.00
1" Curb Stops w/ Box	16	EA	110.00	\$1,760.00
5000 Gal. Precast Cistern	6	EA	5,000.00	\$30,000.00
Misc. Piping and Fittings	1	LS	1,500.00	\$1,500.00
Chemical Feed System	1	LS	750.00	\$750.00
Wellhouse	1	LS	4,000.00	\$4,000.00
Well Controls & Wiring	1	LS	7,800.00	\$7,800.00
Well Construction and Pump	1400	LF	25.00	\$35,000.00
Estimated Total Construction Costs:				\$160,909.50
Engineering and Legal Fees @ approx. 15%:				\$24,275.69
Contractors Bonding and Excise Tax @ 8%:				\$14,814.81
Total Estimated Cost:				\$200,000.00
Hook-up Cost/Lot (16 Lots) =				\$12,500.00

By adding the additional 8 lots to the overall system, the hook-up cost could be reduced. It is estimated that approximately \$30,000 would be needed to extend the distribution system to the added lots. The costs for storage, chemical feed systems, and the well would not change. If the overall total cost for a 24 lot development was approximately \$230,000, the hook-up cost per lot would then be \$9,583, say \$9,600.

The following shows a 5-year projection of operation costs for the proposed system:

Applicant: **Rimrock Highland Estates - Kaski Homes, Inc.**
 Completed by: **Mark Mayer - CETEC Engineering Services**
 Date: **February 3, 2001**

5 Year Projections	Year 1 Projected	Year 2 Projected	Year 3 Projected	Year 4 Projected	Year 5 Projected
Enter Year:	2001	2002	2003	2004	2005
1. Beginning Cash on Hand	\$0.00	\$0.00	\$2,665.00	\$3,190.00	\$3,695.00
2. Cash Receipts:					
a. Unmetered Water Revenue	\$0.00	\$0.00	\$130.00	\$0.00	\$0.00
b. Metered Water Revenue	\$4,200.00	\$7,000.00	\$8,400.00	\$8,400.00	\$8,400.00
c. Other Water Revenue - Water Service Contracts	\$2,880.00	\$4,320.00	\$4,320.00	\$4,320.00	\$4,320.00
d. Total Water Revenues (2a thru 2c)	\$7,080.00	\$11,320.00	\$12,720.00	\$12,720.00	\$12,720.00
e. Connection Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
f. Interest and Dividend Income (5% return on reserves)	\$0.00	\$125.00	\$475.00	\$825.00	\$1,175.00
g. Other Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
h. Total Cash Revenues (2d thru 2g)	\$7,080.00	\$11,445.00	\$13,195.00	\$13,545.00	\$13,895.00
i. Transfers in/Additional Rev Needed	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
j. Loans, Grants or other Cash Injection please specify	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3. Total Cash Receipts (2h thru 2j)	\$7,080.00	\$11,445.00	\$13,195.00	\$13,545.00	\$13,895.00
4. Total Cash Available (1+3)	\$7,080.00	\$11,445.00	\$15,860.00	\$16,735.00	\$17,590.00
5. Operating Expenses					
a. Salaries and wages	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
b. Employee Pensions and Benefits	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
c. Purchased Water	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
d. Purchased Power	\$850.00	\$770.00	\$840.00	\$840.00	\$840.00
e. Fuel for Power Production	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
f. Chemicals	\$300.00	\$325.00	\$350.00	\$375.00	\$400.00
g. Materials and Supplies	\$50.00	\$100.00	\$150.00	\$200.00	\$250.00
h. Contractual Services - Engineering	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
i. Contractual Services - Other	\$2,665.00	\$2,545.00	\$2,640.00	\$2,900.00	\$3,190.00
j. Rental of Equipment/Real Property	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
k. Transportation Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
l. Laboratory	\$2,625.00	\$1,715.00	\$480.00	\$850.00	\$740.00
m. Insurance	\$500.00	\$525.00	\$550.00	\$575.00	\$600.00
n. Regulatory Commission Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
o. Advertising	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
p. Miscellaneous	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
q. Total Cash O&M Expenses (5a thru 5p)	\$7,080.00	\$6,280.00	\$5,670.00	\$6,040.00	\$6,320.00
r. Replacement Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
s. Total OM&R Expenditures (5q+5r)	\$7,080.00	\$6,280.00	\$5,670.00	\$6,040.00	\$6,320.00
t. Loan Principal/Capital Lease Payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
u. Loan Interest Payments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
v. Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
w. Capital Purchases (specify):	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
x. Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6. Total Cash Paid Out (5s thru 5x)	\$7,080.00	\$6,280.00	\$5,670.00	\$6,040.00	\$6,320.00
7. Ending Cash Position (4 - 6)	\$0.00	\$5,165.00	\$10,190.00	\$10,695.00	\$11,270.00
8. Number of Customer Accounts	12	20	24	24	24
9. Average Annual User Charge per account (2d/8)	\$590.00	\$566.00	\$530.00	\$530.00	\$530.00
10. Coverage Ratio (2h-5s)/(5t+5u)	N/A	N/A	N/A	N/A	N/A
11. Operating Ratio (2d/5s)	1.00	1.80	2.24	2.11	2.01
12. End of Year Operating Cash (7 - 13)	\$0.00	\$2,665.00	\$3,190.00	\$3,695.00	\$4,270.00
13. End of Year Reserves:					
a. Debt Service Reserve	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
b. Bond Retirement Reserve	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
c. Capital Improvement Reserve	\$0.00	\$500.00	\$1,000.00	\$1,000.00	\$1,000.00
d. Replacement Reserve	\$0.00	\$1,500.00	\$5,000.00	\$5,000.00	\$5,000.00
d. Other	\$0.00	\$500.00	\$1,000.00	\$1,000.00	\$1,000.00
14. Total Reserves (13a thru 13d)	\$0.00	\$2,500.00	\$7,000.00	\$7,000.00	\$7,000.00
15. Total Accrued Reserves (14, YR 1 - YR 5)	\$0.00	\$2,500.00	\$9,500.00	\$16,500.00	\$23,500.00

The table reflects the cost of 12 lots during the first year, 20 lots during the second year, and 24 lots for the remaining three years. The table reflects a system that does not have any debt service or beginning cash balance, or end-of-year reserves. The system has basically two sources of revenue, metered water revenue and water service contract revenue. The standard template shown includes many line items that will not be applicable to this system due to its size. The primary operating expenses will be contract services for certified operator, power costs, and laboratory testing. Minimal costs for other materials, supplies and advertising are included for the basics in operating costs.

The first, metered water revenue, is proposed to be \$25/month minimum for the first 10,000 gallons. Customers using more than 10,000 gallons per month, will be charged \$2.00 per each additional 1000 gallons used. Calculating the average day usage over the entire development and allotting 10,000 gallons per month would result in a minimum bill each month. The projected revenue from water usage was calculated by assuming that 7 months of each year that the usage will be at the minimum rate of \$25/month. The remaining 5 months revenue were estimated assuming that irrigation will be taking place. For purposed of estimating revenue, the 5 months that exceed the minimum, it was assumed that each connection would exceed the minimum by 5000 gallons. This results in the average water bill during the irrigation months to be \$35/month. This is assumed to represent an average and is not suggesting that the maximum bill will be \$35/month.

The second, water service contract fees, is a fixed fee imposed on each lot owner, regardless of their water usage as a means of assuring a minimum level of revenue is generated and that while lots do not have homes on them, some revenue will be generated to cover operating costs because the service is available to the lot regardless of whether a home is constructed or not. The proposed fee for each lot is \$180/year. Referring to the table, the first year shows 16 lots paying the annual service fees. The following years show water service contract fees of \$180/month generated from a total of 24 lots.

The operating expenses are minimal and mainly comprise of contract operations, power, and laboratory testing. The contract operations and laboratory testing costs are shown to be higher in the first year of operation. It is assumed that the initial testing program to obtain sample results to apply for waivers will be done in the first year of operation and are thus reflected in the costs.

Testing costs were estimated using information provided on the DENR home page and estimated costs from a local state certified laboratory.

It is assumed that the system will not have any employees. Most systems of this size handle the billing and accounting tasks by using a volunteer and so costs to do this administrative work is not reflected in the contract services or salaries and wages.

Reserves are shown to be started as soon as cash flow allows. It is assumed that the reserves will be set aside in an interest bearing account and that a return of approximately 5% is anticipated. The reserve money is intended to cover costs of equipment replacement and maintenance costs. Reserve money could also be use improve the system by providing additional storage or other amenities that could improve the overall system capacity. Additionally, money will be available should the system operating costs are higher than estimated.

Once a reasonable amount of reserve money is established, the revenue from water service contracts could be reduced to a lower level at the discretion of the governing board. The financial spreadsheet is developed for planning purposes only. Actual operating expenses could vary from those shown and the plan should be reviewed periodically to ensure that sufficient rates and fees are in place to maintain a stable cash flow for covering routine operating and maintenance costs as well as provide adequate reserves to cover planned and emergency costs of equipment replacement or repair.

4. CONSTRUCTION SCHEDULES

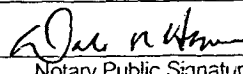
Construction of the system will be completed during the spring of 2001. The piping and storage will be installed by Kaski Homes, Inc. during the months of March and April. The test well currently being drilled by Cimmeron drilling will be completed if the initial yield and water quality looks favorable. It is anticipated that the system will be complete and that the first customer will be served in June 2001.

Plans and specifications for the water distribution system and storage will be submitted to the department in February 2001 for review and approval. A certificate of completion will be executed once the system is completed and the operation and maintenance manual is prepared and approved by DENR.

Water quality testing will be conducted at the appropriate time and intervals in accordance with state standards. Some of the sampling will not be able to be obtained until such time as users are connected and taps are available for sampling purposed throughout the distribution system.

APPENDIX A
NEW WATER SYSTEM APPLICATION
CERTIFICATION OF APPLICANT
APPLICATION FOR PERMIT TO APPROPRIATE WATER

Appendix 1: New Water System Application

		Department of Environment and Natural Resources New Water System Application	
This form is provided by the secretary of the South Dakota Department of Environment and Natural Resources in accordance with • 74:04:09:06 of the Administrative Rules of South Dakota. All new community and nontransient noncommunity water systems must submit this form in order to be considered for a Certificate of Approval. Complete this form and send to: Drinking Water Program 523 E. Capitol – Joe Foss Building Pierre, SD 57501-3181			
Applicant		Engineer	
Owner/Developer: RYAN FLAVEE KASKI		Name/Firm: MARK S. MAYER, P.E./ CETEC Engineering Services, Inc.	
Address: P.O. Box 341		Address: P.O. Box 9014	
City: PIEDMONT	State: SD	Zip: 57769	City: RAPID CITY
State: SD		Zip: 57709	
Contact Person			
Name: RYAN KASKI			
Address: P.O. Box 341			
City: PIEDMONT		State: SD	Zip: 57769
General Information:			
County: MEADE			
Legal Description (quarter, section, township, range): W 1/2 SW 1/4 Section 28 & E 1/2 SE 1/4 Section 29 T5N, R7E, B4M			
Project Name: RIMROCK HIGHLAND ESTATES			
Water Source: MINNELUSA FORMATION WELL			
Service Population: 60			
Has a layout map showing the location of the new water system been attached to this form?		Yes ☒ No ☐	
Have drinking water sample results from the water source been attached to this form?		Yes ☐ No ☒	
Has documentation of a valid water right permit been attached?		Yes ☐ No ☒	
Has the business plan been submitted?		Yes ☐ No ☒	
Certification			
Applicant		Notary Public	
I certify that I have read this application and that the matters stated are true.		Subscribed and sworn to before me this <u>2</u> day of <u>October</u> , 2000.	
Signature: 			
Date: 10-2-00		Notary Public Signature (Stamp)	

DALE R. HANSEN
 NOTARY PUBLIC
 16
 COMMISSION EXPIRES JANUARY 27, 2004

Appendix 1: New Water System Application



Department of Environment and Natural Resources

New Water System Application

This form is provided by the secretary of the South Dakota Department of Environment and Natural Resources in accordance with
• 74:04:09:06 of the Administrative Rules of South Dakota. All new community and nontransient noncommunity water systems must submit this form in order to be considered for a Certificate of Approval. **Complete this form and send to:**

Drinking Water Program
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Pierre, SD 57501-3181

Applicant			Engineer		
Owner/Developer: RYAN & LAVEE KASKI			Name/Firm: MARK S. MAYER, P.E./ CETEC Engineering Services, Inc.		
Address: P.O. Box 341			Address: P.O. Box 9014		
City: PIEDMONT	State: SD	Zip: 57769	City: RAPID CITY	State: SD	Zip: 57709

Contact Person		
Name: RYAN KASKI		
Address: P.O. Box 341		
City: PIEDMONT	State: SD	Zip: 57769

General Information:	
County:	MEADE
Legal Description (quarter, section, township, range):	W 1/2 SW 1/4 Section 28 & E 1/2 SE 1/4 Section 29 T5N, R7E, B4M
Project Name:	RIMROCK HIGHLAND ESTATES
Water Source:	MINNELUSA FORMATION WELL
Service Population:	60

Has a layout map showing the location of the new water system been attached to this form?	Yes ☒ No ☐
Have drinking water sample results from the water source been attached to this form?	Yes ☐ No ☒
Has documentation of a valid water right permit been attached?	Yes ☐ No ☒
Has the business plan been submitted?	Yes ☐ No ☒

Certification	
Applicant	Notary Public
I certify that I have read this application and that the matters stated are true.	Subscribed and sworn to before me this <u>2</u> day of <u>October</u> , 2000.
Signature:	Signature:
Date: <u>10-2-00</u>	Notary Public Signature (Stamp)

DALE R. HANSEN
NOTARY PUBLIC
COMMISSION EXPIRES JANUARY 27, 2004

Department of Environment and Natural Resources
Drinking Water Program
Joe Foss Building
523 East Capitol
Pierre, SD 57501-3181
Telephone: (605) 773-3754

STATE OF SOUTH DAKOTA
BEFORE THE SECRETARY OF
THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

IN THE MATTER OF THE)
APPLICATION OF RIMROCK)
HIGHLAND ESTATES WATER SYSTEM) SS CERTIFICATION OF
(FACILITY NAME)) APPLICANT
STATE OF SOUTH DAKOTA)
COUNTY OF MEADE)

I, RYAN KASKI, the applicant in the above
matter after being duly sworn upon oath hereby certify the following information in regard to
this application:

South Dakota Codified Laws Section 1-40-27 provides:

*"The secretary may reject an application for any permit filed pursuant to Titles 34A
or 45, including any application by any concentrated swine feeding operation for
authorization to operate under a general permit, upon making a specific finding that:*

- (1) *The applicant is unsuited or unqualified to perform the obligations of a
permit holder based upon a finding that the applicant, any officer, director,
partner or resident general manager of the facility for which application has
been made:*
 - (a) *Has intentionally misrepresented a material fact in applying for
a permit;*
 - (b) *Has been convicted of a felony or other crime involving moral
turpitude;*
 - (c) *Has habitually and intentionally violated environmental laws of
any state of the United States which have caused significant
and material environmental damage;*
 - (d) *Has had any permit revoked under the environmental laws of
any state or the United States; or*
 - (e) *Has otherwise demonstrated through clear and convincing
evidence of previous actions that the applicant lacks the
necessary good character and competency to reliably
carryout the obligations imposed by law upon the permit
holder; or*
- (2) *The application substantially duplicates an application by the same
applicant denied within the past five years which denial has not been
reversed by a court of competent jurisdiction. Nothing in this subdivision*

may be construed to prohibit an applicant from submitting a new application for a permit previously denied, if the new application represents a good faith attempt by the applicant to correct the deficiencies that served as the basis for the denial in the original application.

All applications filed pursuant to Titles 34A and 45 shall include a certification, sworn to under oath and signed by the applicant, that he is not disqualified by reason of this section from obtaining a permit. In the absence of evidence to the contrary, that certification shall constitute a prima facie showing of the suitability and qualification of the applicant. If at any point in the application review, recommendation or hearing process, the secretary finds the applicant has intentionally made any material misrepresentation of fact in regard to this certification, consideration of the application may be suspended and the application may be rejected as provided for under this section.

Applications rejected pursuant to this section constitute final agency action upon that application and may be appealed to circuit court as provided for under chapter 1-26."

Pursuant to SDCL 1-40-27, I certify that I have read the forgoing provision of state law, and that I am not disqualified by reason of that provision from obtaining the permit for which application has been made.

Dated this 3rd, day of october, 2000.

[Signature]

Applicant

Subscribed and sworn before me this 3rd day of October, 2000.

Roger W. Bamsey

Notary Public

My commission expires: 9-21-2002

(SEAL)

PLEASE ATTACH SHEET DISCLOSING ALL FACTS PERTAINING TO
SDCL 1-40-27 (1) (a) through (e).
ALL VIOLATIONS MUST BE DISCLOSED, BUT WILL NOT
AUTOMATICALLY RESULT IN THE REJECTION OF AN APPLICATION.

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. _____ Hydrologic Unit _____
	Basin _____
	Newspaper _____

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.) _____

1. Name of Applicant Kaski Homes Inc. Phone (605) 381-0727
(check one) ☒ Owner ☐ Tenant/lessee
Mailing Address P.O. Box 341 Piedmont State SD 57764
(Street, RR. or Box) (Zip Code)

2. Amount of water claimed _____ *CFS or 45 **GPM ***AF
(*Cubic Feet per Second) (**Gallons per Minute) (***Acre Feet - storage capacity of dam/dugout or annual use if applicable)

3. Source of water supply New well Minnelusa fm.

4. Location of point of diversion (example - 3 wells in SW1/4 NE1/4 section 12-T104N-R53W) 1 well in East 1/2 of
South East 1/4 of Section 29 Range 7 East T-5N-R10E BHM
County Meade

5. County or counties where water will be used Meade

6. Annual period during which water is to be used Yearly

7. 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)

See Attached

STATE OF SOUTH DAKOTA)

County of Meade 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, Ryan Kaski of Kaski Homes Inc., 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 Ryan Kaski

Subscribed and sworn to before me this 16 day of Jan 2001

Judith A. Brupat
May 5 2001 Notary Public

Supplemental Information

(Complete applicable portions only)

(type or print in ink)

1. Well Information - Proposed Construction

- a) Drill Hole Diameter 7 $\frac{7}{8}$ " Depth Approx. 1400
- b) Casing Type New Steel Diameter 5 $\frac{1}{2}$ " Thickness .025
- c) Screen Type NA Diameter _____ Thickness _____
- d) Gravel Pack NA Length of Gravel Pack _____
- e) Depth to Top of Water Bearing Material Approx. 1360
- f) Depth to Water (ground surface to water level) Approx. 300
- g) Distance to nearest existing domestic well:
- On applicants property NA On property owned by others Approx. 800'

2. Wastewater Disposal System Information

- a) Type of System (i.e. septic tank, drain field) Septic Tank with Drainfield (individual lots)
- b) System Capacity (gallons) 1500 Year Constructed NA
- c) Connected to the City of _____ Sanitary System

3. Dugout Information

- a) Surface Dimensions NA 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:

NA

- 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

RELIMINARY PLAT OF Highlands Estates

and Tract C. of Westridge Subdivision,
the W1/2SW1/4 Section 28, and
E1/2SE1/4 of Section 29,
B.H.M., Meade County, South Dakota.

TRACT 17

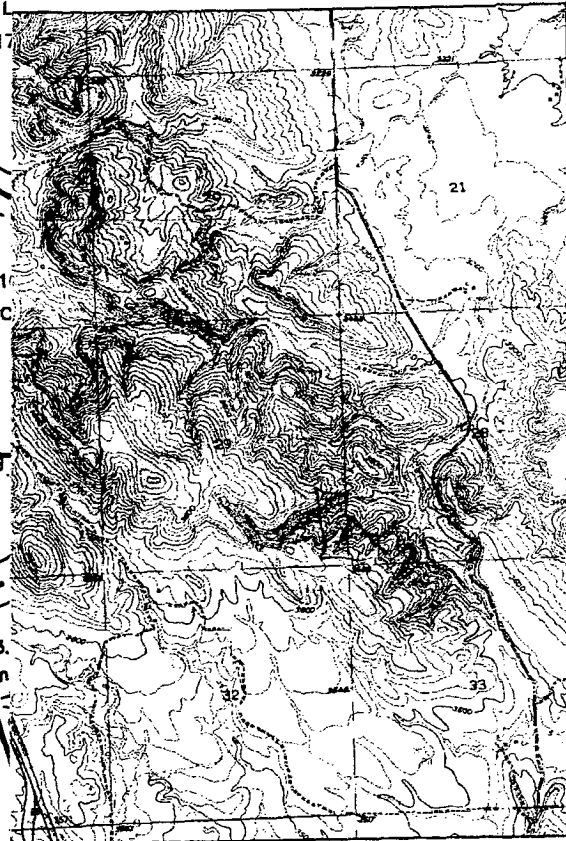
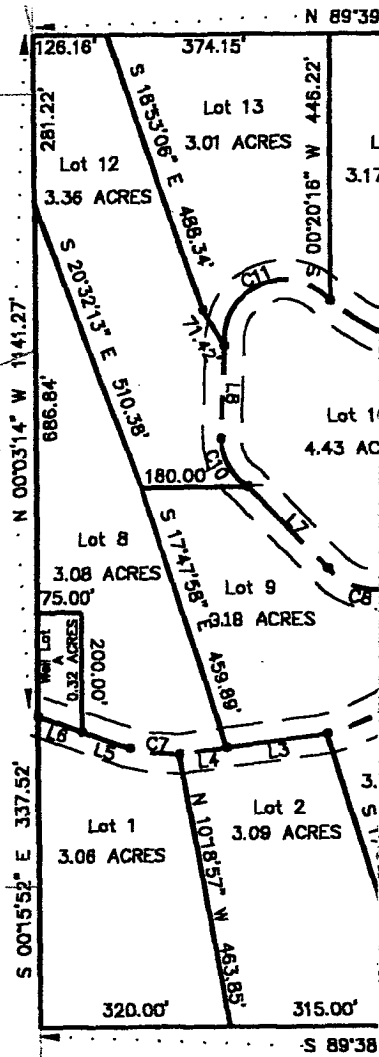
Lot 24

Lot 10R

Lot B

Lot 10R

MONTGOMERY HILLS RANCHETTE ESTATES



Site

Vicintiy Map

WESTRIDGE

LINE	BEARING	DISTANCE
L1	S 69°34'20" W	105.40'
L2	S 69°34'20" W	149.46'
L3	N 82°50'11" E	169.21'
L4	S 82°52'34" W	80.79'
L5	S 70°23'59" E	85.11'
L6	N 70°23'59" W	79.64'
L7	S 43°24'53" E	191.75'
L8	S 02°41'24" W	155.29'
L9	S 87°28'53" E	249.72'
L10	S 78°34'25" E	162.19'
L11	S 21°46'10" E	133.23'

CURVE	DELTA ANGLE
C1	17°43'52"
C2	11°31'46"
C3	09°05'52"
C4	19°34'17"
C5	36°40'58"
C6	47°31'34"
C7	16°07'04"
C8	80°51'47"
C9	95°44'55"
C10	54°51'30"
C11	145°50'59"
C12	28°34'46"
C13	32°52'14"



785 (605) 347-4014





**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

October 6, 2000

Michael Deutsch
Cimarron Drilling
9017 S. Ridge Trail
Sturgis, SD 57785

Dear Mr. Deutsch:

As requested, pursuant to South Dakota Well Construction Standard 74:02:04:21, you are authorized to construct a test well for Rim Rock Hyland Estates, (Ryan Kaske, PO Box 341 Piedmont, SD 57769) prior to approval of a water permit. The test well is to be completed into the Inyan Kara Aquifer in the E $\frac{1}{2}$ SE $\frac{1}{4}$ Section 29, T5N-R7E. The test well must be constructed in accordance with the SD Well Construction Standards. Any test holes that are abandoned must be plugged pursuant to the SD Well Construction Standards.

Very truly yours,

JAMES A. GOODMAN, P.E.
Natural Resources Engineer
for GARLAND ERBELE, Chief Engineer
Water Rights Program
(605) 773-3352

APPENDIX B

OWNERSHIP AND AUTHORITY DOCUMENTATION

WARRANTY DEED

PRELIMINARY DECLARATIONS OF COVENANTS

EXAMPLE WATER SERVICE CONTRACTS

WARRANTY DEED

KEVIN J. WEILAND and LAURIE A. WEISENSEE, husband and wife, of 5045 W. Lofty Pines, Piedmont, South Dakota 57769, Grantors, for and in consideration of One Dollar (\$1.00) and other good and valuable consideration, grant, convey, and warrant to KASKI HOMES, INC., a South Dakota corporation, of P.O. Box 341, Piedmont, South Dakota 57769, Grantees, the following described real estate in the County of Meade, State of South Dakota:

Tract B and Tract C of Westridge Subdivision, located in the W $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 28 and in the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 29, Township 3 North, Range 7 East of the Black Hills Meridian, Meade County, South Dakota, as shown on the plat filed in Plat Book 20 on Page 46, in the office of the Register of Deeds, Meade County, South Dakota; subject to all easements, rights-of-way, covenants, conditions, restrictions and reservations of record, if any.

Dated this 18th day of October, 2000.

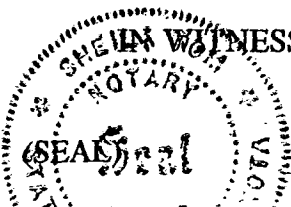
CD# 55149
☒ TRANSFER FEE PAID \$ 227.00
☐ EXEMPT FROM TRANSFER FEE

Kevin J. Weiland

Laurie A. Weisensee

State of South Dakota)
) ss:
 County of Pennington)

On this the 18th day of October, 2000, before me, the undersigned officer, personally appeared Kevin J. Weiland and Laurie A. Weisensee, husband and wife, known to me or satisfactorily proven to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained.



IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Sheila Som
 Notary Public, South Dakota
 My Commission Expires:

This document prepared by
 James W. Olson
 Wilson, Olson & Nash, P.C.
 P.O. Box 1552
 Rapid City, SD 57709
 (605) 342-7090

007438 OCT-18



DOC. NO. 03752-CV
 BOOK 539 PAGE 825
 FEE \$10.00 CD# 55149
 DATE October 23, 2000
 TIME 2:46 PM
 ANGELA M. ROSS
 MEADE COUNTY
 REGISTER OF DEEDS

LAW OFFICES

**HANSEN, HUBBARD
& SWANSON**

1010 Ball Park Road, Suite No. 6
Sturgis, South Dakota 57785

DALE R. HANSEN
BRUCE A. HUBBARD
GORDON D. SWANSON

Mailing Address:
P. O. Box 580
Sturgis, SD 57785-0580

Telephone: (605)347-2551
FAX: (605)347-4466
E-Mail: mail@hanslaw-sturgis.com

October 2, 2000

Meade County Planning Commission
1425 Sherman Street
Sturgis, SD 57785

Gentlemen:

I represent Ryan Kaski and Kaski Homes, Inc., concerning development of a subdivision to be known as Rimrock Highland Estates, located in Sections 28 and 29, Township 3 North, Range 7 East of the Black Hills Meridian, Meade County.

At the request of Mr. Kaski, I prepared the Declaration of Covenants, Conditions and Restrictions, to be recorded with the Register of Deeds Office at such time as the final Plat of the property is recorded.

This letter is intended to inform you of what requirements the Covenants will place upon the property owners concerning the formation of a homeowner's association or a special district under South Dakota law for maintenance of the roads and for ownership and operation of the water system.

The Covenants require that either a homeowner's association or a road district, or a sanitary district shall be formed, for the purposes of maintaining the roads, and ownership and operation of the water system. The Board of Trustees of the District would determine the rates for sale of water, and the requirements for road maintenance. Neither a homeowner's association or other district can be formed until there are persons actually residing upon the property who are registered voters.

In the Covenants that I drafted, I require that each lot owner cooperate concerning the formation of a district, and sign a Petition requesting that the issue be brought to a vote of the homeowners. I cannot, in the Covenants, require that individual homeowners vote for a district, as the law will not allow for this.

In the unlikely event that either a road district or sanitary district is not formed and is voted down, the Covenants then require that a homeowner's association will be formed, which will have the authority to maintain the roads and the water system.

In either case, Mr. Kaski has agreed that, at such time as 13 of the lots have been sold, he will turn the water system over to the homeowner's association or the district, whichever the case may be, at no cost to the homeowners.

If a homeowner's association is formed, membership in the homeowner's association is mandatory under the Covenants, and if a district is formed, each lot will automatically be included in the district during the formation process. The Covenants also require that each lot owner must connect to the central water system serving the property. No individual water wells or systems are allowed.

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

Thank you.

Yours truly,

A handwritten signature in black ink, appearing to read "Dale R. Hansen", written in a cursive style.

Dale R. Hansen

DRH:dlp

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
(Residential)**

Kaski Homes, Inc., the owner of the following-described real property, to-wit:

Lots 1 through 16 of Rimrock Highland Estates, formerly Tract B and Tract C of Westridge Subdivision, located in the West Half of the Southwest Quarter (W $\frac{1}{2}$ SW $\frac{1}{4}$) of Section 28, and the East Half of the Southeast Quarter (E $\frac{1}{2}$ SE $\frac{1}{4}$) of Section 29, Township 3 North, Range 7 East of the Black Hills Meridian, Meade County, South Dakota,

does hereby make and impose the following Declaration of Covenants, Conditions and Restrictions to run with the land and the above-described real property shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of and which shall run with title to the above-described real property and be binding upon all parties having a right, title, or interest in the above-described property, their heirs, successors, and assigns and shall inure to the benefit of each owner thereof.

1. **USE:** The property shall be improved, used and occupied only for private residential purposes. No more than one residential structure shall be allowed on each lot.
2. **EXTERIOR CONSTRUCTION:** All exterior construction must be completed within one year after being commenced, including construction of graveled or paved driveways, walks and lawns. Any driveway that blocks a roadway drainage ditch must have a culvert installed of adequate size to allow passage of water to avoid erosion of the roads.
3. **PETS AND OTHER ANIMALS:** Dogs, cats and other usual and ordinary pets may be kept in any dwelling, subject to the following conditions: No animals, livestock, or poultry, of any kind, shall be raised, bred, or kept on any lot for any commercial purpose. One dog kennel run shall be allowed per lot. Dog kennel runs shall be a maximum of 120 square feet and located to the rear of the lot, unless otherwise approved by the Design Committee of the Community Association.
4. **COMMERCIAL USE:** The above-described real property shall not ever be used or caused to be used for any commercial purposes, except that the Declarant, its successors and assigns, may use any lot for a model home site, and for display, or for a sales office during the construction and sales of the development.

5. EXTERIOR COLORS AND FENCES: All structures shall be colored a shade of earth tone. No pastel colors shall be allowed. All fences shall be rail fences constructed of wood or vinyl, and shall be white in color. Outbuildings shall have the same color scheme as the principal residence, unless otherwise approved by the Design Committee of the Community Association. Prior to the construction of any out buildings or fences, the owner of any lot shall submit in detail the plans concerning construction of the out building and fence to the Design Committee of the Community Association for approval. This Design Committee shall have a period of thirty days from receipt of said plans within which to accept or reject or suggest modifications to the plans. The Design Committee must give prior approval to construction of any out building or fences and no construction shall be commenced upon any out building or fences without prior approval of the Design Committee.

6. OTHER STRUCTURES, SIGNS AND SETBACKS: No structure of a temporary character, basement, tent, shack, garage, barn or other outbuilding shall be used on any lot at any time as a residence, either temporarily or permanently, except for a development construction or sales office used by the Declarant, which shall be removed upon the sale of the last lot. No sign shall be allowed to be erected upon any of the above lots, with the exception of one "for sale sign" advertising the lot for sale, which sign shall be no larger than 3'x3'.

7. MOBILE HOMES AND MODULAR HOMES: No structure of a temporary character, mobile home, modular home, basement, tent, shack, garage, barn or other outbuilding shall be erected upon or used on any lot for a residence at any time, either temporarily or permanently. All construction of all buildings shall be of a new material and new construction and no building, mobile home or modular home shall be moved on to any lot from any other lot or from outside the subdivision. All buildings must meet all South Dakota Building Code requirements in effect on date of construction. This provision shall not prohibit panelized or prefabricated housing consisting of packaged, factory-built components, which are assembled on the site, provided that the home meets all South Dakota Building Code requirements in effect on date of construction.

8. SIZE OF DWELLINGS: All dwellings erected upon any lot within the subdivision shall be single-family dwellings. No dwellings shall be constructed, erected, or maintained on any lot which has on the main floor, inhabitable living space of less than 1,200 square feet. In computing this living space, attached garages, basements, breezeways, and patios are to be excluded from consideration. In case of split-level homes, those actual adjacent living areas connected by half-flights of stairs shall be considered in the computation of the square footage. For the purpose of this covenant, half-flights of stairs are construed to be those short flights of stairs connecting the levels of a split-level home, as compared to flights of stairs from six feet (6') to ten feet (10') in depth connecting actual floors within a structure.

9. **VEHICLES:** No vehicles, including cars and trucks, shall be allowed to be placed upon any lot unless said vehicle is in currently running condition. Only one (1) vehicle in currently running condition may be parked outside overnight. All other vehicles must be housed within a completely enclosed building structure. Provided, however, a motor home that is in currently operating condition and currently licensed and/or an operational boat on a trailer will be allowed in a parking area that is parallel with and within eight (8) feet of the garage.

10. **NOXIOUS WEEDS AND GRASS:** No noxious weeds, as defined by South Dakota statutes, shall be allowed to grow on any of the lots. Grass within a fifty foot (50') radius of the principal residence must be kept mowed to a height of less than five inches (5") at all times in order to avoid a fire hazard.

11. **AMENDMENTS OR CHANGES OF COVENANTS:** The conditions, restrictions, stipulations, agreements and covenants contained herein, shall be in full force and effect and binding as aforesaid and shall not be waived changed, abandoned, terminated or amended, except by an instrument duly acknowledged and recorded in the Register of Deeds Office of Meade County, South Dakota, and executed by 75 percent of the then owners of the lots within the above-described area and included within the boundaries of said subdivision. Each lot's owners shall be entitled to one vote per lot owned.

12. **ENFORCEMENT:** If any person shall violate or threaten to violate any of the provisions of these covenants, any person or persons owning real property within the development and the Rimrock Highland Estates Community Association and/or the Road District contemplated to be formed pursuant to Paragraph 17 below may enforce these covenants and restrictions and may institute proceedings at law or in equity to enforce the provisions of this instrument to restrain the person violating or threatening to violate and recover damages, actual and punitive, for such violation.

13. **SEVERABILITY:** Invalidity of any of the provisions of this instrument by judgment or court order or decree shall in no way affect any of the other provisions which shall remain in full force and effect.

14. **SIZE OF LOT:** No lot may be subdivided so as to be in conflict with Meade County's Subdivision Ordinances or the County's Zoning Rules and Regulations.

15. **CONNECTION TO COMMUNITY WATER SYSTEM:** Each person maintaining or using a lot subject to these covenants shall receive water service from the central water system serving the property. No individual water wells or systems shall be used to provide water service to any lots.

16. **UTILITIES:** All utility lines constructed on any lot after these covenants are recorded with the Register of Deeds Office of Meade County, South Dakota shall be placed completely underground.

17. MEMBERSHIP IN COMMUNITY ASSOCIATION/FORMATION OF A ROAD DISTRICT: Kaski Homes, Inc., as the owner of the central water system serving the property, does hereby agree that the community water system including the well, reservoir and the water line distribution system shall be transferred at no cost to either a Community Association, that shall be formed for the purposes of owning and operating the community water system and maintenance of the roads, or to a Road District which shall have water district powers as allowed by South Dakota statutes which shall be formed to own and maintain the community water system and the roads.

Kaski Homes, Inc. believes that it would be in the best interest of all lot owners if a Road District were formed, as allowed by South Dakota Statutes with water district powers, to own and operate the central water system and maintain the roads. However at the time of recording of these covenants with the Register of Deeds' Office of Meade County, South Dakota, there are no persons residing on any of the lots and the legal process for the formation of a Road District cannot be commenced.

Each lot owner, by accepting title to a lot, agrees to sign the Petition provided under South Dakota statutes in order to bring to a vote of the landowner residents of the subdivision the issue of whether or not a Road District shall be formed. Under the provisions of South Dakota Statutes, after this Petition is presented to the Meade County Board of County Commissioners, an election shall be held as to whether or not to form a Road District. If the required majority of lot owners agree to the formation of a Road District, the Road District shall be formed under the Statutes of the State of South Dakota.

If for any reason a Road District with authority to own and operate the central water system is not formed, then each lot owner agrees that a Community Association shall be formed, which shall be a South Dakota nonprofit corporation. This Community Association shall have the authority and responsibility to own and operate the central water system and maintain the roads within the subdivision. The Community Association shall have the right to assess fees for road maintenance and collect monies for water service. The By-Laws of the Community Association will provide that, in the event any lot owner fails to pay the fees assessed by the Community Association, the Community Association shall have the right to place a lien upon the defaulting property owner's lot. Provided, however, this lien shall be subordinate to any first-mortgage lien upon the defaulting property owner's lot.

Each person purchasing a lot, by accepting title to a lot, agrees to enter into the standard Water Agreement, including Non-User's Water Agreement established by the Road District or the Community Association, whichever the case may be. Failure by the lot owner to enter into this Agreement within thirty days from the date that the Agreement is presented to the lot owner shall result in termination of water service to the lot until the Agreement is signed by the lot owner.



Law Offices
HANSEN & HUBBARD
1010 BALL PARK RD., SUITE 6
P.O. BOX 580
STURGIS, SOUTH DAKOTA 57785

Telephone # (605) 347-2551

FAX # (605) 347-4466

E-Mail: mail@hanslaw-sturgis.com

TO: Mark MayerFAX: 341-7864FROM: Dale HansenDATE: 1/24/01PAGES: 10
(Including This Cover Page)

Mark:

Ryan Kaski requested that I fax the enclosed form of agreements to you. This agreement is for Rendezvous Ranch Subdivision, but the form of the agreement for the new subdivision Ryan is developing will be basically the same.

Dale

WATER SERVICE CONTRACT

WHEREAS, Rendezvous Ranch Subdivision Community Association, hereinafter referred to as "Association," is the owner of a water producing well and water distribution system, including reservoir, serving that real estate development known as Rendezvous Ranch Subdivision located in Meade County, South Dakota, and the undersigned is the owner of property in the Rendezvous Ranch Subdivision, and desires to acquire water from the Association, now therefore, 7

The undersigned, hereinafter referred to as the "Owner," shall receive water service from the Association, but the acceptance of water service shall be only under the following terms, conditions and stipulation:

1. The Owner shall provide all labor and materials necessary for connecting to the Association's water line at the lot line. The shut-off valve at the lot line shall be in the control of the Association in order to discontinue service under the provisions herein.

2. The Owner shall supply a water meter in a form approved by the Association, to be installed in a protected place in the Owner's home so that all water to be used by the Owner will be measured by the meter. If necessary, the Owner agrees to install a remote read-out. The meter shall be and remain the property of the Owner and the Owner shall be responsible for all maintenance or replacement of the meter if necessary.

3. Initially, for all water used by the Owner at the lot described below, he or she shall pay to the Association a monthly charge at the following rates:

\$35.00 per month for anything less than 10,000 gallons used, plus \$1.00 for each 1,000 gallons, or a fraction thereof, used above 10,000 gallons.

Upon giving 30 days' written notice, by mailing to the home of the Owner, the Association may raise or lower the water rates provided for herein.

4. The Owner shall read his or her own meter at the end of each month and shall pay the amount due and owing to the Association within 10 days following the end of each month and every calendar month during which water service continues. The Association shall have the right to go upon the premises of the Owner at any time to check the meter reading.

5. The Association shall have the right to discontinue water service to the Owner if the Owner has not paid the water charges in full by the 25th day of each month. The Association shall also have the right to discontinue water service to the 6

property if the Owner uses water from the Association's system through any means, without the water first going through the water meter installed, for the purposes of measuring water usage by the Owner.

6. The Association shall have the right to determine the type of materials used and the method of installation and connection of the Owner's service line from the Association's main lines to the Owner's home.

7. The Association does not in any way guarantee to the owner the quality or quantity of water available through its water distribution system, nor the life of the well which the Association has and from which it will be depending on for its supply. If the quantity of water should, at any time for any reason, not be sufficient for the anticipated desires of those connected to the system, the Association reserves the right to establish and enforce restrictions and regulations with regard to the quantity and type of water which an Owner is allowed to use. Notice of these restrictions and regulations shall be given by posting a written notice of the regulations at the entrance to the subdivision and shall go into effect immediately upon posting. Any failure on the part of the Owner to obey the rules and regulations is considered a default and authorizes the Association to discontinue water service to the home at which the violation was committed.

8. The Association shall have the right to temporarily discontinue the flow of water in the main in order to repair, maintain, improve or replace the main or portions of the Association's water distribution and supply system.

9. The Owner shall use water for residential purposes only and the acceptance of water service from the Association shall not give the Owner any rights whatsoever to use water for commercial purposes, unless the Association has, in advance, and in writing, given permission for the Owner to use said water for commercial purposes.

10. The Owner is obligated to maintain his or her service line from his or her residence to the shut-off valve. Any failure to maintain said line in a proper condition shall be authority to the Association to discontinue service to the building.

11. The Owner shall at no time assert any claim hereunder against the Association for loss or damage which may result from the inadequacy or non-availability of water as to both pressure or quantity or quality or from leaks or any other defects in the Association's system; and the Owner agrees to indemnify the Association and save the Association harmless from any and all claims of liability for the loss or damages to any person or property resulting from, arising out of, or connected with the rendition or service hereunder in the event of such inadequacy or non-availability of water in the event of leaks or other defects in the Association's system.

12. The Owner hereby agrees that in the event of sale of his or her property, that he or she will notify the new buyer of the rules, regulations and By-Laws of the Association and will notify the Association of the sale.

13. It is recognized between the parties that the Association incurs continuing fixed costs to maintain the water distribution system so that water is available to all lots at such time as the owners of any lots desire connection to the system. In order to help the Association defray the fixed costs of operation of the system, the following provisions shall apply to any lot that is not connected to the water system:

a. The Owner hereby agrees to pay to the Association the sum of \$180.00 per year, due and payable on the 1st day of January of each year. The annual fee for the portion of the calendar year in which this Contract is signed to January 1st of the subsequent year, shall be prorated and paid in full at the time of signing this Contract. All subsequent annual fees shall be payable on the 1st day of January of each year and shall be delinquent as of the 15th day of January of each year. All delinquent fees shall carry interest at the rate of 12% per annum, commencing as of the January 1st when they were due. This annual fee shall be paid by the Owner to the Association until such time as the Owner is ready to actually connect his or her lot to the water distribution system owned by the Association and to begin purchasing water from the Association. The nonuser's fee for the portion of the year subsequent to the date a home is connected to the Association's water distribution system shall be refunded to the Owner in the form of a credit against the Owner's water bill. The owner may not connect his or her lot to the water distribution system until the nonuser's fees have been paid in full, including accrued interest on any delinquent fees.

b. The Association reserves the right to raise or lower the nonuser's fees provided for in this paragraph upon 30 days' written notice to the Owner.

c. The Owner agrees to give the Association 5 days written notice of the fact that the Owner is going to sell his or her lot to any other third party and said notice shall give the name of the third party and the address of the third party. The Owner agrees to notify any person who desires to purchase his or her lot of the existence of this agreement and of the terms and conditions under which the Association will provide water to the owner's lot.

d. The parties agree that this agreement will be recorded with the office of the Register of Deeds of Meade County, South Dakota and the nonuser's fee provided for herein, shall become a lien against the real property owned by the Owner described below and shall be binding upon not only the owner, but any successors in interest in the property.

14. The undersigned does hereby acknowledge a true and correct copy of this document and further acknowledges that he or she has read said document in full and understands the conditions set forth therein upon accepting water service from the Association.

15. The Owner agrees that, upon signing of this Agreement, he/she shall pay to C.N. Stygles & Sons, Inc., a one-time hookup fee of \$5,000.00, (except in the case of Tracts A, B and C the hookup fee will be \$7,000.00.), the payment of which fee shall allow the Owner's property to be connected to the water system, under the terms and provisions of this Water Service Contract. The payment of this fee shall also entitle the owner to a membership in Rendezvous Ranch Subdivision Community Association.

16. The Owner understands that, initially, the monthly fees paid pursuant to paragraph 3 of this Agreement, and the nonuser's fees paid pursuant to paragraph 13 of this Agreement, shall be used exclusively by C.N. Stygles & Sons, Inc., for maintenance of the road system in the subdivision and for operation and maintenance of the water system. At such time as 75% of the lots in Rendezvous Ranch Subdivision have been sold to third parties by C.N. Stygles & Sons, Inc., then the water system shall become the property of the Association and the Association shall assume full responsibility for operation and maintenance of the water system and maintenance of the roadways. From that time and forward, the Association shall use \$10.00 of the monthly water fee collected from each lot owner for road maintenance, (however, the parties recognize that there shall be no road maintenance to Tracts A, B and C) and the remainder of said fee shall be used for operation and maintenance of the water system.

17. The real property to which this Water Service Contract pertains is described as:

Dated this _____ day of _____, 199_____.

**RENDEZVOUS RANCH SUBDIVISION
COMMUNITY ASSOCIATION:**

BY: _____

ITS: _____

OWNER

OWNER

(SEAL)

STATE OF SOUTH DAKOTA)
)
 COUNTY OF _____)

On this the _____ day of _____, 199____, before me a notary public within and for said County and State, personally appeared _____, who acknowledged him/herself to be the _____ of **Rendezvous Ranch Subdivision Community Association**, a nonprofit corporation, and that he/she, as such officer, being authorized so to do, executed the within and foregoing instrument for the purposes therein contained, by signing the name of the corporation by him/herself as such officer.

(SEAL)

 NOTARY PUBLIC

Commission Exp.: _____

STATE OF SOUTH DAKOTA)
)
 COUNTY OF _____)

On this _____ day of _____, 199____, before me a Notary Public within and for said County and State, personally appeared _____ and _____, known to me to be the persons who are described in and who executed the within and foregoing instrument and they acknowledged to me that they executed the same for the purposes therein contained.

(SEAL)

 NOTARY PUBLIC

Commission Exp.: _____

**NONUSERS WATER CONTRACT
RENDEZVOUS RANCH SUBDIVISION COMMUNITY ASSOCIATION**

WHEREAS, Rendezvous Ranch Subdivision Community Association, a nonprofit South Dakota Corporation, hereinafter referred to as "Association," is the owner of a water well and owns a water distribution system servicing that real estate development known as Rendezvous Ranch Subdivision, in Meade County, South Dakota, and

WHEREAS, the undersigned is the owner of real property in said Rendezvous Ranch Subdivision and desires to acquire water from the Association, and

WHEREAS, the owner is not ready to connect a dwelling onto the water system owned by the Association, now therefore,

The undersigned, hereinafter referred to "Owner," and the Association agree as follows:

1. That the parties hereto recognize that because the Association has a water distribution system capable of providing water to the lot owned by the Owner, this helps the owner to maintain his property value and protect his investment in said lot.
2. It is recognized between the parties that the Association incurs continuing fixed costs to maintain the water distribution system so that water is available to all lots at such time as the Owners of any lots desire connection to the system.
3. In order to help the Association defray the fixed costs of operation of the system, the Owner does hereby agree to pay to the Association the sum of \$_____ per year, due and payable on the 1st day of January of each year. The annual fee for the portion of the calendar year in which this Contract is signed to January 1st of the subsequent year, shall be prorated and paid in full at the time of signing this Contract. All subsequent annual fees shall be payable on the 1st day of January of each year and shall be delinquent as of the 15th day of January of each year. All delinquent fees shall carry interest at the rate of 12% per annum, commencing as of the January 1st when they were due. This annual fee shall be paid by the Owner to the Association until such time as the Owner is ready to actually connect his or her lot to the water distribution system owned by the Association and to begin purchasing water from the Association. The nonuser's fee

for the portion of the year subsequent to the date a home is connected to the Association's water distribution system shall be refunded to the Owner in the form of a credit against the Owner's water bill. The owner may not connect his or her lot to the water distribution system until the nonuser's fees have been paid in full, including accrued interest on any delinquent fees.

4. The Owner agrees to sign the Water Service Contract then in use by the Association at such time as the Owner makes application to the Association to actually connect his or her lot to the water distribution system. The owner will not connect his or her lot to the system until he or she has signed the Water Service Contract with the Association.

5. The Association reserves the right to raise or lower the nonuser's fee provided for in paragraph 3 of this agreement upon thirty (30) days written notice to the Owner.

6. This agreement shall be binding upon the heirs, successors and assigns of the respective parties hereto.

7. The Owner agrees to give the Association five (5) days written notice of the fact that the Owner is going to sell his or her lot to any other third party and said notice shall give the name of the third party and the address of the third party. The Owner agrees to notify any person who desires to purchase his or her lot of the existence of this agreement and of the terms and conditions under which the Association will provide water to the owner's lot.

8. The Association does not in any way guarantee to the owner the quality or quantity of water available through its water distribution system nor the life of the well which the Association has and from which it will be depending for its water supply. If the quantity of water should at any time for any reason not be sufficient for the anticipated desires of those connected with the system, the Association reserves the right to establish and enforce restrictions and regulations with regard to the quantity of water which an Owner is allowed to use and the type of use for which the Owner may use the water. The owner agrees to abide by all current rules, regulations and By-Laws of the Association.

9. The parties agree that this agreement will be recorded with the office of the Register of Deeds of Meade County, South Dakota and the nonuser's fee provided for herein, shall become a lien against the real property owned by the Owner described below and shall be binding upon not only the owner, but any successors in interest in the property.

10. The real property to which this Nonusers Water Contract pertains is described as:

11. The undersigned Owner does hereby acknowledge receipt of a true and correct copy of this document and further acknowledges that he or she has read said document in full and understands the conditions set forth therein.

Dated this _____ day of _____, 199__.

**RENDEZVOUS RANCH SUBDIVISION
COMMUNITY ASSOCIATION:**

BY: _____

OWNER

ITS: _____

OWNER

(SEAL)

STATE OF SOUTH DAKOTA)

COUNTY OF _____)

On this the _____ day of _____, 199__, before me a notary public within and for said County and State, personally appeared _____, who acknowledged him/herself to be the _____ of **Rendezvous Ranch Subdivision Community Association**, a nonprofit corporation, and that he/she, as such officer, being authorized so to do, executed the within and foregoing instrument for the purposes therein contained, by signing the name of the corporation by him/herself as such officer.

(SEAL)

NOTARY PUBLIC

Commission Exp.: _____

STATE OF SOUTH DAKOTA)
)
COUNTY OF _____)

On this _____ day of _____, 199____, before me a
Notary Public within and for said County and State, personally
appeared _____ and _____,
known to me to be the persons who are described in and who
executed the within and foregoing instrument and they acknowledged
to me that they executed the same for the purposes therein
contained.

(SEAL)

NOTARY PUBLIC
Commission Exp.: _____

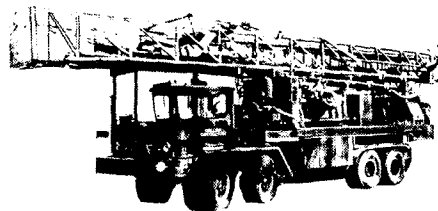
APPENDIX C

CERTIFIED OPERATOR CREDENTIALS

CERTIFIED OPERATOR SERVICE CONTRACT

CIMARRON DRILLING

WATER WELLS - TEST HOLES - CATHODIC - PUMPS
PUMP SERVICE - SHALLOW PRODUCTION
9017 S. RIDGE TRAIL
STURGIS, SD 57785
605-347-3071



Gentlemen:

I AM Requesting permission To
drill a Test well until Permit can be
obtained.

The Well will be Approx. 350-450'
into the Lakota in the INYAN KARA PM

Well is To be located E- $\frac{1}{2}$ of SE $\frac{1}{4}$
S-29 - R-7E T-5-N BHM. Meade Cty S.D.

The NAME of developement is
Rim Rock Hyland Estates, owner
RYAN KASKE P.O. Box 341 Piedmont
S.D. 57769

The well will Supply a Central
Water System for approx. 18 Homes.

I would like To start drilling
by Nov. 1 - 2000.

Respect fully
Michael J. Deitrich
CIMARRON Drilling Inc.



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

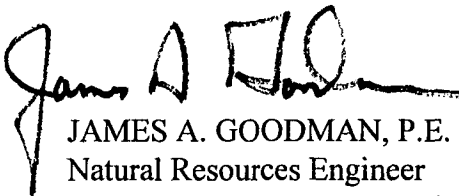
October 6, 2000

Michael Deutsch
Cimarron Drilling
9017 S. Ridge Trail
Sturgis, SD 57785

Dear Mr. Deutsch:

As requested, pursuant to South Dakota Well Construction Standard 74:02:04:21, you are authorized to construct a test well for Rim Rock Hyland Estates, (Ryan Kaske, PO Box 341 Piedmont, SD 57769) prior to approval of a water permit. The test well is to be completed into the Inyan Kara Aquifer in the E $\frac{1}{2}$ SE $\frac{1}{4}$ Section 29, T5N-R7E. The test well must be constructed in accordance with the SD Well Construction Standards. Any test holes that are abandoned must be plugged pursuant to the SD Well Construction Standards.

Very truly yours,



JAMES A. GOODMAN, P.E.
Natural Resources Engineer
for GARLAND ERBELE, Chief Engineer
Water Rights Program
(605) 773-3352

1830 West Fulton St.
PO Box 9014
Rapid City, SD 57709
Phone: (605) 341-7800
Fax: (605) 341-7864



cetec@rapidnet.com

1021 Junction Avenue
PO Box 183
Sturgis, SD 57785
Phone: (605) 423-4081
Fax: (605) 423-4110

February 5, 2001

Project No. 00137.00

DENR Drinking Water Program
Attn.: Marlys Heidt
523 E. Capitol
Pierre, SD 57501-3181



Re.: Draft Business Plan - Rimrock Highland Estates Water System

Dear Ms. Heidt:

Enclosed, please find a draft copy of the Business Plan for the proposed Rimrock Highland Estates water system. The submittal is fairly complete, however some items, such as the O&M manual can not be completed until the project construction is complete. Please review the plan and comment on areas that may require additional information or clarifications.

The water quality sampling also can not be completed until such time as the water system is constructed and the well is completed. It is intended to further clarify the well source once construction of the test well is complete. It is anticipated that initial water quality sampling and specifics on depth, casing diameter, water levels, etc. will be added to the final report.

Construction plans and specifications for the distribution system will be completed by CETEC in the near future. Kaski Homes, Inc. will be constructing the system and will not be publicly bidding the work. Their anticipated schedule is to begin construction in early March and finish as soon as the weather allows.

The declarations of covenants and water service contracts for the subdivision will be developed and finalized in the coming months and will be filed with Meade County at the time final platting is approved.

Bob Powles, a certified operator, has been contacted and is in the process of preparing a contract for services to operate the system once on-line. Bob has been in contact with the drinking water program and it is intended to have a contract on the agenda for the March meeting of the Board of Operator Certifications.

It is anticipated that the first home will be complete in late May or early June. Is it correct that a certificate of authority is required prior to serving the first customer? If so, how can this be done and have the appropriate water quality sampling done since some of the samples require being taken from homes and not point of entry. Does only the point of entry samples need to be completed and results back prior to issuing the certificate of authority?

Included in Appendix A is a copy of the water rights application. Now that this report is at this stage of completion, Kaski Homes will be sending a the application and fee to the Water Rights Program to begin processing the application to appropriate water for this system. Once the application process is complete and an approved water right obtained, a copy will be inserted into the final business plan.

Obviously, since this is my first attempt at completing this new process, I would appreciate any input that you feel would expedite the process and facilitate issuance of the certificate of authority for this system.

Please call 605-341-7800 or email mark_cetec@rushmore.com if you have any question or need further clarification.

Sincerely,

CETEC Engineering Services, Inc.


Mark S. Mayer, P.E.
Project Manager

MSM/msm

Enclosure

cc: Ryan Kaski - Kaski Homes, Inc. X 2
Bob Powles, d.b.a. Piedmont Construction, Inc. X 1

1830 West Fulton St.
PO Box 9014
Rapid City, SD 57709
Phone: (605) 341-7800
Fax: (605) 341-7864



1021 Junction Avenue
PO Box 183
Sturgis, SD 57785
Phone: (605) 423-4081
Fax: (605) 423-4110

February 13, 2001

Project No. 00137.00

Karen Schlaak
Water Rights Program
523 E. Capitol
Pierre, SD 57501

Dear Ms. Schlaak:

Please find the enclosed original application for appropriation of water from Kaski Homes, Inc. for the Rimrock Highland Estates water system. Also, as requested is a signed map prepared by myself showing the approximate location of the well site.

I believe this satisfies the information requested to date for review by the department. While reviewing the information submitted, if you need anything further, please do not hesitate to contact me.

Sincerely,

CETEC Engineering Services, Inc.

A handwritten signature in cursive script that reads "Mark S. Mayer".

Mark S. Mayer, P.E.
Project Manager

MSM/msm

enclosures

cc: Ryan Kaski - Kaski Homes, Inc.



1830 West Fulton St.
PO Box 9014
Rapid City, SD 57709
Phone: (605) 341-7800
Fax: (605) 341-7864



1021 Junction Avenue
PO Box 183
Sturgis, SD 57785
Phone: (605) 423-4081
Fax: (605) 423-4110

February 16, 2001

Project No. 00137.00

Karen Schlaak
Water Rights Program
523 E. Capitol
Pierre, SD 57501

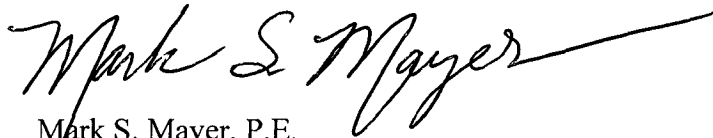
Dear Ms. Schlaak:

Please find the enclosed revised, signed map prepared by myself showing the approximate location of the well site. I changed the legal description to the correct township number (T3N vs. T5N). Please discard the previous map and replace it with the enclosed map dated February 16, 2001.

If you need anything further, please do not hesitate to contact me.

Sincerely,

CETEC Engineering Services, Inc.


Mark S. Mayer, P.E.
Project Manager

MSM/msm

enclosure

cc: Ryan Kaski - Kaski Homes, Inc.





**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. 1746-1, Kaski Homes, Inc.**

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. 1746-1, Kaski Homes, Inc., c/o Ryan Kaski, P.O. Box 341, Piedmont SD 57764.

The Chief Engineer is recommending APPROVAL of Application No. 1746-1 because 1) there is reasonable probability that there is unappropriated water available for the applicant's proposed use, 2) the proposed diversion can be developed without unlawful impairment of existing rights, 3) the proposed use is a beneficial use and 4) it is in the public interest with the following qualification:

The well approved under this Permit will be located near domestic wells and other wells which may obtain water from the same aquifer. The well owner under this Permit shall control his withdrawals so there is not a reduction of needed water supplies in adequate domestic wells or in adequate wells having prior water rights.

See report on application for additional information.

Garland Erbele, Chief Engineer
March 29, 2001

WATER PERMIT APPLICATION NO. 1746-1
KASKI HOMES INC.
MARCH 6, 2001

Water Permit Application No. 1746-1 proposes to appropriate 0.10 cubic feet of water per second (45 gallons per minute) from one well approximately 1400 feet deep (Minnelusa Formation) located in the SE¼ SE¼ Sec.29, T3N-R7E, Meade County. The water is for use in a suburban housing development.

AQUIFER: Minnelusa Aquifer (MNLS)

GENERAL:

The Minnelusa Aquifer is an assemblage of alternating beds of sandstone and dolomitic limestone with lesser amounts of red and black shale and chert approximately 500 feet thick in this area (Carter, 1999_a, Carter 1999_b). Because the lithology of the Minnelusa is so variable, the porosity of the formation is also variable and difficult to determine. Well sorted sand lenses have porosity's approaching 25%, but generally the sands have porosity's of 10%. The average porosity of the Minnelusa is estimated to be 10% and the effective porosity is assumed to be 5% (Rahn, 1979). The Minnelusa formation underlies approximately 2,172,800 acres of Meade County and contains an estimated 81,480,000 acre-feet of recoverable water in storage in the county (Allen, 1984). The aquifer is areally extensive around the Black Hills and is hydraulically connected into the counties surrounding Meade County. Ground water movement is probably toward the north and east (Strobel, 2000). There is no aquifer-test data available for the Minnelusa Aquifer at this site; therefore, the aquifer transmissivity and storage coefficient values are unknown. Estimates from regional studies of the aquifer indicate the aquifer transmissivity may range from 30 to 1000 ft²/d, and the storage coefficient ranges from 6.6×10^{-5} to 2×10^{-4} (Kyllonen, 1987). This well site is located approximately 2.5 miles east of the Minnelusa outcrop (recharge area). The top of the Minnelusa is estimated to be approximately 1560 feet below ground surface at this well site (Carter, 1999_a). The static water level of a well at this site is reported to be 400 feet below grade (Strobel, 2000).

WATER AVAILABILITY:

The Water Rights Program monitors 23 observation wells completed into the Minnelusa aquifer in the Black Hills area. Water Rights Observation Well PE-84B is located approximately three miles south of this well. The hydrograph for the well is shown in figure 1. The hydrograph for the well (see figure 1), is typical for the Minnelusa Aquifer. That is, the water levels reach their peak in the early summer each year and gradually decline until spring. The majority of the recharge to the system appears to occur between March and July.

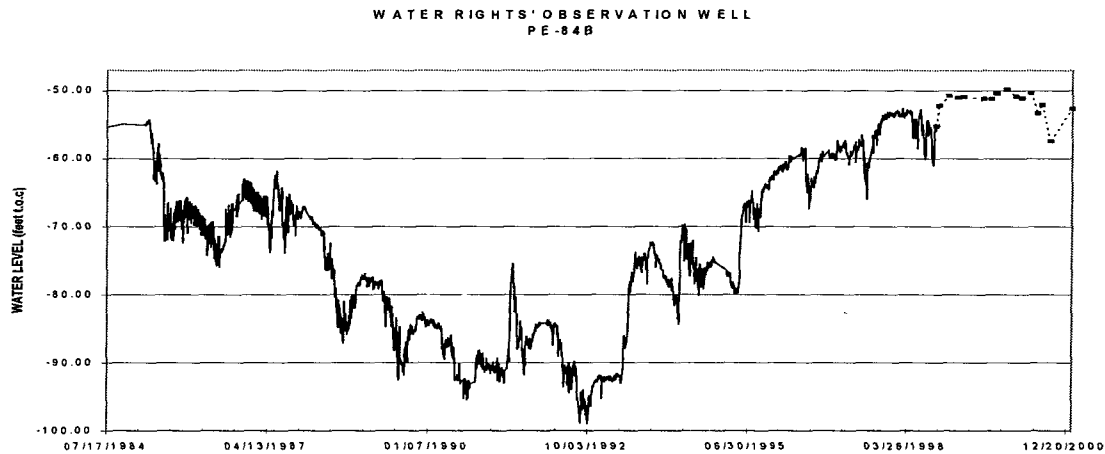


Figure 1. Hydrograph of Minnelusa Aquifer Observation Well five miles south of 1746-1

Water Rights Observation Well MD-84A is located approximately five miles northwest of this well site. The hydrograph for the well (figure 2) shows the magnitude of fluctuation in the water levels in the area (>35') with the lowest water level on record occurring in 1993 and the highest occurring in 2000. It is interesting to note on this hydrograph period in November 1994 when approximately 13' of drawdown was measured on this well while the Minnelusa was essentially "being pumped" during drilling operations for a Madison Observation well approximately 20' away.

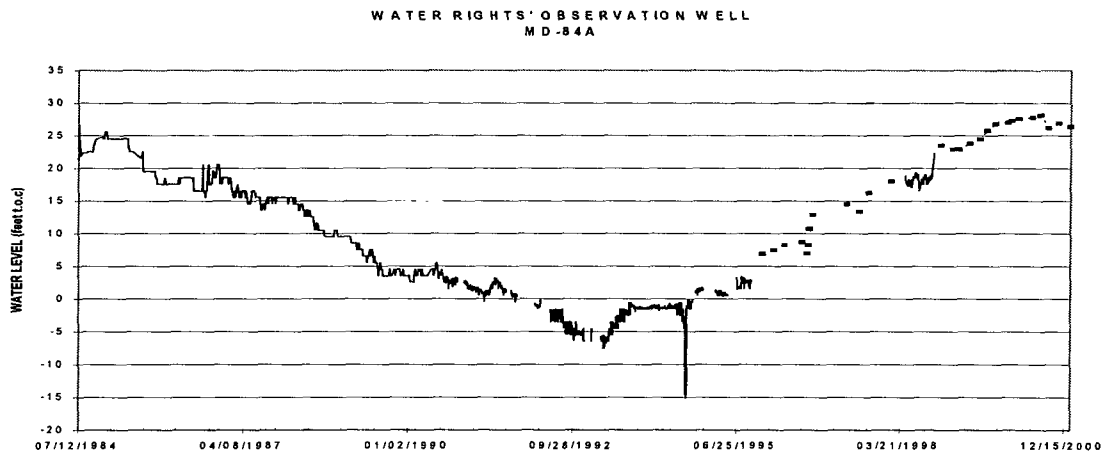


Figure 2. Hydrograph of Minnelusa Aquifer Observation Well five miles northwest of 1746-1

Water Rights Observation Well PE-84B is located approximately three miles south of this well. The hydrograph for the well is shown in figure 3.

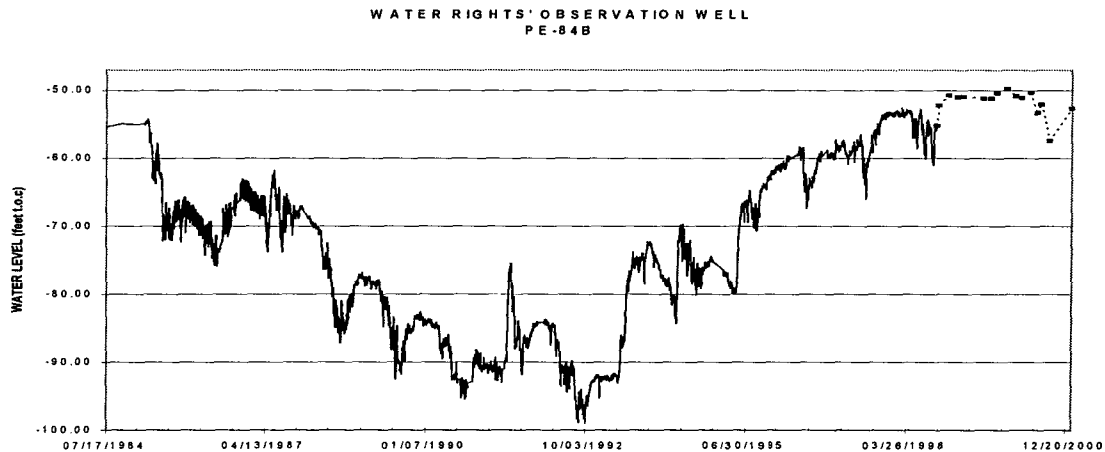


Figure 3. Hydrograph of Minnelusa Aquifer Observation Well five miles south of 1746-1

It is obvious from these hydrographs, that withdrawals have not exceeded recharge for the period of record. The observation well data suggests that at the existing level of development, the aquifer is capable of sustaining additional withdrawals.

AFFECTS ON EXISTING RIGHTS:

There are 170 Water Rights/Permits and two future use permits that appropriate water from the Minnelusa aquifer in South Dakota (Water Rights, 2001_a). There are 56 permits/rights appropriating water from the Minnelusa aquifer in Meade County (Water Rights, 2001_a), where the aquifer is used primarily for suburban housing development, commercial, municipal and irrigation use. In addition to appropriative rights, there are a number of domestic wells completed into the Minnelusa aquifer on file with the Water Rights Program (Water Rights, 2001_a).

There are 34 Water Rights/Permits appropriating groundwater within three miles of this proposed well. Twenty-three of these are from the Minnelusa aquifer, seven are from the Madison aquifer, three are from the Inyan Kara aquifer and one from the Minnekahta aquifer. Since the Opeche Shale confines the Minnelusa aquifer, a hydrologic connection between the Minnelusa aquifer and shallower aquifers (Minnekahta and Inyan Kara) is unlikely. Therefore, wells completed in the Minnekahta and Inyan Kara aquifers will not be affected by this appropriation. A great deal of discussion centered around a potential hydraulic connection between the Madison and Minnelusa aquifers when the nearby Madison appropriation (1569-1, Stagebarn Sanitary Dist. (formerly known as Indian Hills No. 4) was approved. The interconnection between the aquifers in this area has not been proven. In this case, the issue of a possible hydraulic connection between the Madison and Minnelusa aquifers is essentially a moot point since the nearest Madison appropriation (1674-1, Black Hawk Water Users District) is located over one and one-half miles from this well site, a distance that is sufficient to negate any well interference.

The nearest Minnelusa appropriation to this well is Water Right No. 1466-1, which is located approximately one and one-third miles west of this proposed well site. Well interference is not expected to be a problem at this distance due to the fairly low diversion rate (45 gpm) proposed by this application.

CONCLUSIONS:

1. The Minnelusa Aquifer is a viable aquifer in this area, and water is available for this appropriation.
2. The Minnelusa is under artesian conditions and drawdown due to this diversion can be expected. This drawdown is not expected to adversely affect adequate wells in the area.
3. The effluent from this suburban housing development will be disposed of through individual septic tanks and drain fields. This housing development is located on the outcrop, (recharge area) of the Inyan Kara aquifer.

Ken Buhler/gm

Ken Buhler
Natural Resources Engineer

Approved by

James A. Goodman
James A. Goodman, PE
Natural Resources Engineer

REFERENCES:

- Allen, J.C., D.Iles, A.Petres, 1984, Analysis of Groundwater and Streamflow Data, Western Dakotas Region of South Dakota, Task 3 & 4: Groundwater Resources Inventory, US Army Corps of Engineers Contract DAWC 45-82-C-015, SD DENR-Division of Geological Survey, Vermillion SD
- Carter, J.M., Redden J.A., 1999, Altitude of the Top of the Minnelusa Formation in the Black Hills Area, South Dakota, U.S. Geological Survey, Hydrologic Investigations Atlas HA-744-C,
- Carter, J.M., Redden J.A., 1999, Altitude of the Top of the Madison Limestone in the Black Hills Area, South Dakota, U.S. Geological Survey, Hydrologic Investigations Atlas HA-744-D,
- Kyllonen, D.P., K. Peter, 1987, GeoHydrology and Water Quality of the Inyan Kara, Minnelusa, and Madison Aquifers of the Northern Black Hills, South Dakota and Wyoming, and Bear Lodge Mountains, Wyoming, U.S. Geological Survey, Water Resources Investigations Report 86-4158, Rapid City, SD
- Rahn, P.H., 1979, Ground Water Resources of Western South Dakota, US Army Corps of Engineers, Draft Report-Final

Strobel, M.L., Galloway, J.M., Hanmade, G.R., and Jarrell, G.J, 2000, Potentiometric Surface of the Minnelusa Aquifer in the Black Hills Area, South Dakota, U.S. Geological Survey, Hydrologic investigations Atlas HA-745-C,

Water Rights Program, 2000_a, "Domestic Well Log Files" DENR-Water Rights Program, Joe Foss Building, Pierre, SD

Water Rights Program, 2000_b, "Observation Well Files" DENR-Water Rights Program, Joe Foss Building, Pierre, SD

Water Rights Program, 2000_c, "Water Permit Files" DENR-Water Rights Program, Joe Foss Building, Pierre, SD



**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.

March 29, 2001

Ryan Kaski
Kaski Homes, Inc.
PO Box 341
Piedmont, SD 57769

Dear Mr.Kaski:

Water Permit Application No. 1746-1 for Domestic 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 Meade Co. Times/Tribune printed at Sturgis, SD (Ph # 605-347-2503). 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. 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

cc: Mark Mayer, CETEC Engineering Services Inc.

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

March 29, 2001

Meade Co. Times/Tribune
Box 69
Sturgis, SD 57785-0069

ATTENTION: Legal Public Notice

Enclosed is a Notice of Hearing on Application No. 1746-1 to Appropriate Water to be published twice. Please publish the first notice on April 4, 2001 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 Ryan Kaski, Kaski Homes Inc., PO Box 341, Piedmont, SD 57769 (Ph # 605-331-0727).

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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. 1746-1

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

Date _____

We are in receipt of your letter of March 29, 2001 enclosing Notice of Hearing to Appropriate Water by Application No. 1746-1 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 4, 2001 with the second publication 7 days later. The applicant is responsible for payment.

NOTICE OF APPLICATION NO. 1746-1 to Appropriate Water

Notice is given that Kaski Homes, Inc., PO Box 341, Piedmont SD 57764 has filed an application for a water permit to appropriate 0.1 cfs (45 gallons per minute) from one well (Minnelusa Formation) approximately 1400 feet deep located in the SE ¼ SE ¼ Section 29-T3N-R7E. The water is for use in a suburban housing development.

Pursuant to SDCL 46-2A-2, the Chief Engineer recommends APPROVAL of Application No. 1746-1 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. 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 April 23, 2001.

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.

Water application

NOTICE OF APPLICATION NO. 1746-1 to Appropriate Water

Notice is given that Kaski Homes, Inc., PO Box 341, Piedmont SD 57764 has filed an application for a water permit to appropriate 0.1 cfs (45 gallons per minute) from one well (Minnelusa Formation) approximately 1400 feet deep located in the SE1/4 SE1/4 Section 29-T3N-R7E. The water is for use in a suburban housing development.

Pursuant to SDCL 46-2A-2, the Chief Engineer recommends APPROVAL of Application No. 1746-1 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. 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 April 23, 2001.

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.

Publ April 4 and 11, 2001
Meade County Times-Tribune

AFFIDAVIT OF PUBLICAT

STATE OF SOUTH DAKOTA COUNTY OF MEADE

Joan M. Lewis, being duly sworn, says: That the Meade County and, during all the times hereinafter mentioned, was a legal news SDCL 17-2-2, as amended, published at Sturgis, Meade County, Dickson Media, Inc.; that affiant is and, during all of said times, w accountant by the publisher of such newspaper and has personal facts stated in the affidavit; that the notice, order or advertisement which is attached, was published in said newspaper for successive following dates:

April 4, 2001 _____
April 11, 2001 _____
_____, 200 _____
_____, 200 _____
_____, 200 _____

that the full amount of the fee charged for publishing the same, t \$ 36.18, insures solely to the benefit of the newspaper; that no agreement or understanding for the division of made with any person, and that no part of the fee has been agreed other person.

Joan M
Bookkeeper

Subscribed and sworn to before me this

18th day of April, 2001

Sabrina R. Harmon

Notary Public, South Dakota

my commission expires 8-22-2005



Approval of Location Change and/or Additional Diversion Point(s)

NAME: Kaski Homes Inc.

ADDRESS: 1935 Samco Rd, Rapid City SD 57702

DATE: October 23, 2003 COUNTY: Meade

AUTHORITY:

Pursuant to SDCL 46-5-13.1, the location of a diversion point may be changed or additional diversion points may be licensed provided the following conditions are met and the potential for interference with other existing diversions is not increased:

- **Developed water source same as permitted source and no additional water appropriated**

The permitted water source and developed water source are both the Minnelusa Formation and the developed diversion rate is the same as specified on the water permit.

- **If irrigation, no new land is irrigated**

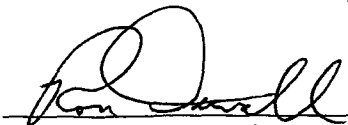
Not applicable. This water permit is for domestic and commercial water uses.

- **Review of Existing Diversions**

The nearest other existing Minnelusa formation diversion is Water Right No. 1603-1, Paul D LeClair which authorizes a diversion of 0.10 cfs for commercial purposes. This diversion is located approximately 8,000 feet Southwest of No. 1746-1. There has been no reported interference between these wells and none is expected in the future. The diversions have co-existed since 2001 and the location of No. 1746-1 actually resulted in the wells being slightly further apart.

RECOMMENDED ACTION

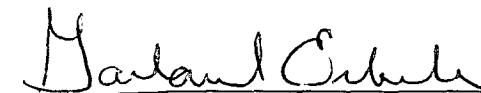
Water Permit No. 1746-1 was issued on May 2, 2001 for 0.10 cfs to be diverted from a Minnelusa formation well drilled in March of 2001. According to the map submitted with the permit application the Minnelusa well was located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ section 29-T3N-R7E. However, the actual location well location based on GPS positioning is in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ section 29-T3N-R7E approximately 255 feet outside of the permitted area. Based on the above criteria, it is recommended that the diversion point be licensed as developed.



Ron Duvall, Natural Resources Engineer
Water Rights Program

The Chief Engineer makes a finding pursuant SDCL 46-5-13.1 and ARSD 74:02:01:14.01 that:

This change in location does not increase the potential for adverse effects to existing diversions.



Garland Erbele, Chief Engineer
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

MAY 02 2001

Ryan Kaski
Kaski Homes Inc
PO Box 341
Piedmont, SD 57769

Dear Mr. Kaski:

Enclosed is Water Permit No. 1746-1 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

Permit No. 1746-1
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, May 12, 2003, made a thorough examination of the water use system constructed by Kaski Homes Inc. of 1935 Samco Rd, Rapid City SD 57702 holder of Permit No. 1746-1, bearing the priority of February 15, 2001 authorizing the diversion of 0.10 cu. ft. per second of the waters of ground water (Minnelusa formation) for suburban housing purposes, in Meade County.

Inspection contact & relationship to permit holder, if applicable: **Ryan Kaski**

A. Works used to divert the water:

Well Information:

- 1) Well Drilling Firm: Cimarron Drilling
- 2) No. of Wells 1
- 3) Depth(s) 1,260 feet
- 4) Well log is available Y

Casing:

- 1) Diameter 5.5 inches
- 2) Length 1,125 feet
- 3) Type steel

Screen:

- 1) Type open hole
- 2) Length 135 feet
- 3) Static water level 160 feet

Motor/Pump:

- 1) Make submersible
- 2) Size 5 hp?
- 3) Capacity 45 GPM

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

Water is diverted into a 40,000 gallon storage tank and is available to serve 25 home sites.

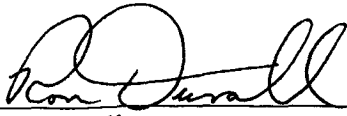
C. Compliance with Permit Requirements:

- 1) Permit qualifications being abided by Y
- 2) Exceptions to compliance are: none

The system is in good condition with the point of diversion located as follows: Well: 1,285 feet W and 1,575 feet N from the SE corner section 29-T3N-R7E (NE¼SE¼, Latitude 44.18828 Longitude -103.29705). The works are capable of diverting and conveying to the place of use 0.10 cu. ft. per second of water which is to be used for suburban housing purposes. Water has been put to beneficial use to the maximum extent and the license should be issued for 0.10 cfs.

All structures, wells and lands on map Y

| Comments or other permit(s) associated with the project: none



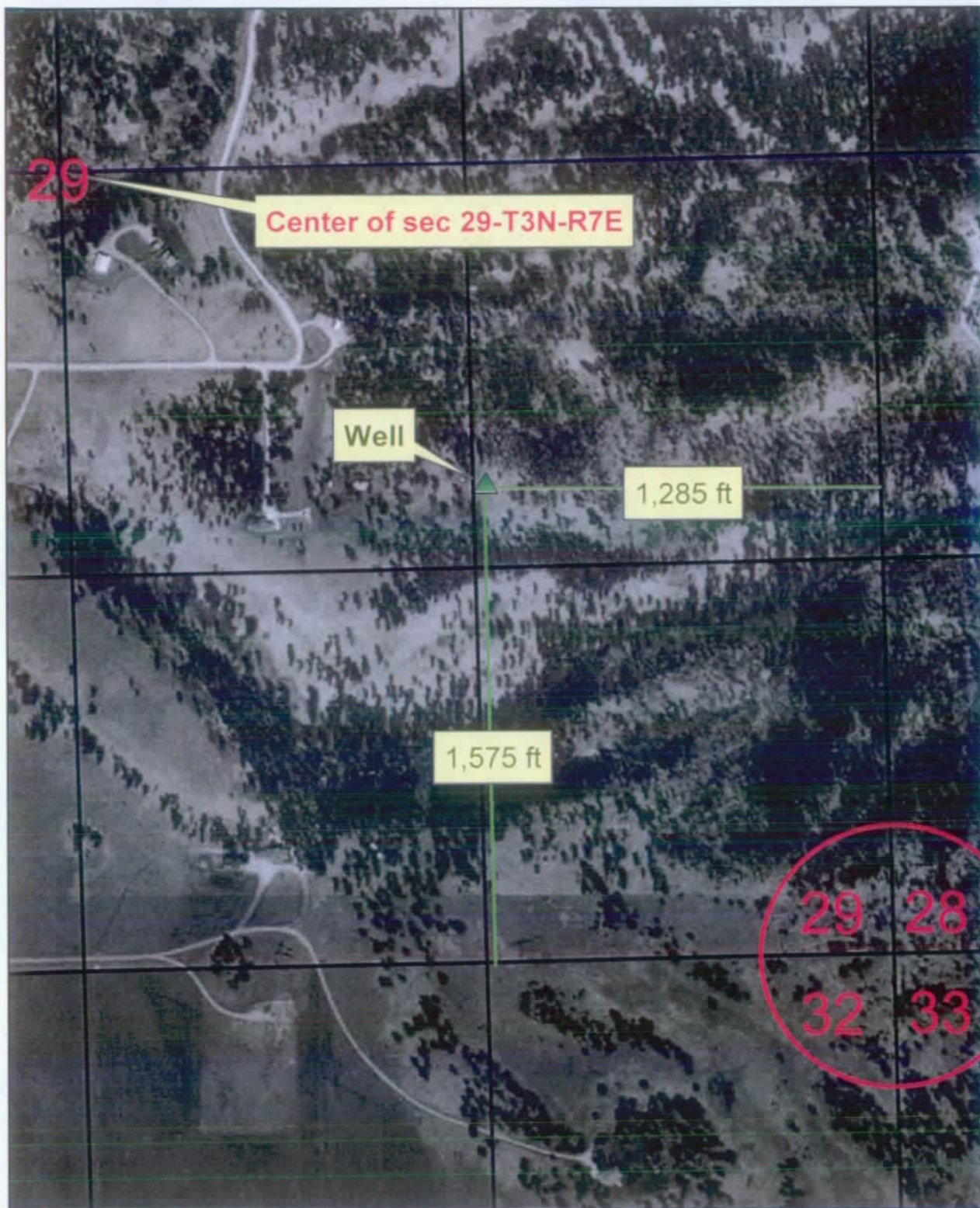
Ron Duvall
Natural Resources Engineer
DENR, Water Rights Program

Date report completed: October 23, 2003

Scale: 1 inch equals 492 feet

690

Feet



South Dakota
Department of Environment
& Natural Resources
Water Rights

Completed by:

Ron Duvall, Natural Resources Engineer
Water Rights Program

Diversion point(s) located using GeoExplorer II GPS

Date: Oct 23, 2003

Water Right No. 1746-1

STATE OF SOUTH DAKOTA

WATER LICENSE NO. 1746-1

(1) Kaski Homes, Inc., 1935 Samco Rd, Rapid City SD 57702 made Application No. 1746-1, February 15, 2001 for a water permit to divert 0.1 cubic feet of water per second from groundwater (one well), Meade County, South Dakota for suburban housing development purposes. Permit No. 1746-1, with a priority date of February 15, 2001 was approved April 23, 2001 and issued to the applicant for diversion of water with construction of the described water supply system to be completed on or before April 23, 2006 and for the application to beneficial use of water on or before April 23, 2010.

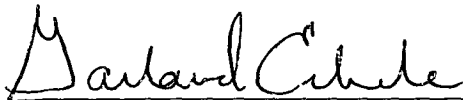
An investigation conducted for licensing purposes found the well under Water Permit No. 1746-1 was not in the location authorized by the permit. Pursuant to SDCL 46-5-13.1, the Chief Engineer makes a finding that the change in location of diversion point does not increase the potential for interference with existing water rights.

(2) The water supply system has been completed and water applied to beneficial use in accordance with South Dakota State Law. Pursuant to South Dakota Codified Law 46-5-30.1, the holder and/or owner of Water Right No. 1746-1 is issued a license, bearing a priority date of February 15, 2001 to appropriate 0.1 cubic feet of water per second from groundwater (one well) for suburban housing development purposes.

The diversion point is located: 1,285 feet west and 1,575 feet north from the southeast corner of Section 29-T3N-R7E (NE ¼ SE ¼).

(3) This license is subject to South Dakota Water Law, any limitations or conditions listed in Water Permit No. 1746-1 including the following now applicable qualification:

- The well approved under this Permit will be located near domestic wells and other wells which may obtain water from the same aquifer. The well owner under this Permit shall control his withdrawals so there is not a reduction of needed water supplies in adequate domestic wells or in adequate wells having prior water rights.



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

DEC 10 2003

date





**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

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

DEC 10 2003

1746-1

Kaski Homes Inc
1935 Samco Rd
Rapid City SD 57702

Dear Sir:

Enclosed is Water License No. 1746-1. This is the final water right document completing your process of obtaining a Water Right.

As long as you use the water beneficially, as stated in the Water License, State Water Laws provide that you have a continuing right to use the water.

Sincerely,

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

enclosures

RECEIVED

JUL - 9 2012

SD EForm - 0495LD V2

NOTICE OF TRANSFER OF OWNERSHIP

WATER RIGHTS
PROGRAM

For assistance call (605) 773-3352

Mail to: PMB 2020
DENR - Water Rights Program
523 E Capitol Ave
Pierre, SD 57501-3182

Water Right/Permit No. 1746Date: June 29, 2012

I/We request that Water Right/Permit No. 1746 formerly owned by:
Kaski Homes, Inc. and Gerald B. McFarland and Mandi R. McFarland be transferred to:

New Owner Name: Rimrock Highland Estates Community AssociationAddress: 4710 Westridge RoadCity, State, Zip Rapid City SD 57702 Telephone No. 605-787-6822

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

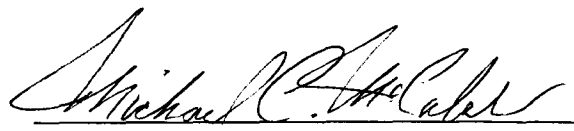
Lot 17 of Rimrock Highland Estates, Meade County, South Dakota, as shown on the plat filed in Plat Book 20 on Pages 335-336, and as amended by Surveyor's Affidavit recorded in Book 666 on Page 410.

☒ I understand that the validity of Water Right/Permit No. 1746 has not been determined by this transfer action. If I have any questions on validity, I understand that only the Water Management Board has the authority to determine if a water right/permit is valid (see note below.)

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

A fee of Fifty Dollars (\$50.00) is included to cover the filing fee as required by SDCL 46-2-13.

I, Michael McCaleb, President of the Association, the new owner, certify that the above information is true and correct.


(signed by new owner)

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

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

RECEIPT

WATER RIGHTS PROGRAM

South Dakota Department of Environment and Natural Resources

Date 7/9/, 2012

RECEIVED OF Wilson Olson & Nash PC 2640 Jackson Blvd Rapid City SD 57709

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	50	00
Fee for Application for Permit No. _____ to Appropriate Water for Future use		
Fee to retain Future Use Permit No. _____ after period of seven years.		
Fee for Inspecting Constructed Works, confirming beneficial use and issuing Water License No. _____		
Fee for Filing Transfer Form <u>1746-1</u>		
Fee for _____		
Fee for Issuing New Well Driller's License No. _____ for C.Y. _____		
Fee for Renewal of Well Driller's License No. _____ for C.Y. _____		
Fee for Issuing Well Pump Installer's License No. _____ for C.Y. _____	50	00
Fee for Renewal of Well Pump Installer's License No. _____ for C.Y. _____		
(Any Other Work Provided by Law)	TOTAL	50 00

No. 05482

By Marshall Erbelle
Chief Engineer



**DEPARTMENT of ENVIRONMENT
and NATURAL RESOURCES**

JOE FOSS BUILDING
PMB 2020
523 EAST CAPITOL
PIERRE SOUTH DAKOTA 57501-3182
www.denr.sd.gov

July 9, 2012

1746-1

Michael McCaleb
Rimrock Highland Estates Community Association
4710 Westridge Rd
Rapid City SD 57702

Dear Mr. McCaleb:

I am writing to acknowledge receipt of the transfer form and filing fee submitted for transferring ownership of Water Right No. 1746-1.

The ownership change has been completed. Water Right No. 1746-1 formerly held by Kaski Homes Inc., is now listed in the name of Rimrock Highland Estates Community Association.

Enclosed is Receipt No. 05482 in the amount of \$50.00. If you have any questions, please contact me.

Sincerely,

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

enclosure