

Department of Environment and Natural Resources  
Minerals and Mining Program  
Joe Foss Building  
523 East Capitol Avenue  
Pierre, South Dakota 57501-3182  
Telephone: (605) 773-4201 Fax: (605) 773-5286

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NOTICE OF INTENT TO CONDUCT  
MINERAL EXPLORATION OPERATION  
(Excluding Uranium)

MINERALS & MINING PROGRAM Pursuant to SDCL 45-6C

Name of Operator: VMC LLC

Address:

Mr. Dana Bender  
2509 Windmill Dr. #305  
Spearfish, SD 57783

Name and Address of Operator's Resident  
Agent in South Dakota:

Mr. Matt McCaulley  
101 N. Phillips Ave  
Sioux Falls, South Dakota 57104-6737

Telephone Number:

(605) 222-6235

Telephone Number:

(605) 331-2975

Brief Description of the Type of Exploration to be Conducted. Include a list of all minerals to be explored and a description of methods (e.g. drill rig type, proposed depth for each test hole, length of access road construction, and/or other).

Subsurface gold exploration will be conducted to depths of up to 100 feet. Exploration methods may include excavator trenching, diamond core drilling, reverse circulation drilling, or percussion drilling. Up to 100 drill holes and 2.1 miles of exploration roads and trenches will be constructed as shown on Figure 1. Trenching will use a tracked excavator, road construction will use a dozer, and exploration drilling will use track mount or truck mount drilling rigs. Blasting may be required in some areas to facilitate trenching. Dry drilling methods will be used for reverse circulation and percussion drilling. Diamond core drilling will use water, and a small pit will be constructed next to the drill site to serve as a sump for drilling water.

Will the Operator Conduct Uranium Exploration? Y  N  If Yes, a Permit Pursuant to SDCL 45-6D Must be Obtained.

Date Exploration Will Commence:

November 20, 2012

Legal Description of Land to be Explored by Section, Township, and Range:

Portions of Sections 28, 29, 30, 31 and 32, Township 5 North, Range 2 East, Black Hills Meridian as shown on Figures 1 through 5 (attached).

County:

Lawrence

What Legal Authority Does the Operator Have to Conduct Exploration on the Above-Described Land? Attach copy if available.

Deed  Lease  US Forest Service Permit  Pending US Forest Service Permit

Other Exploration Agreement

INSTRUCTIONS (Reference SDCL 45-6C):

This Notice of Intent Must be Accompanied by:

1. A Plan of Reclamation Pursuant to Section 8.
2. A Topographic Map Pursuant to Section 9.
3. A Fee of \$250 Pursuant to Section 17.
4. A Surety Bond in an Amount to be Determined by the Department Pursuant to Section 19.
5. Any Written Landowner Consultations Giving Alternative Preferences for the Reclamation of the Affected Land Pursuant to Section 16.

Applicant affirms that the surface owner has been notified of the proposed mineral development and that said surface owner is aware of his rights to compensation for damages to property pursuant to SDCL 45-5A. Applicant hereby affirms that the mineral exploration will be conducted pursuant and subject to the provisions of SDCL 45-6C, and all regulations promulgated thereunder, that he will grant access to the Board of Minerals and Environment or its agents to the area under notice from the date of the notice and thereafter to assure compliance with the provisions of SDCL 45-6C.

***I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.***

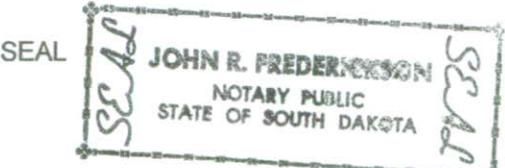
Mark Nelson  
 Signature  
 Managing Member  
 Title

11/08/2012  
 Date

STATE OF South Dakota  
 COUNTY OF Lawrence

On this 8 day of November, 20 12, before me personally appeared Mark Nelson who acknowledged himself to be the managing member for VMC, LLC (Title) (Operator) and that he is authorized to execute this Notice for the purposes contained therein.

John R. Frederickson  
 Notary Public  
 My Commission Expires: Feb, 22, 2017



FOR DEPARTMENT USE ONLY

DATE APPROVED: \_\_\_\_\_ BOND AMOUNT: \_\_\_\_\_ EXNI NUMBER: \_\_\_\_\_  
 \_\_\_\_\_  
 Chairman, SD Board of Minerals & Environment

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In preparing this Reclamation Plan, please address each item in detail, following SDCL 45-6C-8 and 45-6D-9. Also, refer to the reclamation standards outlined under SDCL 45-6C-27 through 45-6C-34, SDCL 45-6D-33 through 45-6D-39, and the state's hole plugging regulations as detailed under ARSD 74:11.

- 1.) Describe the type of reclamation the operator proposes to achieve in the reclamation of the affected land.

The post-mining land use for the exploration area would be woodland grazing, which would be accomplished by reclaiming to an open canopy area within the forested surroundings.

- 2.) Provide a proposed timetable for seeding and replanting indicating when and how the reclamation plan will be implemented. Such timetable shall be developed after consulting with the County District Conservationist as to the nature of the soils and native vegetation in the area of the proposed operation. These recommendations shall be followed, if any are provided, and copies of all correspondence shall be provided to the Department.

Areas where drilling sites, trenching sites or exploration roads are constructed will be reclaimed by ripping areas of compacted soil, backfilling drill sumps or road prisms, and replacing stockpiled soil and subsoil. Seed will be applied at the recommend seed rate by hand broadcasting. Reseeding of the reclaimed sites would occur in the fall. The recommended seed mixture and proof of consultation with the Natural Resources Conservation service is attached.

- 3.) Describe how the reclamation plan will rehabilitate the affected land.

Planting of grasses will control erosion and protect the soil. Numerous forbs and shrubs are expected to volunteer on the reclaimed roads, because ground disturbance associated with exploration activities is limited as compared to surrounding areas of vegetation. A grass, forb, shrub, subshrub community is expected to develop as reclamation matures, which would support woodland grazing and provide an edge effect for the wildlife in the area.

- 4.) Describe the anticipated temporary and permanent plugging and capping procedures to be used (refer to SDCL 45-6C-28 through 45-6C-30, SDCL 45-6D-33 through 45-6D-35, and the state's hole plugging regulations as detailed under ARSD 74:11).

All exploration drill holes will be plugged in accordance with Administrative Rules of South Dakota (ARSD) 74:11:08:04. The maximum planned depth of the drill holes is 100 feet and groundwater in the area occurs at a depth of approximately 550 to 630 feet. Therefore, the drill holes are not expected to encounter groundwater. Holes will be plugged by return of the excess drill cuttings to the drill hole to a point not less than eight feet below the ground surface. Backfill material will be free of contamination and have a permeability equal to or less than the permeability of the formations encountered in the borehole. A nondegradational, nonslip plug will be placed at a point not less than eight feet below the ground surface, and a five-foot column of cement grout will be placed above the plug. Topsoil or material representative of the undisturbed surface material will be tamped into the upper three feet of the drill hole. If groundwater is encountered in the exploration drill holes, the SD DENR will be notified and plugging will be completed using an appropriate method in accordance with ARSD 74:11:08.

- 5.) Provide the estimated cost of: a) implementing and completing the proposed reclamation and; b) the estimated cost of plugging and sealing each test hole.

Reclamation of drilling and trenching sites is estimated to cost \$500 per site, and exploration of access roads is expected to cost \$5000 per linear mile. Bonding will be accomplished with the state-wide \$20,000 surety. Plugging and sealing drill holes is estimated to cost \$350 per hole.

***I declare and affirm under the penalties of perjury that this claim (petition, application, information) has been examined by me, and to the best of my knowledge and belief, is in all things true and correct.***

Operator Signature: \_\_\_\_\_



Title: Manging Member

Date: 11/08/2012

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**VMC LLC Exploration Notice of Intent**

**Recommended Seed Mixture**

Side Oats Gramma (3 Pounds Live Seed [PLS] per acre)

Western Wheatgrass (3 PLS per acre)

Slender Wheatgrass (1 PLS per acre)

Green Needlegrass (2 PLS per acre)

Timothy (1 PLS per acre)

White Dutch Clover (1 PLS per acre)

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**From:** [Eggebo, Sarah - NRCS, Belle Fourche, SD](mailto:Sarah.Eggebo@nd.gov)  
**To:** [Mark Nelson](mailto:Mark.Nelson@nd.gov)  
**Subject:** RE: Recommendation for reclamation of exploration areas in Lawrence County  
**Date:** Wednesday, October 03, 2012 1:47:06 PM

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That should work.

Thank you!

*Sarah*

Sarah Eggebo  
District Conservationist  
Belle Fourche NRCS Field Office  
1837 5th Ave.  
Belle Fourche, SD 57717  
(605) 892-3368, Ext. 3

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**From:** Mark Nelson [mailto:mark@nelsongeo.com]  
**Sent:** Tuesday, October 02, 2012 9:20 AM  
**To:** Eggebo, Sarah - NRCS, Belle Fourche, SD  
**Subject:** Recommendation for reclamation of exploration areas in Lawrence County

Hello-

I am preparing an exploration permit application for the Deadwood Standard Project to provide for gold exploration in the east half of Section 31 and the west half of Section 32, Township 5 North, Range 2 East, Black Hills Meridian. We are proposing to do trenching, exploration drilling, and exploration road building.

In accordance with state permitting requirements, I would like to get your recommendations for reclaiming the area. Based on discussion with DENR, we are proposing to use the following seed mixture:

1. Side Oats Gramma (3 PLS per acre)
2. Western Wheatgrass (3 PLS per acre)
3. Slender Wheatgrass (1 PLS per acre)
4. Green Needlegrass (2 PLS per acre)
5. Timothy (1 PLS per acre)
6. White Dutch Clover (1 PLS per acre)

Areas where drilling sites, trenching sites or exploration roads are constructed would be reclaimed by ripping areas of compacted soil, backfilling drill sumps and/or road prisms, and replacing stockpiled soil and subsoil. Seed would be applied at the recommend seed rate by hand broadcasting. Reseeding of the reclaimed sites would occur in the fall.

Would you provide any recommendations you may have on the proposed seed mixture? Also do

you have any recommendations for fertilizer application or other reclamation issues?

Please let me know if you have questions.

Thanks much-  
Mark

**Mark Nelson, PG**

12445 Misty Meadows Rd, PO Box 126

Nemo, SD 57759

Phone: 605-578-9739

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# Legend

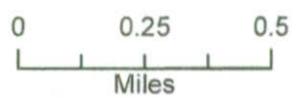
- Monitoring Well Location
- Residential Well Location
- Spring Location (All springs are outside of 1/4 mile buffer)

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Location: Sections 29, 30, 31, 32  
 Township 5 North, Range 2 East  
 Black Hills Meridian



**Deadwood Standard Project**  
 Lawrence County, South Dakota

**Well and Spring Location Map**

**Map 3**

Design: M. Nelson, CPG	Approved:
Date: October, 2012	Revised: