

## 1 SENATE BILL NO. 494

2 INTRODUCED BY K. BALES

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A ONE-TIME EXTENSION FOR PRIMARY TERM  
5 COAL LEASES; AUTHORIZING THE BOARD TO REQUIRE A BONUS PAYMENT FOR GRANTING A LEASE  
6 EXTENSION; AMENDING SECTION 77-3-314, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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10 **Section 1.** Section 77-3-314, MCA, is amended to read:

11 **"77-3-314. Duration of lease.** (1) ~~Coal~~ Except as provided in subsection (3), coal mining leases ~~shall~~  
12 must be issued for a primary term of 10 years and so long ~~thereafter~~ after that term as coal is produced from  
13 ~~such those~~ lands in commercial quantities.

14 (2) ~~A~~ Except as provided in subsection (3), a lease not producing coal in commercial quantities at the  
15 end of the primary term ~~shall~~ must be terminated, unless the leased lands are described in a strip mine permit  
16 issued under 82-4-221 or in a mine-site location permit under 82-4-122 prior to the end of the primary term, and  
17 the lease ~~shall~~ may not be terminated so long as ~~said the~~ lands are covered and described under a valid permit.

18 (3) The board may grant a one-time extension of the original primary term lease of up to 5 years if, upon  
19 request, the board determines that information regarding the status of the lease clearly demonstrates that the  
20 economic interests of the trust beneficiaries would be better served by a lease extension than a lease  
21 termination. The board may require a bonus payment for granting a lease extension.

22 ~~(3)(4)~~ (4) For the purpose of this part, "commercial quantities" means that quantity of coal ~~which~~ that can  
23 be sold at profit in the commercial market."

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25 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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