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INTRODUCED BY _____
(Primary Sponsor)

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CONTROLLED GROUND WATER AREA DESIGNATION AND MODIFICATION REQUIREMENTS; DEFINING TERMS; PROVIDING FOR A RULEMAKING PROCESS FOR DESIGNATING AND MODIFYING CONTROLLED GROUND WATER AREAS RATHER THAN THROUGH AN ORDER; REMOVING THE OPTION OF DESIGNATING A CONTROLLED GROUND WATER AREA FOR DISPUTES REGARDING PRIORITY OF RIGHTS, AMOUNT OF GROUND WATER IN USE, OR PRIORITY OF TYPE OF USE; CHANGING NOTICE REQUIREMENTS; EXPANDING THE REASONS FOR WHICH A CONTROLLED GROUND WATER AREA MAY BE DESIGNATED OR MODIFIED; REVISING THE PROCESS FOR DESIGNATING A TEMPORARY CONTROLLED GROUND WATER AREA; REVISING THE LENGTH OF TIME THAT A TEMPORARY CONTROLLED GROUND WATER AREA CAN EXIST; EXPANDING THE CONTROL PROVISIONS THAT MAY BE USED IN A CONTROLLED GROUND WATER AREA; REMOVING THE PREFERENCE FOR DOMESTIC AND LIVESTOCK WITHDRAWALS WITHIN CONTROLLED GROUND WATER AREAS; REMOVING THE PROVISION FOR THE ROTATION OF USE OF GROUND WATER IN THE CONTROLLED GROUND WATER AREA; REVISING THE AUTHORITY OF THE DEPARTMENT FOR CONTROLLED GROUND WATER AREAS; REMOVING THE PROVISION FOR AN ADMINISTRATIVE FINDING OF PRIORITIES REGARDING THE WITHDRAWAL OF GROUND WATER; REVISING PROVISIONS REGARDING ASCERTAINMENT AND FINDING OF PRIORITIES FOR THE USE OF GROUND WATER; REVISING INVESTIGATION PROVISIONS; REMOVING THE PROVISION FOR GROUND WATER SUPERVISORS WHOSE PURPOSE IS TO SUPERVISE THE WITHDRAWAL OF GROUND WATER; REMOVING PENALTIES ASSOCIATED WITH NONCOMPLIANCE WITH GROUND WATER STATUTES; AMENDING SECTIONS 85-2-306, 85-2-402, 85-2-501, 85-2-506, AND 85-2-508, MCA; REPEALING SECTIONS 85-2-507, 85-2-509, 85-2-511, 85-2-512, 85-2-513, 85-2-518, AND 85-2-520, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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



1 NEW SECTION. **Section 1. Rulemaking.** The department shall adopt rules for the purpose of
 2 implementing 85-2-506 and other controlled ground water area statutes. The rules must include but are not
 3 limited to petition requirements and the hearing procedure and process that will be followed regarding controlled
 4 ground water areas.

5

6 **Section 2.** Section 85-2-306, MCA, is amended to read:

7 **"85-2-306. Exceptions to permit requirements.** (1) Ground water may be appropriated only by a
 8 person who has a possessory interest in the property where the water is to be put to beneficial use and exclusive
 9 property rights in the ground water development works or, if another person has rights in the ground water
 10 development works, with the written consent of the person with those property rights. If the person does not have
 11 a possessory interest in the real property from which the ground water may be appropriated, the person shall
 12 provide to the owner of the real property written notification of the works and the person's intent to appropriate
 13 ground water from the works. The written notification must be provided to the landowner at least 30 days prior
 14 to constructing any associated works or, if no new or expanded works are proposed, 30 days prior to
 15 appropriating the water. The written notification under this subsection is a notice requirement only and does not
 16 create an easement in or over the real property where the ground water development works are located.

17 (2) Inside the boundaries of a controlled ground water area, ground water may be appropriated only:

18 (a) according to a permit received pursuant to 85-2-508; or

19 (b) according to the requirements of ~~an order issued~~ a rule promulgated pursuant to ~~85-2-507~~ 85-2-506.

20 (3) (a) Outside the boundaries of a controlled ground water area, a permit is not required before
 21 appropriating ground water by means of a well or developed spring with a maximum appropriation of 35 gallons
 22 a minute or less, not to exceed 10 acre-feet a year, except that a combined appropriation from the same source
 23 from two or more wells or developed springs exceeding this limitation requires a permit.

24 (b) (i) Within 60 days of completion of the well or developed spring and appropriation of the ground water
 25 for beneficial use, the appropriator shall file a notice of completion with the department on a form provided by the
 26 department through its offices.

27 (ii) Upon receipt of the notice, the department shall review the notice and may, before issuing a certificate
 28 of water right, return a defective notice for correction or completion, together with the reasons for returning it. A
 29 notice does not lose priority of filing because of defects if the notice is corrected, completed, and refiled with the
 30 department within 30 days of notification of defects or within a further time as the department may allow, not to

1 exceed 6 months.

2 (iii) If a notice is not corrected and completed within the time allowed, the priority date of appropriation
3 is the date of refiling a correct and complete notice with the department.

4 (c) A certificate of water right may not be issued until a correct and complete notice has been filed with
5 the department, including proof of landowner notification as necessary under subsection (1). The original of the
6 certificate must be sent to the appropriator. The department shall keep a copy of the certificate in its office in
7 Helena. The date of filing of the notice of completion is the date of priority of the right.

8 (4) An appropriator of ground water by means of a well or developed spring first put to beneficial use
9 between January 1, 1962, and July 1, 1973, who did not file a notice of completion, as required by laws in force
10 prior to April 14, 1981, with the county clerk and recorder shall file a notice of completion, as provided in
11 subsection (3), with the department to perfect the water right. The filing of a claim pursuant to 85-2-221 is
12 sufficient notice of completion under this subsection. The priority date of the appropriation is the date of the filing
13 of a notice, as provided in subsection (3), or the date of the filing of the claim of existing water right.

14 (5) An appropriation under subsection (4) is an existing right, and a permit is not required. However, the
15 department shall acknowledge the receipt of a correct and complete filing of a notice of completion, except that
16 for an appropriation of 35 gallons a minute or less, not to exceed 10 acre-feet a year, the department shall issue
17 a certificate of water right. If a certificate is issued under this section, a certificate need not be issued under the
18 adjudication proceedings provided for in 85-2-236.

19 (6) A permit is not required before constructing an impoundment or pit and appropriating water for use
20 by livestock if:

21 (a) the maximum capacity of the impoundment or pit is less than 15 acre-feet;

22 (b) the appropriation is less than 30 acre-feet a year;

23 (c) the appropriation is from a source other than a perennial flowing stream; and

24 (d) the impoundment or pit is to be constructed on and will be accessible to a parcel of land that is owned
25 or under the control of the applicant and that is 40 acres or larger.

26 (7) Within 60 days after constructing an impoundment or pit, the appropriator shall apply for a permit as
27 prescribed by this part. Upon receipt of a correct and complete application for a stockwater provisional permit,
28 the department shall automatically issue a provisional permit. If the department determines after a hearing that
29 the rights of other appropriators have been or will be adversely affected, it may revoke the permit or require the
30 permittee to modify the impoundment or pit and may then make the permit subject to terms, conditions,

1 restrictions, or limitations that it considers necessary to protect the rights of other appropriators.

2 (8) A person may also appropriate water without applying for or prior to receiving a permit under rules
3 adopted by the department under 85-2-113."

4

5 **Section 3.** Section 85-2-402, MCA, is amended to read:

6 **"85-2-402. (Temporary) Changes in appropriation rights.** (1) The right to make a change subject to
7 the provisions of this section in an existing water right, a permit, or a state water reservation is recognized and
8 confirmed. In a change proceeding under this section, there is no presumption that an applicant for a change in
9 appropriation right cannot establish lack of adverse effect prior to the adjudication of other rights in the source
10 of supply pursuant to this chapter. Except as provided in 85-2-410 and subsections (15) and (16) of this section,
11 an appropriator may not make a change in an appropriation right without the approval of the department or, if
12 applicable, of the legislature. An applicant shall submit a correct and complete application.

13 (2) Except as provided in subsections (4) through (6), (15), and (16), the department shall approve a
14 change in appropriation right if the appropriator proves by a preponderance of evidence that the following criteria
15 are met:

16 (a) The proposed change in appropriation right will not adversely affect the use of the existing water
17 rights of other persons or other perfected or planned uses or developments for which a permit or certificate has
18 been issued or for which a state water reservation has been issued under part 3.

19 (b) Except for a lease authorization pursuant to 85-2-436 or a temporary change in appropriation right
20 authorization to maintain or enhance streamflows to benefit the fishery resource pursuant to 85-2-408, the
21 proposed means of diversion, construction, and operation of the appropriation works are adequate.

22 (c) The proposed use of water is a beneficial use.

23 (d) Except for a lease authorization pursuant to 85-2-436 or a temporary change in appropriation right
24 authorization pursuant to 85-2-408, the applicant has a possessory interest, or the written consent of the person
25 with the possessory interest, in the property where the water is to be put to beneficial use.

26 (e) If the change in appropriation right involves salvaged water, the proposed water-saving methods will
27 salvage at least the amount of water asserted by the applicant.

28 (f) The water quality of an appropriator will not be adversely affected.

29 (g) The ability of a discharge permitholder to satisfy effluent limitations of a permit issued in accordance
30 with Title 75, chapter 5, part 4, will not be adversely affected.

1 (3) The applicant is required to prove that the criteria in subsections (2)(f) and (2)(g) have been met only
2 if a valid objection is filed. A valid objection must contain substantial credible information establishing to the
3 satisfaction of the department that the criteria in subsection (2)(f) or (2)(g), as applicable, may not be met.

4 (4) The department may not approve a change in purpose of use or place of use of an appropriation of
5 4,000 or more acre-feet of water a year and 5.5 or more cubic feet per second of water unless the appropriator
6 proves by a preponderance of evidence that:

7 (a) the criteria in subsection (2) are met; and

8 (b) the proposed change is a reasonable use. A finding of reasonable use must be based on a
9 consideration of:

10 (i) the existing demands on the state water supply, as well as projected demands for water for future
11 beneficial purposes, including municipal water supplies, irrigation systems, and minimum streamflows for the
12 protection of existing water rights and aquatic life;

13 (ii) the benefits to the applicant and the state;

14 (iii) the effects on the quantity and quality of water for existing uses in the source of supply;

15 (iv) the availability and feasibility of using low-quality water for the purpose for which application has been
16 made;

17 (v) the effects on private property rights by any creation of or contribution to saline seep; and

18 (vi) the probable significant adverse environmental impacts of the proposed use of water as determined
19 by the department pursuant to Title 75, chapter 1, or Title 75, chapter 20.

20 (5) The department may not approve a change in purpose of use or place of use for a diversion that
21 results in 4,000 or more acre-feet of water a year and 5.5 or more cubic feet per second of water being consumed
22 unless:

23 (a) the applicant proves by clear and convincing evidence and the department finds that the criteria in
24 subsections (2) and (4) are met; and

25 (b) for the withdrawal and transportation of appropriated water for out-of-state use, the department then
26 petitions the legislature and the legislature affirms the decision of the department after one or more public
27 hearings.

28 (6) The state of Montana has long recognized the importance of conserving its public waters and the
29 necessity to maintain adequate water supplies for the state's water requirements, including requirements for
30 federal non-Indian and Indian reserved water rights held by the United States for federal reserved lands and in

1 trust for the various Indian tribes within the state's boundaries. Although the state of Montana also recognizes
2 that, under appropriate conditions, the out-of-state transportation and use of its public waters are not in conflict
3 with the public welfare of its citizens or the conservation of its waters, the following criteria must be met before
4 out-of-state use may occur:

5 (a) The department and, if applicable, the legislature may not approve a change in appropriation right
6 for the withdrawal and transportation of appropriated water for use outside the state unless the appropriator
7 proves by clear and convincing evidence and, if applicable, the legislature approves after one or more public
8 hearings that:

9 (i) depending on the volume of water diverted or consumed, the applicable criteria and procedures of
10 subsection (2) or (4) are met;

11 (ii) the proposed out-of-state use of water is not contrary to water conservation in Montana; and

12 (iii) the proposed out-of-state use of water is not otherwise detrimental to the public welfare of the citizens
13 of Montana.

14 (b) In determining whether the appropriator has proved by clear and convincing evidence that the
15 requirements of subsections (6)(a)(ii) and (6)(a)(iii) will be met, the department and, if applicable, the legislature
16 shall consider the following factors:

17 (i) whether there are present or projected water shortages within the state of Montana;

18 (ii) whether the water that is the subject of the proposed change in appropriation might feasibly be
19 transported to alleviate water shortages within the state of Montana;

20 (iii) the supply and sources of water available to the applicant in the state where the applicant intends to
21 use the water; and

22 (iv) the demands placed on the applicant's supply in the state where the applicant intends to use the
23 water.

24 (c) When applying for a change in appropriation right to withdraw and transport water for use outside
25 the state, the applicant shall submit to and comply with the laws of the state of Montana governing the
26 appropriation and use of water.

27 (7) For any application for a change in appropriation right involving 4,000 or more acre-feet of water a
28 year and 5.5 or more cubic feet per second of water, the department shall give notice of the proposed change
29 in accordance with 85-2-307 and shall hold one or more hearings in accordance with 85-2-309 prior to its
30 approval or denial of the proposed change. The department shall provide notice and may hold one or more

1 hearings upon any other proposed change in appropriation right if it determines that the proposed change might
2 adversely affect the rights of other persons.

3 (8) The department or the legislature, if applicable, may approve a change in appropriation right subject
4 to the terms, conditions, restrictions, and limitations that it considers necessary to satisfy the criteria of this
5 section, including limitations on the time for completion of the change. The department may extend time limits
6 specified in the change approval under the applicable criteria and procedures of 85-2-312(3).

7 (9) Upon actual application of water to the proposed beneficial use within the time allowed, the
8 appropriator shall notify the department that the appropriation has been completed. The notification must contain
9 a certified statement by a person with experience in the design, construction, or operation of appropriation works
10 describing how the appropriation was completed.

11 (10) If a change in appropriation right is not completed as approved by the department or legislature or
12 if the terms, conditions, restrictions, and limitations of the change approval are not complied with, the department
13 may, after notice and opportunity for hearing, require the appropriator to show cause why the change approval
14 should not be modified or revoked. If the appropriator fails to show sufficient cause, the department may modify
15 or revoke the change approval.

16 (11) The original of a change approval issued by the department must be sent to the applicant, and a
17 duplicate must be kept in the office of the department in Helena.

18 (12) A person holding an issued permit or change approval that has not been perfected may change the
19 place of diversion, place of use, purpose of use, or place of storage by filing an application for change pursuant
20 to this section.

21 (13) A change in appropriation right contrary to the provisions of this section is invalid. An officer, agent,
22 agency, or employee of the state may not knowingly permit, aid, or assist in any manner an unauthorized change
23 in appropriation right. A person or corporation may not, directly or indirectly, personally or through an agent,
24 officer, or employee, attempt to change an appropriation right except in accordance with this section.

25 (14) The department may adopt rules to implement the provisions of this section.

26 (15) (a) An appropriator may change an appropriation right for a replacement well without the prior
27 approval of the department if:

28 (i) the appropriation right is for:

29 (A) ground water outside the boundaries of a controlled ground water area; or

30 (B) ground water inside the boundaries of a controlled ground water area and if the provisions of the

- 1 ~~order declaring~~ rule providing for the controlled ground water area do not restrict ~~such a~~ the change;
- 2 (ii) the change in appropriation right is to replace an existing well and the existing well will no longer be
3 used;
- 4 (iii) the rate and volume of the appropriation from the replacement well are equal to or less than that of
5 the well being replaced and do not exceed:
- 6 (A) 450 gallons a minute for a municipal well; or
7 (B) 35 gallons a minute and 10 acre-feet a year for all other wells;
- 8 (iv) the water from the replacement well is appropriated from the same aquifer as the water appropriated
9 from the well being replaced; and
- 10 (v) a timely, correct and complete notice of replacement well is submitted to the department as provided
11 in subsection (15)(b).
- 12 (b) (i) After completion of a replacement well and appropriation of ground water for a beneficial use, the
13 appropriator shall file a notice of replacement well with the department on a form provided by the department.
- 14 (ii) The department shall review the notice of replacement well and shall issue an authorization of a
15 change in an appropriation right if all of the criteria in subsection (15)(a) have been met and the notice is correct
16 and complete.
- 17 (iii) The department may not issue an authorization of a change in appropriation right until a correct and
18 complete notice of replacement well has been filed with the department. The department shall return a defective
19 notice to the appropriator, along with a description of defects in the notice. The appropriator shall refile a
20 corrected and completed notice of replacement well within 30 days of notification of defects or within a further
21 time as the department may allow, not to exceed 6 months.
- 22 (iv) If a notice of replacement well is not completed within the time allowed, the appropriator shall:
23 (A) cease appropriation of water from the replacement well pending approval by the department; and
24 (B) submit an application for a change in appropriation right to the department pursuant to subsections
25 (1) through (3).
- 26 (c) The provisions of this subsection (15) do not apply to an appropriation right abandoned under
27 85-2-404.
- 28 (d) For each well that is replaced under this subsection (15), the appropriator shall follow the well
29 abandonment procedures, standards, and rules adopted by the board of water well contractors pursuant to
30 37-43-202.

1 (e) The provisions of subsections (2), (3), (9), and (10) do not apply to a change in appropriation right
2 that meets the requirements of subsection (15)(a).

3 (16) (a) An appropriator may change an appropriation right without the prior approval of the department
4 for the purpose of constructing a redundant water supply well in a public water supply system, as defined in
5 75-6-102, if the redundant water supply well:

6 (i) withdraws water from the same ground water source as the original well; and

7 (ii) is required by a state or federal agency.

8 (b) The priority date of the redundant water supply well is the same as the priority date of the original
9 well. Only one well may be used at one time.

10 (c) Within 60 days of completion of a redundant water supply well, the appropriator shall file a notice of
11 construction of the well with the department on a form provided by the department. The department may return
12 a defective notice of construction to the appropriator for correction and completion.

13 (d) The provisions of subsections (9) and (10) do not apply to a change in appropriation right that meets
14 the requirements of this section. (Terminates June 30, 2009--sec. 9, Ch. 123, L. 1999.)

15 **85-2-402. (Effective July 1, 2009) Changes in appropriation rights.** (1) The right to make a change
16 subject to the provisions of this section in an existing water right, a permit, or a state water reservation is
17 recognized and confirmed. In a change proceeding under this section, there is no presumption that an applicant
18 for a change in appropriation right cannot establish lack of adverse effect prior to the adjudication of other rights
19 in the source of supply pursuant to this chapter. Except as provided in 85-2-410 and subsections (15) and (16)
20 of this section, an appropriator may not make a change in an appropriation right without the approval of the
21 department or, if applicable, of the legislature. An applicant shall submit a correct and complete application.

22 (2) Except as provided in subsections (4) through (6), (15), and (16), the department shall approve a
23 change in appropriation right if the appropriator proves by a preponderance of evidence that the following criteria
24 are met:

25 (a) The proposed change in appropriation right will not adversely affect the use of the existing water
26 rights of other persons or other perfected or planned uses or developments for which a permit or certificate has
27 been issued or for which a state water reservation has been issued under part 3.

28 (b) Except for a temporary change in appropriation right authorization to maintain or enhance
29 streamflows to benefit the fishery resource pursuant to 85-2-408, the proposed means of diversion, construction,
30 and operation of the appropriation works are adequate.

1 (c) The proposed use of water is a beneficial use.

2 (d) Except for a temporary change in appropriation right authorization pursuant to 85-2-408, the applicant
3 has a possessory interest, or the written consent of the person with the possessory interest, in the property where
4 the water is to be put to beneficial use.

5 (e) If the change in appropriation right involves salvaged water, the proposed water-saving methods will
6 salvage at least the amount of water asserted by the applicant.

7 (f) The water quality of an appropriator will not be adversely affected.

8 (g) The ability of a discharge permit holder to satisfy effluent limitations of a permit issued in accordance
9 with Title 75, chapter 5, part 4, will not be adversely affected.

10 (3) The applicant is required to prove that the criteria in subsections (2)(f) and (2)(g) have been met only
11 if a valid objection is filed. A valid objection must contain substantial credible information establishing to the
12 satisfaction of the department that the criteria in subsection (2)(f) or (2)(g), as applicable, may not be met.

13 (4) The department may not approve a change in purpose of use or place of use of an appropriation of
14 4,000 or more acre-feet of water a year and 5.5 or more cubic feet per second of water unless the appropriator
15 proves by a preponderance of evidence that:

16 (a) the criteria in subsection (2) are met; and

17 (b) the proposed change is a reasonable use. A finding of reasonable use must be based on a
18 consideration of:

19 (i) the existing demands on the state water supply, as well as projected demands for water for future
20 beneficial purposes, including municipal water supplies, irrigation systems, and minimum streamflows for the
21 protection of existing water rights and aquatic life;

22 (ii) the benefits to the applicant and the state;

23 (iii) the effects on the quantity and quality of water for existing uses in the source of supply;

24 (iv) the availability and feasibility of using low-quality water for the purpose for which application has been
25 made;

26 (v) the effects on private property rights by any creation of or contribution to saline seep; and

27 (vi) the probable significant adverse environmental impacts of the proposed use of water as determined
28 by the department pursuant to Title 75, chapter 1, or Title 75, chapter 20.

29 (5) The department may not approve a change in purpose of use or place of use for a diversion that
30 results in 4,000 or more acre-feet of water a year and 5.5 or more cubic feet per second of water being consumed

1 unless:

2 (a) the applicant proves by clear and convincing evidence and the department finds that the criteria in
3 subsections (2) and (4) are met; and

4 (b) for the withdrawal and transportation of appropriated water for out-of-state use, the department then
5 petitions the legislature and the legislature affirms the decision of the department after one or more public
6 hearings.

7 (6) The state of Montana has long recognized the importance of conserving its public waters and the
8 necessity to maintain adequate water supplies for the state's water requirements, including requirements for
9 federal non-Indian and Indian reserved water rights held by the United States for federal reserved lands and in
10 trust for the various Indian tribes within the state's boundaries. Although the state of Montana also recognizes
11 that, under appropriate conditions, the out-of-state transportation and use of its public waters are not in conflict
12 with the public welfare of its citizens or the conservation of its waters, the following criteria must be met before
13 out-of-state use may occur:

14 (a) The department and, if applicable, the legislature may not approve a change in appropriation right
15 for the withdrawal and transportation of appropriated water for use outside the state unless the appropriator
16 proves by clear and convincing evidence and, if applicable, the legislature approves after one or more public
17 hearings that:

18 (i) depending on the volume of water diverted or consumed, the applicable criteria and procedures of
19 subsection (2) or (4) are met;

20 (ii) the proposed out-of-state use of water is not contrary to water conservation in Montana; and

21 (iii) the proposed out-of-state use of water is not otherwise detrimental to the public welfare of the citizens
22 of Montana.

23 (b) In determining whether the appropriator has proved by clear and convincing evidence that the
24 requirements of subsections (6)(a)(ii) and (6)(a)(iii) will be met, the department and, if applicable, the legislature
25 shall consider the following factors:

26 (i) whether there are present or projected water shortages within the state of Montana;

27 (ii) whether the water that is the subject of the proposed change in appropriation might feasibly be
28 transported to alleviate water shortages within the state of Montana;

29 (iii) the supply and sources of water available to the applicant in the state where the applicant intends to
30 use the water; and

1 (iv) the demands placed on the applicant's supply in the state where the applicant intends to use the
2 water.

3 (c) When applying for a change in appropriation right to withdraw and transport water for use outside
4 the state, the applicant shall submit to and comply with the laws of the state of Montana governing the
5 appropriation and use of water.

6 (7) For any application for a change in appropriation right involving 4,000 or more acre-feet of water a
7 year and 5.5 or more cubic feet per second of water, the department shall give notice of the proposed change
8 in accordance with 85-2-307 and shall hold one or more hearings in accordance with 85-2-309 prior to its
9 approval or denial of the proposed change. The department shall provide notice and may hold one or more
10 hearings upon any other proposed change in appropriation right if it determines that the proposed change might
11 adversely affect the rights of other persons.

12 (8) The department or the legislature, if applicable, may approve a change in appropriation right subject
13 to the terms, conditions, restrictions, and limitations that it considers necessary to satisfy the criteria of this
14 section, including limitations on the time for completion of the change. The department may extend time limits
15 specified in the change approval under the applicable criteria and procedures of 85-2-312(3).

16 (9) Upon actual application of water to the proposed beneficial use within the time allowed, the
17 appropriator shall notify the department that the appropriation has been completed. The notification must contain
18 a certified statement by a person with experience in the design, construction, or operation of appropriation works
19 describing how the appropriation was completed.

20 (10) If a change in appropriation right is not completed as approved by the department or legislature or
21 if the terms, conditions, restrictions, and limitations of the change approval are not complied with, the department
22 may, after notice and opportunity for hearing, require the appropriator to show cause why the change approval
23 should not be modified or revoked. If the appropriator fails to show sufficient cause, the department may modify
24 or revoke the change approval.

25 (11) The original of a change approval issued by the department must be sent to the applicant, and a
26 duplicate must be kept in the office of the department in Helena.

27 (12) A person holding an issued permit or change approval that has not been perfected may change the
28 place of diversion, place of use, purpose of use, or place of storage by filing an application for change pursuant
29 to this section.

30 (13) A change in appropriation right contrary to the provisions of this section is invalid. An officer, agent,

1 agency, or employee of the state may not knowingly permit, aid, or assist in any manner an unauthorized change
2 in appropriation right. A person or corporation may not, directly or indirectly, personally or through an agent,
3 officer, or employee, attempt to change an appropriation right except in accordance with this section.

4 (14) The department may adopt rules to implement the provisions of this section.

5 (15) (a) An appropriator may change an appropriation right for a replacement well without the prior
6 approval of the department if:

7 (i) the appropriation right is for:

8 (A) ground water outside the boundaries of a controlled ground water area; or

9 (B) ground water inside the boundaries of a controlled ground water area and if the provisions of the
10 ~~order declaring rule providing for~~ the controlled ground water area do not restrict ~~such a~~ the change;

11 (ii) the change in appropriation right is to replace an existing well and the existing well will no longer be
12 used;

13 (iii) the rate and volume of the appropriation from the replacement well are equal to or less than that of
14 the well being replaced and do not exceed:

15 (A) 450 gallons a minute for a municipal well; or

16 (B) 35 gallons a minute and 10 acre-feet a year for all other wells;

17 (iv) the water from the replacement well is appropriated from the same aquifer as the water appropriated
18 from the well being replaced; and

19 (v) a timely, correct and complete notice of replacement well is submitted to the department as provided
20 in subsection (15)(b).

21 (b) (i) After completion of a replacement well and appropriation of ground water for a beneficial use, the
22 appropriator shall file a notice of replacement well with the department on a form provided by the department.

23 (ii) The department shall review the notice of replacement well and shall issue an authorization of a
24 change in an appropriation right if all of the criteria in subsection (15)(a) have been met and the notice is correct
25 and complete.

26 (iii) The department may not issue an authorization of a change in appropriation right until a correct and
27 complete notice of replacement well has been filed with the department. The department shall return a defective
28 notice to the appropriator, along with a description of defects in the notice. The appropriator shall refile a
29 corrected and completed notice of replacement well within 30 days of notification of defects or within a further
30 time as the department may allow, not to exceed 6 months.

- 1 (iv) If a notice of replacement well is not completed within the time allowed, the appropriator shall:
- 2 (A) cease appropriation of water from the replacement well pending approval by the department; and
- 3 (B) submit an application for a change in appropriation right to the department pursuant to subsections
- 4 (1) through (3).
- 5 (c) The provisions of this subsection (15) do not apply to an appropriation right abandoned under
- 6 85-2-404.
- 7 (d) For each well that is replaced under this subsection (15), the appropriator shall follow the well
- 8 abandonment procedures, standards, and rules adopted by the board of water well contractors pursuant to
- 9 37-43-202.
- 10 (e) The provisions of subsections (2), (3), (9), and (10) do not apply to a change in appropriation right
- 11 that meets the requirements of subsection (15)(a).
- 12 (16) (a) An appropriator may change an appropriation right without the prior approval of the department
- 13 for the purpose of constructing a redundant water supply well in a public water supply system, as defined in
- 14 75-6-102, if the redundant water supply well:
- 15 (i) withdraws water from the same ground water source as the original well; and
- 16 (ii) is required by a state or federal agency.
- 17 (b) The priority date of the redundant water supply well is the same as the priority date of the original
- 18 well. Only one well may be used at one time.
- 19 (c) Within 60 days of completion of a redundant water supply well, the appropriator shall file a notice of
- 20 construction of the well with the department on a form provided by the department. The department may return
- 21 a defective notice of construction to the appropriator for correction and completion.
- 22 (d) The provisions of subsections (9) and (10) do not apply to a change in appropriation right that meets
- 23 the requirements of this section."

- 24
- 25 **Section 4.** Section 85-2-501, MCA, is amended to read:
- 26 **"85-2-501. Definitions.** Unless the context requires otherwise, in this part, the following definitions apply:
- 27 (1) "Aquifer" means any underground geological structure or formation ~~which~~ that is capable of yielding
- 28 water in useable quantities or that is capable of recharge.
- 29 (2) "Bureau" means the Montana state bureau of mines and geology provided for in 20-25-211.
- 30 (3) "Ground water" means any water that is beneath the ground surface.

1 (4) "Ground water area" means an area ~~which~~ that, as nearly as known facts permit, may be designated
 2 so as to enclose a single and distinct body of ground water, which ~~shall~~ must be described horizontally by surface
 3 description in all cases and which may be limited vertically by describing known geological formations ~~should~~ if
 4 conditions dictate this to be desirable.

5 (5) (a) "Water right holder" means the holder of an existing right, permit, or certificate or a political
 6 subdivision or agency of the state that has reserved water pursuant to 85-2-316.

7 (b) For the purposes of this part, regardless of the number of entities holding an existing right, permit,
 8 or certificate, the existing right, permit, or certificate may be represented by only one signature on a petition."

9

10 **Section 5.** Section 85-2-506, MCA, is amended to read:

11 **"85-2-506. Controlled ground water areas -- designation or modification -- limiting withdrawals.**

12 (1) The department may, by rule, designate or modify permanent or temporary controlled ground water areas as
 13 provided in this part. The rule providing for a controlled ground water area must include the boundaries of the
 14 controlled ground water area. A controlled ground water area may be permanent or temporary.

15 (2) ~~Designation~~ The rulemaking process for designation or modification of an area of controlled ground
 16 water use may be ~~proposed to~~ initiated by:

17 (a) the department on its own motion;

18 (b) by submission of a correct and complete petition of ~~by~~ a state or local public health agency for
 19 identified public health risks; or

20 (c) by submission of a correct and complete petition signed by at least 20 or one-fourth of the ~~users~~ water
 21 right holders, (whichever is the lesser number), of ~~with a point of diversion of water within the boundaries of the~~
 22 proposed controlled ground water in a ground water area, in which there are alleged to be facts showing:

23 ~~— (a) that ground water withdrawals are in excess of recharge to the aquifer or aquifers within the ground~~
 24 ~~water area;~~

25 ~~— (b) that excessive ground water withdrawals are very likely to occur in the near future because of~~
 26 ~~consistent and significant increases in withdrawals from within the ground water area;~~

27 (c) ~~that significant disputes regarding priority of rights, amounts of ground water in use by appropriators,~~
 28 ~~or priority of type of use are in progress within the ground water area;~~

29 ~~— (d) that ground water levels or pressures in the area in question are declining or have declined~~
 30 ~~excessively;~~

1 ~~(e) that excessive ground water withdrawals would cause contaminant migration;~~

2 ~~(f) that ground water withdrawals adversely affecting ground water quality within the ground water area~~
3 ~~are occurring or are likely to occur; or~~

4 ~~(g) that water quality within the ground water area is not suited for a specific beneficial use defined by~~
5 ~~85-2-102(2)(a).~~

6 (3) (a) A petition for designation or modification of a controlled ground water area must be determined
7 to be correct and complete by the department prior to the initiation of rulemaking. A correct and complete petition
8 must:

9 (i) be in a form prescribed by the department and must contain substantial credible information and
10 analysis on one or more of the criteria provided in subsection (7); and

11 (ii) describe proposed measures, if any, to mitigate effects of the criteria identified in subsection (7) that
12 are alleged in the petition.

13 (b) When a proposal the department proposes a rule pursuant to this subsection (3), is made, the
14 department shall fix a time and place for a hearing, which time may not be less than 90 days from the making of
15 the proposal. The place for the hearing must be within or as close as practical to the proposed controlled ground
16 water area.

17 (4) (a) The department shall notify the petitioner of any defects in a petition within 180 days. If the
18 department does not notify the petitioner of any defects within 180 days, the petition must be treated as a correct
19 and complete petition.

20 (b) A petition that is not made correct or complete within 90 days from the date of notification by the
21 department of any defect is terminated as a matter of law.

22 (5) Within 60 days after a petition is determined to be correct and complete, the department shall:

23 (a) deny the petition in writing, stating the reasons for denial;

24 (b) inform the petitioner that the department will study the information presented in the petition further,
25 for a period not to exceed 90 days, before denying or proceeding further with the petition; or

26 (c) initiate rulemaking proceedings in accordance with Title 2, chapter 4, part 3.

27 ~~(4) The department shall publish a notice of the hearing, setting forth:~~

28 ~~—— (a) the names of the petitioners;~~

29 ~~—— (b) the description by legal subdivisions (section, township, range) of all lands included in or proposed~~
30 ~~to be included in the ground water area or subarea;~~

1 ~~_____ (c) the purpose of the hearing; and~~

2 ~~_____ (d) the time and place of the hearing where any interested person may appear, either in person or by~~
 3 ~~attorney, file written objections to the granting of the proposal, and be fully heard.~~

4 ~~(5)(6) (a) The~~ Upon the determination that rulemaking proceedings will be initiated, in addition to the
 5 notice requirements of Title 2, chapter 4, parts 1 through 4, the department shall provide public notice of the
 6 rulemaking hearing:

7 ~~(i) notice of hearing must be published by publishing a notice~~ at least once in each week for 3 successive
 8 weeks, ~~with the first notice~~ not less than 30 days before the date of the hearing, in a newspaper of general
 9 circulation in the county or counties in which the proposed controlled ground water area ~~or subarea~~ is located;
 10 ~~The department shall also cause a copy of the notice, together with a copy of the petition, to be served by mail,~~
 11 ~~not less than 30 days before the hearing, upon each well driller licensed in Montana whose address is within any~~
 12 ~~county in which any part of the area in question is located;~~

13 ~~(ii) by serving by mail a copy of the notice, not less than 30 days before the hearing,~~ upon each person
 14 or public agency known from an examination of the records ~~in~~ of the department to be a water right holder with
 15 a diversion within the proposed controlled ground water area, all landowners of record within the proposed
 16 controlled ground water area, and each well driller licensed in Montana whose address is within any county in
 17 which any part of the proposed controlled ground water area is located; and ~~department's office to be a claimant~~
 18 ~~or appropriator of ground water in the area in question (claimant or appropriator meaning one who diverts,~~
 19 ~~impounds, or withdraws ground water and not merely one who uses or obtains ground water from another who~~
 20 ~~diverts, impounds, or withdraws ground water); upon the bureau; and upon the mayor or presiding officer of the~~
 21 ~~governing body of each incorporated municipality located in whole or in part within the proposed ground water~~
 22 ~~area. The department may also serve~~

23 ~~(iii) by serving~~ notice upon any other person or state or federal agency that the department feels may be
 24 interested in or affected by the proposed designation or modification of a controlled ground water area.

25 ~~(b) The notice under subsection (6)(a) must include a summary of the basis for the proposed rule. The~~
 26 ~~petition need not be served on any petitioner. A copy of the notice, together with a copy of the proposal, must be~~
 27 ~~mailed to each person at the person's last-known address, and service is complete upon depositing it in the post~~
 28 ~~office, postage prepaid, addressed to each person on whom it is to be served. Publication and mailing of the~~
 29 ~~notice as prescribed in this section, when completed, is considered to be sufficient notice of the hearing to all~~
 30 ~~interested persons.~~

1 (7) (a) The department may designate a controlled ground water area by rule if it finds that any of the
2 criteria provided in subsections (7)(b) through (7)(g) have been met and cannot be appropriately mitigated.

3 (b) Current or projected reductions to recharge to the aquifer or aquifers in the proposed controlled
4 ground water area, including but not limited to reductions caused by land use changes, elimination of flood
5 irrigation, or other activities, will cause ground water levels to decline to the extent that water right holders cannot
6 reasonably exercise their water rights.

7 (c) Current or projected ground water withdrawals from the aquifer or aquifers in the proposed controlled
8 ground water area have reduced or will reduce ground water levels or surface water availability necessary for
9 water right holders to reasonably exercise their water rights.

10 (d) Current or projected ground water withdrawals from the aquifer or aquifers in the proposed controlled
11 ground water area have induced or altered or will induce or alter contaminant migration.

12 (e) Current or projected ground water withdrawals from the aquifer or aquifers in the proposed controlled
13 ground water area have impaired or will impair ground water quality necessary for water right holders to
14 reasonably exercise their water rights.

15 (f) Ground water quality within the proposed controlled ground water area is not suited for beneficial use.

16 (g) Public health, safety, or welfare is or may become at risk.

17 (8) (a) If, after reviewing a correct and complete petition, the department finds that sufficient facts are
18 not available to designate a controlled ground water area, it may designate by rule a temporary controlled ground
19 water area to allow a petitioner to conduct studies to obtain the facts needed to determine whether or not it is
20 appropriate to designate a controlled ground water area. The department shall set the length of time that the
21 temporary controlled ground water area will be in effect. Subject to subsection (8)(c), the term of a temporary
22 controlled ground water area may be extended.

23 (b) A temporary controlled ground water area designation may include the control provisions provided
24 in subsection (10).

25 (c) A temporary controlled ground water area designation may not exceed a total of 6 years, including
26 any extensions.

27 (9) Prior to expiration of a temporary controlled ground water area, the department may amend or repeal
28 the rule establishing the temporary controlled ground water area or may designate a permanent controlled ground
29 water area through the rulemaking process.

30 (10) A controlled ground water area may include but is not limited to the following control provisions:

- 1 (a) a provision closing the controlled ground water area to further appropriation of ground water;
 2 (b) a provision restricting the development of future ground water appropriations in the controlled ground
 3 water area by flow, volume, purpose, aquifer, depth, water temperature, water quality, or other criteria that the
 4 department determines necessary;
 5 (c) a provision requiring measurement of existing or future ground water or surface water appropriations;
 6 (d) a provision requiring the filing of notice on land records within the boundary of a permanent controlled
 7 ground water area to inform prospective holders of an interest in the property of the existence of a permanent
 8 controlled ground water area. Notice of the designation must be removed or modified as necessary to accurately
 9 reflect modification or repeal of a permanent designation.
 10 (e) a provision for well spacing requirements, well construction constraints, and prior department
 11 approval before well drilling, unless the well is regulated pursuant to Title 82, chapter 11;
 12 (f) a provision for augmentation of ground water withdrawals; and
 13 (g) other control provisions that the department determines are appropriate and adopts through the
 14 rulemaking process provided for in [section 1]."

15
 16 **Section 6.** Section 85-2-508, MCA, is amended to read:

17 **"85-2-508. Controlled ground water areas -- permits to appropriate.** (1) A person may appropriate
 18 ground water in a controlled ground water area by:

- 19 (a) applying for and receiving a permit from the department in accordance with part 3 of this chapter; or
 20 (b) following the requirements of ~~an order issued~~ a rule adopted pursuant to ~~85-2-507~~ 85-2-506.

21 (2) The department may not grant a permit if the withdrawal would be beyond the capacity of the aquifer
 22 or aquifers in the ground water area to yield ground water within a reasonable or feasible pumping lift, in the case
 23 of pumping developments, or within a reasonable or feasible reduction of pressure, in the case of artesian
 24 developments."

25
 26 **NEW SECTION. Section 7. Repealer.** Sections 85-2-507, 85-2-509, 85-2-511, 85-2-512, 85-2-513,
 27 85-2-518, and 85-2-520, MCA, are repealed.

28
 29 **NEW SECTION. Section 8. Saving clause.** [This act] does not affect rights and duties that matured,
 30 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

1

2 NEW SECTION. **Section 9. Effective date.** [This act] is effective on passage and approval.

3

- END -