

## Mine cleanup costs not solely on taxpayers Debate intensifies as mining companies ask voters to repeal cyanide-leach ban

By **MIKE DENNISON**  
Tribune Capitol Bureau

March 8, 2004

HELENA -- At the defunct Zortman-Landusky gold mine in northern Montana, \$35 million has been spent cleaning up the mess at this former cyanide heap-leach project -- and the work isn't quite finished.

But have Montana taxpayers shelled out "millions of dollars" to clean up this and other former heap-leach mines, as stated by conservationists last week?

Probably. But even if the tab for general taxpayers has climbed into six figures, the fact is that most cleanup costs at Zortman and two other defunct heap-leach mines in Montana have been covered by insurance bonds, mining firms or industry taxes.

"We have not gone to the citizens of Montana for Montana tax dollars to go into (cleaning up) Beal Mountain," says state Environmental Management Bureau Chief Warren McCullough, talking about another defunct gold mine.

That's just one distinction in what looks to be a bitter debate over Montana's ban on cyanide heap-leach mines -- a ban the mining industry wants to ask voters this year to repeal.

Last week, a consulting firm hired by the industry filed papers for a ballot measure that would repeal the ban, which was put into law by voters in 1998.

If the measure gets on the Nov. 2 general election ballot, voters will decide the issue again. Initiative supporters need to gather more than 20,000 signatures of registered voters by June 15.

And if the measure gets on the ballot, Montanans can expect plenty of talk about the track record of heap-leach mining here, focusing on three major gold mines that closed in the late 1990s: Zortman-Landusky, Beal Mountain near Anaconda, and Kendall, north of Lewistown.

In each case, the post-mining cleanups have been colored by lawsuits, huge costs and public expenditures.

Here's a quick summary of the status of the cleanup at each project:

**Zortman-Landusky** -- About \$35 million has been spent on reclamation work the past several years at this mine south of Malta, partially filling up pits and replanting trees and grasses. Most of the money has come



Tribune photo by Stuart S. White

**Officials and visitors inspect a pit in the former Zortman-Landusky mine during a recent tour.**

from a \$30 million bond forfeited by Pegasus Gold Corp. after it went bankrupt in 1998.

Regulators consider the work to be nearly complete. However, they still need more than \$16 million to operate a permanent water-treatment system, to clean acidic drainage coming off the site.

Two lawsuits filed on behalf of the Fort Belknap Indian tribes are pending, seeking a more thorough cleanup.

I Beal Mountain -- More than \$11 million has been spent cleaning up this mine, which also was owned by Pegasus. Nearly half the money has come from public funds, which are being used to handle water-pollution problems that surfaced after initial cleanup work was completed.

A permanent water-treatment system may be needed.

I Kendall -- Canyon Resources Corp., the mine owner, says it has spent \$8 million on cleanup, but the job has been stalled for several years while the state and Canyon argue over how to finish the job. The state is conducting an environmental impact statement on the issue, but is searching for funds to complete the study. Canyon has refused to pay for the study, saying it's not needed.

Even industry supporters concede that these mines aren't the best examples of how to regulate metal mines, and that mistakes were made.

"Nobody likes the things that have transpired, and certainly not with the properties owned by Pegasus (which went bankrupt)," says Tammy Johnson, vice president of Environomics, the consulting firm working to repeal the ban on cyanide heap-leach mining.

Yet Johnson says the proposed ballot measure to repeal the ban would impose strict mining regulations that would help prevent the problems occurring at the three defunct mines.

This claim -- that the ballot measure contains new, stricter regulations that would prevent the mistakes of the past -- is disputed by supporters of the ban on cyanide heap-leach mines.

"There is nothing, absolutely nothing, new," Jeff Barber, program director for the Montana Environmental Information Center, says flatly.

State regulators pretty much agree with him.

McCullough says the regulations in the proposed ballot measure are things the state has required in the past at major cyanide heap-leach mines.

For example, the proposed ballot measure would require new mines to comply with existing air- and water-quality laws, monitor water quality near the mines, show they can finance post-mining cleanup work, design ponds and "leach pads" to contain leaks and monitor for leaks.

Most, if not all, of these so-called "new" regulations were in place in some form at Zortman, Beal Mountain and Kendall, McCullough and other mine-regulation officials say.

Johnson says these requirements, if placed in law, will act as a "bare minimum" for new mines and that the state can still require stricter regulations.

"There is no doubting any more that these minimum standards have to be implemented," she says.

Barber thinks putting the regulations in law could have a different effect. Mining companies would say they don't have to meet anything stricter than what's in law, and the state couldn't adapt regulation to changes in technology, he says.

As for the claim that taxpayers have paid "millions of dollars" to clean up these three mines, that's technically true, but a bit misleading.

Of the nearly \$55 million spent cleaning up Zortman, Kendall and Beal Mountain, \$36 million has come from forfeited bonds, which are insurance policies taken out by Pegasus Gold when it was in business. Insurance firms paid the money -- not taxpayers.

Another \$8 million came from the pocket of Canyon Resources, for cleanup work at the Kendall mine.

That leaves about \$10 million in government funds spent on these cleanups so far, primarily at Zortman and Beal Mountain.

But more than \$7 million of this money came from funds financed by taxes on the mining industry, both state and federal.

Barber concedes that general taxpayers have financed a very small percentage of the cleanup, but says his argument still stands about the public getting soaked for messes created by cyanide heap-leach mining.

"To me, a million dollars is a massive amount of money," he says. "You take money out of any state or federal pot, and that's money we could spend on other things, instead of what should be the mining company's responsibility."

He also argues that the public bill for the three defunct Montana mines is only going to increase. On this account, he may be right.

Scott Haight, mineral resource specialist for the U.S. Bureau of Land Management office in Lewistown, says an additional \$16.4 million is needed to finance water treatment at Zortman-Landusky. The federal government is looking for ways to fund it.

At Beal Mountain, the U.S. Forest Service is continuing to pay for cleanup costs, while it discusses a final plan. And at Kendall, the state is searching for ways to pay for a study of further cleanup costs -- to say nothing of the actual cleanup, whose final costs aren't known.

Johnson says she believes most public costs of the cleanup are borne by taxes levied on the mining industry: "It is not tax dollars that are levied on rank-and-file citizens when they pay their tax bills."

She also says the experiences of the past and the regulations written into the proposed ballot measure should ensure that the industry will pay for post-mining cleanup.

"I just think we can do a much better job," she says. "I think the authority is there on the federal and state levels, and changes have been made on bonding. We're in a much better position to do a much better job, that there is adequate financial assurance that reclamation will take place."

Mike Dennison can be reached by e-mail at [capbureau@mt.net](mailto:capbureau@mt.net), or by phone at (406) 442-9493.