HOUSE BILL NO. 69

INTRODUCED BY M. MCCANN

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DEFINITIONS, APPLICABLE FEES, <u>AND</u> MINE PERFORMANCE BONDING AND APPEAL PROCEDURES, <u>AND THE SMALL MINER EXEMPTION PROVISIONS</u> OF THE METAL MINE RECLAMATION LAWS; ALLOCATING INTEREST FROM THE HARD-ROCK MINING AND RECLAMATION ACCOUNT AND THE OPENCUT MINING AND RECLAMATION ACCOUNT TO THOSE ACCOUNTS; AMENDING SECTIONS 82-4-303, 82-4-305, 82-4-311, 82-4-331, 82-4-332, 82-4-335, 82-4-338, 82-4-339, 82-4-341, 82-4-360, AND 82-4-424, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 82-4-303, MCA, is amended to read:
"82-4-303. Definitions. As used in this part, unless the context indicates otherwise, the following
definitions apply:
(1) "Abandonment of surface or underground mining" may be presumed when it is shown that continued
operation will not resume.
(2) "Amendment" means a change to an approved operating or reclamation plan. A major amendment
is an amendment that may significantly affect the human environment. A minor amendment is an amendment that
will not significantly affect the human environment.
(3) "Board" means the board of environmental review provided for in 2-15-3502.
(4) "Cyanide ore-processing reagent" means cyanide or a cyanide compound used as a reagent in
leaching operations.
(5) "Department" means the department of environmental quality provided for in 2-15-3501.
(6) "Disturbed land" means the area of land or surface water that has been disturbed, beginning at the
date of the issuance of the permit. The term includes the area from which the overburden, tailings, waste
materials, or minerals have been removed and tailings ponds, waste dumps, roads, conveyor systems, <u>load-out</u>
facilities, leach dumps, and all similar excavations or coverings that result from the operation and that have not
been previously reclaimed under the reclamation plan.

(7) Exploration means.
(a) all activities that are conducted on or beneath the surface of lands and that result in material
disturbance of the surface for the purpose of determining the presence, location, extent, depth, grade, and
economic viability of mineralization in those lands, if any, other than mining for production and economic
exploitation; and
(b) all roads made for the purpose of facilitating exploration, except as noted in 82-4-310.
(8) "Mineral" means any ore, rock, or substance (other than oil, gas, bentonite, clay, coal, sand, gravel,
peat, soil materials, or uranium) that is taken from below the surface or from the surface of the earth for the
purpose of milling, concentration, refinement, smelting, manufacturing, or other subsequent use or processing
or for stockpiling for future use, refinement, or smelting.
(9) "Mining" commences when the operator first mines ores or minerals in commercial quantities for sale,
beneficiation, refining, or other processing or disposition or first takes bulk samples for metallurgical testing in
excess of aggregate of 10,000 short tons.
(10) "Ore processing" means milling, heap leaching, flotation, vat leaching, or other standard hard-rock
mineral concentration processes.
(11) "Person" means any person, corporation, firm, association, partnership, or other legal entity engaged
in exploration for or mining of minerals on or below the surface of the earth, reprocessing of tailings or waste
materials, or operation of a hard-rock mill.
(12) "Placer deposit" means:
(a) naturally occurring, scattered or unconsolidated valuable minerals in gravel, glacial, eolian, colluvial,
or alluvial deposits lying above bedrock; or
(b) all forms of deposit except veins of quartz and other rock in place.
(13) "Placer or dredge mining" means the mining of minerals from a placer deposit by a person or
persons.
(14) "Reclamation plan" means the operator's written proposal, as required and approved by the
department, for reclamation of the land that will be disturbed. The proposal must include, to the extent practical
at the time of application for an operating permit:
(a) a statement of the proposed subsequent use of the land after reclamation;
(b) plans for surface gradient restoration to a surface suitable for the proposed subsequent use of the
land after reclamation is completed and the proposed method of accomplishment;
(c) the manner and type of revegetation or other surface treatment of disturbed areas:

(d) procedures proposed to avoid foreseeable situations of public nuisance, endangerment of public
safety, damage to human life or property, or unnecessary damage to flora and fauna in or adjacent to the area;
(e) the method of disposal of mining debris;
(f) the method of diverting surface waters around the disturbed areas when necessary to prevent
pollution of those waters or unnecessary erosion;
(g) the method of reclamation of stream channels and stream banks to control erosion, siltation, and
pollution;
(h) maps and other supporting documents that may be reasonably required by the department; and
(i) a time schedule for reclamation that meets the requirements of 82-4-336.
(15) (a) "Small miner" means a person, firm, or corporation that engages in mining activity that is not
exempt from this part pursuant to 82-4-310, and that:
(i) engages in the business of reprocessing of tailings or waste materials, or that, except as provided in
82-4-310, that knowingly allows other persons to engage in mining activities on land owned or controlled by the
person, firm, or corporation; that
(ii) does not hold an operating permit under 82-4-335 except for a permit issued under 82-4-335(2) or
a permit that meets the criteria of subsection (15)(c); and that
(iii) conducts:
(i) an operation one or more operations that are located at least 1 mile apart at their closest points and
that results result in not more than 5 acres of the earth's surface being disturbed and unreclaimed at any
operation; or
(ii) two operations that disturb and leave unreclaimed less than 5 acres for each operation if the
respective mining properties are:
(A) the only operations engaged in by the person, firm, or corporation; and
(B) at least 1 mile apart at their closest point.
(b) For the purpose of this definition only, the department shall, in computing the area covered by the
operation:
(i) exclude access or haulage roads that are required by a local, state, or federal agency having
jurisdiction over that road to be constructed to certain specifications if that public agency notifies the department
in writing that it desires to have the road remain in use and will maintain it after mining ceases; and
(ii) exclude access roads for which the person, firm, or corporation submits a bond to the department in
the amount of the estimated total cost of reclamation along with a description of the location of the road and the

specifications to which it will be constructed.
(c) A small miner may hold an operating permit that allows disturbance of 100 acres or less. The permit
may be amended to add new disturbance areas, but the total area permitted for disturbance may not exceed 100
acres at any time.
(16) "Soil materials" means earth material found in the upper soil layers that will support plant growth.
(17) (a) "Surface mining" means all or any part of the process involved in mining of minerals by removing
the overburden and mining directly from the mineral deposits exposed, including but not limited to open-pit mining
of minerals naturally exposed at the surface of the earth, mining by the auger method, and all similar methods
by which earth or minerals exposed at the surface are removed in the course of mining.
(b) Surface mining does not include the extraction of oil, gas, bentonite, clay, coal, sand, gravel, peat
soil materials, or uranium or excavation or grading conducted for onsite farming, onsite road construction, or othe
onsite building construction.
(18) "Underground mining" means all methods of mining other than surface mining.
(19) "Unit of surface-mined area" means that area of land and surface water included within an operating
permit actually disturbed by surface mining during each 12-month period of time, beginning at the date of the
issuance of the permit. The term includes the area from which overburden or minerals have been removed, the
area covered by mining debris, and all additional areas used in surface mining or underground mining operations
that by virtue of mining use are susceptible to erosion in excess of the surrounding undisturbed portions of land
(20) "Vegetative cover" means the type of vegetation, grass, shrubs, trees, or any other form of natura
cover considered suitable at time of reclamation."
Section 2. Section 82-4-305, MCA, is amended to read:
"82-4-305. Exemption small miners written agreement. (1) Except as provided in subsections
(3) through (10) (11), the provisions of this part do not apply to a small miner if the small miner annually agrees
in writing:
(a) that the small miner will not pollute or contaminate any stream state waters;
(b) that the small miner will provide protection for human and animal life through the installation o
bulkheads installed over safety collars and the installation of doors on tunnel portals;
(c) that the small miner will provide a map locating the miner's mining operations. The map must be o
a size and scale determined by the department.
(d) if the small miner's operations are placer or dredge mining miner is required to reclaim pursuant to

subsection (4), that the small miner shall salvage and protect all soil materials for use in reclamation of that site
and shall reclaim all land disturbed by the operations to comparable utility and stability as that of adjacent areas.
(2) For small-miner exemptions obtained after September 30, 1985, a small miner may not obtain or
continue an exemption under subsection (1) unless the small miner annually certifies in writing:
(a) if the small miner is an individual, that:
(i) no business association or partnership of which the small miner is a member or partner has a
small-miner exemption; and
(ii) no corporation of which the small miner is an officer, director, or owner of record of 25% or more of
any class of voting stock has a small-miner exemption; or
(b) if the small miner is a partnership or business association, that:
(i) none of the associates or partners holds a small-miner exemption; and
(ii) none of the associates or partners is an officer, director, or owner of 25% or more of any class of
voting stock of a corporation that has a small-miner exemption; or
(c) if the small miner is a corporation, that no officer, director, or owner of record of 25% or more of any
class of voting stock of the corporation:
(i) holds a small-miner exemption;
(ii) is a member or partner in a business association or partnership that holds a small-miner exemption;
(iii) is an officer, director, or owner of record of 25% or more of any class of voting stock of another
corporation that holds a small-miner exemption <u>A small miner may not join with the operator of an adjacent</u>
operation to share facilities or conduct joint mining operations.
(3) A small miner whose operations are placer or dredge mining who files for an exemption after [the
effective date of this act] shall post a performance bond equal to the state's documented cost estimate of
reclaiming the disturbed land, although the bond may not exceed \$10,000 for each operation. If the small miner
has posted with another government agency a bond that the department determines to be adequate for
reclamation with another government agency, the small miner is exempt from the requirement of this subsection.
(4) (a) Except as provided in subsections (4)(b) and (4)(c), a small miner shall reclaim a new operation
or new facility to the same standard that is contained in 82-4-336:
(i) if the operation is not a placer or dredge mining operation; and
(ii) if, after [the effective date of this act], the small miner:
(A) files for an exemption;
(B) adds an operation to an existing exemption; or

(C) adds a facility, such as a pit, adit, tunnel, dump, mill, or tailing impoundment, to an existing operation.

(b) For a new operation or new facility that is located totally on previously disturbed and unreclaimed land, the small miner is required to reclaim the new disturbance if the department determines that the new disturbance would actually or potentially add pollution or contamination to the air or state waters. This subsection (4)(b) does not abrogate any reclamation requirement imposed by any other statute.

(c) For a new operation or new facility that is located partially on previously disturbed and unreclaimed land, the small miner shall reclaim the portion of the operation that is located on previously disturbed and unreclaimed land if the department determines that the new disturbance would actually or potentially add pollution or contamination to the air or state waters. The small miner shall reclaim those previously undisturbed areas to the same standard that is contained in 82-4-336. This subsection (4)(c) does not abrogate any reclamation requirement imposed by any other statute.

(d) A small miner who conducts a placer or dredge mining operation shall reclaim all land disturbed by the operation or facility to the same standard that is contained in 82-4-336.

(4)(5) If a small miner who conducts a placer or dredge mining operation is required by subsection (4) to reclaim an operation fails to reclaim the operation, the small miner is liable to the department for all its reasonable costs of reclamation, including a reasonable charge for services performed by state personnel and for state materials and equipment used. If the small miner posts a surety bond, the surety is liable to the state to the extent of the bond amount and the small miner is liable for the remainder of the reasonable costs to the state of reclaiming the operation.

(5)(6) If a small miner who conducts a placer or dredge mining operation is required by subsection (4) to reclaim an operation fails to commence reclamation of the operation within 6 months after cessation of mining or within an extended period allowed by the department for good cause shown or if the small miner fails to diligently complete reclamation, the department shall notify the small miner by certified mail that it intends to reclaim the operation unless the small miner commences reclamation within 30 days and diligently completes the reclamation. The notice must be mailed to the address stated on the small miner exclusion statement or, if the small miner has notified the department of a different address by letter or in the annual certification form, to the most recent address given to the department. If the small miner fails to commence reclamation within 30 days or to diligently complete reclamation, the department may revoke the small miner exclusion statement, forfeit any bond that has been posted with the department, and enter and reclaim the operation. If the small miner has not posted a bond with the department or if the reasonable costs of reclamation exceed the amount of the bond, the department may also collect additional reclamation costs, as set forth in subsection (6) (7), before or after it incurs

those costs.

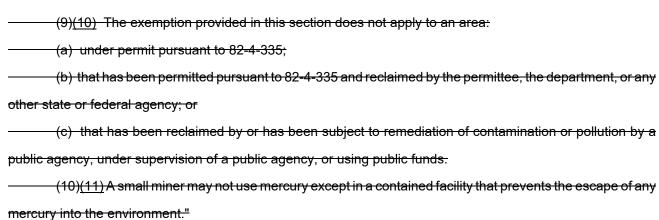
(6)(7) To collect additional reclamation costs, the department shall notify the small miner by certified mail, at the address determined under subsection (5) (6), of the additional reasonable reclamation costs and request payment within 30 days. If the small miner does not pay the additional reclamation costs within 30 days, the department may bring an action in district court for payment of the estimated future costs and, if the department has performed any reclamation, of its reasonable actual costs. The court shall order payment of costs that it determines to be reasonable and shall retain jurisdiction until reclamation of the operation is completed. Upon completion of reclamation, the court shall order payment of any additional costs that it considers reasonable or the refund of any portion of any payment for estimated costs that exceeds the actual reasonable costs incurred by the department.

(7)(8) A small miner who intends to use a cyanide ore-processing reagent or other metal leaching solvents or reagents shall obtain an operating permit for that part of the small miner's operation in which the cyanide ore-processing reagent or other metal leaching solvents or reagents will be used or disposed of. The acreage disturbed by the operation using cyanide ore-processing reagents or other metal leaching solvents or reagents and covered by the operating permit is excluded from the 5-acre limit specified in 82-4-303(15)(a)(i) and (15)(a)(ii).

- (8)(9) The exemption provided in this section does not apply to a person:
- (a) whose failure to comply with the provisions of this part, the rules adopted under this part, or a permit or license issued under this part has resulted in the forfeiture of a bond, unless that person meets the conditions described under 82-4-360 who is prohibited from mining under 82-4-360;
- (b) whose failure, or the failure of any firm or business association of which that person was a principal or controlling member, to comply with the provisions of this part, the rules adopted under this part, or a permit or license issued under this part has resulted in either the receipt of bond proceeds by the department or the completion of reclamation by the person's surety or by the department;
- (b)(c) who has not paid a penalty for which the department has obtained a judgment pursuant to 82-4-361;
- (c)(d) who has failed to post a reclamation bond required by this section, unless the department has certified that the area for which the bond should have been posted has been reclaimed by that person or reclaimed by the department and the person has reimbursed the department for the cost of the reclamation; or (d)(e) who has failed to comply with an abatement order issued pursuant to 82-4-362, unless the

department has completed the abatement and the person has reimbursed the department for the cost of

abatement.



SECTION 1. SECTION 82-4-303, MCA, IS AMENDED TO READ:

"82-4-303. Definitions. As used in this part, unless the context indicates otherwise, the following definitions apply:

- (1) "Abandonment of surface or underground mining" may be presumed when it is shown that continued operation will not resume.
- (2) "Amendment" means a change to an approved operating or reclamation plan. A major amendment is an amendment that may significantly affect the human environment. A minor amendment is an amendment that will not significantly affect the human environment.
 - (3) "Board" means the board of environmental review provided for in 2-15-3502.
- (4) "Cyanide ore-processing reagent" means cyanide or a cyanide compound used as a reagent in leaching operations.
 - (5) "Department" means the department of environmental quality provided for in 2-15-3501.
- (6) "Disturbed land" means the area of land or surface water that has been disturbed, beginning at the date of the issuance of the permit. The term includes the area from which the overburden, tailings, waste materials, or minerals have been removed and tailings ponds, waste dumps, roads, conveyor systems, <u>load-out facilities</u>, leach dumps, and all similar excavations or coverings that result from the operation and that have not been previously reclaimed under the reclamation plan.
 - (7) "Exploration" means:
- (a) all activities that are conducted on or beneath the surface of lands and that result in material disturbance of the surface for the purpose of determining the presence, location, extent, depth, grade, and economic viability of mineralization in those lands, if any, other than mining for production and economic

exploitation; and

(b) all roads made for the purpose of facilitating exploration, except as noted in 82-4-310.

- (8) "Mineral" means any ore, rock, or substance (other than oil, gas, bentonite, clay, coal, sand, gravel, peat, soil materials, or uranium) that is taken from below the surface or from the surface of the earth for the purpose of milling, concentration, refinement, smelting, manufacturing, or other subsequent use or processing or for stockpiling for future use, refinement, or smelting.
- (9) "Mining" commences when the operator first mines ores or minerals in commercial quantities for sale, beneficiation, refining, or other processing or disposition or first takes bulk samples for metallurgical testing in excess of aggregate of 10,000 short tons.
- (10) "Ore processing" means milling, heap leaching, flotation, vat leaching, or other standard hard-rock mineral concentration processes.
- (11) "Person" means any person, corporation, firm, association, partnership, or other legal entity engaged in exploration for or mining of minerals on or below the surface of the earth, reprocessing of tailings or waste materials, or operation of a hard-rock mill.
 - (12) "Placer deposit" means:
- (a) naturally occurring, scattered or unconsolidated valuable minerals in gravel, glacial, eolian, colluvial, or alluvial deposits lying above bedrock; or
 - (b) all forms of deposit except veins of quartz and other rock in place.
- (13) "Placer or dredge mining" means the mining of minerals from a placer deposit by a person or persons.
- (14) "Reclamation plan" means the operator's written proposal, as required and approved by the department, for reclamation of the land that will be disturbed. The proposal must include, to the extent practical at the time of application for an operating permit:
 - (a) a statement of the proposed subsequent use of the land after reclamation;
- (b) plans for surface gradient restoration to a surface suitable for the proposed subsequent use of the land after reclamation is completed and the proposed method of accomplishment;
 - (c) the manner and type of revegetation or other surface treatment of disturbed areas;
- (d) procedures proposed to avoid foreseeable situations of public nuisance, endangerment of public safety, damage to human life or property, or unnecessary damage to flora and fauna in or adjacent to the area;

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- (e) the method of disposal of mining debris;
- (f) the method of diverting surface waters around the disturbed areas when necessary to prevent

pollution of those waters or unnecessary erosion;

(g) the method of reclamation of stream channels and stream banks to control erosion, siltation, and pollution;

- (h) maps and other supporting documents that may be reasonably required by the department; and
- (i) a time schedule for reclamation that meets the requirements of 82-4-336.
- (15) (a) "Small miner" means a person, firm, or corporation that engages in mining activity that is not exempt from this part pursuant to 82-4-310, that engages in the business of reprocessing of tailings or waste materials, or, except as provided in 82-4-310, that knowingly allows other persons to engage in mining activities on land owned or controlled by the person, firm, or corporation; that does not hold an operating permit under 82-4-335 except for a permit issued under 82-4-335(2) or a permit that meets the criteria of subsection (15)(c); and that conducts:
- (i) an operation that results in not more than 5 acres of the earth's surface being disturbed and unreclaimed: or
- (ii) two operations that disturb and leave unreclaimed less than 5 acres for each operation if the respective mining properties are:
 - (A) the only operations engaged in by the person, firm, or corporation; and
 - (B) at least 1 mile apart at their closest point.
- (b) For the purpose of this definition only, the department shall, in computing the area covered by the operation:
- (i) exclude access or haulage roads that are required by a local, state, or federal agency having jurisdiction over that road to be constructed to certain specifications if that public agency notifies the department in writing that it desires to have the road remain in use and will maintain it after mining ceases; and
- (ii) exclude access roads for which the person, firm, or corporation submits a bond to the department in the amount of the estimated total cost of reclamation along with a description of the location of the road and the specifications to which it will be constructed.
- (c) A small miner may hold an operating permit that allows disturbance of 100 acres or less. The permit may be amended to add new disturbance areas, but the total area permitted for disturbance may not exceed 100 acres at any time.
 - (16) "Soil materials" means earth material found in the upper soil layers that will support plant growth.
- (17) (a) "Surface mining" means all or any part of the process involved in mining of minerals by removing the overburden and mining directly from the mineral deposits exposed, including but not limited to open-pit mining

of minerals naturally exposed at the surface of the earth, mining by the auger method, and all similar methods by which earth or minerals exposed at the surface are removed in the course of mining.

- (b) Surface mining does not include the extraction of oil, gas, bentonite, clay, coal, sand, gravel, peat, soil materials, or uranium or excavation or grading conducted for onsite farming, onsite road construction, or other onsite building construction.
 - (18) "Underground mining" means all methods of mining other than surface mining.
- (19) "Unit of surface-mined area" means that area of land and surface water included within an operating permit actually disturbed by surface mining during each 12-month period of time, beginning at the date of the issuance of the permit. The term includes the area from which overburden or minerals have been removed, the area covered by mining debris, and all additional areas used in surface mining or underground mining operations that by virtue of mining use are susceptible to erosion in excess of the surrounding undisturbed portions of land.
- (20) "Vegetative cover" means the type of vegetation, grass, shrubs, trees, or any other form of natural cover considered suitable at time of reclamation."

Section 2. Section 82-4-311, MCA, is amended to read:

"82-4-311. Hard-rock mining and reclamation account. All fees, fines, penalties, and other uncleared money that has been or will be paid to the department under the provisions of this part must be placed in the state special revenue fund in the state treasury and credited to a special interest-bearing account that is designated as the hard-rock mining and reclamation account. All accrued interest on the account must be credited to the hard-rock mining and reclamation account. This account is available to the department by appropriation and may be expended for the research, reclamation, and revegetation of land and the rehabilitation of water affected by any mining operations. Any unencumbered and any unexpended balance of this account remaining at the end of a fiscal year does not lapse but must be carried forward for the purposes of this section until expended or until appropriated by subsequent legislative action."

Section 3. Section 82-4-331, MCA, is amended to read:

"82-4-331. Exploration license required -- employees included -- limitation. (1) A person may not engage in exploration in the state without first obtaining an exploration license from the department. A license must be issued for a period of 1 year from the date of issue and is renewable from year to year on application. An application for renewal must be filed within 30 days preceding the expiration of the current license and be accompanied by payment of a \$25 renewal fee as required for a new license. A license may not be renewed if

the applicant for renewal is in violation of any provision of this part. A license is subject to suspension and revocation as provided by this part.

- (2) Employees of persons holding a valid license under this part are included in and covered by the license.
 - (3) A person may not be issued an exploration license if:
- (a) that person's failure, or the failure of any firm or business association of which that person was a principal or controlling member, to comply with the provisions of this part, the rules adopted under this part, or a permit or license issued under this part has resulted in either the forfeiture receipt of a bond proceeds by the department or the completion of reclamation by the person's surety or by the department, unless that person meets the conditions described in 82-4-360:
- (b) that person has not paid a penalty for which the department has obtained a judgment pursuant to 82-4-361;
- (c) that person has failed to post a reclamation bond required by 82-4-305, unless the department has certified that the area for which the bond should have been posted has been reclaimed by that person or reclaimed by the department and the person has reimbursed the department for the cost of the reclamation; or
- (d) that person has failed to comply with an abatement order issued pursuant to 82-4-362, unless the department has completed the abatement and the person has reimbursed the department for the cost of <u>the</u> abatement."
 - **Section 4.** Section 82-4-332, MCA, is amended to read:
- **"82-4-332. Exploration license.** (1) An exploration license shall must be issued to any applicant therefor who shall:
 - (a) pay pays a fee of \$5 \$100 to the department;
- (b) <u>agree agrees</u> to reclaim any surface area damaged by the applicant during exploration operations, as may be reasonably required by the department;
 - (c) is not be in default of any other reclamation obligation under this law.
- (2) An application for an exploration license shall must be made in writing, notarized, and submitted to the department in duplicate upon forms prepared and furnished by it. The application shall must include an exploration map or sketch in sufficient detail to locate the area to be explored and to determine whether significant environmental problems would be encountered. The board shall by rule determine the precise nature of such the exploration map or sketch. The applicant must shall state what type of prospecting and excavation techniques

will be employed in disturbing the land.

(3) Prior to the issuance of an exploration license, the applicant shall file with the department a reclamation and revegetation bond in a form and amount as determined by the department in accordance with 82-4-338.

(4) In the event that the holder of an exploration license desires to mine the area covered by the exploration license and has fulfilled all of the requirements for an operating permit, the department shall allow the postponement of the reclamation of the acreage explored if that acreage is incorporated into the complete reclamation plan submitted with the application for an operating permit. Any land actually affected by exploration or excavation under an exploration license and not covered by the operating reclamation plan shall must be reclaimed within 2 years after the completion of exploration or abandonment of the site in a manner acceptable to the department."

Section 5. Section 82-4-335, MCA, is amended to read:

"82-4-335. Operating permit -- limitation -- fees. (1) A person may not engage in mining, ore processing, or reprocessing of tailings or waste material, construct or operate a hard-rock mill, use cyanide ore-processing reagents or other metal leaching solvents or reagents, or disturb land in anticipation of those activities in the state without first obtaining an operating permit from the department. A separate operating permit is required for each complex.

- (2) A small miner who intends to use a cyanide ore-processing reagent or other metal leaching solvents or reagents shall obtain an operating permit for that part of the small miner's operation where the cyanide ore-processing reagent or other metal leaching solvents or reagents will be used or disposed of.
- (3) Prior to receiving an operating permit from the department, a person shall pay the basic permit fee of \$25 \$500. The department may require a person who is applying for a permit pursuant to subsection (1) to pay an additional fee not to exceed the actual amount of contractor and employee expenses beyond the normal operating expenses of the department whenever those expenses are reasonably necessary to provide for timely and adequate review of the application, including any environmental review conducted under Title 75, chapter 1, parts 1 and 2. The board may further define these expenses by rule. Whenever the department determines that an additional fee is necessary and the additional fee will exceed \$5,000, the department shall notify the applicant that a fee must be paid and submit to the applicant an itemized estimate of the proposed expenses. The department shall provide the applicant an opportunity to review the department's estimated expenses. The applicant may indicate which proposed expenses the applicant considers duplicative or excessive, if any.

(4) The person shall submit an application on a form provided by the department, which must contain the following information and any other pertinent data required by rule:

- (a) the name and address of the operator and, if a corporation or other business entity, the name and address of its officers, directors, owners of 10% or more of any class of voting stock, partners, and the like and its resident agent for service of process, if required by law;
 - (b) the minerals expected to be mined;
 - (c) a proposed reclamation plan;
 - (d) the expected starting date of operations;
- (e) a map showing the specific area to be mined and the boundaries of the land that will be disturbed, the topographic detail, the location and names of all streams, roads, railroads, and utility lines on or immediately adjacent to the area, and the location of proposed access roads to be built;
- (f) the names and addresses of the owners of record and any purchasers under contracts for deed of the surface of the land within the permit area and the owners of record and any purchasers under contracts for deed of all surface area within one-half mile of any part of the permit area, provided that the department is not required to verify this information;
- (g) the names and addresses of the present owners of record and any purchasers under contracts for deed of all minerals in the land within the permit area, provided that the department is not required to verify this information:
- (h) the source of the applicant's legal right to mine the mineral on the land affected by the permit, provided that the department is not required to verify this information;
 - (i) the types of access roads to be built and manner of reclamation of road sites on abandonment;
- (j) a plan that will provide, within limits of normal operating procedures of the industry, for completion of the operation;
- (k) ground water and surface water hydrologic data gathered from a sufficient number of sources and length of time to characterize the hydrologic regime;
- (I) a plan detailing the design, operation, and monitoring of impounding structures, including but not limited to tailings impoundments and water reservoirs, sufficient to ensure that the structures are safe and stable;
- (m) a plan identifying methods to be used to monitor for the accidental discharge of objectionable materials and remedial action plans to be used to control and mitigate discharges to surface or ground water; and
- (n) an evaluation of the expected life of any tailings impoundment or waste area and the potential for expansion of the tailings impoundment or waste site.

(5) Except as provided in subsection (7), the permit provided for in subsection (1) for a large-scale mineral development as defined in 90-6-302 must be conditioned to provide that activities under the permit may not commence until the impact plan is approved under 90-6-307 and until the permittee has provided a written guarantee to the department and to the hard-rock mining impact board of compliance within the time schedule with the commitment made in the approved impact plan, as provided in 90-6-307. If the permittee does not comply with that commitment within the time scheduled, the department, upon receipt of written notice from the hard-rock mining impact board, shall suspend the permit until it receives written notice from the hard-rock mining impact board that the permittee is in compliance.

- (6) When the department determines that a permittee has become or will become a large-scale mineral developer pursuant to 82-4-339 and 90-6-302 and provides notice as required under 82-4-339, within 6 months of receiving the notice, the permittee shall provide the department with proof that the permittee has obtained a waiver of the impact plan requirement from the hard-rock mining impact board or that the permittee has filed an impact plan with the hard-rock mining impact board and the appropriate county or counties. If the permittee does not file the required proof or if the hard-rock mining impact board certifies to the department that the permittee has failed to comply with the hard-rock mining impact review and implementation requirements in Title 90, chapter 6, parts 3 and 4, the department shall suspend the permit until the permittee files the required proof or until the hard-rock mining impact board certifies that the permittee has complied with the hard-rock mining impact review and implementation requirements.
- (7) Compliance with 90-6-307 is not required for exploration and bulk sampling for metallurgical testing when the aggregate samples are less than 10,000 tons.
 - (8) A person may not be issued an operating permit if:
- (a) that person's failure, or the failure of any firm or business association of which that person was a principal or controlling member, to comply with the provisions of this part, the rules adopted under this part, or a permit or license issued under this part has resulted in <u>either</u> the <u>forfeiture receipt</u> of a bond <u>proceeds by the department</u> or the completion of reclamation by the person's surety or by the department, unless that person meets the conditions described in 82-4-360;
- (b) that person has not paid a penalty for which the department has obtained a judgment pursuant to 82-4-361;
- (c) that person has failed to post a reclamation bond required by 82-4-305, unless the department has certified that the area for which the bond should have been posted has been reclaimed by that person or reclaimed by the department and the person has reimbursed the department for the cost of the reclamation; or

(d) that person has failed to comply with an abatement order issued pursuant to 82-4-362, unless the department has completed the abatement and the person has reimbursed the department for the cost of abatement.

- (9) A person may not be issued a permit under this part unless, at the time of submission of a bond, the person provides the current information required in subsection (4)(a) and:
- (a) (i) certifies that the person is not currently in violation in this state of any law, rule, or regulation of this state or of the United States pertaining to air quality, water quality, or mined land reclamation; or
- (ii) presents a certification by the administering agency that the violation is in the process of being corrected to the agency's satisfaction or is the subject of a bona fide administrative or judicial appeal; and
- (b) if the person is a partnership, corporation, or other business association, provides the certification required by subsection (9)(a)(i) or (9)(a)(ii), as applicable, for any partners, officers, directors, owners of 10% or more of any class of voting stock, and business association members."

Section 6. Section 82-4-338, MCA, is amended to read:

- "82-4-338. Performance bond. (1) (a) The applicant shall file with the department a bond payable to the state of Montana with surety satisfactory to the department in the sum to be determined by the department of not less than \$200 for each acre or fraction of an acre of the disturbed land, conditioned upon the faithful performance of the requirements of this part, the rules of the board, and the permit. In lieu of a bond, the applicant may file with the department a cash deposit, an assignment of a certificate of deposit, an irrevocable letter of credit, or other surety acceptable to the department. The bond may not be less than:
- (i) the estimated cost to the state to ensure compliance with this part, the rules, and the permit, including the potential cost of department management, operation, and maintenance of the site upon temporary or permanent operator insolvency or abandonment, until full bond liquidation can be effected: and
- (ii) for unforeseen contingencies, an additional amount that is 10% of the amount determined under subsection (1)(a)(i).
- (b) A public or governmental agency may not be required to post a bond under the provisions of this part.

 A blanket performance bond covering two or more operations may be accepted by the department. A blanket bond must adequately secure the estimated total number of acres of disturbed land.
- (2) THE DEPARTMENT MAY CALCULATE ONE OR MORE RECLAMATION PLAN COMPONENTS WITHIN ITS JURISDICTION WITH THE ASSISTANCE OF ONE OR MORE OBJECTIVE CONTRACTORS SELECTED JOINTLY BY THE DEPARTMENT AND THE MINE OPERATOR AND COMPENSATED BY THE MINE OPERATOR WHEN, BASED ON RELEVANT PAST EXPERIENCE, THE

DEPARTMENT DETERMINES THAT ADDITIONAL EXPERTISE IS NECESSARY TO CALCULATE THE BOND AMOUNT FOR RECLAMATION PLAN COMPONENTS. THE DEPARTMENT MAY CONTRACT FOR ASSISTANCE PURSUANT TO THIS SUBSECTION IN DETERMINING BOND AMOUNTS FOR THE INITIAL BOND AND FOR ANY SUBSEQUENT BOND REVIEW AND ADJUSTMENT.

(2)(3) The department shall conduct an overview of the amount of each bond annually and shall conduct a comprehensive bond review at least every 5 years. The department may conduct additional comprehensive bond reviews if, after modification of the reclamation or operation plan, an annual overview, or an inspection of the permit area, the department determines that an increase of the bond level may be necessary. The department shall consult with the licensee or permittee if the review indicates that the bond level should be adjusted. When determined by the department that the set bonding level of a permit or license does not represent the present costs of compliance with this part, the rules, and the permit, the department may shall modify the bonding requirements of that permit or license. The licensee or permittee must have 60 days to discuss the preliminary bond determination with the department, at the end of which time period the department shall issue the proposed bond determination. The department shall make written findings, give the licensee or permittee a copy of the findings bond calculations that form the basis for the proposed bond determination, and, for operating permits, publish notice of the findings proposed bond determination in a newspaper of general circulation in the county in which the operation is located. After a 30-day public comment period on the proposed bond determination, the department shall issue a final bond determination. The licensee or permittee shall post bond with the department in the amount represented by the final bond determination no later than 30 days after issuance OF THE FINAL BOND DETERMINATION. IF THE LICENSEE OR PERMITTEE DEMONSTRATES, THROUGH THE EXERCISE OF REASONABLE DILIGENCE, THAT THE LICENSEE OR PERMITTEE WILL NOT BE ABLE TO POST THE BOND WITHIN 30 DAYS, THE DEPARTMENT SHALL GRANT A REASONABLE EXTENSION OF THE DEADLINE. The permittee or any person with an interest that may be adversely affected may obtain a contested case hearing under the provisions of the Montana Administrative Procedure Act on the adjusted bond level final bond determination by filing with the department, within 30 days of the notice issuance of the final bond determination, a written request for hearing. As a condition precedent to any right to request a hearing, the licensee or permittee shall post bond with the department in the amount of the final bond determination. Failure to post bond with the department in the amount of the final bond determination, as provided in this section, must result in the immediate suspension of the permit or license without further action by the department.

(3)(4) A bond filed in accordance with the provisions of this part may not be released by the department until the provisions of this part, the rules adopted pursuant to this part, and the permit have been fulfilled.

(4)(5) A bond filed for an operating permit obtained under 82-4-335 may not be released or decreased

until the public has been provided an opportunity for a hearing and a hearing has been held if requested. The department shall provide reasonable statewide and local notice of the opportunity for a hearing, including but not limited to publishing the notice in newspapers of general daily circulation.

(5)(6) With the exception of the unforeseen contingency portion of the bond, all ALL All bonds required in accordance with the provisions of this section must be based upon reasonably foreseeable activities that the applicant may conduct in order to comply with conditions of an operating permit or license. Bonds may be required only for anticipated activities as described in subsection (1). With the exception of the unforeseen contingency portion of the bond, only ONLY Only those activities that themselves or in conjunction with other activities have a reasonable possibility of occurring may be bonded.

(6)(7) At the applicant's discretion, bonding in addition to that required by this section may be posted. These unobligated bonds may, on the applicant's request, be applied to future bonds required by this section.

(7) If a permittee fails or refuses to fulfill any condition of the permittee's operating permit, the department may declare the permittee in default and the surety bond forfeited. The surety shall then pay to the department within 30 days after receipt of notice of default by certified mail 10% of the entire bond amount for use in interim reclamation activities pending payment of the entire amount by the surety. The department shall use the bond proceeds for reclamation of the disturbed land, which may include establishment of a trust to fund long-term compliance with air or water quality requirements. Any interest on bond proceeds forfeited by the surety or otherwise received by the department accrues in favor of the department for purposes of reclamation.

(8) (A) IF THE DEPARTMENT DETERMINES THAT THERE EXISTS AT AN AREA PERMITTED OR LICENSED UNDER THIS PART AN IMMINENT DANGER TO PUBLIC HEALTH, SAFETY, OR THE ENVIRONMENT CAUSED BY A VIOLATION OF THIS PART, THE RULES ADOPTED PURSUANT TO THIS PART, OR THE PERMIT OR LICENSE, AND IF THE PERMITTEE OR LICENSEE FAILS OR REFUSES TO EXPEDITIOUSLY ABATE THE DANGER, THE DEPARTMENT MAY IMMEDIATELY SUSPEND THE PERMIT OR LICENSE, ENTER THE SITE, AND ABATE THE DANGER. THE DEPARTMENT MAY THEREAFTER INSTITUTE PROCEEDINGS TO REVOKE THE LICENSE OR PERMIT, DECLARE THE PERMITTEE OR LICENSEE IN DEFAULT, AND FORFEIT A PORTION OF THE BOND, NOT TO EXCEED \$150,000 OR 10% OF THE BOND, WHICHEVER IS LESS, TO BE USED TO ABATE THE DANGER. THE DEPARTMENT SHALL NOTIFY THE SURETY OF THE FORFEITURE AND THE FORFEITURE AMOUNT BY CERTIFIED MAIL, AND THE SURETY SHALL PAY THE FORFEITURE AMOUNT TO THE DEPARTMENT WITHIN 30 DAYS OF RECEIPT OF THE NOTICE. THE DEPARTMENT SHALL, AS A CONDITION OF ANY TERMINATION OF THE SUSPENSION AND REVOCATION PROCEEDINGS, REQUIRE THAT THE PERMITTEE OR LICENSEE REIMBURSE THE SURETY, WITH INTEREST, FOR ANY AMOUNT PAID TO AND EXPENDED BY THE DEPARTMENT PURSUANT TO THIS SUBSECTION (8).

(B) IF THE DEPARTMENT IS UNABLE TO PERMANENTLY ABATE THE IMMINENT DANGER USING THE AMOUNT

FORFEITED UNDER SUBSECTION (8)(A), THE DEPARTMENT MAY FORFEIT ADDITIONAL AMOUNTS UNDER THE PROCEDURE PROVIDED IN SUBSECTION (8)(A).

(C) THE DEPARTMENT SHALL RETURN TO THE SURETY ANY MONEY RECEIVED FROM THE SURETY PURSUANT TO THIS SUBSECTION AND NOT USED BY THE DEPARTMENT TO ABATE THE IMMINENT DANGER. THE AMOUNT NOT RETURNED TO THE SURETY MUST BE CREDITED TO THE SURETY AND REDUCES THE PENAL AMOUNT OF THE BOND ON A DOLLAR-FOR-DOLLAR BASIS."

Section 7. Section 82-4-339, MCA, is amended to read:

"82-4-339. Annual report of activities by permittee -- fee -- notice of large-scale mineral developer status. (1) Within 30 days after completion or abandonment of operations on an area under permit or within 30 days after each anniversary date of the permit, whichever is earlier, or at such a later date as that may be provided by rules of the board and each year thereafter after that date until reclamation is completed and approved, the permittee shall pay the annual fee of \$25 \$100 and shall file a report of activities completed during the preceding year on a form prescribed by the department. which The report shall must:

- (a) identify the permittee and the permit number;
- (b) locate the operation by subdivision, section, township, and range and with relation to the nearest town or other well-known geographic feature;
 - (c) estimate acreage to be newly disturbed by operation in the next 12-month period;
- (d) include the number of persons on the payroll for the previous permit year and for the next permit year at intervals that the department considers sufficient to enable a determination of the permittee's status under 90-6-302(4);
 - (e) update the information required in 82-4-335(4)(a); and
- (f) update any maps previously submitted or specifically requested by the department. Such The maps shall must show:
 - (i) the permit area;
 - (ii) the unit of disturbed land;
 - (iii) the area to be disturbed during the next 12-month period;
 - (iv) if completed, the date of completion of operations;
- (v) if not completed, the additional area estimated to be further disturbed by the operation within the following permit year; and
 - (vi) the date of beginning, amount, and current status of reclamation performed during the previous 12

months.

(2) Whenever the department determines that the permittee has become or will, during the next permit year, become a large-scale mineral developer, it shall immediately serve written notice of that fact on the permittee, the hard-rock mining impact board, and the county or counties in which the operation is located."

Section 8. Section 82-4-341, MCA, is amended to read:

- "82-4-341. Compliance -- reclamation by department. (1) The department shall cause the permit area to be inspected at least annually to determine whether the permittee has complied with this part, the rules adopted under this part, or the permit.
- (2) The permittee shall proceed with reclamation as scheduled in the approved reclamation plan or as required pursuant to subsection (8). Following written notice by the department noting deficiencies, the permittee shall commence action within 30 days to rectify these deficiencies and shall diligently proceed until the deficiencies are corrected. Deficiencies that also violate other laws that require earlier rectification must be corrected in accordance with the applicable time provisions of those laws. The department may extend performance periods referred to in this section and in 82-4-336 and in this section for delays clearly beyond the permittee's control, but only when the permittee is, in the opinion of the department, making every reasonable effort to comply.
- (3) Within 30 days after notification by the permittee and when, in the judgment of the department, reclamation of a unit of disturbed land area is properly completed, the department shall provide the public notice and conduct any hearing requested pursuant to 82-4-338. As soon as practicable thereafter after notice and hearing, the permittee must be notified in writing and the bond on the area must be released or decreased proportionately to the acreage included within the bond coverage. However, the department shall retain the unforeseen contingency portion of the bond for 10 years after it has released the remainder of the bond. The department may forfeit all or a portion of the bond to remedy actual or potential air or water quality violations or actual or potential reclamation failures that arise at or from the permit area during the 10-year period:
 - (4) The department shall cause the bond to be forfeited if:
- (a) reclamation of disturbed land is not pursued in accordance with the reclamation plan and the permittee has not commenced action to rectify deficiencies within 30 days after notification by the department;
- (b) reclamation is not properly completed in conformance with the reclamation plan within 2 years after completion or abandonment of operation on any fraction of the permit area or within a longer period that may have been authorized under this part; or

(c) after default by the permittee, the surety either refuses or fails to perform the work to the satisfaction of the department within the time required.

- (5) The department shall notify the permittee and the surety by order as provided in 82-4-338(7). If the bond is not paid within 30 days after receipt of the notice, the attorney general, upon request of the department, shall bring an action on behalf of the state in district court.
- (6) The department may, with the staff, equipment, and material under its control or by contract with others, take any necessary actions for required reclamation of the disturbed lands <u>ACCORDING TO THE EXISTING RECLAMATION PLAN OR A MODIFIED RECLAMATION PLAN IF THE DEPARTMENT MAKES A WRITTEN FINDING THAT THE MODIFICATIONS ARE NECESSARY TO PREVENT A VIOLATION OF TITLE 75, CHAPTER 2 OR 5, OR TO PREVENT A SUBSTANTIAL RECLAMATION FAILURE. Except in an environmental emergency, work provided for in this section must be let on the basis of competitive bidding. The department shall keep a record of all necessary expenses incurred in carrying out the work or activity authorized under this section, including a reasonable charge for the services performed by the state's personnel and the state's equipment and materials used. The surety is liable to the state to the extent of the bond. The permittee is liable for the remainder of the cost. Upon completion of the reclamation, the department shall return any amount not expended.</u>
- (7) In addition to the other liabilities imposed by this part, failure to commence an action to remedy specific deficiencies in reclamation within 30 days after notification by the department or failure to satisfactorily complete reclamation work on any segment of the permit area within 2 years or within a longer period that the department may permit on the permittee's application or on the department's own motion, after completion or abandonment of operations on any segment of the permit area, constitutes sufficient grounds for cancellation of a permit or license and refusal to issue another permit or license to the applicant. A cancellation action may not be effected while an appeal is pending from any ruling requiring the cancellation of a permit or license.
- (8) (a) If at the time of bond review pursuant to 82-4-338 no mineral extraction or ore processing has occurred on a mine permit area for the past 5 years, the department shall determine whether further suspension of the operation will create conditions that will cause violations of Title 75, chapter 2 or 5, or significantly impair reclamation of disturbed areas. If the department determines in writing that violations of Title 75, chapter 2 or 5, or significant impairment of reclamation will occur, the department shall notify the permittee that the permittee shall, within a reasonable time specified in the notice, abate the conditions or commence reclamation. The department may grant reasonable extensions of time for good cause shown. If the permittee does not abate the conditions or commence reclamation within the time specified in the notice and any extensions, the department shall order either that the condition be abated or that reclamation be commenced.

(b) The permittee may request a hearing on the order by submitting a written request for hearing within 30 days of receipt of the order. A request for hearing stays the order pending a final decision, unless the department determines in writing that the stay will create an imminent threat of significant environmental harm or will significantly impair reclamation."

Section 9. Section 82-4-360, MCA, is amended to read:

"82-4-360. Activity When activity prohibited if bond forfeited -- exception. (1) Except as provided in subsection (2), a A person may not conduct mining or exploration activities in this state if that person or any firm or business association of which that person was a principal or controlling member had a bond forfeited under this part, if the department otherwise received proceeds from a surety to perform reclamation on that person's behalf, or if the person's surety completed reclamation on the person's behalf.

- (2) A person described in subsection (1) may apply for an operations permit or an exploration license or may conclude a written agreement under 82-4-305 if that person first pays to the department:
- (a) the full amount of the necessary expenses incurred by the department under 82-4-341(6) for reclamation of the area for which the bond was forfeited;
- (b) the full amount of any penalties assessed under this part; and
- (c) interest on these amounts and penalties incurred at the rate of 6% per year."

Section 10. Section 82-4-424, MCA, is amended to read:

- "82-4-424. Receipt and expenditure of funds. (1) The department may receive any federal funds, state funds, or any other funds for the reclamation of land affected by opencut mining. The department may cause the reclamation work to be done by its employees, by employees of other governmental agencies, by soil conservation districts, or through contracts with qualified persons.
- (2) Any funds of any public works programs available to the department must be expended and used to reclaim and rehabilitate any lands that have been subject to opencut mining and that have not been reclaimed and rehabilitated in accordance with the standards of this part.
- (3) There is an opencut mining and reclamation account within the state special revenue fund established in 17-2-102. There must be deposited in the account all fees, fines, penalties, and other money that have been or will be paid under the provisions of this part. All accrued interest on the account must be credited to the opencut mining and reclamation account. The money in the account is available to the department through appropriation and must be spent by the department for the reclamation and revegetation of land, research

pertaining to the reclamation and revegetation of land, and the rehabilitation of water affected by opencut mining operations and for administration of this part. Any unspent or unencumbered money in the account at the end of a fiscal year must remain in the account until spent or appropriated by the legislature."

NEW SECTION. Section 11. Coordination instruction. If ___Bill No. __[LC287] SENATE BILL No. 449 and [this act] are both passed and approved and if both contain sections that amend 82-4-311 and 82-4-424, then [sections 3 and 11 2 AND 10 of this act] are void.

<u>NEW SECTION.</u> **Section 12. Saving clause.** [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

<u>NEW SECTION.</u> **Section 13. Severability.** If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. Section 14. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 15. APPLICABILITY. SECTIONS 82-4-303(6) AND 82-4-338(8) APPLY TO LICENSES

AND PERMITS ISSUED AFTER [THE EFFECTIVE DATE OF THIS ACT] AND TO PERMITS ISSUED BEFORE [THE EFFECTIVE DATE

OF THIS ACT] THAT ARE IN EFFECT ON [1 YEAR AFTER THE EFFECTIVE DATE OF THIS ACT].

- END -