

## SENATE BILL NO. 329

INTRODUCED BY T. RICHMOND

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE LAND BOARD TO EXTEND A COAL LEASE FOR  
5 UP TO 10 YEARS IF THE EXTENSION IS IN THE BEST INTEREST OF THE STATE; REQUIRING A RENEWAL  
6 FEE; AMENDING SECTION 77-3-314, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN  
7 APPLICABILITY DATE."

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

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11 **Section 1.** Section 77-3-314, MCA, is amended to read:  
12 **"77-3-314. Duration of lease.** (1) (a) Except as provided in subsection (1)(b), coal mining leases must  
13 be issued for a primary term of 10 years and for as long thereafter as coal is produced from lands in commercial  
14 quantities.

15 (b) (i) If a lease under this part or a corresponding permit issued pursuant to Title 82, chapter 4, parts  
16 1 and 2, is challenged before an administrative agency or in court, the primary term of the lease must be extended  
17 for the period of time that the lease or permit was subject to challenge.

18 ~~(2)~~(ii) A lease not producing coal in commercial quantities at the end of the primary term must be  
19 terminated, unless:

20 (A) the leased lands are covered and described in a valid strip mine permit issued under 82-4-221 or in  
21 a valid mine-site location permit under 82-4-122 prior to the end of the primary term, ~~and the lease may not be~~  
22 ~~terminated so long as the lands are covered and described under valid permit; or~~

23 (B) the board finds that an extension is in the best interest of the state.

24 (iii) Extensions issued under subsection (1)(b)(ii)(B) may not exceed 10 years and must include a \$2,500  
25 renewal fee.

26 ~~(3)~~(2) For the purpose of this part:

27 (a) "commercial quantities" means that quantity of coal that can be sold at profit in the commercial  
28 market;

29 (b) "covered and described" under a valid permit ~~or "described" in a strip mine or mine-site location~~  
30 ~~permit~~ means that the leased lands or a portion of the leased lands within or outside of the boundaries of the

1 permit area are expected to be affected or disturbed at some point during the life of the permittee's strip-mining  
2 or underground-mining operation and are identified in the permittee's permit application."

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

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6 NEW SECTION. **Section 3. Applicability.** [This act] applies to leases that are active on [the effective  
7 date of this act] and leases issued on or after [the effective date of this act].

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