Program Evaluation

Hard Rock Mining -- Major Facility Siting

Montana Department of Environmental Quality

Legislative Services Division

ENVIRONMENTAL QUALITY COUNCIL

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Introduction

The Environmental Quality Council (EQC) is required to evaluate programs within the Department of Environmental Quality (DEQ) pursuant to 75-1-324, MCA. That law requires the EQC to "review and appraise the various programs and activities of the state agencies, in the light of the policy set forth in 75-1-103, for the purpose of determining the extent to which the programs and activities are contributing to the achievement of the policy and make recommendations to the governor and the legislature with respect to the policy."

The policy reads as follows:

> The legislature, recognizing the profound impact of human activity on the interrelations of all components of the natural environment, particularly the profound influences of population growth, high-density urbanization, industrial expansion, resource exploitation, and new and expanding technological advances, recognizing the critical importance of restoring and maintaining environmental quality to the overall welfare and human development, and further recognizing that governmental regulation may unnecessarily restrict the use and enjoyment of private property, declares that it is the continuing policy of the state of Montana, in cooperation with the federal government, local governments, and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance, in a manner calculated to foster and promote the general welfare, to create and maintain conditions under which humans and nature can coexist in productive harmony, to recognize the right to use and enjoy private property free of undue government regulation, and to fulfill the social, economic, and other requirements of present and future generations of Montanans.

The council allocated 68 hours of staff time to evaluate each of four bureaus within the Permitting and Compliance Division of the DEQ that do not deal primarily with water. That division is now called the Air, Energy, and Mining Division. The Metal Mine Reclamation Act is implemented by the new division. The Major Facility Siting Act is now under the jurisdiction of the DEQ director's office.

Major Facility Siting

Background

The construction of coal mine-mouth electric generation plants at Colstrip in the 1970s played a major role in what was originally known as the Utility Siting Act and is now knowns as the Major Facility Siting Act (MFSA).

Construction on Units 1 and 2 began in 1972. Around that time frame, a study projected that those units could be just two of 21 mine-mouth generating plants in Montana. In fact, Montana Power Co. already was planning for Units 3 and 4 at Colstrip.[1]

The original legislation was sponsored by Francis Bardanouve, a Democrat from Havre. The EQC supported the bill, according to Chairman Sen. George Darrow, a Billings Republican, who said the bill did not target one utility or power plant but aimed to address a massive development that was under way.[2]

The bill stated:

> The legislature finds that the construction of additional power and energy conversion facilities may be necessary to meet the increasing need for electricity and other energy, and that such facilities have an effect on the environment, an impact on population concentration, and an effect on the welfare of the citizens of this state. Therefore, it is necessary to ensure that the location, construction and operation of power and energy conversion facilities will produce minimal adverse effects on the environment and upon the citizens of this state by providing that no power or energy conversion facility shall hereafter be constructed or operated within this state without a certificate of environmental compatibility and public need acquired pursuant to this act.[3]

The main provisions of the act were certification by the state prior to construction, fact finding, applicant-paid funding, and public involvement. To issue the certificate, the state needed to determine that the project was environmentally compatible and that a public need for the facility existed.[4]

Over the next two decades, the law was often revisited. In 1975, it was renamed the Major Facility Siting Act. That Legislature also added facilities covered under the act, included a consideration of "public interest, convenience, and necessity", allowed a waiver for urgently needed facilities, and placed the burden of proof on the applicant. As the application for Colstrip Units 3 and 4 was going through the process, the 1979 Legislature established timelines, allowed conditional air and water quality permits, exempted crude oil and natural gas refineries from the act, and

[1] Mickale Carter, "The Montana Major Facility Siting Act," *45 Mont. L. Rev.* (1984).
[2] Legislative history, House Bill 127, 1973.
[3] A Guide to the Montana Major Facility Siting Act, 1985, Montana EQC.
[4] Ibid.

directed the use of public lands when economically practicable. In 1981, waivers were passed for certain facilities in counties where a single large employer curtailed or ceased operation.[5]

The requirement of the act that the applicant show a public need for a facility was controversial early on. For Colstrip Units 3 and 4, the state found that under MFSA there was a need for the energy which would be produced and that the units would serve the public interest, convenience, and necessity.[6]

However, there are provisions in law regulating utilities that give the Public Service Commission the power to determine if the properties of a utility are "used and useful for the convenience of the public."[7]

The Supreme Court eventually found that while MFSA includes factors associated with the used and useful concept of utility regulation, the primary purposes of MFSA are to ensure minimal environmental, natural resource, and social impacts. The need determination is related primarily to environmental protection rather than rate base treatment for a facility that is regulated by the PSC. Once the facility is constructed, the PSC has jurisdiction to determine whether the facility is actually used and useful and whether the facility's output is required by the ratepayers.[8]

This history is integral to understanding the effects of Senate Bill 329 passed in 1997. Carried by Sen. Mack Cole, a Hysham Republican, the bill removed the requirement that state approval of an energy generator or conversion plan under MFSA hinged on a finding of public need. Transmission lines and pipelines covered under the act were still subject to the need analysis. The bill contained other "sweeping" changes, according to a representative of the DEQ, which supported the legislation. Generators of less than 250 MW were exempt from siting regulations unless the generators exceeded certain environmental triggers. Previously, generators of more than 50 MW were subject to review.[9]

Time frames for review were reduced, and the legislative direction that facilities produce "minimal adverse effects on the environment" was changed to require that facilities not produce "unacceptable adverse effects on the environment."[10]

In 2001, Sen. Cole sponsored Senate Bill 319, which removed power generator or energy conversion facilities from the siting act, leaving certain transmission lines, pipelines, and geothermal, and hydroelectric facilities subject to the provisions of the law.[11]

[5] Ibid.
[6] Mont. Power Co. v. P.S.C., 214 Mont. 82, 692 P2d 432 (1984).
[7] 69-3-109, MCA
[8] Mont. Power Co. v. P.S.C., 214 Mont. 82, 692 P2d (1984). Not all facilities are subject to Public Service Commission oversight.
[9] Legislative history, Senate Bill 329, 1997.
[10] Ibid.
[11] Senate Bill 319, 2001.

Facilities covered by MFSA

Facilities Subject to Siting Acts at Times prior to 2001

The Utility Siting Act and its successor, the Major Facilities Siting Act (MFSA) ,covered a variety of "facilities" from 1973 to 2001.

- Energy-generating or conversion plant
  - generating more than 50 MW, costing more than $250,000
  - producing more than 25 million cubic feet of gas/day, costing more than $250,000
  - producing 25,000 barrels of liquid hydrocarbon product/day, costing more than $250,000
  - enriching uranium minerals
  - utilizing, refining, or converting more than 500,000 tons of coal/year, costing more than $250,000
- Electric transmission lines with a capacity of more than 34.5 kV, except:
  - < 69 kV aboveground and less than 10 miles
  - < 161 kV underground and less than 5 miles
- Gas or liquid transmission line from a gasification or liquefaction facility
- Use of geothermal resources
- Underground in situ gasification of coal
- Energy-related projects seeking certification
- Oil and gas refineries (exempted in 1979)

Construction of 500 kV Double Circuit Lines

Facilities Subject to MFSA after 2001 Legislature

MFSA underwent several changes prior to 2001, some of which are reflected at right. SB 319 from the 2001 session made several more changes.

- Electric transmission lines with a capacity of more than 69 kV, except:
  - < 230 kV and less than 10 miles
  - < 230 kV and 75 percent ROW agreements
- Pipelines > 25 inches diameter and 50 miles long, except:
  - contained in state for irrigation or drinking water
  - > 25 inches diameter and 50 miles long with 75 percent ROW agreements
  - > 17 inches diameter and 30 miles long used to transport coal suspended in water
- Use of geothermal resources, except pollution control facilities approved by state added to existing plant
- > 50 MW of hydroelectricity and subject to federal jurisdiction

Facilities Subject to MFSA Today

Facilities no longer subject to MFSA include generating and conversion facilities and specific types of pipelines and transmission lines.

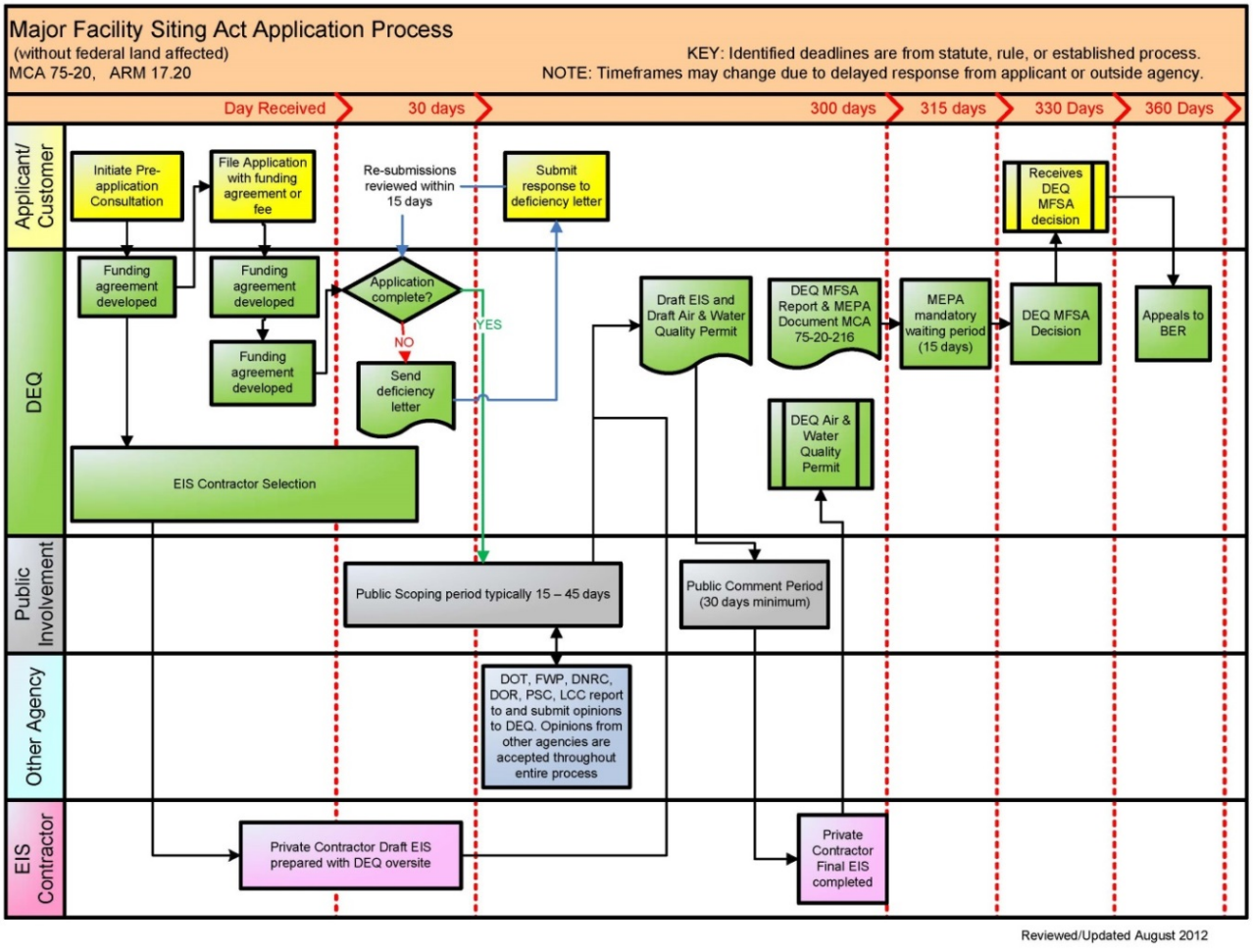
- Electric transmission lines with a capacity of more than 69 kV, except:
  - < 230 kV and less than 10 miles
  - < 230 kV and 75 percent ROW agreements
  - < 150 miles long if required by law for reliability for electric generation facility; wind, biomass, or energy-storage facilities; or for transmission service with 75 percent ROW agreements
  - upgrades to existing transmission lines of 50KV or more to increase capacity
  - transmission substations, switchyards, voltage support
  - Energy-storage facilities, including hydroelectric pumped storage compressed air, regenerative fuel cells, batteries, flywheel storage, or any combination of energy-storage facilities directly connected to the electrical power grid
- Pipelines >25 inches diameter and 50 miles long, except:
  - contained in state for irrigation or drinking water
  - > 25 inches diameter and 50 miles long with 75 percent ROW agreements
  - > 17 inches diameter and 30 miles long used to transport coal suspended in water
- Use of geothermal resources, except pollution control facilities approved by state added to existing plant
- > 50 MW of hydroelectricity and subject to federal jurisdiction

Permitting Process

The developer of a proposed transmission line or pipeline seeking a MFSA certificate must provide:[12]

- a description of the proposed location and of the facility to be built;
- a summary of any preexisting studies that have been made of the impact of the facility;
- a statement explaining the need for the facility, a description of reasonable alternate locations for the facility, a general description of the comparative merits and detriments of each location submitted, and a statement of the reasons why the proposed location is best suited for the facility;
- baseline data for the primary and reasonable alternate locations;
- at the applicant's option, an environmental study plan to satisfy the requirements of this chapter;
- other information that the applicant considers relevant or that the department by order or rule may require;
- proof that a summary of the application was published in newspapers covering the county in which any portion of the facility is proposed;
- a filing fee based on the estimated cost of processing the application.

The DEQ has 30 days to determine if the application is complete. If an incomplete application is corrected and



[12] 75-20-211 and 75-20-215, MCA.

resubmitted, the agency has 15 days to review the corrected application. The departments of Transportation; Fish, Wildlife, and Parks; Natural Resources and Conservation; Revenue; the Public Service Commission; and the Legislative Consumer Counsel shall report to the DEQ information relating to the impact of the proposed site on each department's area of expertise. With some exceptions, the DEQ has 9 months to issue any permits or decisions related to the project but not covered by MFSA as well as issue a report on its findings related to the MFSA requirements.[13]

Within 30 days of the DEQ report, the agency issues its findings and determinations on the:[14]

- basis of need for the facility;
- nature of probable environmental impacts;
- whether the facility minimizes adverse environmental impact considering the state of available technology and the nature and economics of the various alternatives;
- location of underground portions of the facility;
- conformation to applicable state and local laws;
- facility's ability to serve the public interest, convenience, and necessity, which includes the benefits to the applicant and the state, the economic effects, effects on public health, welfare, and safety, and any other factors the department determines relevant; and
- need that the use of public lands for location of the facility was evaluated and that public lands were selected whenever their use is as economically practicable as the use of private lands and complies with other provisions of the law.

The review of a transmission line or pipeline pursuant to the Montana Environmental Policy Act must designate a 1-mile-wide facility siting corridor along the siting route and property owners within the corridor must be notified of the proposed facility. As part of the MFSA review, the department selects a corridor of at least 500 feet in width for the facility within the 1-mile-wide corridor. If the agency selects a corridor different from the preferred alternative, property owners within the 1-mile-wide corridor must be notified.[15]

The certificate issued by the DEQ must include:[16]

- an environmental evaluation of the environmental impact of the facility and any adverse environmental effects that cannot be avoided;
- a plan for monitoring environmental effects of the proposed facility;
- a plan for monitoring the certified facility site between the time of certification and completion of construction; and
- a deadline of 10 years for construction of pipelines and transmission lines more than 30 miles long. Transmission lines of 30 miles or less in length must be built within 5 years.

[13] 75-20-2016, MCA.
[14] 75-20-301, MCA.
[15] 75-20-303, MCA.
[16] Ibid.

Waiver of Proceedings

The law allows the DEQ to waive certification under certain circumstances, including an urgent need for a facility where the need was not identified in time to comply with the law. Waivers also exist for facilities destroyed by flood, fire, other natural disaster, or war and the need to rebuild is urgent and for facilities proposed in areas where a single large employer ceased operations.[17] No one has applied for a waiver under these provisions, according to the DEQ.

Proposed Changes

A group of industry representatives convened by Gov. Bullock discussed possible changes to MFSA during a series of meetings in 2015. The final report of the Key Industry Network of the Main Street Montana Project included three changes to the way MFSA is implemented.[18]

Members said the requirement to identify three alternative routes makes it difficult to incorporate landowner input and cooperative agreement, the mile wide study corridor requirement is too time consuming, and the need determination requirements in rule are outdated.

Under MFSA rules, an applicant must select at least three locations for the proposed facility.[19] Out of those, the DEQ will designate a preferred route siting corridor. Property owners within that mile-wide corridor must be notified. That means that during the application process, the applicant is likely contacting residents within a mile of each of the three alternatives. Given the effort and time to notify property owners within a mile-wide corridor, members said it is especially problematic for pipelines. A pipeline is unlikely to change course outside of a much narrower corridor.

Industry representatives as well as the DEQ pointed out that the determination of "need" for transmission lines as required by MFSA historically envisioned a scenario where electricity generated in Montana was supplied to Montanans. However, the changing nature of energy transmission gave rise to "merchant" lines built by private companies to move power from one area to another. These lines, such as the Montana Alberta Tie Line (MATL), may pass through Montana but provide little if any electricity to Montana customers.

In the case of MATL, the DEQ determined that the facility met the need standard for transfer capacity, meaning the line is needed to meet requests from wind farms to move electricity to Canada. However, the DEQ is considering that the rule may need to more clearly address the need for merchant lines, and to consider needs outside Montana, such as strengthening the grid, providing regional ancillary services, and helping other states obtain electricity.[20]

The determination of need as part of a certificate under MFSA is important for transmission lines and pipelines because that qualifies the facility to acquire property by eminent domain.[21]

The department may propose legislation for the 2017 Legislature.

MFSA Projects & Status

A list of all MFSA projects and status is included in Appendix A.

[17] 75-20-304, MCA.
[18] Main Street Montana Project, Energy and Utilities Key Industry Network web page.
[19] DEQ Circular MFSA-2.
[20] DEQ memorandum Sept. 23, 2015, Jeff Blend to Tom Livers.
[21] 70-20-113, MCA.

Financial Overview

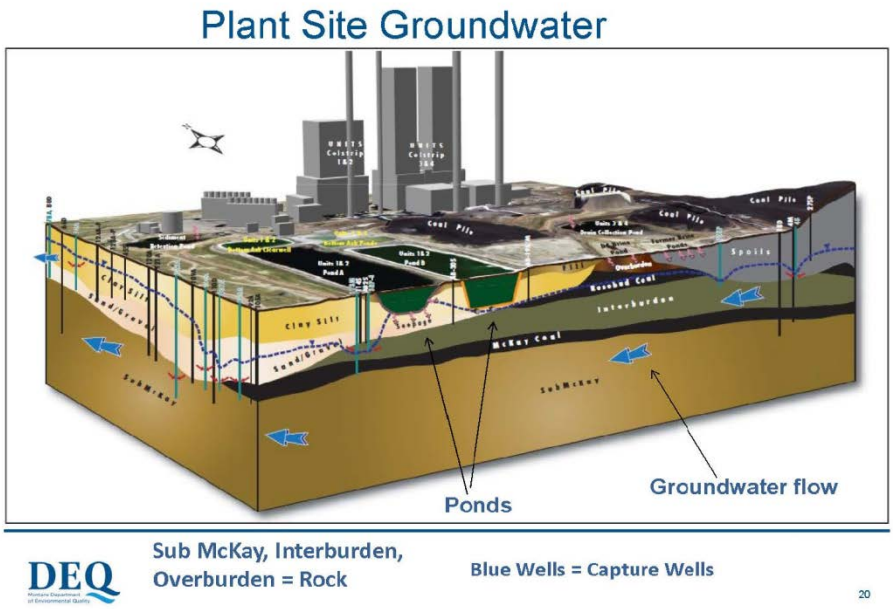
The program has 1.4 full-time equivalent employees. About $84,000 annually comes from the general fund. Projects pay fees as they are proposed. The most recent revenue from projects was just more than $17,000. As of July 2016, there are no proposed projects. More budget information is contained in Appendix C.

Enforcement

The DEQ monitors 31 facilities under MFSA. Regulated facilities have plans to monitor the environmental effects of the facility and are obligated to pay for whatever costs are not covered by federal funds.[22] In general, if the agency finds a violation, the facility operator is notified, and if the violation is corrected an enforcement action is avoided.[23]

Each certificate includes plans for monitoring and reclamation.

One enforcement action is ongoing for the Colstrip Steam Electric Stations over groundwater contamination caused by leaking ash ponds. In 2012, the DEQ and the owners, PPL Montana, entered into an administrative order on consent (AOC) that details how the owner – Riverstone Holdings if a merger with Talen Energy receives federal approval – must remediate the contamination. In October 2015, the DEQ approved the site characterization report that describes the existing conditions and contamination. Next steps include the standards the company must meet to remediate the contamination. Finally, the DEQ will select a remediation plan for the company to implement.[24]



The Montana Environmental Information Center alleges in court that the AOC is inadequate to ensure that the leaking plume is cleaned up. The DEQ counters that the AOC is a comprehensive approach to address groundwater contamination at the site.[25]

[22] 75-20-402, MCA.
[23] DEQ Environmental Enforcement and Compliance Report to EQC, 2016.
[24] Colstrip Steam Electric Station Coal Ash Ponds, DEQ information page.
[25] Montana Environmental Information Center, Sierra Club, and National Wildlife Federation vs. Montana DEQ and PPL, Montana. DV-12-42.

Metal Mine Reclamation

Background

Montana has a long, well-documented history of mining for minerals that spans more than a century. But it was not until 1971 that the Legislature passed a bill that still serves as the basis for the regulation of hard rock mining in Montana.

Rep. Harrison Fagg, R-Billings, sponsored House Bill 243, which stated:[26]

> The extraction of mineral by mining is a basic and essential activity making an important contribution to the economy of the state and the nation. At the same time, proper reclamation of mined land and former exploration areas not brought to mining stage is necessary to prevent undesirable land and surface water conditions detrimental to the general welfare, health, safety, ecology, and property rights of the citizens of the state. Mining and exploration for minerals take place in diverse areas where geological, topographical, climatic, biological, and sociological conditions are significantly different, and reclamation specifications must vary accordingly. It is not practical to extract minerals or explore for minerals required by our society without disturbing the surface or subsurface of the earth and without producing waste materials, and the very character of many types of mining operations precludes complete restoration of the land to its original condition. The legislature finds that land reclamation as provided in this part will allow exploration for and mining of valuable minerals while adequately providing for the subsequent beneficial use of the lands to be reclaimed.

The legislation evoked impassioned testimony, with both sides predicting far-reaching effects.

Proponents included the National Forest Service, which said it would foster reclamation on federal lands, and the state Fish and Game Commission.

"The scars of mineral exploration and development have been with us a long time," testified Don Aldrich of the Montana Wildlife Federation "and they are durable enough to last for many more generations. Society may never be able to reclaim the land laid waste, but we cannot ignore our obligation to the land to prevent future depletion of surface values."[27]

Opponents included representatives of mining companies and the director of the Montana Bureau of Mines and Geology at Montana Tech, who said the act would kill mineral exploration in the state.

"With world nationalistic feeling riding at a very high tide, never before has Montana had a greater opportunity to participate in a mining and exploration boom," wrote William M. Hand of the Southwest Montana Mining Association. "The volume, time and cost of the red tape, first in licenses and second in permits – would not, as the courts have decreed, 'Warrant a prudent man to expend his time, effort and money in the hope of discovering a valuable mine.'"[28]

In addition to requiring exploration licenses and operating permits, the bill required bonding and allowed exemptions for miners who disturbed less than 5 surface acres and those who collected rocks as a hobby but did not earn more than $100 annually from selling rocks.

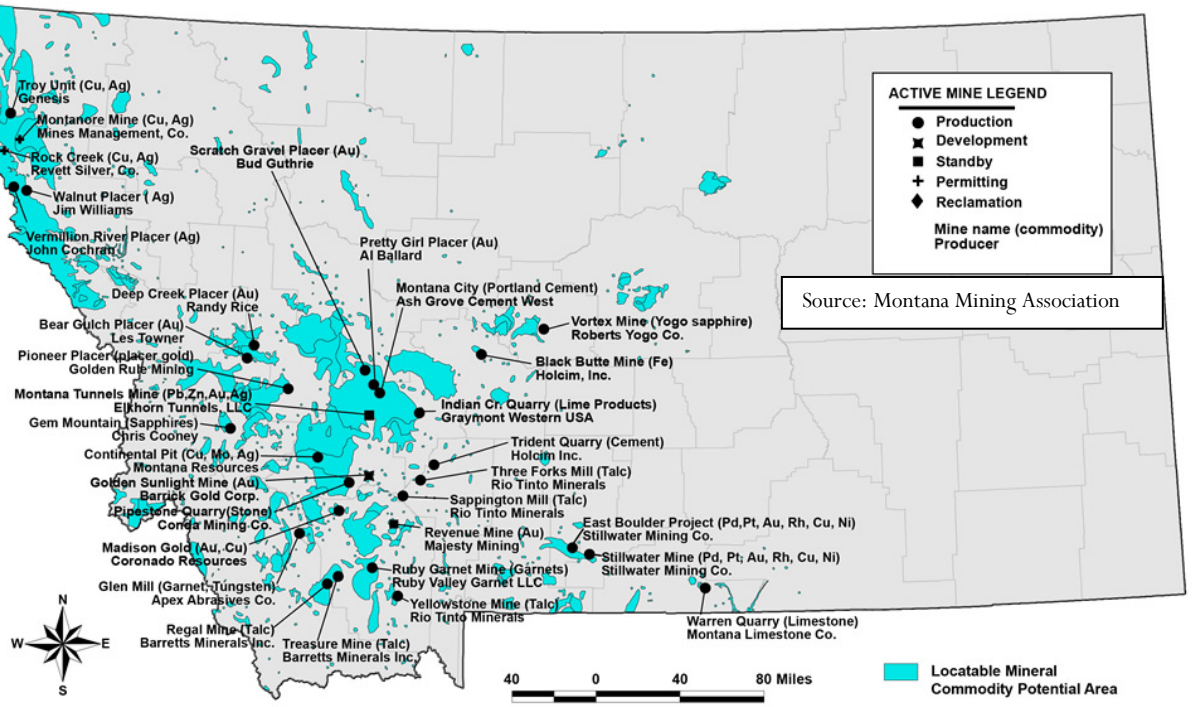
[26] Legislative history, House Bill 243, 1971.
[27] Ibid.
[28] Ibid.

Regulatory Process

In general, the Hard Rock Mining Program covers any ore, rock, or substance removed for milling, concentration, refinement, smelting, manufacturing, or processing. This includes operations that mine for metals, gypsum, and talc. It does not include oil, gas, bentonite, clay, coal, sand, gravel, peat, soil materials, or uranium.[29]

A mining operation typically starts with an exploration license that allows one to drill holes and dig trenches to determine the viability of a site. If the site is viable, the operator can file for a small miner exclusion, which waives reclamation on up to 5 acres. Operations disturbing more than 5 acres must apply for a general operating permit, which includes bonding and reclamation requirements.[30]

The Hard Rock Mining Program does not regulate activities commonly associated with recreational mining with limits on the size of the disturbance and the type of activity. Mining is exempt as long as no motorized equipment or blasting agents are used, less than 100 square feet or 50 cubic yards of material are disturbed at a single site, and sites not reclaimed are more than 1 mile apart. No cyanide or leaching agents are allowed. Mercury must be used in a contained facility. Suction dredging with an intake of less than 4 inches in diameter is allowed in a streambed provided that permits are obtained from the DEQ for discharging materials and from the local conservation district for work in a streambed.[31]



Locatable Mineral Commodities

[29] If a mining operation produces gravel by crushing bedrock, it is regulated under the Metal Mine Reclamation Act.
[30] Hard Rock Mining Application Requirements, DEQ.
[31] 82-4-310, MCA.

Exploration License

Requirements for an exploration license to determine the potential of an ore body include a $100 fee, a limit of 10,000 short tons of material tested, and an agreement to reclaim surface area as determined by the DEQ. Licenses are issued for 1 year but are renewable.[32]

The program oversees 148 current exploration licenses. Seventeen exploration applications are pending.[33]

Required reclamation includes removal or disposal of drill cuttings, drilling mud, and other nontoxic lubricants. Constructed access roads must be returned to a stable slope and possibly closed. Drill sites must approximate the original counter when possible. The first 25 feet of adits must be backfilled to prevent the degradation of discharge water. Where feasible, soils salvaged during exploration must be reapplied and areas revegetated.[34]

A performance bond is required for reclamation and revegetation.[35]

Small Miner Exclusion

A "small miner" is defined as a person or corporation not required to obtain an operating permit. There is no application or renewal fee for small miners; however, a small miner must submit an annual report and renewal form. Under the exclusion, up to 5 acres of disturbed area is exempt from reclamation for a single operation or 10 acres for two sites, provided the sites are more than 1 mile apart. Reclamation includes grading and revegetation to ensure slope stability, minimize erosion, and prevent water contamination.[36]

A small miner may not pollute a stream; must install doors, fences, or another means to block entry by human or animals to adits and tunnels; and mustprovide the department with a map of the operation. If the small miner uses placer or dredge methods, essentially the use of water in the operation, the reclamation bond of up to $10,000 is required.

Bonding and reclamation are also required for small miners who store waste ore from processing in an impoundment, the design and construction of which must be approved by the DEQ.

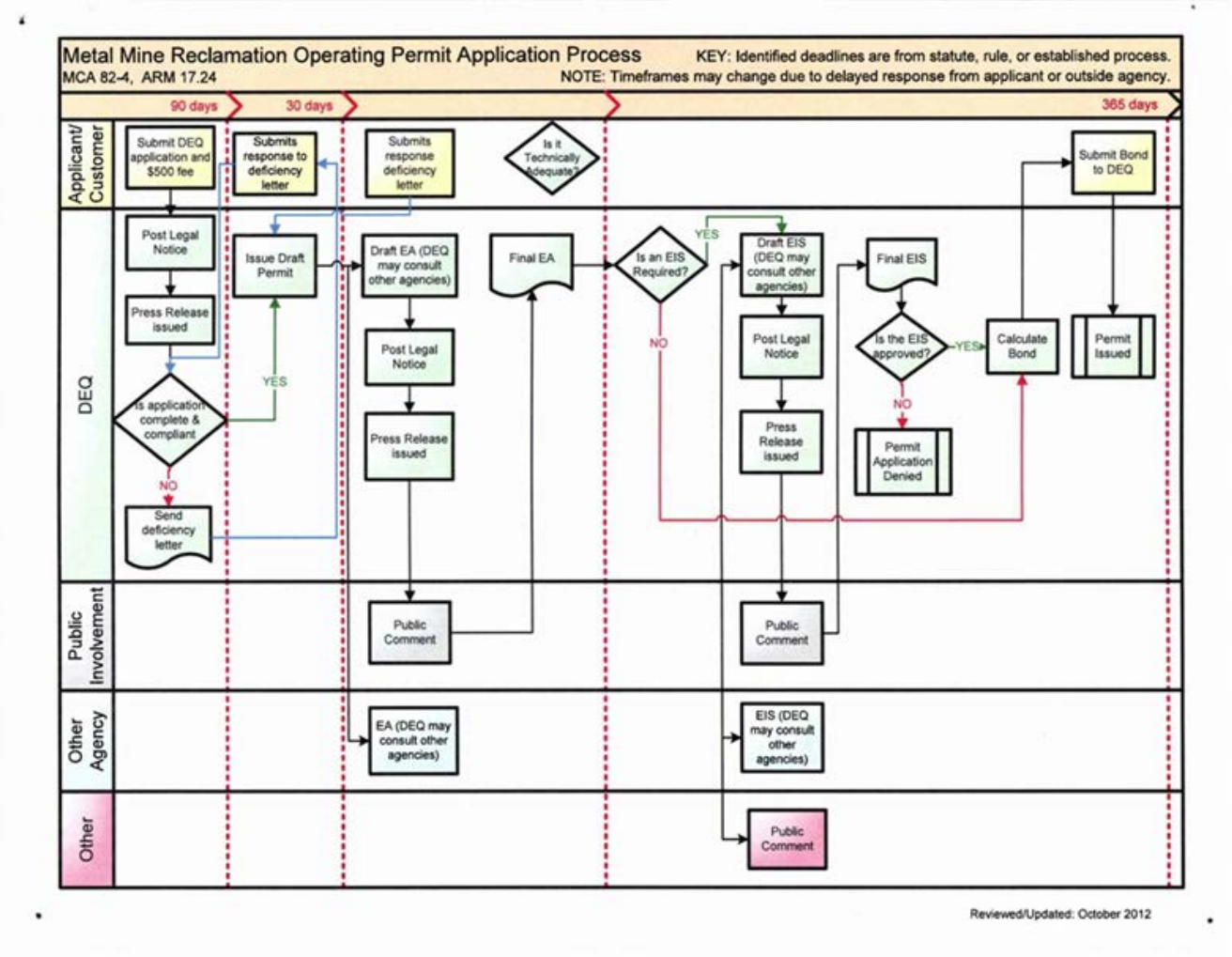
The program oversees 532 small miner operations, though some of those may be inactive for any number of reasons.[37]

Prior to a 1998 initiative that banned the use of cyanide ore processing agents, small miners and permitted operators were allowed to use that practice. No small miners in existence prior to the ban are using the process now, according to the DEQ. However, the DEQ would determine if a small miner using cyanide at a particular site prior to the ban would fall under the grandfather provision.

Operating Permit

An applicant for an operating permit submits a $500 fee and a variety of information, including the type of the mineral to be mined, the legal source of the applicant's right to mine the mineral, a reclamation plan, hydrologic data, proposed plans for impoundments including those used for tailings, proposed methods to monitor and mitigate

[32] 82-4-331 and 82-4-332, MCA, and 17.24.102 ARM.
[33] DEQ Environmental Enforcement and Compliance Report to EQC, 2016.
[34] 17.24.107 ARM.
[35] 82-4-332, MCA.
[36] 82-4-305, MCA; 17.24.102 ARM.
[37] DEQ Environmental Enforcement and Compliance Report to EQC, 2016.



accidental discharges of objectionable materials, and an assessment, which includes consulting local county commissioners, about industrial uses after mining.

The operating permit covers all types mining practices except open-pit mining for gold or silver that uses heap leaching or vat leaching with cyanide ore-processing reagents.[38]

Other permits also may be required by the mining operation, including air quality and surface and groundwater discharge permits from the DEQ, wetland or stream permits from the U.S. Army Corps of Engineers and the local conservation district, and a water permit or a change authorization from the Department of Natural Resources and Conservation.

The department and the applicant also calculate a performance bond before a permit is issued.

Reclamation Plan

Reclamation of a mining operation must take into account site-specific circumstances and the postmining use of the mine. Reclamation activities related to erosion control must be conducted when feasible in conjunction with mining

[38] 82-4-390, MCA; 82-4-335, MCA. The Golden Sunlight Mine in Jefferson County was using cyanide-ore processing reagents at the time of the initiative and is allowed to continue doing so. Another mine near Norris also was using the process, but that mine is now dormant.

activity. All reclamation must be completed within 2 years after mining is completed, unless a longer period is allowed by the DEQ.[39]

The plan must include measures to ensure public safety and prevent the pollution of air or water or the degradation of adjacent lands. If the mining operation includes an open pit of more than 2 acres and the exposed walls or floor of the pit when exposed to water are likely to cause acid or toxic solutions, the plan must include measures to prevent and mitigate the effects of those solutions. Open pits and rock faces must be reclaimed to a stable condition that affords utility to humans or the environment and mitigates visual contrasts and environmental impacts with adjacent lands. However, the law notes that the department requirement to backfill an open pit must be based on whether and to what extent filling the pit achieves those conditions.[40]

Permanent landscaping and contouring is required to prevent precipitation infiltration into disturbed areas. The reclamation plan must include measures to prevent objectionable postmining groundwater discharges.[41]

Tailings Storage Facilities

Tailings impoundments were regulated prior to 2015; however, a bill that took effect last year significantly changed how mining operations and the department address those facilities. Senate Bill 409 defines tailings storage facilities and establishes design and inspection standards.

Bonding

Article IX, section 2, of the Montana Constitution speaks to reclamation and provides a basis for reclamation bonding.

> **Section 2. Reclamation.** (1) All lands disturbed by the taking of natural resources shall be reclaimed. The legislature shall provide effective requirements and standards for the reclamation of lands disturbed.

Since the enactment of the Metal Mine Reclamation Act, bonding has been controversial. Following the discovery that bonds for six mines operated by Pegasus Gold Corp., which declared bankruptcy in 1998, were significantly short of what was needed to reclaim the mine sites, the Audit and Fiscal divisions of the Legislature examined the process. The most recent study was conducted in 2004 by the Environmental Quality Council.[42]

Type of Bond	Total of Each Type	Total Amount
Cash	266	$22,610,055.81
Certificates of Deposit	78	$1,522,297.31
Letters of Credit	29	$13,042,504.60
Sureties	54	$285,195,112.78
Property Bonds	6	$5,016,329.00
GRAND TOTAL:	433	$327,386,299.50

In general, these are the statutory principles of state mine bonding:[43]

- A mine operating permit may not be issued without the submittal and approval of a reclamation plan.
- A mine operating permit may not be issued until an adequate bond is provided.
- The amount of bond required must be sufficient to implement the reclamation plan and cover the state's cost of managing the mined site in the event of abandonment by or insolvency of the operator until the bond can be liquidated.

[39] 82-4-336, MCA.
[40] Ibid.
[41] Ibid.
[42] Larry, D. Mitchell, Metal Mine Bonding in Montana, Status and Policy Considerations, 2004.
[43] 82-4-335, 82-4-336, 82-4-337, 82-4-338, and 82-4-342, MCA.

• Bonds and reclamation plans may be changed to account for changing conditions at the site if an environmental review is completed first. Bonds may also be increased if unanticipated circumstances create a substantial and imminent danger to public health, public safety, or the environment or if water quality standards would likely be violated.

Bond calculation is based on what it costs to implement a reclamation plan that meets the requirements of the law and agency rules. That figure is arrived at using industry cost estimates, modeling, and the experience of industry and agency officials. Though it was known that long-term water treatment was an issue, the Pegasus bankruptcy made clear that water treatment was not adequately considered in setting bonds. [44]

The 1999 Legislature passed House Bill 183 which:[45]

- eliminated the $2,500 per-acre-cap on metal mine bonds;
- added to the bond calculation the state's costs of managing, maintaining, and operating an abandoned or bankrupted mine site until the bond can be fully liquidated;
- required a comprehensive review of each metal mine bond at least every 5 years and anytime the state determines that a bond increase may be needed;
- provided for a hearing and statewide notice anytime the DEQ intends to release or decrease a bond amount; and
- added authority to require reclamation of a mine permit area if no activity has occurred in the 5 years prior to the 5-year comprehensive bond review if air or water quality violations may occur as a result of further suspension of operations.

In 2001, the Legislature passed House Bill 69, which implemented some suggestions of the Legislative Finance Committee. The bill changed the law by:

- requiring the mine operator to post an increased reclamation bond within a time limit unless a hearing is requested, in which case the operator must provide the greater of whatever increase is acceptable to the operator or one-half of the total increase pending the outcome of the hearing;
- denying an operating permit to a person if the state or the person's surety had to provide mine reclamation on the person's behalf unless the person reimburses those costs with interest;
- suspending permits, resulting in the immediate cessation of operations until the required bond is posted;
- authorizing the state to forfeit a bond in increments of $150,000 or 10 percent of the bond (whichever is less) to abate immediate dangers if the permittee will not; and
- authorizing the state to forfeit the bond and reclaim the site to prevent air and water quality violations or to implement the reclamation plan if the permittee will not.

Other bills following Pegasus that dealt with bonding and reclamation costs, include:

- Senate Bills 49 and 492 in 1999 which reallocated some metalliferous mine taxes and resource indemnity and ground water assessment taxes to the DNRC Reclamation and Development Grant Program and to the orphan share program and placed more emphasis on abandoned mine cleanup for RDG program funds;

[44] Mitchell, Metal Mine Bonding in Montana, Status and Policy Considerations, Mitchell, 2004.
[45] Ibid.

- Senate Bill 449 in 2001 which established a new environmental rehabilitation and response account (ERRA) for use by the DEQ to respond to environmental damages from a variety of causes, including mining; and
- Senate Bill 484 in 2001 which authorized the sale of up to $8 million in general obligation hard rock reclamation bonds payable with 8.5 percent of the metalliferous mine taxes for the direct state involvement in the maintenance and reclamation of insolvent mine operations. The DEQ used proceeds from a $2.5 million bond issue in FY 2002 to continue reclamation activities at the Beal Mountain mine, one of the Pegasus properties, after the $6.3 million surety bond was spent.

In 2004, the EQC study reported just more than $198.7 million in bonds for metal mines in Montana. As of March 2016, the state now holds almost $319 million. The DEQ attributes much of that increase to a much more thorough knowledge of water issues at complex mine sites gained in large part through the failure of common wisdom that prevailed just 25 years ago. The agency also has a better understanding of cleanup costs, including engineering, labor, and equipment.

The department is required to conduct an overview of bond amounts annually and a comprehensive bond review annually. Appendix B shows the funding sources for the Zortman-Landusky cleanup. Appendix C shows current bond information for all permittees.

Financial Overview

There are 12.5 full time equivalent in the hard rock program. The program has an annual budget of about $1.5 million. More budget information is available in Appendix C.

Enforcement

Hard rock permit holders are required to file annual reports that include the amount of acreage disturbed and reclaimed over the last year as well as an estimate of how much land will be disturbed in the coming year.[46]

The agency is required to inspect permitted areas at least once a year. Three inspections a year are required for operations that exceed 1,000 acres, are required to monitor for potential acid rock drainage, or are using leaching solvents. The program reports that it is meeting the inspection requirements.[47]

If deficiencies in compliance with the reclamation plan are noted in writing by the DEQ, the permittee is obligated to begin addressing the problems within 30 days and to diligently proceed to correct the issues.[48]

Over the last 2 years ending in July 2015, there were 19 citizen complaints regarding the Metal Mining Reclamation Act. Of those complaints:[49]

- three were referred to the Hard Rock Program;
- three were was closed with no violation;
- three were actively managed and closed; and
- one remains active.

None of the complaints became a formal enforcement case. The Enforcement Division sent two warning letters and one violation letter in stating the need to apply for a license prior to conducting mining operations.[50]

[46] 82-4-339, MCA.
[47] 17.24.128 ARM.
[48] 82-4-341, MCA.
[49] DEQ Environmental Enforcement and Compliance Report to EQC, 2016.

The Hard Rock Mining program generally strives for compliance over enforcement. Examples include advising small miners that they may only have 5 acres of unreclaimed land or telling drillers to dig deeper sumps to contain fluids. The DEQ Enforcement Division has four enforcement cases, though only one, against a small miner for water quality violations, is active. Of the other three cases, one operator returned to compliance without an order, one paid a $1,200 penalty for exploration without a license, and one was fined for exploration without a license but the corporation disbanded without paying the fine.

Issues noted in the 2004 EQC report related to the enforcement of reclamation requirements still apply, notably that suspending or revoking an operating permit for an inactive or underbonded mine prevents the company from mining ore, investing in the operation, or selling the operation. That means the company likely won't have the money to get an adequate bond or reclaim the site, increasing the chance the state would incur the cleanup costs. For example, the bond required for Montana Tunnels is $35 million. The DEQ reports the amount being held is about $19 million. However, DEQ officials say there is no risk to the environment and the site still has recoverable ore.

Pending Actions & Industry Outlook

Metal prices are at multi year lows. Production and revenues are down. Because voters banned the use of cyanide leaching in 1999, most of the mineral exploration is done by individuals or junior companies, as opposed to the major corporations. Funding for mining operations is difficult to raise. Three projects approved by DEQ have yet to start mining because of lack of funding – the Golden Dream underground gold mine, Montana Tunnels, and the Butte Highland Ventures underground gold mine.[51]

The program is reviewing an application from the Crevice Mining Group to explore near Jardine and an exploration license for Lucky Minerals Montana to explore near Emigrant. Operating permit applications under review include Block Mountain Slate and Stone in Sanders County, Tintina Resources in Meagher County, a revised application for the Butte Highlands project, and Montana Limestone Resources in Granite County.

Bonds are being recalculated for the Stillwater and Troy mines.

The agency recently released an environmental impact statement on the closure of the CR Kendall Mine in Fergus County that estimated cleanup of the former cyanide heap leach gold mine at $8.4 million. The permit was acquired by Canyon Resources following a bankruptcy. The DEQ has about $2.3 million in cash from the original bond, which the DEQ reports is enough to treat water for about 7 years. In accordance with the bankruptcy, the DEQ filed a claim for another $6.2 million in treatment funds.[52]

[50] Ibid.
[51] Ibid.
[52] "DEQ Seeks Gold Mine Cleanup Funds via Bankruptcy Court," *Great Falls Tribune*, June 3, 2016.

Appendix A: MFSA Projects & Status

Project Name	Applicant	Status
Mountain States Transmission Intertie	NorthWestern Energy	Applicant withdrew application 2/4/14.
Keystone-XL Pipeline	TransCanada Keystone Pipeline	Certificate issued 3/30/12
Montana Alberta Tie Line. (MATL)	Montana Alberta Tie Ltd.	Certificate issued 10/22/2008
Havre Rainbow Project	Western Area Power Administration (WAPA)	Determined MFSA compliant, reconstruction begun 05/24/10 .
Valley County Wind Project	Wind Hunter, LLC	Project withdrawn.
Montanore Project	Mines Management, Inc.	Certificate issued 2/12/16.
Colstrip Amendment 2	PPL Montana	Completed.
Wolf Point - Williston	Western Area Power Administration (WAPA)	Under construction.
Edgar & Straw On-Site Diesel Generation	Express Pipeline	No longer covered under MFSA.
Fort Peck-Wolf Point	Western Area Power Administration (WAPA)	construction complete.
Townsend - Garrison 500 kV transmission line	Bonneville Power Administration (BPA)	MFSA Compliance, 6/87 & 9/82.
Garrison - West 500 kV transmission line	Bonneville Power Administration (BPA)	MFSA Compliance, 5/83 & 8/83.
Colstrip - Townsend 500 kV transmission line	Montana Power Co. (MPC)	Certified 9/80.
Colstrip-Hot Springs 500 kV transmission line	Montana Power Co. (MPC)	Certified 7/76.
Buffalo Station amendment	Express Pipeline	Amendment approved September 2000.
Madison Missouri Federal Energy Regulatory Commission (FERC) Relicensing of nine dams on the Madison and Missouri Rivers	Montana Power Company – PPL Montana	DEQ served as lead state agency in presenting a recommendation to FERC. FERC approved the license on September 27, 2000.
Noxon and Cabinet Gorge dams Federal Energy Regulatory Commission (FERC) Relicensing	Avista Corp. (formerly Washington Water Power)	DEQ presented state recommendation to FERC. A settlement agreement was submitted as a part of the application and FERC approved the license February 23, 2000.
Express Crude Oil Pipeline (24" diameter, 305 miles in Montana)	Alberta Express Corporation	BER approved the project 7/26/96 and it was constructed in 1996 and 1997.
Noranda 230 kV transmission line	Noranda	Certificate status: DNRC approved the project 6/03/93. The transmission line was not built. The certificate expired but was reissued as Montanore Project.
Great Falls – Conrad 230 kV transmission line	Western Area Power Administration	Certificate status: Board determined that the line complied with substantive requirements of MFSA 9/24/84.
Laurel – Bridger "B" Line	Montana Power Company	Certificate status: DNRC approved the project 3/3/86.
Noxon – Pine Creek, ID 230 kV transmission line	Washington Water Power Company	Certificate status: Board ruled that the project is exempt from MFSA. Board also adopted construction and mitigation standards for theproject 3/9/84.
Central Montana (Glengarry – Judith Gap) 100 kV transmission line	Montana Power Company	Certificate status: DNRC approved the project 10/11/85.
Resource 89 (Salem) Coal-Fired Power Plant – 350 MW	Montana Power Company	Certificate status: DNRC found MPC's application to be deficient in certain areas and not in compliance with MFSA 5/5/83.
Fort Peck – Havre 230 kV transmission line	Western Area Power Administration	Certificate status: Board determined that theproject complied with the substantive requirements of MFSA 8/19/83
Kootenai Falls Hydroelectric Project – 144 MW	Northern Lights, Inc.	Certificate status: DNRC and Northern Lights signed agreement to waive MFSA time frames on application (to await conclusion of FERC licensing process) 1/21/83.

Troy – Mt Vernon 115 kV transmission line	Northern Lights, Inc.	Certificate granted: 5/4/79. Centerline locations approved 9/21/79 and 6/6/80.
Broadview – Grass Range – Glengarry 100 kV transmission line	Montana Power Company, Fergus Electric Coop.	Certificate granted: 9/29/78. Board approved changes in certificate as proposed by applicant 10/15/79. Centerline locations approved 9/21/78.
Clyde Park – Dillon 161 kV transmission line	Montana Power Company	Certificate granted: 10/28/77. Centerline locations approved in 6/21/78, 8/7/81, 8/19/83, 1/20/84, and 4/13/84.
Wilsall – Clyde Park 161 kV transmission line	Montana Power Company	Certificate granted: 6/26/75. Board approved centerline location 12/5/75.
Continental Oil 100 kV transmission line	Montana Power Company	Certificate granted: 5/16/75.
Broadview – Alkali Creek 230 kV transmission line	Montana Power Company	Certificate granted: 1/28/77. Board approved amendment to certificate 2/23/79.
Anaconda – Hamilton 161 kV transmission line	Montana Power Company	Certificate granted: 10/28/77. Board approval amendment to certificate 6/5/81, centerline locations approval 8/7/81 and 1/20/84.
Ulm 100 kV transmission line	Montana Power Company	Certificate granted: 3/10/75. Board approval amendment to certificate 5/16/75.
Bridger – Roberts 50/69 kV transmission line	Beartooth Electric Cooperative	Certificate granted: 5/16/75. Board requested Applicants to submit exact centerline location – no record of a later request.
Circle – Flowing Well 69kV transmission line	McCone Electric Cooperative	Certificate granted: 9/13/74.
Colstrip 1 and 2 Associated Facilities: water supply system and 115 kV transmission line from Colstrip to pumping station	Montana Power Company, Puget Sound Power and Light Company	Certificate granted: 3/1/74.
Colstrip – Broadview 230 kV transmission line	Montana Power Company, Puget Sound Power and Light Company	Certificate granted: 11/15/74. Centerline approvals granted in 1975.
Colstrip Units 3 and 4, and 500 kV transmission lines from Colstrip to Hot Springs	Montana Power Company (30%), Puget Sound Power and Light (25%), Portland General Electric Company (20%), Washington Water Power Company (now Avista)(15%), Pacific Power and Light Company (10%)	Certificate granted: 7/22/76. Centerline approvals for various portions of the transmission lines were granted later.
Laurel – Billings 100 kV transmission line	Montana Power Company	Certificate granted: 9/14/73 .
Billings Eastside Substation 100 kV transmission line	Montana Power Company	Certificate granted: 7/20/73.
Anaconda – Arbiter 230 kV transmission line	Montana Power Company	Certificate granted: 7/20/73, 3/10/73.
Laurel – Bridger 100	Montana Power Company	Certificate granted: 9/14/73.
Billings – Yellowtail 161 kV transmission line	Pacific Power and Light	Certificate granted 5/04/73.

Appendix B: Zortman-Landusky Funding

Funding Source	Total Funds	Expended	Balance	Activity	Reclamation Complete?	Estimated Need	Possible Funding Sources
Zortman Bond	$10,024,000	$10,024,000	$0	Reclamation	Yes	$0	N/A
Landusky Bond	$19,600,000	$19,600,000	$0	Reclamation	Yes	$0	N/A
Water O & M	$13,895,101	$12,432,459	$1,462,642	Water treatment	Continuing		N/A [53]
Construction Assurance	$2,040,970	$2,040,970	$0	Water treatment plant	N/A	$0	N/A
Bankruptcy Settlement	$1,050,000	$1,050,000	$0	Reclamation	N/A	$0	N/A
RIT	$2,450,000	$2,450,000	$0	Organics, water treatment, Ruby Gulch tailings, etc.	Yes	$0	N/A
Legislative appropriation for Swift Gulch	$500,000	$500,000	$0	Treatment plant design	N/A	$0	N/A
RIT	$540,000	$540,000	$0	Water treatment zero coupon bond payment	See Trust Reserve below		
DEQ	$187,461	$187,461	$0	Studies/sampling	N/A	$0	N/A
ERRA	$15,000	$15,000	$0	Monitoring well	N/A	$0	N/A
EPA	$340,000	$340,000	$0	EIS	N/A	$0	N/A
DEQ	$6,895,302	$6,895,302	$0	Water treatment	N/A	$1,900,000 annually[54]	Metal mine tax
BLM	$15,827,000	$15,827,000	$0	Reclamation, water treatment	N/A	$600,000 annually[55]	BLM
Trust Reserve	$14,800,000	$0	$14,800,000	Water treatment	Matures in 2017	Unknown	Metal mine tax, RIT, BLM, HR bonds, Congress
2nd Trust Reserve (per 82-4-367)	$19,300,000	$0	$19,300,000	Water treatment	Matures in 2017	Unknown	Metal mine tax, RIT, BLM, HR bonds, Congress

[53] The final payment from Pegasus' water treatment bond will be received in 2017. The two trust funds will become available in 2018. Current site operational costs average $2,500,000 per year and are assumed to remain at this level into the future. Future operating costs are assumed to be funded through (1) interest derived from the two trust funds; (2) any funding received from BLM; and (3) the Hard-rock mining reclamation special revenue account established under 82-4-315, MCA.

[54] Minus any interest earned from trust funds.

[55] Long-term funding from BLM is uncertain. BLM has requested $600,000 per year for continued funding of water treatment.

Appendix C: Current Bonds

Permit	Company	Last Review	Review Due	Review Status	2016 Bond Amount & Notes
00023	ADKINS, MICHAEL (formerly Walter O'Hara)	July 3, 2008	July 2, 2013		$38,165
00012	ARCO ENVIRONMENTAL REM., LLC	October 24, 2014	October 23, 2019		$148,094
00168	APEX ABRASIVES, INC	March 21, 2012	March 20, 2017		$42,824
00063	BLACK PINE	June 1, 2000	May 31, 2005	Bankruptcy	Trusteee has $17,500,000 for reclamation.
00003	ASH GROVE CEMENT CO.	May 7, 2012	May 6, 2017		$4,561,779
00130	BARNARD CONSTRUCTION CO.	October 28, 2011	October 26, 2016		$1,000
00009	BARRETTS MINERALS, INC. (mill)	June 10, 2014	June 9, 2019		$493,515
00013	BARRETTS MINERALS, INC. (Regal)	January 25, 2015	January 24, 2020		$3,148,315
00078	BARRETTS MINERALS, INC. (Treasure)	March 16, 2010	March 15, 2015		$4,603,487
00008	BIG HORN LIMESTONE CO. (Warren)	October 14, 2010	October 13, 2015		$1,834,333
00164	BIG SKY MASONRY STONE, INC.	December 11, 2013	December 10, 2018		$49,430
00089	BLACK DIAMOND	August 26, 2005	August 25, 2010		$143,750
00166	BOZEMAN BRICK BLOCK & TILE	September 7, 2012	September 6, 2017		$23,510
00169	BULLOCK CONTRACTING	May 13, 2011	May 11, 2016		$4,000
00122	C.R. KENDALL CORP.	May 31, 2000	May 30, 2005	EIS Finished	$1,892,671
00134	CABLE MOUNTAIN MINE, INC.	December 29, 2014	December 28, 2019		$15,755
00160	DIAMOND HILL MINING, INC.	September 15, 2008	September 14, 2013		$730,605
00171	GAUGER, TOM	July 19, 2012	July 18, 2017		$23,925
00157	GARNET USA (Red Wash and mill)	April 15, 2014	April 14, 2019		$509,169
00173	ELKHORN GOLDFIELDS	November 30, 2011	November 28, 2016		$591,474
00163	ES STONE & STRUCTURE	February 18, 2015	February 17, 2020		$188,900
00183	GOLDEN RULE	May 22, 2013	May 21, 2018		$245,000
00065	GOLDEN SUNLIGHT MINES, INC.	March 11, 2009	March 10, 2014		$112,153,980 (Total includes water treatment)
00105	GRAYMONT WESTERN US, INC.	December 27, 2011	December 25, 2016		$6,400,801
00140	HIGHLAND GOLD PROPERTIES	October 10, 2012	October 9, 2017	Permit Suspended	$25,000
00184	CRH Old Castle GEYSER (Gypsum)	May 22, 2013	May 21, 2018		$359,846
00071	CRH Old Castle (Iron ore)	September 7, 2012	September 6, 2017		$31,302
00004	CRH Old Castle (Trident)	January 18, 2009	January 17, 2014		$3,290,235
00005	IMERYS (Yellowstone mine)	July 16, 2009	July 15, 2014		$8,345,000

00075	IMERYS (Beaverhead mine)	April 21, 2015	April 19, 2020		$116,000
00127	IMERYS (Sappington mill)	June 18, 2015	June 16, 2020		$202,175
00176	JESSON ROCK-N-RANCH	August 29, 2013	August 28, 2018		$15,000
00010	KOOTENAI DEVELOPMENT CO.	August 22, 1997	August 21, 2002	EPA Reclaiming Site	$66,700
00162	MAJESTY MINING, INC.	March 29, 2011	March 27, 2016		$105,542
00015	MERIDIAN AGGREGATES	August 3, 2010	August 2, 2015		$178,000
00030,30A	MONTANA RESOURCES, INC.	August 8, 2015	August 6, 2020		$57,577,902
00175	MONTANA ROCKWORKS, LLP	January 17, 2014	January 16, 2019		$234,090
00172	PARAMOUNT EQUIPMENT, INC.	November 15, 2012	November 14, 2017		$23,103
00113	MONTANA TUNNELS MINING, INC.	February 26, 2003	February 25, 2008		$17,867,006 (new bond to be submitted $35,371,045)
00173 Montana Tunnels – Elkhorn –Golden Dream Project					
000160 Montana Tunnels – Diamond Hill Mining					
00150	MONTANORE	January 10, 2007	January 9, 2012	EIS Finished	$1,154,055 (for phase 1), $5,164,326 total bond (water treatment plant)
00165	MBMT ACQUISITIONS	September 7, 2011	September 5, 2016		$39,420
00152	M&W MILLING & REFINING, INC.	April 11, 2013	April 10, 2018		$174,687
00182	NOBLE EXCAVATING	April 23, 2012	April 22, 2017		$340,431
00170	BUD COLBY	July 15, 2012	July 14, 2017		$6,138
00123	PAN AMERICAN MINERALS, INC.	December 24, 2012	December 23, 2017		$54,000
00154	PAUL KURTH MINING	January 4, 2013	January 3, 2018		$99,335
00148	PIPESTONE QUARRY, LLC	April 15, 2015	April 13, 2020		$915,200
00167	PLUM CREEK QUARRY	Annually	Annually		$248,441
00153	SAPPHIRE VILLAGE	December 29, 2014	December 28, 2019		$15,742
00077	SAVOY, WALTER H.	December 26, 2012	December 25, 2017		$5,000
00045	SCHELLINGER CONSTRUCTION CO. (Essex Quarry)	July 29, 2010	July 28, 2015		$153,568
00179	SCHUMAKER TRUCKING & EXCAVATING	February 22, 2012	February 20, 2017		$185,100
00158	SILICA MINING	March 14, 2008	March 13, 2013		$21,150
00044	SKALKAKO GRAZING, INC.	July 19, 2001	July 18, 2006		$180,000 ($204,000 requested)
00149	STILLWATER MINING CO. (East Boulder)	August 25, 2014	August 24, 2019		$12,150,672

00118	STILLWATER MINING CO. (Nye)	May 17, 1995	May 15, 2000		$8,962,061
00082	STIMSON LUMBER	December 27, 2012	December 26, 2017		$4,200
00093	TROY	April 27, 2006	April 26, 2011		$12,962,102
00100	TVX MINERAL HILL, INC.	October 24, 2014	October 23, 2019		$3,568,465
00045A	U.S. ANTIMONY CORP.	January 22, 2008	January 20, 2013		$47,200
00174	VALLEY SAND & GRAVEL, LLC	March 23, 2009	March 22, 2014		$116,079
00180	VOISE LAWRENCE	January 9, 2015	January 8, 2020		$13,664
00022	WEAVER & ALT	June 12, 2007	June 10, 2012	Permit Suspended	$134,984 required (have $22,986)
00151	WEAVER GRAVEL, INC.	April 27, 2010	April 26, 2015		$83,326

Appendix D: Hard Rock -Major Facility Siting Budgets

Hard Rock-MFSA Budget and Expenditures

	FY15 Budget	FY15 Expenditures	FY16 Budget	FY16 Expenditures
Personal Services	1,265,778	1,150,028	1,139,547	1,038,105
Operating[56]	4,352,056	2,725,417	3,890,362	2,913,143
Equipment	27,847	27,846	22,249	22,249
Totals:	**5,645,681**	**3,903,291**	**5,052,158**	**3,973,497**

Hard Rock-MFSA Funding Sources

Fund	FY15	FY16
General Fund	647,408	871,539
Reclamation & Development Funding Grants (DNRC)	183,324	500,000
MFSA Certificate Holder Payments	197,330	34,800
Pegasus Surety	731,321	731,321
Natural Resources Operations Account[57]	943,073	691,902
Hard Rock Reclamation[58]	1,811,325	1,927,596
BLM Payments for Zortman-Landusky	1,131,900	295,000
Total	**5,645,681**	**5,052,158**

Sections

Hard Rock	**FY15 Budget**	**FY15 Expenditures**	**FY16 Budget**	**FY16 Expenditures**
Resource Indemnity Trust	943,073	934,794	691,902	626,681
General Fund	647,408	643,876	833,900	739,964
Hard Rock General Fund Contingency	0		37,639	37,639
Hard Rock Total	**1,590,481**	**1,578,671**	**1,563,441**	**1,404,284**
Major Facility Siting				
Montanore	20,753	5,079	17,500	11,981
MATL	10,002	4,326	5,800	3,194

[56] The Zortman-Landusky Contractor Payments are included in the operating budget.
[57] 15-38-301, MCA. Account includes revenue from resource indemnity trust fund, metal mines license tax, and oil and natural gas production tax.
[58] 82-4-312, MCA. Funds from metalliferous mines tax.

Colstrip	86,100	41,692	3,500	(52)
Keystone Monitoring	78,073	128	5,900	919
WAPA Havre-Rainbow	2,402	1,262	2,100	(0)
Major Facility Siting Total	**197,330**	**52,487**	**34,800**	**16,042**
Zortman-Landusky				
Pegasus Bankruptcy/ Operations	731,321	731,321	731,321	731,321
BLM	1,131,900	1,131,900	295,000	295,000
Hard Rock Reclamation	1,811,325	225,589	1,927,596	1,026,850
RDPG (DNRC)	183,324	183,324	500,000	500,000
Zortman-Landusky Total	**3,857,870**	**2,272,133**	**3,453,917**	**2,553,171**
Total	**5,645,681**	**3,903,291**	**5,052,158**	**3,973,497**