

Montana Tunnels Briefing

Department of Environmental Quality (DEQ)

Background

- Montana Tunnels Mining Inc. (MTMI) is part of the Pegasus Gold bankruptcy legacy from 1999.
- MTMI has not been in full operation since approximately 2008.
- The MTMI Hard Rock Mining Operating Permit No. 00113 is suspended (for failure of MTMI to post the required bond).
- The MTMI Air Quality Permit is not in good standing.
- The MTMI site is under bonded by approximately \$17.5 Million.
 - DEQ holds \$19.8 Million in bond (\$16.4 Million in Cash and \$3.4 Million in Property).
 - DEQ estimates that the bond necessary to reclaim the site is \$36.6 Million.

Site Conditions

- Clancy Creek, the perennial stream that runs near the northwest side of the pit, is threatened by pit wall failure.
- The tailings impoundment is unreclaimed.
- The shop building is threatened by pit wall failure.
- The remaining site-wide disturbance remains unreclaimed.
- The pit is filling with water (water meets WQ standards and a pit lake was approved as part of the reclamation plan).

Status Update

- The project sponsor has regularly committed to submitting bond for the facility and to re-starting the mine. The promises have not materialized.
- The project sponsor has proposed a variety of different methods for posting the bond, DEQ has provided feedback on those methods, but a formal bond submittal has not been made.
- Reclamation of the site was required to occur within 2 years of abandonment or completion of an operation.
- Administrative rules have allowed DEQ discretion on the assessment of whether or not the site is abandoned or completed. For years, DEQ has used this discretion to conclude that the site was not abandoned or complete.
- DEQ has determined the mine is abandoned and complete and in 2024 the bonds were forfeited.

2019 Legislation Implications

- Because the bonds are forfeited, the DEQ may transfer the permit to a successor operator if the new company complies with the MMRA, assumes the duties of MTMI to complete reclamation, submits the bond shortfall, and pays a \$2000 fee.
- The provisions of the 2019 legislation are contingent on there being an interested and willing successor operator.
- DEQ may keep the permit in suspension for up to 5 years and place the proceeds from a cash bond forfeited under the MMRA into an interest-bearing account if mining of the ore body identified in the permit or a permit amendment is not complete.
- DEQ may spend bond proceeds from the account during suspension for certain activities.
- DEQ may transfer a suspended permit (with a forfeited bond) to a successor operator.

Figure 1. Aerial View of MTMI Pit looking toward the Shop Building and the Tailings Impoundment (May 8, 2019).



Figure 2. Aerial View of Clancy Creek near the MTMI Pit Wall (May 8, 2019).

