

MINUTES OF THE MEETING  
NATURAL RESOURCES COMMITTEE  
50TH LEGISLATIVE SESSION  
HOUSE OF REPRESENTATIVES

February 11, 1987

The meeting of the Natural Resources Committee was called to order by Chairman Tom Jones on February 11, 1987, at 1:00 p.m. in Room 312 of the State Capitol.

ROLL CALL: All committee members were present with the exception of Rep. Peterson who was excused.

HOUSE BILL NO. 631: Rep. Harriet Hayne, District #10, sponsor, stated this is a little oil and gas conservation board bill. She stated she is carrying the bill for the board, and these members want to reduce the size of their board from seven to five. They feel that this size board will have a more efficient, respective operation and also save money in the board member's travel and other expenses.

PROPONENTS: DON LEE, attorney from Shelby, Montana and President of the Montana Oil and Gas Association. He stated this organization is a group of approximately 80 members comprised of companies, individuals in surrounding counties, and oil and gas industry organizations are comprised of users, third party service companies, etc. He stated they are in support of the bill, for a variety of reasons, the major reason being that, reducing the board from seven to five members will result in more economically, efficient to the board, and it will not adversely affect the board in any way at all in their opinion, or the operation of the board. He stated they see a cost saving measure in reducing the board to five members, and projected at about \$3,800 saved, but if every governmental agency or board would reduce its budget on a proportionate percentage basis, there would be a large stake. Even though it appears small, it is a savings, and in these dire economic times faced by the State of Montana any savings is welcome. He stated in his opinion, this would have no adverse affect whatsoever on the board and its operations. He urged the committee to give this bill a favorable recommendation.

DOUG ABELIN, representing the Montana Oil and Gas Association, submitted testimony (Exhibit 1). He stated the board would consist of five members, two from Oil and Gas industries, with three years experience producing oil and gas; one landowner and/or mineral owner, living within oil and/or gas producing counties, but not associated with the oil and gas industry; and two members of the public at large. These members are all chosen by the Governor, as prescribed in the

mine, therefore, it is in the operator's best interest to mine the large material, in order to test the continuity of the material they are working with. So the amendment proposed here will allow initial mining under the small miners exclusion, and will reduce the number of failures of pacer mines, which reach the operating permit level. The third area that deals with federal mining law requires that claimants on untapped mining claims, on federal lands, must perform \$100 worth of work for his claim each year, and the current provision for this activity in the act, is the exploration license, which requires a reclamation bond and field inspection by the Department staff. It is probably that there are hundreds or even thousands of claimants who have small claim groups, ten or less claims, that have to validate those claims each year by performing the assessed work. So what is proposed in this bill is to add a prospector's permit, and the feeling of the department is, this prospector's permit would reduce the staff time necessary for monitoring those claims, while at the same time maintaining consistency within the act.

PROPOSERS: DENNIS HEMMER, Director, Department of State Lands, submitted testimony (Exhibit 2). He stated there are several changes proposed to this act in order to provide more practical regulation for mining operations under the Act. These changes will result in a more consistent and realistic regulatory approach regarding exploration, extraction and beneficiation of these resources. He felt Rep. Ream did an excellent job of explaining what the bill proposes to change, and did not want to repeat, however, did want to point out, that the Department agrees totally with the concept of the bill. He stated another of the proposed changes relates to the federal mining law which requires a minerals claimant to perform a minimum amount of work on unpatented claims each year. Finally, current regulation denies the Small Miner Exclusion for those operators who presently have an operating permit issued by the Department. Additional mines proposed by these operators are required to obtain an operating permit regardless of how nominal the mining impacts may be. DSL supports this legislation, and with that he urged the committee to give this bill a do pass.

GARY LANGLEY, Executive Director, Montana Mining Association, stated the most important aspect of this bill is to try and get more control regarding the use of cyanide, particularly by those who are untrained in the proper uses of cyanide during operations. The improper use of cyanide in the last few years has caused environmental problems, in the sense that there has been some rather significant water pollution by small operations resulting from the improper use of cyanide, so this would hopefully take care of this

law. He stated they feel a five member board has proven sufficient in the past, and because of the oil slump, resulting in reduced work load, it is proper to ask for a two member reduction as a costs savings. Mr. Abelin pointed out, that with only two oil and gas related members, other groups should be able to be represented, if proper lobbying is done by concerned groups wishing to gain membership on the board. He urged the committee to give this bill favorable recommendation.

NO OPPONENTS

NO QUESTIONS FROM THE COMMITTEE

IN CLOSING, Rep. Hayne thanked the committee for their time and consideration of her bill, and hoped the committee would see fit to pass the bill.

HEARING CLOSED ON HB 631.

HOUSE BILL NO. 629: Rep. Bob Ream, District 54, sponsor, stated this is at the request of the Department of State Lands. He stated this is a bill that deals with the Hard Rock Mining Act and does make some changes in that act. The changes that are made, do improve the act and do improve the Department's ability to work within the act, within the mining industry in the State. He stated there are really three basic issues that are dealt with in HB 629. First of all, the small miners exclusion does currently allow certain operations that involve re-agents, like cyanide, to fall under the small miner's exclusion. However, some of those operations are constructed and operated in a manner that is not environmentally sound, and in some cases they have potential of being fairly severe. They are now outside the jurisdiction of the act, as least as small miners are concerned. So, one of the issues is in fact, to address this problem and minimize environmental impacts from future small operators. What is proposed here, is that small operations which use these re-agents be required to obtain an operating permit, regardless of the size of the operation. The second issue has to do with the exclusion itself and currently an operator is disqualified from acquiring this small miner's exclusion, if the operator already has an approved operating permit. In other words, if they have an operating permit in one part of the State, and they open a small operation in another part of the state, that may have a minimal impact, the Department still has to go through the entire exhausting review process, even though that particular operation might have minimal impact. So it does ease up the administration in this case. He stated in some cases, placer mines are involved, in the second issue, and it is difficult to evaluate the economic liability of a placer

committee the extensive documentation including a cultural resource inventory is included (Exhibit No. 5). She then stated to summarize their feelings, she stated the permit and the bonding required for an operating permit would either stop the small operator, force him to go to another state, or force him into non-compliance with the law. A small miner who seeks to mill must have a Ground Water Pollution Control Permit which spells out his requirements. The relatively few tons of a small mine operation has damaged no one. The potential hazards are the operations with thousands of tons of solution. They are an ever present threat to ground water for many miles around. HB 629 would severely burden the present meager staff of the Hard Rock Mining Division to the point of bogging it down so that no one would receive adequate service. The passage of this bill will require funding and it is asked if it should have a fiscal note. Such legislation during a time of tight money would certainly not be needed and would be inappropriate. She urged the committee to kill this bill.

RUSSELL DUGDALE, a member of the Southwest Montana Mining Development, with a small mine, and he voiced his opposition to the bill, stating this puts pressure on the small miner, and his biggest concern was that, he felt it would indeed, put many small miners out of business, due to the bonding requirements. He asked the committee to not pass this bill.

QUESTIONS (OR DISCUSSION) ON HOUSE BILL NO. 629: REP. RANEY asked Rep. Ream to address the concern expressed by the opponents.

REP. REAM stated he felt Dennis Hemmer could better address this question, however, from his standpoint, he felt the bill before the committee does several things, one of which tightens up some provisions as they suggested and loosens up others, as was also suggested, regarding the prospector's permit. He stated this does not exclude the people from doing the mining and using those re-agents, they just do not qualify for the small miner's exclusion.

MR. HEMMER, stated it will increase the cost of doing business, when you fall under the exclusion, because you will have a bond and you will also have to have an application for a permit. He stated the application will be an advantage as far as the Department is concerned, due to the problem they have been running into now, is by the time the miner walks in the door, they have been operating under the exclusion for a long time, so they have bonds, they have solutions sitting out there, and the Department at this point, cannot fix it. But it will impose an impact on the small miner, because they will have to get a bond and will have to put together an operating permit.

problem by requiring these miners to apply for an operating permit. He stated they firmly believe in the small miner's exclusion and believe in the concept of private property rights and the process of self initiation. They also feel included in those rights is a point of health and safety as being affected, and for that reason, their association does support these amendments to HB 629.

DON JENKINS, representing the Golden Sunlight Mine near Whitehall, voiced support for this bill, and stated as most people the Golden Sunlight Mine is the largest producer of gold today in the state of Montana. He stated although in some cases, requirement for the annual assessment and a few small mining operations become somewhat perplexed on procedures, with these proposed amendments, he feels the safety aspect and the simplified administrative process by the Department of State Lands for services far outweighs those perplexities. He stated those in the mining industry certainly do not want to degredate our environment any more than necessary, and he felt the amendments to the bill would do this or help to do this. He urged the committee to look favorably on the amendment to HB 629.

GEORGE OCHENSKI, representing the Montana Environmental Information Center, stated MEIC does support the amendments to this bill, and he hopes the committee would do the same.

RUSS BROWN, representing the Northern Plains Resource Council stated they do support the proposed amendments to the bill, and urged the committee to look favorably on them.

STEVE PILCHER, representing the Montana Department of Health and Environmental Sciences, stated their department does support the proposed amendments to the bill, especially the portion that would deal with the exclusion of the small miner.

REP. ED GRADY, co-sponsor, stated for the record, he felt the amendments proposed would certainly make the bill more workable for the small miners involved. He urged the committee's support of the bill.

JOHN S. FITZPATRICK, Manager of Administration, Pegasus Gold Corporation, submitted testimony in support of this legislation (Exhibit No. 3).

OPPONENTS: MARY ANN SHARON, representing the Southwest Montana Mining Development and Investment Council, submitted testimony (Exhibit No. 4). She stated this bill would require every small miner who seeks to treat ore to secure an operating permit. She then distributed a copy of an operating permit issued in 1986, and pointed out to the

DISCUSSION:

REP. GRADY asked Rep. Addy to explain what is different about this bill than what is already going on. He felt this bill was going much too broad than what he felt was really necessary.

REP. RANEY stated he felt there was a big difference here, and he stated to him eminent domain should be something that is in the definite interest of the public and in this case, it is similar to one landowner versus another, where one goes over the top of another, and he stated it seems to him, that before you go in and explore to find out if you can, in fact, pull oil out of the ground, you should be able to ascertain before hand that people in your way will give that landowner at least that much.

REP. GRADY stated it is not really a matter of money, however, it is a matter of one individual completely stopping another individual from developing his resource, and it is the resource that the public uses. He stated we are doing it with every other thing in the bill, and he could not see why it was not being done with these underground pipelines.

REP. ASAY stated he felt this would indeed involve personal disputes and difficulties through political action. He stated we just do not need to run the government to settle our personal disputes, emphasizing he felt this was the case with this bill, and he does not think this is the place to settle people's disputes.

QUESTION was then called on the DO NOT PASS motion. The motion CARRIED, with Reps. Grady, Roth, Smith and Jones voting NO.

HOUSE BILL NO. 397: Rep. Cobb moved to reconsider action on HB 397. He then distributed amendments to the committee (Exhibit No. 6). He then explained the amendments basically state, if they cannot get 75% of the landowners or 75% of the property for the centerline location, and they do not agree to the right-of-way, they have to go back to the Major Facility Siting Act, which will force the company to go out and have direct communication one on one with the property owner. It would still involve eminent domain here, however, due to the fact that the Major Facility Siting Act is already eminent domain in this act.

REP. HARPER asked Rep. Cobb if this stated percentage, and also wondered then, why would not it be an advantage to the utilities to be encouraged to ignore small landowners which really do not add up to their 75% at all, simply wasting

REP. RANEY asked Ms. Sharon, if indeed, we are going to put some people out of business if we pass this bill.

MS. SHARON stated that it would put a hardship on the small miners who would have trouble meeting the bond requirement. The amount they would have to put up in order to get an operating permit, would most likely have a very negative effect on especially the small miner.

REP. ASAY asked Ms. Sharon, due to the fact that this problem does exist for small miner, he wondered if she had any alternative proposals that may address these concerns. She stated she would feel more comfortable if Mr. Dougdale addressed this question.

MR. DOUGDALE stated the protection of the environment is high on everyone's mind. He stated as responsible citizens and engineers which is what is looked at from an economic, as well as environmental standpoint. He stated they do not have a strong objection to DSL's proposals, however, the solution to the problem should be done without assessing a financial burden to the small miner. With the price of gold the way it is, we can probably address the commencement of several small miner's activities in the State.

REP. KADAS asked what would the small miner be looking at in terms of how much these bonds would cost.

MR. HEMMER stated that is a difficult question, due to the fact that everyone of them is site specific. He felt it would be approximately between \$25,000 and \$75,000 for the bond.

IN CLOSING, REP. REAM stated that we have seen technological changes in the mining industry, and he stated it is time to make some changes in the Act. He believes this bill does address several issues, but he re-emphasized that it does it some ways allow more flexibility in the law, and in other ways tightens it up. He urged the committee to give this bill favorable recommendation.

HEARING CLOSED ON HB 629.

EXECUTIVE SESSION:

HOUSE JOINT RESOLUTION #24: Rep. Raney moved HJR 24 DO PASS.

Question was then called, the motion CARRIED unanimously.

HOUSE BILL NO. 616: Rep. Addy moved HB 66 DO NOT PASS.

REP. ADDY stated he felt he would rather use the land than the landowners because in the situation she had just described, there are those people that own 20 miles of the land, and he stated he'd rather us be the amount of property.

REP. COBB then stated he felt it would be easier to do it this way, and involve the land, hopefully to alleviate some of the conflicts as she had described.

REP. SIMON spoke in favor of the amendment stating he felt it was important to have that right-of-way, and with the requirement of having 180 day notice before acquiring the right-of-way, and notice requirement to everyone that may be affected. He stated now this amendment states, the only way they can get out from under the Major Facility Siting Act, is to go out and agree with 75% of the landowners, only property owners along that route, and to get the right-of-way, in order to get out from under this act.

REP. GRADY spoke in favor of the amendment for many of the same reasons. However, he stated property may be stated better than the landowners, because presently, most of these power lines are getting into some of the smaller areas, with subdivisions. When talking about property owners, you could be talking about a large amount of people, with these smaller areas involving more people, and when it addresses property owners, he felt you could be talking about every individual with property on that line.

REP. HARPER asked Rep. Cobb if he would have objections to making a slight amendment to his amendment, by changing "residents" to "owners". Secondly, looking at the end of the sentence, you could state 75% of the land as going with the original amendment, have agreed with the utilities preferred centerline, and he stated it is one thing to agree with the route they want to take, but it is another thing to agree with one of their options. The way it would read now, is 75% of the land or the persons who own 75% of the land, agree with this thing they are out from under the act.

REP. COBB stated he had no objection regarding changing "owners" to "residents", as proposed by Rep. Harper. He stated however, he would prefer just stating centerline across the property there, their own individual property, and not deciding what someone else's property five miles down the road is.

REP. HARPER stated this makes sense to him, agreed with Cobb and felt they would leave this up to Hugh for the final draft.



time, and why does not it encourage them only to go to big landowners, and asked what would be against that affect coming about as a result of this bill being passed.

REP. COBB stated he felt they would favor the big landowners, and he guessed they would, but he was not positive they were going to. If it were himself, he stated he most likely would, go to the landowners if you have to get the 75%, but we are trying to address a concern about notice to landowners, and hopefully this will happen.

QUESTION was then called on the motion by Rep. Cobb to reconsider action on HB 397. The motion CARRIED unanimously.

REP. COBB then moved the amendments to HB 397 DO PASS.

REP. KADAS reconfirmed that one amendment had already been passed on the bill, and he asked how the first amendment and this amendment match.

STAFF RESEARCHER HUGH ZACKHEIM stated the amendments match properly on page 4, line 12, and stated the figure at the end of line 12 would now read; "115". He stated on page 5, following line 14, a new section was added and that section would read "that when a person plans to construct an electric transmission line, or associated facilities of a designed capacity of more than 69 kilovolts, and up to and including 115 kilovolts, which is more than ten miles in length, public notice must be provided to persons residing in the area, in which any portion of the transmission facility may be located. This notice must be made no fewer than 180 days prior to commencement of acquisition of right-of-way by publication of a summary describing the transmission facility and the proposed location of the facility in those newspapers that will substantially inform those person of the construction". He emphasized this would alleviate conflicts, and also pointed out the committee had attached the notice provision and changed the kilovoltage to 115 in previous action on HB 397.

REP. MILES had concerns with the language being proposed by Rep. Cobb and asked him to please explain why he had proposed 75% of the property, instead of 75% of the landowners, being curious as to how you would handle a situation where a 100 mile stretch, with maybe one person owning 80 miles of it, and the other four or five landowners may have smaller sections, but one person could overrule all the other landowners, and she stated she just doesn't want to get into the case of property versus the property owners.

REP. HARPER asked Rep. Addy if he thought the environmental impact would minimize, if the bill was passed in its original form, or with these kinds of amendments in his opinion should be subjugated to the interest of the landowners. He asked which he felt more fair.

REP. ADDY stating if you are looking at the whole purpose of the Major Facility Siting Act, he thinks the bill would be better without the amendments.

REP. GRADY stated he feels this addresses what the argument was about in the hearing, the landowner. He stated Rep. Harper got on that right away and was trying to protect the landowner, and we have done that to this. He felt something should be left up to the landowner, especially with these lines going right through their property.

QUESTION was called on the proposed amendments. A roll call vote was requested by the Chairman. The motion CARRIED, 13-5.

REP. COBB then moved HB 397 DO PASS AS AMENDED. Question was then called. The committee asked for a roll call vote. The motion CARRIED 10-8. See Standing Committee Report Nos. 1-7.

HOUSE BILL NO. 416: Rep. Grady moved HB 416 DO PASS.

REP. GRADY stated there had been amendments proposed, to include the small tanks. he stated he did not agree with the inclusion of smaller underground tanks last session, and he would not now. He felt the bill as is, is very well written.

REP. SIMON stated there had been concerns voiced about the language concerning the more stringent regulations which appear on page 9 of the bill. He stated testimony was that this would suggest tougher regulations, but it was probably not necessary to have stricter regulations than the federal. We then moved to amend on page 2, line 15, strike "or more stringent", which would make it equal to the federal program, in order to meet the needs of Montana.

REP. MILES disagreed with the amendment, and stated she proposed to replace the word "stringent" with the word "comprehensive" which would lessen the language, however, not making the regulations tougher.

QUESTION was then called, on the amendment proposed by Rep. Miles. The motion CARRIED, with Rep. Cobb voting NO. See Standing Committee Report Nos. 1-2.

REP. RUSSELL stated it seems as if the committee were making concessions in order to get this bill through. She wondered if the requirement is to have 75%, then why not just go ahead and go under the Major Facility Siting Act, commenting she felt this was the major purpose of the act.

REP. COBB stated currently the law states that if you are above 9, you are automatically under the Major Facility Siting Act, where all the people have right-of-way agreement or not. What this bill does, is take anything below 115 of the facility siting act, unless more than 25% of the landowners object to it, then they would go back under the Major Facility Siting Act.

REP. MILES had concerns about the notification process, and wondered if an amendment would help clarify the need for the notification requirements to the Department of Natural Resources.

REP. COBB stated he felt this could possibly be solved with an amendment and he would leave this up to Hugh to draft if the committee so decided.

REP. SIMON stated in considering this, and if everything comes to an agreement regarding the landowners, and we do not have to go through the Major Facility Siting Act, he asked why do we have to make sure the Department of Natural Resources has to be notified.

REP. COBB stated if it was agreeable to the committee, when the 180 day notice is received, a clause could be included to let DNRC know that the 180 day notice was given.

REP. ADDY stated his problem with the amendment is he feels the amendment defeats the central purpose of the Major Facility Siting Act. Because the inquiry is no longer, he asked what is the minimal environmental impact that we can design this centerline with. The question is, which way will 76% agree, and if that is the maximum environmental damage, the consensus is, "the heck with it, we are going that way instead of this way".

He stated if we go with the amendment, with this environmental consideration in facilities like this, we can just kiss them goodbye.

REP. COBB then moved the question on the amendments including the amendment proposed on notification to DNRC.

REP. HARPER asked Rep. Addy if he thought the environmental impact would minimize, if the bill was passed in its original form, or with these kinds of amendments in his opinion

REP. HARTEN asked Rep. Addy if he thought the environmental impact would minimize, if the bill was passed in its original form, or with these kinds of amendments in his opinion should be subjected to the interest of the landowners. He asked which he felt more fair.

REP. ADDY stating if you are looking at the whole purpose of the Major Facility Siting Act, he thinks the bill would be better without the amendments.

REP. GRADY stated he feels this addresses what the argument was about in the hearing, the landowner. He stated Rep. Marper got on that right away and was trying to protect the landowner, and we have done that to this. He felt something should be left up to the landowner, especially with these lines going right through their property.

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REP. SIMON stated there had been concerns voiced about the language concerning the more stringent regulations which appear on page 9 of the bill. He stated testimony was that this would suggest tougher regulations, but it was probably not necessary to have stricter regulations than the federal. He then moved to amend on page 2, line 15, strike "or more stringent", which would make it equal to the federal program, in order to meet the needs of Montana.

REP. NILES disagreed with the amendment, and stated what proposed to replace the word "stringent" with the word "comprehensive" which would lessen the language, however not making the regulations tougher.

QUESTION was then called, on the amendment proposed by Rep. Niles. The motion CARRIED, with Rep. Cobb voting NO. See Standing Committee Report Nos. 1-2.

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ADJOURNMENT: There being no further business to come before the committee, the meeting was adjourned at 2:55 p.m.

  
~~TOM JONES, Chairman~~

DAILY ROLL CALL

NATURAL RESOURCES COMMITTEE


50th LEGISLATIVE SESSION -- 1987

Date Feb. 11, 1987

NAME	PRESENT	ABSENT	EXCUSED
TOM JONES, CHAIRMAN	✓		
CLYDE SMITH, VICE CHAIRMAN	✓		
KELLY ADDY	✓		
TOM ASAY	✓		
JOHN COBB	/		
BEN COHEN	/		
ED GRADY	/		
JOHN HARP	/		
HAL HARPER	/		
MIKE KADAS	/		
AL MEYERS	✓		
JOAN MILES	/		
MARY LOU PETERSON			✓
BOB RANEY	/		
RANDE ROTH	/		
ANGELA RUSSELL	/		
BRUCE SIMON	/		
BILL STRIZICH	/		
STAFF: EQC HUGH ZACKHEIM			

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February 11, 1987  
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TOM JONES, Chairman

# STANDING COMMITTEE REPORT

FEBRUARY 11

19 37

Mr. Speaker: We, the committee on NATURAL RESOURCES

report HB 616

do pass  
 do not pass

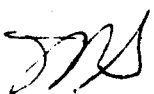
be concurred in  
 be not concurred in

as amended  
 statement of intent attached

REP. TOM JONES

Chairman

"AN ACT TO PROVIDE THE RIGHT OF EMINENT DOMAIN TO OWNERS OF OIL AND GAS LEASES FOR ROADS AND PIPELINES; AND AMENDING SECTIONS 70-30-102, 82-2-201 THROUGH 82-2-203, AND 82-2-205, MCA."



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# STANDING COMMITTEE REPORT

FEBRUARY 11 19 37

Mr. Speaker: We, the committee on NATURAL RESOURCES  
report HJR 24

- |   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> do pass | <input type="checkbox"/> be concurred in     | <input type="checkbox"/> as amended                   |
| <input type="checkbox"/> do not pass        | <input type="checkbox"/> be not concurred in | <input type="checkbox"/> statement of intent attached |

REP. TOM JONES

Chairman

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES  
OF THE STATE OF MONTANA TO SEND DELEGATES TO THE WESTERN STATES  
LEGISLATIVE FORESTRY TASK FORCE.

*MS*  
FIRST

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# STANDING COMMITTEE REPORT

FEBRUARY 16

19 87

Mr. Speaker: We, the committee on NATURAL RESOURCES

report HB 397

do pass  
 do not pass

be concurred in  
 be not concurred in

as amended  
 statement of intent attached

REP. TOM JONES

Chairman

"AN ACT TO INCREASE THE KILOVOLT THRESHOLD FOR THE PURPOSE OF DEFINING A TRANSMISSIONLINE UNDER THE MONTANA MAJOR FACILITY SITING ACT; AMENDING SECTION 75-201104, MCA; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE."

1. Title, line 4.

Following: "INCREASE"

Insert: "UNDER CERTAIN CONDITIONS"

2. Title, line 7.

Following: "ACT"

Insert: "PROVIDING FOR NOTICE TO THE PUBLIC AND TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION;"

3. Page 4, line 12.

Strike: "161"

Insert: "115"

4. Page 4, line 13.

Following: "term"

Insert: "(i)"

5. Page 4, line 15.

Following: "length;"

Insert: "and (ii) does include an electric transmission line with a design capacity of more than 69 kilovolts and up to and including 115 kilovolts for which owners of more than 25% of the property comprising the proposed centerline location have not agreed with the applicant to a right of way or an option for a right of way for the centerline location on their property."

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6. Page 5.

Following: line 14

Insert: NEW SECTION. Section 2. Notice requirement for certain electric transmission lines. Whenever a person plans to construct an electric transmission line or associated facilities of a design capacity of more than 50 kilovolts and up to and including 115 kilovolts that is more than 10 miles in length, public notice must be provided to persons residing in the area in which any portion of the electric transmission facility may be located and notice must be provided to the department. This notice must be made no less than 180 days prior to the commencement of acquisition of right of way by publication of a summary describing the transmission facility and the proposed location of the facility in those newspapers that will substantially inform those persons of the construction and by mailing such a summary to the department."

← 7. Page 5.

*Renumber subsequent sections*

Following: line 13

Insert: NEW SECTION. Section 4. Codification instruction. Section 2 is intended to be codified as an integral part of Title 76, chapter 20, part 2, and the provisions of Title 75, chapter 20, part 2, apply to section 2."

Renumber: subsequent section

*MS*

ROLL CALL VOTE

NATURAL RESOURCES

COMMITTEE

DATE Feb. 11, 198

BILL NO. HB 397

NUMBER 2:35 p.m.

NAME	AYE	NAY
TOM JONES, CHAIRMAN	X	
CLYDE SMITH, VICE CHAIRMAN	X	
KELLY ADDY		X
TOM ASAY	X	
JOHN COBB	X	
BEN COHEN		X
ED GRADY	X	
JOHN HARP	X	
HAL HARPER	X	
MIKE KADAS	X	
AL MEYERS	X	
JOAN MILES	X	
MARY LOU PETERSON	X	
BOB RANEY		X
RANDE ROTH	X	
ANGELA RUSSELL		X
BRUCE SIMON	X	
BILL STRIZICH		X
STAFF: HUGH ZACKHEIM		

TALLY

12

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*Lisa Routh*  
Secretary

Chairman

MOTION: Rep. Cobb moved the amendments to HB 39 DO PASS. A  
roll call vote was requested by the Chairman. The motion CARRIED  
13-5.

# STANDING COMMITTEE REPORT

FEBRUARY 16

19 37

Mr. Speaker: We, the committee on NATURAL RESOURCES

report HB 416

do pass  
 do not pass

be concurred in  
 be not concurred in

as amended  
 statement of intent attached

REP. TOM JONES

Chairman

1. Page 2, lines 15 through 17.

Strike: "that" on line 15 through "amended" on line 17

Insert: "independent of the federal program in order to meet the needs of Montana"

2. Page 9, lines 12 and 13.

Strike: "more" on line 12 through "tanks" on line 13

Insert: "appropriate standards of compliance for underground storage tanks that may vary from federal standards"

*7/10*  
FIRST

reading copy ( WHITE )  
color

ROLL CALL VOTE

NATURAL RESOURCES

COMMITTEE

DATE Feb. 11, 198

BILL NO. HB 397

NUMBER 2:40 p.m.

NAME	AYE	NAY
TOM JONES, CHAIRMAN	X	
CLYDE SMITH, VICE CHAIRMAN	X	
KELLY ADDY		X
TOM ASAY	X	
JOHN COBB	X	
BEN COHEN		X
ED GRADY	X	
JOHN HARP	X	
HAL HARPER		X
MIKE KADAS		X
AL MEYERS	X	
JOAN MILES		X
MARY LOU PETERSON	X	
BOB RANEY		X
RANDE ROTH	X	
ANGELA RUSSELL		X
BRUCE SIMON	X	
BILL STRIZICH		X
STAFF: HUGH ZACKHEIM		

TALLY

10

8

*Lisa Rout*  
Secretary

Chairman

MOTION: Rep. Cobb moved that HB 397 DO PASS AS AMENDED. Question being called, a roll call vote was taken. The motion carried 10-8.

## STATEMENT OF INTENT

H Bill No. 416

It is the intent of the legislature that the enforcement and inspection authority of the department of health and environmental sciences under the Montana Hazardous Waste Act also apply to the class of regulated substances addressed by the underground storage tank program.

It is the intent of the legislature that the department of health and environmental sciences have the authority to adopt rules setting forth a schedule of fees if necessary to defray state or local costs of implementing the underground storage tank program. This authority is necessary to allow the department to develop alternative ways of funding the underground storage tank program in the event that the contribution of federal funds is no longer sufficient to support the program.

It is further the intent of the legislature that the department of health and environmental sciences continue to have the authority to adopt rules for the prevention of leakage from underground storage tanks that meet the needs of Montana.

# Montana Oil & Gas Association

P.O. Drawer D  
Shelby, Montana 59474  
Phone 434-5518

EXHIBIT (1)  
DATE 2-11-87  
HB 631

HOUSE NATURAL RESOURCES  
MR. CHAIRMAN, & COMMITTEE

February 11, 1987

HB-631

An act to reduce the size of the Board of Oil & Gas Conservation, and to Amend the qualification requirements for the members; Amending section 2-15-3303, MCA, and providing an immediate effective date.

Board would consist of five members, two from Oil & Gas industry with three years experience producing Oil and or Gas; one land-owner and or mineral owner, living within Oil and or Gas producing county, but not associated with Oil and Gas industry; and two members of public at large; all to be chosen by Governor; as prescribed by above regulation.

Boards purpose is administrative only, as prescribed in 2-15-121. Board may hire own personel, and 2-15-121 (2) (d) does not apply. The board may also prescribe duties and annual salary of four professional staff positions.

Board is designated as a quasi-judicial board for purposes of 2-15-124. Act is effective upon passage and approval of this bill.

We feel a five member board has proven sufficient in the past; and because of oil slump, resulting in reduced work load, it is proper to ask for a two member reduction as a cost saving; still meeting all criteria as to member designation. With only two Oil and Gas related members, other groups should be able to be represented, if proper lobbying is done by concerned groups wishing to gain membership on the board.

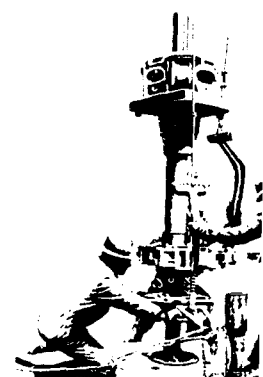
*A cost savings of \$3,800<sup>00</sup> per year is projected!*

Doug Abelin

*Doug Abelin*

Lobbyist for

MONTANA OIL & GAS ASSOCIATION.





TESTIMONY FOR DEPARTMENT OF STATE LANDS  
ON HARD ROCK LEGISLATION  
(2-11-76, Rm 312-B, 1:00 P.M.)

Several changes to the Metal Mine Reclamation Act are being proposed in order to provide more practical regulation for mining operations under the Act. These changes will result in a more consistent and realistic regulatory approach regarding exploration, extraction, and beneficiation of these resources.

Under the current Act, if the mineral processing operation qualifies for the Small Miners Exclusion, the operation is excluded from review and reclamation bonding requirements by the Department, regardless of its potential for environmental harm. Amending the Act to require any operator who uses a mineral processing reagent to acquire an operating permit would reduce the number of small operations which contribute to environmental degradation. The Departmental expertise would assure the operation is designed and managed in an environmentally sound manner from the beginning. The reclamation bond requirement would insure the operation is reclaimed in an environmentally acceptable manner.

Another of the proposed changes relates to the federal mining law which requires a minerals claimant to perform a minimum amount of assessment work on unpatented claims each year. It is estimated that the occurrence of claimants within Montana who hold federal small claim groups (ten claims or less) number in the hundreds or thousands. Regulation of these small assessment activities under the exploration license as is currently required is unrealistic. If this Bill is enacted, it would allow miners to comply with federal laws, and yet, not be required to obtain an exploration license for a very small disturbance. The Department estimates that disturbance resulting from these assessment activities (16,000 sq. ft. per claim) would be comparable to mining disturbances currently excluded by the Act.

Finally, current regulation denies the Small Miner Exclusion for those operators who presently have an operating permit issued by the Department. Additional mines proposed by these operators are required to obtain an operating permit regardless of how nominal the mining impacts may be. This requirement creates an economic hardship and permitting burden on both the operator and DSL which is not commensurate with the level of mining activity. A more meaningful approach would be to deny Small Miner Exclusions only to those operators who propose the exclusion within the boundaries of an operating permit, or propose to use certain processing reagents which pose a high potential for environmental harm.

EXHIBIT (3)  
DATE 2-11-87  
HB 629

**PEGASUS GOLD CORPORATION**  
**Montana Tunnels Mining Inc.**

February 12, 1987

Rep. Tom Jones  
Chairman  
House Natural Resources Committee  
State Capitol Station  
Helena, MT 59601

Dear Rep. Jones:

On behalf of Pegasus Gold Corporation and its subsidiary mines, the Cortman/Lanlusky Mine in Phillips County and Montana Tunnels Project in Jefferson County, I want to go on record in support of HB 629 as introduced. HB 629 was requested by the Montana Department of State Lands, to generally revise the laws relating to metal mine reclamation. A key provision of the bill is the requirement that all mines using mineral processing reagents such as cyanide, acids, and thionurea be required to obtain an operating permit from the State.

In our judgment, that requirement is justified in view of the reclamation problems and potential threats to public safety caused by mine operators who do not use chemical reagents in a responsible manner. Montana already has experienced several incidents where small miners have had accidents or abandoned projects without adequately disposing of hazardous chemicals. Their actions jeopardize public health, create a financial burden for the State for cleaning up their mess, and threaten the viability of responsible miners who already operate under a comprehensive system of governmental regulation.

Pegasus and its sister, major mining companies, need chemical reagents to extract metals from their host ores. We have no desire, however, to experience the consequences of additional governmental regulation, increased operating costs, or adverse publicity that will follow in the wake of some future environmental or public disaster caused by a small mine operator who has not used such reagents in a responsible manner. Requiring that the small miner receive an operating permit and post a reclamation bond before using chemical reagents is a small price to pay given the potential consequences of an accident by an unregulated party.

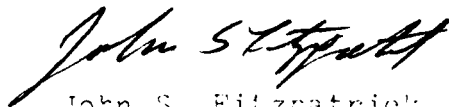
(3)

2.11.87

629

We encourage you to send HB 629 as introduced to the full house with a do pass recommendation.

Very truly yours,



John S. Fitzpatrick  
Manager of Administration

JCF:pap

cc: Mr. Dennis Henner  
Mr. Gary Langely  
Rep. Joan Miles  
Rep. Hal Harper  
Rep. Ed Crady

Rep. Gene Donaldson  
Rep. Bob Marks  
Sen. Joe Mazurek  
Sen. Tom Rasmussen  
Sen. Sam Hoffman

A TESTIMONY BEFORE THE HOUSE NATURAL RESOURCES COMMITTEE ASKING THAT  
HOUSE BILL 629 BE AMENDED

Mr. Chairman:

My name is Mary Ann Sharon and if I could take just a moment of your time to summarize my testimony and the testimonies of my colleagues.

1. The permit and the bonding required for an operating permit would either stop the small operator, force him to go to another state, or force him into non-compliance with the law.

2. A small miner who seeks to mill must have a Ground Water Pollution Control Permit which spells out his requirements. The penalty is a \$10,000.00 a day fine. This is No "Pussy Cat".

3. The relatively few tons of a small mine operator ~~so far~~ has damaged no one. The potential hazards <sup>at</sup> the operations with thousands of tons of solution, <sup>They are an</sup> ever present threat to ground water for many miles around.

4. House Bill 629 would severely burden the present meager staff of The Hard Rock Mining Division to the point of bogging it down so that no one would receive adequate service. The passage of this bill will require funding and it is asked if it should have a fiscal note.

Such legislation during a time of tight money would certainly not be needed and would be inappropriate.

THE SOUTHWEST MONTANA MINING DEVELOPMENT  
AND INVESTMENT COUNCIL

A Testimony before the House Natural Resources Committee asking that House Bill 629 be amended by Mary Ann Sharon.

Mr. Chairman:

For the record my name is Mary Ann Sharon, an attorney from Dillon, Montana, representing the Southwest Montana Mining Development and Investment Council.

Mr. Chairman, our group assembles finances for high risk ventures that promise an appropriate return. We like mining and particularly after costs and the rate of return can be estimated. We prefer ventures beyond exploration and find interesting projects that are profitable because of the cutting edge of current technology.

We support and take comfort in the statutes, rules and regulations. We feel all interested parties should be informed with accurate and timely information. Similarly, we use both professional and practical people and we like to think that we are providing a valuable service. We feel that the changes proposed in House Bill 629 would be most discouraging.

Mr. Chairman, House Bill 629 seeks to amend 82-4-303, 82-4-305 and 82-4-335 to prohibit the use of chemical reagents under the Small Miners' Exclusion Permit.

Mr. Chairman, we oppose these changes but support the new section for the prospecting permit.

Mr. Chairman, we appreciate the Committee's time restraints and with your permission I have \_\_\_\_\_ people who will make some brief statements documenting our concerns.

*I would appreciate a few moments to summarize*

A TESTIMONY BEFORE THE HOUSE NATURAL RESOURCES COMMITTEE ASKING THAT HOUSE BILL 629 BE AMENDED

HOUSE NATURAL RESOURCES COMMITTEE - February 11, 1987

Those heap leaching ore milling under the Small Miners' Exclusion are required to secure a Ground Water Pollution Control Permit from the Department of Health. This permit specifically details requirements to assure the ground water integrity, holds a \$10,000.00 a day hammer over one's head and goes through a public notice. Oftentimes more than 60 days are required.

This tells me that adequate controls are already in place.

B-4 Dillon Tribune-Examiner Tuesday, January 27, 1987

# Virginia City firm seeks permit for gold mill

A Virginia City based gold mining firm has applied for a new ground water pollution control permit to operate a mill for recovery of precious metals.

United States Grant Gold Mining Company, Montana LTD, has applied for a permit that will expire in January 1992 to operate an existing flotation mill for recovery of precious metals, according to a

public notice filed by the company Jan. 5.

The operation, according to permit, intends to process an estimated 25 to 30 tons of material per day. Ore will be crushed and milled and then a flotation process will be utilized to generate a gold bearing concentrate, the permit says.

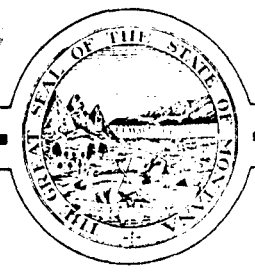
Waste tailings and process solutions will be discharged to an existing surface impound-

ment. The surface impoundment is located in the valley bottom next to Alder Creek and is reportedly lined with bentonite.

A GROUND water monitoring well is installed adjacent to the impoundment, the permit says.

If there are no objections to the permit request the department will issue a final determination within 60 days.

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES



TED SCHWINDEN, GOVERNOR

COGSWELL BUILDING

STATE OF MONTANA

HELENA, MONTANA 59620

PUBLIC NOTICE NO. MTGW-87-02

February 8, 1987

PURPOSE OF PUBLIC NOTICE

The purpose of this notice is to state the Department's intention to issue and/or renew groundwater pollution control permits under the authority of MCA 75-5-402 and ARM 16.20.1001 et seq. (Montana Groundwater Pollution Control System.)

It is the Department's intention to issue one (1) groundwater permit.

APPLICANT INFORMATION AND DEPARTMENT'S TENTATIVE DETERMINATIONS

APPLICANT NAME: AgAu Montoro Joint Venture

APPLICANT ADDRESS: c/o Carl L. Brown  
305 West Glendale Street  
Dillon, Montana 59725

APPLICANT STATUS: New permit

FACILITY LOCATION: SW 1/4, SW 1/4, Sec. 18, T6S, R10W  
Beaverhead County

PERMIT NUMBER: MGWPCS 0036

EXPIRATION DATE: December 31, 1992

This application is for issuance of a permit for a cyanide heap leach operation for the recovery of precious metals. The proposed heap leach will encompass approximately five acres. The operation will utilize Merrill-Crowe recovery system, initial startup will be approximately 10,000 tons of ore. Leach pads and ponds will be double-lined and have leak detection systems incorporated to insure against leakage of process fluids. Preliminary projections indicate that the operation may be expanded to require a DSL operating permit based on tonnage. Operational monitoring will be required. The company plans to develop a water disposal contingency plan involving neutralization of CN, irrigation and soil chemistry for attenuation of heavy metals in case of emergency. The proposed expiration date is December 31, 1992.

EXHIBIT (5)

DATE 2-11-87

HB 629

A TESTIMONY BEFORE THE HOUSE NATURAL RESOURCES COMMITTEE ASKING THAT  
HOUSE BILL 629 BE AMENDED

Mr. Chairman:

This bill would require every small miner who seeks to treat ore to secure an operating permit.

I have in my hand a copy of an operating permit issued in 1986 to the Channel Mining Company in our area. You will note the rather extensive documentation including a cultural resource inventory and assessment that deals with Indian arrowheads, outhouses, etc. Similarly, on page 33 you will note that the suggested bond is \$50,000.00.

The cost of making the application plus the cost of the bond which nowadays requires the posting of cash in the form of a certificate of deposit would force most small operators into non-compliance and would certainly seriously curtail the exploration and development of our mineral resources.



Testimony Before  
 House Nat. Resources Committee  
 on  
 HB 629

EXHIBIT (5)  
 DATE 2-11-87  
 HB 629

Feb. 11, 1987. 1:00 PM Rm 312A Capitol Bldg  
 from  
 S.W. Mont. Mtn Development & Investment Council  
 c/o Mary Ann Sharon  
 State Bank  
 Dillon, MT 59725

COMPARISONS

Item	under Small Miner's Excl.	HB 629	Present operating Permit
1. Production Limitations	100 Tons Per Day - 36,500 TPA	As Per Permit	As Per Permit
2. Disturbance with out Bond with Mill	5 Acres	NONE	NONE
3. Minimum Bond with Mill	NONE	\$ 50,000 Probable	\$ 50,000 <sup>00</sup> Probable
4. Permit			
Cost	Nothing	25.00	25.00
Cost of Preparation	Nothing	5,000 - 50,000 <sup>00</sup>	5,000 - 50,000
Time estimates	Call at office	60 - 120 days	90 - 1 yr
5. Options For Turning ore to money			
Sell to Smelter			
Permits	None	NONE	NONE
Est. Cost	120 <sup>00</sup> / Ton	120 <sup>00</sup> / Ton	120 <sup>00</sup> / Ton
Milling on Site			
Permits	mt. Grd. Water Pollution Control Permit	Operating Permit	Operating Permit
Bond Required - Est	NONE	\$ 50,000 <sup>00</sup>	50,000 <sup>00</sup>
Violation Penalty	\$ 10,000 <sup>00</sup> / Day	\$ 10,000 <sup>00</sup> / Day	\$ 10,000 <sup>00</sup> / Day
Approx. Cost Per Ton	\$ 5 - 10 - 20 <sup>00</sup> / Ton	\$ 5 - 10 - 20 / Ton	\$ 5 - 10 - 20 / Ton
6. Mfg Major Mining Problems	Minimal		Several Majors

2/11/87

HOUSE BILL 397 - INTRODUCED BILL

1. Page 4, line 13.  
Following: "term"  
Insert: :(i)"

2. Page 4, line 16.  
Following: "length;"  
Insert: "and (ii) does include an electric transmission line with a design capacity of more than 69 kilovolts and up to and including 115 kilovolts in which residents owning more than 25% of the property comprising the centerline location have not agreed to a right of way or an option for a right of way with the applicant."

VISITORS' REGISTER

NATURAL RESOURCES COMMITTEE

BILL NO. 629, 631

DATE FEB. 11, 1987

SPONSOR Riam, Hayne

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Dorey Abelin	Montana Cilt Gas	✓	
Doc B. Lee	" " " "	✓	
Mary Ann Shain	SW Mont Mining Ass		✓
Russell M. Dugdale	SW Mont Mining Ass		✓
Donald S. [unclear]	Golden Sunlight Mine	✓	
GEORGE OKENSKI	MT. ENV. INF. CNTR	✓ 629	
Mary A. Lanaley	Mont Mining Assn	✓	
John Fire [unclear]	Pegasus Gold Corp	✓ HB 629	
T. M. Rollins	ASARCO, INC.	HB 629	
Kew Williams	Entech/Western Energy	HB 629 ✓	
STEVE PIPHER	MT. Dept of Health & Env	HB 629 ✓	
Dennis Hemmer	MT Dept of State Lands	HB 629 ✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.