

MINUTES

**MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON NATURAL RESOURCES

Call to Order: By **CHAIRMAN LORENTS GROSFIELD**, on January 25,
1995, at 1:00 PM

ROLL CALL

Members Present:

Sen. Lorents Grosfield, Chairman (R)
Sen. Larry J. Tveit, Vice Chairman (R)
Sen. Mack Cole (R)
Sen. William S. Crismore (R)
Sen. Mike Foster (R)
Sen. Thomas F. Keating (R)
Sen. Ken Miller (R)
Sen. Vivian M. Brooke (D)
Sen. B.F. "Chris" Christiaens (D)
Sen. Jeff Weldon (D)
Sen. Bill Wilson (D)

Members Excused: Sen. Ken Miller

Members Absent: None

Staff Present: Todd Everts, Environmental Quality Council
Theda Rossberg, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: SB 147, SB 186, SB 204
Executive Action: None

HEARING ON SB 147

Opening Statement by Sponsor:

SEN. JOHN HERTEL, District 47, said he brings SB 147 before the committee members at the request of the Department of Natural Resources and Conservation. SB 147 amends sections 85-1-202, 85-1-204, 85-1-206, 85-1-209, 85-1-210, 85-1-211, and 85-1-215 of the Montana Codes. The bill revises the Water Resource Administration of the Montana water project laws. The bill establishes procedures for DNRC to administer leases of land associated with state owned water projects. SB 147 ensures that lease-holders pay the cost of administering the leases without

subsidy from other funding sources. There are no additional tax dollars to fund those projects. SB 147 defines appraisal procedures to determine fair market value of the leases. The bill clarifies management of cabin-site leases on state lands, and transfers inactive DNRC water projects back to the land-owners. There are approximately 15 projects being considered for transfer. SB 147 clarifies the DNRC's maintenance of financial records for state water projects.

Proponents' Testimony:

Mark Simonich, Director, Director of Natural Resources and Conservation, said they believe that SB 147 will improve the management of the state water projects. The bill represents direct legislative policy and guidance of the administration of those water project lands. **EXHIBIT 1.**

Opponents' Testimony:

Christi Erickson of Roundup, said the cabin owners met with the DNRC to discuss the leases. She said they would like to have an idea of how the land leases are being separated from the water projects, and asked if the money that is paid for land management be used for water management. She stated that some of the cabin-owners have been there for a long time and have improved the property by planting trees, grass, etc. She wondered if they should put so much work into the property if they have no guarantee they can hold on to the lease. She asked why the lessees would not be included in the bidding, and if heirs of a lessee have first choice. At the meeting with the DNRC they said they would be willing to help maintain the land and control the weeds. She wondered how the DNRC would determine the market value of the land. The Deadman's Basin area is not a very desirable area, and she was concerned that they would be assessed the same as the western part of the state. **Ms. Erickson** inquired as to why annual accounting records were not needed, because that would be an area of accountability for how the money was spent.

Larry Brown, representing the Agricultural Preservation Association, said he appreciated the department's efforts to maintain the projects. A lot of those projects are a tremendous liability to the taxpayers as well as the State of Montana. He said their association had evaluated SB 147 and there were some questions that were not clear. They were concerned about the long term ramifications of the leasing aspect of the bill. He asked how the water rights may be transferred back to the water districts. The highest bidder issue was also a concern of their organization. **Mr. Brown** stated that the details of the bill needed clarification.

Questions From Committee Members and Responses:

SEN. LARRY TVEIT asked **Mr. Simonich** what the department was currently doing with regard to cabin-site leases. **Mr. Simonich**

answered that previously those leases were under the Department of Fish, Wildlife, and Parks. In May of 1993 the FWP elected not to continue overseeing the leases, because they were absorbing the additional costs of maintaining those sites. Therefore, the department sent a letter to all of those lessees that said their leases would continue until March, 1996. He said they were trying to have some legislative clarification on how those leases should be handled, and that they are entitled to collect fair market value from those leases.

SEN. TVEIT said on Page 2, Line 5 of the bill it says, "A lease of project lands may not exceed 10 years." He asked **Mr. Simonich** about leases that were less than 10 years. **Mr. Simonich** said the department established that the leases would not be longer than 10 years. He said they were not interested in establishing shorter term leases, which would result in more paper-work. Those leases have to be reviewed every 10 years. **SEN. TVEIT** asked **Mr. Simonich** about leases shorter than 10 years, would that be done by rule-making or in statute. **Mr. Simonich** replied that was a good point, and would be accomplished in rule-making or statute if that was the committee's desire. **SEN. TVEIT** asked if the department was referring to cabin leases, land, grazing, irrigation, etc. **Mr. Simonich** answered that they had three different types of leases: 1) 74 cabin-sites, 2) 6 agriculture leases, some of which are for grazing and some for hay crops, and 3) there are 5 FWP leases for recreational use.

SEN. TVEIT asked **Mr. Simonich** what percentage would the lessee be assessed for weed control. **SEN. TVEIT** said a lot of areas are wide-open for rule-making, unless the same method will be used that The Department of State Lands use. He asked who would pay for the improvements on the land such as irrigation. The department is not going to pay for the improvements and the lessee could be evicted on a competitive bid. **SEN. TVEIT** asked if a lessee gives up the lease, who will be responsible for the improvements. **Mr. Simonich** said those issues were not included in the bill because they did not believe it needed to be dealt with legislatively. Currently those things are handled through contracts with the lessee. The contract clearly states whether or not the lessee would have to pay for the improvements.

SEN. COLE asked **Mr. Simonich** if a lessee has made improvements to their property, and they wish to transfer that to an immediate family member, what would be the position of the state? **Mr. Simonich** replied that any time there would be a significant change in ownership, they would require a competitive bid. **SEN. COLE** asked **Mr. Simonich** how they would appraise the leased lands for fair market value. **Mr. Simonich** replied that the department would contract with a real estate appraiser to appraise the sites. **SEN. COLE** asked **Mr. Simonich** if the department would be doing any improvements on those leases, and would improvements already made, be considered. **Mr. Simonich** said it would be appropriate for any improvements to be considered. The only improvements the department may do would be on irrigation leases.

SEN. COLE said he knew that irrigation was the number one priority and the cabin-sites were second. He asked **Mr. Simonich** if those lessees have documents that show that the cost of irrigation projects would not apply to cabin site leases. **Mr. Simonich** said yes, they had no interest in having one party pay for someone else's use. He said the irrigators that use those waters have contracts with the department, and most of them are over 50 years old. The water users paid the cost of development and maintenance on dams. The department absorbs some of the engineering work, and the lessee pays for some of the administrative cost.

SEN. WILLIAM CRISMORE asked **Mr. Simonich** if he thought there may be a conflict between the cabin-site lessees and the Department of State Lands. **Mr. Simonich** replied that he didn't know how the DSL managed their sites. School trust lands were managed for the trust.

SEN. VIVIAN BROOKE asked **Mr. Simonich** what the difference was between fair market value and full market value. **Mr. Simonich** replied they were referring to full market value. **SEN. BROOKE** said she was surprised at the lack of opponents present for HB 153, and asked **Mr. Simonich** what kind of a response he received from the letters that were sent to the lessees. **Mr. Simonich** said the only reaction was from the people from Deadman's Basin. He said they had 46 lessees at Deadman's Basin, 17 at Painted Rock, and 10 at Tongue River.

SEN. BROOK asked **Mr. Simonich** who would assume the liability of abandoned canals. He said in regard to canals, they don't own any deeded land, they have easements across the property. The owners of the land through which the canals flow, would assume any liability. **SEN. BROOKE** asked **Mr. Simonich** if he had a list of canals and storage projects. **Mr. Simonich** said there are 40 water storage projects of which 30 have dams associated with them. **Mr. Simonich** said he would supply a specific list of the water projects to the committee members.

SEN. TOM KEATING asked **Mr. Simonich** if there were early cancellations on the leases with the March, 1996 deadline. **Mr. Simonich** said no, some are on a staggered period and those that were coming due, were extended to March, 1996.

SEN. KEATING asked **Mr. Simonich** why the word "board" was struck in Section 13, Line 13. **Mr. Simonich** answered they were not taking the "board" out of the bill. It is written in statute that it requires board approval. **SEN. KEATING** asked if the department would need more FTE's for that proposal. **Mr. Simonich** replied that they would not need any more FTE's.

SEN. COLE asked **Gary Fritz, Department of Natural Resources and Conservation**, if they would be turning Deadman's Basin over to the water users. **Mr. Fritz** said they were not anticipating transferring the storage project. The bill has nothing to do

with the people who hold contracts on the storage projects. The bill relates to the land they own in association with the water storage facilities. **SEN. COLE** asked **Mr. Fritz** if he would clarify how the lease appraisals would be done. **Mr. Fritz** said there was a lot of controversy as to how to appraise cabin-sites. FWP spent \$80,000 in 1980 doing a statewide appraisal. They intend to go to the Department of Revenue and find out what the property would be worth. When the land is assessed, a percentage is used to determine the full market value. The percentage rate would be somewhere from 3% to 5%. He said they intend to ask the Department of State Lands what percentage they use for assessment.

SEN. TVEIT said on Page 2, Lines 1 and 2 the bill states, "Only an individual person, a husband and wife, or a federal, state or local entity may lease project lands or hold more than one lease to project lands." He said that would be taken up in executive action.

Closing by Sponsor:

SEN. HERTEL said he thought a real effort had been made to make the proposals fair. He said the abandonment of inoperable projects do need attention, and SB 147 will do that.

HEARING ON SB 186

Opening Statement by Sponsor:

SENATOR TOM BECK, District 28, Deer Lodge, said at the request of the Department of Revenue, SB 186 expands the authority of the Department of State Lands to reclaim abandoned hard rock and open cut mine sites. It allows the DSL to file liens and limit the disturbance of mines. Current law exempts small miners from reclamation requirements. SB 186 would prevent sites that had been reclaimed by the state, from being re-contaminated. He said it is the public's interest to address adverse effects on past mining on a site, and if the owner cannot be located, SB 186 allows the department to determine what reclamation is needed. The bill provides for a lien on reclaimed property for the amount actually spent or the increase in the value of the property, whichever is the least. **SEN. BECK** said public funds would eventually be replenished. The property would then be more marketable because of the reclamation. The bill provides benefits to the general public and the private property owners. Montana has made significant progress addressing abandoned coal mines, and SB 186 will address abandoned metal mines for purposes of public health and safety. **SEN. BECK** urges passage of SB 186.

{Tape: 2; Side: A;}

Proponents' Testimony:

Bud Clinch, Department of State Lands, said for over a decade the DSL had been involved in reclaiming abandoned coal mines across the eastern part of the state. The funding is from federal funds generated from the tax on Montana coal mines, that amounts to approximately \$3 million annually. He said in the 1980's when the coal mine reclamation was near completion, they began a three year study and analysis on abandoned hard rock mines. They found over 6,000 sites from small open shafts to abandoned mining and milling operations. He said they prioritized those to 275 highest priority sites. They were analyzed and ranked on the potential hazards to public safety. Slides were shown to the committee members revealing the pollution of streams, due to abandoned mines. A report listing those sites is contained in **EXHIBIT 2**. **Mr. Clinch** said the department soon realized they had more abandoned sites than could be handled in a life time. The list was reduced to 11 highest priority sites as contained in **EXHIBIT 2a**.

Mr. Clinch said most of the abandoned sites have no known or traceable responsible party. For example, they tried to track Ripple Resources, Inc., and traced the ownership back to Melleville, British Columbia, and discovered that address doesn't exist. **EXHIBIT 3**. However, the taxes have been paid in cash on the property in Granite County, and the commission said they didn't know who was paying the taxes or how to track them. That kind of a situation makes it difficult for the department to do the reclamation.

Mr. Clinch reviewed the Nellie Grant case study with the committee members. **EXHIBIT 4**. He said that mine is located 13 air miles southwest of Helena at the headwaters of Lump Gulch, a tributary to Prickly Pear Creek. Recently, there was an advertisement in the newspaper advertising 40 acres for sale, known as the Nellie Grant mine. The department was unable to contact the responsible party and did a deed search and found that the property was titled to an individual in Helena. The present owner was awarded the site by the district court judge when he sued for back wages. That individual stated he did not have the resources to recover the department's costs. In the mean time, the property was taken off the market because of a previous lien that had been attached to the property. The department has spent nearly \$84,000 towards reclamation of the site. Another example, is where in the Rimini area behind the 10 mile water treatment plant the department spent a considerable amount of money reclaiming an old mill site. Subsequently, a subdivision emerged there called the Mill Site Estates, and the department is being contacted by landowners asking why they were not made aware they had built on top of old mine tailings.

Mr. Clinch said another example was where a **Mr. Howard** originally opened an adit and lost his life there. Recently a young individual entered the adit south of Kalispell and plunged to her

death on a piece of exposed rebar. In 1992 the department was told that it was a dangerous adit, and the department installed a locked wooden door across the front of that adit. That door was destroyed twice, so metal bars were installed over the opening. Some Mormon missionaries opened that grate and ultimately plunged to their death. After that, the adit was known as the Howard Death Adit. The department again closed the adit by backfilling the opening and planted native grasses. Someone excavated that adit and reopened it again. That is an example of some of the continuous problems the department faces in trying to address public health concerns. **Mr. Clinch** reviewed slides of the priority abandoned mines and the problems the department is faced with.

Mr. Clinch said SB 186 protects the citizens of Montana and has possibilities of enabling better efficiencies for the way the Department rectifies the abandoned mine problems.

Frank Crowley, representing New Butte Mining, said he was in support of SB 186 with some amendments. He did not think it was the intent of the DSL to have SB 186 apply to sites that are subject to the federal super fund law. **Mr. Crowley** requested that executive action be deferred until they could review their concerns with the committee members.

Gary Langley, Executive Director, Montana Mining Association, said they support the concept of SB 186, but think the interpretation of the language covers more than it should, which they discussed with DSL. They requested that executive action be deferred until the language issue was reviewed with the committee members.

John Fitzpatrick, Pegasus Gold Corporation, said he had several opportunities to work with the abandoned mine reclamation bureau on various projects. He said as **Mr. Clinch** stated, that one of the problems was finding the property owners in order to accomplish the reclamation. **Mr. Fitzpatrick** mentioned that some of the mines have been inherited and there may be 6 or 7 owners of a claim, and it's difficult to have all parties agree.

{Comments: tape is scratchy and difficult to hear.}

Jim Jensen, Executive Director, Montana Environmental Information Center, said the abandoned mine program in Montana is the finest program in the United States. The need is there to clean up those sites, even though there aren't adequate funds. The funds that are available are well spent. For example, there was cooperative reclamation of the Vosberg Mine in the Elkhorn Mountains, a mine that had a significant impact on water quality. The elk in that mountain range were using the tailings for a salt lick, and the tailings contained high levels of arsenic, lead, and mercury. This was a obviously a potential health risk for that elk herd. Working with the Forest Service, the reclamation was completed in a prompt manner. He urged passage of SB 186.

Debby Smith, representing the Sierra Club said they support the bill, but suggested that one way state funds may go further and be more comprehensive in addressing abandoned mine cleanup, is to require mandatory filing of liens when a property owner can be identified.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SEN. KEATING asked Mr. Clinch if a lien is placed on the property for work that has been done for reclamation, and if the lien isn't satisfied, would you foreclose and take title to the land. Mr. Clinch said the reason a lien is placed on property is because they have been unable to receive any compensation from the owner. If the property is sold, the department can recoup the reclamation costs. SEN. KEATING said if the department had title to the land they could sell it. Mr. Clinch said all tracts of land are titled in someone's name. The problem is finding where those people live, because their address could be a box number, or a post office number. Those owners will not come forward if there is a potential violation under the bill, once the work has been completed, the owner cannot come forward and try to recover the increased value of the property due to the department's efforts.

SEN. WELDON asked Mr. Clinch to comment on the scope of SB 186 in regard to the federal Superfund. Mr. Clinch replied that if federal or state superfund money was available, they would prefer to use those funds.

{Tape: 2; Side: B}

Closing by Sponsor:

SEN. BECK said his understanding of attaching a lien on someone's property, is in the event they cannot pay. The land will be appraised before the reclamation, and appraised it again afterward to determine the increased value of the land. The lien will be on the land until it is paid, or until the property is sold. He asked the committee members to consider the amendments to the bill.

HEARING ON SB 204

{Comments: Chairman Grosfield relinquished the chair to Vice-Chairman Larry Tveit in order to present SB 204.}

Opening Statement by Sponsor:

SENATOR LORENTS GROSFIELD, District 13, Big Timber, said SB 204 addresses some of the same issues that were in another bill, SB

78. SB 204 is the result of the audit of the Water Quality Bureau. He said there are no bonding provisions in the bill. Chapter 6 of Title 75 deals with the Public Water Supply Act. The other bill dealt with Chapter 5 which is the Water Quality Act. SEN. GROSFIELD said in Section 1 the language is nearly identical to the previous bill, and spells out the enforcement response for the department to use. On Page 49 of the audit, the enforcement language of the Public Water Supply Act states, that "any violation requires a civil penalty and a cleanup order." Section 1 addresses a flexibility issue for the department to deal with violations, and lists the penalty possibilities if a violation occurs. Page 53 of the audit suggests legislative clarification of the use of economic considerations with respect to penalties under the public water supply act. This is addressed on page 3, lines 4-9 of the bill.

Proponents' Testimony:

Steve Pilcher, Administrator, Water Quality Division, Department of Health and Environmental Sciences said SB 204 was requested by the DHES to be presented to the committee members. The department is in the process of preparing a compliance and enforcement manual that will address the significance of the gravity of the violation, health risks, ability to pay, etc. The department asks for the committee member's favorable consideration of the bill.

Opponents' Testimony: None

Questions From Committee Members and Responses: None

Closing by Sponsor: SEN. GROSFIELD said the reason for the bill is, in discussing the response to the audit with the department and the EQC, the question came up as to why the enforcement in the same department was different in one section of the law than another section. He said it seemed to make sense to make them the same. If committee members consider amendments to the bill, he urged them to consider the same amendments to both bills.

{Comments: This meeting was recorded on two 60 minute tapes.}


{Comments: This meeting was recorded on two 60 minute tapes.}

ADJOURNMENT

Adjournment: 2:45 PM



LORENTS GROSFIELD, Chairman



THEDA ROSSBERG, Secretary

LG/tr

1-25-95

[illegible]

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TESTIMONY OF THE
DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION
ON SENATE BILL 147

BEFORE THE SENATE NATURAL RESOURCES COMMITTEE

JANUARY 25, 1995

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE WATER RESOURCE ADMINISTRATION OF STATE WATER PROJECT LAWS; ESTABLISHING A SELF-SUPPORTING LEASE MANAGEMENT PROGRAM FOR WATER PROJECT LANDS; ALLOWING THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO TRANSFER OR DISPOSE OF AN INACTIVE STATE WATER PROJECT WITHOUT A DETERMINATION OF MARKET VALUE; CLARIFYING THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION'S DUTY TO MAINTAIN FINANCIAL RECORDS OF STATE WATER PROJECTS; AMENDING SECTIONS 85-1-202, 85-1-204, 85-1-206, 85-1-209, 85-1-210, 85-1-211, AND 85-1-215, MCA; AND PROVIDING AN EFFECTIVE DATE."

My name is Mark Simonich. I am the Director of the Department of Natural Resources and Conservation.

Senate Bill 147 was introduced at the request of the Department. I appreciate Senator Hertel's willingness to sponsor this bill for the agency.

The first 11 sections of the bill establish a self-supporting lease management program for state-owned lands associated with our water projects. While we have general land management authorities in current statutes, Senate Bill 147 represents direct legislative policy and guidance on the administration of water project lands.

The policy statement on page one indicates that the administration of project lands should not be subsidized by taxpayers, but should be entirely supported by those leasing project lands. Cabin site lessees have expressed concern that the Department would charge them for costs not associated with project land leasing. The Department agrees with this concern and will not include any other costs in the budget for project land leasing. Department costs in administering leases include such things as renewals, enforcing lease provisions, resolving access disputes, and responding to lessee complaints.

SB 147 envisions the department adopting rules consistent with the act in order to administer the lease program. Cabin site lessees have expressed concern about item number four under rulemaking that allows the department to competitively bid project lands.

The Department agrees that the competitive bid process should not be used when leases are being renewed by the current lessee. We would suggest amending that provision to preclude the use of competitive bid during lease renewal.

SB 147 requires that the lessee pay the full market value of project lands. This requirement is consistent with that for all state-owned lands.

Sections 12 through 15 and part of 16 and 17 are housekeeping and streamlining provisions that relate to Department actions that are subject to board approval. During the course of legislative history, several amendments have been added to the statute governing the administration of state water projects. As a result of these amendments, board approval is now contained in several different sections of that statute. SB 147 consolidates in one location department actions that require board approval.

Sections 16 and 17 allow the department to dispose of what we call "inactive" department-owned water projects without going through the expensive process of determining market value. These inactive projects are those for which no water purchase contracts are managed, no money is collected, and, for some, no organized use of the water for irrigation or other purposes takes place. In some cases, there may not be any water impounded. In essence, these projects have been abandoned and represent only a liability to the state. Examples of these projects include List Creek near Circle and Theboe Lake near Choteau.

The purpose of this amendment to streamline the process of privatizing these projects.

Section 18 removes the requirement that annual accounting records kept by the department for each water project be filed with the Secretary of State. This legislation was suggested by the Legislative Auditor subsequent to an audit of the department. The auditor indicated that this requirement is not needed.

ABANDONED HARDROCK MINES PRIORITY SITES LIST

(Ranked by AIMSS Score)

EXHIBIT NO. 2

DATE 1-25-95

BILL NO. SB-186

AIMSS

RANK

PA NUMBER	SITE NAME	COUNTY	DISTRICT	RANK
22-004	CORBIN FLATS	Jefferson	Colorado	1
25-501	JOSLYN STREET TAILINGS	Lewis & Clark	Helena	2
25-019	RED MOUNTAIN	Lewis & Clark	Rimini	3
25-287	NATIONAL EXTENSION	Lewis & Clark	Rimini	4
39-004	EMERY	Powell	Emery	5
25-007	RED WATER	Lewis & Clark	Rimini	6
41-003	CURLEW	Ravalli	Curlew	7
25-172	PIEGAN GLOSTER MILL	Lewis & Clark	Marysville	8
07-090	BLOCK P TAILINGS	Cascade	Hughesville	9
22-009	COMET	Jefferson	High Ore	10
39-003	CHARTER OAK	Powell	Elliston	11
25-067	SPRING HILL TAILINGS	Lewis & Clark	Helena	12
20-003	DOUGLAS CREEK TAILINGS	Granite	Philipsburg	13
23-001	BLOCK P MINE	Judith Basin	Hughesville	14
22-001	ALTA	Jefferson	Colorado	15
22-007	WASHINGTON	Jefferson	Colorado	16
22-074	ENTERPRISE	Jefferson	Basin	17
20-019	SCRATCH ALL	Granite	Philipsburg	18
25-175	EMPIRE MILLSITE	Lewis & Clark	Marysville	19
04-012	PARK (MARIETTA)	Broadwater	Indian Creek	20
22-073	CRYSTAL MINE	Jefferson	Cataract	21
15-012	FLATHEAD MINE COMPLEX	Flathead	Hog Heaven	22
25-365	GOLDSIL MILLSITE	Lewis & Clark	Marysville	23
31-090	NANCY LEE MILLSITE - SLOWEY	Mineral	Keystone	24
25-006	PEERLESS JENNY/KING	Lewis & Clark	Rimini	25
04-008	EAST PACIFIC	Broadwater	Winston	26
25-339	FRANKLIN	Lewis & Clark	Scratchgravel	27
23-046	EDWARDS	Judith Basin	Hughesville	28
22-244	NELLIE GRANT	Jefferson	Clancy	29
20-009	COMBINATION MILL	Granite	Combination	30
07-103	CARPENTER CREEK TAILINGS	Cascade	Neihart	31
25-008	VALLEY FORGE/SUSIE	Lewis & Clark	Rimini	32
07-135	SILVER DYKE ADIT	Cascade	Neihart	33
04-014	VOSBURG	Broadwater	Winston	34
25-102	ARMSTRONG MINE	Lewis & Clark	Rimini	35
22-008	BULLION	Jefferson	Basin	36
47-028	HIGHLAND	Silver Bow	Basin Creek	37
34-000	GREAT REPUBLIC SMELTER	Park	New World	38
25-030	LOWER TENMILE MILL	Lewis & Clark	Rimini	39
29-013	BOAZ MINE	Madison	Norris/Red Bluff	40
20-073	WENGER NO. 2	Granite	Philipsburg	41
25-005	TENMILE MINE	Lewis & Clark	Rimini	42
30-004	CUMBERLAND	Meagher	Castle Mountain	43
31-082	NANCY LEE MILLSITE	Mineral	Keystone	44
07-137	SILVER DYKE TAILINGS	Cascade	Neihart	45
25-280	UPPER VALLEY FORGE	Lewis & Clark	Rimini	46
32-017	LINTON MINE AND MILLSITE	Missoula	Crammer Creek	47

ABANDONED HARDROCK MINES PRIORITY SITES LIST

(Ranked by AIMSS Score)

SENATE NATURAL RESOURCES

EXHIBIT NO. 2

DATE 1-25-95

BILL NO. 5818 AIMSS

PA NUMBER	SITE NAME	COUNTY	DISTRICT	RANK
27-005	SNOWSHOE MINE	Lincoln	Libby	48
20-209	MAXVILLE TAILINGS/LONDONDERRY	Granite	Maxville	49
25-179	BALD BUTTE MILLSITE	Lewis & Clark	Marysville	50
20-062	TROUT	Granite	Philipsburg	51
25-275	MONTE CRISTO	Lewis & Clark	Rimini	52
22-072	BUCKEYE	Jefferson	Basin	53
22-502	ELKHORN CREEK TAILINGS	Jefferson	Elkhorn	54
20-002	BI-METALLIC/OLD RED	Granite	Philipsburg	55
01-005	ERMONT MILL	Beaverhead	Ermont	56
22-005	GREGORY	Jefferson	Colorado	57
29-073	THISTLE MINE/TAILINGS	Madison	Rochester	58
22-046	MIDDLE FORK WARM SPRINGS	Jefferson	Alhambra	59
29-035	GARNET GOLD	Madison	Pony	60
47-035	MARY EMMEE/CLINTON	Silver Bow	Elk Park	61
07-085	QUEEN OF THE HILLS	Cascade	Neihart	62
07-134	NEIHART TAILINGS	Cascade	Neihart	63
45-010	MONTRO GOLD	Sanders	Plains	64
20-110	GRANITE MOUNTAIN	Granite	Philipsburg	65
29-451	BUCKEYE	Madison	Sheridan	66
29-082	MAMMOTH TAILINGS	Madison	South Boulder	67
22-003	BLUEBIRD	Jefferson	Colorado	68
20-004	FOREST ROSE	Granite	Dunkleburg	69
39-006	LILY/ORPHAN BOY	Powell	Elliston	70
23-045	WRIGHT LODGE	Judith Basin	Hughesville	71
07-138	SILVER DYKE MILL	Cascade	Neihart	72
20-025	BROOKLYN	Granite	South Boulder	73
29-474	SE SW SEC 26 (KEYNOTE)	Madison	Sheridan	74
23-056	HARRISON	Judith Basin	Hughesville	75
22-031	JOSEPHINE	Jefferson	Basin	76
04-130	SUNRISE/JANUARY	Broadwater	Winston	77
25-262	QUEENSBURY	Lewis & Clark	Rimini	78
29-373	MISSOURI	Madison	Washington	79
07-121	DACOTAH	Cascade	Neihart	80
22-002	BERTHA	Jefferson	Colorado	81
01-031	GOLD LEAF/ PRISCILLA	Beaverhead	Bannack	82
32-005	WARD LODGE MINE	Missoula	Woodman	83
12-004	GOLD COIN	Deer Lodge	Silver Lake	84
20-012	NONPAREIL	Granite	South Boulder	85
16-018	KARST ASBESTOS	Gallatin	Bozeman	86
22-337	CARMODY	Jefferson	Elkhorn	87
25-115	BIG OX MILLSITE	Lewis & Clark	Marysville	88
39-010	ONTARIO MILLSITE	Powell	Elliston	89
20-005	ALGONQUIN	Granite	Philipsburg	90
29-136	PROSPECT	Madison	Virginia City	91
29-179	BROADWAY/VICTORIA	Madison	Silver Star	92
29-118	PACIFIC	Madison	Virginia City	93
29-008	MAMMOTH	Madison	South Boulder	94

ABANDONED HARDROCK MINES PRIORITY SITES LIST

(Ranked by AIMSS Score)

SENATE NATURAL RESOURCES

EXHIBIT NO. 2

DATE 1-25-95

BILL NO. 186 AIMSS RANK

PA NUMBER	SITE NAME	COUNTY	DISTRICT	AIMSS RANK
25-197	NE NW SECTION 13	Lewis & Clark	Stemple	95
45-005	BROKEN HILL	Sanders	Blue Creek	96
27-006	CHERRY CREEK MILL	Lincoln	Libby	97
01-170	TUNGSTEN MILLSITE	Beaverhead	Lost Creek	98
04-010	KLEINSCHMIDT	Broadwater	Winston	99
25-322	BLACKFOOT TAILINGS	Lewis & Clark	Lincoln	100
07-157	REBELLION (UPPER & LOWER)	Cascade	Neihart	101
07-082	HARTLEY	Cascade	Neihart	102
22-102	ARGENTINE	Jefferson	Colorado	103
29-095	U.S. GRANT	Madison	Virginia City	104
39-020	SURE THING	Powell	Elliston	105
22-075	EVA MAY	Jefferson	Cataract	106
07-079	BROADWATER	Cascade	Neihart	107
22-500	OLD BASIN MILLSITE	Jefferson	Basin	108
25-258	WOODROW WILSON	Lewis & Clark	Rimini	109
25-024	DRUMLUMMON MINE/MILL/TAILS	Lewis & Clark	Marysville	110
01-169	OLD ELKHORN	Beaverhead	Elkhorn-South	111
20-111	TRUE FISSURE	Granite	Philipsburg	112
22-111	QUEEN/TOURMALINE QUEEN	Jefferson	Elkhorn	113
23-059	TIGER	Judith Basin	Hughesville	114
22-027	ELKHORN QUEEN	Jefferson	Elkhorn	115
04-081	BULLION KING	Broadwater	Indian Creek	116
25-061	BALD MOUNTAIN	Lewis & Clark	Marysville	117
07-087	EVENING STAR MINE AND MILLSITE	Cascade	Neihart	118
29-034	BOSS TWEED	Madison	Pony	119
31-073	DILLON MILLSITE	Mineral	Iron Mountain	120
34-079	BLACK WARRIOR	Park	New World	121
22-029	GREY EAGLE	Jefferson	High Ore	122
01-143	LOWER AND UPPER CLEVE	Beaverhead	Hecla	123
22-132	BOULDER CHIEF	Jefferson	Cataract	124
20-186	SILVER KING	Granite	Antelope Creek	125
20-071	LITTLE GEM	Granite	Philipsburg	126
04-013	ST. LOUIS	Broadwater	Indian Creek	127
25-103	BEATRICE	Lewis & Clark	Rimini	128
34-004	MCLAREN TAILINGS	Park	New World	129
04-121	KEATING TAILINGS	Broadwater	Radersburg	130
22-106	CRESENT/ALSACE	Jefferson	Cataract	131
34-006	LOWER GLENGARRY	Park	New World	132
34-010	MCLAREN MINE	Park	New World	133
07-156	BIG SEVEN MINE	Cascade	Neihart	134
31-010	IRON MOUNTAIN MILLSITE	Mineral	Iron Mountain	135
22-036	BASIN MILLSITE	Jefferson	Basin	136
29-038	STRAWBERRY MINE	Madison	Pony	137
29-436	LAKESHORE MINE	Madison	Sheridan	138
01-138	TRUE BLUE	Beaverhead	Hecla	139
14-008	GILT EDGE TAILINGS	Fergus	Warm Springs	140
04-501	CHARTAM	Broadwater	Winston	141

ABANDONED HARDROCK MINES PRIORITY SITES LIST

(Ranked by AIMSS Score)

STATE NATURAL RESOURCES
 PERMIT NO. 2
 DATE 1-25-95
 BILL NO. SB-186

PA NUMBER	SITE NAME	COUNTY	DISTRICT	AIMSS RANK
39-022	JULIA	Powell	Elliston	142
07-111	SILVER BELT	Cascade	Neihart	143
22-170	ROCKER/ADA	Jefferson	Cataract	144
04-050	GOLDEN AGE	Broadwater	Winston	145
01-006	APEX MILLSITE	Beaverhead	Bannack	146
25-208	SWANSEA TAILINGS/MINE	Lewis & Clark	Stemple	147
22-049	ALHAMBRA HOT SPRINGS	Jefferson	Alhambra	148
07-084	MOLTON	Cascade	Neihart	149
14-090	PRESTER JOHN	Fergus	Warm Springs	150
07-112	FAIRPLAY	Cascade	Neihart	151
30-078	SW NE S10	Meagher	Smith River	152
45-002	JACK WAITE	Sanders	White Pine	153
04-009	OHIO	Broadwater	Radersburg	154
39-044	ANNA P./ HATTIE M.	Powell	Elliston	155
23-500	DANNY T.	Judith Basin	Hughesville	156
22-336	SOURDOUGH	Jefferson	Elkhorn	157
29-061	EMMA	Madison	Rochester	158
29-354	LATEST OUT	Madison	Sheridan	159
07-094	BON TON	Cascade	Hughesville	160
22-316	LADY LEITH (NE NW S6)	Jefferson	Basin	161
31-001	NANCY LEE MINE	Mineral	Keystone	162
22-077	MORNING GLORY	Jefferson	Cataract	163
22-028	CRAWLEY CAMP	Jefferson	Colorado	164
32-033	MORSE & KENNEDY	Missoula	Elk Creek	165
25-227	ASTOR	Lewis & Clark	Stemple	166
29-383	UNCLE SAM	Madison	Sheridan	167
47-037	RISING SUN	Silver Bow	Elk Park	168
32-019	WALLACE CREEK MILLSITE	Missoula	Clinton	169
47-081	MIDDLE FORK MILLSITE	Silver Bow	Moose Creek	170
22-054	SOLAR SILVER	Jefferson	Alhambra	171
01-034	INDIAN QUEEN	Beaverhead	Birch Creek	172
29-476	NW SE SECTION 26	Madison	Sheridan	173
07-110	ROCHESTER	Cascade	Neihart	174
29-121	EASTON	Madison	Virginia City	175
32-011	LOST CABIN MINE	Missoula	Ninemile	176
04-006	CUSTER MILLSITE	Broadwater	Winston	177
39-012	GOLDEN ANCHOR	Powell	Elliston	178
31-072	BELLE OF THE HILLS	Mineral	Iron Mountain	179
23-022	MARCELLINE	Judith Basin	Hughesville	180
23-035	BELT PATENT MINE/TAILINGS	Judith Basin	Hughesville	181
01-144	TRAPPER	Beaverhead	Hecla	182
20-175	BANNER TAILINGS	Granite	Moose Lake	183
25-259	PETER	Lewis & Clark	Rimini	184
25-020	SEVEN-UP PETE	Lewis & Clark	Lincoln	185
22-296	JACK CREEK TAILINGS	Jefferson	Basin	186
31-077	LITTLE ANACONDA MINE	Mineral	Keystone	187
39-062	MOUNTAIN VIEW	Powell	Elliston	188

ABANDONED HARDROCK MINES PRIORITY SITES LIST

(Ranked by AIMSS Score)

SHEET NO. 2

DATE 1-25-95

PA 28-186

AIMSS

RANK

PA NUMBER	SITE NAME	COUNTY	DISTRICT	AIMSS RANK
29-078	GOLDSCHMIDT/STEINER	Madison	Sheridan	189
07-163	RIPPLE MINES	Cascade	Neihart	190
22-245	GENERAL GRANT	Jefferson	Clancy	191
22-284	TACOMA	Jefferson	Elkhorn	192
07-100	COMPROMISE	Cascade	Neihart	193
29-083	B & H	Madison	Tidal Wave	194
23-058	MOULTON	Judith Basin	Hughesville	195
31-003	TARBOX-MINERAL KING	Mineral	Packer Creek	196
20-176	MILLERS MINE	Granite	Frog Pond	197
34-090	FISHER CREEK NO.1	Park	New World	198
29-033	ATLANTIC/PACIFIC	Madison	Pony	199
25-317	WILD CAT	Lewis & Clark	Marysville	200
32-042	NUGGET MINE	Missoula	Ninemile	201
25-503	MONITOR CREEK TAILINGS	Lewis & Clark	Rimini	202
07-167	LEXINGTON	Cascade	Neihart	203
48-005	BENBOW MILLSITE	Stillwater	Stillwater	204
22-293	DORIS	Jefferson	Basin	205
20-081	ARGO	Granite	Alps	206
22-039	PERRY PARK	Jefferson	Basin	207
12-070	SILVER LAKE MILLSITE	Deer Lodge	Silver Lake	208
39-018	KIMBALL	Powell	Elliston	209
04-138	MILLER MOUNTAIN	Broadwater	Confederate	210
39-008	MONARCH	Powell	Elliston	211
07-120	STALLABRASS	Cascade	Neihart	212
34-009	LITTLE DAISY	Park	New World	213
07-144	EMMA	Cascade	Neihart	214
20-018	RUMSEY	Granite	Philipsburg	215
49-002	YAGER/DAISY	Sweet Grass	Independence	216
29-293	BROADGAUGE MINE	Madison	Sheridan	217
23-042	NE SE S7 / LUCKY STRIKE	Judith Basin	Hughesville	218
25-212	SE SW SECTION 10	Lewis & Clark	Stemple	219
22-501	TRUMLEY HEAP LEACH	Jefferson	Elkhorn	220
34-007	GOLD DUST	Park	New World	221
32-001	COPPER CLIFF	Missoula	Copper Cliff	222
01-262	CLARA	Beaverhead	Wisdom	223
20-027	JACKSON PARK	Granite	Dunkleburg	224
29-102	KEARSAGE MINE	Madison	Virginia City	225
22-358	WICKES SMELTER	Jefferson	Colorado	226
29-098	BELLE MINE	Madison	Virginia City	227
32-010	JOE WALLIT MINE	Missoula	Ninemile	228
07-129	MAUD S.	Cascade	Neihart	229
45-009	HOLLIDAY MINE	Sanders	Trout Creek	230
31-021	SALTESE CONSOLIDATE	Mineral	Packer Creek	231
01-270	MARTIN	Beaverhead	Wisdom	232
32-027	FROGS DINER	Missoula	Copper Cliff	233
34-018	ALLISON	Park	Emigrant	234
20-194	ANT	Granite	Antelope Creek	235

ABANDONED HARDROCK MINES PRIORITY SITES LIST

(Ranked by AIMSS Score)

SURFACE NATURAL RESOURCES

DATE: 1-25-95

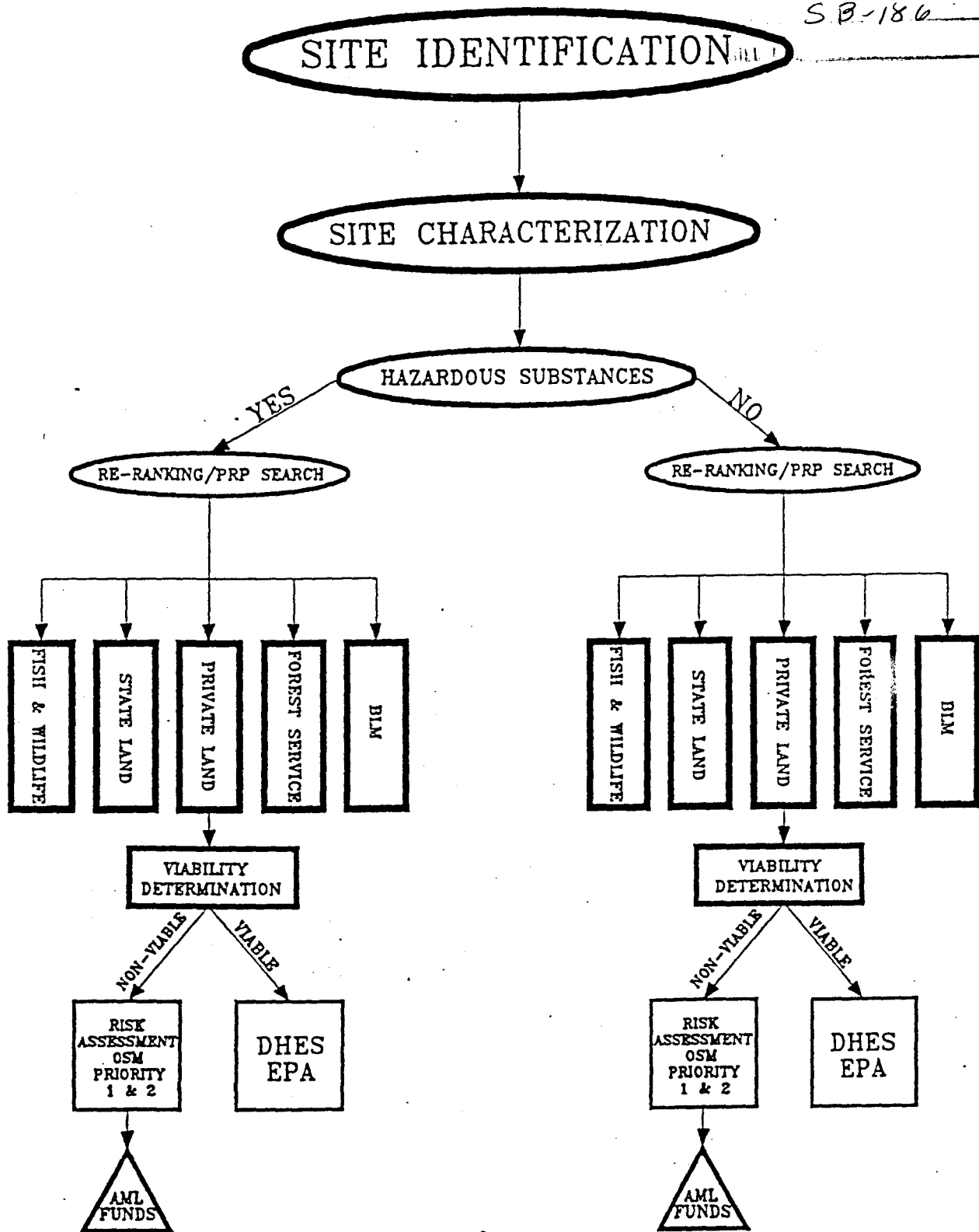
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1-25-95

PA NUMBER	SITE NAME	COUNTY	DISTRICT	AIMSS RANK
25-504	BEAR GULCH MINE	Lewis & Clark	Rimini	236
29-010	SMUGGLER	Madison	Sheridan	237
39-014	HARD LUCK MINE	Powell	Elliston	238
47-029	CLIPPER	Silver Bow	Melrose	239
22-032	MANTLE EAST	Jefferson	Cataract	240
14-017	CUMBERLAND	Fergus	Warm Springs	241
20-134	FREE COIN/RED CLOUD	Granite	Garnet	242
29-282	DRY GULCH (SOUTH)	Madison	Tidal Wave	243
29-399	GRUBSTAKE	Madison	Norris/Red Bluff	244
25-500	JAY GOULD MINE/MILL	Lewis & Clark	Stemple	245
04-015	ARGO MINE AND MILLSITE	Broadwater	Hellgate	246
12-003	CHAMPION	Deer Lodge	Orofino	247
25-167	BELMONT	Lewis & Clark	Marysville	248
20-023	WASA	Granite	Dunkleburg	249
20-065	ALPS	Granite	Alps	250
14-010	TAIL HOLT	Fergus	Warm Springs	251
07-142	SHERMAN NO. 2 (SOUTHWEST)	Cascade	Neihart	252
47-027	OLD GLORY	Silver Bow	Melrose	253
25-116	BIG OX MINE	Lewis & Clark	Marysville	254
41-009	BLUEBIRD	Ravalli	Pleasant View	255
22-359	IRON	Jefferson	Elkhorn	256
29-079	RED PINE	Madison	Sheridan	257
29-394	SE SE SECTION 25	Madison	Washington	258
39-023	TELEGRAPH	Powell	Elliston	259
25-010	VICTORY/EVENING STAR	Lewis & Clark	Orphir	260
29-105	APEX	Madison	Virginia City	261
30-067	BIGLER MINE	Meagher	Beaver Creek	262
34-085	UPPER ALICE E.	Park	New World	263
41-004	MONTANA PRINCE	Ravalli	Frog Pond	264
04-020	DIAMOND HILL	Broadwater	Indian Creek	265
30-007	BELLE OF THE CASTLES	Meagher	Castle Mountain	266
20-180	OLD DOMINION MINE	Granite	Moose Lake	267
39-024	THIRD TERM	Powell	Elliston	268
01-094	SILVER KING	Beaverhead	Hecla	269
01-216	LAST CHANCE # 1	Beaverhead	Lemhi Pass	270
07-080	VILIPA	Cascade	Neihart	271
20-191	LORI NO. 13	Granite	Antelope Creek	272
45-047	LOWER LETTERMAN	Sanders	Plains	273
12-002	CABLE	Deer Lodge	Silver Lake	NR
29-075	WATSECA	Madison	Rochester	NR
29-500	CMC PONY MILL	Madison	Pony	NR

NR - Not Ranked

1-25-95
SB-186



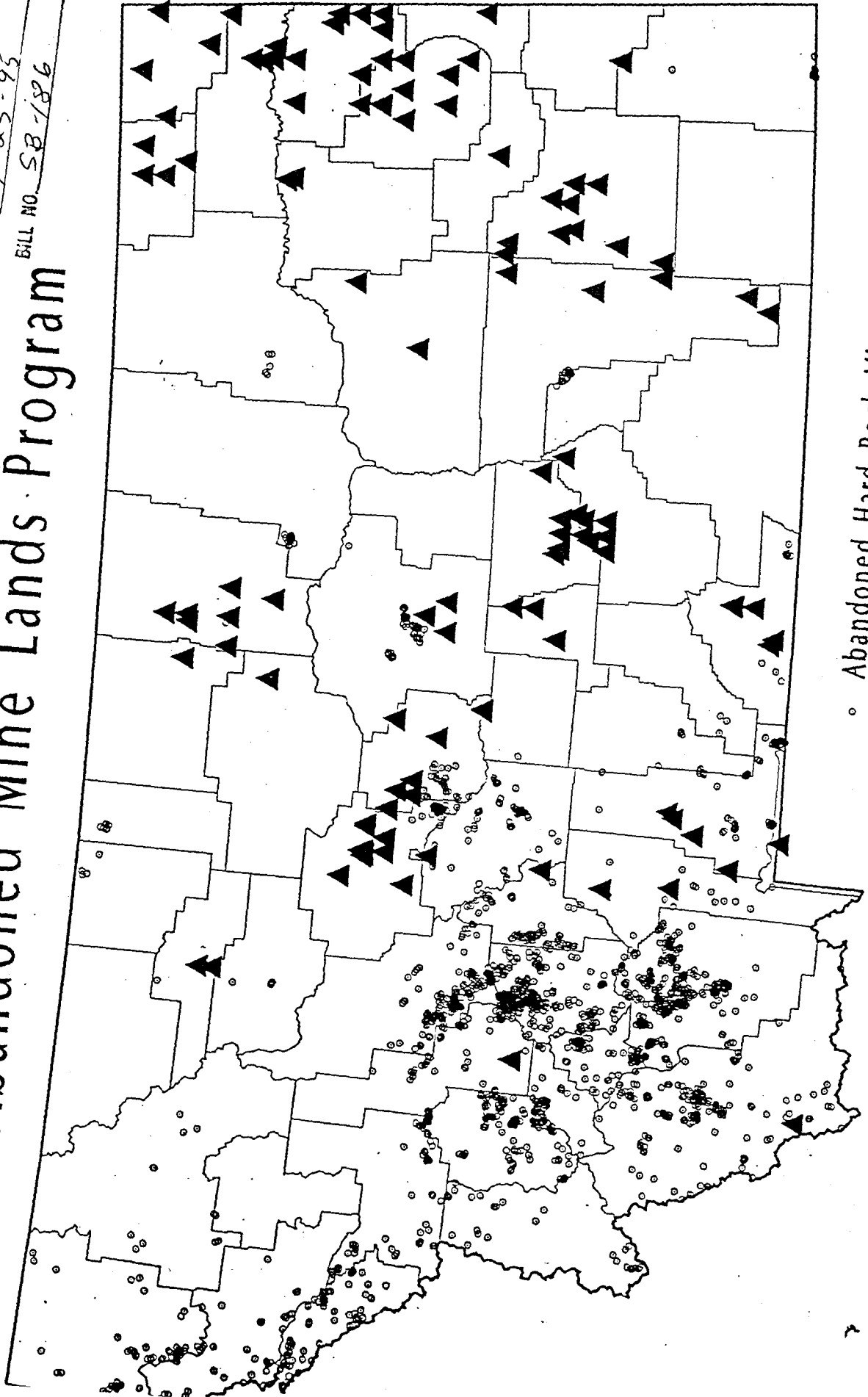
STATE NATURAL RESOURCES

EXHIBIT NO. 2

DATE 1-25-95

BILL NO. SB 1826

Abandoned Mine Lands Program



○ Abandoned Hard-Rock Mine Sites

▲ Completed Coal Projects

- Reclamation without litigation and delay.
- Makes the law for different mine types consistent.
(DLS already has parallel authority in the Coal law.)
- Lien amount the LESSER of reclamation cost or increase in property value.
- Addresses safety concerns from open shafts, etc.
- Returns water useless for irrigation, livestock or domestic purposes to a useful condition.
- Makes property marketable again.
- Replenishes public money.
- Once public money spent to reclaim, no small miner exemption from reclamation requirements. (Public won't pay to reclaim same property again.)
- Appraisal for property value increase by a qualified independent appraiser.
- Uses federal funds Montana would not receive for any other purpose.

MONTANA DEPARTMENT OF STATE LANDS
HARD ROCK MINE PRIORITY SITES

<u>Site</u>	<u>Mining District/ County</u>	<u>Priority Ranking</u>	<u>Remarks</u>	<u>Reclamation Status</u>
Corbin Flats	Colorado/Jefferson	1	700,000 cubic yards tailings, high in arsenic, lead, copper, and zinc. Spring Creek flows directly through tailings.	discussions between DHES and private owner
Joslyn Street	Helena/Lewis & Clark	2	4900 cubic yards tailings, high in arsenic and lead. Very near Helena residential area.	discussions between DHES and private owner
Red Mountain	Rimini/Lewis & Clark	3	13,300 cubic yards tailings, high in arsenic, lead, and mercury. Seeps directly into Ten Mile Creek.	no action
National Extension	Rimini/Lewis & Clark	4	7,530 cubic yards tailings, high in arsenic and lead. Discharge adit into Beaver Creek and Ten Mile Creek.	no action
Emery	Rimini/Powell	5	21,400 cubic yards tailings, 244,625 cubic yards waste rock, high in arsenic, copper, lead, and zinc. Near residences.	no action
Red Water	Rimini/Lewis & Clark	6	7,000 cubic yards waste rock and discharging adits, both high in arsenic, lead, and zinc. Seeps into Ten Mile Creek.	no action

SENATE NATURAL RESOURCES
EXHIBIT NO. 2
DATE 1-25-86
BILL NO. SB-186

Non Pareil Site

Township 8 North, Range 12 West
Section 32: SW $\frac{1}{4}$ SW $\frac{1}{4}$;

Non Pariel

Lot No. 51; M.S. 1985; Patent No. 22709

Iron Clad

Iron Clad Lode Lot No. 50; M.S. 1982; Patent No. 22710

BLM files: Patent; Dated 4-5-1893;

United States of America to Charles S. Warren, John H. Huffman, Nicholas J. Bidenberg and Peter F. Scherr. The Non Pareil Lode Mining Claim Lot No. 1985.

BLM files: Patent; Dated 4-5-1893;

United States of America to John H. Huffman, Nicholas J. Bidenberg and Peter F. Scherr. The Iron Clad Lode Mining Claim.

BOOK C DEEDS, PAGE 536; Dated 12-1-1887; Recorded 12-5-1887;

Grant Deed; H.J. Bielenberg & Ann__ Bielenberg, his, John H. Huffman, Charles T. Warren & Mattie H. Warren, his wife and Peter F. Scherr & Rose Scherr, his wife, to Deer lodge Mining and Reductinon Company.

Non Pariel Lode Mining Claim, located 10-14.1886, recorded Bk I, Pg 450 Deer Lodge County.

Iron Chad Lode Mining Claim, located 10-14-1886, recorded Bk I, Pg 451 Deer Lodge County.

BOOK 3 MISC., PAGE 65; Dated 11-1-06; Recorded 12-27-06;

Mining Lease; Deer Lodge Mining & Reduction Company, a Montana, corporation, to W.P. Prichard of Seattle, Washington. "particularly the Non Pareil and the Iron Clad lode mining claims..." Term of 16 Months from the first day of November 1906, expiring at non on the first day of March 1908. Signed by John Bielenberg, President and H.H. Zenor, Secretary.

BOOK 3 MISC., PAGE 90; Dated 2-25-08; Recorded 3-9-08;

Mining Lease; Deer Lodge Mining & Reduction Company, a Montana, corporation, to W.P. Prichard of Seattle, Washington. "particularly the Non Pareil and the Iron Clad lode mining claims..." Term of 1 year from the first day of March 1909, expiring at non on the first day of March 1908. Signed by John Bielenberg, President and Charles S. Warren, Acting Secretary.

BOOK 11 MISC., PAGE 348; Dated 1-14-52; Recorded 3-14-52;
Lease Agreement and Option To Purchase; Nonpariel Mining Company to Earl T. Ellis.
The Nonpariel and Iron Clad Mining Claims. Term of 5 years. Signed by Warren M.
Trask, President, Claude N. Bielenberg, Sec. Treas., Arthur C. Scherr and Howard
Sherr.

BOOK 11 MISC. PAGE 350; Dated 2-18-52; Recorded 3-14-52;
Lease And Modification Agreement; Nonpariel Mining Company, a Montana
Corporation, to Earl T. Ellis. Ellis "desires to secure a Defense Minerals Exploration
Administration development project to explore and develop the above mentioned
mining claims" (Nonpariel and Iron Clad) extend lease for 10 years. Signed by Warren
M. Trask, Pres. and Claude N. Bielenberg, Secy.

BOOK 11 MISC., PAGE 378; Dated 6-21-52; Recorded 6-24-52;
Assignment; Earl T. Ellis assigns to Lucky Lead Mines Inc., a Montana Corporation,
219 Radio Central Bldg, Missoula, Montana. All his interest to Lease Agreement And
Option To Purchase with the Nonpariel Mining Company dated January 14, 1952 and
the Lease And Modification Agreement dated February 18, 1952, on the Nonpariel and
Iron Clad Lode Mining Claims.

BOOK 31 DEEDS, PAGE 177; Dated 5-10-37; Recorded 1-15-46;
Grant Deed; Claude N. Bielenberg, M.W. Trask, George A. Cartier, Arthur Scherr,
Howard Scherr, Clara Evans and Arthur Hitz, constituting the Board of Directors of
Deer Lodge Mining and Reduction Company, formerly a Montana corporation, to
Nonpariel Mining Company, a Montana corporation.
The Iron Clad lode, M.S. 1982
The Nonpariel Lode, M.S. 1985

BOOK 44 DEEDS, PAGE 85; Dated 4-5-72; Recorded 7-11-72;
Quit Claim Deed; Non Pariel Mining Company, a Montana corporation, signed by R.M.
Bielenberg as President and Mary Bielenberg, as Secretary, to R.M. Bielenberg.
Non Pariel MS 276
Iron Clad MS 2764

ROLL 14 MICRO, PAGE 182; Dated 5-20-81; Recorded 7-24-81;
Quit Claim Deed; R.M. Bielenberg to Boulder Creek, Inc.
Non Pareil Lode, Survey #1985
Iron Clad Lode, Survey #1982

ROLL 15 MICRO, PAGE 624; Dated 7-2-81; Recorded 2-26-82;
Quit Claim Deed; Boulder Creek, Inc. to Ripple Resources, Inc.
Non Pariel Lode, Survey #1985, Lot 51
Iron Clad Lode, Survey #1982, Lot 50

STATE OF MONTANA
3
1-25-95

ROLL 23 MICRO, PAGE 62; Dated 1-16-86; Recorded 2-10-86; Quit Claim Deed; Boulder Creek, Inc., a Montana corporation, to Melvin J. Young, 410 Wilson, Blackfoot, Id 83221 and Leland J. Johnson, 154 E. 13th Street, Idaho Falls, Idaho 83401.

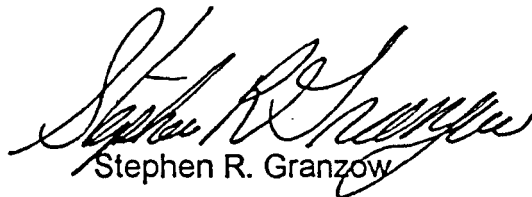
Iron Clad M S 2764 Lode Survey 1982
Non pariel MD2763 Lode Survey 1985

SURFACE AND MINERAL OWNERSHIP:

Ripple Resources, Inc.
Suite 300
1190 Melville Street
Melleville, BC V6E 01 3W1

Note: The Non Pariel and Iron Clad claims were sold twice. Once to Ripple Resources, Inc. on 7-2-81 and again on 1-16-86 to Melvin J. Young and Leland J. Johnson. The county is assessing Ripple Resources, Inc for the taxes.

Ripple Resources Inc. and Boulder Resources, Inc. are not registered with the State of Montana.


Stephen R. Granzow

**NELLIE GRANT
Case Study**

The Nellie Grant Mine is located approximately 13 air miles southwest of Helena. The project site lies on patented mining claims within the Helena National Forest. The Nellie Grant Mine is located at the headwaters of Lump Gulch, a tributary to Prickly Pear Creek.

The original mining claims staking out the Nellie Grant Mine property were established in the late 1880's when the first gold, silver and lead ore was mined. Primary minerals at the site include pyrite, sphalerite, galena, quartz and chalcedony. The minesite contains two minor shafts, one major shaft and one adit. The major shaft has a total depth of 280 feet.

The Nellie Grant Mine was operated from the early 1880's through the 1890's when operations ceased due to a dramatic decrease in 1948 to 1951 and from 1958 to 1961. The mine was last operated from 1978 to 1982 by Sparrow Resources Ltd. Sparrow Resources, of Clancy, Montana bought the Nellie Grant Mine in 1978 and installed and operated a ball mill until 1982 when the company declared bankruptcy and forfeited their reclamation bond. Subsequent enforcement actions failed because the responsible party was traced to a mail box in Vancouver B.C.

The present owner was awarded the site by the district court judge when he sued for back wages.

DSL received a RIT grant of \$84,000 to partially reclaim the Nellie Grant. In 1992 and 1993 the following reclamation was performed:

- 1) Remove and dispose of 55 gallon drums of hazardous waste.
- 2) Remove and dispose of asbestos containing materials.
- 3) Develop and implement site surface and groundwater monitoring plan.
- 4) Backfill shafts with calcium carbonate (limerock) in the hopes of improving water quality and reducing human health and safety hazards.
- 5) Cover backfilled shaft locations with steel grates in case of future backfill subsidence.
- 6) Demolish mill building and dispose of in licensed landfill facility.

The following table describes the expenditure of the BRIM grant: SP 186

TOTAL PROJECT COST

Riedel Environmental Services, Inc.	\$17,492.81
Chen-Northern, Inc.	\$ 7,749.52
Asbestos Removal Supplies	\$ 41.72
Asbestos Landfill Dumping Fee	\$ 72.00
Newspaper Advertisements	
Montana Standard	\$ 80.00
Independent Record	\$ 120.00
Great Falls Tribune	\$ 100.00
Boulder Monitor	\$ 100.00
Montgomery Construction Contract	\$57,300.00
<u>Total Cost to Date</u>	= \$83,056.05
Original Grant Amount =	\$ 49,900.00
Amount Spent to Date =	\$ 83,056.05
Funds Remaining =	\$ 1,743.95

The remaining \$1,843.95 will be used by the Abandoned Mine Reclamation Bureau to pay for surface and groundwater sample laboratory fees during the two year sampling period.

These costs were not recovered from the owner.

The site is still discharging contaminated water into adjacent USFS property and surface water and DSL estimates an additional \$400,000 must be spent to fully reclaim the site.

The current owner can not afford to clean up the site.

The site was recently advertised for sale, but during the title search it was found to be owned by someone else.

This legislation would:

1. Allow the state to acquire the land.
2. Reclaim the site now.
3. Put a lien on the property for the lesser of the cost of reclamation or the increased property value.
4. Prevent a Small Mine Exemption from being given for remining the site.

40 ACRES +/-

Patented mining claim
Frohner Basin, Jefferson
County, also known as
the Nellie Grant Mine.

Possible terms.

\$110,000

LANNING
AND
ASSOCIATES

1818 No. Main
443-4969

DATE 01-25-75

SENATE COMMITTEE ON Natural Resources

BILLS BEING HEARD TODAY: SB-147 - SB-186 -
SB-204

< ■ >

PLEASE PRINT

< ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
John Fritz	DNRC	SB147	X	
Vic Andersen	DSL - AMRB	SB186	X	
Cassandra Noble	DSL - AMRB	SB186	X	
Shirley McDonald	DNRC	SB-147		
Bud Clinch	DSL	SB-186	X	
Wesley Erickson	Robertson Owners	SB147		X
JOHN ARIZO	DHES	SB178	✓	
FRANK CRAWLEY		SB186	✓ w/ AMENDMENT	
Jim Jensen	MEIC	SB186	X	
Larry Brown	Ag-Pres. Assoc	SB147		X
John Fitzpatrick	Pegasus Gold	SB186	X with Amendment	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY