



**TREASURE STATE**  
**RESOURCES ASSOCIATION**  
OF MONTANA

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**TREASURE STATE RESOURCES ASSOCIATION NEWS**  
January, 2018

*Happy New Year to All*

**Interim Legislative Committees Take Center Stage in January:  
Water Policy Interim Committee Seeks Ideas on Exempt Well Policy**

Source: Montana Legislative Services Division

Committee Staff: Jason Mohr

After unsuccessful past legislative attempts and in the wake of a significant court ruling, a legislative committee is seeking ideas to modify state policy revolving around exempt groundwater wells. The Water Policy Committee (WPIC) identified exempt groundwater wells as one of its study issues for the 2017-2018 interim. The committee next meets on January 8-9, 2018 in Room 172 of the State Capitol in Helena, MT.

State law allows an exemption from a water rights permit if a groundwater well is limited to 35 gallons a minute and 10 acre-feet a year. The Department of Natural Resources and Conservation has issued nearly 123,000 water right certificates for these wells, which are typically used for homes or farms. In recent sessions, the Legislature has passed bills seeking to modify that limit, only to meet with a governor's veto. In 2016, the Montana Supreme Court ruled that the DNRC had been misapplying state law and states that an entire new subdivision or development may have to share one exemption – instead of allowing one per lot.

Trout Unlimited will present a policy proposal on January 9, and the committee is soliciting other ideas during public comment on the issue. Other issues related to exempt wells will also be discussed.

During their upcoming meeting WPIC will also consider:

- water quality issues specifically related to nutrients in the Helena Valley and for applicants seeking a discharge permit in already polluted waters; and
- a before-and-after discussion of the summer's wildfires, including a hydrologist's look at some of the data that may have signaled the fiery season and a U.S. Forest Service report of the on-the ground effects of the wildfires.

The meeting will be live-streamed beginning at 10 a.m. Jan. 8 at <http://www.leg.mt.gov> More information about WPIC's activities can be found at: <http://www.leg.mt.gov/water> or by contacting Jason Mohr at: <mailto:jasonmohr@mt.gov> .

## **Energy and Telecommunications Interim Committee (ETIC) to Meet January 16, 2018**

Source: Montana Legislative Services Division

Committee Staff: Trevor Graff

ETIC will be meeting at the State Capitol in Helena starting at 8:00 am. on January 16<sup>th</sup>. The agenda will focus on study topics the committee identified in their interim work plan.

The study authorized under HJ 28 takes a look at Natural Gas Consumer Choice in Montana. Montana-Dakota Utilities Co. and Big Sky Gas were each asked to complete a questionnaire that included questions about potential costs to the consumer, as well as "infrastructure" changes that would need to be implemented to accommodate a transition to allowing for customer choice. Their responses, as well as information gathered from other states, will be presented to the committee. Northwestern Energy already provides for consumer choice per changes made years ago, but the number of structural differences between MDU and NWE, as well as differences in the current marketplace for energy will likely draw a good deal of discussion.

ETIC will also hear a report on Montana's Energy Policy that can be found in Title 90, chapter 4, part 10 of the Montana Code Annotated. In discussions concerning their workplan, committee members wanted to focus on some of the comments in the policy, as well as discuss its overall relevance. On January 16<sup>th</sup>, ETIC will learn about the policy's legislative history, as well as receive an overview of Governor Bullock's Energy Blueprint released in June of 2016.

As with other interim legislative committees, ETIC's meeting will be live-streamed beginning at 8:00 am. at: <http://www.leg.mt.gov>

## Montana Environmental Quality Council (EQC) to Start 2018 with Wide Ranging Agenda Including Revenue Generated by Coal Development

Source: Montana Legislative Services Division

Committee Staff: Joe Kolman

The EQC meets January 17 – 18, 2018 in Helena and plans to cover a broad array of topics under their purview.

A key report prepared by Legislative Council Staff under the auspices of SJ 5 points to the important role coal still fills in the state's revenue picture. SJ 5 and the EQC's work plan request a review of the coal industry in Montana and the impacts of changes in coal production. During the January 17<sup>th</sup> presentation on SJ 5, committee members will be introduced to the industry and hear an update on the taxation of coal and how those revenues are distributed.

The report was the subject of a news article written by Holly K. Michels of the Lee State Bureau that ran in the Helena Independent Record on January 2, 2018. The article notes that:

*Of the natural resource taxes, the coal severance tax has been one of the most steady for the Department of Revenue, according to a 2016 report...The state brought in \$60.4 million from the severance tax in fiscal year 2016, and it has hovered between \$52.7 million and \$60.4 million since 2011. Coal mines that produce more than 50,000 tons of coal a year pay the quarterly state severance tax on all production in excess of 20,000 tons...*

*The tax payment is divided among several different accounts, such as the coal trust fund, the long range building program, and an account that provides for basic library services, a coal natural resources account and other places.*

*The federal government also collects royalties on every ton of coal mined on federal lands. About half of the royalty revenues are forwarded to the state of Montana. That money goes into the state's general fund, with 25 percent going to a minimal impact account dedicated to local governments. In fiscal year 2016, Montana mines paid \$20.9 million in federal royalties.*

*There's also a gross proceeds tax, which is a 5 percent yearly flat tax imposed on coal gross proceeds. This tax is collected by the local county treasurer and distributed proportionally to the taxing jurisdictions where production occurred. In fiscal year 2016, this tax generated \$20.8 million.*

*Smaller taxes collected include the resource indemnity trust and groundwater assessment tax, which generated \$1.8 million in fiscal year 2016. The tax goes to a trust fund created to protect citizens from the*

*loss of long-term value resulting from the depletion of natural resources and for environmental damage caused by mining.*

*Coal-fired power plants pay an electrical energy producer's license tax, which generated an estimated \$2.62 million in fiscal year 2016, as well as a wholesale energy generation tax that generated \$1.8 million.*

The EQC report noted it did not take into account a broader range of taxes attributable to the coal industry, including corporate and individual income taxes as well as property taxes.

On January 18<sup>th</sup>, the EQC will discuss wildfire related topics, including how other states fund their suppression and protection activities. Members will likely take a close look at Montana's protection fees and suppression funding, including landowner assessments for prevention, detection, suppression and training. Because of the nature of how Montana's current landowner assessment program functions, landowners in western counties pay the majority of the total amount collected. Some legislators have expressed interest in exploring how to broaden the program's application to more landowners statewide.

For information about the EQC meeting and copies of these and other reports go to:  
<http://leg.mt.gov/eqc>

## **Heads Up: MT DEQ Air Quality Bureau Collecting Emissions Information**

Source: DEQ Clean Air Act Advisory Committee Staff January 2, 2018

During the November 2017 Clean Air Act Advisory Committee meeting, attendees discussed how the Air Quality Bureau will fund their program in the future. The first step in evaluating the program's funding is developing the air quality emission inventory.

That process will begin with the Bureau sending an email to all their sources that includes directions on how to log on to the online emission inventory system. Since the emission inventory is very influential in making budgetary decisions, the Air Quality Bureau will be asking permitted stationary sources to enter their information as soon as possible (prior to the February 15, 2018 deadline). The remaining sources will need to submit their inventories by the usual February 15, 2018 deadline.

## **Montana DEQ Taking Comments on Water Quality Issues**

Source: MT Department of Environmental Quality

While there is never a lack of things to do, TSRA members are encouraged to check out the following public notices concerning proposed DEQ actions:

**Comment Due Date: January 17, 2018 – MPDES Multi-Sector General Permit for Storm Water Discharges Associated with Industrial Activity (MTR000000) Information can be found at: <http://www.deq.mt.gov>**

MPDES permit MTR000000 is a reissued Multi-Sector General Permit for Storm Water Discharges Associated with Industrial Activity (General Permit or MTR000000) for a five-year permit cycle. The proposed reissuance is the sixth iteration of the General Permit. The current permit became effective February 1, 2013 and expires on January 31, 2018.

The permit will continue to provide statewide general permit coverage for owner/operators of industrial, mining, and oil and gas activity sites that discharge storm water to state surface waters. DEQ has provided the following summary of significant permit changes:

- Requirements for consultation with the Montana Sage Grouse Habitat Program;
- **Requirements for public availability of the Storm Water Pollution Prevention Plan;**
- Requirement to consult and incorporate local requirements;
- Requirements for a qualified inspector;
- Requirements for the Montana Department of Environmental Quality (Department) review and approval of significantly identical outfalls;
- Clarified conditions for eligibility for coverage under this General Permit;
- Clarified requirements for Conditional Exclusion for No Exposure;
- Requirements for technology-based effluent limits include clarification and specification while maintaining flexibility;
- Clarified requirements for discharges to impaired waterbodies with Pre-Total Maximum Daily Load (TMDL) approval and approved TMDL wasteload allocations;
- Streamlined and reduced requirements for inspections;
- Clarified requirements for development and maintenance of the SWPPP to foster better documentation and facility compliance; and
- Developed an Annual Report Form that will be submitted to the Department.

**Please take a look at the changes noted above, particularly the new requirement for public availability of the Storm Water Pollution Prevention Plan. Anyone who has concerns should submit their written comments to the DEQ Water Protection Bureau, PO Box 200901, Helena, MT 59620 by no later than close of business on January 17, 2018. To comment electronically, you may email the Department at: <mailto:DEQWPBPublicComments@mt.gov>**

**A public hearing will be held on the draft discharge permit and related documents at 1:00 pm. on January 16, 2018 in Room 111 of the Lee Metcalf Building located at 1520 E. 6th Avenue in Helena, Montana.**

## **Comment Due Date: February 9, 2018 New Rule 1 Variance from Standard for Water Body Conditions (SB 325 – 2015 Legislative Session)**

The Board of Environmental Review has initiated rulemaking for the New Rule 1 Variance from Standard for Water Body Conditions that fulfills the requirements of MCA 75-5-222 (2). The BER will hold a public hearing on January 26, 2018 at 10:00 am. in Room 111, Metcalf Building, 1520 East Sixth Avenue, Helena, MT to consider the adoption of the new rule. Written comments can be submitted in writing, but must be received by close of business on February 9, 2018.

According to the DEQ notice, the proposed rule is necessary to fulfill the requirements of Montana Code Annotated (MCA) 75-5-222(2). This statute states that if pollution upstream of a discharger is due to anthropogenic sources, a variance from the applicable standards may be appropriate under certain conditions. The statute was directed at focusing water quality remediation efforts toward the primary pollution contributors, often historic mining, instead of less significant Pollutant Discharge Elimination System dischargers such as publically owned treatment works, until such time that their contributions were significant.

The rule reflects months of work by the Department and input from a stakeholder group that has met since the passage of SB 325. It is anticipated to have limited application.

TSRA will be offering comments aimed at making sure the rule language clarifies a variance “shall” be granted if the applicant meets the conditions outlined by the statute and DEQ process requirements.

The rule notice may be found on the DEQ website at: <http://www.deq.mt.gov> Those submitting written comments can send those to: Sandy Scherer, Legal Secretary, Department of Environmental Quality, 1520 E. Sixth Avenue, P.O. Box 200901, Helena, Montana 59620-0901 or email to: <mailto:sscherer@mt.gov>

The proposed rule does not address Part 1 of the statute that provides that DEQ may not apply a standard to a water body for water quality that is more stringent than the nonanthropogenic condition of the water body. DEQ and the SB 325 Stakeholder group has also been working on an approach that would lead to implementation of Part 1 of the statute but current efforts have run into resistance from EPA. EPA has expressed a preference for development of site -specific water quality standards.

## Montana Becoming an Attractive Hotbed for New Copper Exploration

Source: Investing News Network December 19, 2017

Known as “the Treasure State” because of its vast wealth of mineral reserves, Montana was built on mining, and the industry continues to play an active role in the state’s economy.

Metal mining, according to the Montana Mining Association, accounts for nearly 7,000 direct and indirect jobs, representing US\$579 million in labor income and contributing over US\$1 billion annually to Montana’s GDP...

Montana’s regulatory regime is structured to ensure that permitted mining projects operate in a socially and environmentally responsible manner before, during and after the development of a mine...

Today copper is the second-most-produced mineral in Montana, accounting for a significant percentage of the state’s US\$925 million worth of mineral production in 2016; in fact, as reported by the US Geological Survey, Montana is the fifth-largest copper producer in the country.

Montana is a hotbed for exploration as well. “Montana remains a favorable jurisdiction for copper exploration, as witnessed by three projects in various stages of permitting and/or litigation, including the Rock Creek mine project, the Montanore mine project and the Black Butte copper project,” said (Tammy) Johnson (Executive Director of the Montana Mining Association).

Broadway Gold Mining (TSXV:BRD) is exploring for copper and gold in Montana’s historic Butte-Anaconda mining region. The Madison project, which lies in the historic Silver Star Mine Camp, includes the past-producing Broadway gold mine – a copper-gold skarn deposit that yielded approximately 144,000 ounces of gold between 1880 and 1950, with historical grades of 9 to 25 g/t gold and 10 to 20 percent copper.

During Phase III drilling, which started in the third quarter of 2017, Broadway identified a copper porphyry system underneath the previously mined skarn zones at Madison. This mineralization exhibits similar characteristics to the latite porphyry hosted at Barrick’s Golden Sunlight mine, located 36 kilometers away. Exploration is ongoing at Madison, and Broadway’s management believes the property has real potential to develop into a large-scale copper and gold porphyry project.

Black Butte, owned by Tintina Resources (TSXV:TAU), is the world’s second-highest-grade development-state copper project. Located north of White Sulphur Springs, the project hosts the Johnny Lee deposit, which has a copper concentration that is 10 times that of many modern

mines – nearly 1 billion pounds of copper in roughly 12 million tons of mineralization, according to the company.

“Companies are working with local governments and communities on diversification, attraction and growth of other businesses and industries that can complement mining. Mining has played, and will continue to play, a significant role in Montana’s economy,” said Johnson.

## **Daines Announces Montana Energy Summit 2018**

Source: Office of US Senator Steve Daines December 11, 2017

U.S. Senator Steve Daines has announced he will be cosponsoring the 2018 Energy Summit in Billings, Montana on May 30-31, 2018.

The Energy Summit will bring together thought leaders from around the country to continue discussing Montana’s integral role in energy. Senator Daines cosponsored the Montana Energy Summit two years ago.

“Made-in-Montana energy means less reliance on the Middle East and more good-paying Montana jobs, “ said Daines. “America is home to the world’s brightest minds and innovators and we are going to bring them together here in Montana. I am looking forward to working with these leaders to unlock Montana’s energy potential.”

More details about the Summit’s speakers and events will be available in the near future.

## **TSRA 2018 Annual Meeting - Make Sure it is on Your Schedule**

TSRA’s 2018 annual meeting will take place at the newly renovated Copper King Hotel & Convention Center in Butte, Montana on **June 20– 21st, 2018**. The TSRA Golf Scramble will be played at the Butte Country Club. The scramble will be held on the afternoon of June 20<sup>th</sup>. TSRA’s “official” annual meeting will be held the following day, June 21<sup>th</sup> along with a full program. Please add those dates to your calendar for 2018 and watch for registration information early next year.

**Don’t forget you can receive a discounted annual meeting “Early Bird” sponsorship rate if it is included with your 2018 Dues.**

### **Upcoming Events/Dates**

January 8-9, 2018

Water Policy Interim Committee  
State Capitol, Helena, MT



January 10-11, 2018	MT Chamber of Commerce Business Days at the Capitol Great Northern Hotel, Helena, MT* * Joint MT. Chamber/TSRA Business and Industry Showcase is Wednesday, January 10 <sup>th</sup> at the Helena Civic Center
January 16, 2018	Energy & Telecommunications Committee State Capitol, Helena, MT
January 17-18, 2018	Environmental Quality Council State Capitol, Helena, MT
January 30, 2018	MT. Sage Grouse Oversight Team State Capitol, Helena, MT
March 12-13, 2018	Water Policy Interim Committee State Capitol, Helena, MT
March 13-14, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
March 16, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT
March 21-22, 2018	Environmental Quality Council State Capitol, Helena, MT
May 2-3, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
May 4, 2018	MT. Sage Grouse Oversight Team State Capitol, Helena, MT
May 17-18, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT
May 21-22, 2018	Water Policy Interim Committee State Capitol, Helena, MT
May 30-31, 2018	Environmental Quality Council State Capitol, Helena, MT

June 20-21, 2018	Treasure State Resources Association Annual Meeting Copper King Inn, Butte, MT
July 10-11, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
July 19-20, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT
July 23-24, 2018	Water Policy Interim Committee State Capitol, Helena, MT
July 25-26, 2018	Environmental Quality Council State Capitol, Helena, MT
September 10, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT
September 10-11, 2018	Water Policy Interim Committee State Capitol, Helena, MT
September 12-13, 2018	Environmental Quality Council State Capitol, Helena, MT
September 13, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
September 14, 2018	MT. Sage Grouse Oversight Team State Capitol, Helena, MT
November 19, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT

*If you don't want to receive the TSRA Newsletter, please let me know. If you want to share with others in your company or organization, please do so. The mission of the Treasure State Resources Association is to promote and enhance the Montana Way of Life through responsible resource development.*