



TREASURE STATE
RESOURCES ASSOCIATION
OF MONTANA

P.O Box 1700, Helena, Montana 59624

Phone: (406) 443-5541

TREASURE STATE RESOURCES ASSOCIATION NEWS
June, 2018

Last Call for Registration for the TSRA Annual Meeting – June 20-21, 2018 at the Copper King Hotel in Butte, MT - Speaker Update

We're just two weeks away from the 2018 TSRA Annual Meeting at the Copper King Hotel in Butte, MT. Registration for the golf scramble is closed, but there's still time to sign up for the meeting. We are going to cover a wide range of issues from what's happening at the Department of Interior to the latest on the Sage Grouse Conservation Program. We've also added a timely presentation on the commercial use of unmanned aerial systems (UAS).

Please note there is a change in the speaker line up, though not in the information to be covered in the meeting. Region 8 EPA Administrator Doug Benevento had an unavoidable conflict develop on June 21st. He sends his regrets and looks forward to meeting with TSRA members at a future date. HOWEVER, we're pleased that in his stead we will hear from Patrick Davis, Senior Advisor to the Regional Administrator for Public Engagement. Mr. Davis has been actively engaged in implementing the EPA's Smart Sectors program aimed at identifying practical solutions to various environmental regulatory, permitting and compliance challenges. His presentation will focus on "EPA Back to Basics – Clean Air, Water and Land". Mr. Davis will also take questions from attendees and looks forward to sharing TSRA member input with Administrator Benevento when he returns to Denver.

Our Annual Meeting would not be possible without the help of our many sponsors. We cannot thank you enough for your generous support.

2018 TSRA Meeting Sponsors

Trailblazer Level: BNSF Railway and Sibanye-Stillwater Mining

Champion Level: Browning, Kaleczyc, Berry & Hoven, BP America, Cloud Peak Energy, CRH-Trident, Crowley Fleck, Hecla Montana, IBEW Local 44, KLJ, Northwestern Energy and Weyerhaeuser

Groundbreaker Level (Golf Sponsorship): CRH-Trident, Great Northern Properties and Solvay U.S.A. Additional Golf Prize Sponsor: Melissa Lewis & Associates

Advocate Level: CDM Smith, Energy Laboratories, MDU Resources, Melissa Lewis & Associates, Montana Chamber of Commerce and Solvay U.S.A.

If you have any questions about the meeting, please contact Peggy Trenk at 406-461-9945. A copy of the latest agenda, registration forms and other information can be found at:

treasurestateresources.org

And speaking of the Smart Sectors program...

EPA Holds Roundtable Discussion with Mining and Oil & Gas Stakeholders in Billings

Following the Montana Energy Summit held last May 30-31, 2018 in Billings, EPA Region 8 Administrator Doug Benevento, along with his Senior Advisor for Public Engagement Patrick Davis, held a roundtable discussion with representatives of the mining and oil & gas industries, state regulators, and other interested parties.

The meeting stemmed from EPA's new Smart Sectors program that was highlighted in TSRA's May Newsletter. EPA Administrator Scott Pruitt launched the effort last fall and Region 8 has taken up the charge by working to improve the dialogue and collaboration with key sectors of the economy in states like Montana. Participants in the May 31st meeting included members of TSRA, the Montana Mining Association and the Montana Petroleum Association. **All highlighted the need for the Region to revisit their earlier decision not to authorize a general nutrient variance for the private sector.**

EPA was also very interested in what could be done to give industry more flexibility in cleaning up historic mining operations without incurring long-term liability. Administrator Benevento

also noted the agency was addressing its role in the NEPA process, particularly how to provide comments relevant to the agencies responsibilities without overreaching.

TSRA members attending the upcoming Annual Meeting are encouraged to share their comments or ideas on these topics with Patrick Davis when he joins us in Butte.

Montana DEQ to Propose Increase in Air Quality Fees

Source: Montana Department of Environmental Quality, Executive Summary for Action of Rule Initiation

At the upcoming June 8th Board of Environmental Review meeting, DEQ's Air Quality Bureau will be asking Board members to initiate rulemaking to amend the air quality rules to increase the air quality operation fees for registered oil and gas well facilities and the air quality operation fees, both from the administrative fee and the per ton of emissions fee, for facilities other than portable facilities.

The Department assesses air quality permit applications, registration fees, and annual air quality operation fees that are sufficient to cover the reasonable costs, direct and indirect, of developing and administering the permitting and registration requirements of the Clean Air Act of Montana. The structure and the amount of the fees are to be reviewed annually by the board. The amount of revenue the department needs to generate through the collection of air quality fees depends primarily on the amount of their legislative appropriation, projected expenditures, and projected revenue.

Annual air quality fees are required for all facilities that hold a Montana air quality permit, that have been issued an air quality operating permit, or that are registered oil and gas well facilities. The air quality operation fee for facilities other than portable facilities or registered oil and gas well facilities consists of a flat administrative fee plus a fee based on the actual or estimated tonnage of certain air pollutants emitted by the facility during the previous calendar year. This per-ton fee is assessed for PM-10 (particulate matter with a diameter less than 10 micrometers), sulfur dioxide, lead, oxides of nitrogen, and volatile organic compounds emitted. Portable facilities and oil and gas well facilities are assessed a flat fee only.

The last time the board raised air quality operation fees was in 2009, for that year, the reported emissions were more than 90,000 tons. In 2017, roughly 49,000 tons of pollutants were emitted. With decreased emissions, unstable federal funding, and a decrease in the money received from the state general fund, the department needs to ensure that adequate fee revenue is collected. The proposed fee increase would allow the department's air quality bureau to collect sufficient revenue to support the appropriate implementation of the air quality program.

The increase would be for both the flat fee for oil and gas well facilities, and the administrative fee for facilities other than portable facilities - going from \$800 to \$900. In addition, the operation fee would be set at an amount not to exceed \$45.37 per ton of emissions. If the board initiates rulemaking, it will consider adopting a definite amount when it considers adopting final rule amendments at the October 5, 2018 meeting.

If adopted, these amended fees would be billed in calendar year 2018 to fund the department's activities in fiscal year 2019 and would be based on emissions reported for calendar year 2017.

If the BER votes to initiate rulemaking, a formal notice will be published in the Montana Administrative Register that includes dates for any public hearing[s] as well as deadlines for written comments.

Of note, TSRA and the Montana Petroleum Association hosted two earlier stakeholder meetings in Billings at which DEQ staff provided information about what the Air Quality Bureau has done to reduce operational costs and manage programs as efficiently as possible. Input from attendees was invited by DEQ throughout the discussions in Billings, as well as during Clean Air Act Advisory Committee meetings. All parties recognize that given continued progress in reducing emissions, as well as added responsibilities for the Department for programs that do not assess fees, a longer-term discussion is needed to identify other sources of revenue as well as additional cost savings.

Environmental Quality Council Highlights Uncertainties with Proposed Mining Initiative Language

The Montana Environmental Quality Council met in Helena on May 30-31, 2018. The agenda included a briefing on I-186, the proposed ballot initiative that would impact permitting for hardrock mines.

While the proposed initiative has not yet qualified for the November ballot, some EQC members were interested in learning more about the meaning of some of some of the terminology. The ballot language states that "I-186 requires the Department of Environmental Quality to deny a permit for any new hardrock mines in Montana unless the reclamation plan provides clear and convincing evidence that the mine will not require perpetual treatment of water polluted by acid mine drainage or other contaminants. The terms "perpetual treatment", perpetual leaching" and "contaminants" within I-186 are not fully defined and would require further definition from the Montana Legislature or through Department of Environmental Quality rulemaking."

It is that lack of definition that has many wondering how broadly the language might be interpreted. While the DEQ stated they do not believe it would impact existing mining operations, not everyone is confident that it couldn't be applied to plan amendments or permit changes. Some believe passage of the proposal could spell the end of any future mining operations in Montana. Proponents of the ballot measure declined to comment on their

interpretation of the terminology, citing litigation filed by the Montana Mining Association arguing the measure should not qualify for the ballot due to legal insufficiencies.

MMA's legal challenge references language in the proposed initiative that says it becomes effective "upon approval by the electorate". They point to a state law that says any initiative that requires rulemaking by a state agency cannot become effective before the October following its approval. The matter is currently before the Montana Supreme Court.

TSRA told EQC members the association's Board of Directors had unanimously voted to oppose the proposal due to the uncertainty about its interpretation and the widespread economic implications for the state. How passage would impact those who hold existing mineral rights is also not clear.

If I-186 moves forward, members of the EQC may engage in further discussions aimed at defining the terms referenced in the statute in order to give the state more lead time in drafting any rules or legislation.

Montana Sage Grouse Oversight Team Hits Pause Button

The Montana Sage Grouse Oversight Team (MSGOT) declined to move forward with initiating rulemaking to designate the habitat quantification tool (HQT), adopt the draft HQT Technical Manual, and adopt the draft mitigation policy guidance document at their May 4, 2018 meeting. While MSGOT members, stakeholders and others share a common goal of getting the tools and guidance in place to implement the program, MSGOT requested program staff hold an additional stakeholder meeting to address changes made to earlier versions of the HQT and policy document.

The stakeholder meeting was held May 16, 2018 in Helena. Program staff highlighted what changes had been made to the HQT and policy documents and invited participants to ask questions or offer other ideas. One of the most significant discussions involved how to arrive at the baseline for land conservation that sets the framework for moving credits to market. The draft proposals envisioned using information from the conservation appraisals. A representative from the MT. Association of Land Trusts (MALT) revisited their opposition to that approach, noting that appraisals do not provide information about sage grouse habitat or its quality. As an alternative, MALT suggested researching the NRCS wetland reserve easement program as a better model.

Other concerns were raised about the landscape multipliers that are intended to create an incentive to locate projects within existing disturbance. Multipliers increase depending on project location and for those creating a new surface disturbance they are applied to both direct and indirect impacts. However, some participants argued that those impacts are already accounted for in the habitat quantification tool.

Program staff are currently working on the draft documents to address the input from the stakeholder meeting. Another MSGOT meeting will need to be scheduled to consider initiating the rulemaking process. That will provide another opportunity for public comment.

Key Takeaways from the Montana Energy Summit

The 2018 Montana Energy Summit wrapped up on May 31st but not before numerous speakers and panelists spoke to the importance of the U.S. maintaining – if not increasing its role in providing “energy” for the world. Key points included:

- ✚ While the use of coal is being disparaged by some here at home, world demand is steady and expected to grow.
- ✚ Renewable energy sources are increasing, but fossil fuels are still critical to providing energy security. Electricity generated at Colstrip is an important contributor to the baseload energy we need for large industries and individual households.
- ✚ Technology can and will provide options for reducing carbon emissions if we invest now. Japan may assist the U.S. in employing new technologies for using coal, but even renewables need to be looking ahead in order to improve reliability.
- ✚ The economic effects of plant closures at Colstrip will be felt throughout the state of Montana. The Montana Bureau of Business and Economic Research is updating its earlier study of the impacts and should release results in the near future.
- ✚ Permitting processes need to be examined. They shouldn’t be co-opted for purposes of picking winners and losers in the energy sector.
- ✚ States may have to exercise their rights under the commerce clause to maintain access to markets, and
- ✚ To quote former President Ronald Reagan as he looked to the Rocky Mountain West, “People still believe the future is ours to shape”.

Workers To Be Trained for New Jobs in a Diversified Economy Through Federal Power Grant

Governor Steve Bullock today (May 16, 2018) announced that the State of Montana has awarded nearly \$1 million in federal POWER grant awards to assist the community of Colstrip with workforce planning and worker training, and to ensure the successful transition of the region to a diversified economy.

“We must ensure that Colstrip and other coal-impacted communities remain vibrant and viable areas of our state,” said Governor Bullock. **“This opportunity to help Montanans be successful in a diversified economy will further stabilize and continue to strengthen the region’s economy now and into the future.”**

In response to the decline in coal mining employment and potential long-term impacts in the region, the Montana Department of Labor & Industry (MTDLI) applied for the POWER grant through the U.S. Department of Labor's Dislocated Worker program to provide support for the local Colstrip community to achieve their economic development goals with a skilled and trained workforce.

"These grants are essential to make sure the workforce of coal-impacted communities has the skills and training necessary for Montana to sustain our economic strength," said Labor & Industry Commissioner Galen Hollenbaugh. **"We look forward to working with community partners across the region to achieve their economic development goals."**

Recipients of the first round of POWER grant awards include:

Dawson Community College - \$200,000

MT AFL-CIO - \$292,746

Miles Community College/Chief Dull Knife College (offeror and sub-offeror) – \$494,562

The funding covers workforce training for Colstrip and other communities in Eastern Montana affected by coal-related layoffs, including the Northern Cheyenne, Crow, and Fort Peck Assiniboine & Sioux reservations. The dollars will go directly towards training over 1,100 workers in 23 eastern and southcentral Montana counties for new jobs in a diversified economy.

In August 2017, Governor Bullock announced that the State of Montana had secured \$2 million in funding immediately available through the POWER grant for planning efforts and for workforce training in the area. Additional funding will go towards sub-grants to local and statewide entities to support curriculum development or innovative workforce training consistent with the Colstrip economic development plan.

A total of over \$4.6 million could be made available to the State of Montana through the POWER grant.

MTDLI has expanded capacity in the Registered Apprenticeship program to recruit more businesses to be sponsors in the coal-impacted region, and hired a tribal workforce coordinator to work with dislocated workers on the Northern Cheyenne, Crow, and Fort Peck reservations.

"With some significant impacts on the horizon, it is encouraging to see some productive collaboration going on between the state and federal agencies, labor organizations, higher education and economic development groups in Coal Country," said Jim Atchison, Executive Director of SE MT Development based in Colstrip. **"When these impacts hit southeast Montana, every community in the state will feel the pinch. These grant funds will certainly help ease the pain and keep Montana workers in Montana."**

"This POWER Grant award will help make sure the communities and workers in Montana's coal country are better equipped for changes in the energy sector," said Al Ekblad of the Montana AFL-CIO. **"This funding is an important first step in that direction, so Montanans in**

coal-impacted areas have the job skill training they need to continue putting food on the table and can pay their bills.”

“I’m optimistic that we have some time and possibilities to look forward to,” said Rosebud County Commissioner and Colstrip Community Impact Advisory Group participant Doug Martens. **“We don’t have to do this by ourselves and this grant funding will help. We need to concentrate on the whole region and not only one economic area.”**

Source: Office of the Governor May 16, 2018

Start Planning Now for the 2019 TSRA Legislative Showcase

The date and location for the 2019 TSRA Legislative Showcase has been confirmed. We’ll be holding the event at the Radisson Colonial Hotel in Helena, MT on Tuesday, January 8, 2019.

Participants will be able to sign up as sponsors and/or reserve a booth or table display this Fall. This is one of the best attended events of the session – in 2017 over 120 legislators stopped by to learn more about issues important to TSRA members.

Put that date on your calendar and watch for more details later this year.

Upcoming Events/Dates

June 12-15, 2018	Montana Farm Bureau Federation Summer Conference Fairmont Hot Springs Resort, Anaconda, 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 16-17, 2018	Montana Coal Council Annual Meeting Bighorn Resort, Billings, MT
July 16-17, 2018	Water Policy Interim Committee State Capitol, Helena, MT
July 19-20, 2018	Energy and Telecommunications Committee State Capitol, Helena, MT

July 25-26, 2018	Environmental Quality Council State Capitol, Helena, MT
August 28-29, 2018	Montana Petroleum Association Annual Meeting Billings, MT
September 6-7, 2018	Montana Wood Products Association Hilton Garden Inn, Missoula, 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 7-10, 2018	MT Farm Bureau Federation Convention Double Tree and Northern Hotels, Billings, MT
November 19, 2018	Revenue and Transportation Interim Committee State Capitol, Helena, MT
December 11-13, 2018	Montana Stockgrowers Association Convention Double Tree and Northern Hotels, Billings, 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.