

July 14, 2022

Mark Thompson
Vice-President of Environmental Affairs,
Montana Resources, LLC
600 Shields Ave.
Butte, Montana 59701

Sent via email to: mthompson@montanaresources.com

RE: Decision Notice- Approval of Application to Amend Operating Permit No. 00030 (Minor Amendment 011) – Montana Resources, LLC

Dear Mr. Thompson,

On June 14, 2022, Montana Resources, LLC (MR) submitted an application to the Montana Department of Environmental Quality (DEQ) to amend Operating Permit No. 00030 (Minor Amendment 011). MR operates the Continental Mine, which is an open pit copper-molybdenum mine in Butte-Silver Bow County. The land covered by Hard Rock Mine Operating Permit No. 00030 includes portions of: Section 1, T3N R8W, Section 6, T3N R7W, Section 36, T4N R8W, Section 31, T4N R7W, Section 30, T4N R7W, Section 29, T4N R7W, and Section 32, T4N R7W. The minor amendment would allow the construction of a rock disposal site (RDS) within the Horseshoe Bend (HSB) area, at the southern toe of the Yankee Doodle Tailings Impoundment (YDTI). The feature would include a foundation drainage layer and engineered rock drains to capture and convey seepage flows from underneath the RDS, eventually reaching the management and treatment systems required under the Superfund remedy. Reclamation of the RDS would involve grading the surface to a stable slope, covering with soil, and reseeding.

For a minor amendment, DEQ shall not implement the application, notice, and hearing requirements for new permits or major amendments, pursuant to Sections 82-4-337 and 82-4-353, Montana Code Annotated (MCA). DEQ shall provide the permittee with a notice of decision on the adequacy of the minor amendment application within 30 days of receipt of the application (Administrative Rules of Montana (ARM) 17.24.119(4)). An amendment approval issued by DEQ would authorize MR to complete the proposed activities for the Stage 1 HSB RDS.

DEQ published the Final Environmental Assessment (EA) on July 14, 2022, which documented DEQ's analysis of the possible environmental impacts of the Proposed Action. DEQ identified the Proposed Action as the preferred alternative. The decisions contained in this decision document are based on the analysis documented in the Final EA.

DEQ's Decisions

DEQ has applied the significance criteria, according to ARM 17.4.608, to determine the significance of potential impacts on the human environment. After applying those criteria, DEQ has determined that preparation of an EA is the appropriate level of review under the Montana Environmental Policy Act (MEPA). A summary of DEQ's review of the significance criteria is included in the Final EA.

DEQ has decided to approve MR's application for Minor Amendment 011, selecting the Proposed Action as described in Final EA. As described in the permit modification application, "MR's Consolidated Operations and Reclamation Plans were preliminarily submitted to DEQ on December 10, 2021, and will be formally submitted to DEQ as a permit revision later in 2022. Revised pages and exhibits in both plans that are specific to this permit modification are listed in Attachment 5." In order to establish a timeframe for the submittal of the Consolidated Operations and Reclamation Plans, DEQ is also including the following stipulation for approval of this permit modification. In accordance with Section 82-4-337(2)(b), MCA, DEQ consulted with MR about this stipulation and MR confirmed agreement to the terms of the stipulation on July 8, 2022.

Stipulation MA-11-001: No later than 180 days following the approval of this permit modification (January 10, 2023), Montana Resources, LLC (MR) shall submit an updated version of the Consolidated Operations and Reclamation Plans as a revision to Hard Rock Mine Operation Permit No. 00030. The updated Plans must incorporate the additional details, replacement pages, figures and/or exhibits that are specific to the HSB RDS permit modification and address the preliminary review comments provided by DEQ on January 10, 2022.

Pending an adjustment of the obligated bond amount held by DEQ, the approved amendment allows MR to proceed with the activities associated with the construction and eventual reclamation of the HSB RDS. Before commencing activity authorized by this permit, the permittee must be in compliance with Title 75, Chapter 2, MCA as amended, Title 75, Chapter 5, MCA, as amended, Title 75, Chapter 6, MCA, as amended, and administrative rules adopted pursuant to these laws. Based on the application information submitted by MR, DEQ has determined MR to be in compliance with these statutory provisions.

Pursuant to Sections 82-4-337(1)(h)(i) and 82-4-338, MCA, MR is required to file with DEQ a reclamation bond in a form and amount determined by DEQ. DEQ has calculated the bond in accordance with Section 82-4-338, MCA, and is required to provide MR with the bond determination (Section 82-4-337(2)(c), MCA). The bond assumptions include:

- The HSB area contains water management infrastructure related to YDTI seepage collection and mine rock leach operations and miscellaneous mine buildings, including the Copper Precipitation Plant, truck maintenance workshop, and truck wash facilities. The Copper Precipitation Plant is a pre-1971 processing facility that is exempt from the MMRA and reclamation bonding requirements (Attorney General Opinion, 1977). This feature has been depicted as an "exclusion area" footprint of 73 acres within the permit boundary.

- The proposed modification would require demolition of the Copper Precipitation Plant, thus eliminating the pre-1971 processing facility that retained the exempt status. The exemption from permitting and bonding requirements would no longer apply to the area, as the remaining buildings and infrastructure are not processing facilities.
- The HSB area and adjacent features were disturbed prior to 1974. The bonding level for pre-1974 disturbance is established at \$500/acre for much of the permit area for Hard Rock Mine Operating Permit No. 00030, particularly for the areas surrounding HSB.

The obligated bond required for this permit modification is \$36,500 (73 acres x \$500/acre), consistent with the bonding level for permitted areas surrounding the HSB area. DEQ will provide MR with copies of the necessary forms to increase the reclamation bond.

Appeal of DEQ's Decisions

Legal actions seeking review of DEQ's approval of MR's application for a minor amendment must be filed within 90 days from the date of this decision document under Section 82-4-349(1), MCA. Any action or proceeding alleging a failure by DEQ to comply with MEPA, or inadequate compliance with a MEPA requirement, must be brought within 60 days after issuance of this decision document pursuant to Section 75-1-201(5)(a)(ii), MCA.

Sincerely,



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