

SENATE BILL NO. 329

INTRODUCED BY T. RICHMOND

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4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING THE LAND BOARD TO EXTEND A COAL LEASE FOR
5 UP TO 10 YEARS IF THE EXTENSION IS IN THE BEST INTEREST OF THE STATE; REQUIRING A RENEWAL
6 PROCESSING FEE; AMENDING SECTION 77-3-314, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
7 DATE AND AN APPLICABILITY DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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11 **Section 1.** Section 77-3-314, MCA, is amended to read:
12 **"77-3-314. Duration of lease -- EXTENSION.** (1) (a) Except as provided in subsection (1)(b), coal mining
13 leases must be issued for a primary term of 10 years and for as long thereafter as coal is produced from lands
14 in commercial quantities.
15 (b) (i) If a lease under this part or a corresponding permit issued pursuant to Title 82, chapter 4, parts
16 1 and 2, is challenged before an administrative agency or in court, the primary term of the lease must be extended
17 for the period of time that the lease or permit was subject to challenge.
18 ~~(2)(ii)~~ (ii) A lease not producing coal in commercial quantities at the end of the primary term must be
19 terminated, unless:
20 (A) the leased lands are covered and described in a valid strip mine permit issued under 82-4-221 or in
21 a valid mine-site location permit under 82-4-122 prior to the end of the primary term, and the lease may not be
22 terminated so long as the lands are covered and described under valid permit; or
23 (B) the board finds that an extension is in the best interest of the state.
24 ~~———— (iii) Extensions issued under subsection (1)(b)(ii)(B) may not exceed 10 years and must include a \$2,500~~
25 ~~renewal fee.~~
26 (2) (A) AN EXTENSION ISSUED UNDER SUBSECTION (1)(B)(II)(B):
27 (I) MAY NOT EXCEED 10 YEARS;
28 (II) MUST BE ACCOMPANIED BY A \$2,500 PROCESSING FEE; AND
29 (III) MUST INCLUDE BONUS, RENTAL, AND ROYALTY AMOUNTS OR TERMS AS DETERMINED BY THE BOARD.
30 (B) THE BOARD MAY NOT ISSUE MORE THAN ONE EXTENSION TO A LEASE.

1 ~~(3)(2)(3)~~ For the purpose of this part:

2 (a) "commercial quantities" means that quantity of coal that can be sold at profit in the commercial
3 market;

4 (b) "covered and described" under a valid permit ~~or "described" in a strip mine or mine-site location~~
5 ~~permit~~ means that the leased lands or a portion of the leased lands within or outside of the boundaries of the
6 permit area are expected to be affected or disturbed at some point during the life of the permittee's strip-mining
7 or underground-mining operation and are identified in the permittee's permit application."

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9 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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11 NEW SECTION. **Section 3. Applicability.** [This act] applies to leases that are active on [the effective
12 date of this act] and leases issued on or after [the effective date of this act].

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