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Zortman, Landusky expected to pay \$37 million in mine suit

by MARK DOWNEY
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and The Associated Press

A \$37 million settlement to end a legal battle over alleged pollution from mining is expected to be filed in U.S. District Court in Billings today.

Under the settlement, the money from Pegasus Gold Corp. and its subsidiary, Zortman Mining Inc., would be used to upgrade and expand water-treatment facilities at the Zortman and Landusky gold mines.

The settlement is "good news" and Carol Klenenberger, a Phillips County Commissioner where the mines are located in northcentral Montana.

The lawsuit settlement could clear the way for a decision on a proposed expansion of Pegasus' Zortman mine in south Phillips County, she said.

"If it means that the record of decision from the BLM and other parties can come out and the mine can

go ahead and rehire employees again, it's great news."

Up to 150 people could be rehired — primarily from Malta (approx. pop. 2,300) — at the mine if the Zortman expansion is approved, said Klenenberger, who ranches north of the community of Dodson.

The indications have been that the hiring will take place so long as the expansion is approved, she said.

"But with the amount of the settlement, you never know."

No Pegasus company officials could be reached Sunday to comment on whether the size of the settlement would impact the mine's future, particularly for hiring.

Zortman Mining Inc. is one of the largest employers in this largely rural county and pays 20 percent of the county's tax revenue, said Klenenberger.

Nelmer Delmar Bigby, natural resource director for the tribes at Fort Belknap Reservation, nor any other mine opponent could be reached for comment on the lawsuit settlement.



The Zortman and Landusky mines are heap-leach gold mines about three miles apart in the Little Rocky Mountains, adjacent to the Fort Belknap Reservation.

Terms of the settlement and plans for its filing were confirmed Sunday

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by Jack McGraw of Denver, acting regional administrator for the Environmental Protection Agency.

The settlement would conclude two lawsuits, filed during the past three years, that claim Pegasus and Zortman violated state and federal water laws. Plaintiffs include state and federal governments, and the Fort Belknap Community Council.

The suits allege the mining operations illegally discharged metal-laden waste into the Missouri and Milk rivers. In the past, the companies have defended their mining practices and rejected the suits' claims.

Under the settlement, Pegasus and Zortman are to spend at least \$32.2 million to construct a water-treatment plant, install water-capture sys-

tems and place limits on water discharged from the mines.

The companies also face a \$2 million civil penalty, to be divided between the state and federal governments, for the discharge of mine wastewater. Government officials say the companies lacked the appropriate permits to release the waste. Tribes are to receive another \$1 million to settle their claims against the companies.

In addition, the companies are to carry out \$1.8 million worth of environmental safety projects, including a study of groundwater quality on the Fort Belknap Reservation.

Calls seeking comment from mining officials Sunday at their homes were not answered.

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