

Center for Science in Public Participation

224 North Church Avenue
Bozeman, Montana 59715-3706

Phone: 406-585-9854 Fax: 406-582-8675
e-mail: CenterForSci@Montana.Campus.MCI.Net

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MONTANA

Since the last newsletter two significant events have transpired at the Zortman-Landusky Mine, located near the Fort Belknap Reservation in north central Montana.

Pegasus Gold, the parent company of Zortman Mining Inc., has become the first major gold company to declare bankruptcy since the precipitous drop in gold prices began last year. CSP² has analyzed the bonds for the mine's reclamation and water treatment, and although the bonds are considerably larger than those at most Montana mines, there is still concern that the funds would be inadequate if the State had to assume management responsibilities for the reclamation. It appears the cost-basis of the bonds assumed that Pegasus would conduct the reclamation activities itself, using on-site personnel and equipment.

The bankruptcy has also stopped work that Pegasus was performing for the Fort Belknap Tribes on a survey to analyze groundwater flow in the mine area; a health study to determine if contamination from the mine has affected the health of residents of the reservation downstream from the mine; and, a project to provide reservation residents in the mountains with improved drinking water.

The second major announcement from Pegasus was that they have decided not proceed with the expansion project for the mines, which was hotly contested by the Fort Belknap tribal government.

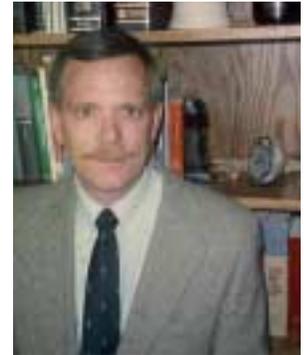
The expansion plan was a casualty of declining gold prices and the Pegasus bankruptcy.

The Zortman and Landusky mines will now be reclaimed, although even this is problematic due to existing acid mine drainage. The reclamation could be further complicated if Pegasus is forced to go from Chapter 11 to Chapter 7 bankruptcy in the future.

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From the Executive Director

Thanks to your support, the **Center for Science in Public Participation** is growing. This support has come from several foundations who have been generous enough to make major grants to the Center. Support has also come from a number of private donors who have made individual contributions – each of which makes a difference. And, support has come from our increasing list of clients, most of whom have contributed financial support for the services the Center has provided.



Dave Chambers is the Executive Director of CSP²

The Center is also growing in terms of its ability to provide more assistance, to more clients, in a greater range of technical areas. We have taken the first step in this direction by contracting for the services of Jim Kuipers, a mining engineer, who has extensive experience in the industry, and more recently has worked as a private consultant to environmental groups. Jim's skills compliment my experience to give the Center an increased capability to analyze mine plans and water treatment proposals.

Finally, the Center is also expanding its board of directors. Glenn Miller, a professor of geochemistry at the University of Nevada at Reno, has agreed to join the board. Glenn lends us his considerable experience with the geochemistry of mine discharges and pit lakes, and in his long involvement with the environmental problems with mining in the state of Nevada. Welcome Glenn.

Sincerely;

CALIFORNIA

James R. Kuipers, a mining engineer based in Butte, Montana, has agreed to work with the Center for Science in Public Participation.

Jim has already contributed to the Center’s capabilities by bringing his skills in project cost estimation to bear by analyzing the financial impacts



Jim Kuipers

of backfilling a series of open pits proposed for the Imperial Project, a proposed open pit, heap leach gold mine in the Chocolate Mountains, Imperial County, in the California Desert Conservation

Area. This mine would be located adjacent to the Indian Pass and Picacho Peak Wilderness Areas.

Because of the sensitive nature of the mine’s location, several environmental groups would like the Bureau of Land Management, the public land manager, to require that the pits be backfilled in order to lessen the long term visual impact to the area.

Jim did an economic analysis and estimated the financial impact of backfilling on the project.

Jim has also assisted with a review of the solid waste permit application, to the state of Alaska, for the Kensington Mine.

Jim is a graduate of the Montana College of Mineral Science and Technology in Butte, and worked in the mining industry for 15 years in mineral and environmental process research and development, engineering design, cost estimation, and on project feasibility evaluations.

Jim also has a background in contaminated site cleanup (e.g. the Anaconda/ARCO Butte superfund site), and will be representing CSP² as a technical analyst to the Clark Fork Technical Assistance Committee. This committee is funded with an Superfund Technical Assistance Grant to provide public comment and oversight of the cleanup of mining contamination on the Clark Fork River.

Jim will be reviewing the technical reports issued by ARCO contractors and the EPA, and then assist

the committee members, and the general public, to understand the implications of these reports.

This is a new area of work for the Center, but clearly fits the Center’s goal of providing technical assistance to public interest groups on mining issues.

Jim is working half time with the Center, and will devote the remaining time to his private consulting.

This is probably a model that the Center will use in the future in acquiring and utilizing the talents that are needed in order to provide the highly specialized skills and experience needed to analyze mining related issues.

People with this level of skill and experience are almost always well established professionals, and most often have other interests and commitments that will prevent them from working full time with the Center. This type of relationship allows the Center to obtain the skills and the definite commitment of time that it needs, while allowing the individual the freedom they need to pursue their outside interests.

BRITISH COLUMBIA

Dave Chambers has been working with the Environmental Mining Council of British Columbia on behalf of local citizens of Chetwynd, a town in the Peace River District of northeastern British Columbia, to provide technical comments on the Willow Creek Coal Project.

Pine Valley Coal Ltd., the project proponent, has long standing coal leases in this area. The project is grandfathered under the older, less comprehensive, British Columbia environmental review procedures.

There are potential problems with the siting of the settling ponds for the mine, which are now to be located in the 100 year floodplain of the river. The Center is assisting with comments to the BC Environmental Assessment Office to insure that the settling pond, water treatment, and other issues are not overlooked in the permitting process.

Jim Kuipers is providing comments for the Canadian Earthcare Society on design and permitting issues with a water treatment plant for the Brenda Mine, a lead-zinc operation that is being reclaimed near Peachland, B.C.

Jim is also working on comments for a group in Hedley, British Columbia, on a proposal to convert a reclaimed heap leach pad into a low level contaminated waste storage facility.

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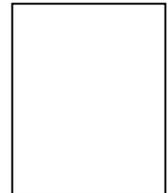
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- Become a Donor to the **CENTER for SCIENCE in PUBLIC PARTICIPATION**.
- You can help us in our work to provide local public interest organizations with technical analysis and policy support. CSP² is the only organization focusing on providing technical support to local groups on local issues. Our focus is on natural resource issues, water quality and mining in particular.
- We realize that there are a lot of good causes, and that everyone is asking for your support.
- A donation of \$25, or more, would help our efforts in furthering rational debate on natural resource issues.

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