



December 1, 2006

RE: Approval of Plum Creek Operating Permit 00167

Dear Reader:

The Montana Department of Environmental Quality (DEQ) has approved Operating Permit 00167 for Plum Creek Timberlands, Inc. (Plum Creek). Plum Creek applied for an operating permit on January 24, 2003 from the Montana Department of Environmental Quality (DEQ). The operating permit application has been modified several times since 2003 to address agency concerns and to add as many sites as possible so DEQ could analyze the potential maximum number of acres of disturbance over the life of the permit.

A Draft EIS was released on April 20, 2006 evaluating the potential impacts from 94 rock products operations in Missoula, Lake, Sanders, Flathead, and Lincoln counties. The Draft EIS addressed issues and concerns raised during public involvement and from agency scoping. DEQ received several letters, emails, and a phone call with comments on the Draft EIS. DEQ's responses to those comments were included in the Final EIS issued on October 24, 2006.

DEQ inspected some sites in response to public comments on the Draft EIS and talked to some local landowners and neighbors. No new modifications to the permit were made as a result of the discussions with the citizens. DEQ has decided to adopt the Draft EIS as the Final EIS and approve the operating permit with two modifications.

DEQ prepared a Record of Decision on the Operating Permit (See Attachment 1). Plum Creek has been approved to disturb 93 rock product sites on its 1,300,000 acres of private property in Montana. The Operating Permit area approved was 14,088 acres of which 3,545 acres can be disturbed over the 20-year life of the permit. Plum Creek has committed to keep the total unreclaimed disturbance at any one time during the life of the permit to less than 800 acres.

Reclamation bond was set at \$185,278.74. The reclamation bond has been received and accepted by DEQ.

If you have any questions on the permit operating conditions or record of decision, please call Herb Rolfes at 406-444-3841 or email at hrolfes@mt.gov.

Sincerely,

**Warren D. McCullough
Chief
Environmental Management Bureau
Department of Environmental Quality
P.O. Box 200901
Helena, MT 59620-0901**

File 00167 and .10

Attachment: Record of Decision

**PLUM CREEK TIMBERLANDS, INC.
RECORD OF DECISION
AND
APPROVAL OF OPERATING PERMIT 00167**

DESCRIPTION OF THE PROPOSED PLAN

Plum Creek Timberlands, Inc. (Plum Creek) of Kalispell, MT applied for an Operating Permit to quarry and collect rock products on multiple sites on January 24, 2003. Plum Creek proposed to include 94 present and future rock product sites on its 1,300,000 acres in western Montana under one individual Operating Permit as allowed under the Metal Mine Reclamation Act (MMRA) 82-4-335(2). Plum Creek will be the Operating Permit holder for the multiple rock product operations on its lands for ease of administration by DEQ. Plum Creek will be liable for the reclamation work for the many operators removing rock from its timberlands, and will post the bond to cover the reclamation costs of each operation. Plum Creek will also bond the individual operators to do the reclamation work as part of the Plum Creek/operator contractual obligations to ensure reclamation after completion of the quarrying activities.

Currently, 71 of the 94 sites comply with the Montana Department of Environmental Quality (DEQ)-Environmental Management Bureau's (EMB) General Quarry Permit provisions and are permittable under the General Quarry Permit Supplemental Programmatic Environmental Assessment (EA) completed in March 2004. The April 20, 2006 Draft Environmental Impact Statement (EIS) disclosed DEQ's intent to permit these 71 sites under the General Quarry Permit provisions.

The remaining 23 rock product operations proposed on Plum Creek lands comply with all of the requirements for the General Quarry Permit except the 23 sites would exceed the maximum five-acre disturbed and unreclaimed at any one time acreage limit (the acreage restriction) sometime during the life of the operation. The Draft EIS evaluated the potential impacts from the 23 sites that will exceed the acreage restriction. Although the 23 sites may exceed the acreage restriction, there would be no impacts other than size of the disturbance area over the impacts analyzed in the 2004 Programmatic EA.

Plum Creek proposed that this rock product Operating Permit last 20 years. During the life of the permit, Plum Creek predicts that the sites contracted will total a maximum of 15,000 permitted acres. Within these 15,000 permitted acres, Plum Creek anticipates a maximum of 3,600 acres will be actually disturbed by rock product operations over the life of the permit. With aggressive concurrent reclamation, the maximum unreclaimed disturbance at any one time will be less than 800 acres. Most unreclaimed

disturbances within 71 of the individual rock product sites would be held to five acres or less using concurrent reclamation as required by the General Quarry Permit. The rest of the disturbed acres on all sites would be reclaimed as rock product operations cease in those areas.

Plum Creek will inspect each site annually to ensure that it continues to comply with the General Quarry Permit requirements. Exhibit 1, Table 1, the Individual Site Maps, the Site Baseline Description pages and the bond for each site will be updated annually in the annual report to DEQ to keep the permit current. DEQ will also inspect the sites.

SUMMARY OF THE ANALYSIS PROCESS

The Draft EIS addressed issues and concerns raised during public involvement and from agency scoping. DEQ responded to Draft EIS public comments in the Final EIS. DEQ has decided to approve the Applicant's Proposed Plan with Agency Modifications as analyzed in the Draft EIS with one additional modification.

As mentioned in the Draft EIS, Plum Creek committed to many requests by DEQ during the lengthy Operating Permit review process. Only one modification to the Applicant's Proposed Plan was identified in the Draft EIS to decrease potential impacts to water quality in the future. The following modification will be applied to the Operating Permit as Stipulation 00167-001:

Modification 1: Some sites may use blasting in the traditional hard rock mining sense to create crushed landscape rock products or aggregates for road and home building needs. In these cases, the potential for impacts from blasting to water quality would be increased. DEQ would review the location of rock product sites that propose the use of traditional blasting techniques. If the sites are near surface water, wetlands or private residences with water wells, Plum Creek would have to monitor the local homeowner's well for nitrates, install shallow water monitoring wells and sample the wells periodically for nitrates.

If nitrates were observed in any monitoring wells above baseline levels, DEQ and Plum Creek would review blasting operations and propose a solution to the problem. Blasting would cease on the site immediately. Plum Creek would have to apply for an individual permit on the site and a groundwater quality protection plan would have to be reviewed and approved before blasting could resume at the site.

MAGNITUDE AND SIGNIFICANCE OF POTENTIAL IMPACTS

Various impacts were disclosed in the Draft EIS. The major impacts are summarized here. Plum Creek owns 1,300,000 acres in Montana. Up to 3,600 acres of rocky areas in the mountains and foothills in a five county area in northwestern Montana would be disturbed by quarrying, road development, and staging areas over the 20-year permit life. Impacts to rock outcrops and talus slopes, soils, vegetation and wildlife habitat as well as impacts to the human environment from dust and noise and to the aesthetics of the area from allowing rock product operations are unavoidable. Reclamation would limit the visual impacts to acceptable levels as required by MMRA, but the sites would look disturbed for a long time. Socio-economic benefits from full, part-time, and seasonal jobs created by the proposed operations would result. Plum Creek commits to keep the total area disturbed and unreclaimed at any one time to less than 800 acres.

CUMULATIVE EFFECTS

The rock products industry is the largest mining related growth industry in Montana next to sand and gravel operations. Other rock quarrying operations on surrounding US Forest Service, State of Montana and private lands would add to the cumulative impacts of this Operating Permit. Currently, there are 56 operating rock-collecting sites in the five county area affected by this Operating Permit.

The only other proposed Operating Permit that could cumulatively affect Plum Creek's proposed quarries is Montana Rockworks, LLP of Kalispell, MT with two proposed sites in Flathead County. The rock product Operating Permit request is for a 180-acre permit area for two sites near McGregor Lake. The notice of application has been published and DEQ is working on a Draft EA.

In addition, other permit applications are being prepared for rock product operations on private inholdings on the Flathead Indian Reservation.

US Forest Service and other private timber sales on adjacent lands could add to cumulative impacts in the drainages from sediment production, traffic, dust, and loss of native rock, soil and vegetation and increased visual impacts. Continued development of private property for subdivisions on Plum Creek as well as other private land would also add to the cumulative impacts to area resources from these quarries.

RESPONSE TO COMMENTS ON THE DRAFT EIS

DEQ received several letters, emails, and a phone call with comments on the Draft EIS. DEQ responded to those comments in the Final EIS released on October 24, 2006. DEQ inspected some sites in response to public

comments and talked to some local landowners and neighbors near the Little Loon Lake sites. No new modifications to the permit are required as a result of the discussions with the citizens. Some of the citizens requested that they receive a copy of the Draft EIS and be allowed to comment on the EIS. DEQ did copy some of the local landowners, published a legal notice, and issued a press release in the local newspapers. DEQ decided not to reopen the comment period on the Draft EIS and will adopt the Draft EIS as the Final EIS and approve Operating Permit 00167 with one additional modification. The modification listed below will be attached to Operating Permit approval as Stipulation 00167-002:

Modification 2: The property that includes the Porter Creek Site #17, in the west ½ of the northeast ¼ of Section 21, Township 27 North, Range 23 West in Flathead County, has been sold by Plum Creek. DEQ inspected the site on July 10, 2006. The site is properly reclaimed with the talus brought back to contour and with vegetation reestablished. The operator is released from liability under the MMRA. This site has been removed from consideration under the Operating Permit. As a result, only 93 sites are approved at this time under the Operating Permit.

As a result, the total permit area approved totals 14,088.29 acres and permitted disturbance totals 3,545 acres.

A reclamation bond has been prepared by DEQ and posted by Plum Creek.

ALTERNATIVES CONSIDERED

NO ACTION, DENY THE APPLICANT'S PROPOSED PLAN

The agencies analyzed Plum Creek's proposed operating and reclamation plans. If the Applicant's Proposed Plan were denied, then many individual operators would operate under a SMES with minimal regulatory control and without a reclamation bond held by DEQ. Operations that could not stay within the limits imposed by a SMES could operate under the General Quarry Permit and would be bonded by DEQ. Operators that could not stay within the General Quarry Permit limits would have to apply for individual operating permits. Plum Creek would still obtain a performance bond on all operators on their lands regardless of what operating scenario developed.

DEQ believes this mix of operations would lead to inconsistent and inefficient regulation of the large number of rock product sites proposed on Plum Creek lands over the next 20 years and potentially increase impacts. DEQ has concluded that all sites proposed meet the General Quarry Permit

requirements except that the amount of land disturbed on 23 sites cannot be meet the acreage restriction.

Plum Creek has a right to develop its natural resources. DEQ cannot prevent Plum Creek from developing its private land resources under SMESs as long as the company complies with air and water quality laws.

APPROVE THE APPLICANT'S PROPOSED PLAN

The agencies analyzed Plum Creek's Proposed Plan in the Draft EIS. If the Applicant's Proposed Plan were approved, then all individual operators would remove rock products under an Operating Permit held by Plum Creek with regulatory control and reclamation bond held by DEQ. Plum Creek would still obtain a performance bond on all operators on its lands. DEQ believes the Applicant's Proposed Plan would result in consistent and efficient regulation of the large number of rock product sites proposed on Plum Creek lands over the next 20 years and would reduce impacts over the No-Action Alternative. DEQ has concluded that all sites proposed meet the General Quarry Permit requirements except that the amount of land disturbed on 23 sites cannot meet the acreage restriction.

APPROVE THE APPLICANTS'S PROPOSED PLAN WITH AGENCY MODIFICATIONS

One modification to the Applicant's Proposed Plan has been identified to lessen potential impacts to water quality in the future. One other modification would reduce the number of approved sites to 93 rather than 94. Two stipulations are attached to Operating Permit approval to address these modifications. This is the environmentally preferred alternative.

SHORT AND LONG-TERM EFFECTS OF THE DECISION

The short term effects of the decision would be to allow the sites already operating under SMESs to be bonded and covered under the Operating Permit with a reclamation bond held by the state. Plum Creek would be liable if it did not follow approved operating and reclamation plans.

Plum Creek will give a yearly update to DEQ on the status of the sites in an annual report. The reports would help DEQ track progress at the sites. Annual report requirements under a SMES are minimal.

The long term effects would be a coordinated effort by DEQ and Plum Creek to ensure operators are meeting the permit limits of only having 800 acres disturbed and unreclaimed at any one time. The decision would result in administrative and environmental advantages.

POLICY CONSIDERATIONS THAT WERE BALANCED AND CONSIDERED IN MAKING THE DECISION

DEQ considered the implications of approving the sites under SMESs. DEQ approached Plum Creek and asked that Plum Creek propose all sites under one Operating Permit for ease of administration as well as reducing potential environmental impacts.

ALL PRACTICABLE MEANS TO AVOID OR MINIMIZE ENVIRONMENTAL HARM WERE ADOPTED

Under a traditional Operating Permit, Plum Creek did not have to commit to following the General Quarry Permit requirements. A General Quarry Permit may be used to permit a quarry or rock product site without an environmental analysis if the following conditions are met:

- Total unreclaimed disturbed ground may not exceed the acreage restriction. Total disturbance during the life of an individual operation may exceed five acres, but concurrent reclamation would be required to keep the disturbance at any one time to five acres or less. If the total unreclaimed disturbed ground at any one time exceeds five acres, a supplemental EA would be needed.**
- There would be no impact to any wetland, surface water or ground water.**
- There would be no water impounding structures constructed other than for storm water control.**
- There would be no potential to produce any acid or other pollutive drainage from the site.**
- There would be no impact to threatened or endangered (T&E) plant and animal species.**
- There would be no impact to significant historic or archaeological features.**
- Sites may occur on federal, private, or state lands.**

If sites do not meet the above listed criteria, an Operating Permit under the MMRA must be requested and analyzed under MEPA. Plum Creek agreed to all the above requirements except that 23 of the sites could not comply with the acreage restriction. There are many potential rock product sites on the 1,300,000 acres of Plum Creek land that could be proposed for inclusion in the Operating Permit that would not meet requirements for General Quarry Permits listed above. Plum Creek chose not to include those sites.

PERMIT HISTORY AND PREVIOUS ENVIRONMENTAL DOCUMENTS

<u>Permit /Amendment/ Minor Revision</u>	<u>Date</u>	<u>Action</u>
Operating Permit 00167	<i>date of signature below</i>	Approved

Following is a summary of approved Operating Permit conditions:

Number of Sites	93
Permit Area:	14088.29 acres
Permitted Disturbance:	3545.00 acres
Bonded Acres:	299.90 acres
Total Bond:	\$250,000.00
Obligated bond:	\$185,278.74
Unobligated balance:	\$ 64,721.26

STIPULATIONS

Stipulation 00167-001: Plum Creek must contact DEQ when operators propose the use of traditional blasting to produce crushed rock products. DEQ will inspect rock product sites that propose the use of traditional blasting techniques. If the sites are near surface water, wetlands or private residences with water wells, Plum Creek must monitor the local homeowners' well(s) for nitrates, install shallow water monitoring wells and sample the wells for nitrates at a frequency approved by DEQ.

If nitrates are found in any monitoring wells above baseline levels, DEQ and Plum Creek will review blasting operations and propose a solution to the problem. Blasting will cease on the site immediately. Plum Creek must apply for an individual permit for the site and a groundwater quality protection plan will be reviewed and approved before blasting could resume at the site.

Stipulation 00167-002: The Porter Creek Site #17 has been dropped from consideration under the Operating Permit. Only 93 sites are approved under the Operating Permit at this time.

PUBLIC RECORD OF DECISION

Limited potential environmental impacts were disclosed in the Draft EIS. Comments received on the Draft EIS were addressed in the Final EIS. DEQ has determined that the Applicant's Proposed Plan with Agency Modifications described in the Draft EIS will not have any significant impacts on the human environment.

Plum Creek believes that the Operating Permit has identified most of the possible sites that could be operated on its lands. Additional sites could be added over time as permit amendments or minor revisions, if the sites complied with the General Quarry Permit acreage restriction. If new proposed sites exceed the General Quarry Permit acreage restriction, DEQ would have to complete a supplemental environmental analysis to comply with the Montana Environmental Policy Act. If the number of permitted sites, permit area acreage, or the permitted disturbance acreage eventually exceed approved Operating Permit limits listed above, then Plum Creek would have to apply for amendments and revisions to the Operating Permit.

All sites proposed to be added over the life of the permit would be reviewed for the required baseline information to ensure the sites comply with the General Quarry Permit requirements. For operations that do not comply with General Quarry Permit requirements, Plum Creek would have to apply for individual operating permits or the individual operators could apply for SMESs.

New sites would be inspected by DEQ and would be bonded before being added to the Operating Permit. A notice of bond release for sites that are reclaimed over the life of the permit and ready for bond release would be published pursuant to MMRA requirements. The Operating Permit reclamation bond would be reviewed every five years as part of the MMRA-required five-year bond review process.

Operationally, Plum Creek would contact DEQ when a new operation is proposed for inclusion in the permit. DEQ would inspect the site, complete a site inspection and checklist environmental assessment form and ensure that the site meets the requirements of Plum Creek's Operating Permit. In each annual report, Plum Creek would provide updated exhibits for the Operating Permit showing how many sites are active, acres that have been disturbed, and acres that have been reclaimed. The annual report would show which sites were added to the permit over the past year as revisions or amendments. The annual report would show which old sites have been reclaimed and are ready to be removed from the permit. Bond release requests would be published for disturbed acres that have been reclaimed per MMRA requirements. Bond amounts would be reviewed for each site annually.

Richard Oppen, Director
Department of Environmental Quality

Date