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MONTANA SEVENTEENTH JUDICIAL DISTRICT COURT PHILLIPS COUNTY

FORT BELKNAP INDIAN COMMUNITY, EARTHWORKS, and MONTANA ENVIRONMENTAL INFORMATION CENTER

Plaintiffs,

v.

MONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY, and BLUE ARC, LLC.

Defendants.

Case No.

COMPLAINT

INTRODUCTION

- 1. This case challenges state approval for a plan by Blue Arc, LLC ("Blue Arc") to explore for gold at the former Zortman mine site ("Zortman") in the Little Rocky Mountains, adjacent to the Fort Belknap Indian Reservation ("the Reservation"), which is the home of the Gros Ventre and Assiniboine Tribes (collectively, "the Tribes" or "Fort Belknap Tribes"). Blue Arc's project seeks to explore for a new gold mining project in an area ravaged by the impacts of previous gold-mining efforts, including the contamination of surface and ground waters by acid mine drainage and other toxic pollutants. Even with ongoing water treatment, that contamination has already spread to, and continues to creep deeper onto, the Reservation, including near key cultural sites and the Fort Belknap Tribes' powwow grounds.
- 2. During its consideration of Blue Arc's license application, the Montana

 Department of Environmental Quality ("DEQ") ignored its statutory mandate to consult with the

 Tribes regarding the proposed exploration project. See Mont. Code Ann. § 2-15-142.

 Notwithstanding DEQ's failure to consult with the Tribes, several tribal members, including the

 President of the Fort Belknap Indian Community ("FBIC") tribal government, among other

 concerned members of the public, have objected to the project on grounds that it would threaten

 to further contaminate water sources and jeopardize the ongoing clean-up efforts from former

 mining endeavors at Zortman which still plague the surrounding areas and the Reservation today.
- 3. Despite this protest, on February 1, 2021, DEQ determined that the exploratory activities—which would involve extracting a 1,000-ton bulk sample of ore—would not cause any significant environmental impacts and approved the project.
- 4. DEQ's determination violated the Montana Environmental Policy Act ("MEPA"), which was enacted "to prevent or eliminate environmental damage" by fostering more informed

Quality, 2002 MT 352, ¶ 17, 313 Mont. 401, 61 P.3d 148; see also Mont. Code Ann. § 75-1-102(3) (MEPA's purpose is "to inform the public and public officials of potential impacts resulting from decisions made by state agencies.") In addition to failing to consult with the Tribes as required by MEPA, Mont. Code Ann. § 75-1-201, Admin. R. Mont. 17.4.609, 17.4.615, DEQ arbitrarily deemed the impacts from the exploration project insignificant without disclosing any legitimate rationale for its determination based on the evidence before the agency.

5. In sum, DEQ failed to consult with the Tribes regarding the new mining proposal though it had a legal duty to do so, failed to take a hard look at the environmental impacts of mineral exploration at Zortman, and shirked analysis of potentially significant impacts. DEQ's decision to issue an exploration permit based on this incomplete environmental analysis was therefore arbitrary, capricious, and contrary to Montana law, including MEPA.

JURISDICTION AND VENUE

6. Plaintiffs bring this action pursuant to the Uniform Declaratory Judgments Act, Mont. Code Ann. §§ 27-8-201, 202; the "Act Relating to the Government-to-Government Relationship Between the Montana Indian Tribes and the State of Montana; Providing for Tribal Consultation in the Development of State Agency Policies That Directly Affect Indian Tribes; Authorizing Certain State Employees to Receive Annual Training; Providing for Annual Meetings Between State and Tribal Officials; and Requiring an Annual Report by A State Agency," Mont. Code Ann. § 2-15-142 ("Tribal Consultation Law"); and the Montana Environmental Policy Act, Mont. Code Ann. § 75-1-201.

7. Venue is proper in this district because plaintiff Fort Belknap Indian Community resides in this district, Mont. Code Ann. § 25-2-126(1), and the exploration project plaintiffs challenge will occur in this district, Mont. Code Ann. § 75-1-108.

PARTIES

- 8. Plaintiffs represent a diverse coalition of stakeholders that collectively have dedicated many decades to advocating for appropriate reclamation of the Zortman-Landusky Mines and for protection of the surrounding public and tribal lands from the threats posed by ongoing water contamination caused by the mining.
- 9. Plaintiff Fort Belknap Indian Community consists of the Gros Ventre and Assiniboine Tribes who reside on the Fort Belknap Indian Reservation in north-central Montana. The Fort Belknap Indian Community Council is the governing body for the FBIC. It is responsible for managing the affairs of the Community and committed to the protection of the environment, human health, and safety of the Fort Belknap Indian Reservation.
- D.C. that is dedicated to protecting communities and the environment from the adverse effects of mineral and energy development. Earthworks has a field office in Missoula, Montana, and Earthworks' members live and recreate throughout Montana. Accordingly, Earthworks has advocated for years to protect Montana public lands adjacent to mining activities, surrounding public lands and waters, and the communities and wildlife that depend on that landscape. In addition, Earthworks, formerly the Mineral Policy Center, has engaged in litigation and extensive advocacy to address the environmental and public health fallout from the abandoned Zortman and Landusky mines.

- 11. Plaintiff Montana Environmental Information Center ("MEIC") is a member-supported non-profit organization located in Helena, Montana that is dedicated to protecting and restoring Montana's natural environment and protecting Montanans' constitutional right to a clean and healthful environment. MEIC has litigated numerous cases concerning the adverse effects of metal mining in Montana. In particular, MEIC has engaged in litigation and other advocacy since the 1990s to address contamination from the Zortman-Landusky Mines. MEIC members recreate in and otherwise derive benefit from the public lands and waters in and surrounding the Little Rocky Mountains.
- 12. Plaintiffs' members include residents living in Phillips County, including tribal members living on the Fort Belknap Indian Reservation, as well as visitors enjoying the Missouri Headwaters and surrounding areas. Plaintiffs' members live, work, and recreate in and around the area that will be affected by the proposed exploration project. All plaintiffs have longstanding interests in protecting water quality within Phillips County because they and their members place a high value on the maintenance and restoration of healthy functioning ecosystems.
- 13. Plaintiffs submitted comments to DEQ on behalf of their members to urge the agency to more thoroughly evaluate the many significant impacts of Blue Arc's exploration project. Plaintiff Fort Belknap Indian Community ("Tribal plaintiff") and its tribal members' cultural values, interests in conservation, water quality, environmental protection, public health, culture, and other sovereign interests, have been, are being, and will continue to be adversely impacted by DEQ's failure to adequately evaluate and disclose all impacts of the proposed exploration project. Plaintiffs Earthworks and MEIC (collectively, "conservation plaintiffs") and their members' aesthetic, conservation, recreational, scientific, educational, economic, and

wildlife preservation interests have been, are being, and will continue to be adversely affected by DEQ's failure to adequately evaluate and disclose all the impacts of the proposed exploration project, and by the proposed exploration project itself.

- 14. Defendant Montana Department of Environmental Quality is the agency charged with issuing permits for mineral exploration under the Metal Mine Reclamation Act, Mont. Code Ann. § 82-4-332, and evaluating the environmental impacts of proposed exploration under MEPA, Mont. Code Ann. § 75-1-201. DEQ prepared and issued the Final EA approving Blue Arc's proposed exploration project at Zortman.
- 15. Defendant Blue Arc, LLC. is a corporation incorporated in Minnesota that holds the mineral exploration license that is challenged in this proceeding, and is therefore a proper party to this action under Mont. Code Ann. § 27-8-301.

BACKGROUND

I. THE LASTING LEGACY OF POLLUTION FROM MINING AT ZORTMAN-LANDUSKY

- 16. Blue Arc proposes to explore for gold at the former Zortman mine in the Little Rocky Mountains of north-central Montana, adjacent to the Fort Belknap Reservation.
- 17. The Fort Belknap Indian Reservation was established and set aside for the Tribes' use by Act of Congress on May 1, 1888. 25 Stat. 113 (May 1, 1888). When the reservation was created, the Tribes received assurances from the United States that the Tribes would retain their rights to all water necessary to fulfill the purposes of the Reservation, including waters originating in the Little Rocky Mountains that Tribal members utilized for irrigation, domestic supplies, and other purposes. See Gros Ventre Tribe v. United States, 469 F.3d 801, 804-05 (9th Cir. 2006); see also Winters v. United States, 207 U.S. 564, 567, 576 (1908) (recognizing Tribes'

right to all waters flowing to and entering Reservation lands, "undiminished in quantity and undeteriorated in quality").

- 18. The original Fort Belknap Reservation included the Little Rocky Mountains, which to this day are the headwaters for much of the Reservation's water resources, are considered sacred by Tribal members, and were traditionally used by the Tribes for hunting, fishing, cultural, and spiritual purposes. When gold was discovered in the Little Rockies in the 1880s, the federal government pressured the Assiniboine and Gros Ventre Tribes to cede the gold-bearing areas of the Reservation to the United States. Congress carved out the Little Rocky Mountains from the Reservation's boundaries by Act of 1896. 29 Stat. 350 (1896).
- 19. Beginning in the late 1970s, the advent of new mining technology, in conjunction with a sharp rise in gold prices, prompted the development of open pit mining operations at the Zortman and Landusky mines in the Little Rockies. See Gros Ventre Tribe, 469 F.3d at 805. The Zortman-Landusky mines were operated between 1979 and 1998 using open-pit, cyanide heap-leaching technology, which utilizes a cyanide solution to extract microscopic particles of gold from massive amounts of pulverized ore. Over that time period, state and federal agencies approved the development of numerous expansions of the Zortman-Landusky mines. At its largest, the mining complex covered over 1,200 acres.
- 20. The Zortman and Landusky mine sites, although not on reservation land, are surrounded on three sides by the Fort Belknap Indian Reservation. The Landusky mine sits at the headwaters for King Creek and Swift Gulch, which drain to the northwest through the Fort Belknap Reservation as tributaries to Little Peoples Creek and on to the Milk River. The Zortman mine sits at the headwaters area for Lodgepole Creek, which drains north through the Fort Belknap Reservation and on to the Milk River, and for Ruby Gulch and Alder Gulch, which

drain south to the Missouri River. Lodgepole Creek is intermittent near Zortman mine, but it flows perennially in its lower reaches and supports a brook trout population several miles north of the mine. Ruby Gulch and Alder Gulch are intermittent streams, but may have significant flows following storm events or during spring runoff.

- 21. The heap-leaching process employed at the Zortman-Landusky mines destroyed vast areas at two separate sites in the Little Rocky Mountains. Pollutants from each site affect both the north side of the mountains, where the Reservation is located, and the south side, where the small mining communities of Zortman and Landusky are located. The process exposed significant portions of previously buried rock containing sulfides to water and air, resulting in acid mine drainage. This cyanide and acid mine drainage contaminated surface and ground waters hydrologically connected to the mines. Among other impacts, mining operations at Zortman-Landusky diverted stream flows away from the Reservation and contaminated multiple streams running onto the southern end of the Reservation with cyanide and acid mine drainage.
- 22. Since mining ceased, acid mine drainage and other contaminants such as cyanide, selenium and nitrates from the Zortman-Landusky sites persist and continue to pollute the water surrounding the mines. The entities that operated the Zortman-Landusky mines filed for bankruptcy in 1998, leaving significant financial liability to the State of Montana and United States Department of Interior Bureau of Land Management ("BLM"). The State of Montana has contributed more than \$32 million for reclamation and water treatment since the mines ceased operation, and water treatment will be required in perpetuity. As stated by the U.S. District Court for Montana, "[i]t is undisputed that the Zortman-Landusky mines have devastated portions of the Little Rockies, and will have effects on the surrounding area, including the Fort Belknap Reservation, for generations. That devastation, and the resulting impact on tribal

culture, cannot be overstated." <u>Gros Ventre Tribe, et al. v. United States, et al.</u>, No. CV 00-69-M-DWM, slip op. at 12 (D. Mont. June 28, 2004).

engaged in litigation and other advocacy to oppose harmful operations at the Zortman-Landusky mines and address the resulting environmental and cultural damage. As a result of litigation, a Technical Working Group, consisting of representatives from the Tribes, DEQ, and federal agency partners, was formed in the early 2000s to direct ongoing water treatment and cleanup operations at the mines. The Memorandum of Understanding between DEQ and the Tribes that created the Technical Working Group, which is still in effect today, also formalized the Tribes' ongoing ability to "participate directly in the review and development of plans," "to address . . . water contamination concerns related to the Zortman-Landusky mines," and to "[e]nsure the Tribes are adequately and timely informed by the DEQ of any new developments" at the Zortman-Landusky mine sites. Memorandum of Understanding Between Montana Department of Environmental Quality and the Fort Belknap Indian Community Council, p. 1 (July 29, 2015) ("Mem. of Understanding").

24. The Tribal plaintiff's and the conservation plaintiffs' efforts, spanning multiple decades, to mitigate impacts from the mines, have been unable to curb the pollution from the mines, which continues to spread deeper onto the Reservation. This spreading pollution has contaminated, and continues to threaten, the Tribes' ceremonial sites, powwow grounds, and drinking water sources formerly used by the Tribes and Tribal members, as illustrated in the following photographs.



Figure 1: Polluted water treated at the Swift Gulch Water Treatment Plant in the Little Rocky Mountains is discharged into South Big Horn Creek, pictured above. Photograph courtesy of Karl Puckett and published by Great Falls Tribune (Sept. 13, 2018) available at https://www.greatfallstribune.com/story/news/2018/09/13/cleanupcosts-zortman-landsky-gold-mines-continue-mount-montana-bad-actor-superfund-acid/1292506002/



Figure 2: A member of the Fort Belknap Indian Reservation holds a glass of water contaminated by acidic runoff from the nearby Zortman-Landusky mines. Photograph courtesy of Earthworks and published by Billings Gazette (Oct. 23, 2017) available at

https://billingsgazette.com/news/state-and-regional/cabinet-mine-foes-use-bad-actor-law-to-fight-hecla-permits/article 351ef210-4e49-5480-94c2-945fb818b158.html



Figure 3: The Tribes' powwow grounds and Sun Dance area are located in the scenic Mission Canyon, pictured above, just downstream from the Zortman-Landusky mines. Acid mine drainage from the mines continues to encroach on these sacred sites. Photograph courtesy of Karl Puckett and published in the Great Falls Tribune (Sept. 13, 2018) available at https://www.greatfallstribune.com/story/news/2018/09/13/cleanup-costs-zortman-landsky-gold-mines-continue-mount-montana-bad-actor-superfund-acid/1292506002/.

II. THE PROPOSED EXPLORATION AT ZORTMAN

- 25. In the midst of this unremediated toxic legacy from past mining activity, Blue Arc proposes new mineral exploration. Blue Arc's proposed mineral exploration project would introduce new mining activity at the former Zortman mine area. Blue Arc proposes to extract up to a 1,000-ton bulk sample from the former Zortman mine site for shipment and metallurgical testing at a facility in Nevada. Final EA at 5. DEQ described the purpose of the testing as a method to determine the "potential [for] future mining activities." DEQ Press Release (Oct. 28, 2020) available at https://news.mt.gov/deq-releases-draft-environmental-assessment-for-a-proposed-exploration-mining-project-in-phillips-county ("Draft EA Press Release"). The proposed exploration would excavate mineralized rock from a previously mined and exposed rock surface in a portion of the Zortman mine site known as the Ruby Pit Highwall. Final EA at 11. The proposed project area was subject to previous mining and has been previously reclaimed. Id.
- 26. The proposed project threatens to contribute additional contaminants, including acid mine drainage, to the existing water-quality problem at Zortman. The proposal also is inconsistent with other impacted entities' desires to prioritize fully cleaning up past mining efforts before considering any future mining in the region. In this regard, the federal government has recognized the need to pause any new mine development on public land at the mining complex to promote adequate cleanup of continued contamination generated by mines. On October 2, 2020, the BLM announced a proposal to withdraw 2,688 acres of land in Phillips County—including BLM lands adjacent to Blue Arc's proposed project—from location or entry under the United States mining laws to "protect the Zortman-Landusky Mine area and facilitate reclamation and stabilization." See Notice of Proposed Withdrawal and Notification of Public

Meeting, 85 Fed. Reg. 63,289 (Oct. 07, 2020). If finalized, the withdrawal will prevent mining activity on these lands for as many as 20 years. <u>Id.</u> Montana BLM State Director John Mehlhoff explained the need for the pause stating that

"[t]hese public lands [included in the withdrawal] need to be protected to enable ongoing reclamation work . . . The completed reclamation efforts will stabilize the area and enable us to continue working . . . to return the area to a state that can support the area's abundant wildlife resources."

BLM Press Release (Oct. 7, 2020) available at https://www.blm.gov/press-release/department-interior-proposes-continued-withdrawal-zortman-landusky-mine-reclamation.

27. Members of the affected community, including Tribal members and the Tribal government at the Fort Belknap Indian Reservation, as well as conservation organizations and others familiar with the history of the Zortman mine, have opposed Blue Arc's plan for mineral exploration at Zortman because of the potential for impacts on reclamation efforts as well as the potential introduction of new acid mine drainage. Those opposing the project also have opposed the project because Blue Arc's exploration is inconsistent with the reclamation efforts that the Tribal government, Tribal members, the federal government, and other impacted parties seek to prioritize.

III. DEQ'S UNLAWFUL APPROVAL OF EXPLORATION ACTIVITY AT ZORTMAN

28. Given the ongoing unfulfilled reclamation obligations and, in some cases, worsening pollution from the mines that have had and will continue to have significant cultural impacts on the Tribes, it was critical that DEQ consult with the Tribes in advance of preparing its environmental analysis of the Blue Arc project proposal. Moreover, DEQ was required by MEPA to fully and rationally evaluate the project's environmental impacts before authorizing Blue Arc's proposed activities. However, DEQ failed to consult with the Tribes and its MEPA

analysis failed to adequately evaluate and disclose all of the direct and indirect impacts. DEQ's decision to issue an exploration license without input from the Tribes and on the basis of such deficient environmental analysis was arbitrary, capricious, and contrary to law.

A. DEQ's Failure to Consult with the Fort Belknap Tribes

- 29. "Recogniz[ing] the fundamental principle and integrity of the government-to-government relationship between the State of Montana and the Indian nations of Montana" and in an effort to "support[] [and] strengthen[] communications and build[] collaborative relationships that will benefit both the Indian nations and the state of Montana" while respecting "tribal sovereignty and self-determination," the Montana Legislature codified the state's duty to consult with Tribes on matters that directly impact Tribal nations. Tribal Consultation Law, 2003 Mont. Laws Ch. 568 (H.B. 608) (codified at Mont. Code Ann. § 2-15-142).
- 30. The Tribal Consultation Law requires that state agencies, including DEQ, Mont. Code Ann. § 2-15-141, document their consultation with impacted Tribes when "formulating or implementing policies or administrative rules that have direct tribal implications," <u>id.</u> at § 2-15-142. The "guiding principles" underlying the law include "regular and early communication" with Tribes, <u>id.</u> at (3); maintaining "a commitment to cooperation and collaboration," <u>id.</u> at (1); providing for "a process of accountability for addressing issues," <u>id.</u> at (4); and "preserv[ing] . . . the tribal-state relationship" <u>id.</u> at (5). To ensure that these statutory guiding principles are implemented, the law further provides that the governor's office and a trainer selected by the tribal governments will annually provide training to state agency managers and key employees who have regular contact with tribes. <u>Id.</u> at § 2-15-143.
- 31. The Tribal Relations Handbook, published by the Montana Governor's Office of Indian Affairs "for the purpose of assisting state employees to understand and implement [the]

principles [of Mont. Code Ann. § 2-15-142]," provides guidance on state agencies' duty to consult. Governor's Office of Indian Affairs, Tribal Relations Handbook: A Guide for State Employees on Preserving the State-Tribal Relationship, (updated Dec. 2014) available at https://tribalnations.mt.gov/Portals/34/Tribal%20Relations%20Handbook.pdf ("Tribal Relations Handbook"). Regarding the requirement to engage in "regular and early communication," Mont. Code Ann. § 2-15-142(3), the Tribal Relations Handbook advises state employees "to include Tribes before the pen hits the paper, not when it's time to sign in ink" and emphasizes that "[t]he goal with tribal governments is to include them early, invite them always, follow-up every time, meet with them regularly and ask them how best to work together," Tribal Relations Handbook at 12 (emphasis in original). Regarding the principles of cooperation and collaboration, Mont. Code Ann. § 2-15-142(1), the Tribal Relations Handbook stresses the importance of government-to-government collaboration, stating that "[i]ntergovernmental cooperation serves the interests of all Montana citizens while ensuring respect for the sovereign authority of both governments, state and tribal," Tribal Relations Handbook at 14. Regarding the requirement for accountability, Mont. Code Ann. § 2-15-142(4), the Handbook reiterates the importance of initiating discussions with impacted Tribes early, stating that

"[t]he primary means of ensuring accountability is regular state-tribal communication and consultation. The implementation of state-tribal consultation policies and procedures at all levels of state government can help ensure that tribal leadership or their designees are involved early in discussing projects, policy and program changes,"

Tribal Relations Handbook at 15 (emphasis added).

32. DEQ's review of Blue Arc's application for an exploration license involved the agency "implementing policies [and] administrative rules that have direct tribal implications." Mont. Code Ann. § 2-15-142. DEQ is the agency charged with issuing permits for mineral

exploration under the Metal Mine Reclamation Act, Mont. Code Ann. § 82-4-332, and evaluating the environmental impacts of proposed exploration under MEPA, id. at § 75-1-201.

33. DEQ was also aware that new mining in the Little Rocky Mountains has a direct impact on the Fort Belknap Tribes. The U.S. District Court for Montana over a decade ago observed as much, stating that

"[i]t is undisputed that the Zortman-Landusky mines have devastated portions of the Little Rockies, and will have effects on the surrounding area, including the Fort Belknap Reservation, for generations. That devastation, and the resulting impact on tribal culture, cannot be overstated."

Gros Ventre Tribe, et al., No. CV 00-69-M-DWM, slip op. at 12. DEQ has also previously recognized the Tribes' important interests "to address reclamation and water contamination concerns" at the Zortman mine site, the need for DEQ to "[e]nsure the Tribes are adequately and timely informed by the DEQ of any new developments" at the Zortman mine site, and the Tribes' desire to preserve their ongoing ability to "participate directly in the review and development of plans" related to water contamination at the Zortman mine site. Memo. of Understanding at 1.

- 34. Given the cultural importance of the Little Rocky Mountains to the Fort Belknap Tribes as well as the enduring legacy of water contamination from the Zortman-Landusky mines that continue to impact the Reservation, DEQ's consideration of new mining at the former mining complex, including its review of Blue Arc's exploration permit application, triggered the agency's duty to consult with the Tribes. Mont. Code Ann. § 2-15-142. Despite this legal duty, DEQ failed to consult with the Tribes in violation of the Tribal Consultation Law.
- 35. DEQ did not approach the Tribes in any capacity to discuss Blue Arc's project until nearly seven months <u>after</u> first receiving Blue Arc's application, once it had already prepared an environmental analysis for the project as required by MEPA. DEQ received Blue

Arc's exploration permit application in March 2020. After deeming Blue Arc's application complete in September 2020, DEQ prepared an environmental assessment, which it published and released for public review on October 28, 2020. On the day it published its draft environmental analysis, DEQ contacted the Tribes for the first time regarding Blue Arc's project proposal. DEQ invited the Tribes, through the tribal government President, to submit comments on the draft analysis, in the same timeframe and manner as the general public. DEQ at no time requested or invited any formal consultation to discuss the Tribes' concerns regarding new mining in the Little Rocky Mountains, either generally or in the context of the specific exploration project.

- 36. Notwithstanding the lack of formal consultation, the Tribal plaintiff and conservation plaintiffs jointly submitted comments to DEQ on the draft environmental analysis, raising concerns regarding DEQ's failure to consult as well as environmental concerns related to the exploration project. Final EA at Appendix A. Even after receiving these comments, DEQ still made no formal consultation attempts. Instead, DEQ published a final environmental analysis for the exploration project on February 1, 2021, concluding that the exploration project would have no significant impact; largely ignoring the issues the plaintiffs raised; and failing to even once mention the Tribes, the Reservation, or the Tribal government in its analysis. See Final EA.
- 37. By waiting to contact the Tribes until after "pen hit[] the paper," DEQ deprived the Tribes of the opportunity to ask questions or voice concerns related to DEQ's decision to allow any new mining in the area. DEQ's invitation for the Tribes to submit comments on the draft environmental analysis during a public comment period pursuant to MEPA cannot satisfy DEQ's independent obligation to engage in government-to-government consultation with the

Tribes as required by the Tribal Consultation Law. See Jefferson Cty. ex rel. Bd. of Comm'rs v. Dep't of Envtl. Quality, 2011 MT 265, 362 Mont. 311, 319, 264 P.3d 715, 721 ("[S]eeking and obtaining comments [during a public comment period]" cannot "satisf[y] [DEQ's independent] duty to consult.")

38. DEQ's failure to initiate, engage in, or document any consultation with the Tribes related to new mining at the Zortman mine site violated the agency's duties under the Tribal Consultation Law.

B. DEQ'S Unlawful Environmental Analysis Under MEPA

39. MEPA was designed "to promote efforts that will prevent, mitigate, or eliminate damage to the environment and biosphere and stimulate the health and welfare of humans." Mont. Code Ann. § 75-1-102(2). To meet this purpose, MEPA requires DEQ to "take a 'hard look' at the environmental impacts of a given project or proposal." Mont. Wildlife Fed'n v. Mont. Bd. of Oil & Gas Conservation, 2012 MT 128, ¶ 43, 365 Mont. 232, 280 P.3d 877; see also Mont. Code Ann. § 75-1-201(1)(b)(iv); Admin. R. Mont. 17.4.609(3)(d). The agency must consider, among other things, the direct, indirect, and cumulative environmental impacts of the action, id. at § 75-1-201(1)(b)(iv); Admin. R. Mont. 17.4.609(3)(d) (requiring an evaluation of "impacts, including cumulative and secondary impacts, on the physical environment," including on "water quality, quantity, and distribution"); and the "impacts, including cumulative and secondary impacts, on the human population" including through its evaluation of "appropriate social and economic circumstances," Admin. R. Mont. 17.4.609(3)(e). In evaluating environmental impacts pursuant to MEPA requirements, "[t]he agency must examine the relevant data and articulate a satisfactory explanation for its action, including a rational connection between the facts found and the choice made." Mont. Wildlife Fed'n, ¶ 43 (quoting

<u>Clark Fork Coal. v. Mont. Dep't of Envtl. Quality</u>, 2008 MT 407, ¶ 47, 347 Mont. 197, 197 P.3d 482).

- 40. DEQ must prepare an environmental impact statement ("EIS") before granting an exploration license if the proposed project will "significantly affect[] the quality of the human environment." Admin. R. Mont. 17.4.607(1). DEQ may issue an exploration license without preparing an EIS only if it rationally determines through preparation of an adequate environmental assessment ("EA") that the project's impacts will not be significant, see id. at 17.4.607(1)(b), or that otherwise significant impacts can be mitigated below the level of significance, id. at 17.4.607(4) ("For an EA to suffice in this instance, the agency must determine that all of the impacts of the proposed action have been accurately identified, that they will be mitigated below the level of significance, and that no significant impact is likely to occur."). (An EA or EIS is not required for certain limited categories of actions, none of which is relevant here. See Admin R. Mont. 17.4.607(5).)
- 41. In advance of preparing an EIS, DEQ must initiate a process to determine the scope of the issues and subjects to be addressed in the EIS. Mont. Code Ann. § 75-1-201; Admin. R. Mont. 17.4.615. As a part of the scoping process, the agency must "consult with and obtain the comments of . . . any Montana local government . . . that may be directly impacted by the project," Mont. Code Ann. § 75-1-201(1)(c), and this requirement has been interpreted by DEQ through its implementing regulations to include "Indian Tribes," Admin. R. Mont. 17.4.615. Only after it has consulted with the required parties may "DEQ prepare[] a Draft EIS which considers the comments received during scoping." Jefferson Cty. ex rel. Bd. of Comm'rs, ¶ 18. "[S]eeking and obtaining comments alone [during a public comment period]" does not "satisf[y] [DEQ's] duty to consult." Id. at n.2. Although DEQ is not required to initiate scoping

for an EA, if the agency elects to initiate scoping during the EA process it must follow the scoping procedures applicable to an EIS, including consultation with impacted Tribes. Admin. R. Mont. 17.4.609(1); see also Ravalli Cty. Fish & Game Ass'n, Inc. v. Mont. Dep't of State Lands, 273 Mont. 371, 380, 903 P.2d 1362, 1368 (1995) ("[P]artial compliance with [MEPA]" is unlawful even "when compliance with the law is purportedly voluntary.")

- 42. Once the agency has determined the impacts to be analyzed, it must determine if those impacts will be significant. In determining whether the impacts of a proposed action will be significant, the Department must consider:
 - a. the severity, duration, geographic extent, and frequency of occurrence of the impact;
 - b. the probability that the impact will occur if the proposed action occurs; or conversely, reasonable assurance in keeping with the potential severity of an impact that the impact will not occur;
 - c. growth-inducing or growth-inhibiting aspects of the impact, including the relationship or contribution of the impact to cumulative impacts;
 - d. the quantity and quality of each environmental resource or value that would be affected, including the uniqueness and fragility of those resources or values;
 - e. the importance to the state and to society of each environmental resource or value that would be affected:
 - f. any precedent that would be set as a result of an impact of the proposed action that would commit the department to future actions with significant impacts or a decision in principle about such future actions; and
 - g. potential conflict with local, state, or federal laws, requirements, or formal plans.

Admin. R. Mont. 17.4.608(1).

43. DEQ did not meet these legal standards before granting Blue Arc's exploration license.

- 44. DEQ began its environmental review after Blue Arc filed its first exploration license application in March 2020. Draft EA Press Release. On September 21, 2020 DEQ deemed Blue Arc's application complete. Final EA at 3.
- 45. On October 5, 2020, in advance of publishing its draft environmental analysis, DEQ reached out to the Bureau of Land Management to solicit scoping comments. See Email from Wayne Jepsen, Montana DEQ, to John R. Ames and Brandy C. Janzen of the Department of Interior Bureau of Land Management (Oct. 5, 2020) (provided by DEQ in response to plaintiffs' public records request) ("BLM Email"). Thus, DEQ elected to conduct scoping for the EA.
- 46. DEQ subsequently released a Draft Environmental Assessment ("Draft EA") for Blue Arc's proposal on October 28, 2020, and accepted public comments on the draft until November 30, 2020. Draft EA Press Release. In its Draft EA, DEQ confirmed that "[s]coping for this proposed action consisted of internal and external efforts to identify substantive issues and/or concerns related to the proposed project." Draft EA at 21. Among its "[e]xternal scoping efforts" DEQ included its query to BLM. DEQ did not list the FBIC among the organizations it queried in its external scoping efforts and, as discussed, DEQ did not contact the FBIC to solicit scoping comments.
- 47. Instead, DEQ reached out to the FBIC about the Blue Arc exploration project for the first time on October 28, 2020, notifying the Tribes and the Technical Working Group of the Draft EA and comment period.
- 48. The Tribal plaintiff jointly with the conservation plaintiffs, and several members of the public submitted comments during the regular public comment period on the Draft EA, opposing the project. Principal among their concerns, plaintiffs noted that DEQ had not

consulted with the Tribes prior to releasing the Draft EA in violation of MEPA. Final EA, Appendix A at 1-2. Additionally, plaintiffs raised concerns about DEQ's failure to take the requisite hard look at the potential for the proposed exploration project to have water quality impacts, including the potential for new acid mine drainage. Final EA, Appendix A at 3-4.

49. DEQ issued its Final Environmental Assessment ("Final EA") on February 1, 2021, attaching its responses to plaintiffs' comments as Appendix A to the Final EA. The Final EA adopts Blue Arc's proposal with slight modifications but failed to address the majority of plaintiffs' stated concerns, including the issue regarding new acid mine drainage and failure to consult with or adequately consider impacts to the Tribes. As a result, the Final EA violated the policies set forth in MEPA and failed to rationally evaluate some of the project's most troubling impacts.

i. DEQ's Failure to Consult with the Tribes under MEPA

50. In addition to violating its consultation obligation under the Tribal Consultation Statute, DEQ separately violated its independent duty to consult with the Tribes as required by MEPA before preparing its environmental analysis. In its response to plaintiffs' comments included in the Final EA, DEQ did not deny that it failed to consult with the Tribes. Instead, DEQ denied that it had any duty to consult with the Tribes under MEPA. DEQ asserted that the agency has discretion regarding whether or not to initiate scoping for an EA under MEPA and that it must only consult with impacted Tribes when DEQ elects to conduct scoping. The agency denied that it initiated scoping for the Blue Arc project, pointing to the constraint of "the 90 day time limit." Final EA, Appendix A at 2.

- 51. However, edits reflected in the Final EA as well as DEQ's behavior prior to releasing the Draft EA demonstrate that DEQ initiated scoping and, as a result, was required to consult with the Tribes.
- 52. In the text of the Final EA, DEQ omitted language from the Draft EA that referenced DEQ's 'scoping' for the project. Compare Draft EA at 21 ("Scoping for this proposed action consisted of internal and external efforts to identify substantive issues and/or concerns related to the proposed project.")(emphasis added) with Final EA at 23 ("DEQ engaged in internal and external efforts to identify substantive issues and/or concerns related to the proposed project."). The language included in the Draft EA demonstrated DEQ's own belief that it had initiated scoping for the Draft EA, and DEQ only abandoned that position after being confronted with plaintiffs' comments about the agency's failure to consult with the Tribes.
- 53. DEQ also demonstrated through its own conduct, prior to releasing the Draft EA, that it initiated scoping by reaching out to the BLM. Recognizing the potential impacts on ongoing water treatment efforts at Zortman, DEQ sent an email to BLM to "ensure that BLM [was] aware of the scope / nature of the [Blue Arc] proposal prior to releasing the EA for public comment" and "[t]o ask whether BLM recommends any revisions or additions to the [draft EA] prior to publication." BLM Email.
- 54. Having initiated the scoping process by soliciting scoping comments from BLM, DEQ was required to also consult with the Tribes. However, despite the potential impacts to the Tribes, and DEQ's legal mandate to consult, DEQ failed to consult with the Tribes prior to preparing its environmental analysis in violation of MEPA and its implementing regulations.

- ii. DEQ's Failure to Analyze Potential Acid Mine Drainage Impacts
- 55. The Final EA also failed to thoroughly disclose, analyze, or evaluate the mitigation of potential acid mine drainage generated from the Blue Arc exploration project.
- 56. In its Draft EA, DEQ failed to address the potential for acid mine drainage. In its comments to DEQ related to the Draft EA, plaintiffs raised the issue, noting that "[g]iven that the Blue Arc project would disturb and expose geologic material from the same formation, and under the same atmospheric conditions, that have generated such serious adverse water quality impacts in the past, a thorough analysis of potential impacts is essential." Final EA, Appendix A at 4. DEQ's Final EA acknowledged the potential for acid mine drainage, but dismissed the concern without citation to any authority or supporting expert analysis, simply concluding that "[i]ncreased exposure of acid-generating materials in the portion of pit wall to be disturbed is expected to be minimal." Final EA at 12. DEQ further stated that

"[the] [e]xposed highwall above the backfill level is largely oxide material and similar conditions are expected beneath the proposed shallow excavation. Oxide material is rock that has already weathered, meaning that sulfide (i.e. acid producing) minerals have already decomposed and will not produce additional acidic or metal-laden runoff."

Id.

Even accepting that mining disturbance would "largely" impact already-weathered materials, this means that at least some of the disturbed material would not already be weathered. However, DEQ's analysis failed to consider the impact from exposure of any rock still containing sulfide minerals that would give rise to acid drainage. Any such exposure cannot be dismissed as minimal given that existing conditions, even without Blue Arc's project, continue to give rise to an expanding toxic contamination problem that is severely impacting the Tribes.

57. Having identified the potential for acid mine drainage as a result of the proposed exploration activities, DEQ was required by MEPA to conduct a more probing analysis of the

extent of those impacts. DEQ's conclusory assertion that the exploration activity will not generate significant acid drainage impacts to water quality is not supported by the record, and DEQ was required to evaluate and disclose the potential for acid mine drainage impacts before issuing Blue Arc an exploration license.

- 58. Further, because DEQ's conclusion that acid mine drainage would be "minimal" was flawed, DEQ's failure to analyze any potential impacts of acid-drainage to water quality in the Final EA's proposed mitigation similarly fails to address important impacts. Admin. R. Mont. 17.4.609(3)(g).
- 59. DEQ's failure to analyze the potential impacts of acid mine drainage is legally significant when considered in light of the broader context and history of mining at Zortman and throughout Montana. As plaintiffs raised in their comments, "significant acid rock drainage at the Zortman site has resulted in decades of persistent—and in some instances, worsening—groundwater and surface water contamination, with 'metals concentrations in untreated water reporting to the Zortman and [nearby] Landusky treatment plants . . . generally several orders of magnitude higher than the applicable water quality standards." Final EA, Appendix A at 3-4 (citing Mont. DEQ, Landusky Metals Total Maximum Daily Loads and Framework Water Quality Improvement Plan, at 2-10 (March 12, 2012). In that regard, DEQ's Final EA also failed to fulfill the agency's duty to consider cumulative impacts because it failed to analyze the potential water quality impacts of Blue Arc's exploration proposal on top of those inflicted by the former Zortman Mine. Admin R. Mont. 17.4.609(3)(d)-(e).
- 60. DEQ's failure to disclose and thoroughly evaluate the potential for impacts caused by acid mine drainage was arbitrary, capricious, and contrary to MEPA.

- iii. <u>DEQ's Failure to Account for Other Appropriate Social and Economic Circumstances</u>
- 61. The Final EA further failed to account for or analyze the "appropriate social and economic circumstances" necessary to fully analyze the impacts of the exploration project.

 Admin. R. Mont. 17.4.609(3)(e); Final EA at 23. Specifically, DEQ failed to consider the social and economic circumstances that the Tribes currently experience as a result of the tremendous waste and water pollution that former mining generated and that the Tribes are still, to this day, struggling to contain as it impacts Tribal resources and sacred cultural sites.
- 62. DEQ's Final EA failed to mention the Tribes or the Reservation in any part of its analysis. DEQ's failure to account for or analyze the appropriate social or economic circumstances faced by the Tribes likely stemmed from its failure to consult with the Tribes or analyze the potential for additional acid mine drainage. Given the ongoing recovery from previous mining and the social and economic toll this recovery has taken on the Tribes and surrounding community, additional pollution generated from mining activity at Zortman would be expected to have an impact on the human population.
- 63. DEQ's failure to analyze the appropriate social and economic circumstances related to the human population renders its Final EA unable to fully account for the potential impacts of the exploration project and therefore insufficient under MEPA.

iv. DEQ's No-Significant-Impact Finding

64. Based on the irrational analysis and conclusions described above, DEQ concluded that the exploration project will not have significant environmental impacts and, therefore, no EIS was required. Final EA at 28. However, as discussed, DEQ failed to adequately evaluate the impacts of the project's potential to generate acid mine drainage, account for or consider

other appropriate social and economic considerations, or explain why those impacts will not be significant.

65. Because DEQ failed to justify its determination that the project will not cause significant impacts, DEQ's determination that an EIS was not required was arbitrary, capricious, and contrary to MEPA.

FIRST CAUSE OF ACTION (Failure to Consult with the Tribes, Mont. Code Ann. § 2-15-142)

- 66. Plaintiffs hereby reallege and reincorporate Paragraphs 1 through 65.
- 67. Montana's Tribal Consultation Law, Mont. Code Ann. § 2-15-142, requires that state agencies, including DEQ, <u>id.</u> at § 2-15-141, document their consultation with impacted Tribes when "formulating or implementing policies or administrative rules that have direct tribal implications," id. at § 2-15-142.
- 68. DEQ failed to consult with the Fort Belknap Indian Community regarding the agency's decision to consider new mineral exploration at the former Zortman mine site in the Little Rocky Mountains. DEQ's failure to consult with the Fort Belknap Tribes ignored the ongoing impacts of previous mining in the Little Rocky Mountains to the Tribes, including impacts from mining at the Zortman mine site, as well as the impacts on the Tribes that will occur as a result of additional mineral activity in the area.
- 69. DEQ's failure to engage in government-to-government consultation with the Fort Belknap Tribes regarding the potential for new mining, during its consideration of Blue Arc's application, during its preparation of the draft EA, after the Fort Belknap Tribes submitted comments reflecting their concerns related to the project proposal, or at any other time during DEQ's implementation of the agency's hard rock mining program in the Little Rocky Mountains adjacent to the Fort Belknap Reservation violated the Tribal Consultation Law.

SECOND CAUSE OF ACTION (Failure to Consult with the Tribes, Mont. Code Ann. § 75-1-201, Admin. R. Mont. 17.4.609, 17.4.615)

- 70. Plaintiffs hereby reallege and reincorporate Paragraphs 1 through 69.
- 71. MEPA and its implementing regulations require DEQ to initiate a process to determine the scope of the EIS. Mont. Code Ann. § 75-1-201; Admin. R. Mont. 17.4.615. As a part of the scoping process, the agency must engage in government-to-government consultation with impacted Indian Tribes. Mont. Code Ann. § 75-1-201; Admin. R. Mont. 17.4.615. The same duties apply when DEQ prepares an EA if DEQ undertakes scoping as part of the EA process. Admin. R. Mont. 17.4.609.
- 72. When DEQ chose to prepare an EA for the Blue Arc project, the agency elected to initiate scoping. As a result, DEQ was required to follow the scoping procedures applicable to an EIS, including consultation with impacted Tribes. <u>Id.</u>; <u>Ravalli Cty. Fish & Game Ass'n, Inc.</u>, 273 Mont. at 380, 903 P.2d at 1368 ("[P]artial compliance with [MEPA]" is unlawful even "when compliance with the law is purportedly voluntary.")
- 73. DEQ failed to consult with the Fort Belknap Indian Community regarding the environmental analysis for the Blue Arc exploration project. As a result of DEQ's failure to consult with the Tribes, the Final EA did not adequately disclose or address the Tribes' concerns related to the proposed exploration project. DEQ's failure to consult with the Tribes also rendered the Final EA incomplete and inadequate to support DEQ's conclusions that the exploration project's impacts will not be significant.
- 74. The Final EA is therefore arbitrary, capricious, and contrary to the requirements of MEPA and should be set aside.

THIRD CAUSE OF ACTION

(Failure to Evaluate Water Quality Impacts, Mont. Code Ann. § 75-1-201; Admin. R. Mont. 17.4.609(3)(d), (g))

- 75. Plaintiffs hereby reallege and reincorporate Paragraphs 1 through 74.
- 76. Under MEPA, DEQ is required to "take a 'hard look' at the environmental impacts of a given project or proposal." Mont. Wildlife Fed'n, ¶ 43. This "hard look" must include an evaluation of all of the project's direct, indirect, and cumulative environmental impacts on the physical environment, including water quality impacts. Mont. Code Ann. § 75-1-201(1)(b)(iv)(A); Admin. R. Mont. 17.4.609(3)(d).
- 77. DEQ, however, failed to disclose and adequately evaluate the impacts of potential acid mine drainage generated by the Blue Arc project, which could put additional stress on water treatment systems in the area and contaminate Tribal resources and sacred Tribal sites. As a result of DEQ's failure to adequately account for the potential for acid mine drainage, the Final EA also fails to propose mitigation that will prevent or reduce these impacts. Admin. R. Mont. 17.4.609(3)(g).
- 78. The Final EA is therefore arbitrary, capricious, and contrary to the requirements of MEPA and should be set aside.

FOURTH CAUSE OF ACTION

(Failure to Rationally Evaluate Other Appropriate Economic and Social Circumstances, Mont. Code Ann. § 75-1-201, Admin. R. Mont. 17.4.609(e))

- 79. Plaintiffs hereby reallege and reincorporate Paragraphs 1 through 78.
- 80. MEPA and its implementing regulations require DEQ to evaluate all of the direct, secondary, and cumulative environmental impacts of a proposed project on the human population. Mont. Code Ann. § 75-1-201(1)(b)(iv)(A); Admin. R. Mont. 17.4.609(3)(e). In conducting this analysis, DEQ must "examine the relevant data" including accounting for

appropriate social and economic circumstances, Admin R. Mont. 17.4.609(e), and "articulate a satisfactory explanation for its action, including a rational connection between the facts found and the choice made." Mont. Wildlife Fed'n, ¶ 43 (quoting Clark Fork Coal., ¶ 47).

- 81. DEQ, however, failed to analyze or even acknowledge the social and economic circumstances that the surrounding community, including the Tribes, currently experience as a result of the waste and water pollution generated by former mining at the Zortman-Landusky mine sites that has contaminated water draining from the mines, Tribal resources, and sacred cultural sites. DEQ's failure to account for these appropriate economic and social circumstances rendered the Final EA incomplete and inadequate to support DEQ's conclusions that the exploration project's impacts will not be significant.
- 82. The Final EA is therefore arbitrary, capricious, and contrary to the requirements of MEPA and should be set aside.

FIFTH CAUSE OF ACTION (Failure to Complete an EIS, Mont. Code Ann. § 75-1-201)

- 83. Plaintiffs hereby reallege and reincorporate Paragraphs 1 through 82.
- 84. Under MEPA, if DEQ determines that a project may have any significant impacts, it must prepare an EIS. Mont. Code Ann. § 75-1-201(1)(b)(iv).
- 85. As discussed above, DEQ has not rationally evaluated the potential for impacts to the Tribes, including impacts to water quality. As a result of the failure to adequately consider the impacts, DEQ's analysis fails to rationally explain why those impacts would not be significant and DEQ's proposed mitigation measures fail to address how the agency will eliminate otherwise significant impacts.
- 86. DEQ therefore acted arbitrarily and capriciously in approving the proposed exploration project without preparing an EIS or providing a rational explanation why an EIS is

not required. The Final EA is therefore arbitrary, capricious, and contrary to the requirements of MEPA and should be set aside.

REQUEST FOR RELIEF

THEREFORE, plaintiffs respectfully request that this Court:

- 1. Declare unlawful and set aside DEQ's February 1, 2021 EA evaluating mineral exploration at the Zortman mine site;
 - 2. Order DEQ to conduct a new environmental analysis that complies with MEPA;
- 3. Declare unlawful and set aside the exploration license permitting Blue Arc to conduct mineral exploration at the Zortman mine site;
- 4. Declare DEQ's failure to engage in government-to-government consultation with the Tribal plaintiff regarding the proposal for mining at the Zortman mine site to be unlawful and in violation of Mont. Code Ann. § 2-15-142, Mont. Code Ann. § 75-1-201, Admin. R. Mont. 17.4.609, 17.4.615; and
 - 5. Grant plaintiffs such additional relief as the Court may deem just and proper.

Respectfully submitted this 1st day of April, 2021.

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CERTIFICATE OF SERVICE

Pursuant to Local Rule 16(b)(5), I hereby certify that on this 1st day of April, 2021, I filed the foregoing document electronically by submitting the same to the Clerk of Court via the email provided: clerkofcourt.phillips@mt.gov.

Amanda D. Galvan