COOPERATIVE AGREEMENT APPLICATION FOR USE OF SITE FACILITIES, SITE SERVICES AT THE BASIN CREEK MINE SITE

NEW COOPERATIVE AGREEMENT APPLICATION

Prepared by:

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For:

United States
Environmental Protection Agency
Region VIII
Denver, Colorado

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INTRODUCTION

This application for a New Cooperative Agreement requests funding for the Montana Department of Environmental Quality (DEQ) Superfund Program to provide a mechanism for the Environmental Protection Agency (EPA) (and the USFS through EPA) to use the Basin Creek Mine Site buildings and equipment owned by the State of Montana (DEQ). Additionally, the agreement allows EPA and the USFS to acquire services supplied by DEQ and its contractors while EPA and USFS are conducting remedial actions at the Upper Tenmile Creek Mining Area NPL Site and the Basin Mining Area NPL Site. This application amendment is anticipated to provide funding to DEQ for the lease agreement from July 1, 2017 through June 30, 2018.

SITE DESCRIPTION AND HISTORY

The Basin Creek Mine Site is located within both the Upper Tenmile Creek Mining Area NPL Site and the Basin Mining Area NPL Site. The Basin Creek Mine was an open pit heap leach facility southwest of Helena, Montana operated by Pegasus Gold Corporation ("Pegasus"). A portion of the original permit area lies on US Forest Service lands. Approximately 3,000,000 tons of ore were mined and 100,000 ounces of gold were produced during its operation. Reclamation activities by the operator were halted when Pegasus declared bankruptcy in 1998. The facilities at the Basin Creek Mine include an open pit, the Luttrell Pit, as well as leach pads, water management facilities and related buildings, pumps, equipment, and roads that are also being used by EPA and the Forest Service in implementing the response actions.

EPA has engineered the abandoned Luttrell Pit, after receiving comments from the State, Lewis and Clark and Jefferson Counties, and the affected communities, to function as a mine waste repository (subsequently referred to as the "Luttrell Repository"). The Luttrell Repository has been used for disposal of mine waste resulting from EPA and U.S. Forest Service removal actions from mine facilities located in the general location of Basin and Tenmile watersheds. The Records of Decision (RODs) for the Upper Tenmile Creek Mining Area NPL Site and Town of Basin Operable Unit of the Basin Mining Area site specify that mining waste removed during remedial action will be disposed of in the Luttrell Repository. Mining wastes from properties under the authority of EPA and U.S. Forest Service will continue to be disposed in the Luttrell Repository. Luttrell Repository was selected as the disposal site for the Basin Watershed Operable Unit of the Basin Mining Area site. The cooperating agencies recognize the value of additional waste disposal in the repository which facilitates better surface drainage and blending with the surrounding topography.

EPA is the lead agency for conducting the Remedial Design / Remedial Action ("RD/RA") at both NPL sites except that the State is the lead for conducting reclamation at the Basin Creek Mine. In order to ensure long-term use of Luttrell Pit and the other facilities at the mine and to ensure long term control over the repository and other remedial features at the Basin Creek Mine Site, EPA, US Forest Service and DEQ agreed that the DEQ would take title to the Basin Creek Mine Site from the bankruptcy estates. The Basin Creek Mine Site is now owned and maintained by DEQ. Ownership of the site by a governmental entity also ensures that institutional controls can be maintained as required for a permanent effective remedy.

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SCOPE OF WORK

Basin Creek Mine

Under this Cooperative Agreement, DEQ shall provide the described facilities, equipment, and services to EPA from the July 1, 2017 through June 30, 2022. This amendment application is to provide funding during state fiscal year 2018.

EPA's and DEQ's responsibilities for the Basin Creek Mine Site are generally outlined in Appendix D of the ROD for the Upper Tenmile Creek Mining Area NPL Site and in the Prospective Purchaser Agreement (PPA) signed by the agencies for the Upper Tenmile Creek Mining Area NPL Site and the Basin Mining Area NPL Site. Under the PPA, DEQ agreed to take over, as part of the CERCLA response actions for the Sites, management of those portions of the mine site that were the obligation of the trustee under the August 1999 agreement, including the management of the two water outfalls/discharges that were covered in the operating permit for the Basin Creek Mine: specifically, the effluent from one leach pad, known as LP1. DEQ's responsibilities will be funded out of the remaining proceeds of the reclamation bond forfeited to DEQ for the mine site. If such proceeds and the interest thereon are exhausted, additional costs for these activities will be borne by EPA and DEQ in accordance with the cost share and assurance requirements of CERCLA. For any other discharges on the Property or at the Sites, DEQ's responsibilities will be limited to its cost share or assurance requirements under CERCLA and the NCP.

The anticipated tasks/services for SFY 2018 required for the operation of the site include but are not limited to the following:

Task No. 1 OPERATE AND MAINTAIN ALL STORMWATER PONDS, IRRIGATION AND SEDIMENT CONTROL SYSTEMS

The Basin Creek Mine Site which encompasses 1,323 acres that requires operation of storm water and treatment ponds, and sediment control systems. This entails all activities required to maintain the effectiveness of response actions at the site. This includes all routine care/maintenance, ditch cleaning and repair and/or replacement of any damaged culverts during EPA removal/remedial action. Also monitoring of operations of the six ponds and regulating movement of water from pond to pond during normal operations is required.

Unit Price. The Unit Price is cost per individual task, on completion in a given quarter based on invoice. The estimated cost for SFY 2018 is $6,000.

Task No. 2 LEASE OF TRUCK SHOP

During the remedial action, EPA's contractor will need a truck shop to perform maintenance on equipment and a ready line to park haul trucks for fueling and overnight parking. The truck shop to be provided will be 60 feet wide by 80 feet long and 40 feet tall, steel structure with aluminum siding and roof. The lay down area is approximately 3 acres.

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Unit Price. The Unit Price is $2,100 dollars per month for months actively used. The Unit Price is $500 dollars per month for storage. DEQ anticipates no usage of the truck shop for SFY 2018.

Task No. 3 LEASE OF FRESH WATER TANK

Provide one 50,000 gallon fresh water storage tank for dust suppressant system storage for dust control at the Basin Creek Mine Site as well as remedial haul routes and sites. Also provide power and surface pump to load tanks.

Unit Price. The Unit Price is $1,000 dollars per month. Unit cost will be charged monthly for any use during a particular month. DEQ anticipates that the water tank will be used for four and a half months during SFY 2018. The estimated cost for lease of the fresh water tank for SFY 2018 is $5,000.

Task No. 4 OPERATE AND MAINTAIN LAND APPLICATION DISPOSAL AREA

As part of the removal / remedial actions, the Luttrell Repository land application disposal area east of the repository will be leased to EPA. EPA will maintain the LAD system as required to ensure proper operation.

Unit Price. The Unit Price is $1,000 dollars per month, for any month that the system is used for five or more days. DEQ estimates that the LAD system will be used five months during SFY 2018. The estimated cost of this task for SFY 2018 is $5,000.

Task No. 5 LEASE OF STORM WATER POND SP-03/04

DEQ will provide combined storm water ponds SP03 and SP04 (SP 03/04) to EPA for storing Luttrell Repository leachate. EPA is responsible for operating and maintaining SP 03/04. EPA is responsible for the cleanup of any contaminated soils, surface water, or groundwater resulting from the activities of EPA, or their contractors in the use of SP 03/04 or any conveyance used to move water in or out of SP 03/04.

Unit Price. The Unit Price is $1,000 per month. Unit cost will continue to be charged monthly until SP 03/04 is reclaimed. EPA's obligation to cleanup SP 03/04 after use (and to pay for cleanup as set forth below) shall survive termination of this cooperative agreement. EPA will continue to pay $1,000 per month until reclaiming SP 03/04 to DEQ specifications. If after expiration of the cooperative agreement, EPA fails to reclaim SP 03/04, DEQ may reclaim SP 03/04 and EPA shall reimburse DEQ for the costs of cleanup within 30 days after presentation of the invoice and supporting documentation. DEQ estimates that storm water pond SP-03/04 will be operated nine and a half months during SFY 2018. The estimated cost of this task for SFY 2018 is $12,000.

Task No. 6 LEASE OF MISCELLANEOUS EQUIPMENT

Provide miscellaneous equipment as requested by EPA or EPA's contractors. The cost of any equipment rental rate not included on the Equipment Rate Schedule will be determined by

mutual agreement in writing between DEQ and EPA. If miscellaneous equipment is needed, DEQ will provide an explanation, description and cost in the quarterly reports.

Unit Price. See Attached Equipment Rate Schedule. Exhibit A

DEQ estimates $1,040 for miscellaneous equipment in SFY 2018.

Task No. 7 PROVIDE MISCELLANEOUS CONTRACTOR SERVICES

Provide miscellaneous contractor services on hourly basis as requested by EPA or EPA's contractor (as per agreed to unit / hourly price with documentation).

It is anticipated that $1,000 will be needed for contractor services during SFY 2018.

BUDGET

The estimated Budget (Exhibit B) for this Cooperative Agreement amendment for SFY 2018 will be $30,040.

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EXHIBIT A
BASIN CREEK MINE SITE1
EQUIPMENT RATE SCHEDULE

Rate	Item
$50.00/Month/Pump	DEQ Owned Pumps (2) usage months
$10.00/Month/Pump	DEQ Owned Pumps (2) storage months
$200.00/Month	DEQ Owned PVC Water Storage Tank usage month

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EXHIBIT B
BASIN CREEK MINE SITE1
BUDGET

Estimated EPA Costs for Lease of Basin Creek Mine Site Buildings/Equipment/Services for SFY 2018
For Period of July 1, 2017 - June 30, 2018

Task No. 1 - Operate and Maintain All Storm water Ponds, Irrigation and Sediment Control Systems			
Time Period	Per task		Note:
July 1 – September 30, 2017	Varies		Unit Price:
October 1 – December 31, 2017	Varies		Cost per task.
January 1 – March 31, 2018	Varies		Total Estimated $6,000.00
April 1 – June 30, 2018	Varies		
Estimated Total this task		$6,000.00	

Task No. 2 - Lease of Truck Shop			
Time Period	Monthly Rate		Note:
July 1 – September 30, 2017	$0.00	$0.00	Unit Price:
October 1 – December 31, 2017	$0.00	$0.00	$2,100 per month Active Use
January 1 – March 31, 2018	$0.00	$0.00	$500 per month Storage
April 1 – June 30, 2018	$0.00	$0.00	
Estimated Total this task		$0.00	

Task No. 3 Lease of Fresh Water Tank			
Time Period	Monthly Rate		Note:
July 1 – September 30, 2017	$1,000.00	$3,000.00	Unit Price:
October 1 – December 31, 2017	$1,000.00	$1,000.00	$1,000 per month
January 1 – March 31, 2018	$1,000.00	$0.00	To be charged monthly for any
April 1 – June 30, 2018	$1,000.00	$1,000.00	use in a particular month
Estimated Total this task		$5,000.00	

Task No. 4 - Lease of Land Application Disposal (LAD) System			
Time Period	Monthly Rate		Note:
July 1 – September 30, 2017	$1,000.00	$3,000.00	Unit Price:
October 1 – December 31, 2017	$1,000.00	$1,000.00	$1,000 per month
January 1 – March 31, 2018	$1,000.00	$0.00	To be charged monthly for any
April 1 – June 30, 2018	$1,000.00	$1,000.00	Usage over 5 days
Estimated Total this task		$5,000.00	

Task No. 5 - Lease of Storm Water Pond SP 03/04			
Time Period	Monthly Rate		Note:
July 1 – September 30, 2017	$1,000.00	$3,000.00	Unit Price:
October 1 – December 31, 2017	$1,000.00	$3,000.00	$1,000 per month
January 1 – March 31, 2018	$1,000.00	$3,000.00	To be charged monthly
April 1 – June 30, 2018	$1,000.00	$3,000.00	Until SP03/04 is reclaimed.
Estimated Total this task		$12,000.00	

Task No. 6 - Lease of Miscellaneous Equipment (per Exhibit A)			
Time Period	By usage		Note:
July 1 – September 30, 2017	$780.00	$780.00	Two pumps
October 1 – December 31, 2017	$100.00	$100.00	$50 each per month if used
January 1 – March 31, 2018	$60.00	$60.00	$10 each per month for storage
April 1 – June 30, 2018	$100.00	$100.00	PVC Water Tank
Estimated Total this task		$1,040.00	$200 per month if used

Task No. 7 - Provide Miscellaneous DEQ and Contractor Services		
Time Period	Per Invoice by request	
July 1 – September 30, 2017	Varies	
October 1 – December 31, 2017	Varies	
January 1 – March 31, 2018	Varies	
April 1 – June 30, 2018	Varies	
Estimated Total this task		$1,000.00

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Estimated Total This Application	$30,040.00