CLEDY OF BILL

William W. Mercer Victoria A. Marquis Holland & Hart LLP 401 North 31st Street Suite 1500 P.O. Box 639 Billings, Montana 59103-0639

Telephone: (406) 252-2166

Fax: (406) 252-1669

wwmercer@hollandhart.com vamarquis@hollandhart.com

ATTORNEYS FOR PLAINTIFFS

COURT STRICT
2018 MAR 20 PM
2018 MAR 20 PM 4:41
KOLLED
BY: DUPAMBERS
DEPUTY

## MONTANA NINETEENTH JUDICIAL DISTRICT COURT, LINCOLN COUNTY

MONTANORE MINERALS CORP., TROY MINE INC. and RC RESOURCES, INC., Plaintiffs,	No. DV- 18-52  Matthew J. Cuite Judge  Matthew J. Cuite Judge
WONTANA DEPARTMENT OF ENVIRONMENTAL QUALITY, TOM LIVERS, as the Director of the Montana Department of Environmental Quality,  Defendants	COMPLAINT FOR DECLARATORY JUDGMENT AND INJUNCTIVE RELIEF
Determants.	

Plaintiffs Montanore Minerals Corp., Troy Mine Inc., and RC Resources, Inc., by their counsel of record Holland & Hart LLP, for their Complaint against the Defendant Montana Department of Environmental Quality and Defendant Tom Livers ("Director Livers"), as the Director of the Montana Department of Environmental Quality, allege as follows:

### I. INTRODUCTION

1. This Complaint challenges the Montana Department of Environmental Quality's (Department's) and Director Livers's decision to prevent Montanore Minerals Corp.

(Montanore), Troy Mine Inc. (TMI), and RC Resources. Inc. (RC Resources) from obtaining and maintaining metal mine exploration licenses and metal mine operating permits.

- 2. The Metal Mine Reclamation statutes, administered by the Department and Director Livers, were enacted to "allow exploration for and mining of valuable minerals while adequately providing for the subsequent beneficial use of the lands to be reclaimed." Mont. Code Ann. § 82-4-301(3).
- 3. Montanore currently holds Exploration License No. 00648 and Operating Permit No. 00150, which were issued by the Department in 1992 for construction and operation of an underground copper and silver mine (Montanore Project) near Libby. Montana. Montanore applied for and the Department granted two minor revisions to Operating Permit No. 00150 in 2006 and one minor revision in 2009.
- 4. TMI currently holds Operating Permit No. 00093, issued by the Department for operation and reclamation of the Troy Mine, fifteen miles south of Troy. Montana. The Troy Mine is no longer producing and is currently in final reclamation status.
- 5. RC Resources currently holds Exploration License No. 00663, issued by the Department in 2001 and amended in 2009 for an exploration adit aimed at potential underground copper and silver deposits approximately five miles northeast of Noxon, Montana (Rock Creek Project).
- 6. When prompted by environmental organizations, the Department and Director Livers identified one of Hecla Mining Company's (Hecla's) officers as the basis for preventing Montanore, TMI, and RC Resources from obtaining and maintaining operating permits and exploration licenses. The Department's and Director Livers's interpretation of the statutory

language at issue is wrong, and therefore, the Plaintiff's should not be precluded from seeking, receiving, and maintaining permits.

7. The exclusion of Plaintiff's from metal mining in Montana based upon the clearly erroneous reading of all applicable statutory provisions would impact development of valuable minerals at the Montanore and Rock Creek Projects and delay and possibly derail on-going reclamation efforts at the Troy Mine.

### II. JURISDICTION AND VENUE

- 8. Plaintiffs restate and reallege Paragraphs 1 through 7 as if fully set out herein.
- 9. Plaintiffs bring this action pursuant to the Uniform Declaratory Judgments Act, under which "courts of record within their respective jurisdictions shall have power to declare rights, status, and other legal relations." Mont. Code Ann. § 27-8-201. Plaintiffs bring this action due to the Department's and Director Livers's failure to properly interpret, construe, and apply the Metal Mine Reclamation statutes, specifically Mont. Code Ann. §§ 82-4-331(3); 82-4-335(9) and 82-4-360(1). Jurisdiction is proper because District Courts have jurisdiction to review informal agency decisions that do not trigger contested case provisions under the Montana Administrative Procedures Act (MAPA). *Johansen v. State. Dept. of Natural Resources and Conservation*, 1998 MT 51, ¶ 19.
- 10. Venue is proper in this district because the claims arise in Lincoln County. Mont. Code Ann. § 25-2-126. Montanore holds an operating permit for the Montanore Project located in Lincoln County. TMI holds an Operating Permit for the Troy Mine located in Lincoln County. Both Montanore's and TMI's principal places of business are in Lincoln County. Thus, the object of the permits and the damages caused by the Department's and Director Livers's decision occur in Lincoln County. Therefore, the claims arise in Lincoln County. *LS.C.*

Distributors, Inc. v. Trevor, 259 Mont. 460, 466, 859 P.2d 977, 980 (1993) (holding that where the business suffering damages is located in Gallatin County and goods delivered under a contract would have been delivered to Gallatin County. Gallatin County was proper venue); Petersen v. Tucker, 228 Mont. 393, 396, 742 P.2d 483, 484 (1987) ("[V]enue provisions relating to actions against the state should be liberally construed in favor of private litigants.").

### III. PARTIES

- 11. Plaintiffs restate and reallege Paragraphs 1 through 10 as if fully set out herein.
- 12. Plaintiff Montanore is a Delaware corporation that owns the Montanore Project, a proposed 20,000 ton per day copper and silver mine located 18 miles south of Libby. Montana. Montanore currently holds Operating Permit No. 00150 for the Montanore Project, issued by the Department under the Metal Mine Reclamation statutes.
- 13. Plaintiff TMI is a Montana Corporation that owns the Troy Mine, an underground mine that is no longer producing and is in final reclamation, approximately fifteen miles south of Troy, Montana in Lincoln County. TMI currently holds Operating Permit No. 00093 issued by the Department under the Metal Mine Reclamation statutes.
- 14. Plaintiff RC Resources is a Montana Corporation that owns the Rock Creek
  Project, an exploration site located approximately five miles northeast of Noxon, Montana.
  RC Resources currently holds Exploration License No. #00663 issued by the Department under the Metal Mine Reclamation statutes.
- 15. The Department is an agency of the State of Montana and administers the Metal Mine Reclamation statutes and regulations. Defendant Livers is the Department's Director.

## IV. FACTUAL BACKGROUND

16. Plaintiffs restate and reallege Paragraphs 1 through 15 as if fully set out herein.

- 17. The Metal Mine Reclamation statutes provide that a "person" may not engage in mining or exploration without an exploration license or an operating permit. Mont. Code Ann. \$82-4-331(1); 82-4-335(1) and 82-4-360(1).
- 18. Person is defined in the Metal Mine Reclamation statutes to mean "any person, corporation, firm, association, partnership, or other legal entity engaged in exploration for or mining of minerals on or below the surface of the earth, reprocessing of tailings or waste materials, or operation of a hard-rock mill." Mont. Code Ann. § 82-4-303(22).

### Montanore Project

- 19. Montanore owns the Montanore Project, which includes more than one hundred twenty patented and unpatented mining claims.
- 20. In compliance with the statutes, Montanore holds Metal Mine Reclamation

  Operating Permit No. 00150 and Metal Mine Reclamation Exploration License No. 00648.

  Montanore has requested amendments to its operating permit, which are the subject of a Record of Decision issued by the Department in February 2016.
- 21. As required by the Department, Montanore has filed a bond in the amount of \$1.15 million payable to the state of Montana for the Montanore Project.
- 22. In compliance with the Metal Mine Reclamation statutes as well as the Montana Water Quality Act. Montanore holds Montana Pollutant Discharge Elimination System (MPDES) Permit No. MT0030279 issued by the Department on January 17, 2017, for the discharge of water at the Montanore Project. Hecla acquired subsidiaries that further own Montanore in September 2016. The Department granted all authorizations and permits. described above, well before the acquisition dates.

- 23. Montanore remains in compliance with its Metal Mine Reclamation Operating Permit. Exploration License, and MPDES Permit.
- 24. Montanore has not had a bond forfeited under the Metal Mine Reclamation statutes nor has the Department received proceeds from a surety to perform reclamation on Montanore's behalf. Montanore has never had any of its sureties complete reclamation on its behalf.

### **Troy Mine**

- 25. TMI owns the Troy Mine, which includes more than five hundred unpatented mining claims.
- 26. In compliance with the statutes, TMI holds Metal Mine Reclamation Operating Permit No. 00093 issued by the Department on November 27, 1978, and recently amended in a Record of Decision issued jointly by the Department and the U.S. Department of Agriculture—Forest Service in September 2012. Hecla acquired subsidiaries that further own TMI in June 2016. The Department granted all authorizations and permits, described above, well before the acquisition dates.
- 27. As required by the Department, TMI has filed a bond in the amount of \$24.5 million payable to the state of Montana for the Troy Mine.
- 28. TMI remains in compliance with its Operating Permit and has, to date, invested more than \$3.5 million in reclamation of the Troy Mine.
- 29. TMI has not had a bond forfeited under the Metal Mine Reclamation statutes nor has the Department received proceeds from a surety to perform reclamation on TMI's behalf.

  TMI has never had any of its sureties complete reclamation on its behalf.

### Rock Creek Project

- 30. RC Resources owns the Rock Creek Project, which includes nearly five hundred patented and unpatented mining claims.
- 31. In compliance with the statutes, RC Resources holds Metal Mine Reclamation Exploration License No. 00663 issued by the Department in 2001 and amended on October 21, 2009, for the Rock Creek Project.
- 32. In compliance with the Metal Mine Reclamation statutes as well as the Montana Water Quality Act. RC Resources holds MPDES Permit Nos. MT0030287 and MT0031763 issued by the Department on December 30, 2015, and May 20, 2016, respectively, for the discharge of water at the Rock Creek Project. Hecla acquired subsidiaries that further own RC Resources in June 2016. The Department granted all authorizations and permits, described above, well before the acquisition dates.
- 33. RC Resources remains in compliance with its Exploration License and its MPDES Permit.
- 34. RC Resources has not had a bond forfeited under the Metal Mine Reclamation statutes nor has the Department received proceeds from a surety to perform reclamation on RC Resources' behalf. RC Resources has never had any of its sureties complete reclamation on its behalf.

### **Corporate Entities**

35. Montanore is a Delaware corporation, wholly owned by Newhi, Inc., which is a Washington Corporation incorporated in 1987. Newhi, Inc. is wholly owned by Mines Management. Inc. a Idaho Corporation incorporated in 1947. In September 2016, Mines Management, Inc. was acquired by Hecla.

- 36. TMI was incorporated in Montana in 1999 and is wholly owned by Revett Silver Company, which in turn was wholly owned by Revett Mining Company, Inc. until 2015 when Revett Mining Company, Inc. merged with and became Hecla Montana, Inc. Hecla Montana, Inc. is owned by Hecla.
- 37. RC Resources was incorporated in Montana in 2004 and is wholly owned by Revett Silver Company, which in turn was wholly owned by Revett Mining Company. Inc. until 2015 when Revett Mining Company. Inc. merged with and became Hecla Montana, Inc. Hecla Montana. Inc. is owned by Hecla. Revett Silver Company is also the parent corporation of Revett Holdings.
- 38. Montanore, TMI, and RC Resources are not now, and have never been, a principal or controlling member of the Pegasus Mining Company, Zortman Mining. Inc., Pegasus Gold Montana Mining. Inc., or Beal Mountain Montana Mining. Inc.
- 39. Montanore, TMI, and RC Resources do not have any knowledge of the conditions at the Zortman-Landusky Mine, the Basin Creek Mine, or any other Pegasus entity mine.

### Hecla

40. Hecla does not own the Montanore Project, Troy Mine, or the Rock Creek
Project. Hecla has never and does not currently hold any Metal Mine Reclamation exploration
licenses or operating permits issued by the Department. Hecla has never and does not currently
have any bonds on file in any amounts payable to the state of Montana. Hecla has never and
does not currently hold any MPDES water discharge permits issued by the Department.

Additionally, Hecla has not applied for any Metal Mine Reclamation exploration license,
operating permit, or MPDES Water Discharge Permit from the Department.

- 41. Hecla was founded in 1891 and is the oldest precious metals mining company in the United States.
- 42. Hecla is not now, and has never been, a principal or controlling member of the Pegasus Mining Company, Zortman Mining, Inc., Pegasus Gold Montana Mining, Inc., or Beal Mountain Montana Mining, Inc.
- 43. Hecla does not have any knowledge of the conditions at the Zortman-Landusky Mine, the Basin Creek Mine, or any other Pegasus entity mine.
- 44. Since May 2001, Phillips S. Baker, Jr. ("Mr. Baker") has been employed by Hecla, becoming the Chief Executive Officer (CEO) in May 2003. Mr. Baker was previously employed by Pegasus Mining Company (Pegasus) as its Chief Financial Officer. In his roles with the Pegasus entities, Mr. Baker neither directed nor controlled mining operations at any of the Pegasus entities' mines.

### The Department's and Director Livers's Decision

45. On March 20, 2018, the Department determined that provisions of the Metal Mine Reclamation statutes, specifically Mont. Code Ann. §§ 82-4-331(3), 82-4-335(9) and 82-4-360, apply to Hecla Mining Company because of Mr. Baker's employment with Pegasus, which based upon the Department's interpretation, precludes Montanore, TMI, and RC Resources from obtaining or holding Metal Mine Reclamation exploration licenses and operating permits and from conducting mining or exploration activities in Montana.

### **Relevant Statutes**

46. The statutes require that a person, the definition of which is stated in Paragraph 18, may not be issued an exploration license or operating permit if:

that person's failure, or the failure of any firm or business association of which that person was a principal or controlling member, to comply with the provisions

of this part, the rules adopted under this part, or a permit or license issued under this part has resulted in either the receipt of bond proceeds by the department or the completion of reclamation by the person's surety or by the department, unless that person meets the conditions described in 82-4-360.

Mont. Code Ann. §§ 82-4-331(3) and 82-4-335(9).

- 47. Similarly, Mont. Code Ann. § 82-4-360 provides that:
- (1) Except as provided in subsection (2), a person may not conduct mining or exploration activities in this state if that person or any firm or business association of which that person was a principal or controlling member had a bond forfeited under this part. if the department otherwise received proceeds from a surety to perform reclamation on that person's behalf, or if the person's surety completed reclamation on the person's behalf.
- (2) A person described in subsection (1) may apply for an operating permit or an exploration license or may conclude a written agreement under 82-4-305 if:
  - (a) that person pays to the department:
  - (i) the full amount of the necessary expenses incurred by the department under 82-4-341(6) for reclamation of the area for which the bond was forfeited;
    - (ii) the full amount of any penalties assessed under this part; and
  - (iii) interest on the expenses incurred and penalties assessed at the rate of 6% a year; and
- (b) the person demonstrates and the department determines that the person has remedied the conditions that led to the bond forfeiture or receipt of the bond proceeds and that those conditions no longer exist.

### **Impact**

- 48. Without an operating permit, Montanore can no longer develop or mine its copper and silver resources at the Montanore Project. Without an operating permit, TMI can no longer complete reclamation at the Troy Mine. Without an exploration license or operating permit, RC Resources can no longer explore, develop or mine its copper and silver resources at the Rock Creek Project.
- 49. Given the Department's and Director Livers's decision, in accordance with Mont. Code Ann. § 82-4-360, in order to conduct mining or exploration activities in the state.

  Montanore, TMI, and RC Resources would be required to make payment to the Department for reclamation expenses caused by the Pegasus entities at mines that are distinct, separate and

unrelated to Montanore, TMI, and RC Resources. Further, Montanore, TMI, and RC Resources would be required to demonstrate that conditions caused by the Pegasus entities at the Zortman-Landusky Mine and at the Basin Creek Mine have been remedied and no longer exist.

50. Hecla, Montanore, TMI, and RC Resources have no liability for the expenses caused by the Pegasus entities and cannot make demonstrations about conditions at the Zortman-Landusky Mine, Basin Creek Mine or any other Pegasus entity mine. Therefore, under the Department's and Director Livers's decision, there is no apparent remedy and Montanore, TMI, and RC Resources could not conduct mining or exploration activities in the state.

# FIRST CAUSE OF ACTION Violation of Exploration License Requirements and Limitations for the Rock Creek Project Mont. Code Ann. § 82-4-331(3)

- 51. Plaintiffs hereby reallege and reincorporate Paragraphs 1 through 50 as if fully set out herein.
- 52. The Department's and Director Livers's determination that RC Resources cannot hold an exploration license or operating permit based on Hecla's employment of Mr. Baker as its CEO ignores the plain language of Mont. Code Ann. §§ 82-4-303(22), 82-4-331(3), 82-4-335(9) and 82-4-360. In reaching its decision, the Department and Director Livers misconstrued the statutory language in all four statutes.
- 53. Mont. Code Ann. § 82-4-303(22) defines "person" as "any person, corporation, firm, association, partnership, or other legal entity engaged in exploration for or mining of minerals on or below the surface of the earth, reprocessing of tailings or waste materials, or operation of a hard-rock mill." Here, RC Resources owns the patented and unpatented mining claims for the Rock Creek Project. RC Resources has applied for and invested more than \$2 million in environmental review of an operating permit. RC Resources currently holds the

exploration license, the MPDES water discharge permit and the air quality permit for the Rock Creek Project. Therefore, RC Resources is the "person, corporation, firm, association, partnership, or other legal entity engaged in exploration for or mining of minerals on or below the surface of the earth, reprocessing of tailings or waste materials, or operation of a hard-rock mill." Mont. Code Ann. § 82-4-303(22). This is dispositive of the question in this litigation given the statutory language.

- 54. Mont. Code Ann. § 82-4-331(3) says "a person may not be issued an exploration license if:
  - (a) that person's failure, or the failure of any firm or business association of which that person was a principal or controlling member, to comply with the provisions of this part, the rules adopted under this part, or a permit or license issued under this part has resulted in either the receipt of bond proceeds by the department or the completion of reclamation by the person's surety or by the department, unless that person meets the conditions described in 82-4-360;
  - (b) that person has not paid a penalty for which the department has obtained a judgment pursuant to 82-4-361;
  - (c) that person has failed to post a reclamation bond required by 82-4-305; or
  - (d) that person has failed to comply with an abatement order issued pursuant to 82-4-362, unless the department has completed the abatement and the person has reimbursed the department for the cost of the abatement."
- 55. Mont. Code Ann. § 82-4-335(9), MCA, is identical in scope, but it pertains to operating permits for metals mines.
  - 56. Mont. Code Ann. § 82-4-360, MCA, has similar language. It provides that:

a person may not conduct mining or exploration activities in this state if that person or any firm or business association of which that person was a principal or controlling member had a bond forfeited under this part, if the department otherwise received proceeds from a surety to perform reclamation on that person's behalf, or if the person's surety completed reclamation on the person's behalf.

- 57. In accordance with the statutory definition of "person," when RC Resources replaces the term "person" at the beginning of the statute, it is clear that RC Resources cannot be precluded from mining based upon the conduct of a different mining company or the conduct of an officer/employee of a different mining company that failed to meet its obligations under Montana law. This is true even where the company seeking to mine or engage in exploratory activity today employs a person who was previously employed by the noncompliant mining company. Specifically, the use of the convention "that person" throughout the remainder of the three statutes refers back to the person described at the beginning of the statute, which in this case must be RC Resources in accordance with the definition of "person" found at Mont. Code Ann. § 82-4-303(22).
- 58. The plain language of the statutes makes clear that RC Resources could not "conduct mining or exploration activities" in Montana if RC Resources itself or "any firm or business association of which" RC Resources was a principal or controlling member" failed to meet its reclamation duties under Montana. No such situation exists here and that is not the basis for the Department's and Director Livers's decision.
- 59. The Department and Director Livers have misconstrued the plain language of the statute and made inaccurate, unsupported assumptions about Mr. Baker's current and former job functions to conclude that Mr. Baker's status as a former employee/officer in a mining company that is neither the "person" nor a "firm or business association of which [RC Resources] is a principal or controlling member" requires RC's exclusion from mining or exploration in Montana.
- 60. In order to reach that result, the statutes would need to have been written to provide that:

A person may not conduct mining or exploration activities in this state if that person or any firm or business association of which that person [or that person's principals or controlling members] was a principal or controlling member had a bond forfeited under this part, if the department otherwise received proceeds from a surety to perform reclamation on that person's [or on that person's principal or controlling members' or their firms' or business associations'] behalf, or if the person's [or the person's principals or controlling members or their firms or business associations] surety completed reclamation on the person's [or the person's principals or controlling members or their firms or business associations] behalf.

The statutes, however, were not drafted that way and the Department and Director Livers may not "insert that which the legislature omitted, nor [...] omit that which the legislature has inserted." *State v. Hicks*, 2013 MT 50. ¶ 19, 369 Mont. 165, 296 P.3d 1149 (citing Mont. Code Ann. § 1–2–101; *In re K.M.G.*, 2010 MT 81, ¶ 26, 356 Mont. 91, 229 P.3d 1227; *State v. Cooksey*. 2012 MT 226. ¶ 32, 366 Mont. 346, 286 P.3d 1174). Further, the Department must construe the statute "according to its plain meaning and if the language is clear and unambiguous then no further interpretation is required." *In re Engellant*. 2017 MT 100, ¶ 11, 387 Mont. 313, 316, 400 P.3d 218, 220.

- 61. Here, the plain language requires reading the statutes with RC Resources as the "person" seeking to explore and mine at the Rock Creek Project; therefore, the relevant question is whether RC Resources or any firm or business association of which RC Resources was a principal or controlling member was noncompliant. The answer, in both instances, is no.
- 62. The Department's and Director Livers's interpretation of the statutes also ignores the very statutes that RC Resources was organized under, which require that "all corporate powers must be exercised by or under the authority of the board of directors, and the business and affairs of the corporation must be managed under the direction of its board of directors."

  Mont. Code Ann. § 35-1-416(2). The Department's and Director Livers's interpretation

erroneously, and without supporting facts, assumes that Mr. Baker, not the RC Resources board of directors, exercises control over RC Resources.

63. The Department's and Director Livers's interpretation of the statutes also erroneously equates Mr. Baker with the Pegasus entities, regardless of the Pegasus entities' corporate structure or Mr. Baker's lack of control of the mining operations conducted by the Pegasus entities.

# SECOND CAUSE OF ACTION Violation of Operating Permit Limitations for the Montanore Project Mont. Code Ann. § 82-4-335(9)

- 64. Plaintiffs hereby reallege and reincorporate Paragraphs 1 through 63 as if fully set out herein.
- 65. The Department's and Director Livers's determination that Montanore cannot hold an operating permit based on Hecla's employment of Mr. Baker as its CEO ignores the plain language of Mont. Code Ann. §§ 82-4-303(22) and 82-4-335(9)(a).
- 66. For the Montanore Project, Montanore is the "person" engaged in exploration for minerals on or below the surface of the earth. Montanore, not Hecla, owns the Montanore Project. Montanore, not Hecla, holds the operating permit and the MPDES discharge permit for the Montanore Project. Montanore, not Hecla, has placed on file with the Department sufficient bond for the Montanore Project. Therefore, Hecla cannot be the "person" engaging in mining or seeking to obtain amendments to an operating permit for the Montanore Project.
- 67. The Department's interpretation erroneously assumes that Mr. Baker, not the Montanore board of directors, exercises control over Montanore.
- 68. The Department's and Director Livers's interpretation of the statutes also erroneously equates Mr. Baker with the Pegasus entities, regardless of the Pegasus entities'

corporate structure or Mr. Baker's lack of control of the mining operations conducted by the Pegasus entities.

## THIRD CAUSE OF ACTION Violation of Operating Permit Limitations for the Troy Mine Mont. Code Ann. § 82-4-335(9)

- 69. Plaintiffs hereby reallege and reincorporate Paragraphs 1 through 68 as if fully set out herein.
- 70. The Department's and Director Livers's determination that TMI cannot hold an operating permit based on Hecla's employment of Mr. Baker as its CEO ignores the plain language of Mont. Code Ann. §§ 82-4-303(22) and 82-4-335(9)(a).
- 71. For the Troy Mine, TMI is the "person" engaged in exploration for minerals on or below the surface of the earth. TMI, not Hecla, owns the Troy Mine. TMI, not Hecla, holds the exploration license and the MPDES discharge permit for the Troy Mine. Troy Mine, not Hecla, has placed on file with the Department sufficient bond for the Troy Mine. Therefore, Hecla cannot be the "person" engaging in mining or reclaiming the Troy Mine.
- 72. Further, the Department's and Director Livers's interpretation of the statutes ignores the very statutes that TMI was organized under, which require that "all corporate powers must be exercised by or under the authority of the board of directors, and the business and affairs of the corporation must be managed under the direction of its board of directors." Mont. Code Ann. § 35-1-416(2). The Department's and Director Livers's interpretation erroneously assumes that Mr. Baker, not the TMI board of directors, exercises control over TMI.
- 73. The Department's and Director Livers's interpretation of the statutes also erroneously equates Mr. Baker with the Pegasus entities, regardless of the Pegasus entities'

corporate structure or Mr. Baker's lack of control of the mining operations conducted by the Pegasus entities.

## REQUEST FOR RELIEF

THEREFORE, Plaintiffs respectfully request that this Court:

- 1. Declare unlawful and set aside the Department's and Director Livers's decision that Montanore, TMI, and RC Resources cannot obtain exploration licenses or operating permits under the Metal Mine Reclamation statutes.
- 2. Require the Department to pay Plaintiffs their reasonable costs, fees, and expenses, including attorneys' fees, associated with this litigation; and
  - 3. Grant Plaintiffs such additional relief as the court may deem just and proper. Dated this 20th day of March, 2018.

for William W. Mercer

Victoria A. Marquis Holland & Hart LLP 401 North 31st Street

Suite 1500 P.O. Box 639

Billings, Montana 59103-0639

ATTORNEYS FOR PLAINTIFFS

10646138 4