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10<sup>TH</sup>

ANNIVERSARY

# GOOD NEIGHBOR AGREEMENT

## HAPPY BIRTHDAY, GNA!

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**An innovative approach to responsible management and environmental protection celebrates its 10<sup>th</sup> anniversary**

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Ten years ago Stillwater Mining Company (SMC), Northern Plains Resource Council, Stillwater Protective Association, and Cottonwood Resource Council established an innovative agreement that resolves disputes, protects the environment, and encourages responsible economic development.

The Good Neighbor Agreement (GNA) is a legally binding contract that addresses wide-ranging issues in a positive and pro-active manner. The successful implementation of this ground-breaking Agreement has developed trust, openness, and transparency that has led to a better understanding and respect for the issues and concerns of all parties and has become a template for resolving disputes and promoting positive interaction in the permitting and development of natural resources.

The Agreement provides solid criteria for the implementation of: traffic plans, water monitoring plans, aggressive water discharge limits (that exceed normal regulatory standards), biological monitoring, reclamation, and closure plans with an emphasis on “best management practices” for all mining activities. Costs to run the Agreement are borne by SMC and include an independent third-party consultant to aid the citizen councils in the technical interpretation of data as well as the mining processes used by SMC.

A unique component of the GNA is that it provides the councils a voice in the decision-making process and an

opportunity to review and comment on plans, procedures, and proposed solutions up front in the planning stage where issues can be addressed before development. This process minimizes the potential for conflicts that can slow or stall development and, at the same time, assures that important environmental issues are addressed and factored into mining activities.

Today, looking back on the past 10 years, the significance and relevance of the GNA remains intact, and all parties remain committed to the process. The GNA is a force for positive change and demonstrates a willingness on the part of the citizen councils and SMC to break with the failed contentious practices of the past.

This accord disproves the adage that you can't have your cake and eat it too. The unique structure of the Agreement and the single-minded commitment of the parties to live within the spirit and intent of the accord have produced a win-win scenario for our local communities and rural way of life we so enjoy. Crafting and implementing this type of agreement isn't easy, quick or without obstacles. However, it is the right way to constructively address issues and differences while seeking to enhance understanding and broaden perspectives.

So we say “Happy Birthday, GNA!” May we continue to prevail and prosper to the benefit of all who believe that responsible mining, environmental protection, and important economic development can co-exist.

# GNA COMBINES MINING BEST PR

## Busing pact eliminates traffic jams on rural roads

Most travelers to the Boulder River Valley south of Big Timber wouldn't notice that up to 600 mine workers have travelled that road twice a day over the past eight years.

Boulder Valley residents have seen only minor traffic increases since the development of the East Boulder Mine, thanks to the traffic reduction plan in the Good Neighbor Agreement. The plan requires busing of all mine employees and limits private vehicle traffic by Stillwater Mining Company supervisors and subcontractors to 35 round trips per day and commercial truck traffic to 10 vehicles per day. There is also a voluntary average "car pooling" goal of three persons per vehicle, which SMC works diligently to meet.

The plan works well for both nearby residents and the mine and is monitored by the East Boulder Oversight Committee. In the summer of 2008, as the East Boulder Mine reached peak employment and before the economic collapse and restructuring of the mine operations in 2009, SMC was pushing up against the traffic plan limits and sought to change the traffic language in the Good Neighbor Agreement. Cottonwood Resource Council members on the East Boulder Oversight Committee



Buses transport miners from Billings, Columbus, Livingston, Red Lodge, and Big Timber several times a day to cut down on the number of private vehicles on rural roads.

were reluctant to expand the limits but also wanted to ensure that SMC could carry out its business plan.

After numerous discussions, the Oversight Committee, which consists of two members from the councils and two from SMC, approved language that keeps the limits at 35 permitted vehicles per day but exempts certain "site vehicles" needed for unforeseen or emergency travel, provided there is a signed permit from a manager or supervisor at the mine site. SMC tracks these

"site vehicles" in the monthly traffic reports reviewed by the Oversight Committee.

Shortly after signing the amended traffic language in November 2009, SMC restructured mine operations and reduced its employment levels by almost 50% in response to the downturn in the metals market following the worldwide economic crisis. This restructuring also resulted in a decrease in daily vehicle traffic to between 20 to 25 vehicles per day. As currently structured, the amended traffic plan will provide ample room for years to come should SMC decide to increase employment at the East Boulder mine.

## Paste mine tailings above ground prove unworkable

One of the most positive outcomes of the 2000 Good Neighbor Agreement was the creation of the Responsible Mining Practices & Technology Committee. The Tech Committee examines annually any new mining best management practices that might be applied at Stillwater Mining Company sites, primarily those that would reduce mine waste rock and tailings disposal on the surface.

A clause in the original GNA required a serious examination of "paste tailings" above ground. These are finely crushed rock from the milling process, along with water and varying amounts of cement. A feasibility study was undertaken in phases, with completion planned for this year. The councils met semi-annually with SMC from 2000 through 2008, and where information and engineering studies were openly shared.

As this process unfolded, it became clear that while the concept has some value, it is not realistic at the local sites. Cost, stability, durability, wear resistance, and flaking or dusting led to a



Mine facilities and lined tailings impoundment at the East Boulder Mine, the smaller of the two mine sites.

somewhat different conclusion than anticipated. After serious consideration with all of the relevant information on the table, the citizen councils and SMC agreed that a full study would not be required.

The Tech Committee continues to review and evaluate emerging technologies that show promise to minimize potential waste and water quality impacts for Stillwater and East Boulder mine operations.

# ACTICES, CITIZEN PARTICIPATION

## GNA maintained biological monitoring of rivers

Biological monitoring data is collected at both mine sites in the Stillwater River Valley and East Boulder River Valley to assess potential mine-related impacts downstream. Biological monitoring includes collecting samples of algae (chlorophyll a), periphyton (attached algae) and macro-invertebrates (stone fly, caddis fly, midges) from the river bottom. This monitoring helps determine the river's health.

When the GNA was signed in May 2000, it required biological monitoring twice a year at additional monitoring locations instead of once a year at limited sites as required by permit.

After more than three years of monitoring with no mine-related impacts detected, Stillwater Mining Company submitted a request to the regulatory agencies to remove the requirement for biological monitoring from the permits at both mine sites unless there was a direct discharge to surface water allowed under the provisions of the discharge permit. At the same time SMC proposed a voluntary program in selected monitoring locations once every three years. The citizen councils in the GNA strongly opposed the change.

The councils and SMC were unable to reach agreement on the proposed monitoring schedule before it was time for monitoring in the late summer. So, in 2004 the councils conducted biological monitoring in the East Boulder River independently through the Citizen Sampling provisions of the Good Neighbor Agreement.



Biological monitoring of nearby rivers is an important tool in detecting if mine operations are affecting water quality.

The Citizen Sampling provisions allow for independent sampling by the councils as part of the GNA with funding provided by SMC. In implementing this provision, the councils were able to maintain annual biological monitoring at both mine sites until a compromise acceptable to both parties was reached. The biological monitoring program has proven to be an important tool for assessing mine-related impacts, and both the councils and SMC are happy to report that through 2008 water quality and the biological integrity of the Stillwater River and East Boulder River have not been negatively impacted by mining.

## Public meeting allays fears of nearby landowners

In the platinum and palladium mining process, the Stillwater Mining Company extracts approximately 0.5 ounces of ore per ton of rock. On average, 55% of waste rock and tailings are returned to the internal workings of the mine for permanent disposal in order to minimize surface impacts.

At the Stillwater Mine the remaining waste rock is removed to nearby permanent disposal areas east and west of the mine. In late 2009, Stillwater Mining Company approached the Stillwater Oversight Committee and advised members of a proposal to expand the currently permitted waste rock storage capacity by approximately 8.5 million tons, which could extend the storage capacity through 2032. SMC identified four potential locations: two existing disposal locations and two locations which, if permitted, would require construction of new facilities. At a subsequent Oversight Committee meeting, the members

reviewed detailed maps of the proposed sites and discussed the potential impacts of each. SPA members recommended that company representatives meet with community residents living near the four proposed locations.

A public meeting was held shortly thereafter. The attendees were initially skeptical of SMC's needs and plans. After an in-depth explanation, which included detailed visuals, the residents participated in a frank and open discussion with mine representatives. By the end of the meeting, residents supported the expansion of the existing storage facility closest to the mine, which was also the location that SMC and the Oversight Committee favored as the most environmentally responsible option.

This is yet another example of the collaborative process which allows the Good Neighbor Agreement to go above and beyond the normal regulatory process.

**A look at 10 years of the  
GOOD  
NEIGHBOR  
AGREEMENT**

## Hard-won trust aids in negotiating 2005 Amendment

The original GNA was initially an experiment that contained very detailed and specific terms of implementation. By 2005, many of the required baseline projects had been completed and many of the monitoring and compliance plans were well under way. Also, the preceding years of collaboration and initial GNA work had produced an atmosphere of trust and credibility which led to the modifications of certain sections of the original document in order to reflect current practices and to provide a more accurate framework for the future.

As a result of these changed conditions and the working relationship of the parties, in 2005 the GNA was reopened, and all sections were reassessed and discussed. The resulting 2005 Amendment addressed the progress made and lessons learned. Highlights of the amended GNA include:

- First and foremost, the original objectives remained unchanged;
- A list of projects that were completed or ongoing;
- Adjustments to SMC funding obligations;
- Reduced number of official oversight committee meetings;



At a community celebration of the Good Neighbor Agreement in August, Norm Tjeltveit, Chair of the Stillwater Protective Association and a member of the Stillwater Oversight Committee, offers a toast to the past 10 years of the Good Neighbor Agreement and 10 more years of cooperation.

- Adjustments to water quality and biological monitoring sites and frequency.

The GNA is a work in progress, intended to oversee certain aspects of performance for the entire life of the mines. The 2005 Amendment proved that the Agreement has the flexibility to address concerns of day-to-day operations and to protect the interests of the local communities.