

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Nevada State Office
P.O. Box 12000 (1340 Financial Blvd.)
Reno, Nevada 89520-0006
<http://www.nv.blm.gov>

In Reply Refer To:
3809 (NV-920) P

April 2, 2002

EMS TRANSMISSION 04/03/02
Instruction Memorandum No. NV-2002-036
Expires: 9/30/2003

To: Field Managers, Nevada

From: State Director, Nevada

Subject: Updating Reclamation Bonds in the Mining Law Surface Management Program

DD: 10/11/2002

For several years, it has been the policy of the BLM that operations conducted in accordance with the 43 CFR 3809 surface management regulations maintain a bond (financial guarantee) sufficient to cover all anticipated reclamation costs and obligations as defined in their approved plan of operations. Currently, 195 of the 304 approved plans of operations within the state have some form of financial guarantee, with approximately 90% of the active plans having bond coverage. However, many of these bonds were approved as interim bonds several years ago, or were calculated using the bond reduction formula (less than 100% coverage) or the flat \$2,000 per acre calculation.

The revised 3809 surface management regulations require that all plans of operations approved prior to January 20, 2001, come into compliance with the requirements of the regulations. The regulations require that estimated reclamation costs be calculated as if third party contractors were performing the reclamation and that the bond be sufficient to cover 100% of the cost of reclaiming the proposed disturbance.

This Instruction Memorandum (IM) directs each Field Office to review their 3809 plans of operations to determine the bond status of each approved plan, and to update existing or acquire new financial guarantees for those plans that do not meet current reclamation bonding criteria. For Nevada, Instruction Memorandum No. NV-2000-077 (dated September 19, 2000) provides the guidance and requirements necessary to meet the bond provisions of the 3809 surface management regulations. If a financial guarantee for a plan of operations meets the September, 2000 reclamation requirements and cost estimation, then bond coverage for that plan is considered consistent with the revised 3809 regulatory requirements. Updated or new bonds need to be acquired for those plans that do not meet this criteria.

Adequate bonding of 3809 plans of operations is the highest Nevada priority for FY 2002 in the Mining Law Surface Management Program. Plans of operations which need bonds or updating of existing bonds are listed below in priority order:

1. Plans of operations needing interim fluid management (IFM) bond coverage. See footnote 3 of the Reclamation Cost Estimation Summary Sheet (Attachment 1 of the Nevada BLM bonding guidelines contained in Instruction Memorandum No. NV-2000-077). Also refer to IM No. NV-2001-031, Interim Fluid Management Bond Increases, dated March 30, 2001. The procedures outlined in IM No. NV-2001-03 should be completed immediately. The Interim Fluid Management Bonding Worksheets have been completed by the involved operators and approved by the Nevada Division of Environmental Protection (NDEP). Field Offices need to review the completed worksheets and send a completed Bond Decision form (Attachment 3 of IM No. NV-2001-031) to the State Office (NV-923). If the provisions of IM No. NV-2001-031 have been met and the bond has been increased accordingly, then the bond requirements of IFM have been met for those plans.
2. Active plans of operations which are not currently bonded.
3. Active plans of operations with inadequate bond coverage. Includes those plans with outdated reclamation cost estimates and financial guarantees, plus interim bonds that do not meet the September, 2000 reclamation requirements and cost estimation criteria. Also those plans with bonds in which the cost estimates were based on the flat \$2,000 per acre calculation and those plans in which the cost reduction formula was used to reach a bond amount that was less than 100% of the estimated cost of reclamation.
4. Inactive plans of operations which are not currently bonded or have inadequate bond coverage.

Each Field Office must act on the first three priorities listed above during FY 2002. It is expected that needed actions on these three priorities will be completed by September 30, 2002, unless unanticipated industry or regulatory delays develop. It is expected that actions needed to bring those plans meeting the fourth priority will be completed as soon as possible, but no later than the end of FY 2003.

A status report is to be submitted to the State Office (NV-920) by October 11, 2002, listing each approved plan of operations, the bonding status of each listed plan and whether that plan is in compliance with the revised 3809 surface management regulations.

To assist each Field Office and to provide conformity statewide, form letters have been developed for your use in sending to operators. The first letter is for active operations that have existing bonds, but need to be reviewed and updated. The second letter is for operations that are active, but currently have no bond covering their operations. The letters are attached for your review and use.

Questions concerning this memorandum should be directed to Craig Smith (775-861-6453) or

Larry Steward (775-861-6575) in the Nevada State Office.

Signed by:
Jean Rivers-Council
Associate State Director, Nevada

Authenticated by:
Pam Collins
Staff Assistant

2 Attachments

1. Form letter to existing bond operators (8 pp)
2. Form letter to operators without bonds (7 pp)