

DEPARTMENT OF INTERIOR
BUREAU OF LAND MANAGEMENT
ARIZONA STATE OFFICE



**Operator Information for Casual Use, Notice and
Plan Level Operations and for Providing a
Financial Guarantee as Required by 43 CFR 3809**

Operator Information for Casual Use, Notice and Plan Level Operations and for Providing a Financial Guarantee as Required by 43 CFR 3809

This document provides guidance for Operators/Claimants to submit Notices and Plans of Operation under 43 CFR 3809 for mining activities on lands administered by the Bureau of Land Management (BLM) in Arizona.

PROCESSING CASUAL USE ACTIVITIES

The BLM does not process applications for Casual Use activities under 43 CFR 3809 and you are not required to contact BLM before beginning Casual Use activities. You are however required to have a working knowledge of all applicable laws and regulations pertaining to mining in Arizona before you begin your Casual Use activities. A simple example of a Casual Use activity common in Arizona is the operation of prospecting or rock collecting using a metal detector and/or other hand tools while camping on public lands. You cannot engage in suction dredging at a casual use level on BLM administered lands in Arizona. Suction dredging can only be done pursuant to a Notice or Plan, filed under 43CFR3809. Any camping must be in compliance with all camping regulations and you must not occupy the public lands, within a radius of 25 miles for more than 14 days in a 90-day period.

PROCESSING NOTICE LEVEL OPERATIONS

When submitting a Notice, your Notice must contain all of the information listed under 43 CFR 3809.301. If you propose occupancy, as defined by 43 CFR 3715, your Notice must also include the information required under 43 CFR 3715.3-2. Attachment 1 is a sample Notice format.

Processing Notice level operations involves a 15-day time frame (See 43 CFR 3809.311). During this time frame, the BLM Field Office (FO) must analyze the Notice to determine:

1. If the Notice is complete and contains all of the information required under 43 CFR 3809.301;
2. If the operations proposed will not cause Unnecessary or Undue degradation; and
3. Establish the amount of the financial guarantee required pursuant to 43 CFR 3809.500.

Note that the collection and adjudication of the financial guarantee amount falls outside of the 15-day timeframe and further processing of the Notice is dependent upon your furnishing the appropriate financial guarantee. Also, pursuant to 43 CFR 3809.312(c) you cannot begin operations until an acceptable financial guarantee has been provided to and accepted by the BLM.

When your Notice is filed with a FO, the FO must respond to you within 15 days. Within that time frame, the office must formally acknowledge the Notice as provided by 43 CFR 3809.312(a) and state the amount of the financial guarantee you must provide before you begin operations. The FO may require additional review time as provided for pursuant to 43 CFR 3809.313.

If you do not supply a financial guarantee within 60 days from your receipt of the acknowledgement of the Notice and you have not maintained **written** contact with the FO during that period, the FO will consider the Notice withdrawn. This may require you to re-submit your Notice.

PROCESSING PLAN LEVEL OPERATIONS

Processing Plan level operations involves a review under the National Environmental Policy Act (NEPA). When this review is completed, the Plan will be approved, modified or disapproved. When the Plan is approved or modified, the BLM will give you a decision stating the amount of the financial guarantee required.

FINANCIAL GUARANTEES

The regulations provide for three types of operations on public lands: Casual Use, Notice level and Plan of Operation level operations.

Casual Use means activities ordinarily resulting in no or negligible disturbance of the public lands or resources. Casual Use does not include the use of mechanized earth moving equipment; truck mounted drilling equipment or motorized vehicles in areas closed to “off-road vehicles”, explosives, chemicals, or occupancy as defined by 43 CFR 3715. Operators conducting operations at the Casual Use level are **not required to post a financial guarantee for their operations.**

Casual Use operations involve simple prospecting with hand tools such a picks, shovels, metal detectors and camping for less than 14 days in a 90-day period. It does not involve any type of explosives, chemical usage or mechanized earth moving equipment. Small scale mining devices such as dry washers having engines with less than 10 brake-horsepower are allowed, provided they are fed using only hand tools.

Notice level operations include only exploration activities in which five or less acres of disturbance are proposed. All operators conducting operations under at the Notice level must post a financial guarantee for their operation.

Plans of Operations (PO) include all mining and processing activities (regardless of the size of proposed disturbance), plus all other activities exceeding five acres of proposed public land disturbance. A PO is also needed for any bulk sampling in which 1,000 tons or more of presumed ore for testing is proposed for removal. All operators conducting operations at the PO level must post a financial guarantee for their operation.

Operators must submit a Reclamation Cost Estimate (RCE) when submitting their Notice or PO with the appropriate BLM FO (See §3809.301(4) or §3809.401(2) (d)). RCEs for both Notices and P Os must be sufficient to cover all aspects of the operation that are planned by the operator. All reclamation costs are to be calculated as if third party contractors were performing the reclamation after the site has been vacated by the operator. A Notice is not considered complete, as defined pursuant to 43 CFR 3809.301, until an acceptable RCE has been provided to the BLM.

The BLM FO reviews the RCE and determines the amount of the financial guarantee needed for each submitted Notice or plan. The Field Manager notifies the operator of the needed amount. For Arizona, financial guarantees along with the appropriate bond form are submitted to the BLM FO that administers the area of concern. Financial guarantees submitted to the BLM FOs are to be accompanied by the proper bond contract forms (See Attachments 3 and 4). The FO will then forward

the financial guarantees and bond forms to the BLM Arizona State Office (SO) for adjudication and acceptance.

The amount of the financial guarantee is dependent on, and restricted to, the anticipated cost to reclaim the impact of the mining operation. Occasionally, small mining operations may be combined with recreational activities involving hiking and camping. When it is determined that these activities are solely attributable to recreation (or other non-mineral related activities), and are not authorized under the Mining Law of 1872, the impacts of such activities are not to be included when calculating the amount of the financial guarantee for the mining operation itself. If you are engaged in recreational activities, you must clearly show the BLM where these activities will be conducted and restrict your recreational activities to those areas. Any impacts associated with recreational activities would be managed under the appropriate regulations governing these activities.

Financial guarantees must cover all aspects of the operation that are planned by the operator but do not necessarily cover any pre-existing disturbance. An operator's responsibility for pre-existing disturbance is tied directly to his use or exploitation of that disturbance. For example, if an excavation is on a mining claim and it predates the current operator, that operator is not responsible for the remediation or reclamation of the excavation if the excavation is not used **in any way** by the operator. If, however, the operator uses the excavation or would object to the BLM reclaiming or remediating the excavation, then the cost for reclamation or remediation must be included in the financial guarantee. You are encouraged to conduct a thorough inventory of the claim or claims to determine the full extent of any existing disturbance and to meet with FO personnel at the site before developing a RCE to establish clearly what must be included in the cost estimate. Generally, when an operator involves pre-existing disturbance in his/her present operation, the BLM would consider the reclamation of pre-existing disturbance to consist of those steps that would be required if the operator had created that disturbance.

If in the course of duties, BLM field personnel determine that a mine working/hazard/feature poses an imminent threat to public health and the environment, and if the mining claimant protests or takes other action to prevent the BLM's proposed mitigation actions with respect to the abandoned mine hazard, the mining claimant will become responsible for maintaining that mine opening or other hazard/working/feature in a safe and secure condition. After a mining claimant has asserted opposition to the BLM mitigation, the BLM will initiate efforts for the mining claimant to accept financial responsibility for site maintenance, including protection of public health and the environment. The BLM will regulate these sites as "activities exceeding casual use," and the mining claimants will be required to comply with surface management regulations at 43 CFR 3809.10.

When a mining claimant has protested or attempted to prevent proposed mitigation efforts, the mining claimant will be required to submit an approved financial guarantee in accordance with the requirements of 43 CFR 3809.500 – 3809.599 to cover the mitigation needs of the working mine. The claimant will be responsible for any hazards at the site in compliance with the surface management regulations.

The reclamation of mining claim access also presents another example of pre-existing disturbance that may or may not be included in the financial guarantee. If the access clearly predates the existence of the operation and the operator does not or would not object to the BLM blocking, removing or reclaiming the access, then the operator would not be responsible for reclaiming the access and it should

not be included in the determination of the financial guarantee. If the operator constructs access to the operation, and the BLM determines that this access is important to maintain, the BLM may elect to retain this access after the mining operation ends. In this case, the reclamation of the access would not be included in the financial guarantee, but the decision to retain the road by the BLM would have to be documented and must be consistent with the approved land-use plan. If an operator constructs access or uses existing access for an operation and would object to the BLM blocking, removing or reclaiming that access, then the operator must post a financial guarantee that covers the reclamation of the access. Operators are encouraged to conduct a thorough inventory of the proposed operations area to determine the full extent of any pre-existing disturbance. This could include pictures taken “before” and “after” the operation, demonstrating the level and nature of any pre-existing disturbance.

RECLAMATION COST MODEL

The surface management regulations at 43 CFR 3809.401(d) require operators to submit an RCE. The financial guarantee must be sufficient to cover 100% of the cost to stabilize and reclaim the site as if the BLM were to contract with a third party. This includes the cost of any action needed to prevent Unnecessary or Undue degradation of the Federal lands should premature cessation or abandonment of the operation occur. An operator’s cost for reclamation cannot be used to develop an RCE. Instead, the work must be estimated as if an independent party were hired to do this work, using equipment that he/she provides and paying wages in accordance with the Davis-Bacon Act.

The BLM has developed an automated financial guarantee estimator which is available for download at the BLM website or is available at any BLM Arizona office to assist those in preparing an RCE. If an operator should elect to use this estimator to prepare a financial guarantee, the BLM will generally accept the calculated result, unless the BLM determines that the area or operation requires some special reclamation measures. If an operator elects not to use the estimator, the operator must demonstrate to the BLM’s satisfaction that his/her estimate is more accurate than the estimate derived from the estimator. Generally, the BLM will accept the results of the estimator (pending verification of inputs) for all Notice and plan level activities that do not require an Aquifer Protection Permit (APP). If an APP is required then the financial guarantee must be based on the reclamation bond estimate required in the APP application.

Attachment 2 contains information on the use of the reclamation estimator, an example of the RCE Summary Worksheet and an RCE Checklist.

FINANCIAL GUARANTEE INSTRUMENTS

The BLM accepts the following instruments as financial guarantees for reclamation bonds, as defined by 43 CFR 3809.555 and 3809.556:

1. **Surety bonds** – when the surety company is authorized to do business with the United States as approved by the U.S. Treasury Department. A current list of authorized companies is available by calling 202-874-6850 or through the Internet at <http://www.fms.treas.gov/c570/c570.html>.

A Surface Management Surety Bond Form No. 3809-1 (see Attachment 3) must accompany this type of financial guarantee.

The following financial guarantees must be accompanied by Surface Management Personal Bond Form No. 3809-2. (See Attachment 4)

1. **Cash, certified check, or bank draft (Guaranteed Remittance)** – in an amount equal to the required dollar amount of the financial guarantee, to be deposited and maintained in a Federal depository account of the United States Treasury by the BLM payable to the Department of the Interior, Bureau of Land Management. Personal and foreign checks are not accepted.
2. **Irrevocable Letter of Credit** – from a bank or financial institution located in the United States. (See Attachment 5 for further information)
3. **Certificates of Deposit** – when placed through a bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC), or a bank that is a Federal Reserve Branch Bank, and the deposit is not in excess of the maximum insurable amount. (See Attachment 5 for further information)
4. **Negotiable securities of the United States** – having a market value at the time of deposit of no less than the dollar amount required for bonding. (See Attachment 6 for further information)
5. **Investment-grade rated securities** – having a Standard and Poor’s rating of AAA or AA or an equivalent rating from a nationally recognized securities rating service.
6. **Insurance** – when the form and function of the insurance is such that the funding or enforceable pledges of funding are used to guarantee performance of regulatory obligations in the event of default on such obligations. Insurance must have an A.M. Best rating of “superior” or an equivalent rating from a nationally recognized insurance rating service.

The BLM accepts any of the bonding instruments listed in numbers 1 through 5 above from a third party with the use of appropriate bond and rider forms.

SOURCES THAT CAN PROVIDE FINANCIAL GUARANTEES

While the BLM will work directly with an operator and/or a financial institution of their choosing to insure that the form of the financial guarantee provided meets the requirements of §3809.555, the BLM will not intervene on behalf of any operator to secure a financial guarantee or advise an operator concerning the availability of sources that can provide financial guarantees. The availability of sources that can provide financial guarantees varies with the credit rating and financial status of the operator. The BLM cannot predict or advise an operator on who would likely assist the operator in providing a financial guarantee.

STATEWIDE AND NATIONWIDE BONDS

The surface management regulations at 43 CFR 3809 provide for statewide and nationwide bonds (Blanket Financial Guarantee, See 43 CFR 3809.560). These bonds can be used to cover all of the operator’s Notices and PO in one state or in all states in which the BLM administers lands that are open to the General Mining Laws.

When Notices and POs are to be covered by the same statewide or nationwide bond, an operator must submit the bond and financial instrument to the BLM for processing and acceptance. In Arizona, the BLM FO will receive blanket financial guarantees. The FO will forward the blanket financial guarantee to the BLM SO where the bond will be adjudicated and maintained. The BLM State Office to which a nationwide bond is originally submitted will be the management office for operations conducted in other states.

BONDS HELD BY THE STATE OF ARIZONA OR OTHER FEDERAL AGENCIES

§3809.570 allows the BLM to accept bonds held by a State agency. In order to accept such financial guarantees, they must provide at least the same amount of financial guarantee as required by 43 CFR 3809 and must be redeemable by the Secretary of the Interior. (See §3809.570(a) (c). Currently, bonds presently held by the State of Arizona or other federal agencies working with the BLM **do not** meet these requirements and as such are not acceptable as substitutes for the financial guarantees required by 43 CFR 3809. This means that aspects of operations regulated by such things as an Aquifer Protection Permit may require a separate financial guarantee under §3809.500, in addition to any bond posted with the Arizona Department of Environmental Quality (ADEQ).

PHASED OR INCREMENTAL FINANCIAL GUARANTEES

§3809.553 provides for the phased or incremental establishment of a financial guarantee. At any time however, the financial guarantee must be sufficient to cover 100% of the cost to completely reclaim the surface disturbance that has actually occurred. Generally, the BLM will allow the operator to post bonds in not less than yearly increments, that is, at the start of each operating year, the bond may be phased to cover 100% of the current disturbance plus 100% of the projected disturbance for the upcoming year.

A phased release of a financial guarantee is also allowed. When an operator completes a portion of the reclamation of his operations in accordance with his Notice or PO, the BLM, pending the results of an inspection, will release that portion of the financial guarantee for the reclamation completed in accordance with §3809.590 to §3809.594.

From the above discussion it is clear that a financial guarantee may be adjusted up or down during the course of phased or incremental bonding based on actions taken by the operator on the ground. Operators are encouraged to develop Notices and Plans with specific schedules for reclamation that may allow them to manage their total outlay for a financial guarantee for their operation.

FINANCIAL GUARANTEE REDUCTION AND RELEASE

The release of financial guarantees is regulated by 43 CFR 3809.590. The following guidelines provide for the reduction and final release of financial guarantees held for PO and Notice level activities:

- Up to 60% of the financial guarantee for a project area may be released when the BLM determines that the operator has successfully completed backfilling, re-grading, establishment

of drainage control, and stabilization and detoxification of leaching solutions, heaps, tailings, and similar facilities on that portion of the project area. (43 CFR 3809.591(b))

- The remaining 40% of the bond will be released by the BLM when those areas of the reclaimed lands slated for revegetation are meeting or making significant progress toward meeting the Standards for Rangeland Health and the reclaimed operation conforms with the requirements of 43 CFR 3809.591(c). To successfully make this determination, this portion of the financial guarantee may be held for one or more growing seasons until sufficient data is collected to make this determination. The already established procedures for establishing rangeland health will be employed for cases involving mining reclamation. Consult the BLM FO for more information. The Standards for Rangeland Health are available at:

<http://rangelandswest.arid.arizona.edu/rangelandswest/jsp/hottopics/legal/policy/azstandards/azstandardsstandards.jsp>

For a PO, final release of a financial guarantee cannot be completed until the BLM posts the final release proposal in the appropriate BLM FO or publishes a Notice of the final financial guarantee release in a local newspaper of general circulation and accepts comments for 30 calendar days (43 CFR 3809.590(c)). The SO will also be notified in writing by the FO.

TRANSFER OR CHANGE OF OPERATOR

Any change of operator must be reported to the appropriate BLM FO within 30 days. (See 43 CFR 3809.301(d) and 43 CFR 3809.401(b) (1)) In the event of a change of operator involving an existing Notice or approved PO, the BLM will not transfer reclamation responsibility to the new operator until (1) the BLM receives documentation that a transferee accepts responsibility for the transferor's previously accrued obligations, and (2) the BLM accepts a replacement financial guarantee adequate to cover such previously accrued obligations and the transferee's new obligations. (43 CFR 3809.116 and 3809.593) To expedite approval of operator transfer or change, the form contained in Attachment 8 may be submitted to the appropriate BLM FO.

ATTACHMENTS:

1. Notice format
2. Reclamation Cost Estimation Summary Sheet and Reclamation Cost Checklist
3. Surface Management Surety Bond Form 3809-1
4. Surface Management Personal Bond Form 3809-2
5. Information on Time Deposits and Letters of Credit
6. Information on Negotiable Securities of the United States
7. Personal Bond Rider Form 3809-4
8. Notification of Change of Operator 3809-5

Attachment 1 – Notice Format

Notice

Exploration Activity under the Surface Management Regulations at 43 CFR 3809

You may submit a Notice for surface disturbing activity greater than casual use instead of a Plan of Operations. To qualify for a Notice the activity must: 1) constitute exploration, 2) not involve bulk sampling of more than 1,000 tons of presumed ore, 3) must not exceed 5 acres of surface disturbance, and 4) must not occur in one of the special category lands listed in 43 CFR 3809.11(c). The regulations at 43 CFR 3809.301(b) describe the information that you, the operator, are required to provide in order for the Notice to be complete. The Notice is to be filed in the BLM FO with jurisdiction over the land involved. The Notice does not need to be on a particular form but must contain the information required by 43 CFR 3809.301(b), as outlined below. This format has been prepared to assist small or medium scale operators address the content requirements for a Notice. Use of this worksheet is voluntary.

Part 1 - Operator Information

You must identify the operator responsible for conducting the proposed activity. If the operator is a corporation, then a corporate point of contact must be identified. You must notify the BLM in writing within 30 days of any change of operator or corporate point of contact or in the mailing address of either.

Name(s):	Point of Contact (<i>if operator is a corporation</i>):
Mailing Address:	Mailing Address:
Phone Number:	Phone Number:
Fax Number:	Fax Number:
Email address (<i>optional</i>):	Email address (<i>optional</i>):

As of January 20, 2001, according to 43 CFR 3809.301(b) (1) and 3809.401(b) (1), in order for a Notice to be complete, the operator(s) must provide a Taxpayer Identification Number (TIN). A TIN is a nine-digit Employer Identification Number (EIN) or Social Security Number (SSN) as defined in Section 6109 of the Internal Revenue Code of 1986 (26 U.S.C. 6109).

The taxpayer identification number can also be submitted on IRS Form W-9, Request for Taxpayer Identification Number and Certification, instead of as part of this submission.

Taxpayer Identification Number:

Unpatented Mining Claims (*list the name and BLM serial number(s) of any unpatented mining claim(s) where disturbance would occur*):

Part 2 – Description of Exploration Activity and Reclamation

You must provide a complete description of all equipment, devices, or practices you propose to use during operations with a level of detail appropriate to the type, size, and location of the activity. The type of information required is listed below. You only need to address those items applicable to your operations.

<p>Project Area Maps (<i>Attach map(s) that show the location of your project in sufficient detail for BLM to find it and the location of access routes that will be used or constructed. Show all relevant project features on the maps or drawings. Including a legal description (T. R., Section) is very helpful</i>):</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Exploration location <input type="checkbox"/> Access routes, new and existing construction <input type="checkbox"/> Drill site/drill hole location(s) <input type="checkbox"/> Trenching location/depth <input type="checkbox"/> Underground workings <input type="checkbox"/> Support facilities/buildings/utility service/etc. <input type="checkbox"/> Other:
<p>Activity Description (<i>Address each applicable project feature, describe the equipment you intend to use and measures you will take to prevent unnecessary or undue degradation</i>):</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Access route construction and use <input type="checkbox"/> Drill site construction <input type="checkbox"/> Drilling operations/drill fluids & cuttings handling <input type="checkbox"/> Trenching or surface sampling <input type="checkbox"/> Underground sampling or excavation <input type="checkbox"/> Bulk sample or waste stockpile placement <input type="checkbox"/> Support facilities construction and operation <input type="checkbox"/> Other:
<p>Activity Description (<i>Describe your proposed exploration activity. Attach additional sheets/maps where needed</i>)</p>	

<p>Reclamation Plan (<i>provide a reclamation plan to meet the standards in 43 CFR 3809.420. Include a description of the equipment, devices and practices you will use. Address the applicable components in the right column</i>)</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Drill hole plugging procedures <input type="checkbox"/> Disposal of drill cuttings or other waste material <input type="checkbox"/> Drill site/drill road regrading and reshaping plans <input type="checkbox"/> Closure of mine openings and test pits <input type="checkbox"/> Topsoil salvage, handling, and replacement <input type="checkbox"/> Vegetation reestablishment/weed control <input type="checkbox"/> Removal/stabilization of buildings & support facilities <input type="checkbox"/> Other:
<p>Reclamation Plan (<i>Describe how you will complete reclamation plan of the project area. Attach additional sheets/maps where needed</i>)</p>	

Schedule of Activities (provide a schedule with the date you expect to begin operations and the date you expect to complete reclamation. Notices expire in 2 years, after which, only reclamation may be conducted, unless the Notice is extended.)

Part 3 – Reclamation Cost Estimate

An RCE is required for your Notice to be complete. The following are general RCE requirements. Arizona BLM has developed a spread sheet to help you estimate your RCE. The estimator is available at: <http://www.blm.gov/az/st/en/prog/mining/3809.html>

<p>Reclamation Cost Estimate Elements (<i>Account for each of these cost elements</i>)</p>	<ul style="list-style-type: none"> <input type="checkbox"/> The RCE must cover the Reclamation Plan at any point in the project life <input type="checkbox"/> Calculate the RCE based on the BLM’s cost to contract for the reclamation <input type="checkbox"/> Include all equipment use, supplies, labor, and power in direct costs <input type="checkbox"/> Allow for a contingency cost (10% of direct costs) <input type="checkbox"/> Allow for contractor profit (10% of direct costs) <input type="checkbox"/> Include contractor liability insurance (1.5% of total labor cost) <input type="checkbox"/> For direct costs over \$100,000 add 3% for payment & performance bonds <input type="checkbox"/> Add 12% of direct costs for BLM contract administration & indirect costs
--	--

Reclamation Cost Estimate (*Attach additional sheets/maps where needed*)

The Notice is submitted this date by:

(Signature of operator or agent)

Date

(Signature of co-operator or agent)

Date

Additional Processing Information

Within 15 calendar days of receiving your Notice, the BLM will review the Notice material and notify you of one of the following:

- 1) Your Notice is complete and the amount of the financial guarantee that must be provided before operations may begin.
- 2) Your Notice is not complete, specifying what information is missing or incomplete.
- 3) Your Notice is complete but that the BLM requires additional time for consultation, field visits, or review before it can evaluate the Notice.
- 4) Your Notice must be modified in order to prevent unnecessary or undue degradation.
- 5) Your operations do not qualify for a Notice.

Once a complete Notice is received, and the BLM determines that it will not cause unnecessary or undue degradation, the BLM will notify you that your Notice has been accepted and issue a decision on the amount of the financial guarantee. However, you must not begin surface disturbing activity until you have provided a financial guarantee in the approved amount to the BLM SO, and received a decision from that office that the financial guarantee instrument has been accepted.

All Notices expire 2 years from the date of the letter establishing the financial guarantee amount. If you wish to conduct operations for 2 additional years after the expiration date of your Notice, you must notify the BLM in writing on or before the expiration date and meet the financial guarantee requirements. You may extend your Notice more than once.

It should be noted that acceptance of a Notice by the BLM does not constitute a determination regarding the validity or ownership of any unpatented mining claim involved in the operation. In addition, you are responsible for obtaining any use rights or local, state, or federal permits, licenses, or reviews that may be required for your operation.

A Notice proposing use and occupancy of the public lands, such as full- or part-time residence or the construction, presence, or maintenance of temporary or permanent structures, must also obtain concurrence under the regulations at 43 CFR 3715 that the use or occupancy is reasonably incident to the prospecting or exploration activity.

RECLAMATION FINANCIAL GUARANTEE ESTIMATOR

GENERAL

The use of the reclamation financial guarantee estimator (estimator) is optional. You are not required to use this estimator. Should you elect to use the estimator, the BLM, pending review and verification of your input data, will accept this RCE for your proposed operations. The estimator can be used for all Notice and PO level activities that are not included in an Aquifer Protection Permit. The estimator is offered by BLM Arizona and its use is restricted to operations conducted under 43 CFR 3809 in Arizona or on lands in New Mexico and California managed under the authority of the BLM.

The BLM agrees to accept the results of the reclamation financial guarantee estimator without further documentation or support from operators upon verification of inputs. If you do not elect to use this estimator, you must present to the BLM, a detailed RCE. Your RCE will be reviewed by the BLM, and you may be asked to provide additional information during the review process.

You will need access to a personal computer running Microsoft Excel or other compatible worksheet to use the estimator. If you do not have access to the required equipment, contact your local BLM office.

OBTAINING A COPY OF THE ESTIMATOR

The estimator is available at: <http://www.blm.gov/az/st/en/prog/mining/3809.html>

USING THE ESTIMATOR: INPUTS AND THE FINANCIAL GUARANTEE TOTAL

The spreadsheet requires you to enter certain physical parameters for your mining operations. These parameters are referred to in column A of the spreadsheet as “User Inputs” (See Figure 1). User input values are entered in the cells in the spreadsheet highlighted in yellow. The units of measure of each user input are given on the spreadsheet as well. Make certain that the correct units are used in order to obtain a valid estimate. Note that some of the user inputs may not apply to your operation. Leave these fields blank. Row headings highlighted in blue must have values entered for all operations. To enter a user input, select the cell in which you wish to enter information and type in the number, and then press enter. To remove a value, select the cell and then press delete. Only cells highlighted in yellow can be accessed.

When estimating, the following definitions will assist you:

Trailers – Structures or equipment mounted on wheels, roadworthy and readily transportable.

Structures and non-mobile equipment – Structures and equipment that are not mounted on wheels or have wheels but are not roadworthy.

Debris -Demolished structures, non-functioning or disassembled equipment and trash or debris

Mandatory values:

Distance to public landfill – This value is the distance in miles to the nearest public landfill.

Distance to equipment rental – This value is the distance in miles to the nearest community where construction equipment can be rented.

Once all of the user inputs for your operations are entered, the total reclamation cost is shown in the green cell at the bottom of the sheet. This value includes contractor overhead, profit, administrative costs, bond, insurance, contingency costs and the BLM management fee. This amount represents the total amount of your financial guarantee due the BLM if you have chosen the estimator as the method for calculations your financial guarantee. Present a copy of this page to the applicable BLM FO for review. This page becomes your RCE as required by §3809.301(b) (4) or §3809.401(d).

WHAT TO SUBMIT WHEN USING THE RECLAMATION COST MODEL

To fulfill your requirement to provide a reclamation cost estimate, please submit a printed copy of the input page from the reclamation cost model. This printout should show clearly all of your inputs and the final amount of the financial guarantee. **DO NOT** provide the BLM with disks containing this information. For security purposes, the BLM cannot load software, read files or load disks that you bring in or send via e-mail.

ESTIMATOR DATA

The data which the estimator uses to develop a financial guarantee is located on the second sheet of the workbook. The following is a summary of that data:

Scope of Work. A description of the work on which the estimate is based. The scope generally follows the BLM Solid Mineral Reclamation Handbook H-3042-1, where applicable.

Equipment Rental Rates. The equipment selected for inclusion in this table includes equipment commonly available in most parts of the state. This equipment is adequate for most jobs, although it may not be the optimum size for the job in question. The size of the job and local availability of equipment may dictate the use of other equipment types or models.

Equipment rental rates are based on Empire Equipment Rental (Phoenix) on-line rental brochure (downloaded 2/4/03) and phone quote from HNE Equipment Rental (Phoenix). Daily, weekly and monthly rates are included to permit the spreadsheet to use the appropriate rate in calculating rental cost. Quoted rates are given in columns D, E, and F. Columns G, H, and I are total costs including taxes, equipment protection plan, tire wear and environmental fee, as appropriate. Columns G, H and I are used to calculate equipment rental costs.

Equipment Operating Costs. Operating costs are estimated from the Caterpillar Performance

Handbook, Edition 31, where applicable. Costs for other equipment (crane, manlift, compressor & pneumatic hammer, etc.) were estimated from manufacturer's, renter's or users' data.

The fuel cost was obtained from Western Petroleum (Phoenix) on 2/13/03 for product delivered within a 50-mile radius of their depot. Lube, filter and tire wear costs (where applicable) are based on fuel cost.

Changes should be made only to the fuel cost column, column E (light yellow cells). Changing the fuel cost in the uppermost cell will change the fuel cost in all cells in the column.

Davis-Bacon Rates and Fringes. The crafts and trades included are appropriate for the equipment and jobs, but do not include all crafts and trades. The source for these rates and fringes are Decisions AZ0220014 and 20016, for Maricopa County. Rates and fringes for other counties may vary. Column E is used to calculate labor costs. While the information used in the model was developed for Maricopa County, it should be used for all counties in Arizona.

Miscellaneous Input Factors. This table includes cost factors obtained from contractors or estimated based on past experience.

Operating Hours, Costs and Fees. This table uses information from Sheet 1 (User Input) and the Sheet 2 input tables above, along with production factors from the Production Factors Sheets (separate from the spreadsheet), to calculate total operating hours, labor costs, materials costs and fees for reclamation of each facility/feature indicated on Sheet 1.

Total Cost Calculations. This sheet gathers and totals production cost information from the Production Factors, etc. table above. It then applies various overhead factors to the totals to arrive at the Total Reclamation Cost, which is also posted on Sheet 1.

PREPARING A RECLAMATION COST ESTIMATE WITHOUT THE ESTIMATOR

If you elect not to use the estimator, a reclamation cost checklist and cost form are provided following Figure 1 to assist you. These forms are only provided for your assistance and may not represent all of the costs associated with a specific operation. Remember, these forms are for use when the estimator is not used.

Figure 1

RECLAMATION BOND CALCULATION SPREADSHEET					
Revised 4/23/03					
NOTE: USE THIS SPREADSHEET ONLY IF YOUR TOTAL DISTURBANCE IS LESS THAN 20 ACRES AND AN AQUIFER PROTECTION PERMIT IS NOT REQUIRED.					
USER INPUT AND RECLAMATION COST TOTAL					
Please fill in the yellow cells relating to the areas to be disturbed during the operation. Use the units indicated - feet (ft), square feet (sf), inches (in), cubic yards (cu yd), etc. Identify structure construction type by placing an X in the appropriate cell. Leave boxes that do not apply to your operation blank.					
Roads (average lengths and widths)	#1	Length (ft)	Width (ft)		
	#2	Length (ft)	Width (ft)		
	#3	Length (ft)	Width (ft)		
Road cuts	#1	Length (ft)	Width (ft)	Depth of cut (ft)	
	#2	Length (ft)	Width (ft)	Depth of cut (ft)	
	#3	Length (ft)	Width (ft)	Depth of cut (ft)	
(enter add'l cuts on sheet 3)					
Cleared areas (average lengths & widths)	#1	Length (ft)	Width (ft)		
	#2	Length (ft)	Width (ft)		
	#3	Length (ft)	Width (ft)		
(enter add'l areas on sheet 3)					
Drill pads (average lengths, widths and depth of cut)	#1	Length (ft)	Width (ft)	Depth of cut (ft)	
	#2	Length (ft)	Width (ft)	Depth of cut (ft)	
	#3	Length (ft)	Width (ft)	Depth of cut (ft)	
(enter add'l pads on sheet 3)					
Culverts (average lengths and depths of burial)	#1	Length (ft)	Diameter (ft)	Ave. depth (ft)	
	#2	Length (ft)	Diameter (ft)	Ave. depth (ft)	
	#3	Length (ft)	Diameter (ft)	Ave. depth (ft)	
Waste dumps/spoil piles (average lengths, widths and of top surfaces of dumps)	#1	Length (ft)	Width (ft)	Face height (ft)	
	#2	Length (ft)	Width (ft)	Face height (ft)	
	#3	Length (ft)	Width (ft)	Face height (ft)	
Shafts (lengths and widths of shafts at collar)	#1	Length (ft)	Width (ft)	Depth (ft)	
	#2	Length (ft)	Width (ft)	Depth (ft)	
	#3	Length (ft)	Width (ft)	Depth (ft)	
Pits (average lengths and widths at surface)	#1	Length (ft)	Width (ft)	Depth (ft)	
	#2	Length (ft)	Width (ft)	Depth (ft)	
	#3	Length (ft)	Width (ft)	Depth (ft)	
Trenches (average lengths and widths at surface)	#1	Length (ft)	Width (ft)	Depth (ft)	
	#2	Length (ft)	Width (ft)	Depth (ft)	
	#3	Length (ft)	Width (ft)	Depth (ft)	
Adits	How many?				
Water or silt ponds (average lengths and widths at surface)	#1	Length (ft)	Width (ft)	Depth (ft)	
	#2	Length (ft)	Width (ft)	Depth (ft)	
Tailings impoundment (average length and width)	Length (ft)		Width (ft)	Face height (ft)	
Water wells	How many?				
Drill holes	How many dry?		How many wet?		
Concrete slabs	Total (cu. yd.)				
Concrete foundations	Total (cu. yd.)				
Asphalt	Total area (sf)		Thickness (in)		
Structures & Immobile Eq.	#1	Length (ft)	Width (ft)	Eave height (ft)	
Construction:			Block	Wood	
	#2	Length (ft)	Width (ft)	Eave height (ft)	
Construction:			Block	Wood	
	#3	Length (ft)	Width (ft)	Eave height (ft)	
Construction:			Block	Wood	
Septic tanks	How many?				
Trailers	How many?				
Tanks (list no. of each type)	Contents:				
	Water or fuel		(Greater than 55 gal)		
	Chemicals		(Greater than 55 gal)		
Tires	Off road		How many?		
	Highway		How many?		
Chemical drums	How many?				
Fuel/oil/lube drums	How many?				
Explosives	Lbs.				
Debris, trash, scrap	Cubic yards				
Distance to public landfill	Miles		(Entry required)		
Distance to equipment rental	Miles		(Entry required)		
Your reclamation bond is:		\$0			

Reclamation Cost Estimate Checklist

This checklist is provided to assist the operator in calculating the engineering and environmental costs required to properly stabilize and reclaim the area disturbed by mineral exploration and/or mining operations. The checklist is designed to accompany the RCE Summary Sheet (see last page of this section). It is not all-inclusive, but is intended to serve as a reminder of issues that should be considered.

- Access roads and drill pads
 - Mobilization and demobilization
 - Recontouring or regrading to approximate the original topography as closely as possible
 - Removing culverts
 - Ripping or scarifying the surface
 - Water diversion construction
 - Restoring or stabilizing drainage areas or streambeds
 - Revegetation
 -
- Drill hole abandonment
 - The cost of plugging, capping, and segregation of the hole from the ground water system is to be considered. Specifically care needs to be taken in determining plugging costs based upon whether the hole encounters water, water under artesian pressure, or is dry
 - Drill holes that will be immediately plugged, before drilling equipment is moved off-site, may not need to be covered by a financial guarantee
 - Drill holes that will not be immediately plugged must base the reclamation cost estimate as if the site were abandoned
 - Drill holes that will be “mined through” within six months of drilling completion by the proposed operation do not have to be covered by a financial guarantee, if the location is already covered by a financial assurance for reclamation of the mining activity
- Trenches, pits, and adits
 - Mobilization and demobilization
 - Recontouring or regrading to approximate the original topography as closely as possible.
 - Revegetation
 - Securing portals from public entry
- Waste rock dumps, overburden, and interburden storage areas.
 - Encapsulating, mixing, or other engineered placement method in controlling acid rock drainage migration
 - Recontouring and regrading to approximate the surrounding topography as closely as possible to enhance stability, reduce susceptibility to erosion, and facilitate efforts to establish vegetation
 - Diverting run-on
 - Covering with rock, clay, topsoil, other growth medium or other cover material

- Revegetation
- Dams for tailings ponds.
 - Covering with rock, clay, topsoil, other growth medium or other cover material.
 - Revegetation
 - Rendering the dam incapable of storing any mobile fluid in a quantity that could pose a threat to the stability of the dam, or to the public safety.
 - Containment basins and water treatment facilities for leakage or outflow of effluent
- Impoundment for tailings
 - Regrading to promote run-off and reduce infiltration
 - Covering with waste rock, clay, topsoil, other growth medium or other cover material.
 - Revegetation
 - Diverting run-off
 - Containment basins and water treatment facilities for leakage or outflow of effluent
- Heaps from leaching
 - Cost of maintaining proper fluid management to prevent overflow of solution ponds through premature cessation or abandonment of the operation, including the cost of a Process Fluid Inventory
 - Rinsing, detoxification and neutralization procedures as approved in the Plan of Operations.
 - Containment and treatment of outflows of residual chemicals or fluids from the heaps, including any disposal of surplus or drain down water. Include all engineering, development and reclamation costs
 - Diverting run-off
 - Regrading to enhance structural stability, promote run-off, reduce infiltration, and control erosion
 - Covering with waste rock, clay, topsoil, other growth medium or other cover material
 - Stabilization and revegetation
- Solution ponds, settling ponds, and other non-tailings impoundments
 - Backfilling and grading as approved in the Plan of Operations
 - Restoring the pre-disturbance surface water regime, if appropriate
 - Properly dispose of process pond sludge
- Building foundations, facilities, structures and other equipment.
 - Demolishing costs to the level of the foundation and burying costs of the demolished items on site, in conformance with applicable solid waste and HazMat disposal requirements
 - Salvaging and sale costs. No provision for salvage value or credit is permitted
 - Off-site disposal costs of “1” above, in conformance with applicable solid waste disposal and HazMat requirements
 - Costs of continued use in a manner that is consistent with the proposed post mining land use.
- Open pit mines
 - Providing for the public safety.

- . Stabilizing pit walls or rock faces where required for public safety.
 - . Constructing and maintaining berm, fences, or other means of restricting public access.
 - . Backfilling, if required or being considered as a requirement.
 - . Costs of creating and maintaining a lake for recreational, wildlife enhancement, or other beneficial use.
 - . Revegetation.
- Underground mines.
 - . Sealing shafts, adits, portals, and tunnels to prevent access.
 - . Constructing and maintaining berms, fences, or other means of restricting access.
- Revegetation
 - . Application of topsoil or other growth medium.
 - . Seed bed preparation.
 - . Selection of appropriate species of seeds or plants (consult BLM staff specialist).
 - . Soil amendments such as fertilizers, mulches, or other compounds to assist in plant growth.
 - . Planting or seeding (equipment, personnel, cost of seeds/plants).
- Site Maintenance and Site Monitoring
 - . Any site monitoring costs as required by the BLM.
 - . Monitoring well costs for heaps, leach fields, bioreactors and tailings pond.

Reclamation Cost Estimate Summary Sheet

(1 of 2)

Earthwork/Recontouring	Labor	Equipment	Material	Total
Roads				
Drill Site(s)				
Drill Hole Abandonment				
Pits/Adits/Trenches				
Process Ponds				
Heaps				
Dumps (Waste & Landfill)				
Tailings				
Structure & Building Areas				
Storage & Equipment Areas				
Drainage Control				
Mobilization/Demobilization				
Miscellaneous				
Revegetation/Stabilization	Labor	Equipment	Material	Total
Roads				
Drill Site(s)				
Pits/Adits/Trenches				
Process Ponds				
Heaps				
Dumps (Waste & Landfill)				
Tailings				
Structure & Building Areas				
Storage & Equipment Areas				
Drainage Control				
Monitoring				
Miscellaneous				
Detoxification/Water Treatment/Waste Disposal	Labor	Equipment	Material	Total
Process Ponds/Sludge				
Heaps				
Dumps (Waste & Landfill)				
Tailings				
Surplus Water Disposal				
Fluid Management				
Monitoring				
Miscellaneous				
Structure, Equipment & Facility Removal				
Hazardous Materials				
Mitigation				
Operation & Maintenance TOTAL				
Administrative Costs				Total
ED&C Plan				
Contingency				
Contractor Profit				
Liability Insurance				
Performance & Payment Bond				
BLM Contract Administration				

BLM Indirect Cost				
Administrative TOTAL				
GRAND TOTAL				

Reclamation Cost Estimate Summary Sheet
(2 of 2)

This summary sheet was developed to aid the operator in developing and the BLM review of the RCE.

1. Wage rate estimates may include base pay, payroll loading, overhead and profit. To avoid double counting of any of the identified administrative costs, the operator must itemize the components of the labor cost estimates or provide the BLM with a signed statement, under penalty of perjury as provided in 18 U.S.C. 1001, which identifies what specific administrative costs are included in the quoted hourly rate.
2. Where costs are included in one of the summary sheet's *Miscellaneous* categories, each item should be documented on accompanying worksheets.
3. *Fluid Management* may only be used when mineral processing activities are involved. Costs provided under this category represent the costs of maintaining proper fluid management to prevent overflow of solution ponds during premature cessation or abandonment of the operations. These are direct costs, including power, supplies, equipment, labor, and maintenance, to manage the fluids while third-party contracts are developed and executed.
4. Handling of hazardous materials includes the cost of decontaminating, neutralizing, disposing, treating, and/or isolating all hazardous materials used, produced, or stored on the site.
5. The cost of any deferred compensatory mitigation the BLM is requiring the operator to perform must be included in the RCE. Mitigation may include measures to avoid, minimize, rectify and reduce or eliminate the impact, or compensate for the impact.
6. Engineering, design and construction (ED&C) plans are often necessary to provide details on the reclamation needed to contract for the required work. To estimate the cost to develop an ED&C plan use 4-8% of the operation and maintenance (O&M) cost. Calculate the ED&C cost as a percentage of the O&M cost as follows: up to and including \$1 million, use 8%; over \$1 million to \$25 million, use 6%; and over \$25 million, use 4%. Inclusion of a line item for the development of an ED&C plan may not be necessary for small operations, such as notice-level exploration. With small, uncomplicated reclamation efforts contracting may be able to proceed without developing an ED&C plan.
7. A contingency cost is included in the reclamation cost estimation to cover unforeseen cost elements. Calculate the contingency cost as a percentage of the O&M cost as follows: up to and including \$500,000, use 10%; over \$500,000 to \$5 million, use 8%; over \$5 million to \$50 million, use 6%; and greater than \$50 million, use 4%. Inclusion of a contingency cost may not be necessary for small, uncomplicated reclamation.
8. For construction contracts, use 10% of estimated O&M cost for the contractor's profit; exclude those O&M costs from the calculation where contractor profit is already covered in the itemized unit costs.
9. Insurance premiums are calculated at 1.5% of the total labor costs. Enter the premium amount if liability insurance is not included in the itemized unit costs.

10. Federal construction contracts exceeding \$100,000 require both a performance and a payment bond (Miller Act, 40 USC 270 *et seq.*). Each bond premium is figured at 1.5% of the estimated contract cost.

11. To estimate the contract administration cost, use 6 to 10% of the O&M cost. Calculate the contract administration cost as a percentage of the O&M cost as follows: up to and including \$1 million, use 10%; over \$1 million to \$25 million, use 8%; and greater than \$25 million use 6%.

12. The BLM's indirect cost rate is a fixed 21% of the BLM's contract administration costs (this calculates out to be 1.26 to 2.1 of the O&M cost).

Operator Reclamation Cost Estimate Checklist

The categories included in this checklist should be used to aid the operator in developing and the BLM's review of the cost estimate. Documentation supporting the calculations should be included. Resources that may be helpful for calculating the reclamation liability include contractors estimates, quotes from equipment rental agencies, rental rate bluebooks for heavy equipment, heavy equipment cost data manuals, and heavy equipment performance handbooks.

- 1 Access roads and drill pads
 - a. Mobilization and demobilization.
 - b. Recontouring or regrading to approximate the original topography as closely as possible.
 - c. Removing culverts.
 - d. Ripping or scarifying the surface.
 - e. Water diversion construction.
 - f. Restoring or stabilizing drainage areas or streambeds.
 - g. Revegetation.

- 2 Drill hole and well abandonment
 - a. Mobilization and demobilization.
 - b. The cost of plugging, capping, and segregation of the hole from the ground water system is to be considered. Specifically, care needs to be taken in determining plugging costs based upon whether the hole encounters water, water under artesian pressure, or is dry.
 - c. The plugging cost for all holes that will be drilled before an inspection can verify proper plugging, in addition to any drill holes that are to be left open, must be covered.
 - d. Plugging costs must be base on the cost as if the site were abandoned.
 - e. Drill holes that will be "mined through" within 6 months of drilling completion by the proposed operation do not have to be covered by a financial guarantee, if the location is already covered by a financial assurance for reclamation of the mining activity.
 - f. Water wells, monitoring wells, and piezometers are abandoned in accordance with state regulations and are part of the RCE and financial guarantee process

- 3 Trenches, pits, and adits
 - a. Mobilization and demobilization.
 - b. Recontouring or regrading to approximate the original topography as closely as possible.
 - c. Revegetation.
 - d. Securing portals from public entry.

- 4 Waste rock dumps, overburden, and interburden storage areas
 - a. Encapsulating, mixing, or other engineered placement method in controlling acid rock drainage migration.
 - b. Recontouring and regrading to approximate the surrounding topography as closely as possible to enhance stability, reduce susceptibility to erosion, and facilitate efforts to establish vegetation.
 - c. Diverting run-on.
 - d. Covering with rock, clay, topsoil, other growth medium or other cover material.

- e. Revegetation.
- 5 Dams for tailings ponds
- a. Covering with rock, clay, topsoil, other growth medium or other cover material.
 - b. Revegetation.
 - c. Rendering the dam incapable of storing any mobile fluid in a quantity that could pose a threat to the stability of the dam, or to the public safety.
 - d. Containment basins and water treatment facilities for leakage or outflow of effluent.
- 6 Impoundment for tailings
- a. Regrading to promote run-off and reduce infiltration.
 - b. Covering with waste rock, clay, topsoil, other growth medium or other cover material.
 - c. Revegetation.
 - d. Diverting run-off.
 - e. Containment basins and water treatment facilities for leakage or outflow of effluent.
- 7 Heaps from leaching
- a. Cost of maintaining proper fluid management to prevent overflow of solution ponds through premature cessation or abandonment of the operation, including the cost of a Process Fluid Inventory.
 - b. Rinsing, detoxification, and neutralization procedures as approved in the plan of operations.
 - c. Containment and treatment of outflows of residual chemicals or fluids from the heaps, including any disposal of surplus or drain down water. Include all engineering, development, and reclamation costs.
 - d. Diverting run-off.
 - e. Regrading to enhance structural stability, promote run-off, reduce infiltration, and control erosion.
 - f. Covering with waste rock, clay, topsoil, other growth medium or other cover material.
 - g. Stabilization and revegetation.
- 8 Solution ponds, settling ponds, and other non-tailings impoundments
- a. Backfilling and grading as approved in the plan of operations.
 - b. Restoring the pre-disturbance surface water regime, if appropriate.
 - c. Properly dispose of process pond sludge.
- 9 Building foundations, facilities, structures and other equipment
- a. Demolishing costs to the level of the foundation and burying costs of the demolished items on site, in conformance with applicable solid waste and HazMat disposal requirements. Concrete foundations for most structures will need to be broken up before on site burial.
 - b. Salvaging and sale costs. No provision for salvage value or credit is permitted.
 - c. Offsite disposal costs of "1" above, in conformance with applicable solid waste disposal and HazMat requirements.
 - d. Costs of continued use in a manner that is consistent with the proposed post mining land use.
- 10 Open pit mines
- a. Providing for the public safety.

- b. Stabilizing pit walls or rock faces where required for public safety.
 - c. Constructing and maintaining berm, fences, or other means of restricting public access.
 - d. Backfilling, if required or being considered as a requirement.
 - e. Costs of creating and maintaining a lake for recreational, wildlife enhancement, or other beneficial use.
 - f. Revegetation.
 - g. Treatment or mitigation of discharge waters.
- 11 Underground mines
- a. Sealing shafts, adits, portals, and tunnels to prevent access.
 - b. Constructing and maintaining berms, fences, or other means of restricting access.
 - c. Treatment or mitigation of discharge waters.
- 12 Revegetation
- a. Application of topsoil or other growth medium.
 - b. Seed bed preparation.
 - c. Selection of appropriate species of seeds or plants (consult BLM staff specialist).
 - d. Soil amendments such as fertilizers, mulches, or other compounds to assist in plant growth.
 - e. Planting or seeding (equipment, personnel, and cost of seeds/plants).
- 13 Site Maintenance and Site Monitoring
- a. Any site monitoring costs as required by the BLM.
 - b. Monitoring well costs for heaps, leach fields, bioreactors, and tailings pond.

Attachment 3 – Contract Form for Surety Bond Form 3809-1

Form 3809-1
(June 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SURFACE MANAGEMENT SURETY BOND
Act of May 10, 1872, as amended (30 U.S.C. 22-54)
Act of December 29, 1916, as amended (39 Stat. 862)
Act of October 21, 1976, as amended (43 U.S.C. 1732-35, 1782)
Act of September 13, 1982 (31 U.S.C. 9301 et seq.)
Act of September 27, 1988 (102 Stat. 1776)
Act of April 16, 1993 (43 U.S.C. 299)

FORM APPROVED
OMB No. 1004-0194
Expires: April 30, 2010

Surety Bond Number _____

Individual _____; or Statewide _____, or Nationwide _____
(Enter Bureau of Land Management (BLM) Serial No.) (Enter Name of the State, if applicable) (Enter "Yes" if applicable)

KNOW ALL BY THESE PRESENTS, THAT: _____
(name)

of _____
(address)

as principal; and _____ of _____
(name) (address)

_____ as surety; are held firmly bound unto the United States of America in the

sum of _____

_____ U.S. dollars (\$ _____),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond, for the payment of which sum the principal and surety bind themselves successors, and assigns, jointly and severally, by these presents.

The principal/surety will apply this bond for the faithful performance of any and all of the conditions and stipulations as set forth in this bond, the plan of operations/notice cited above, and the regulations cited at CFR 3802 and 43 CFR 3809. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that the surety/principal will apply the bond or any portion thereof, to the satisfaction of any damages, reclamation, assessments, penalties, or deficiencies arising by reason of such default.

BOND CONDITIONS

1. WHEREAS, the principal has an interest in a mining claim(s), mill site(s), or tunnel site(s) and/or responsibility for operations on those mining claim(s), mill site(s), or tunnel site(s) or public lands under the Acts cited in this bond; and
2. WHEREAS, the principal has filed an acceptable notice with the United States Department of the Interior, BLM and/or received approval from the BLM of the plan of operations cited above, and said plan of operations/notice contains certain stipulations and conditions; and
3. WHEREAS, the principal has promised to deliver to the United States a bond substantially in the form hereof upon the approval and/or acceptance of the above referenced plan of operations and/or notice by the BLM to secure the performance of the terms and conditions contained in said plan of operations/notice and/or associated reclamation plan.
4. WHEREAS, the principal and surety agree that, with notice to the surety, the coverage of this bond, in addition to the present holdings of and/or authorization(s) granted to the principal, will extend to and include:
 - a. Any transfer of operating rights under the plan of operations and/or notice hereafter entered into or acquired by the principal affecting mining claim(s), mill site(s), or tunnel site(s) or public lands; and
 - b. Any activity subsequent hereto of the principal as operator under a plan of operations and/or notice issued pursuant to the Acts cited in this bond; Provided, that for Statewide and Nationwide bonds only, the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interests identified in this paragraph will not be covered by this bond; and
5. WHEREAS, the principal and surety agree that with notice to the surety this bond will remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the mining claim(s), mill site(s), or tunnel site(s) or public lands covered by the plan of operations/notice in which event the assignee(s) will be considered to be coprincipal(s) on this bond as fully and to the same extent as though their duly authenticated signatures appeared thereon; and
6. WHEREAS, the principal/surety hereby waives any right to notice of, and agrees that this bond will remain in full force and effect notwithstanding:
 - a. Any transfer(s) in whole or in part, or any of all of the land covered by the plan of operations and/or notice and further agrees to remain bound under this bond as to the interests in the plan of operations and/or notice retained by the principal; and
 - b. Any modification of the plan of operations/notice or obligations thereunder as provided in paragraph 4 herein; and
7. WHEREAS, the principal and surety hereby agree that notwithstanding the nullity, relinquishment, abandonment or forfeiture of any mining claim(s), mill site(s), or tunnel site(s) covered by this plan of operations and/or notice, whether by operation of law or otherwise, the bond will remain in full force and effect as to the terms and conditions of the plan of operations and/or notice and obligations covered by this bond; and

(Continued on page 2)

BOND CONDITIONS (CONTINUED)

8. WHEREAS, should the surety elect to cancel this bond, the surety agrees to give the principal and the BLM 90 days written notice by certified mail, return receipt requested, at their respective addresses as stated herein. The address for service to the BLM concerning this bond is the BLM _____ State Office located at _____

The surety further agrees that in the event of such cancellation, this bond will remain in full force and effect as to all areas within the plan of operations/notice disturbed prior to the effective date of such cancellation, unless and until the principal should file a substitute bond or other acceptable instrument to protect the interests of the BLM and such bond or instrument is accepted by the BLM; and

9. WHEREAS, the principal and surety agree that in the event of any default under the plan of operations and/or notice, the bond may be forfeited and, the United States, through the BLM, may commence and prosecute any claim, suit, or other proceeding against the surety and principal, or either of them, without the necessity of joining the owner(s) of the mining claim(s), mill site(s), or tunnel site(s) covered by the plan of operations and/or notice; and
10. WHEREAS, if the principal fails to comply with the provisions of 43 CFR 3802 and 43 CFR 3809, the principal will be subject to the applicable provisions and penalties of Sections 303 and 305 of the Federal Land Policy and Management Act of 1976, *as amended*, (43 U.S.C. 1733 and 1735). This provision should not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including the waiver of the default; and
11. WHEREAS, on the faith of the foregoing promises, representations, and appointments and in consideration of this bond, the United States has received a notice or approved the plan of operations referenced herein.
12. NOW, THEREFORE, the condition of this obligation is that if said principal, heirs, executors, administrators, successors, or assignees will, in all respects, faithfully comply with all of the provisions of the plan of operations and/or notice, and any amendments thereto, and the regulations at 43 CFR 3802 and 43 CFR 3809, then this obligation will be null and void; otherwise it will remain in full force and effect.

Executed this _____ day of _____, 20_____:

Principal _____ Surety _____

By _____ (Print Name) Attorney-in-fact _____ (Print Name)

Title _____ Signature _____

Business Address _____ Business Address _____

(TIN or SSN, if applicable)

(TIN)

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

This bond must bear the seal of the surety company. If this bond is signed by a corporation, it should bear the seal of the corporation, if applicable.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 22 et seq.; 43 U.S.C. 1732[b] and 1782[c]; 31 U.S.C. 9301 et seq.; 43 CFR 3802 and 3809.

PRINCIPAL PURPOSE Information is being used to establish financial responsibility for surface disturbance on public lands.

ROUTINE USES: BLM will only disclose the information according to the regulations at 43 CFR 2.56 (d).

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is necessary to receive a benefit. Failure to disclose this information may result in BLM's rejection of your application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to grant the right to conduct exploration and mining activities on public lands.

Response to this request is required to obtain a benefit.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB Control Number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0194), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

(Form 3809-1, page 2)

Attachment 4 – Contract Form for Personal Bond Form 3809-2

Form 3809-2
(June 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SURFACE MANAGEMENT PERSONAL BOND
At of May 10, 1872, as amended (30 U.S.C. 22-54)
Act of December 29, 1916, as amended (39 Stat. 862)
Act of October 21, 1976, as amended (43 U.S.C. 1732-35, 1782)
Act of September 13, 1982 (31 U.S.C. 9301 et seq.)
Act of September 27, 1988 (102 Stat. 1776)
Act of April 16, 1993 (43 U.S.C. 299)

FORM APPROVED
OMB No. 1004-0194
Expires: April 30, 2010

Individual _____; or Statewide _____; or Nationwide _____
(Enter Bureau of Land Management (BLM) Serial No.) (Enter Name of State, if applicable) ("Yes", if applicable)

KNOW ALL MEN BY THESE PRESENTS, THAT _____
(name)

of _____
(address)

as principal; is held firmly bound unto the United States of America in the sum of _____
U.S. dollars (\$ _____),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney-in-fact for the purpose of negotiating the cash, letters of credit, savings accounts, certificates of deposit, or securities. The interest accruing on the United States securities, cash, or other instruments given above, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond, the plan of operations/notice, must be paid to the principal. The principal hereby, for any heirs, executors, administrators, successors, and assignees, jointly and severally, ratifies and confirms whatever the Secretary will do by virtue of these presents.

The Secretary will transfer this deposit for the faithful performance of any and all of the conditions and stipulations as set forth in this bond, the plan of operations/notice cited above, and the regulations at 43 CFR 3802 and 43 CFR 3809. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that the Secretary will have full power to assign, appropriate, apply, or transfer the deposit, or any portion thereof, to the satisfaction of any damages, reclamation, assessments, penalties, or deficiencies arising by reason of such default.

BOND CONDITIONS

1. WHEREAS, the principal has an interest in a mining claim(s), mill site(s), or tunnel site(s) and/or responsibility for operations and/or reclamation on the mining claim(s), mill site(s), or tunnel site(s) or public lands under the Acts cited in this bond; and
2. WHEREAS, the principal has filed an acceptable notice with the United States Department of the Interior, BLM and/or received approval from the BLM of the plan of operations cited above and said plan of operations/notice contains certain stipulations and conditions; and
3. WHEREAS, the principal hereby waives any right to notice of, and agrees that this bond will remain in full force and effect notwithstanding:
 - a. Any transfer(s) in whole or in part, of any or all of the land covered by the plan of operations/notice further agrees to remain bound under this bond as to the interests in the plan of operations/notice retained by the principal; and
 - b. Any modification of the plan of operations/notice or obligations thereunder; and
4. WHEREAS, the principal hereby agrees that notwithstanding the cancellation or relinquishment of any mining claim(s), mill site(s), or tunnel site(s) covered by this plan of operations/notice, whether by operation of law or otherwise, the bond will remain in full force and effect as to the terms and conditions of the plan of operations/notice, and obligations covered by this bond; and
5. WHEREAS, the principal agrees that in the event of any default under the plan of operations/notice and/or reclamation plan the bond may be forfeited and, the United States, through the BLM, may commence and prosecute any claim, suit, or other proceeding against the principal without the necessity of joining the owner(s) of the mining claim(s), mill site(s), or tunnel site(s) covered by the plan of operations/notice; and
6. WHEREAS, if the principal fails to comply with the provisions of 43 CFR 3802 and 43 CFR 3809, the principal will also be subject to the applicable provisions and penalties of Sections 303 and 305 of the Federal Land Policy and Management Act of 1976, *as amended* (43 U.S.C. 1733 and 1735). This provision will not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default; and
7. WHEREAS, on the faith of the foregoing promises, representations, and appointments and in consideration of this bond, the United States has accepted the notice or approved the plan of operations referenced herein.
8. NOW, THEREFORE, the condition of this obligation is such that if said principal(s), heirs, executors, administrators, successors, or assignees will, in all respects, faithfully comply with all of the provisions of the plan of operations/notice referenced herein, and any amendments thereto, and the regulations at 43 CFR 3802 or 43 CFR 3809, then this obligation will be null and void; otherwise it will remain in full force and effect.

(Continued on page 2)

Executed this _____ day of _____, 20 _____:

State of _____ Principal _____

County of _____ By _____
(Print name)

Subscribed and sworn to before me this _____ day
Signature _____

of _____, 20 _____
Title _____

(Notary Public) Business Address _____

(Date Commission Expires) _____
(TIN or SSN No., if applicable)

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

If this bond is executed by a corporation, it should bear the seal of the corporation, if applicable.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 22 et. seq.; 43 U.S.C. 1732[b] and 1782[c]; 31 U.S.C. 9301 et seq.; CFR 3802 and 43 CFR 3809.

PRINCIPAL PURPOSE: Information is being used to establish financial responsibility for surface disturbance on public lands.

ROUTINE USES: BLM will only disclose the information according to the regulations at 43 CFR 2.56(d).

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is necessary to receive a benefit. Failure to disclose this information may result in the BLM's rejection of your application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to grant the right to conduct exploration and mining activities on public lands.

Response to this request is required to obtain a benefit.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average about 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0194), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington D.C. 20240.

(Form 3809-2, page 2)

Attachment 5 – Information on Time Deposits and Irrevocable Letters of Credit

FOR RECLAMATION BONDING OF PLANS OF OPERATIONS INFORMATION ON TIME DEPOSITS AND LETTERS OF CREDIT FOR RECLAMATION BONDING OF PLANS OF OPERATIONS

The following information is provided to assist the operator, claimant, principal, or obligor in obtaining an Irrevocable Letter or a Credit Certificate of Deposit to be used as security for Bureau of Land Management (BLM) Surface Reclamation Bonds.

IRREVOCABLE LETTERS OF CREDIT

An irrevocable Letter of Credit (LOC) must be presented to the local BLM FO as follows:

1. The LOC must be payable to the Department of the Interior – Bureau of Land Management.
2. The initial expiration date must not be less than one year from the effective date and must contain an automatic renewal provision in at least one-year increments.
3. The LOC must contain provisions allowing collection by the BLM for failure of the obligor to replace the bond if 90-day Notice is given by the bank that the LOC will not be renewed.
4. The LOC must be available by demand payment(s). The LOC should allow partial drafts by the BLM.

The following page is sample language to be used when securing an irrevocable LOC.

Certificate of Deposits

A Certificate of Deposit (CD) must be presented to the BLM FO in accordance with the following items:

1. The financial institution issuing the CD must be insured by the Federal Government (FDIC) or the bank must be a Federal Reserve Branch Bank.
2. A CD cannot exceed \$100,000 from any one financial institution.
3. The BLM must hold sole right to redeem the CD. Bank records must reflect that only the BLM may collect the amount of the CD. The CD should be made in the name of the U.S. Department of the Interior, Bureau of Land Management. If the CD is not directly issued in the name of the Department of the Interior, then the CD must explicitly state on its face that “the Secretary of the Interior must approve the redemption of the CD by any party.” Any earned interest will be paid to the obligor—not to BLM.
4. The CD should be provided in the amount required for surface reclamation and include an additional amount sufficient to cover any penalties for early withdrawal. If the CD is submitted for only the amount determined for surface reclamation, the obligor must also submit a statement that any penalties for early redemption will be paid from the obligor’s interest earned and not from the

principal amount of the CD. The attached letter provides sample language to be used when securing a CD.

SAMPLE

Irrevocable Letter of Credit No. _____ Date Issued _____

Beneficiary: DOI, Bureau of Land Management Arizona State Office, One North Central Ave., St. 800, Phoenix, Arizona 85004-4427

On behalf of (operator, claimant, other entity) of (address) , as obligor, we (bank, financial institution) of (address) hereby establish an Irrevocable Letter of Credit in favor of the U.S. Department of Interior, Bureau of Land Management (BLM) and agree to pay upon demand by BLM, up to an aggregate amount of U.S. \$ _____ upon receipt of your draft(s) at sight on us and your written notification signed by a purported authorized officer of BLM to the effect the obligor has been determined to be in default and the amount drawn represents the reasonable amount, as determined by BLM, of such default.

This Letter of Credit is available with (bank or financial institution) at (address) by sight payment. Partial drawings are permitted.

This Letter of Credit is effective (date) , and will expire at our offices in (city and state) on (minimum of 1 year from effective date) , and shall thereafter be automatically renewed for a one year period upon such date and upon each anniversary of such date, unless at least ninety (90) days prior to the then current expiration date we notify you at the above address by certified mail, return receipt requested, that we elect not to renew this Letter of Credit for such additional period.

Upon receipt by the BLM of such a Notice from us not to renew this Letter of Credit, BLM may draw on us at sight for up to the amount of the Letter of Credit, prior to the expiration thereof, provided that such a draft is accompanied by a statement signed by a purported authorized officer of the BLM that no satisfactory replacement bond has been provided by the obligor prior to 30 days before this Letter of Credit expires, pursuant to 43 CFR 3809.

It shall not be required for the BLM, in order to draw on this Letter of Credit, to furnish the original Letter of Credit; however, it is understood, as a condition of any payment thereunder, that the face amount of the Letter of Credit shall automatically be reduced by any payment made by the bank and that the BLM will promptly surrender the original Letter of Credit when and if the bank shall tender to the BLM the full amount of funds represented by this Letter of Credit; such surrender to occur as soon as reasonably practical after full payment is made. The original Letter of Credit shall also be surrendered promptly following its expiration.

We promise that the amount of credit herein established will not be reduced for any reason during the effectiveness of this Letter of Credit without the prior written approval of the BLM. We are informed that this Letter of Credit is issued per the requirements of 43 CFR 3809 for the case file serialized as (serial number of Plan of Operations case) .

This credit is subject to the Uniform Customs and Practice for Documentary Credits, 1993-revision, ICC Publication No. 500.

Continuation of Irrevocable Letter of Credit No. _____

(Bank Name)

(Address)

(Signature)

(City, State, Zip)

(Title)

(Phone Number)

On letterhead of Financial Institution

United States Department of the Interior
Bureau of Land Management
Arizona State Office
One North Central Ave., Suite 800
Phoenix, Arizona

RE: (Name of Account Holder)

Whereas, the Bank shown above is presently the depository bank for Certificate of Deposit number _____ (the "CD"), the principal amount of \$_____, titled _____.

Whereas, the Bank acknowledges that the purpose of the CD is to secure a performance bond to fulfill requirements with the Bureau of Land Management (the "BLM") in accordance with the regulations at Title 43 CFR 3809.

Now, therefore, the Bank agrees that the Bank will not use the CD to exercise any set-off rights, which the Bank may now have or acquire in the future against the account holder or the BLM or any other agency of the federal government.

The Bank further agrees not to take or accept the CD as collateral or security for any loan, credit or other obligation by the account holder, the BLM or any other agency of the federal government.

In the event of early withdrawal, any penalty required by the bank must be paid from the interest earned and not from the principal amount of the CD unless the CD was obtained in an amount sufficient to pay any early withdrawal penalty.

The Secretary of the Department of the Interior or his duly authorized representative, through the BLM Arizona State Office, is granted full authority to demand immediate payment in the case of default by the account holder. Approval by the Secretary of the Department of the Interior or his duly authorized representative, through the BLM Arizona State Office, is required prior to the redemption of the CD by any party.

This agreement shall expire when the CD is withdrawn or any of the terms of the CD, including the titling of the CD, are changed, amended or modified. The agreement shall renew whenever the CD renews, so long as ownership, titling and all terms of the CD remain the same.

Signed this _ day of ____ 2011

Financial Institution

By: _____

Name

Title:

INFORMATION ON NEGOTIABLE SECURITIES OF THE UNITED STATES

General information on pledging U.S. Treasury securities as collateral to the U.S. Government is found in U.S. Treasury Circular 154, which was incorporated in the Code of Federal Regulations at 31 CFR 225 (Acceptance of Bonds Secured by Government Obligations in Lieu of Bonds with Sureties).

The following information is provided to assist the operator, claimant, principal, or obligor (hereafter referred to as the “entity”) in obtaining a U.S. Treasury bill, bond, or note to be pledged to the BLM for bonding purposes. The Treasury security must be in book-entry (electronic) form. Any security in definitive (certificate) form must be converted to book-entry form. Treasury securities pledged to the BLM are held in a Circular 154 account through a commercial bank. In most Federal Reserve Bank (FRB) districts, this is the number 11 securities account. Securities are moved between various accounts and financial institutions through electronic transfers involving the Federal Reserve Banks or Branches. A security cannot be transferred to or from a Circular 154 account by the entity’s commercial bank without authorization being granted to the FRB by the BLM through the Negotiable Securities Custodian located in the BLM National Business Center, Accounting Operations Division (Denver, Colorado).

The following steps should be followed when obtaining a Treasury bond or note as a pledge for a surface management bond in accordance with the regulations at 43 CFR 3809:

1. The entity contacts a financial institution to purchase a Treasury security in the name of the entity providing the bond coverage. If the financial institution is unable or unwilling to set up a Circular 154 account, the security must be transferred to a commercial bank (the correspondent bank) able and willing to set up a Circular 154 account on behalf of the entity. Many financial institutions such as investment firms and smaller banks use a correspondent bank for handling their securities. Before a commercial bank can set up a Circular 154 account, certain paperwork must be completed by the commercial bank and sent to the FRB. The Negotiable Securities custodian may be contacted at the number listed below for information on banks currently using Circular 154 accounts.
2. The entity provides written authorization to the commercial bank to transfer the security to the Circular 154 account.
3. The entity or entity’s bank confirms the purchase of the Treasury security by submitting the following information to the BLM office:
 - a. The entity’s name and mailing address.
 - b. The BLM serial number of the PO or Notice for which the security is being pledged or a statement that the security is being pledged for a statewide or nationwide bond. If the security is being pledged for a statewide or nationwide bond, identify the state(s) it covers.
 - c. The type of Treasury security purchased (bill, bond, or note).
 - d. The par amount of the security.
 - e. The stated interest rate (NOT the imputed interest rate) of the bond or note. There is no stated

interest rate on Treasury bills.

- f. The maturity date of the security.
 - g. The Committee on Uniform Securities Identification Procedures (CUSIP) number of the security.
 - h. Name and mailing address of the depository financial institution (bank)
 - i. The bank's nine-digit American Banking Association (ABA) number.
 - j. The name of a contact person at the entity's bank.
 - k. The telephone and FAX number (including area code) of contact person.
 - l. The name of the FRB or FRB Branch servicing the commercial bank.
 - m. If the entity's financial institution uses a correspondent bank, the information requested in items "h" through "l" must also be provided for the correspondent bank.
4. The BLM SO will forward this information to the Negotiable Securities Custodian, National Business Center, Accounting Operations Division by e-mail. For securities pledged for a statewide or nationwide bond, the BLM office will provide the Negotiable Securities Custodian with the BLM assigned bond number.
5. The Negotiable Securities custodian will contact the appropriate FRB and the entity's bank or correspondent bank to authorize the transfer of the security to the Circular 154 account. When the bank transfers the security to the circular 154 account, the bank must include the following information in the electronic transfer message: "Security pledged to DOI-Bureau of Land Management, Arizona State Office by [name of entity] for [Plan of Operations or Notice case file number; statewide/nationwide bond]. The following is an example of an acceptable transfer message: "Security pledged to DOI-Bureau of Land Management, Arizona State Office by Zephyr Cove Corporation for Plan of Operations N00-00-000P." THE BANK SHOULD NOT ATTEMPT TO TRANSFER THE SECURITY TO THE CIRCULAR 154 ACCOUNT PRIOR TO CONTACT FROM THE NEGOTIABLE SECURITIES CUSTODIAN. MOST FEDERAL RESERVE BANKS AND BRANCHES WILL NOT ALLOW A TRANSFER OF A SECURITY TO THE CIRCULAR 154 ACCOUNT PRIOR TO RECEIVING THE AUTHORIZATION FOR THE TRANSFER FROM THE NEGOTIABLE SECURITIES CUSTODIAN.

Once the security is transferred to the Circular 154 account, the FRB will send the Negotiable Securities Custodian a confirmation of the transfer, usually in the form of an "Acknowledgment of Book Entry Deposit, Release of Account Transfer" and/or "Statement of Pledged Activity." A copy of confirmation will be sent to the BLM SO to document the transfer. A copy of confirmation is also sent by the FRB to the entity's bank.

6. The entity should send the following to the BLM Field Office as soon as possible:
- a. Properly completed Surface Management Personal Bond Form no. 3809-2
 - b. A transaction document from the entity's financial institution to verify the amount the entity paid for the security.

THE AMOUNT PAID FOR THE SECURITY, EXCLUDING ANY SERVICE FEES AND ACCRUED INTEREST, MUST EQUAL OR EXCEED THE REQUIRED BONDING AMOUNT. ATTENTION MUST BE GIVEN TO TREASURY BILLS SINCE THEY ARE SOLD AT A DISCOUNT (LESS THAN THE PAR AMOUNT). THE PAR AMOUNT ON TREASURY BILLS MUST ALWAYS BE GREATER THAN THE REQUIRED BOND AMOUNT.

7. The BLM SO will notify the entity by written decision that the personal bond has been accepted, the BLM Bond Number assigned to the bond, and the date bond coverage is effective. A copy of the bond acceptance decision is sent to the Negotiable Securities Custodian.

The following is additional information concerning Treasury securities, which should be considered when deciding to use Treasury securities for bonding purposes:

- a. A fee is charged by the FRB for transferring securities between financial institutions and/or accounts. The fee may be passed on to the entity by the financial institution. To reduce the cost from fees, it would be advisable to purchase a security with a maturity date approximately equal to the expected required bonding period, although this will need to be weighed against the possibility of rising interest rates on Treasury securities.
- b. Semi-annual interest payments on Treasury bonds and notes are made by electronic transfer from the FRB to the entity's bank, which will transfer the interest to the entity in accordance with the agreement between the bank and entity (e.g., deposit the interest to a checking or savings account, etc.). The entity's bank will send a 1099-INT form to the entity in January for interest paid the previous calendar year. A copy of the 1099-INT is sent to the Internal Revenue Service.
- c. If a security is no longer required prior to the maturity date, the BLM office will notify the National Business (NBC) by memorandum. The NBC will contact the FRB and the entity's bank to transfer the security from the Circular 154 account. The entity will need to inform the bank to retain the security in an investment account, to be sold in the secondary (commercial) market, etc.
- d. If continued bond coverage is required after the maturity date, the BLM Arizona State Office will, in turn, notify the entity by letter that the security is maturing and that continued bond coverage is required. A copy of the letter is sent to the Negotiable Securities Manager.

There are two methods used for the handling of cash proceeds from the matured security. The method used depends upon the FRB involved. In the first method, the FRB holds the cash proceeds from the matured security in their Circular 154 suspense account. In the second method, approximately two weeks after the maturity date, the FRB transfers the cash proceeds to the BLM, who then deposits the money to the BLM office's suspense account.

Should the cash proceeds not be required for bonding purposes, the BLM SO will send a memorandum to the Negotiable Securities Manager requesting the release of the cash proceeds from the FRB to the entity's bank, which will give the cash proceeds to the entity; or have a Treasury check issued to refund the cash proceeds to the entity. If the cash proceeds are required for bonding purposes, the cash proceeds will be retained either by the FRB or BLM until replacement coverage is provided.

The entity must understand the following concerning a matured security:

- 1) The cash proceeds or the security prior to maturity will not be released to be reinvested into a new security.
 - 2) The cash proceeds or security, prior to maturity will not be released until a replacement bond instrument has been accepted.
- e. To ensure the timely release of the cash proceeds from the matured security, the entity should provide replacement coverage as early as possible, preferably at least two weeks before the original security matures.

If the entity is in default with the terms and conditions of the Plan of Operations or Notice for which bonding was required, and collection under the bond is necessary, the BLM Arizona State Office will send the Negotiable Securities Custodian a memorandum concerning the situation. If the security has matured or is about to mature, the cash proceeds will be transferred to BLM from the FRB or the entity's bank. No interest is earned from the proceeds kept in the BLM office's suspense account.

If the entity's bank has any questions concerning the information provided, a bank representative may contact the servicing FRB. Any questions regarding BLM's procedures may be directed to the BLM National Business Center, Accounting Operations Division and at telephone number (303) 236-6332. The current Negotiable Securities Manager is Esther Velasquez. The mailing address is as follows:

BLM NOC
P.O. Box 25047
Denver, CO 80225-0047

For information regarding BLM bond requirements in general, the entity may contact Lands and Minerals, Arizona State Office, at number (602) 417-9334. The mailing address is as follows:

Bureau of Land Management
Arizona State Office (AZ 931)
One North Central Avenue
Phoenix, Arizona 85004

Attachment 7 – Personal Bond Rider Form

Form 3809-4a
(June 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0194
Expires: April 30, 2010

SURFACE MANAGEMENT PERSONAL BOND RIDER

In consideration for this rider and the acceptance of this rider by the Bureau of Land Management (BLM) on behalf of the United States of America, this rider attaches to and is part of Surface Management Bond No. _____ issued on behalf of _____

principal, in favor of the United States. The bond provides coverage as shown below:

Individual _____; Statewide _____; Nationwide _____
(Enter BLM Serial No.) (Enter State Name, if applicable) (Enter "Yes", if applicable)

Increase/Decrease in Dollar Amount of Bond Coverage

It is understood and agreed that _____, principal, is increasing/decreasing the coverage of this bond to the amount shown below; however, this rider will not act to increase/decrease the actual cumulative or potential liability above the face amount of the bond, to wit: _____

U.S.dollars (\$ _____).

Statewide/Nationwide Bond

The principal hereby agrees to and extends bond coverage to include any and all operations under 43 CFR 3802 and 43 CFR 3809.

Include name of State if coverage is Statewide _____.

Bond Coverage Extended

The principal hereby agrees to and extends bond coverage to include notice-level operations pursuant to regulations at 43 CFR 3809.

Third Party Posting of the Financial Instrument for the Bond

It is understood and agreed that _____, is pledging the financial instrument to secure the attached bond on behalf of, _____ operator and principal on the bond.

Coprincipal

It is understood and agreed that _____, principal, is extending the coverage of the bond referenced above to include liabilities for operations conducted by _____ on notice/plan of operations serialized _____.

(Continued on page 2)

NOTE

This coverage of obligations will continue whether or not a notice/plan of operations has subsequently been suspended or terminated. This rider will not act to increase the actual cumulative or potential liability of the principal or bond above the face amount of the bond. Nothing herein contained will vary, alter, or extend any provision or condition of this bond except as herein expressly stated.

Executed this _____ day of _____, 20 _____:

(Principal)

(TIN or SSN, if applicable)

(By)

(Title)

(Business Address)

State of _____ County of _____

Subscribed and sworn to before me this _____

by _____

(Notary Public)

(My Commission Expires)

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 22 et seq.; 43 U.S.C. 1732[b] and 1782[c]; 31 U.S.C. 9301 et seq.; 43 CFR 3802 and 3809.

PRINCIPAL PURPOSE: Information is being used to establish financial responsibility for surface disturbance on public lands.

ROUTINE USES: BLM will only disclose the information according to the regulations at 43 CFR 2.56(d).

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is necessary to receive a benefit. Failure to disclose this information may result in BLM's rejection of your application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to grant the right to conduct exploration and mining activities on public lands.

Response to this request is required to obtain a benefit.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB Control Number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0194), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.

NOTICES

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 22 et seq.; 43 U.S.C. 1732[b] and 1782[c]; 31 U.S.C. 9301 et seq.; 43 CFR 3802 and 43 CFR 3809.

PRINCIPAL PURPOSE: Information is being used to establish financial responsibility for surface disturbance on public lands.

ROUTINE USES: BLM will only disclose the information according to the regulations at 43 CFR 2.56(d).

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is necessary to receive a benefit. Failure to disclose this information may result in BLM's rejection of your application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

The BLM collects this information to grant the right to conduct exploration and mining activities on public lands.

Response to this request is required to obtain a benefit.

The BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT: Public reporting burden for this form is estimated to average 8 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0194), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Mail Stop 401 LS, Washington, D.C. 20240.