

APPENDIX A.-BONDING

BACKGROUND

In the got-too-distant past, it was acceptable practice for mine operators to let nature reclaim minesites with little or no assistance from mankind. Changes in public attitude concerning acceptable land-use practices have resulted in Federal and State legislation that prohibit mine operators from abandoning minesites without due reclamation. Reclamation performance bonds have become the preferred method used by regulators to ensure that lands disturbed by mining are reclaimed to acceptable standards. In addition to conforming to generic reclamation standards, such as removing structures and recontouring and revegetating lands, cyanide heap leach operations must also meet cyanide detoxification requirements for all process solutions and solid materials.

A brief discussion on the bases for reclamation performance bonds and cyanide detoxification bonds are presented below.

Reclamation Performance Bonds

Stewardship of public lands is the primary role of Federal and State land managers, and reclamation is an integral part of that stewardship. Reclamation is generally required at all levels of mining activity on private and public lands. Any mining-related surface disturbances on Federal and State-owned lands requires the developer to submit for approval a plan of operations that specifies what the activity will entail. Further, the plan must identify how any adverse effects of the activity will be mitigated. In some instances, minor mining-related surface disturbance is allowed on private lands before county and State-level regulations require compliance to operating and reclamation standards.

Mitigation of adverse environmental impacts posed by mining is a primary responsibility of public land managers. To ensure that mining-related disturbances will be adequately reclaimed, regulators can use a variety of mechanisms that include a combination of civil and criminal penalties, the establishment of mined-land reclamation funds that are monitored and funded by the industry and/or government, and reclamation performance bonds. Performance bonding has become the preferred mechanism because it provides monies directly to the regulator to complete reclamation in the event of nonperformance or forfeiture by the mine operator.

Typically, the reclamation performance bonding procedure is incorporated into the mine permitting process as prescribed by State and/or Federal regulations. Bonding regulations usually stipulate that the amount of financial assurance, often referred to as the "penal sum" or "surety penalty," guaranteed by the bond will be sufficient to remediate site conditions. The amount of the bond is generally calculated in one of two ways.

- (1) The bond amount may be based on the full cost of a third party performing reclamation and post reclamation activities.