Financial Assurance or as it is commonly referred to, bonding is required for most mineral leases, surface mines, and placer mines in Idaho. Traditional forms of financial assurance include Surety Bond, Cash, Certificate of Deposit, and Letter of Credit, Reap Property, Trusts, and Corporate Guarantee. For those that qualify, financial assurance can also be achieved through the State’s Bond Assurance Fund (BAF) administered by the Idaho Department of Lands (IDL). The BAF was established to allow small to medium sized mining operators to comply with the bonding requirements of the Idaho Mineral Leasing act, Idaho Mined Land Reclamation Act, and Idaho Dredge and Placer Mine Protection Act if and when traditional financial assurance options are difficult to obtain.

This information packet is intended to clarify the rules pertaining to the BAF as defined in the Reclamation Fund Act, Title 47, Chapter 18, and Idaho Administrative Code IDAPA 20.03.03 Rules Governing Administration of the Reclamation Fund. This packet is for informational purposes. For detailed issues and questions, please contact an IDL Resource Specialist at one of our Area offices. The location of our IDL offices can be found online at www.idl.idaho.gov.

BAF General Information
A. The BAF is available to state mineral lessees and permittees who have a cumulative disturbance of 40 acres or less and estimated reclamation costs of $100,000 or less. Phosphate, hardrock, operations with potential metal leaching, oil and gas, geothermal, and off lease exploration activities are not able to participate in the BAF regardless of their level of disturbance and reclamation expenses.
B. A permittee is able to bond multiple plans under the BAF as long as they do not go over the 40 acre and $100,000 thresholds.
C. A permittee may not participate in the BAF if they have any unresolved violations of IDAPA 20.03.01 and IDAPA 20.03.02, unless payment of the BAF resolves the violation.
D. If a federal agency will not accept an operator’s participation in the BAF as proof of reclamation security, the operator will be required to provide a traditional performance bond to IDL or the federal agency.

BAF Obligations and Closure Process
E. If a permittee fails to provide financial assurance as required by statutes and rules governing the BAF or has forfeited monies from the BAF and has not repaid those monies, the State Land Board of Commissioners is authorized to file liens against personal property and equipment of the permittee to recover costs. The permittee is liable for actual costs of the required financial assurance, reclamation costs, and administrative costs incurred by IDL in reclaiming the disturbed or affected lands.
F. Once a Reclamation Plan is bonded through the BAF the fee to participate is an ongoing yearly fee that is required unless one of four actions occur:
   a. The Plan is assigned to another party, through IDL’s approval of a completed assignment form and the associated processing fee. In order for a Plan to be assigned to another party, the assignor’s BAF account must have a zero balance prior to the Plan being transferred to the assignee.
   b. A traditional performance bond is provided and accepted in writing by IDL.
c. If there has been a change in land use approved by the local governmental entity.
d. The mineral lease has expired or been cancelled, or the area covered under the
   Reclamation Plan or Dredge/Placer Permit has been reclaimed and the operator has filled
   out and signed a Retirement/Release Request form.

**BAF Costs and Fees**

G. The annual payment for each BAF participant is established based on the number of acres of
   disturbed or affected land at each operation. The acres used to calculate the payment include the
   current disturbed acres as well as the “upcoming” acres planned to be disturbed or affected
   during the next 12 months.

H. Disturbed acres (affected land) are defined as the land area included in overburden disposal
   areas, mined areas, mineral stockpiles, roads, facilities, tailings ponds, and other areas disturbed
   at a surface mining site.

I. Annual inspections will be carried out by IDL Resource Specialists, however it is the
   responsibility of the permittee to update the current and estimated upcoming 12 month
   disturbance for each yearly BAF billing by completing and submitting the Bond Assurance
   Acknowledgement Form.

J. Annual BAF payments are non-refundable.

K. Annual billing will be sent out around September 1st, and will be due by November 1st.

L. If BAF payment is not received by the due date, a $25 late fee along with a compounding
   monthly fee of 1% of the account balance will be assessed at the beginning of each month.

M. It is the obligation of the permittee to notify IDL of an address change.

N. It is the obligation of the permittee to pay their annual BAF fees regardless of receipt of annual
   BAF statement from IDL.

O. For new or assigned plans requesting coverage under the BAF, a prorated payment schedule has
   been developed. Please consult with an IDL Resource Specialist to determine the proper
   prorated BAF fee.

### STATE BOND ASSURANCE FUND FEE SCHEDULE

<table>
<thead>
<tr>
<th>Level of Disturbance (acres)</th>
<th>Yearly Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than 40 acres, and/or over $100,000 in estimated reclamation costs</td>
<td>Not Eligible to Participate</td>
</tr>
<tr>
<td>35 to 40 acres</td>
<td>$550.00</td>
</tr>
<tr>
<td>30 to 35 acres</td>
<td>$500.00</td>
</tr>
<tr>
<td>25 to 30 acres</td>
<td>$450.00</td>
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<tr>
<td>20 to 25 acres</td>
<td>$400.00</td>
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<tr>
<td>15 to 20 acres</td>
<td>$350.00</td>
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<tr>
<td>10 to 15 acres</td>
<td>$300.00</td>
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<tr>
<td>5 to 10 acres</td>
<td>$250.00</td>
</tr>
<tr>
<td>2 to 5 acres</td>
<td>$200.00</td>
</tr>
<tr>
<td>2 acres or less</td>
<td>$100.00</td>
</tr>
</tbody>
</table>

- In addition to the fee for reclamation bonding, the annual fee for State Mineral Lease bonds is
  $100.00.
- The rates in this fee schedule may be changed at some time in the future. Please verify they’re
  accurate by consulting your local IDL Area office prior to payment.