



# Bond Assurance Fund Informational Packet

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Financial assurance, or bonding, is required for most mines in Idaho, and motorized exploration on state mineral leases and exploration locations. Traditional forms of financial assurance include Surety Bond, Cash, Certificate of Deposit, Letter of Credit, Real Property, Trusts, and Corporate Guarantee. For those that qualify, financial assurance can also be obtained through the State's Bond Assurance Fund (BAF) administered by the Idaho Department of Lands (IDL). The BAF was established to assist small to medium sized mining operators in complying with the financial assurance requirements of the Idaho Mined Land Reclamation Act, Idaho Dredge and Placer Mining Protection Act, and Idaho Mineral Leasing Act.

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 <https://www.idl.idaho.gov/about-us/supervisory-areas/>.

## I. BAF General Information

- A. The BAF is available to mine permittees, state mineral lessees, and state exploration location operators who have an actual allowable disturbance of 40 acres or less, and actual allowable reclamation costs of \$220,000 or less. A minimum financial assurance of \$5,500 per acre is needed for otherwise eligible operators to opt out of the BAF. 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 cover multiple plans under the BAF as long as they do not go over the actual allowable disturbance of 40 acres, and the actual allowable reclamation costs of \$220,000.
- C. A permittee may not participate in the BAF if they have not reimbursed the fund for a past forfeiture or they have an outstanding balance that remains unpaid.
- D. If a federal agency will not accept an operator's participation in the BAF as proof of financial assurance, the operator will be required to provide some other form of financial assurance to IDL or the federal agency.

## II. 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 Board of Land 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:
  - 1. 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.
  - 2. Some other form of financial assurance is provided and accepted in writing by IDL.
  - 3. If there has been a change in land use approved by the local governmental entity.



4. 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.

### III. 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 mine.
- I. Annual inspections may 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 1<sup>st</sup> and will be due by November 1<sup>st</sup>.
- 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	
Level of Disturbance (acres)	Yearly Fee
Greater than 40 acres, or over \$220,000 in estimated reclamation costs	Not Eligible to Participate
35 to 40 acres	\$550.00
30 to 35 acres	\$500.00
25 to 30 acres	\$450.00
20 to 25 acres	\$400.00
15 to 20 acres	\$350.00
10 to 15 acres	\$300.00
5 to 10 acres	\$250.00
2 to 5 acres	\$200.00
2 acres or less	\$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 or the IDL website prior to payment.
- Motorized Exploration on a state mineral lease or Exploration Location has a minimum annual fee of \$100.00.