

July 25, 2012

TO: Minerals Regulatory Program

THRU: Dana Dean, Associate Director – Mining \_\_\_\_\_initial

THRU: Paul B. Baker – Mining Program Coordinator \_\_\_\_\_initial

FROM: Wayne H. Western – Environmental Scientist III \_\_\_\_\_initial

SUBJECT: 2012 Reclamation Surety Costs for Small Mining Operations and Exploration Including Small Mine Three and Five Year Escalation

The reclamation surety amounts of \$7,600 for the first acre and \$4,600 for each additional acre calculated for the year 2012 was an average cost to reclaim sites with similar attributes (i.e. no structures, leach pads). Costs are escalated annually to allow for inflation using the Average Means Historical Cost Index for Site Construction, National Average, based on a previous five-year average.

**Exploration Notices**

<u>Year</u>	<u>First Acre</u>	<u>Each additional acre</u>
2012	\$7,600	\$4,600

<b>Project Size (Acres)</b>	<b>Surety (\$ Amount-2012)</b>	<b>Comments</b>
1 or less acres	\$7,600 (includes \$3,000 mob/demob charge)	Minimum surety required
Each additional acre	\$4,600 per acre (No restriction on acreage)	Partial acreages are rounded up to next highest # (no maximum \$ amount)
Drilling (dry)	\$1,000 mob/demob plus \$210.00/hole	In addition to above costs
Drilling (wet) up to 7" diameter	\$7,000 mobilization charge for holes 800 feet or less plus \$4.25/foot plus \$210 for cap. \$10,000 mobilization charge for hole between 801 and 1,600 feet plus \$4.81/foot plus \$210 for cap. \$16,000 mobilization for holes greater than 1,600 feet and \$5.44/foot plus \$210 for cap.	In addition to above costs
Portal	\$2,000 each opening	
Revegetation after regrading	\$1,000 mob/demob plus \$1,000 per acre seeding costs.	

**Small Mining Operation 5 Acres or Less**

<b>Project Size (Acres)</b>	<b>Surety 3 &amp; 5 year escalation 2012</b>	<b>Comments</b>
1 or less acres	\$7,900 (3-year escalation) \$8,100 (5-year escalation)	Minimum amount required
Additional acres up to 10 total acres	\$4,800/ acre (3-year escalation) \$4,900/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5 acres	\$27,100 (3-year escalation) \$27,700 (5-year escalation)	\$1,100 difference between 3 and 5 year escalation amount for 10-acres of disturbance.
Portal	\$2,000 each opening	
Revegetation after regrading	\$1,000 mob/demob plus \$1,000 per acre seeding costs.	

**Small Mining Operation Over 5 Acres to 10 Acres**

<b>Project Size (Acres)</b>	<b>Surety 3 &amp; 5 year escalation 2012</b>	<b>Comments</b>
1 acres	\$10,900 (3-year escalation) \$11,100 (5-year escalation)	Minimum amount required
Additional acres up to 10 total acres	\$4,800/ acre (3-year escalation) \$4,900/acre (5-year escalation)	Partial acreages rounded up (e.g., 5.2 acres = 6 acres)
Cumulative Amount for 10 acres	\$54,100 (3-year escalation) \$55,200 (5-year escalation)	\$1,100 difference between 3 and 5 year escalation amount for 10-acres of disturbance.
Portal	\$2,000 each opening	
Revegetation after regrading	\$1,000 mob/demob plus \$1,000 per acre seeding costs.	

The amounts listed above are estimates for field conditions that the Division usually expects to be present at exploration site and small mines. As part of the review process, the Division will

Surety Cost Estimating  
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evaluate reclamation costs and set the bond amount so that the Division could reclaim the site in the event of bond forfeiture.

**These costs will be RELEASED and implemented July 25, 2012. On July 25, 2012, the Board of Oil, Gas and Mining approved the bond amounts for small mines.**

O:\BondAverageCostPerAcre\2012\bond2012.doc