



## **What happens if a mine is abandoned?**

The State of Nevada recognizes that mining is a business characterized by fluctuating commodity prices and variable profit margins. Therefore, a mine operator is required to obtain a reclamation permit which is based upon an approved reclamation plan and associated reclamation cost estimate to reclaim and close the mine *before* mining even occurs. The reclamation cost estimate determines the amount of financial guarantee required to be posted with the Bureau of Land Management, the United States Forest Service, or if the mine is located on private land, with the Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation. Regardless of land status, through a signed Memorandum of Understanding with the federal agencies, a State reclamation permit and a financial guarantee are required in the form of surety instruments such as a surety bond (insurance company), a letter of credit from a bank, or a cash bond. The reclamation permit is not effective until the financial guarantee has been approved and prior to any mine construction activity. The reclamation costs are updated every three (3) years to account for inflation factors.

If a mine site is abandoned, the posted financial instrument amount becomes forfeited to the appropriate government agency holding the financial guarantee. The financial amount has been determined with enough funds for a third-party contractor to perform the reclamation activities as defined in the approved reclamation plan with government agency oversight. Agency oversight of the reclamation is performed by the agency who holds the financial instrument for the site. The BMRR reclamation permitting program operates to insure public safety, protect “Waters of the State” and provide for a stable and productive post mining land use for wildlife, recreation etc. with no expense to the citizens of Nevada.