

Guidelines for Preparing a Bond Review Report and State Director Certification

From 2003 to 2005, the General Accounting Office (GAO) conducted a review of the BLM's financial guarantee requirements for mineral activities conducted under the 43 CFR 3809 regulations. A report, *Hardrock Mining - BLM Needs to Better Manage Financial Assurances to Guarantee Coverage of Reclamation Costs* - GAO-05-377, captured the GAO's findings and recommendations for improving the BLM's financial guarantee program. The GAO's recommendations for executive action were:

To ensure that hardrock operations on BLM land have adequate financial assurances, we recommend that the Secretary of the Interior direct the Director of BLM to take the following two actions:

- *Require the BLM state office directors to establish an action plan for ensuring that operators of hardrock operations have required financial assurances and that the financial assurances are based on sound reclamation plans and current cost estimates, so that they are adequate to pay all of the estimated costs of required reclamation if operators fail to complete the reclamation, and*
- *Modify LR2000 to ensure that it tracks critical information on hardrock operations and associated financial assurances so that BLM headquarters and state offices can effectively manage financial assurances nationwide to ensure regulatory requirements are met.*

In response to these recommendations, the BLM initiated a number of changes in the program, including the creation of a Bond Review Report in the Legacy Rehost System 2000 (LR2000). The report documents the status of all financial guarantees, except for fund mechanisms required under 43 CFR 3809.552(c), recorded in LR2000.

The BLM also adopted state director reporting requirements. Annually, the state director must review the Bond Review Report to determine if all reclamation cost estimates (RCE) were reviewed within the required time frames and all obligated financial guarantees are adequate to meet the requirements of the regulations. Within 60-days of generating the Bond Review Report, a corrective action plan will be prepared addressing any deficiencies identified in the Bond Review Report. By December 1, the state director must certify to the BLM Director that the RCEs and financial guarantees have been reviewed and are adequate. When necessary, the state director must also submit to the BLM Director the corrective action plan.

The state directors must sign and date the Certifications. The Bond Review Reports, Certifications, and corrective action plan(s) must be forwarded from the state directors to the BLM Director through the Assistant Director for Minerals and Realty Management (WO-300). The documents may be transmitted electronically or sent to the Washington Office by FedEx or UPS.