

MEMORANDUM OF UNDERSTANDING
FOR STATE OF NEVADA RECLAMATION BOND POOL COVERAGE
FOR NOTICE-LEVEL AND PLAN-LEVEL OPERATIONS
WITHIN THE STATE OF NEVADA
BETWEEN
NEVADA DIVISION OF MINERALS
AND
U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT, NEVADA

This MEMORANDUM OF UNDERSTANDING, hereinafter referred to as the MOU, is entered into among the agencies identified as the State of Nevada, Division of Minerals, (hereinafter NDOM), and the U.S. Department of the Interior, Bureau of Land Management, Nevada, (hereinafter BLM).

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I. PURPOSE

This MOU relates to notice-level and plan-level operations proposed under 43 CFR 3809 et seq. (the "3809 regulations") for exploration projects and mining operations on Federal lands administered by the BLM within the State of Nevada. The purpose of this MOU is to: (1) set forth the terms and conditions under which the BLM will accept participation in the State of Nevada bond pool program, pursuant to NRS 519A.290, and NAC 519A.510 et seq., as financial guarantees under 43 CFR 3809.570, et seq. for notice-level and plan-level operations; and (2) establish and maintain coordination between the NDOM and the BLM for their respective responsibilities pertaining to the NDOM providing reclamation bond coverage for these proposed notice-level and plan-level operations.

II. AUTHORITIES

This MOU is based on the following authorities:

A. NDOM

1. NRS 519A.290 et seq.
2. NAC 519A.570 et seq.

B. BLM

1. 43 U.S.C. §§ 1732, 1733, 1740, 1781.
2. Title 43 CFR, Subparts 3802, 3809 and 3715.
3. 43 CFR 3809.570 through 574.

III. FEDERAL BONDING REQUIREMENTS

Under the 3809 regulations, the BLM must obtain financial guarantees from mine operators, as defined at 43 CFR 3809.5, which cover the estimated reclamation cost as if the BLM were to contract with a third party to reclaim the land according to the reclamation plan, including construction and maintenance costs for any treatment facilities necessary to meet Federal and State environmental standards. These reclamation cost estimates are reviewed periodically and may be increased, if necessary. 43 CFR 3809.552. In lieu of other acceptable forms of financial guarantees, the BLM may accept state-approved financial guarantees if: (1) the existing financial guarantee is redeemable by the BLM; (2) it is held or approved by NDOM for the same operations covered in BLM notice-level operations (as defined at 43 CFR 309.10(b), or plan-level operations (as defined at 43 CFR 3809.10(c)); and (3) it provides at least the same amount of financial guarantee as required by the 3809 regulations. 43 CFR 3809.570. In addition, the BLM must concur in the approval, release, or forfeiture of a financial guarantee for public lands. 43 CFR 3809.203(d)

The BLM may also specifically accept participation in the NDOM Reclamation Bond Pool program as a financial guarantee under the 3809 regulations, provided the conditions of 43 CFR 3809.571(b) are met.

IV. ADMINISTERING THE NEVADA STATE RECLAMATION BOND POOL

A. Notice-level bonds

1. The NDOM will continue to provide notice-level bonds to operators.
2. The obligation total for each notice-level bond must not bring the total amount of state notice-level bonds above the authorized bond amount (\$2,500,000.00) unless a higher amount is approved by the BLM.
3. The appropriate BLM field office will provide the operator with a written determination of the estimated reclamation cost pursuant to federal law.
4. The operator will provide the NDOM with the BLM reclamation cost estimate determination and an acceptable Reclamation Performance Bond form.
5. Operators will be required to deposit an amount equal to the bond amount, so that all notice-level bonds are fully funded. Additionally, the operator will be required to pay the annual premium rate required by the NDOM.
6. Release of any of the deposit by NDOM will be made only upon receipt of a bond reduction or release letter from the BLM Nevada State Office.
7. Upon acceptance of documents and payment by the NDOM, the NDOM will execute a BLM Surface management personal Bond Rider (Form 3809-4a) on behalf of the operator and send the rider to the BLM Nevada State Office and a copy to the appropriate BLM Field Office. Upon submittal of the rider to the BLM, the operator is considered bonded and may begin operations.

B. Plan-level bonds

1. The NDOM will continue to provide plan-level bonds to operators, providing that the NDOM confers with the BLM prior to issuing any new plan-level bonds and any increases in amount required for plan-level bonds.

2. Under NAC 519A.585, the maximum bond coverage for a participant who is the operator of one or more mining operations or exploration projects, or any combination thereof, is \$3,000,000.
3. The BLM Field Office will provide the operator with the written determination of the estimated reclamation cost.
4. The operator will provide the NDOM with the BLM reclamation cost estimate determination and an acceptable Reclamation Performance Bond form.
5. The NDOM will contact the BLM before issuing a bond for plan-level operations or increasing the amount of such an existing plan-level bond. Specifically, the NDOM will contact the Supervisory Land Law Examiner in the Locatable Minerals Section of the Branch of Minerals Adjudication, and the Bonding Specialist, and will provide the NDOM's analysis of the factors NDOM considered in deciding to issue the bond or increase an existing bond.
6. The BLM will respond within 10 business days with either: (a) concurrence as to issuance of the bond, or increase in the bond amount; (b) a request for additional information; or (c) the BLM may disagree as to the bond issuance or the terms of the bond, and recommend that the NDOM not issue a bond or increase the bond, without further financial assurances from the operator. If the BLM does not concur as to issuance of the bond or bond increase, NDOM will not issue the bond or increase the amount.
7. Because the NDOM does not require plan-level bonds to be fully funded, the BLM must agree to the terms of the bond, which would include the amount of the initial deposit and future payments made to fund the bond.

C. Accounting for the Nevada Reclamation Bond Pool

1. The NDOM will keep sufficient funds in its account so that all bond obligations for notice-level operations are fully funded at all times, and bond obligations for plan-level operations remain on the funding schedule agreed upon by the BLM and the NDOM.
2. The NDOM will provide the BLM quarterly statements showing the Reclamation Bond Pool is sufficiently funded as defined in IV, C.1.
3. The NDOM will inform the BLM if any of the funds in the account for the bond pool are to be, or have been, swept by the Nevada Legislature.
4. If the NDOM Reclamation Bond Pool account balance drops to an insufficient amount, as determined by the BLM, the BLM may terminate this MOU and any agreements with the NDOM for the BLM accepting NDOM bonds. Any new bonds would not be accepted and existing bonds would have to be replaced by the operators with a different form of bond. The BLM would consider an insufficient amount to be any amount lower than what is required for notices to be fully funded and what is required for plans based on the funding schedule agreed upon by the BLM and the NDOM.

D. In the Event of Operator Default

1. If the operator defaults in performance of reclamation, the NDOM agrees that upon proper notification to the operator and the NDOM, pursuant to 43 CFR 3809.595 et seq., the bond may be forfeited and the BLM may commence and prosecute any claim, suit, or other proceeding against the NDOM and the operator, or either of them, without the necessity of joining the owner(s) of the mining claim(s), mill site(s), or tunnel site(s) covered by the plan of operations and/or notice.

2. Once the BLM has notified the operator of the default and ordered compliance with the terms of the approved plan or notice, if no action results, the BLM will issue a letter to the NDOM requiring that: (a) the NDOM commences the specified work within 30 days and continues diligently to completion; (b) the NDOM submits the total amount of the bond to the BLM Nevada State Office within 30 days; or, (c) the NDOM authorizes the BLM, within 30 days, to act as the NDOM's agent to contract and oversee the performance of the specified work with the contractor directly billing the NDOM for payment.
3. If the operator fails to pay the annual premiums pursuant to NAC 519A.595 and the NDOM is contemplating terminating the operator's participation in the Bond Pool, the NDOM will notify the BLM 30 days prior to termination. The NDOM shall not terminate an operator's participation in the Bond Pool without the BLM's agreement.

V. LIMITATIONS

This agreement is not intended to waive or otherwise limit any federal or State laws, rules, or regulations, or any other requirements or duties under such laws, rules, or regulations. This agreement is not intended to give an agency additional authority beyond their current laws, rules or regulations.

VI. COORDINATION

1. The agencies will promptly inform the other party to the MOU of any changes in rule making and policy.
2. Select representatives from the agencies will meet as needed to coordinate activities, resolve issues or mutual concerns, exchange information on policies and procedures, and any other matters of mutual concern that affects the implementation of this agreement.
3. Each agency will provide the other agency a list of general personnel contacts. Points of contact lists shall be updated annually.
4. The agencies will coordinate and exchange relevant information and correspondence relating to change of operator, permit transfer and related bond release.

VII. DISPUTE RESOLUTION

In the event the agencies may reach an impasse in resolving an issue, two levels of resolution will be established under this MOU. The first level will involve the Deputy State Director, Division of Minerals for the BLM and the Administrator for NDOM. If resolution cannot be reached at this level, the next level will involve the State Director for the BLM and the Chairman of the Commission on Mineral Resources.

VIII. EFFECTIVE DATE

This MOU shall become effective upon signature by the Administrator of the NDOM and the Nevada State Director for the BLM, and will remain in full force and effect for a period of ten (10) years from date of signatures, at which time it will expire unless extended. The parties agree to implement the terms and conditions of this MOU as of the date of the final signatures below.

IX. AMENDMENT

Amendment to this agreement may be proposed at any time by any party to the agreement and shall become effective upon written approval by all parties to the agreement.

X. TERMINATION

Any of the parties, after 60 days written notice to the other agencies, may terminate this agreement, in whole or in part, at any time before the date of expiration. In the event this agreement is terminated, each agency agrees to maintain the existing bond to the legal extent possible until such time as an agreement can be reached between the operator, the NDOM, and the BLM as to the disposition of the bond.

XI. NON-FUND OBLIGATION DOCUMENT

This agreement is neither a fiscal nor a funds obligation document. Any endeavor or transfer of anything of value involving reimbursement or contribution of funds between the parties to this agreement will be handled in accordance with applicable laws, regulations and procedures including those for Government procurement and printing. Such endeavors will be outlined in separate agreements, such as a cooperative agreement, that shall be made in writing by representatives of the parties and shall be independently authorized by appropriate statutory authority. This agreement does not provide such authority. Specifically, this agreement does not establish authority for noncompetitive award to the cooperator of any contract or other agreement. Any contract or agreement for training or other services must fully comply with all applicable requirements for competition.

XII. FREEDOM OF INFORMATION ACT

Any information furnished to the BLM under this agreement is subject to the Freedom of Information Act (5 U.S.C. 552).

XIII. PARTICIPATION IN SIMILAR ACTIVITIES

This agreement in no way restricts the BLM or the NDOM from participating in similar activities with other public or private agencies, organizations, and individuals.

XIV. PRINCIPAL CONTACTS

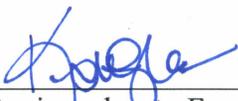
AGENCY	PHONE
Bureau of Land Management	(775) 861-6400
Supervisory Land Law Examiner Elaine Guenaga – eguenaga@blm.gov Bonding Specialist Lacy Trapp – ltrapp@blm.gov	(775) 861-6539 (775) 861-6599
Nevada Division of Minerals	(775) 684-7040
Administrator Alan Coyner – acoyner@govmail.state.nv.us	(775) 684-7047

XV. SIGNATURES



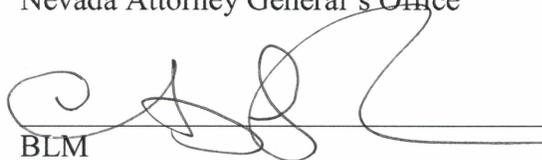
 NDOM
 Alan R. Coyner, Administrator
 Nevada Division of Minerals

11/27/12
 Date



 Reviewed as to Form
 Kristen R. Geddes, Deputy Attorney General
 Nevada Attorney General's Office

11/30/12
 Date



 BLM
 Amy Lueders, State Director
 Nevada State Office
 U.S. DOI Bureau of Land Management

11/27/12
 Date