

**File Code:** 2800**Date:** JUL 24 2015**Route To:****Subject:** Financial Assurance for Mine Long-Term Post-Reclamation Monitoring and Maintenance**To:** Regional Foresters, Station Directors, Area Director, IITF Director, Deputy Chiefs and WO Directors

Promoting healthy and resilient forests and grasslands are key components in ensuring the lands and resources the Forest Service manages are available for future generations. Mineral development on National Forest System (NFS) lands is a temporary use of those lands, and requires adequate fiscal resources be available to ensure that reclamation of the mineral sites are integral to any development proposal. As a result, the Forest Service has identified a mechanism for addressing post-closure long-term liabilities associated with large mining activities on NFS lands.

Given the need for sustainable reclamation/restoration, the Forest Service worked with USDA Office of the General Counsel and established a long-term trust for future large mines to eliminate the growth of mining-related liabilities on NFS lands. The long-term trust requires operators of large mines to establish a trust with the Forest Service as a benefactor to address liabilities such as water treatment, dam maintenance, and care and maintenance of infrastructure, which may be required for many years (or centuries) beyond a planned or unplanned mine closure. Our traditional reclamation bonding addresses immediate closure activities, short-term monitoring and maintenance needs when a mine plan expires or the operation ceases; however, it does not give the Agency the financial authority to bond for long-term needs.

Traditional sureties, letters of credit and cash investments are not capable of generating interest to fund reoccurring, long-term costs. Through growth, interest-bearing trust accounts will provide adequate resources to allow the Forest Service to address perpetual liabilities. For example, the Forest Service spends approximately \$18.5 million annually to address past mining impacts through our Environmental Compliance and Protection (ECAP) and Abandoned Mines Lands (AML) programs for water treatment, facilities maintenance and monitoring at abandoned mines. The Forest Service envisions that long-term trusts will compensate for future Forest Service expenditures for ECAP and AML. The use of trusts will be in addition to our traditional bonding which will continue to cover short-term activities when the operations ceases.

The Forest Service's ability to accept an interest-bearing trust account will be limited to accounts comprised of investments in U.S. Treasury and other U.S. Government agency negotiable securities, bank time deposits, banker acceptances, certificates of deposit, and money market funds.

Accepting trust accounts represents a step forward in our mission to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations. The present Trust Agreement template is being applied to the



Kensington Mine in Alaska, Region 10. Please ensure your Forests utilize long-term trusts for future large mining operations. If you have any questions, please contact Emilee P. Blount, Acting Associate Deputy Chief, National Forest System, at (202) 205-3171.



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Chief

Enclosures (4)