



441 G St. N.W.  
Washington, DC 20548

Accessible Version

September 18, 2019

The Honorable Tom Udall  
Ranking Member  
Subcommittee on Interior, Environment, and Related Agencies  
Committee on Appropriations  
United States Senate

**Hardrock Mining: BLM and Forest Service Hold Billions in Financial Assurances, but More Readily Available Information Could Assist with Monitoring**

Dear Senator Udall:

The General Mining Act of 1872 encouraged the development of the nation’s mineral resources by allowing individuals to stake claims and obtain exclusive rights to the gold, silver, copper, and other valuable hardrock mineral deposits on land belonging to the United States.<sup>1</sup> Since then, thousands of operators have extracted billions of dollars’ worth of hardrock minerals from land managed by the U.S. Department of the Interior’s Bureau of Land Management (BLM) and the U.S. Department of Agriculture’s Forest Service.<sup>2</sup> However, some operators did not reclaim—or clean up—thousands of acres of federal land disturbed for exploration, mining, and mineral processing when their operations ceased.<sup>3</sup> Some of these disturbed lands pose serious environmental and physical safety hazards, such as contaminated soil, open mine shafts, and decaying structures.

To help ensure lands will be reclaimed, BLM and the Forest Service have issued regulations requiring all hardrock mining operators to reclaim disturbed land when operations cease and provide bonds or other financial assurance, such as cash or certificates of deposit, to guarantee reclamation.<sup>4</sup> Operators are to provide a reclamation plan and financial assurances to BLM or

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<sup>1</sup>“Under the mining laws Congress has made public lands available to people for the purpose of mining valuable mineral deposits and not for other purposes. The obvious intent was to reward and encourage the discovery of minerals that are valuable in an economic sense.” U.S. v. Coleman, 390 U.S. 599, 602 (1968) (internal citations omitted). Federal minerals are commonly classified as locatable, leasable, or saleable. Locatable minerals include those minerals that are not leasable or saleable, for example, copper, lead, zinc, magnesium, gold, silver, and uranium. For the purposes of this report, we use the term hardrock minerals to refer to locatable minerals. Leasable minerals include oil, gas, coal, phosphate, and potash. Saleable minerals include common sand, stone, and gravel.

<sup>2</sup>BLM manages over 260 million acres of public lands located primarily in the western half of the United States. BLM’s state, district and field offices generally oversee hardrock operations within its jurisdiction. The Forest Service manages approximately 193 million acres of national forests and grasslands throughout the United States. Forest Service headquarters, regions, national forests and grasslands, and ranger districts manage hardrock operations.

<sup>3</sup>Reclamation can vary by location but generally involves such activities as regrading and reshaping the disturbed land to conform with adjacent land forms and to minimize erosion; removing or stabilizing buildings and other structures to reduce safety risks; removing mining roads to prevent damage from future traffic; and establishing self-sustaining vegetation. Reclamation can also involve isolation, control, or removal of acid-forming or toxic substances, as well as post-mining monitoring, maintenance, or treatment.

<sup>4</sup>43 C.F.R. § 3809.552; 36 C.F.R. § 228.13. Under the Federal Land Policy Management Act of 1976, BLM issued regulations, effective in 1981, that required all mining operators to reclaim BLM land disturbed by hardrock mining. In

the Forest Service before beginning exploration or mining operations.<sup>5</sup> BLM regulations require financial assurances for (1) notice-level mining operations—exploration operations disturbing 5 acres of land or less—and (2) plan-level mining operations—exploration operations disturbing over 5 acres of land, mining operations greater than casual use,<sup>6</sup> or mining operations in designated areas.<sup>7</sup> The Forest Service requires financial assurances for all mining activities with an authorized plan of operations. It does not require financial assurances for activities that do not allow for significant disturbances.<sup>8</sup>

Agency officials are to periodically review financial assurances held to ensure they will be adequate to cover expected reclamation costs. BLM policies direct district or field officials to review cost estimates for notice-level mining operations every 2 years and plan-level mining operations every 3 years.<sup>9</sup> If cost estimates have increased since operations began, these officials are to collect additional financial assurances from mining operators. BLM headquarters prepares an annual Bond Review Report to help ensure that financial assurances collected by the district or field offices adequately cover the most current expected reclamation costs. If inadequacies exist, district and field offices are to develop corrective action plans to address the inadequacies. BLM state offices summarize these plans in annual state certifications to BLM headquarters.<sup>10</sup> At the Forest Service, agency policy requires forest or district officials to annually review cost estimates for reclamation, in light of any new or unanticipated changes in operations, unforeseen disturbances, or other factors.<sup>11</sup> Forest Service policy provides that bond amounts should be adjusted as conditions change.

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2001, BLM regulations began requiring all mining operators to provide financial assurances before beginning exploration or mining operations on BLM land. The Forest Service began requiring reclamation and financial assurances in 1974.

<sup>5</sup>The reclamation plan mandated by BLM is to include a statement describing the manner in which the operator is to complete reclamation of areas disturbed by mining operations, among other things. Similarly, the Forest Service requires that mandated plans of operation include a description of the measures to be taken to comply with environmental protection requirements, including reclamation of the area of operations.

<sup>6</sup>There are three types of mining operations specified in BLM's surface management regulations: casual use, notice-level, and plan-level operation. Notice-level and plan-level operations require a financial assurance.

<sup>7</sup>About 15 percent of the 245 million surface acres of land BLM manages are under federally designated conservation protections, including 27 national monuments, 224 wilderness areas, and 69 wild and scenic rivers.

<sup>8</sup>Under Forest Service regulations, no notice is required for certain activities, such as collection of mineral specimens using hand tools. However, a plan of operations is required for operations that will likely cause a significant disturbance, such as the use of mechanized equipment like a backhoe. A plan of operations includes information such as a map of the areas to be disturbed, the type of operations proposed and how they would be conducted, and the measures that will be taken to meet the requirements for environmental protection. 36 C.F.R. § 228.4

<sup>9</sup>Department of the Interior, Bureau of Land Management, *Handbook H-3809-1-Surface Management* (Sept. 17, 2012), 6-24, 6-26 (Sections 6.2.4.1, 6.2.4.3).

<sup>10</sup>Bureau of Land Management, *I.M. 2014-009, State Director Bond Review Certification Process*. (Washington, D.C.: October 31, 2013). At the end of each fiscal year, BLM state directors are to review the Bond Review Report to determine if all reclamation cost estimates for notices and plans within their states requiring review were examined and are adequate. If the Bond Review Report indicates that a notice or plan has not been reviewed within the appropriate time frame or the reclamation cost estimate is inadequate, then a corrective action plan must be developed by the state directors to address the deficiencies within 60-days of generating the Bond Review Report.

<sup>11</sup>U.S. Department of Agriculture, Forest Service, *Forest Service Manual*, FSM 2817.24b—Reclamation Bond Reviews, (Washington, D.C.: Apr. 4, 2007).

You asked us to update information from our prior reports on financial assurances for hardrock mining operations on federal lands.<sup>12</sup> This report examines the value and adequacy of financial assurances that mining operators have provided to BLM and the Forest Service to guarantee estimated reclamation costs and how these agencies monitor the adequacy of these financial assurances.

To conduct this work, we reviewed BLM and Forest Service financial assurance data and the agencies' regulations and policies on financial assurances, as follows:

- **BLM.** To examine the value and adequacy of financial assurances that mining operators have provided to BLM, we analyzed data from the agency's Bond Review Report and state certification reports for fiscal year 2017. We selected fiscal year 2017 because it was the most recent year for which all reports were available at the time of our review.<sup>13</sup> We compared the dollar amount the agency held in financial assurances to the estimated cost of reclamation, as specified in the Bond Review Report. The agency generated this report from information in BLM's primary data system for tracking mining-related activities—Legacy Rehost 2000 (LR2000). To examine how BLM monitors the adequacy of financial assurances, we reviewed agency policies and interviewed BLM officials. We also examined the Bond Review Report to identify operations that required corrective action plans due to inadequate financial assurances, late reviews, or missing data. We then reviewed state BLM offices' fiscal year 2017 certification reports to identify which corrective action plans the state BLM offices had prepared to address these deficiencies.
- **Forest Service.** To examine the value of financial assurances that mining operators have provided to the Forest Service, we analyzed agency data available as of November 2018, the most current data at the time of our review. The Forest Service maintains these data in the Natural Resource Manager data system, a system of database tools for managing data across the agency. To examine how the Forest Service monitors the adequacy of financial assurances, we reviewed agency guidance documents, available agency data from the Natural Resource Manager data system, and interviewed agency officials. Based on the data provided, we were not able to determine the adequacy of these assurances, as we discuss below.

We compared the agencies' data and monitoring practices against their policies related to financial assurances and federal internal control standards related to quality information to assess the adequacy of the practices.<sup>14</sup> We also assessed the reliability of available data from BLM's LR2000 and the Forest Service's Natural Resource Manager data system by reviewing

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<sup>12</sup>We previously reported on BLM's financial assurances for hardrock mining in GAO, *Abandoned Mines: Information on the Number of Hardrock Mines, Cost of Cleanup, and Value of Financial Assurances*, [GAO-11-834T](#) (Washington, D.C.: July 14, 2011). Other related reports include *Hardrock Mining: BLM Needs to Revise Its Systems for Assessing the Adequacy of Financial Assurances*, [GAO-12-189R](#) (Washington, D.C.: Dec. 12, 2011); *Uranium Mining: Opportunities Exist to Improve Oversight of Financial Assurances*, [GAO-12-544](#) (Washington, D.C.: May 17, 2012); *Hardrock Mining: Information on Abandoned Mines and Value and Coverage of Financial Assurances on BLM Land*, [GAO-08-574T](#) (Washington, D.C.: March 12, 2008); and *Hardrock Mining: BLM Needs to Better Manage Financial Assurances to Guarantee Coverage of Reclamation Costs*, [GAO-05-377](#) (Washington, D.C.: June 20, 2005).

<sup>13</sup>At the time of our review, BLM produced its fiscal year 2018 Bond Review Report but had not yet received state certifications for that year.

<sup>14</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014)

documents, conducting data checks, and interviewing knowledgeable agency officials. We found these data to be sufficiently reliable to describe the value of financial assurances held.

We conducted this performance audit from November 2018 to September 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Results in Brief

BLM and the Forest Service hold billions of dollars in financial assurances across nearly 2,000 hardrock mining operations, and the agencies have various practices for monitoring the adequacy of these assurances to cover estimated reclamation costs. As of October 2017, BLM held over \$3 billion in financial assurances, which was approximately \$11 million less than what BLM estimated was needed to cover reclamation costs.<sup>15</sup> According to agency officials, BLM determines whether financial assurances are sufficient to cover estimated reclamation costs, and reviews are being done within the time frames specified in agency policy, through its annual state certification process. As part of this process, BLM prepares a Bond Review Report that is to identify, among other things, the number of corrective action plans BLM offices are to prepare to address any deficiencies, such as an inadequate financial assurance, a late review, or missing data. Such information is needed to help the agency assess whether funds will be sufficient to cover estimated reclamation costs. However, based on our review of BLM data, the Bond Review Report did not identify all the instances in which a corrective action plan was required. Agency officials said this occurred because the computer program that generates the Bond Review Report did not reflect all the requirements in the state certification guidance.<sup>16</sup>

The Forest Service held approximately \$251 million in financial assurances, as of November 2018. However, we were not able to determine the extent to which these financial assurances were adequate to cover estimated reclamation costs because the Forest Service's data system does not contain certain data needed to do so. Specifically, the data system tracks the initial financial assurance obtained and the current financial assurance held for each operation but does not include a field to record any revised estimates of the cost of reclamation. Forest Service officials said that cost estimates are maintained in over 500 individual case files in forest or district offices across 14 states. As a result, headquarters officials cannot readily determine whether forest or district offices are ensuring that financial assurances are adequate. Further, the data system includes a field for the date of the most recent review of the adequacy of the financial assurance, but Forest Service officials said that forest and district offices generally do not populate the field and are not required to do so. Establishing a requirement to record this date would enable headquarters officials to efficiently determine whether annual reviews—a key

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<sup>15</sup>According to the Bond Review Report issued on October 1, 2018, the agency held \$3.23 billion in financial assurances. Throughout the report, we use nominal values to report dollar amounts.

<sup>16</sup>Bureau of Land Management, *I.M. 2014-009, State Director Bond Review Certification Process*. This memorandum requires, among other things, that all BLM district or field managers review the Bond Review Report to confirm that the reclamation cost estimate has been reviewed within the appropriate time frame and that it was adequate. If not, each state director is to submit a summary of needed corrective action plans to BLM headquarters.

mechanism to help ensure the adequacy of financial assurances—are occurring as required. We are making three recommendations—one to BLM and two to Forest Service—to help ensure that information is readily available for monitoring the adequacy of financial assurances.

### **BLM Holds over \$3 Billion in Financial Assurances and Monitors Whether Assurances Are Adequate but Does Not Always Identify If Corrective Actions Are Needed**

We found that mining operators provided BLM with financial assurances valued at over \$3 billion to cover estimated reclamation costs for 1,425 authorized hardrock mining operations on federal land managed by the agency in 12 states, as of October 2017. According to BLM data, 54 (4 percent) of these operations had inadequate financial assurances, totaling about \$11 million less than needed to cover estimated reclamation costs. (See table 1 in enclosure I for a summary of financial assurances for reclamation held by BLM.) Over \$9 million in inadequate assurances were from 35 of the 546 mining operations located in Nevada. BLM officials cited three reasons for why financial assurances may be inadequate:

- the scope or size of the mining operation may have changed—thereby requiring an increase in the amount of the financial assurance required—and the operator had not provided an updated financial assurance to BLM before the agency prepared its Bond Review Report;<sup>17</sup>
- BLM may have received the updated financial assurance amount from the operator, but not updated LR2000 to reflect the increased amount; or
- the operator may not have complied in a timely manner with the requirement for increasing the financial assurance, and the agency is taking enforcement action against the operator.

Through its annual state certification process, BLM determines whether financial assurances are sufficient to cover estimated reclamation costs and reviews are being done on time. Specifically, BLM uses its LR2000 data system to record and track the estimated cost of reclamation, the financial assurance held, and the date of the most recent review of the financial assurance. From LR2000, BLM prepares a Bond Review Report that identifies, among other things, operations that have inadequate financial assurances, operations that have not had their financial assurances reviewed within the time frames specified in agency policy, and data that are missing in LR2000 on financial assurances.<sup>18</sup> At the end of each fiscal year, BLM provides each BLM state director with a copy of the Bond Review Report. BLM field and district offices are to develop corrective action plans for operations with known inadequate financial assurances, late reviews, or missing data needed to determine the adequacy of the financial assurance or the timeliness of reviews.

In reviewing BLM's financial assurance data as of October 2017, we found that the agency needed to develop 347 corrective action plans, but that BLM state offices had submitted only

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<sup>17</sup>When BLM identifies the need for an increase in financial assurance, it is to give the operator a time frame to do so. In such an instance, the operator may be within the authorized time frame for providing the increase, but the Bond Review Report identifies the discrepancy because it was not resolved at the time the report was produced.

<sup>18</sup>Missing data could include the amount of estimated cost of reclamation, amount of the financial assurance held, or date the financial assurance was last reviewed.

275 such plans. (See table 2 in enclosure I for a summary of corrective action plans needed to address discrepancies, by state). BLM officials said that state offices may not have prepared corrective action plans because they may not have prioritized this activity, may not have had available staff to do so, or may not have documented minor corrective actions that they immediately took. Although we identified 347 operations requiring corrective action plans, BLM's 2017 Bond Review Report identified 306 operations as requiring such plans.

According to agency officials, LR2000, the data system used to generate the Bond Review Report, did not correctly identify all operations that required action plans for missing data, such as a missing review date, cost estimate, or financial assurance. Officials said that this occurred because the computer program that generates the Bond Review Report using data from LR2000 did not reflect the requirements in the state certification guidance.<sup>19</sup> Modifying the computer program that generates the Bond Review Report to identify all the instances in which a corrective action plan is needed would provide BLM the information it needs to assess whether funds will be adequate to reclaim the land should the operator fail to do so when mining operations cease. BLM officials acknowledged this and said it was feasible to modify the computer program. BLM headquarters officials also said they are developing a new data system to replace LR2000. This new system is being designed, in part, to identify when data are missing, bonds are inadequate to meet the estimated reclamation costs, and reviews are late. BLM officials said they estimate the new system will be in place by 2022.

### **Forest Service Held Over \$250 Million in Financial Assurances, but Data Are Insufficient to Determine If Assurances Are Adequate or Required Annual Reviews Are Completed**

As of November 2018, mining operators provided financial assurances valued at approximately \$251 million to guarantee reclamation costs for 567 hardrock mining operations on federal land managed by the Forest Service in 14 states, according to agency data. (See table 3 in enclosure I for information on financial assurances for reclamation held by the Forest Service.) We were not readily able to determine the extent to which these financial assurances were adequate to cover estimated reclamation costs because the Forest Service's data system does not contain information on estimated costs of reclamation.

Specifically, the Forest Service's Natural Resource Manager data system tracks the initial financial assurance obtained and the current financial assurance held for each operation, but not the current estimated cost of reclamation. According to agency officials, the Forest Service does not authorize mining operations until it receives adequate financial assurances, and as a result, the initial financial assurance received is equal to the initial estimated cost of reclamation. If the estimated cost of reclamation later increases because, for example, the scope of the operation changed, officials said the agency pursues an additional assurance from the operator. The agency records any new financial assurance obtained in its data system, but does not record the revised cost estimate separately in the data system. According to agency officials, cost estimates are maintained in more than 500 individual paper case files in forest or district

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<sup>19</sup>Bureau of Land Management, *I.M.2014-009, State Director Bond Review Certification Process*. This memorandum requires, among other things, that all BLM district or field managers review the Bond Review Report to confirm that the reclamation cost estimate has been reviewed within the appropriate timeframe and that it was adequate. If not, each state director is to submit a summary of needed corrective action plans to BLM headquarters.

offices across 14 states. Without ready access to this information, headquarters cannot determine whether forest or district officials are ensuring that financial assurances are adequate. Officials stated that the data system does not contain a field to record the revised cost estimate and that adding a field to the data system could be difficult, given the limitations of the current system.

Federal internal control standards state that management should use quality information to achieve the entity's objectives.<sup>20</sup> Quality information includes data on the current estimated cost of reclamation, which are needed to assess the adequacy of financial assurances. Having ready access to these data, such as through an additional data field or another centralized mechanism to record the data, would help Forest Service headquarters officials check the adequacy of financial assurances. Headquarters officials acknowledged the need to oversee the adequacy of financial assurances and stated that they would need to consider what centralized mechanism may be available for doing so.

The data system also does not include information to help ensure that reviews of financial assurances are completed annually as directed by agency policy. Officials said the date of the latest review is maintained in individual case files, and each office is to examine the files and determine when an annual review is needed. The data system includes a field that could be used to enter the date of the most recent review, but Forest Service officials told us that forest and district offices generally do not populate the field and are not required to do so.

Agency officials stated that it would be helpful to establish a means to document when annual adequacy reviews occur as directed by agency policy. As previously noted, the purpose of these reviews is to ensure that the current bond in place is adequate to cover estimated reclamation costs that may have changed as a result of changing operations or unforeseen disturbances to the land. Federal internal control standards state that management should use quality information to achieve the entity's objectives. This can include obtaining complete and relevant data from internal sources to ensure the requirement for annual reviews is being met. Establishing a requirement that forest and district offices populate the date of the most recent annual review will help the Forest Service ensure it will be able to identify and address financial assurances that are inadequate to reclaim disturbed land if operators fail to do so.

## Conclusions

BLM and the Forest Service hold billions of dollars in financial assurances to cover the cost of reclaiming mining operations on their land. While BLM has data and processes to determine whether adequate assurances are in place and timely reviews occur, the agency's Bond Review Report, which tracks these assurances, does not consistently identify all operations needing a corrective action plan due to missing data, such as a missing financial assurance. Modifying the computer program that generates the Bond Review Report to identify all the instances in which a corrective action plan is needed would provide BLM with information it needs to assess whether funds will be adequate to reclaim the land should the operator fail to do so when mining operations cease.

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<sup>20</sup>[GAO-14-704G](#).

The Forest Service does not have sufficient data to readily identify, and subsequently address, any inadequate financial assurances because it has not established a data field in its Natural Resources Manager data system or another centralized mechanism to record the current estimated cost of reclamation. As a result, headquarters officials cannot readily determine whether forest or district offices are ensuring that financial assurances are adequate. Furthermore, although the data system includes a field that could be used to enter the most recent review date, the Forest Service does not require field or district offices to record the date in the data system. Establishing a centralized mechanism to record the current estimated cost of reclamation and requiring offices to populate the date of the most recent annual review would help the Forest Service identify and address financial assurances that are inadequate to reclaim disturbed land if operators fail to do so.

### Recommendations for Executive Action

We are making a total of three recommendations, including one to the Department of the Interior and two to the Department of Agriculture. Specifically:

The Secretary of the Interior should direct BLM to modify its computer program that generates its Bond Review Report to identify all instances in which a state office needs to develop a corrective action plan to address deficiencies, such as an inadequate financial assurance, a late review, or missing data. (Recommendation 1)

The Secretary of Agriculture should direct the Forest Service to develop a centralized mechanism to record the current estimated cost of reclamation for a mining operation so that this information is readily available for comparison with the financial assurance held. (Recommendation 2)

The Secretary of Agriculture should direct the Forest Service to require forest and district offices to enter the date of the last review in the Natural Resource Manager data system. (Recommendation 3)

### Agency Comments and Our Evaluation

We provided a draft of this product to the Department of the Interior and the Department of Agriculture for review and comment. In its written comments, reproduced in Enclosure II, the Department of the Interior concurred with our recommendation. Interior indicated that BLM will revise the LR2000 Bond Review Report to identify all instances in which a state office needs to develop a corrective action plan in accordance with BLM Policy. In its written comments, reproduced in Enclosure III, the Department of Agriculture concurred with the draft report and its recommendations.

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As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Secretaries of Agriculture and the Interior, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at 202-512-3841 or [fennella@gao.gov](mailto:fennella@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs

may be found on the last page of this report. Key contributors to this report were Elizabeth Erdmann (Assistant Director), William Gerard, Kelsey L. Kennedy, Gwen Kirby, Ying Long, Leslie Kaas Pollock, Anne Rhodes-Kline, and Jack Wang.

Sincerely yours,

A handwritten signature in cursive script that reads "Anne-Marie Fennell". The signature is written in black ink and is positioned above the typed name.

Anne-Marie Fennell  
Director,  
Natural Resources and Environment  
Enclosures - 3

Enclosure I: Information on Financial Assurances for Reclamation of Mining Operations on Bureau of Land Management (BLM) and Forest Service Lands

Table 1 summarizes information on the number and value of financial assurances held by BLM to cover anticipated reclamation costs of hardrock mining operations on land managed by BLM. In addition, the table provides information on the number of operations with inadequate financial assurances and the value of the inadequate assurances.

**Table 1: Adequacy of Financial Assurances to Cover Reclamation Costs of Hardrock Mining Operations on Bureau of Land Management (BLM) Land by State, Fiscal Year 2017**

State	Number of operations authorized <sup>a</sup>	Value of financial assurances held (dollars)	Number of operations with known inadequate financial assurances	Value of inadequate financial assurances (dollars)
Arizona	132	30,039,226	0	0
California	131	33,025,479	2	150,000
Colorado	70	3,533,821	4	90,823
Idaho	53	5,957,004	2	23,900
Montana	81	77,334,781	0	0
Nevada	546	2,490,328,345	35	9,645,646
New Mexico	32	9,344,088	2	293,188
Oregon	116	4,982,011	4	310,200
South Dakota	2	98,918	0	0
Utah	98	13,170,081	4	435,730
Washington	12	5,081,323	0	0
Wyoming	152	374,145,485	1	76,136
<b>Total</b>	<b>1,425</b>	<b>3,047,040,564</b>	<b>54</b>	<b>11,025,623</b>

Source: GAO analysis of BLM Bond Review Report data. | GAO-19-436R

Note: All values are expressed in nominal dollars. While BLM has other state offices, these are the only offices with active hardrock mining operations.

<sup>a</sup>There are three types of mining operations specified in BLM's surface management regulations: casual use, notice-level, and plan-level operations. Notice-level and plan-level operations require a financial assurance, and both of these types are included in the number of operations.

Table 2 summarizes the number of authorized operations on land managed by BLM, the number of operations that require a corrective action plan according to BLM policy, and the number of corrective action plans actually submitted by each state. In some cases, an operation may be deficient in more than one area; however only one corrective action plan is required for each operation, regardless of the number of deficiencies identified.

**Table 2: Corrective Action Plans for Hardrock Mining Operations on Bureau of Land Management (BLM) Land by State, Fiscal Year 2017**

<b>State</b>	<b>Number of authorized operations<sup>a</sup></b>	<b>Number of corrective action plans directed under BLM policy</b>	<b>Number of corrective actions plans submitted as directed</b>
Arizona	132	32	28
California	131	23	23
Colorado	70	27	24
Idaho	53	32	29
Montana	81	11	11
Nevada	546	105	96
New Mexico	32	8	5
Oregon	116	37	37
South Dakota	2	0	0
Utah	98	7	7
Washington	12	10	7
Wyoming	152	55	8
<b>Total</b>	<b>1,425</b>	<b>347</b>	<b>275</b>

Source: GAO analysis of BLM Bond Review Report data and state certification reports. | GAO-19-4336R

<sup>a</sup>There are three types of mining operations specified in BLM's surface management regulations: casual use, notice-level, and plan-level operations. Notice-level and plan-level operations require a financial assurance, and both of these types are included in the number of operations.

Table 3 summarizes information on the number of hardrock mining operations on Forest Service land and the value of the financial assurances held by the Forest Service to cover anticipated reclamation costs.

**Table 3: Value of Financial Assurances to Cover Reclamation Costs of Hardrock Mining Operations on Forest Service Land by State as of November 2018**

<b>State</b>	<b>Number of operations</b>	<b>Value of financial assurances held (dollars)</b>
Alaska	62	135,818,718
Arizona	27	14,929,357
Arkansas	1	1,000
California	103	2,388,355
Colorado	38	399,729
Idaho	53	1,388,021
Montana	102	68,180,233
Nevada	67	23,590,160
New Mexico	8	226,352
Oregon	37	106,702
South Dakota	37	963,155
Utah	16	1,721,215
Washington	10	1,043,507
Wyoming	6	451,700
<b>Total</b>	<b>567</b>	<b>251,208,204</b>

Source: GAO analysis of Forest Service bond data. | GAO-19-436R

Note: All values are expressed in nominal dollars.

Enclosure II: Comments from the Department of the Interior



United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

SEP 06 2019

Ms. Anne-Marie Fennell  
Director, Natural Resources and Environment  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Fennell:

Thank you for providing the Department of the Interior (Department) the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled, *Hardrock Mining: BLM and Forest Service Hold Billions in Financial Assurances, but More Readily Available Information Could Assist with Monitoring* (GAO-19-436R).

The GAO issued the Bureau of Land Management (BLM) one recommendation to address its findings. Below is BLM's response:

**Recommendation 1:** The Secretary of the Interior should direct BLM to modify its computer program that generates its Bond Review Report to identify all instances in which a state office needs to develop a corrective action plan to address deficiencies, such as an inadequate financial assurance, a late review, or missing data.

**Response:** The BLM concurs with this recommendation. BLM will revise the LR2000 Bond Review Report to identify all instances in which a state office needs to develop a corrective action plan in accordance with BLM policy.

If you have any questions about this response, please contact Corey Grant, Acting Chief, Division for Evaluations and Management Services, at (202) 912-7040; or LaVanna Stevenson, Audit Liaison Officer, at (202) 912-7077.

Sincerely,

Casey Hammond  
Acting Assistant Secretary  
Land and Minerals Management

## Text of Enclosure II: Comments from the Department of the Interior

SEP. 6, 2019

Ms. Anne-Marie Fennell

Director, Natural Resources and Environment

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548 Dear Ms. Fennell:

Thank you for providing the Department of the Interior (Department) the opportunity to review and comment on the draft Government Accountability Office (GAO) report entitled, Hardrock Mining: BLM and Forest Service Hold Billions in Financial Assurances, but More Readily Available Information Could Assist with Monitoring (GAO-19-436R).

The GAO issued the Bureau of Land Management (BLM) one recommendation to address its findings. Below is BLM's response:

Recommendation 1: The Secretary of the Interior should direct BLM to modify its computer program that generates its Bond Review Report to identify all instances in which a state office needs to develop a corrective action plan to address deficiencies, such as an inadequate financial assurance, a late review, or missing data.

Response: The BLM concurs with this recommendation. BLM will revise the LR2000 Bond Review Report to identify all instances in which a state office needs to develop a corrective action plan in accordance with BLM policy.

If you have any questions about this response, please contact Corey Grant, Acting Chief, Division for Evaluations and Management Services, at (202) 912-7040; or LaVanna Stevenson, Audit Liaison Officer, at (202) 912-7077.

Sincerely,

Casey Hammond

Acting Assistant Secretary

Land and Minerals Management

Enclosure III: Comments from the Department of Agriculture



Forest  
Service

Washington Office

1400 Independence Avenue, SW  
Washington, D.C. 20250

**File Code:** 1420; 2800 (8565097)

**Date:** AUG 22 2019

Ms. Anne-Marie Fennell  
Director, Natural Resources and Environment  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Fennell:

The U.S. Department of Agriculture (USDA) Forest Service appreciates the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report "Hardrock Mining: BLM and Forest Service Hold Billions in Financial Assurances, but More Readily Available Information Could Assist with Monitoring, (GAO-19-436R)." The Forest Service generally agrees with the draft report and its recommendations.

If you have any questions, please contact Antoine L. Dixon, Chief Financial Officer, at (202) 205-0429, or by email at [antoine.dixon@usda.gov](mailto:antoine.dixon@usda.gov).

Sincerely,

  
VICTORIA CHRISTIANSEN  
Chief



Caring for the Land and Serving People

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### **Text of Enclosure III: Comments from the Department of Agriculture**

Aug. 22, 2019

Ms. Anne-Marie Fennell  
Director, Natural Resources and Environment  
U.S. Government Accountability Office 441 G Street, NW  
Washington, DC 20548 Dear Ms. Fennell:

The U.S. Department of Agriculture (USDA) Forest Service appreciates the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report "Hardrock Mining: BLM and Forest Service Hold Billions in Financial Assurances, but More Readily Available Information Could Assist with Monitoring, (GAO-19-436R)." The Forest Service generally agrees with the draft report and its recommendations.

If you have any questions,, please contact Antoine L. Dixon, Chief Financial Officer, at (202) 205-0429, or by email at antoine.dixon@usda.gov .

Sincerely,

VICTORIA CHRISTIANSEN  
Chief

(103162)