



California

**Department of
Conservation**

Division of Mine Reclamation

Financial Assurances Education, Compliance, and Enforcement

Department of Conservation
Division of Mine Reclamation
September 23, 2026

Agenda

- **Opening Remarks from DOC Director**
- **Overview of Notices to Operator / SMARA Compliance**
- **Roles of the Operator, Lead Agency, and State Mining and Geology Board**
- **Public Comment & Q&A**
- **Next Steps & Closing Remarks**

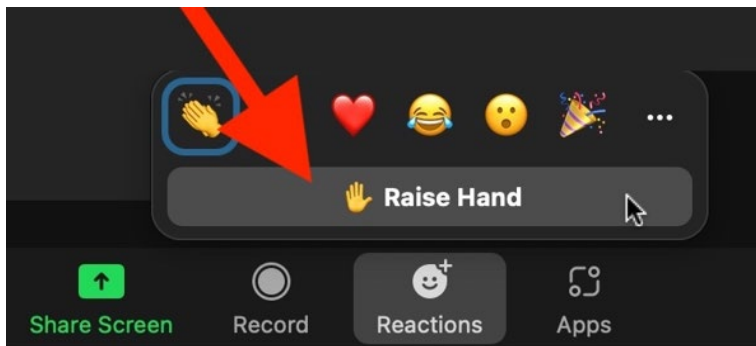
How Public Input Will Work

Add written questions into the Q&A panel

- Questions will be answered verbally during the Public Comment portion at the end of this presentation

After the presentation

- Use the raise your hand function if you would like to provide a comment.
- Each speaker will then be called on and be able to unmute



JOINED BY PHONE

Raise Hand: *9

When called on: *6 to unmute and speak



Welcome Remarks

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Department of Conservation Director

Financial Assurance Compliance

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Notice to Operators Background



- The Division of Mine Reclamation (DMR) is exercising its Surface Mining and Reclamation Act (SMARA) enforcement authority through uplifting education and communication to achieve compliance.
- DMR released a **Notice to Operators on June 10, 2024**, focusing on operator Annual Reports.
 - Operators failing to submit the required Annual Report could face orders and administrative penalties.
 - Highlighted the **importance of data** within the reports to provide effective oversight and to better quantify the State's mineral reserves.
 - Mining disturbance acreage data is used to evaluate if financial assurances are adequate.

- DMR released a subsequent **Notice to Operators on September 4, 2026** focusing on Financial Assurance compliance.
 - Focuses on **financial assurance requirements** for surface mining operations.
 - Informs operators of DMR's intent to focus on addressing financial assurances non-compliance.
 - Encourages operators to evaluate their **compliance status** and work with their lead agency to address any issues or deficiencies.

What is the Problem?



- DMR records indicate that there is significant non-compliance with **SMARA Financial Assurance requirements** by some surface mining operators.
- There are gaps in DMR's records for financial assurance cost estimate drafts and final approved estimates.
- Gaps could be caused by numerous potential scenarios, possibly linked to breakdowns in communication between operators, lead agencies, and DMR.
- There is not enough information on the **potential causes of the discrepancies** at this time.
- Gaps in financial assurance documentation could lead to improperly covered surface mining operations, posing liability concerns.

Why Financial Assurance Education, Compliance, and Enforcement?



- It is unclear how much of the **gap in information** can be contributed to a breakdown in coordination. And how much can be contributed to operators not having proper financial assurances.
- **Financial assurance noncompliance:**
 - **Jeopardizes** the timely reclamation and environmental remediation of mined lands
 - **Risks** the eventual return of mined lands to a usable condition
 - Could **expose** the state and taxpayers to significant liabilities
 - Could result in **unfair regulatory environment** for operators who comply with the law and maintain adequate financial assurances

SMARA Financial Assurance Compliance



- “Financial Assurances” are defined as a current approved financial assurance cost estimate and a financial assurance mechanism(s) (FAM) that is at least equal to the current approved estimate (PRC §2736).
- A person cannot conduct surface mining operations unless financial assurances for reclamation have been approved by the lead agency (PRC §2770(a)).
- Prior to approving the financial assurance cost estimate for a new reclamation plan or plan amendment, the lead agency must **submit the cost estimate to DMR for review** and an opportunity to comment (PRC §2773.4).
- A surface mining operator must **annually submit** an updated estimate, in an amount to cover reclamation, to the lead agency for review and approval, including an opportunity for DMR review and comment (PRC §2773.4).

Additional Financial Assurance Requirements



- Financial assurances must remain in effect for the duration of the surface mining operation and any additional period until reclamation is completed (PRC §2773.1).
- DMR may provide comments on estimates and may request **consultation with lead agencies** when they do not agree with the DMR assessment of the cost estimate (PRC §2773.4).
- Requires lead agencies to explain in writing why the lead agency is not modifying the financial assurance cost estimate pursuant to comments made by DMR (PRC §2773.4).
- An operator must subsequently **adjust financial assurance mechanisms for the surface mine as necessary** to meet or exceed the cost estimate amount approved by the lead agency (PRC §2773.1, §2773.4).

Operator Role



- Under SMARA, operators are required to **obtain a mining permit**, have an **approved reclamation plan**, and **secure approved financial assurances** before starting operations.
- It is the operator's responsibility to ensure all requirements of SMARA are met.
- Operators must submit cost estimates to lead agencies **annually**.
- Operator can choose to **file an appeal**, locally or with the Board, if facing an adverse action or inaction.
- Operators must **update financial assurance mechanisms** and submit to DMR and the lead agency concurrently.
- SMARA does not allow a surface mining operation to be noncompliant because of lead agency inaction.
- There is no provision in SMARA that allows mining while an operator waits for a lead agency to approve financial assurance.

Lead Agency Role



- Lead agencies are the primary governing body that **oversees mining** in their jurisdiction.
- Lead agencies play the main role in permitting mining operations, conducting environmental review, and approving financial assurances and reclamation plans.
- SMARA requires that DMR receives financial assurances for **review and comment** from lead agencies, and copies of approved documents.
- If DMR does not receive financial assurances from lead agencies for review it becomes unclear if there are proper financial assurances in place for the operation.
- Lead agencies not complying with SMARA could contribute to the gap in information on financial assurance compliance.

The State Mining and Geology Board Role



- The State Mining and Geology Board serves as a **regulatory, policy, and appeals body** representing the State's interests in the reclamation of mined lands.
 - The Board has regulatory **authority over mining policy and regularly updates regulation** in the state.
 - In certain circumstances, the Board serves as a SMARA lead agency and has **authority** over approving reclamation plans and financial assurances.
- The Board is the appeals body that will hear financial assurance related appeals of a lead agency action or inaction.
- The Board may decline to hear an appeal if it determines that the appeal raises **no substantial issue** related to the lead agency's decision to deny or approval of a reclamation plan or financial assurance.

The Financial Assurance Cost Estimate Appeal Process

An operator can appeal a lead agency action or inaction of a cost estimate, and DMR can appeal a lead agency's approval of a estimate.

For operator appeals:

- The Board will **hear financial assurance appeals** of a lead agency action or inaction, typically once the appellant has exhausted all appeal remedies before the local lead agency.
- Local **appeal remedies may differ** from lead agency to lead agency but may initially go through the lead agency's planning department.
- If a resolution is not met, the appeal could move to the county board of supervisors or city council.
- If at that time there is still not a resolution that the operator determines to be sufficient, they can **appeal to the Board**.

For DMR appeals:

- DMR can also appeal a lead agency's approval of a financial assurance cost estimate to the Board if DMR has commented that the estimate is inadequate.

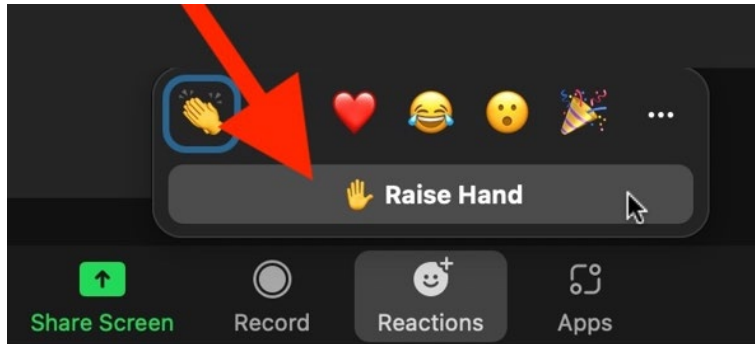
Summary & Key Highlights

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Public Comment

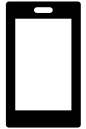
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CONTACT INFORMATION

- Division of Mine Reclamation
 - www.conservation.ca.gov/dmr
 - dmr@conservation.ca.gov
- State Mining and Geology Board
 - www.conservation.ca.gov/smgb
 - smgb@conservation.ca.gov

CALIFORNIA STATE MINING POLICY

- Public Resources Code §2207 and the Surface Mining and Reclamation Act of 1975
 - [PRC 2207](#)
 - [SMARA](#)
- Mining Regulation
 - [14 CCR 3500-4000](#)



THANK YOU

Questions?