



Subject: Notice to Operators of Education, Compliance, and Enforcement Efforts by the Department of Conservation's Division of Mine Reclamation (DMR)

September 4, 2026

DMR is issuing this notice to inform surface mining operators of DMR's education, compliance, and enforcement efforts relating to financial assurance requirements of the Surface Mining and Reclamation Act of 1975 (SMARA), including operating without approved annual financial assurances. Operators must obtain approval of financial assurances by the appropriate lead agency both prior to commencing surface mining operations and on an annual basis. Potential DMR enforcement actions include, but are not limited to, issuing orders to comply and issuing administrative penalties of up to \$5,000 per day.

DMR records indicate persistent non-compliance with SMARA's financial assurance requirements, which could result in significant deficiencies in financial assurances for surface mining operations. Noncompliant operators jeopardize the timely environmental remediation of mined lands, risk the eventual return of mined lands to a usable condition, expose the state and taxpayers to significant liabilities, and create an unfair regulatory environment for operators who comply with the law and maintain adequate financial assurances.

To ensure compliance and avoid enforcement action, mining operators are encouraged to review SMARA requirements, evaluate their compliance status, and work with their lead agency to correct any deficiencies. SMARA requires the following:

- A person shall not conduct surface mining operations unless financial assurances for reclamation have been approved by the lead agency (PRC §2770(a)).
- A surface mining operator must annually submit an updated financial assurance cost estimate (FACE), in an amount to ensure reclamation in accordance with the operator's approved reclamation plan, to the lead agency for review and approval, including an opportunity for DMR review and comment (PRC §2773.4).
- An operator must subsequently adjust financial assurance mechanism(s) (FAM) as necessary to meet or exceed the FACE amount approved by the lead agency (PRC §2773.1, §2773.4).

- To maintain compliance with financial assurance requirements, an operator may appeal a lead agency's inaction or denial (PRC §2770) of the operator's FACE. Filing of an appeal suspends DMR's enforcement for operating without approved annual financial assurances (PRC §2770(i)).

DMR will hold a public webinar on **Wednesday, September 23, 2026, at 10:00am**, to discuss financial assurance compliance and enforcement and address industry and lead agency questions and concerns.

Please contact your lead agency if you have questions regarding the status of your financial assurances. For inquiries about this notice, please contact your DMR case manager. If you do not have contact information for your DMR case manager, email inquiries to dmr@conservation.ca.gov.

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