

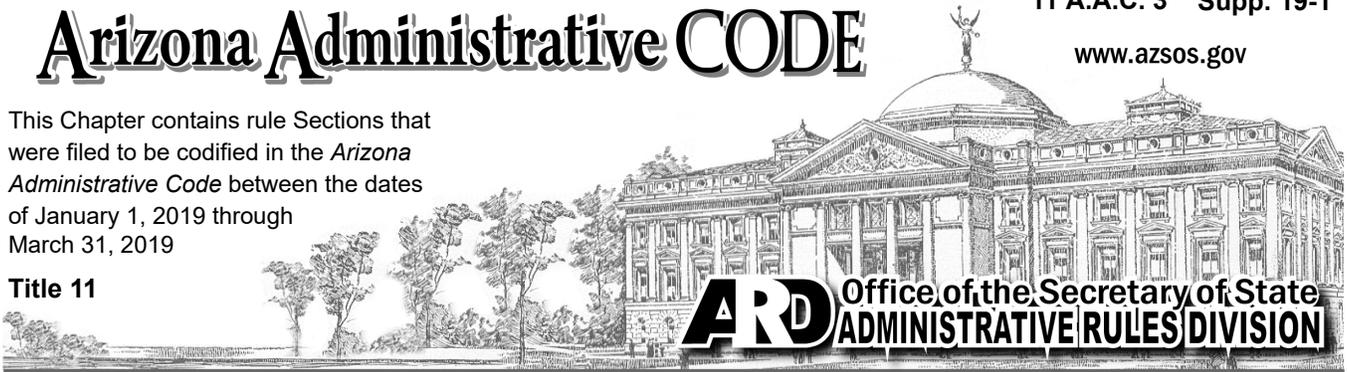
# Arizona Administrative CODE

11 A.A.C. 3 Supp. 19-1

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This Chapter contains rule Sections that were filed to be codified in the *Arizona Administrative Code* between the dates of January 1, 2019 through March 31, 2019

## Title 11



## TITLE 11. MINES

### CHAPTER 3. STATE MINE INSPECTOR - AGGREGATE MINED LAND RECLAMATION

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The table of contents on the first page contains quick links to the referenced page numbers in this Chapter. Refer to the notes at the end of a Section to learn about the history of a rule as it was published in the *Arizona Administrative Register*.

Sections, Parts, Exhibits, Tables or Appendices codified in this supplement. The list provided contains quick links to the updated rules.

*This is a new Chapter. Refer to the Table of Contents for rules made in this quarter.*

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The release of this Chapter in Supp. 19-1 is a new Chapter in Title 11.

## PREFACE

Under Arizona law, the Department of State, Office of the Secretary of State (Office), accepts state agency rule filings and is the publisher of Arizona rules. The Office of the Secretary of State does not interpret or enforce rules in the *Administrative Code*. Questions about rules should be directed to the state agency responsible for the promulgation of the rule.

Scott Cancelosi, Director  
ADMINISTRATIVE RULES DIVISION

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### RULES

The definition for a rule is provided for under A.R.S. § 41-1001. “‘Rule’ means an agency statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedures or practice requirements of an agency.”

### THE ADMINISTRATIVE CODE

The *Arizona Administrative Code* is where the official rules of the state of Arizona are published. The *Code* is the official codification of rules that govern state agencies, boards, and commissions.

The *Code* is separated by subject into titles. Titles are divided into chapters. A chapter includes state agency rules. Rules in chapters are divided into Articles, then Sections. The “R” stands for “rule” with a sequential numbering and lettering outline separated into subsections.

Rules are codified quarterly in the *Code*. Supplement release dates are printed on the footers of each chapter.

First Quarter: January 1 - March 31

Second Quarter: April 1 - June 30

Third Quarter: July 1 - September 30

Fourth Quarter: October 1 - December 31

For example, the first supplement for the first quarter of 2019 is cited as Supp. 19-1.

Please note: The Office publishes by chapter, not by individual rule section. Therefore there might be only a few sections codified in each chapter released in a supplement. Historical notes at the end of a section provide an effective date and information when a rule was last updated.

### AUTHENTICATION OF PDF CODE CHAPTERS

The Office began to authenticate chapters of the *Administrative Code* in Supp. 18-1 to comply with A.R.S. § 41-1012(B) and A.R.S. § 5302(1), (2)(d) through (e), and (3)(d) through (e).

A certification verifies the authenticity of each *Code* chapter posted as it is released by the Office of the Secretary of State. The authenticated pdf of the *Code* includes an integrity mark with a certificate ID. Users should check the validity of the signature, especially if the pdf has been downloaded. If the digital signature is invalid it means the document’s content has been compromised.

### HOW TO USE THE CODE

Rules may be in effect before a supplement is released by the Office. Therefore, the user should refer to issues of the *Arizona Administrative Register* for recent updates to rule Sections.

### ARIZONA REVISED STATUTE REFERENCES

The Arizona Revised Statutes (A.R.S.) are available online at the Legislature’s website, [www.azleg.gov](http://www.azleg.gov). An agency’s authority

note to make rules is often included at the beginning of a chapter. Other Arizona statutes may be referenced in rule under the A.R.S. acronym.

### SESSION LAW REFERENCES

Arizona Session Law references in a chapter can be found at the Secretary of State’s website, under Services-> Legislative Filings.

### EXEMPTIONS FROM THE APA

It is not uncommon for an agency to be exempt from the steps outlined in the rulemaking process as specified in the Arizona Administrative Procedures Act, also known as the APA (Arizona Revised Statutes, Title 41, Chapter 6, Articles 1 through 10). Other agencies may be given an exemption to certain provisions of the Act.

An agency’s exemption is written in law by the Arizona State Legislature or under a referendum or initiative passed into law by Arizona voters.

When an agency files an exempt rulemaking package with our Office it specifies the law exemption in what is called the preamble of rulemaking. The preamble is published in the *Register* online at [www.azsos.gov/rules](http://www.azsos.gov/rules), click on the *Administrative Register* link.

Editor’s notes at the beginning of a chapter provide information about rulemaking sections made by exempt rulemaking. Exempt rulemaking notes are also included in the historical note at the end of a rulemaking Section.

The Office makes a distinction to certain exemptions because some rules are made without receiving input from stakeholders or the public. Other exemptions may require an agency to propose exempt rules at a public hearing.

### EXEMPTIONS AND PAPER COLOR

At one time the office published exempt rules on either blue or green paper. Blue meant the authority of the exemption was given by the Legislature; green meant the authority was determined by a court order. In 2001 the Office discontinued publishing rules using these paper colors.

### PERSONAL USE/COMMERCIAL USE

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*Rhonda Paschal, managing rules editor, assisted with the editing of this chapter.*



Administrative Rules Division  
The Arizona Secretary of State electronically publishes each A.A.C. Chapter with a digital certificate. The certificate-based signature displays the date and time the document was signed and can be validated in Adobe Acrobat Reader.

**TITLE 11. MINES**

**CHAPTER 3. STATE MINE INSPECTOR - AGGREGATE MINED LAND RECLAMATION**

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## CHAPTER 3. STATE MINE INSPECTOR - AGGREGATE MINED LAND RECLAMATION

## ARTICLE 1. DEFINITIONS

**R11-3-101. Definitions**

The definitions at A.R.S. §§ 27-441 and 27-1201 apply to this Chapter. Additionally, unless the context requires otherwise, in this Chapter:

“Act” means the Arizona Mined Land Reclamation Act, enacted in 2005, A.R.S. § 27-1201 et seq., as amended.

“Approved reclamation plan” means a plan for reclaiming surface disturbances submitted by the responsible party and approved by the Inspector.

“Borrow pit” means an unregulated excavation surface disturbance from which overburden is extracted for use as fill material in the form in which it is extracted.

“Completion,” means permanent discontinuance of mining activity of an exploration operation or aggregate mining unit without the intent to resume mining activity.

“Growth media” means substances or materials that promote or support vegetation.

“Inert material,” as defined at A.R.S. §§ 49-201 and 49-701, means broken concrete, asphaltic pavement, manufactured asbestos-containing products, brick, rock, gravel, sand, and soil. Inert material includes materials that when subjected to a water leach test that is designed to approximate natural infiltrating waters will not leach substances in concentrations that exceed numeric aquifer water quality standards established under A.R.S. § 49-223, including overburden and wall rock that is not acid generating, taking into consideration acid neutralization potential, and that has not and will not be subject to mine leaching operations.

“Inspection” means a visual review of an exploration operation or aggregate mining unit to assure compliance with the Act, this Chapter, and conditions of an approved reclamation plan.

“Institutional controls” means mechanisms that guide, manage, or exercise restraint or direction, including deed restrictions, to protect public safety, fencing districts, and physical control of access.

“Mining activity” means any action directly involved in mineral exploration, development, or production at or on an exploration operation or aggregate mining unit.

“Non-mining excavation surface disturbance” means a surface disturbance or excavation that is not an integral or active part of an aggregate mining activity at an aggregate mining facility and does not require reclamation under the Act or this Chapter. Non-mining excavation surface disturbance includes construction excavations, borrow pits, and other site-development excavations that are not used for aggregate development, occur on a one-time or intermittent basis, and involve no processing except use of a screen to remove large rocks, wood, and trash.

“Operator” means a person or the person’s designated agent, who is legally responsible for directing mining activity at an exploration operation or aggregate mining unit.

“Overburden” means material covering an area that lends itself to economical exploitation.

“Owner” means a person that owns land with surface disturbances subject to the Act and this Chapter.

“Person” means an individual, corporation, governmental subdivision or agency, business trust, estate, trust, partnership, association, or any other legal entity.

“Responsible party” means the owner or operator designated in an aggregate site reclamation plan as the person responsible under the Act and this Chapter.

“Riprap” means loose stone or other material used to armor shorelines, streambeds, bridge abutments, pilings, and other structures against erosion.

“Showing of good cause” means a demonstration by the responsible party of:

A reason beyond the responsible party’s control that prevents or limits the ability to act within required time limits; or

Good faith efforts toward the coordination and submission of a aggregate site reclamation plan.

“Substantial change” means one or more of the following alterations to an approved reclamation plan:

Change in the post-aggregate mining use of the land from that stated in the approved reclamation plan;

New surface disturbance that cannot be reclaimed in a manner substantially similar to that stated in the approved reclamation plan;

Change to the final topography of a surface disturbance that substantially affects the reclamation measures stated in the approved reclamation plan;

Change to reclamation measures stated in the approved reclamation plan that has the effect of lessening restrictions to public access to pits or other surface features that may cause a hazard to persons legally on the premises;

Change to reclamation measures stated in the approved reclamation plan that materially affects post-aggregate mining land use;

Change to reclamation measures stated in the approved reclamation plan that materially affects the reclamation of access roads, drill pads, drill holes, trenches, and other exploration workings;

New surface disturbance or expansion beyond the boundaries stated in the approved reclamation plan; or

Significant decreases in the cost estimate stated in the reclamation plan to perform reclamation measures for the purpose of determining financial assurance requirements under Article 5 of the Act.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-102. Licensing Time Frames**

As required under A.R.S. § 27-1236, the Inspector shall make all approvals or denials in accordance with applicable licensing time frames and procedures.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-103. Appeals**

As authorized under A.R.S. § 27-1235 and provided under A.R.S. Title 41, Chapter 6, Article 10, a person may appeal an action of the Inspector taken under the Act and this Chapter.

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**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**ARTICLE 2. GENERAL REGULATORY PROVISIONS****R11-3-201. Document Submittals**

- A. A responsible party shall submit to the Inspector any document required under the Act or this Chapter by certified mail with a receipt or hand delivery.
- B. If the document submitted under subsection (A) is a reclamation plan, the responsible party shall ensure an original plus three copies, including any attachments to the plan or amendments, are submitted to the Inspector.
- C. For all documents submitted under subsection (A), the responsible party shall:
  1. Sign and date the documents or ensure the documents are signed and dated by an individual with legal authority from the owner or operator; and
  2. Include the names and addresses of the owner and operator.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-202. Preservation of Documents**

- A. A responsible party shall retain:
  1. A copy of the current approved reclamation plan,
  2. All reclamation plans for areas for which reclamation is complete, and
  3. The most recent annual status report required under R11-3-504.
- B. The responsible party shall retain the documents listed in subsection (A) until all reclamation measures are complete.
- C. The responsible party shall make the documents listed in subsection (A) available, on site, for examination by the Inspector.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-203. Extension of Time for Submittal of Reclamation Plan**

- A. As provided under A.R.S. § 27-1222, the responsible party may petition the Inspector for extensions of time in which to submit a reclamation plan for an existing exploration operation or an existing aggregate mining unit.
- B. The Inspector shall not grant an extension of more than 90 days.
- C. For each extension petition after the first, the responsible party shall ensure the revised petition identifies any changes in relevant factors that warrant an additional extension.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-204. Superseding by Federal Plan**

- A. As authorized under A.R.S. § 27-1232, the responsible party of an exploration operation or aggregate mining unit located in whole or part on federally administered land may submit notice to the Inspector of the existence of an approved federal reclamation plan and financial assurance mechanism. The responsible party shall attach to the notice a copy of the approved federal reclamation plan and financial assurance mechanism.
- B. Within 30 days after receiving the notice referenced in subsection (A), the Inspector shall determine whether the approved federal reclamation plan and financial assurance mechanism

are consistent with and supersede the requirements of the Act and this Chapter. If the Inspector determines the approved federal reclamation plan and financial assurance mechanism;

1. Are consistent with the requirements of the Act and this Chapter, the Inspector shall provide written notice of the determination to the responsible party.
2. Are not consistent with the requirements of the Act and this Chapter, the Inspector shall provide written notice of the determination to the responsible party and explain the basis for the determination.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-205. Extension of Time to Initiate Reclamation**

- A. If the owner or operator of an exploration operation or aggregate mining unit believes the conditions specified in A.R.S. § 27-1226(B) are met, the responsible party for the exploration operation or aggregate mining unit may submit a request for an extension of time to begin reclamation. The responsible party shall submit the request of an extension of time at least 45 days before the times specified in A.R.S. § 27-1226(A).
- B. Within 30 days after receiving a request under subsection (A), the Inspector shall approve or disapprove the request and send written notice of the decision to the responsible party. If the Inspector fails to act on the request within 30 days after receiving the request, the request shall be deemed approved.
- C. If the Inspector disapproves a request submitted under subsection (A), the Inspector shall include an explanation of reasons for the disapproval in the written notice sent under subsection (B).

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-206. Variance**

- A. In addition to information required under the Act or this Chapter, a request for variance submitted under A.R.S. § 27-1237 shall include:
  1. Identification by owner or operator and mine name, if any, of the exploration operation or mining unit for which the variance is sought;
  2. Descriptive location of the property on which the exploration operation or mining unit is located;
  3. Identification of the statutory or regulatory provision or requirement or condition of the approved reclamation plan from which the variance is sought;
  4. Justification for the variance; and
  5. Alternative methods or measures to be used.
- B. Within 30 days after receiving a request for variance under A.R.S. § 27-1237, the Inspector shall issue a conditional order authorizing the variance or denying the request. If the Inspector denies the request for variance, the order shall include an explanation of reasons for the denial.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-207. Notice of Proposed Substantial Change to Approved Reclamation Plan**

- A. As required under A.R.S. § 27-1227(B), a responsible party that intends to make a change to an approved reclamation plan shall file notice of the proposed change with the Inspector and indicate the purpose and scope of the proposed change and whether the proposed change is believed to be substantial.

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- B. If the Inspector determines within 15 days after receipt of the notice that the proposed change is substantial, the responsible party shall submit an amendment for approval.
- C. After submittal of the amendment and the fee specified under R11-3-210, the Inspector shall provide written notice to the responsible party approving or disapproving the proposed substantial change within 90 days. If the Inspector disapproves the proposed substantial change, the written notice shall include an explanation of reasons for the disapproval.
- D. Before implementing an approved substantial change, the responsible party shall submit any required modifications to the financial assurance to account for the substantial change.
  - 3. Reclamation plan for aggregate mining unit or facility: \$3,800 for up to 160 acres of disturbance plus \$20/acre of additional disturbance; and
  - 4. Substantial change to an approved aggregate mining unit or facility reclamation plan: \$1,565 plus \$20/acre when the change is greater than 10 percent or 20 acres, whichever is less.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-208. Temporary Suspension, Permanent Termination, or Abandonment of Aggregate Mining Activity**

If no mining activity takes place at an aggregate mining facility for 180 consecutive days, the responsible party of the aggregate mining facility shall provide to the Inspector the notice required under A.R.S. § 27-303. The responsible party shall provide the notice using a form acceptable to the Inspector.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-209. Cessation of Aggregate Mining Activity**

- A. The Inspector shall consider the cessation of aggregate mining activity to have occurred if:
  - 1. No aggregate mining activity has occurred during the last 12 months and no mining entity has notified the Inspector of an agreement under A.R.S. § 27-1228 to transfer an approved reclamation plan;
  - 2. The person conducting the aggregate mining activity has gone out of business and the Inspector has received no notice from a succeeding legal entity;
  - 3. An extension of time to initiate reclamation provided under R11-3-205 has expired and no other extension has been requested; or
  - 4. The annual status report required under R11-3-504 is at least 180 days overdue.
- B. If the Inspector determines under subsection (A) that mining activity has ceased at an aggregate mining facility, the Inspector shall provide written notice of the determination to the last known address of the responsible party by the U.S. Postal Service with receipt or hand delivery. The notice shall inform the responsible party of the determination of cessation of mining activity and provide 45 days in which to respond to the determination. If the responsible party does not respond within the 45 days provided, the determination of cessation is final.
- C. The date on which the determination of cessation is final is the date the responsible party shall use to calculate, under A.R.S. § 27-1226, the date for initiation of reclamation.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-210. Fees**

As specifically authorized under A.R.S. § 27-1233, the Inspector establishes and shall collect the following fees:

- 1. Reclamation plan for an exploration operation: \$1,565;
- 2. Substantial change to an approved exploration operation reclamation plan: \$1,565 for up to 20 acres of disturbances, including testing plots or roadway disturbances,

- plus \$20/acre when the change is greater than 10 percent or 20 acres, whichever is less;
- 3. Reclamation plan for aggregate mining unit or facility: \$3,800 for up to 160 acres of disturbance plus \$20/acre of additional disturbance; and
- 4. Substantial change to an approved aggregate mining unit or facility reclamation plan: \$1,565 plus \$20/acre when the change is greater than 10 percent or 20 acres, whichever is less.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-211. Public Notices and Meetings**

- A. The Inspector shall ensure notices required under A.R.S. § 27-1229 include:
  - 1. Mailing address of the Inspector;
  - 2. Date and time of the deadline for submitting written comments regarding the proposed reclamation plan or substantial change to an approved reclamation plan;
  - 3. Date, time, and location of a public meeting regarding the proposed reclamation plan or substantial change to an approved reclamation plan;
  - 4. Brief description of the proposed reclamation plan or substantial change; and
  - 5. Designation of where the proposed reclamation plan or substantial change may be accessed.
- B. The Inspector shall ensure notices required under A.R.S. § 27-1230 include:
  - 1. Name and mailing address of the Inspector;
  - 2. Date and time of the deadline for submitting written comments regarding the proposed reclamation plan or substantial change to an approved reclamation plan;
  - 3. Brief description of the proposed reclamation plan or substantial change; and
  - 4. Designation of where the proposed reclamation plan or substantial change may be accessed.
- C. A person that submits a written comment shall ensure the comment:
  - 1. Includes the name and mailing address of the commenter and describes how the commenter is adversely affected by the plan,
  - 2. States clearly why the proposed reclamation plan or substantial change to an approved reclamation plan should be approved or disapproved by the Inspector,
  - 3. Identifies the statutory or regulatory provision that justifies approval or disapproval of the proposed reclamation plan or substantial change to an approved reclamation plan, and
  - 4. Is signed by the commenter or the commenter's agent or attorney.
- D. The Inspector shall ensure public meetings conducted under A.R.S. §§ 27-1229 or 27-1230:
  - 1. Inform the public of the propose reclamation plan or substantial change to an approved reclamation plan, and
  - 2. Allow time for persons to make statements and submit written comment regarding the propose reclamation plan or substantial change to an approved reclamation plan.
- E. The person presiding at a public meeting conducted under A.R.S. §§ 27-1229 or 27-1230 shall maintain order and allot equitable time for oral comments by participants.
- F. The Inspector may schedule persons that have an interest in or are knowledgeable about the propose reclamation plan or substantial change to an approved reclamation plan to speak at the public meeting conducted under A.R.S. §§ 27-1229 or 27-1230.

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- G.** With regard to public meetings conducted under A.R.S. §§ 27-1229 or 27-1230, the Inspector shall:
1. Maintain a record of the public meetings and make the record available to the public during normal business hours at the Inspector's office; and
  2. Include the agenda, written comments submitted by the deadline specified in subsection (B)(2), and electronic recording or transcript of the public meeting in the record maintained under subsection (G)(1).

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-212. Public Disclosure**

- A.** Any records, reports, or information obtained or prepared by the Inspector under the Act or this Chapter must be available to the public as specifically authorized under A.R.S. § 27-1231.
- B.** Under A.R.S. § 39-121.01, a person may request to review or copy any public record of which the Inspector is custodian.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**ARTICLE 3. EXPLORATION OPERATION RECLAMATION PLAN****R11-3-301. Exploration Operation Reclamation Plan Content**

- A.** The responsible party of an exploration operation shall submit to the Inspector a reclamation plan before the exploration operation disturbs more than five contiguous acres. The reclamation plan shall include the following:
1. Information specified under A.R.S. § 27-1251(A);
  2. Information to meet the criteria for approval specified in A.R.S. § 27-1253, as applicable;
  3. A figure or exhibit of the layout of the exploration operation showing the location, nature, and acreage of each disturbance. The sketch does not need to include specific survey coordinates identifying exact topographic features or geographic locations; and
  4. Name and address of the responsible party.
- B.** Within 60 days after receiving a reclamation plan submitted under this Section, the Inspector shall approve the reclamation plan if it meets the requirements in this Section.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-302. Modification of Exploration Operation Reclamation Plan**

- A.** As required under A.R.S. § 27-1255, the responsible party may modify an exploration reclamation plan to:
1. Address types of surface disturbances that will be conducted during exploration operations but have not been previously addressed in the reclamation plan, or
  2. Submit additional financial assurance, if any.
- B.** Before modifying an exploration operation reclamation plan, the responsible party shall submit a request to modify the approved reclamation plan. Within 45 days after receiving a request to modify the approved exploration operation reclamation plan, the Inspector shall provide the responsible party with written notice the request is approved if the request meets the standards specified in subsection (A) and does not propose a modification that constitutes a substantial change. If the Inspector fails to provide written notice of approval within 45

days, the request to modify, including modifications that do not constitute a substantial change, is approved.

- C.** Within 60 days after approval under subsection (B), the responsible party shall submit to the Inspector additional financial assurance mechanisms, if applicable, to address approved plan modifications. The Inspector shall accept or reject the additional financial assurance mechanisms within 30 days after receipt.
- D.** If a request to modify an approved exploration operation reclamation plan contains a proposed modification that constitutes a substantial change, the Inspector shall follow the public notice and meeting procedures required under A.R.S. § 27-1229 and specified under R11-3-211.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**ARTICLE 4. EXPLORATION OPERATION RECLAMATION STANDARDS****R11-3-401. Restricted Access**

As required under A.R.S. § 27-1253, if an open pit or trench will remain at a place frequented by the public, the responsible party for an exploration operation reclamation plan shall ensure measures are taken to restrict access to the open pit or trench. These measures may include fencing and posting visible warning signs.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-402. Trash Removal**

The responsible party shall ensure that trash and other materials and structures incidental to exploration that pose a threat to public safety, create a public nuisance, or are inconsistent with an approved reclamation plan are removed promptly.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**ARTICLE 5. AGGREGATE MINING UNIT RECLAMATION PLAN****R11-3-501. Aggregate Mining Unit Reclamation Plan Content**

- A.** Before beginning any mining activity, the responsible party of an aggregate mining facility shall submit to the Inspector a reclamation plan. The reclamation plan shall include the information specified in A.R.S. § 27-1271, unless excluded under A.R.S. § 27-1275, including elements in Articles 6 and 7, if applicable. The reclamation plan may include the following:
1. Maps of the existing or proposed surface disturbances for all aggregate mining units of the aggregate mining facility indicating the following, as applicable:
    - a. Boundaries of each aggregate mining unit including any offsets and setbacks;
    - b. Boundaries of the aggregate mining facility on which the aggregate mining unit is located;
    - c. Existing and proposed post-aggregate mining sites;
    - d. Post-reclamation physical topography including all surface elevations and approximate under-water surface configurations or elevations;
    - e. Natural features including surface water and the elevation of any pond or lake;
    - f. Surface disturbances including pits, excavations, walls, worksite pads, parking lots, storage areas, water dikes or ditches, temporary or permanent

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- structures, temporary trailers or pads, and equipment;
  - g. Aggregate mine development rock piles, soil or growth media storage piles, overburden stockpiles, and other piles of unconsolidated materials;
  - h. Settling ponds and waste materials or fines materials;
  - i. Roads, building or foundations and pads, other structures, stationary equipment, fences, including security fences and gates, and berms;
  - j. Other features that will be abated or removed including water wells, power lines, utilities, and buildings not required in the post-aggregate mining land use; and
  - k. Final post-aggregate mining land use objectives for each portion of surface disturbance in each aggregate mining unit. Multiple post-aggregate mining land uses may be listed for an aggregate mining unit but each use is required to meet the requirements of the Act and this Chapter;
2. An indication whether the owner or operator is the responsible party and if the operator is the responsible party, a description of the legal relationship between the owner and the operator including the length of the lease and a general description of lease provisions governing reclamation.
- B.** The Inspector shall approve or disapprove a submitted reclamation plan for an aggregate mining unit according to the licensing time frames specified in A.R.S. § 27-1272.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-502. Estimating the Cost of Reclamation**

- A.** When submitting estimated costs to perform a proposed reclamation, as required under A.R.S. §§ 27-1271(B)(11) and 27-1292, the responsible party shall ensure the estimate equals the amount necessary for a third party to perform each proposed reclamation measure listed in the proposed reclamation plan. The responsible party shall ensure the estimate includes:
1. Itemized calculation of estimated cost to perform all reclamation measures for each category of mining activity;
  2. Documentation demonstrating how the estimated cost for each category of mining activity, including subtotals and totals, was calculated; and
  3. Identification of the source of information used to estimate each cost.
- B.** In estimating the cost of executing the reclamation plan, all activities in the reclamation plan shall be addressed, including, if applicable:
1. Earth moving, regrading, and stabilization of surface disturbances and slopes;
  2. Revegetation, preparation of seedbed, and planting or other stabilization methods;
  3. Demolition of buildings and other structures not to remain after cessation of mining;
  4. Removal of trash, scrap metal, and other materials;
  5. Equipment mobilization and demobilization;
  6. On-going activities required to maintain the effectiveness of reclamation and stabilization or in place of reclamation. This includes periodic clean-out of sediment basins and maintenance of signs, berms, and fences used to prevent access to areas that pose a threat to public safety;
  7. Contractor profit; and
  8. Administrative overhead.

- C.** The Inspector shall review the estimated costs submitted under subsection (A) and determine whether the estimate is adequate to complete all required reclamation. The Inspector shall use the estimated costs to determine the amount of required financial assurance.
- D.** If the Inspector determines the estimated costs submitted under subsection (A) are inadequate to complete all required reclamation, the Inspector shall deem the reclamation plan incomplete under A.R.S. §§ 27-1252 or 27-1272.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-503. Multiple Post-aggregate Mining Land Uses**

A reclamation plan may list multiple post-aggregate mining land uses for an aggregate mining unit if the reclamation plan shows the post-aggregate mining land use for each area and each use satisfies the requirements of the Act and this Chapter.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-504. Annual Status Report**

- A.** As required under A.R.S. § 27-1277, the responsible party shall submit an annual status report to the Inspector using a form prescribed by the Inspector.
- B.** The responsible party shall submit the annual status report within 60 days after the anniversary date of the approval of the reclamation plan.
- C.** The responsible party shall submit a separate annual status report for each approved reclamation plan.
- D.** The responsible party shall include in the annual status report the information listed under A.R.S. § 27-1277(B) for the year preceding the anniversary date of the approval of the reclamation plan and address:
1. Whether the aggregate mining operation is currently active, inactive, or in maintenance status;
  2. Changes to the mining site such as phases, borders, and offsets or setbacks;
  3. Changes to security measures such as fences, gates, berms, or dikes;
  4. Changes to costs for reclaiming the area of disturbance;
  5. Financial assurance mechanism currently in effect and whether there has been a change in the financial assurance mechanism during the reporting year; and
  6. A map, aerial photograph, or both identifying changes made during the reporting year. This includes:
    - a. Location of changes to the boundaries of the area of disturbance including areas not identified in the original approved reclamation plan;
    - b. Location of changes to the reclaimed area;
    - c. Any new features such as berms, gates, dikes, or fences; and
    - d. Any movement of process areas, roads, and stockpile areas.
- E.** If there have been no changes since the previous year, neither new maps nor new aerial photographs are necessary and the responsible party shall state there are no changes since the previous annual status report.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-505. Life of an Approved Reclamation Plan**

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An approved reclamation plan and any approved substantial changes to the approved reclamation plan remain in effect until the reclamation is complete and all financial assurance is released.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**ARTICLE 6. AGGREGATE MINING UNIT RECLAMATION STANDARDS****R11-3-601. Public Safety Standards**

- A.** The responsible party shall ensure reclamation activities at a mining unit are designed to reduce hazards to public safety to the extent technically and economically practicable by measures including:
1. Removing scrap metal, wood, trash, and other debris that pose a threat to public safety, create a public nuisance, or are inconsistent with the approved reclamation plan; and
  2. Re-grading slopes as prescribed under R11-3-602 and R11-3-705 for erosion control.
- B.** The responsible party shall ensure structures, equipment, and excavations at the reclamation site are maintained in a manner that is safe and restricts public access.
- C.** If public access to a surface feature that may be a hazard to public safety cannot be reduced adequately through reclamation measures, if structures, equipment, or excavations remain as part of the approved post-aggregate mining land use, or if a mining unit is exempt from reclamation under A.R.S. § 27-1275(A), the responsible party shall take the following steps to protect public safety:
1. Construct berms, fences, barriers, or a combination of these measures to restrict public access to the reclamation site;
  2. Post and maintain visible warning signs in locations at which public access to the reclamation site is available; and
  3. Implement institutional controls to provide safe and stable conditions by all practicable measures.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-602. Erosion Control and Topographic Contouring**

- A.** The responsible party shall ensure an aggregate mining unit is reclaimed to a stable condition for erosion control and seismic activity.
- B.** The responsible party shall ensure grading and other topographic contouring are conducted, as necessary, to establish final land forms that are:
1. Suitable for the post-aggregate mining land use objective in the approved reclamation plan, and
  2. Stable under static and dynamic conditions as certified by a qualified engineer considering the following:
    - a. Site-specific seismic conditions,
    - b. Safety factors consistent with good engineering practices, and
    - c. The hazard to public safety if failure occurs.
- C.** The responsible party shall ensure site-specific grading, revegetation, and other erosion control measures are conducted to minimize erosion.
- D.** The responsible party shall ensure erosion control measures are conducted so permanent piles of aggregate mine overburden and fine materials do not restrict surface drainage, contribute to excessive erosion, or compromise the stability of the reclaimed aggregate mining unit.
- E.** The responsible party shall ensure a reclamation plan includes:

1. A narrative describing the current topography and proposed final topography of the aggregate mining unit;
  2. Measures to be taken, including the final slope configuration, to reclaim overburden dumps, waste-rock stockpiles, sediment ponds, and fines piles; and
  3. Re-grading and reclamation measures to be taken regarding excavations, ponds, open pits, and rock faces unless the Inspector has determined measures under this subsection are impractical under A.R.S. § 27-1275.
- F.** If an excavation, pond, open pit, or rock face is not to be reclaimed under A.R.S. § 27-1275, the responsible party shall include in the reclamation plan measures adequate to restrict access to the hazard and maintain public safety. The measures may include installing and maintaining berms, fences, and other barriers, posting warning signs, or taking any combination of measures adequate to protect the public.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-603. Roads**

- A.** The responsible party shall ensure reclamation of a road not included in an approved reclamation plan as part of an approved post-aggregate mining land use begins once the road is no longer needed for operations, reclamation, or monitoring.
- B.** The responsible party shall ensure the following steps are taken to achieve the post-aggregate mining land use specified in the approved reclamation plan:
1. Control vehicular traffic on the reclamation area;
  2. Restore surface drainage patterns to pre-mining conditions or establish new surface drainage patterns;
  3. Remove or stabilize bridges and culverts. If a bridge or culvert remains, protect it from erosion with rock, concrete, and riprap; and
  4. Rip, plow, scarify, and revegetate roadbeds as necessary.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**ARTICLE 7. REVEGETATION AND SOIL STANDARDS****R11-3-701. Revegetation Provisions**

- A.** If revegetation is part of a proposed reclamation plan, the responsible party shall ensure the plan is consistent with A.R.S. § 27-1271(B)(9)(c) regarding:
1. Season of revegetation;
  2. Species and amounts per acre of seeds or flora;
  3. Planting methods; and
  4. Measures to address revegetation, conservation, and care and monitoring of revegetated areas.
- B.** If the post-aggregate mining land use objective is grazing, fish or wildlife habitat, or forestry or recreation, the responsible party shall ensure the type, density, and diversity of vegetation proposed in the reclamation plan will encourage the type of wildlife or fish habitat desired and is compatible with the wildlife and fish habitat on adjacent lands.
- C.** The responsible party shall ensure the proposed reclamation plan specifically describes the techniques, methods, controls, and measures to be used regarding the following, as applicable:
1. Mulching,
  2. Irrigating,
  3. Controlling pests,
  4. Controlling for disease, and
  5. Managing growth.

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**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-702. Revegetation Standards**

- A. If surface disturbances at an aggregate mining location to be revegetated have caused the soil to compact, the responsible party shall ensure ripping, disking, or other means are used to reduce the compaction and establish a suitable root zone before planting.
- B. The responsible party shall ensure revegetation is conducted using plant species that will support the approved post-aggregate mining land use.
- C. Revegetation that differs in species, density, or diversity from pre-aggregate mining conditions or conditions on adjacent lands may be used only if:
  1. Post-aggregate mining land use differs from pre-aggregate mining land use or the use on adjacent lands; and
  2. Soil conditions, topography, or other site-specific characteristics of the surface disturbance make revegetating the land to pre-aggregate mining conditions or conditions on adjacent lands technically or economically impracticable.
- D. The responsible party shall ensure revegetation is conducted during the time of year most favorable for plant establishment.
- E. The responsible party may use soil stabilizing practices, irrigation measures, or both to establish vegetation.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-703. Conservation of Soil**

If soil conservation is required under A.R.S. § 27-1274 at a surface disturbance, the responsible party shall:

1. Mark any stockpile of conserved soil with a legible sign that identifies the stockpile as "SOIL," and
2. Stabilize a stockpile of conserved soil as necessary to prevent excessive loss from erosion.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-704. Redistribution of Soil**

Before redistributing a stockpile of soil conserved under R11-3-703, the responsible party shall:

1. Treat the area of disturbance as necessary to reduce potential for slippage of the redistributed soil or to enhance root penetration, and
2. Take steps to redistribute the soil in a manner that:
  - a. Prevents excess compaction, and
  - b. Achieves a thickness consistent with the approved post-aggregate mining land use.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-705. Off-site Soil**

- A. In accordance with an approved post-aggregate mining reclamation plan, the responsible party shall ensure:
  1. Final capping growth media, including growth media brought from off-site:
    - a. Supports vegetation that is not listed in R3-4-245,
    - b. Provides a stable growing surface, and
    - c. Does not create a hazard to public safety; and
  2. All slopes and benches are no steeper than 2H:1V unless otherwise approved by a professional engineer for seismic stability.

- B. If all the filling for engineered slopes in an approved post-aggregate reclamation plan cannot be performed within a year after cessation of aggregate mining or the last aggregate mining activity, the responsible party shall submit a written request to the Inspector for an extension of time. The Inspector shall retain a financial assurance mechanism until all safe slope building and stability procedures in the approved post-aggregate reclamation plan are completed.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**ARTICLE 8. FINANCIAL ASSURANCE****R11-3-801. Definitions**

- A. Unless otherwise defined in the Act or this Chapter, the terms used in this Article have the meaning understood under generally accepted accounting principles and practices.
- B. In this Article:
  1. "ICPA" means Independent Certified Public Account.
  2. "Parent corporation" means a corporation that directly owns at least 50 percent of the voting stock in another corporation. The other corporation is called a subsidiary of the parent corporation.
  3. "Substantial business relationship" means the extent of a business relationship necessary under applicable state law to make a guarantee contract, issued incident to that relationship, valid and enforceable. A substantial business relationship arises from a pattern of recent or ongoing business transactions so a currently existing business relationship between a guarantor and the owner or operator is shown to the satisfaction of the Inspector.
  4. "Tangible net worth" means a responsible party's total assets minus the value of all liabilities and intangible assets.
  5. "Intangible assets" means non-physical resources and rights, such as goodwill, patents, intellectual property, and copyrights, which have value to the responsible party because they provide a marketing advantage.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-802. Amount of Financial Assurance**

- A. Under the terms of A.R.S. § 27-1271(B)(11) and R11-3-502, the Inspector shall determine the amount of financial assurance required of a responsible party.
- B. Any financial assurance information offered by a responsible party shall meet the requirements of the Act and this Chapter.
- C. The Inspector shall review financial assurance information offered by a responsible party to determine whether the amount of financial assurance is sufficient to meet the standard at A.R.S. § 27-1292(C). The Inspector may rely on standards commonly used by a commercial lender to evaluate the offered financial assurance.
- D. Within 30 days after receiving a responsible party's offered financial assurance information, the Inspector shall provide the responsible party with written notice the financial assurance is approved, disapproved, or additional information is needed. If additional information is needed, the Inspector may require the responsible party to provide the Inspector with a written legal opinion from an attorney admitted to practice law in Arizona that the offered financial assurance is lawful, enforceable under existing law, and can be drawn on in case of default. A responsible party required to provide a written legal opinion shall do so at the responsible party's expense.

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- E. If an approved financial assurance mechanism is canceled by the issuing institution, the responsible party shall provide the Inspector, within 90 days after the notice of cancellation, with evidence an alternate financial assurance mechanism has been obtained.
- F. A responsible party may cancel a financial assurance mechanism and replace it with an alternate financial assurance mechanism approved by the Inspector.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-803. Blanket Financial Assurance**

- A. A responsible party may offer a single financial assurance mechanism to cover the reclamation costs of two or more aggregate exploration operations or mining units or facilities rather than a separate financial assurance mechanism for each aggregate exploration operation or mining unit or facility.
- B. If a single financial assurance mechanism is offered under subsection (A), the responsible party shall ensure the total amount of financial assurance offered equals the total cost to reclaim all aggregate exploration operations or mining units or facilities covered by the single financial assurance mechanism.
- C. To cover an additional aggregate exploration operation or mining unit or facility under a single financial assurance mechanism offered under subsection (A), the responsible party shall provide an updated financial assurance mechanism that meets the standard in subsection (B).

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-804. Surety Bond**

- A. A responsible party may offer a surety bond as financial assurance required under the Act and this Chapter. The responsible party shall ensure a surety bond offered as financial assurance:
1. Is an indemnity agreement in a sum certain,
  2. Is payable to the State of Arizona,
  3. Is executed by the responsible party as principal,
  4. Is on a form provided by or acceptable to the Inspector,
  5. Remains in effect until released by the Inspector or canceled by the surety,
  6. Is issued by an insurer authorized to transact surety business in Arizona under A.R.S. Title 20,
  7. Has a power of attorney attached, and
  8. Is signed by the principal and the surety's attorney-in-fact.
- B. A surety bond offered as financial assurance under subsection (A) may include a provision allowing the surety to cancel the surety bond by providing 60 days' written notice to the Inspector. Within 45 days after receipt of written notice of cancellation of the surety bond, the responsible party shall provide the Inspector with evidence of new financial assurance approved by the Inspector.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-805. Certificate of Deposit**

A responsible party may offer a certificate of deposit as financial assurance required under the Act and this Chapter. The responsible party shall ensure a certificate of deposit offered as financial assurance:

1. Is payable or assigned to the State Treasurer;
2. Complies with A.R.S. § 35-155 and any rules made under it;

3. Is on a form provided by or acceptable to the Inspector;
4. Assigns and transfers all rights, title, and interest in the certificate of deposit to the State Treasurer except accruing interest remains the property of the responsible party;
5. Provides the State Treasurer the right to redeem, collect, and withdraw the full amount of the certificate of deposit at any time without notice to the responsible party; and
6. Provides the assignment remains in effect until the Inspector authorizes its release in writing.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-806. Trust**

- A. A responsible party may satisfy the financial assurance requirements in the Act and this Chapter by establishing an irrevocable trust with the State of Arizona as the primary beneficiary.
- B. The responsible party shall ensure the trust fund established under subsection (A) has a pay-in period that meets the requirements of the Act and this Chapter.
- C. The responsible party shall:
1. Submit a duplicate of the trust agreement, with an original signature, to the Inspector to be placed in the operating record of the aggregate exploration operation or mining unit or facility;
  2. Initially fund the trust in an amount equal to or greater than the estimated cost in the approved reclamation plan to reclaim surface disturbances existing when the trust is established and all other surface disturbances to occur during the first year of the trust;
  3. Make payments to the trust at least annually no later than 30 days after the anniversary date of the initial funding made under subsection (C)(2); and
  4. Ensure annual payments made to the trust under subsection (C)(3) are in an amount equal to or greater than the amount required to pay all costs to reclaim surface disturbances made during the annual period.
- D. If a responsible party establishes a trust under subsection (A) after having used one or more alternative financial assurance mechanisms, the responsible party shall still comply with the provisions in subsection (C) except the amount of initial funding shall be equal to or greater than the estimated cost not covered by the alternative financial assurance mechanisms.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-807. Letter of Credit**

- A. A responsible party may satisfy the financial assurance requirements in the Act and this Chapter by obtaining a confirmed, irrevocable stand-by letter of credit naming with State of Arizona as the primary beneficiary.
- B. The responsible party shall ensure the letter of credit is issued by a financial institution that:
1. Has authority to issue letters of credit,
  2. Is federally insured, and
  3. Has letter-of-credit operations regulated by the federal government and examined by an Arizona state agency.
- C. The responsible party shall ensure the letter of credit:
1. Is for a period that exceeds one year by at least 90 days;
  2. Contains terms acceptable to the Inspector;
  3. Is in an amount equal to or greater than the estimated cost in the approved reclamation plan;
  4. Indicates clearly the conditions under which the State of Arizona may draw on the letter of credit; and

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5. Except as provided in subsection (E), indicates the letter of credit may be cancelled only by the issuing financial institution or the Inspector.
- D. The financial institution that issued a letter of credit under subsection (B) may cancel the letter of credit by sending notice of cancellation by certified mail to both the responsible party and Inspector at least 120 days in advance of cancellation. Within 90 days after receiving the notice of cancellation, the responsible party shall provide the Inspector with evidence an alternate financial assurance mechanism that meets the requirements of the Act and this Chapter has been obtained.
- E. A responsible party may cancel a letter of credit issued under subsection (B) if the responsible party:
  1. Provides the Inspector with evidence an alternate financial assurance mechanism that meets the requirements of the Act and this Chapter has been substituted; or
  2. Is released by the Inspector under A.R.S. § 27-1296 and R11-3-816 from the financial assurance requirements in the Act and this Chapter.
- E. The insured may cancel the insurance policy, with notification to the Inspector, if alternate financial assurance that meets the requirements in the Act and this Chapter is substituted.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-809. Certificate of Self-insurance**

- A. A responsible party may satisfy the financial assurance requirements in the Act and this Chapter by successfully completing the financial test specified in this Section. Successful completion involves:
  1. Submitting the information required under subsection (B), and
  2. Demonstrating to the Inspector's satisfaction the responsible party meets the requirements under subsection (C).
- B. The responsible party shall submit to the Inspector the following information and shall submit updated information annually within 120 days after the close of the responsible party's fiscal year:
  1. Proof the responsible party is authorized to do business in Arizona;
  2. A letter signed by the chief financial officer of the responsible party certifying:
    - a. The responsible party is qualified to self-insure as a financial assurance mechanism because the responsible party meets the requirements in subsection (C); and
    - b. The data used to reach the conclusion under subsection (B)(2)(a) are from an independently audited, year-end financial statement for the latest fiscal year of the responsible party; and
  3. A copy of one of the following:
    - a. The financial statements the responsible party is required to submit annually to the U.S. Securities and Exchange Commission; or
    - b. A report from an ICPA certifying the ICPA has compared the data under subsection (B)(2)(b) with the financial statement submitted to the U.S. Securities and Exchange Commission and finds no matters requiring the data to be adjusted.
- C. To qualify to self-insure as a financial assurance mechanism, the responsible party shall meet one of the three following criteria:
  1. The responsible party has a tangible net worth of at least 10 times the costs estimated in the approved reclamation plan or a tangible net worth of at least \$10 million, whichever is greater;
  2. The responsible party has all of the following:
    - a. Two of the following three ratios:
      - i. A ratio of total liabilities to net worth of less than 2.0;
      - ii. A ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities great than 0.1; and
      - iii. A ratio of current assets to current liabilities greater than 1.5;
    - b. Both net working capital and tangible net worth at least six times the costs estimated in the approved reclamation plan;
    - c. Tangible net worth at least \$10 million; and
    - d. Assets located in the U.S. amounting to at least 90 percent of total assets or at least six times the costs estimated in the approved reclamation plan; or
  3. The responsible party has all of the following:

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-808. Insurance Policy**

- A. A responsible party may satisfy the financial assurance requirements in the Act and this Chapter by obtaining an insurance policy that meets the requirements of this Section.
- B. The responsible party shall ensure the insurance policy is provided by an insurance company that:
  1. Is non-captive;
  2. Is licensed in Arizona or holds an approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers; and
  3. Has an "A.M. Best" rating of not less than A-VII.
- C. The responsible party shall ensure the insurance policy:
  1. Guarantees insurance proceeds will be available to complete all reclamation in the approved reclamation plan if the aggregate exploration operation or mining unit or facility fails to reclaim all surface disturbances;
  2. Guarantees insurance proceeds will be paid up to the amount specified on the face of the insurance policy under the direction of the Inspector to the party specified by the Inspector;
  3. Indicates the insurance company providing the policy shall not cancel, terminate, or fail to renew the policy except for failure to pay the premium;
  4. Provides for automatic renewal of the insurance policy at the existing face value of the insurance policy;
  5. Requires that if the policy holder fails to pay the premium, the insurance company providing the insurance policy will send notice by certified mail to both the policyholder and Inspector at least 60 days before cancelling, terminating, or failing to renew the insurance policy; and
  6. Requires the insurance policy to remain in full force and effect if, before the date specified in subsection (C)(5), the renewal premium is paid in full.
- D. The insured may, with consent of the Inspector, seek a reduction in the amount of insurance coverage if the Inspector approves a reduced amount of financial assurance. The insurance company providing the policy shall not reduce the amount of insurance without prior consent of the Inspector. The insurance company shall notify the Inspector when the amount of insurance coverage is reduced in accordance with the approved, amended financial assurance requirement.

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- a. A current rating for the most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or Aaa, Aa, A, or Baa as issued by Moody's;
  - b. Tangible net worth at least six times the costs estimated in the approved reclamation plan;
  - c. Tangible net worth at least \$10 million; and
  - d. Assets located in the U.S. amounting to at least 90 percent of total assets or at least ten times the costs estimated in the approved reclamation plan.
- D.** If a responsible party that is meeting the financial assurance requirements in the Act and this Chapter by self-insuring is no longer qualified under subsection (C), the responsible party shall provide to the Inspector evidence of an alternative financial assurance mechanism within 60 days after the sooner of:
1. The end of the responsible party's fiscal year, or
  2. The Inspector provides notice to the responsible party that the responsible party is no longer qualified under subsection (C).
- E.** If the Inspector has good cause to believe a responsible party that is meeting the financial assurance requirements in the Act and this Chapter by self-insuring is no longer qualified under subsection (C), the Inspector may require additional reporting of the responsible party's financial condition.
- F.** A responsible party may meet the requirements of this Section by obtaining a written guarantee. If the responsible party obtains a written guarantee:
1. The guarantor shall be:
    - a. The direct or higher-tier parent corporation of the responsible party;
    - b. A group of legal entities controlled through stock ownership by a common parent corporation;
    - c. A firm with a parent corporation that is also the parent corporation of the responsible party; or
    - d. A firm with a substantial business relationship with the responsible party.
  2. The guarantor shall meet all requirements for a responsible party specified in this Section.
  3. The guarantor shall comply with all terms of the guarantee. The responsible party shall ensure the guarantee includes the following terms:
    - a. If the responsible party fails to perform the reclamation specified in the approved reclamation plan and covered by the guarantee, the guarantor shall do so or establish a trust as specified in R11-3-806 in the name of the responsible party;
    - b. The guarantee shall remain in force unless the guarantor sends notice of cancellation by certified mail to both the responsible party and Inspector and waits at least 120 days after both the responsible party and Inspector receive the notice of cancellation; and
    - c. If the responsible party fails to provide the Inspector with evidence an alternate financial assurance mechanism that meets the requirements of the Act and this Chapter has been obtained within 90 days after the responsible party and Inspector receive notice of cancellation under subsection (F)(3)(b), the guarantor shall obtain and provide evidence to the Inspector of an alternate financial assurance mechanism in the name of the responsible party.
- G.** A responsible party that meets the requirements of this Section by obtaining a written guarantee shall include with the information submitted under subsection (B):
1. A certified copy of the guarantee;
  2. If the guarantor's parent corporation is also the parent corporation of the responsible party, a letter describing the value received in consideration of the guarantee; and
  3. If the guarantor is a firm with a substantial business relationship with the responsible party, a letter describing the substantial relationship and the value received in consideration of the guarantee.
- Historical Note**  
New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).
- R11-3-810. Cash Deposit**
- A.** A responsible party may satisfy the financial assurance requirements in the Act and this Chapter by depositing with the State Treasurer an amount equal to the estimated costs in the approved reclamation plan. The responsible party shall obtain from the State Treasurer a receipt of deposit showing funds are available for reclamation costs at a specified aggregate exploration operation or mining unit or facility.
- B.** The responsible party may cancel the deposit with the State Treasurer, with notification to the Inspector, if alternate financial assurance that meets the requirements of the Act and this Chapter is substituted.
- Historical Note**  
New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).
- R11-3-811. Annuity**
- A.** A responsible party may satisfy the financial assurance requirements in the Act and this Chapter by obtaining an annuity that:
1. Meets the requirements of this Section, and
  2. Names the State of Arizona as beneficiary.
- B.** The responsible party shall ensure the annuity is provided by an insurance company that:
1. Is licensed in Arizona or holds an approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers; and
  2. Has an "A.M. Best" rating of not less than A-VII.
- C.** The responsible party shall ensure any incremental or annual payment for the annuity is in an amount adequate to pay all costs to reclaim surface disturbances created during the incremental or annual period.
- Historical Note**  
New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).
- R11-3-812. Bonding Pool**
- A.** A responsible party may satisfy the financial assurance requirements in the Act and this Chapter by providing the Inspector with a certificate of participation in a reclamation bond pool.
- B.** The responsible party shall ensure the certificate of participation:
1. Is an indemnity agreement in a sum certain payable to the State of Arizona;
  2. Is executed by a surety bond pool organization of which the responsible party is a member; and
  3. Is supported by the performance guarantee of a corporation licensed to do business as a surety in Arizona.
- Historical Note**  
New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).
- R11-3-813. Limited Individual Financial Assurance**
- If two or more persons are the owners or operators of a single aggregate exploration operation or mining unit or facility, each owner or operator may limit the amount of the owner's or operator's financial assurance if the total financial assurance of all own-

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ers and operators satisfies the requirements of the Act and this Chapter.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-814. Final Action on Financial Assurance Mechanisms**

As required under A.R.S. § 27-1292, the Inspector shall take final action on a financial assurance mechanism submitted by a responsible party within 30 days after the financial assurance mechanism is received.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-815. Incremental Financial Assurance**

A responsible party that provides financial assurance on an incremental basis, as permitted under A.R.S. § 27-1295, shall ensure the amount of financial assurance provided during each increment is equal to or exceeds the estimated cost to reclaim surface disturbances created during the increment.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-816. Application for Release of Financial Assurance**

- A. Except as provided in subsection (E), the Inspector shall not release any financial assurance until the responsible party satisfies all conditions and requirements of the Act and this Chapter.
- B. To obtain release of some or all financial assurance, the responsible party shall submit a written request to the Inspector.
- C. Within 60 days after receiving the request for release of financial assurance submitted under subsection (B), the Inspector or a designated agent shall inspect the aggregate exploration operation or mining unit or facility to determine whether the responsible party has satisfied all conditions and requirements of the Act and this Chapter and either:
  1. Approve release of some or all financial assurance; or
  2. Provide written notice to the responsible party that release of some or all financial assurance is denied, reasons for the denial, and measures necessary to satisfy all conditions and requirements of the Act and this Chapter.
- D. By agreement of the Inspector and responsible party, the time for inspection designated under subsection (C) may be extended if conditions prevent an inspection of the reclaimed land within the time specified.
- E. If the responsible party transfers the aggregate exploration operation or mining unit or facility to another owner, the Inspector shall release the transferor's financial assurance mechanism when the transferee provides an alternate financial assurance mechanism that meets the requirements of the Act and this Chapter.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-817. Forfeiture Criteria; Forfeiture of Financial Assurance**

- A. A financial assurance mechanism filed with the Inspector or a state agency is subject to forfeiture if any of the following exist:
  1. An exploration operation or mining unit has been completed, abandoned, or temporarily closed for a period

greater than allowed by the Act or this Chapter without initiating reclamation;

2. An exploration operation or mining unit has been completed, abandoned, or temporarily closed for a period greater than allowed by the Act or this Chapter and the responsible party stops or suspends any ongoing reclamation, as determined by the Inspector;
  3. The responsible party stops conducting business in Arizona and does not transfer the approved reclamation plan and financial assurance to a new operator under A.R.S. § 27-1228;
  4. The responsible party stops conducting business due to insolvency, bankruptcy, receivership, or engages in misconduct as described under A.R.S. § 27-1205;
  5. The responsible party fails to comply with the conditions of the financial assurance mechanism; or
  6. The responsible party fails to reclaim the surface disturbances under the approved reclamation plan, the Act, or this Chapter.
- B. After determining one or more of the criteria specified in subsection (A) exist, the Inspector shall initiate forfeiture action or contact any federal or state agency with which the financial assurance mechanism was filed and ask the agency to initiate forfeiture action.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-818. Notice of Forfeiture Action; Avoidance of Forfeiture**

At least 30 days before initiating forfeiture action, the Inspector shall provide written notice to both the responsible party and all principals and sureties by certified mail with receipt, express mail with receipt, or hand delivery that:

1. The financial assurance is subject to forfeiture;
2. The responsible party has a right to a hearing under A.R.S. Title 41, Chapter 6, Article 10; and
3. The conditions under which the responsible party may avoid forfeiture including:
  - a. Reaching an agreement with the Inspector regarding a compliance schedule under which the responsible party or another party will perform reclamation operations that meet the conditions and requirements of the approved reclamation plan, the Act, and this Chapter; and
  - b. Obtaining a surety bond to replace the financial assurance mechanism subject to forfeiture in an amount sufficient to complete the reclamation as agreed under subsection (3)(a).

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-819. Notice of Exercise of Forfeiture**

The Inspector shall provide written notice by certified mail, with receipt, of any exercise of forfeiture of financial assurance to both the owner and operator and all principals and sureties.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-820. Municipal, County, or State Government**

If the owner of an aggregate exploration operation or mining unit or facility is a municipal, county, or state governmental entity, the Inspector shall not require a financial assurance mechanism. However, the owner shall submit to the Inspector a written guarantee

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that private lands involved in the aggregate exploration operation or mining unit or facility will be reclaimed in accordance with the Act and this Chapter.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).

**R11-3-821. Non-mining Excavation Surface Disturbances**

A borrow pit, construction excavation, or other site-development excavation that is not located on mine property or related to mining is outside the jurisdiction of the Inspector but is subject to the jurisdiction of the U.S. Occupational Safety and Health Administration.

**Historical Note**

New Section made by final rulemaking at 25 A.A.R. 828, effective May 11, 2019 (Supp. 19-1).