SENATE BILL

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO MINING; AMENDING A SECTION OF THE NEW MEXICO MINING ACT TO PROVIDE FOR FINANCIAL ASSURANCES; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 69-36-1 NMSA 1978 (being Laws 1993, Chapter 315, Section 1) is amended to read:

"69-36-1. SHORT TITLE.--[~~This act~~] Chapter 69, Article 36 NMSA 1978 may be cited as the "New Mexico Mining Act"."

SECTION 2. Section 69-36-7 NMSA 1978 (being Laws 1993, Chapter 315, Section 7, as amended) is amended to read:

"69-36-7. COMMISSION--DUTIES.--The commission shall:

A. before June 18, 1994, adopt and file reasonable regulations consistent with the purposes and intent of the New Mexico Mining Act necessary to implement the provisions of the

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New Mexico Mining Act, including regulations that:

(1) consider the economic and environmental effects of their implementation;

(2) require permitting of all new and existing mining operations and exploration; and

(3) require annual reporting of production information to the commission, which shall be kept confidential if otherwise required by law;

B. adopt regulations for new mining operations that allow the director to select a qualified expert who may:

(1) review and comment to the director on the adequacy of baseline data gathered prior to submission of the permit application for use in the permit application process;

(2) recommend to the director additional baseline data that may be necessary in the review of the proposed mining activity;

(3) recommend to the director methodology guidelines to be followed in the collection of all baseline data; and

(4) review and comment on the permit application;

C. adopt regulations that require and provide for the issuance and renewal of permits for new and existing mining operations and exploration and that establish schedules to bring existing mining operations into compliance with the

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requirements of the New Mexico Mining Act; provided that the term of a permit for a new mining operation shall not exceed twenty years and the term of renewals of permits for new mining operations shall not exceed ten years;

D. adopt regulations that provide for permit modifications. The commission shall establish criteria to determine which permit modifications may have significant environmental impact. Modifications that the director determines will have significant environmental impact shall require public notice and an opportunity for public hearing pursuant to Subsection K of this section. A permit modification to the permit for an existing mining operation shall be obtained for each new discrete processing, leaching, excavation, storage or stockpile unit located within the permit area of an existing mining operation and not identified in the permit of an existing mining operation and for each expansion of such a unit identified in the permit for an existing mining operation that exceeds the design limits specified in the permit. The regulations shall require that permit modifications for such units be approved if the director determines that the unit will:

(1) comply with the regulations regarding permit modifications;

(2) incorporate the requirements of Paragraphs (1), (2), (4), (5) and (6) of Subsection H of this section; and

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(3) be sited and constructed in a manner that facilitates, to the maximum extent practicable, contemporaneous reclamation consistent with the closeout plan;

E. adopt regulations that require new and existing mining operations to obtain and maintain permits for standby status. A permit for standby status shall be issued for a maximum term of five years; provided that, upon application, the director may renew a permit for standby status for no more than three additional five-year terms. The regulations shall require that, before a permit for standby status is issued or renewed, an owner or operator shall:

(1) identify the projected term of standby status for each unit of the new or existing mining operation;

(2) take measures that reduce, to the extent practicable, the formation of acid and other toxic drainage to prevent releases that cause federal or state environmental standards to be exceeded;

(3) meet applicable federal and state environmental standards and regulations during the period of standby status;

(4) stabilize waste and storage units, leach piles, impoundments and pits during the term of standby status;

(5) comply with applicable requirements of the New Mexico Mining Act and the regulations adopted pursuant to that act; and

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(6) provide an analysis of the economic viability of each unit proposed for standby status;

F. establish by regulation closeout plan requirements for existing mining operations that incorporate site-specific characteristics, including consideration of disturbances from previous mining operations, and that take into account the mining method utilized;

G. establish by regulation a procedure for the issuance of a permit for an existing mining operation and for modifications of that permit to incorporate approved closeout plans or portions of closeout plans and financial assurance requirements for performance of the closeout plans. The permit shall describe the permit area of the existing mining operation and the design limits of units of the existing mining operation based upon the site assessment submitted by the operator. The permit shall contain a schedule for completion of a closeout plan. The permit shall thereafter be modified to incorporate the approved closeout plan or portions of the closeout plan once financial assurance has been provided for completion of the closeout plan or the approved portions of the closeout plan. The permit may be modified for new mining units, expansions beyond the design limits of a unit at an existing mining operation or standby status;

H. establish by regulation permit and reclamation requirements for new mining operations that incorporate site-

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specific characteristics. These requirements shall, at a minimum:

(1) require that new mining operations be designed and operated using the most appropriate technology and the best management practices;

(2) [~~assure~~] ensure protection of human health and safety, the environment, wildlife and domestic animals;

(3) include backfilling or partial backfilling only when necessary to achieve reclamation objectives that cannot be accomplished through other mitigation measures;

(4) require approval by the director that the permit area will achieve a self-sustaining ecosystem appropriate for the life zone of the surrounding areas following closure unless conflicting with the approved post-mining land use;

(5) require that new mining operations be designed in a manner that incorporates measures to reduce, to the extent practicable, the formation of acid and other toxic drainage that may otherwise occur following closure to prevent releases that cause federal or state standards to be exceeded;

(6) require that nonpoint source surface releases of acid or other toxic substances shall be contained within the permit area;

(7) require that all waste, waste management units, pits, heaps, pads and any other storage piles are

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designed, sited and constructed in a manner that facilitates, to the maximum extent practicable, contemporaneous reclamation and are consistent with the new mining operation's approved reclamation plan; and

(8) where sufficient topsoil is present, take measures to preserve it from erosion or contamination and [~~assure~~] ensure that it is in a usable condition for sustaining vegetation when needed;

I. adopt regulations that establish a permit application process for new mining operations that includes:

(1) disclosure of ownership and controlling interests in the new mining operation or submission of the applicant's most recent form 10K required by the federal securities exchange commission;

(2) a statement of all mining operations within the United States owned, operated or directly controlled by the applicant, owner or operator and by persons or entities that directly control the applicant and the names and the addresses of regulatory agencies with jurisdiction over the environmental aspects of those operations and that could provide a compliance history for those operations [~~and~~] over the preceding ten years. The operator shall assist the applicant in obtaining compliance history information;

(3) a description of the type and method of mining and the engineering techniques proposed;

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(4) the anticipated starting and termination dates of each phase of the new mining operation and the number of acres of land to be affected;

(5) the names of all affected watersheds, the location of any perennial, ephemeral or intermittent surface stream or tributary into which surface or pit drainage will be discharged or may possibly be expected to reach and the location of any spring within the permit area and the affected area;

(6) a determination of the probable hydrologic consequences of the new mining operation and reclamation, both on and off the permit area, with respect to the hydrologic regime, quantity and quality of surface and ground water systems, including the dissolved and suspended solids under seasonal flow conditions;

(7) cross-sections or plans of the permit area depicting:

(a) the nature and depth of the various formations of overburden;

(b) the location of subsurface water, if encountered, and its quality;

(c) the nature and location of any ore body to be mined;

(d) the location of aquifers and springs;

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(e) the estimated position and flow of the water table;

(f) the proposed location of waste rock, tailings, stockpiles, heaps, pads and topsoil preservation areas; and

(g) pre-mining vegetation and wildlife habitat features present at the site;

(8) the potential for geochemical alteration of overburden, the ore body and other materials present within the permit area;

(9) a reclamation plan that includes a detailed description of the proposed post-mining land use and how that use is to be achieved; and

(10) pre-mining baseline data as required by regulations adopted by the commission;

J. adopt regulations to coordinate the roles of permitting agencies involved in regulating activities related to new and existing mining operations and exploration, including regulatory requirements, to avoid duplicative and conflicting administration of the permitting process and other requirements;

K. except for regulations enacted pursuant to Subsection L of this section, adopt regulations that ensure that the public and permitting agencies receive notice of each application for issuance, renewal or revision of a permit for a

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new or existing mining operation, for standby status, or exploration, a variance or an application for release of financial assurance and any inspection prior to the release of financial assurance, including a provision that no action shall be taken on any application until an opportunity for a public hearing, held in the locality of the operation, is provided and that all interested persons shall be given a reasonable chance to submit data, views or arguments orally or in writing and to examine witnesses testifying at the hearing. An additional opportunity for a public hearing may be provided if the applicant makes substantial changes in the proposed action, if there are significant new circumstances or information bearing on the proposed action or if the applicant proposes to substantially increase the scale or substantially change the nature of the proposed action and there is public interest and a request for a public hearing. These regulations shall require at a minimum that the applicant for issuance, renewal or revisions of a permit or a variance or an application for release of financial assurance and any inspection prior to release of financial assurance shall provide to the director at the time of filing the application with the director proof that notice of the application and of the procedure for requesting a public hearing has been:

(1) provided by certified mail to the owners of record, as shown by the most recent property tax schedule,

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of all properties within one-half mile of the property on which the mining operation is located or is proposed to be located;

(2) provided by certified mail to all municipalities and counties within a ten-mile radius of the property on which the mining operation is or will be located;

(3) published once in a newspaper of general circulation in each county in which the property on which the mining operation is or will be located; provided that this notice shall appear in either the classified or legal advertisements section of the newspaper and at one other place in the newspaper calculated to give the general public the most effective notice and, when appropriate, shall be printed in both English and Spanish;

(4) posted in at least four publicly accessible and conspicuous places, including the entrance to the new or existing mining operation if that entrance is publicly accessible and conspicuous;

(5) mailed to all persons who have made a written request to the director for notice of this application; and

(6) mailed by certified mail to all persons on a list maintained by the director of individuals and organizations who have requested notice of applications under [~~this~~] the New Mexico Mining Act. If the application is determined to be administratively complete by the director, the

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applicant shall provide to the director timely proof that notice of that determination has been provided by first class mail to everyone who has indicated to the applicant in writing that they desire information regarding the application and to a list maintained by the director of individuals and organizations who have requested notice of applications under this act;

L. adopt regulations to provide for permits, without notice and hearing, to address mining operations that have minimal impact on the environment; provided that such permits shall require general plans and shall otherwise reduce the permitting requirements of the New Mexico Mining Act;

M. establish by regulation a schedule of annual administrative and permit fees, which shall equal and not exceed the estimated costs of administration, implementation, enforcement, investigation and permitting pursuant to the provisions of the New Mexico Mining Act. The size of the operation, anticipated inspection frequency and other factors deemed relevant by the commission shall be considered in the determination of the fees. The fees established pursuant to this subsection shall be deposited in the mining act fund;

N. establish by regulation a continuing process of review of mining and reclamation practices in New Mexico that provides for periodic review and amendment of regulations and procedures to provide for the protection of the environment and

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consider the economic effects of the regulations;

O. adopt regulations governing the provision of variances issued by the director, stating the procedures for seeking a variance, including provisions for public notice and an opportunity for a hearing in the locality where the variance will be operative, the limitations on provision of variances, requiring the petitioner to present sufficient evidence to prove that failure to grant a variance will impose an undue economic burden and that granting the variance will not result in a significant threat to human health, safety or the environment;

P. provide by regulation that, prior to the issuance of any permit for a new mining operation pursuant to the provisions of the New Mexico Mining Act, the permit applicant or operator:

(1) shall provide evidence to the director that other applicable state and federal permits required to be obtained by the new or existing mining operation either have been or will be issued before the activities subject to those permits begin; and

(2) shall provide to the director a written determination from the secretary of environment stating that the permit applicant has demonstrated that the activities to be permitted or authorized will be expected to achieve compliance with all applicable air and water quality and other

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environmental standards if carried out as described;

Q. require by regulation that the applicant file with the director, prior to the issuance of a permit, financial assurance. The amount of the financial assurance shall be sufficient to assure the completion of the performance requirements of the permit, including closure and reclamation, if the work [~~had~~] has to be performed by the director or a third-party contractor and shall include periodic review to account for any inflationary increases and anticipated changes in reclamation or closure costs. The regulations shall specify that financial requirements shall neither duplicate nor be less comprehensive than the federal financial requirements. The form and amount of the financial assurance shall be subject to the approval of the director as part of the permit application; provided that financial assurance does not include any type or variety of self-guarantee or self-insurance;

R. require by regulation that the permittee may file an application with the director for the release of all or part of the permittee's financial assurance. [~~The permittee shall not file an application for release of financial assurance more than once per year for each mining operation.~~] The application shall describe the reclamation measures completed and shall contain an estimate of the costs of reclamation measures that have not been completed. Prior to release of any portion of the permittee's financial assurance,

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the director shall conduct an inspection and evaluation of the reclamation work involved. The director shall notify persons who have requested advance notice of the inspection. Interested members of the public shall be allowed to be present at the inspection of the reclamation work by the director.

(1) The director may release in whole or in part the financial assurance if the reclamation covered by the financial assurance has been accomplished as required by the New Mexico Mining Act; provided that the director shall retain financial assurance at least equal to the approved estimated costs of completing reclamation measures that have not been completed; and provided further that for revegetated areas, the director shall retain the amount of financial assurance necessary for a third party to reestablish vegetation for a period of twelve years after the last year of augmented seeding, fertilizing, irrigation or other work, unless a post-mining land use is achieved that is inconsistent with the further need for revegetation. For new mining operations only, no part of the financial assurance necessary for a third party to reestablish vegetation shall be released so long as the lands to which the release would be applicable are contributing suspended solids above background levels to streamflow of intermittent and perennial streams.

(2) A person with an interest that is or will be adversely affected by release of the financial assurance may

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file, with the director within thirty days of the date of the inspection, written objections to the proposed release from financial assurance. If written objections are filed and a hearing is requested, the director shall inform all the interested parties of the time and place of the hearing at least thirty days in advance of the public hearing, and hold a public hearing in the locality of the new or existing mining operation or exploration operation proposed for release from financial assurance. The date, time and location of the public hearing shall be advertised by the director in a newspaper of general circulation in the locality for two consecutive weeks, and all persons who have submitted a written request in advance to the director to receive notices of hearings shall be provided notice at least thirty days prior to the hearing;

S. establish coordinated procedures that avoid duplication for the inspection, monitoring and sampling of air, soil and water and enforcement of applicable requirements of the New Mexico Mining Act, regulations adopted pursuant to that act and permit conditions for new and existing mining operations and exploration. The regulations shall require, at a minimum:

(1) inspections by the director occurring on an irregular basis according to the following schedule:

(a) at least one inspection per month when the mining operation is conducting significant reclamation

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activities;

(b) at least two inspections per year for active mining operations;

(c) at least one inspection per year on inactive sites;

(d) at least one inspection per year following completion of all significant reclamation activities, but prior to release of financial assurance; and

(e) mining operations having a minimal impact on the environment and exploration operations will be inspected on a schedule to be established by the commission;

(2) inspections shall occur without prior notice to the permittee or [~~his~~] the permittee's agents or employees except for necessary on-site meetings with the permittee;

(3) when the director determines that a condition or practice exists that violates a requirement of the New Mexico Mining Act, a regulation adopted pursuant to that act or a permit issued under that act, which condition, practice or violation also creates an imminent danger to the health or safety of the public or will cause significant imminent environmental harm, the director shall immediately order a cessation of the new or existing mining operation or the exploration operation or the portion of that operation relevant to the condition, practice or violation. The

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cessation order shall remain in effect until the director determines that the condition, practice or violation has been abated or until modified, vacated or terminated by the director or the commission;

(4) when the director determines that an owner or operator is in violation of a requirement of the New Mexico Mining Act, a regulation adopted pursuant to that act or a permit issued pursuant to that act but the violation does not create an imminent danger to the health or safety of the public or will not cause significant imminent environmental harm, the director shall issue a notice to the owner or operator fixing a reasonable time, not to exceed sixty days, for the abatement of the violation. If, upon expiration of the period of time as originally fixed or subsequently extended for good cause shown, the director finds that the violation has not been abated, [~~he~~] the director shall immediately order a cessation of new or existing mining operations or exploration operations or the portion thereof relevant to the violation. The cessation order shall remain in effect until the director determines that the violation has been abated; and

(5) when the director determines that a pattern of violations of the requirements of the New Mexico Mining Act or of the regulations adopted pursuant to that act or the permit required by that act exists or has existed and, if the director also finds that such violations are caused by

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the unwarranted failure of the owner or operator to comply with the requirements of that act, regulation or permit or that such violations are willfully caused by the owner or operator, the director shall immediately issue an order to the owner or operator to show cause as to why the permit should not be suspended or revoked;

T. provide for the transfer of a permit to a successor operator, providing for release of the first operator from obligations under the permit, including financial assurance, following the approved assumption of such obligations and financial assurance by the successor operator;

U. adopt regulations providing that the owner or operator of an existing mining operation or a new mining operation who has completed some reclamation measures prior to the effective date of the regulations adopted pursuant to the New Mexico Mining Act may apply for an inspection of those reclamation measures and a release from further requirements pursuant to that act for the reclaimed areas if, after an inspection, the director determines that the reclamation measures satisfy the requirements of that act and the substantive requirements for reclamation pursuant to the applicable regulatory standards; and

V. develop and adopt other regulations necessary and appropriate to carry out the purposes and provisions of the New Mexico Mining Act. Pursuant to the financial assurance

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provision found in Subsection R of this section, the director shall propose a new set of regulations consistent with that subsection for the commission's consideration on or before January 13, 2015."

SECTION 3. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.

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