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## FREQUENTLY ASKED QUESTIONS

### Applying for a Mineral Exploration Permit on Arizona State Trust Land

The Arizona State Land Department (Department) encourages all prospective applicants to review these frequently asked questions (FAQs) prior to applying for a Mineral Exploration Permit (MEP). The FAQs are only intended to provide guidance and are not intended to provide legal or technical advice. A meeting may be scheduled with the Department to answer questions regarding applying for a MEP.

#### **1. Why apply for a MEP?**

The issuance of a MEP reserves exclusive mineral exploration rights to the subsurface minerals within the State Trust Land (STL) covered by the MEP and approves ingress to and egress from the STL on approved routes from across other STL and provides the exclusive right to apply for and obtain a mineral lease to the subject STL.

*Arizona Revised Statutes (A.R.S.) § 27-252 (A)(1)*

#### **2. What activities are not permitted through the issuance of a MEP?**

*A MEP **does not** allow for any geologic investigation activity **except** under an approved Geologic Field Operations Plan (GFOP), please see the FAQs for “Geologic Field Operations Plan”.*

#### **3. What are the steps for applying for a MEP?**

- **Step 1:** Make an in-person appointment with the Department’s Public Records Section, either online or by telephone, to determine if the section(s) of interest is available.
- **Step 2:** If the section is available, visit the “ASLD *Community Portal*” on the Department’s website, [www.land.az.gov](http://www.land.az.gov), and create an account, or log into an existing account if one has already been established.
- **Step 3:** Select “*Obtain Subsurface Resources*” and follow the prompts.
- **Step 4:** Use the Salesforce Map to choose the section(s), modify the legal description (using the Public Land Survey System (PLSS)) and acreage to conform to the map discussed below.
- **Step 5:** Submit a U.S.G.S. topographic map that includes, at a minimum, the following items:
  - A north arrow
  - Map scale
  - MEP boundary
  - Ingress and egress routes, and other roads
  - Water sources
  - Other structures, such as residences, utilities, old mine workings, etc.
- **Step 6:** If crossing private property, submit the *Affidavit of Access Across Private Property*, to show access across private property.
- **Step 7:** Submit the \$500.00 application fee.

**4. What are the costs associated with a MEP?**

The minimum fees associated with a MEP include the following:

- An application fee of \$500.00.
- Rental fees of \$1 per acre per year, with the first two years paid in advance in year one.
- A reclamation bond of \$3,000.00 per MEP or a \$15,000.00 Blanket Bond covering five or more MEPs.
- MEPs require yearly geologic exploration expenditures. The expenditure requirement can be met by either submitting a cash in-lieu payment and/or invoices for exploration work that was previously approved via an approved GFOP. Please note that each GFOP has an expiration date and any exploration work completed after the expiration of the GFOP will not count towards the required expenditures. Please refer to the chart below:

<b>MEP Rental and Expenditures - With 640 Acre Examples</b>					
<b>MEP YEAR</b>	<b>Rental</b>	<b>Expenditure</b>	<b>Renewal Fee</b>	<b>Rent Example Based on 640 Acres</b>	<b>Expenditure Example Based on 640 Acres</b>
Year 1	\$1/acre	--	\$500.00	\$640.00	\$0.00
Year 2	\$1/acre	\$10/acre for Year 1	\$500.00	\$640.00	\$6,400.00
Year 3	\$1/acre	\$10/acre for Year 2	\$500.00	\$640.00	\$6,400.00
Year 4	\$1/acre	\$20/acre for Year 3	\$500.00	\$640.00	\$12,800.00
Year 5	\$1/acre	\$20/acre for Year 4	\$500.00	\$640.00	\$12,800.00
New MEP Required	\$1/acre	\$20/acre for Year 5 of the previous MEP	\$500.00	\$640.00	\$12,800.00

Additional costs that might incur but do not apply to the minimum annual expenditure requirement include costs associated with archaeological and native plant studies that must be conducted prior to the initiation of ground disturbing activities through an approved GFOP, or any additional costs for local, state, or federal permitting.

*Arizona Administrative Code (A.A.C.) R12-5-1201 and A.R.S. §§ 27-252(A)(5) and 27-252(A)(10)*

**5. How much acreage can be included in a MEP?**

- The **minimum** acreage for a MEP application is 20 acres, as a subdivision or lot of the PLSS in any one section of STL.
- The **maximum** acreage per MEP application is one whole section, typically 640 acres. One MEP cannot include land acreage from more than one section.

*A.R.S. § 27-251*

**6. What commodities are associated with a MEP?**

Commodities associated with an MEP include, but are not limited to:

- Base metals (copper, molybdenum, lead, etc.)
- Precious metals (gold, silver, etc.)
- Industrial minerals (salt, potash, lithium clay (hectorite), gypsum, specialty clays, cement-grade limestone, pozzolan, etc.), brines (salt, lithium, potash, etc.)
- Uranium
- Rare Earth Elements (cerium, lanthanum, neodymium, praseodymium, yttrium, etc.)
- Pegmatite-type Lithium (spodumene and lepidolite)
- Semi-precious gems (fire agate, etc.)

- Zeolites (chabazite, etc.)

## **7. What commodities are not associated with an MEP?**

Commodities not associated with an MEP include, but are not limited to:

- Common variety minerals (i.e., sand and gravel, aggregate, dimension stone, boulders) are explored using a *Right of Entry*.
- Oil and Gas (including helium and carbon dioxide) are explored using an *Oil and Gas lease*.
- Geothermal (energy production and storage, heat for greenhouse, etc.) are explored using a *Geothermal lease*.

## **8. Why does a MEP, with an approved GFOP, require annual geologic investigation expenditures?**

Expenditures provide proof that the required minimum amount of “*exploration activity*” was conducted.

A.R.S. § 27-252(A)(1) and 27-252(A)(5)

## **9. What kind of geologic investigation is considered “exploration activity” that will qualify as an expenditure?**

Any geological, geophysical and/or geochemical work is generally acceptable as a qualifying expense to meet the minimum work expenditure requirement for a MEP, however, they must be pre-approved by the Department in a GFOP. Any expenditures for work conducted prior to obtaining a GFOP **will not** count toward annual expenditure requirements and such unapproved activity may result in the cancellation of the MEP. Exploration activities that qualify as an expense include, but are not limited to:

- Geological mapping
- Surface sampling
- Drilling, including mobilization and demobilization of the drill rig
- Sample testing, analysis and/or assaying
- Geophysical surveys
- Geochemical surveys
- Labor fees directly related to the exploration activity
- Consulting fees directly related to the exploration activity

To be accepted as a qualifying expenditure, receipts or invoices which clearly show and document the exploration activity or work must be submitted with annual renewals.

A.R.S. § 27-252(A)(10)(C)

## **10. What kind of work is not considered “exploration activity”?**

Exploration activities generally not considered as acceptable or allowable exploration expenses, include, but are not limited to:

- Cultural resource surveys
- Native plant surveys
- Biological surveys
- Food, lodging, travel and/or mileage
- Per diem allowances
- Car rentals
- Vehicle or equipment purchases
- Vehicle or equipment repair
- Background research (geological, property, etc.)

- Environmental surveys or cleanup
- Administrative work
- Shipping fees
- Reclamation

A.R.S. § 27- 252(A)(10)(C)

#### **11. What are the Insurance requirements for a MEP?**

An Insurance Certificate must be provided to the Department with the approved Arizona Department of Administrative language, please see the FAQs for “*Mineral Exploration Permit Insurance Certificate*”.

#### **12. What is the reclamation bond requirement for a MEP?**

Each MEP must have a bond in the amount of \$3,000 that must be posted prior to the issuance of a MEP. A blanket bond in the amount of \$15,000 can be posted if it has been predetermined that more than five MEPs have been or will be submitted. However, based upon work approved under the GFOP, the bond required could exceed the existing MEP bond depending on the extent and type of geologic exploration work being conducted. If this is the case, the Department will notify the permittee of the revised bond amount requirement. Bonds may be paid in cash, by a Certificate of Deposit or through a Surety Bond.

A.R.S. § 27-255

#### **13. Do you need to show proof of access across STL, private property and/or Federal land?**

Yes, the following must be provided:

- STL - A map must be provided that shows access to the MEP site from the nearest public road.
- Private land – Submit the *Affidavit of Access Across Private Property* to show access across private property.

#### **14. How long is a MEP valid for?**

A MEP is valid for one year from the date of the issuance of the permit but may be renewed annually for a total maximum of five years from the date the permit was first issued, please see the FAQs for “*Applying for a Renewal of a Mineral Exploration Permit*”. If additional time is required beyond five years to continue characterization on an ore deposit, a new MEP application must be submitted prior to expiration.

A.R.S. §§ 27-252 (A)(1) and 27-253

#### **15. What happens if a MEP is not renewed?**

If a renewal application has not been submitted prior to the expiration date, one year from the issuance date of the MEP, the *MEP automatically expires, and the STL will be reopened immediately.*

A.R.S. § 27-252(A)(5)