

**LAW OF MONGOLIA
ON SUBSOIL**

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**CHAPTER ONE
GENERAL PROVISIONS**

Article 1. The purpose of the Law of Mongolia on Subsoil

The purpose of the Law of Mongolia on Subsoil is to regulate relations concerning the use and protection of subsoil in the interests of the present and future generations.

Article 2. The legislation of Mongolia on subsoil

1. The legislation on subsoil shall consist of the Constitution of Mongolia, this law, and other legislative acts issued in conformity with them.
2. If an international treaty of Mongolia provides differently than this Law, then the provisions of the international treaty shall prevail.

Article 3. The subsoil of Mongolia is the property of the State

The subsoil is the property of the State, in other words, it is the property of all people of Mongolia, in accordance with the Constitution of Mongolia. The subsoil shall be given only for use. It shall be prohibited to change the right of the state to own the subsoil.

Article 4. Subsoil and the unified pool of subsoil of the state

1. Subsoil shall mean the space which spreads into the depth beneath the soil, as well as all material objects in this space (all types of gravel, minerals and other geological objects, as well as constructions and structures).
2. All subsoil shall form a unified pool of subsoil of the state regardless of whether the subsoil is being used.

Article 5 was deleted.

Article 6. Oversight of all activities related to use and protection of subsoil by the State

1. The State Ikh Khural shall exercise the following power with respect to use and protection of subsoil:
 - 1) To formulate the state policy on use and protection of subsoil
 - 2) To formulate the basis and the general direction of the policy on administration and use of the unified pool of subsoil of the state.
 - 3) Other power as specified in legislation.
2. The Government shall exercise the following power with respect to use and protection of subsoil:

- 1) To implement the state policy on use and protection of subsoil, and to ensure enforcement of the legislation on subsoil;
 - 2) To formulate the general technical policy on use and protection of subsoil;
 - 3) Other power as specified in legislation.
3. The State central administrative body in charge of geological and mining issues shall exercise the following power with respect to use and protection of subsoil:
- 1) To implement the state policy on use and protection of subsoil, and to ensure implementation of Government decisions;
 - 2) To formulate and implement the policy of rational use of resources and minerals of subsoil;
 - 3) To make state control over the use and geological surveys of subsoil;
 - 4) To provide rights for mining of all minerals except for widely available minerals, in accordance with relevant legislation;
 - 5) Other power as specified in legislation.
4. The state central administrative body in charge of nature and environment shall exercise the following power with respect to use and protection of subsoil:
- 1) To implement the state policy on use and protection of subsoil, to make state control over the use of subsoil, aiming to ensure that the negative impact on nature and the environment is minimal;
 - 2) To ensure implementation of policy of rational use and protection of subsoil;
 - 3) Other power as specified in legislation.

Article 7. The power of Citizens' Representatives Khurals and Governors of aimags and the capital city

1. The Citizens' Representatives Khurals of aimags and the capital city shall exercise the following power with respect to use and protection of subsoil:
- 1) To oversee enforcement of the state policy on use and protection of subsoil, the legislation on subsoil, Government decisions and their own decisions within their territories;
 - 2) To discuss reports and briefings of Governors of aimags and the capital city regarding the issue referred to in subparagraph 1 of this paragraph.
2. The Governors of aimags and the capital city shall exercise the following power with respect to use and protection of subsoil:
- 1) To implement the state policy on use and protection of subsoil, to ensure implementation of the legislation on subsoil and Government decisions, as well as to implement and to ensure implementation of decisions of Citizens' Representatives Khurals of aimags and the capital city within their authority provided by the law;
 - 2) To obtain and review information on geological surveys conducted on their territories, and minerals existing on their territories from relevant business entities or organizations, in accordance with corresponding regulations;
 - 3) To conduct inspection of activities to use and protect the subsoil;
 - 4) To terminate the rights to use the subsoil in circumstances referred to in Article 21 of this law within the authority given to them by legislation;

- 5) To stop any unauthorised use of the subsoil and unauthorised building of buildings and constructions on land containing minerals;
- 6) Other power as specified in legislation.

Article 8. The power of Citizens' Representatives Khurals and Governors of soums and districts

1. The Citizens' Representatives Khurals of soums and districts shall exercise the following power with respect to use and protection of subsoil:

- 1) To oversee enforcement of the state policy on use and protection of subsoil, the legislation on subsoil, Government decisions and their own decisions within their territories;

- 2) To discuss reports and briefings of Governors of soums and districts regarding the issue referred to in subparagraph 1 of this paragraph.

2. The Governors of soums and districts shall exercise the following power with respect to use and protection of subsoil:

- 1) To implement the state policy on use and protection of subsoil, to ensure implementation of the legislation on subsoil and Government decisions, as well as to implement and to ensure implementation of decisions of Citizens' Representatives Khurals of soums and districts within their authority provided by the law;

- 2) To give parcels of land for use of subsoil resources on their territories;

- 3) To provide assistance in discovering mineral reserves;

- 4) To propose to relevant authorities the issue of using widely available minerals and fresh underground water;

- 5) To monitor the process of rehabilitating the land damaged during proper use of deposits of widely available minerals and during the use of subsoil, so that the site is not dangerous and can be used further for commercial purposes; to receive rehabilitated land;

- 6) Other power as specified in legislation.

Article 9. Users of subsoil

1. The subsoil may be used by business entities, organizations and citizens of Mongolia.

2. The subsoil may be used by foreign legal persons, citizens and stateless persons in accordance with relevant regulations, if the legislation of Mongolia provides so.

Article 10. The purpose of using the subsoil

1. The subsoil shall be given for use for the following purposes:

- 1) conducting geological surveys

- 2) mining of minerals

- 3) building and using constructions and structures underground for purposes other than mining, including for storage of oil, gas and other substances and materials; for protecting and burying poisonous substances and industrial waste; and for removing waste water.

- 4) meeting other needs of business entities, organizations and citizens.

2. Relations concerning the exploration and mining of mineral resources in subsoil shall be regulated by the Law on Minerals.

3. Users of the subsoil shall obtain relevant authorization from possessors and users of land in according with relevant regulations.

Article 11. Fees for the use of subsoil

1. The subsoil shall be used upon payment.
2. The maximum and minimum amounts of fees for use of subsoil shall be determined by the law.

Article 12. Giving the subsoil for the purpose of conducting geological surveys

1. The decision on giving subsoil for geological surveying (studying geological structures, regularity of location of minerals, making assessments, using the subsoil for purposes other than mining, identifying earthwork, operational and other required conditions, etc.) shall be made by the state central administrative body in charge of geology and mining.

2. Those conducting geological surveys shall start them after registering their surveying activities, referred to in paragraph 1 of this article, with Governors of soums and districts.

Article 13. Giving the subsoil for mining purposes

The subsoil shall be given for mining purposes based on a document certifying that the mining area was given.

Article 14 Deleted.

Article 15. Giving the subsoil for purposes other than mining

1. Decisions to give the subsoil for purposes other than mining of natural resources; storage of oil, gas and other substances and materials underground, protection and burying poisonous substances and industrial waste, removal of waste water; and building constructions and structures for the above purposes shall be made by the following organizations or officials:

1) For building and using the subsoil for constructions and structures of importance on the national, aimag or capital city level – by Governors of aimags/ the capital city in question;

2) For buildings and using the subsoil for constructions and structures of significance to the localities – by Governors of soums or districts in question.

2. Governors of relevant soums or districts shall be informed on commencing the construction referred to in paragraph 1 of this Article.

3. Citizens, business entities and organizations shall have a right to use subsoil under the land within the boundaries of their possession, for purposes other than mining, for commercial or residential purposes, in accordance with procedures established by the Governors of their soums or districts.

4. Decisions on giving subsoil for building constructions or structures, or for using for storage of oil, gas and other substances and materials; for protecting and burying poisonous substances and industrial waste; and for removing waste water shall be made by Governors of soums or districts, based on authorization of Governors of relevant aimags or the capital city.

5. Special conditions and requirements determined by relevant state central administrative body shall have been met in order to store oil, gas and other

substances and materials underground, to bury poisonous substances and industrial waste, and to remove waste water.

6. The Government shall make decisions on giving the subsoil for protecting and burying poisonous substances that have very strong effects on health of the people, the livestock, the wildlife and the environment.

7. If the Government allows to give the subsoil to use for purposes specified in paragraph 7 of this Article, the Governors of aimags or the capital city shall give the subsoil. The responsible organization shall register its action of burying the poisonous substance with the state central administrative body in charge of nature and environment.

Articles 16 and 17 were deleted.

Article 18. Rights of business entities, organizations and citizens to mine common minerals and use fresh underground water

Upon authorization by Governors of soums or districts business entities, organizations and citizens shall have a right to mine common minerals and use the pure underground water without obtaining the mining area, for commercial and residential purposes.

Article 19. Duration of the use of subsoil

1. The subsoil may be given for use for an unlimited period or for a certain period of time.

2. If the subsoil is given for use without pre-specifying a certain period, it shall be called 'unlimited lease'.

3. If the subsoil is given for use for a certain period, the total of such periods shall not exceed 30 years. If necessary, the initial period may be extended by a decision of the authority that first made the decision to lease the subsoil. The duration of one such extension shall not exceed 20 years.

4. The duration of use of mineral deposits shall commence on the day of registration of the mining area license with the state administrative body in charge of geology and mining.

Article 20. The basic rights and duties of users of subsoil

1. The user shall have the right and the duty to use the subsoil in accordance with the purpose for which the subsoil was given.

2. The user of subsoil shall have the duty to meet the following requirements:

1) To have the complete geological survey of the subsoil conducted; to use the subsoil fully and rationally and to protect it;

2) To ensure the safety of employees and people when using the subsoil;

3) To ensure reliable protection of air in the stratosphere, the land, the forests, waters, springs, the livestock, the wildlife, other objects of nature, and constructions and structures, to ensure safety and protection of specially protected areas, and items of importance to natural, historical or cultural studies;

4) To hand over to the local administrative body that issued the permission, after rehabilitating the land that was damaged in the course of using subsoil to ensure its safety and in a way that the land can be used again;

5) To hand over to the state any precious metals, gem stones and valuable scientific, historical or cultural findings that are found during the course of using the subsoil;

3. Users of subsoil shall have the duty not to interfere in any way with rights of others to own, possess and use land. Any damages caused to others due to such interference shall be compensated by the users.

4. Rights of users of subsoil may be restricted in order to ensure interests of the state and interests of other organizations and citizens using the land, if provided so by the legislation of Mongolia.

Article 21. The reasons for and the procedures to terminate the right to use subsoil

1. The right to use the subsoil shall be terminated, fully or partially, in the following circumstances:

- 1) The user does not need to use the subsoil further;
- 2) The period during which it was allowed to use the subsoil ended;
- 3) There is an inevitable need to remove the subsoil for the state or other public needs;
- 4) The business entity or organization that was using the subsoil is liquidated;
- 5) Circumstances dangerous to health of the people arise;

2. The right to use the subsoil may be terminated if the user of the subsoil commits the following violations:

- 1) Does not start to use the subsoil after 3 years after receiving it;
- 2) Uses the subsoil for purposes other than allowed;
- 3) Does not meet requirements referred to in Article 20 of this law;
- 4) Seriously violates other regulations on use and protection of subsoil.

3. The right to use the subsoil may be terminated if business entities, organizations or citizens violate regulations and conditions regarding commercial or residential use of subsoil.

4. Other reasons for terminating the rights to use the subsoil may be determined by the legislation of Mongolia.

5. Termination of the rights to use the subsoil shall come into effect when the authority that issued the document giving the mining area or the permission to use the subsoil repeals the document or the permission.

CHAPTER TWO

GEOLOGICAL SURVEYS OF SUBSOIL

Article 22. Basic requirements to be met for conducting geological surveys of subsoil

Mongolian business entities, organizations and other organizations conducting geological surveys of subsoil shall meet the following basic requirements:

- 1) To conduct geological surveys with scientific justification, properly and efficiently;
- 2) To study fully the geological structure of subsoil, as well as hydro-geological, earthwork, operation and other conditions that affect construction and

use of underground constructions and structures to be used for purposes other than use of prospected deposits and other than mining;

3) To identify completely the core and co-existing minerals, their components; to accurately determine the amount and quality of reserves and the technology to be used in processing them; to make geological and economic assessments of mineral deposits;

4) To conduct geological surveys without impairing the quality of minerals, and without causing unnecessary waste;

5) To store and to protect the gravel and minerals extracted from the subsoil in a way so as not to affect the environment, and to ensure the possibility to use them in the future;

6) To maintain digged and drilled holes to be used during use of the deposits as well as for other commercial purposes, intact and complete without danger for people, the livestock and the wildlife. To hand over the dug and drilled holes that will not be used, to Governors of respective soums or districts after rehabilitating them in way that they can be used in the future; To inform of results of their surveys and to register these results.

7) To maintain complete and undamaged copies of geological, operational and technical documentation, samples of gravel and ores, drilling samples and samples of mineral grades that can be used for further surveying of the subsoil, exploration and use of mineral deposits, as well as for use of subsoil for purposes other than mining.

Article 23. State registration of geological surveys of subsoil

1. Geological surveys shall be registered in the state registry in order to ensure that geological surveys of subsoil do not overlap.

2. It shall be prohibited to conduct geological surveys without registering them with the state registry.

3. The state registry shall contain results of geological surveys, and records of deposits and occurrences found during geological surveys. The registry shall be maintained in order to consolidate and to use results of geological surveys of subsoil.

Article 24. Mineral Resource Samples

1. Mineral resource samples shall be determined for each deposit in order to determine economic value of the deposits and mineral reserves in these deposits. These samples should incorporate all economically feasible requirements on mineral reserves, their quality, earthwork conditions and geological, as well as other conditions.

2. Mineral resource samples shall be prepared and approved taking into account full use of core and co-existing minerals, as well as other valuable components of the deposits.

Article 25

Deleted.

Article 26

Deleted.

CHAPTER THREE
PREPARING DRAWINGS OF CONSTRUCTIONS AND STRUCTURES TO BE
BUILT UNDERGROUND FOR PURPOSES OTHER THAN
MINING OF MINERAL RESOURCES,
AND BUILDING PLANTS FOR MINING AND PROCESSING OF MINERAL
RESOURCES,
BUILDING AND COMMISSIONING THESE CONSTRUCTIONS AND
STRUCTURES

Article 27. Preparing drawings of constructions and structures to be built underground for purposes other than mining and mineral processing plants

1. Drawings for constructions and structures to be built underground and to be used for purposes other than mining, or drawings of mineral processing plants shall be prepared considering the research materials on geological and other surveys of the areas where construction is planned, as well as long-term development prospects of the localities.

2. Drawings for mining plants shall be prepared only after reserves of corresponding deposits are proven, the deposits are commissioned for commercial use and technical and economic feasibility studies are approved. If a special need arises, the drawings can be prepared before the mineral reserves proven, by the Government authorizing the relevant business entities or organizations that will be mining the deposit to prepare these drawings.

3. The location of constructions and structures to be used for purposes other than mining deposits or building mining plants shall be agreed with the relevant local administrative body, the state central administrative body in charge of geology and mining, as well as other relevant organizations, before starting to prepare their drawings.

Article 28. Basic requirements on preparation of drawings of mining plants

1. The following basic requirements shall apply to drawings of mining plants:

1) the location of the underground and on-the-ground structures of the plant shall be such as to allow efficient, and proper use of mineral resources;

2) to select and to determine a system to open and use the deposit in a way that would allow the most appropriate and full extraction of the core and co-existing mineral reserves and any other components whose production is meaningful;

3) to introduce advanced machinery and technology for mining;

4) to remove or store the fertile layer of soil with special care, to use the excavated gravel;

5) to register and to protect any mined by-products that are not used, as well as overburden containing profitable components;

6) to conduct geological survey of subsoil in the course of building and using mining plants and to compile geological and marksheidering documentation;

7) to ensure safety of people, and to protect other articles in subsoil, objects of nature and constructions and structures.

Article 29. Basic requirements on preparation of drawings of constructions structures to be built underground for purposes other than mining or processing of mineral resources

1. Drawings of constructions and structures to be built underground for purposes other than mining or processing of mineral resources should meet the following requirements, in addition to those specified in paragraph 7 of Article 28 of this law:

- 1) to use technology that enables full and complete extraction of components whose production is meaningful out of the mined raw materials;
- 2) to fully use the overburden;
- 3) to record, protect and store the industrial waste that contains components whose production is meaningful but which are not being used.

2. Requirements of relevant provisions of this Article, as well as requirements set forth in Article 20 of this law should be met when preparing drawings, building and commissioning underground constructions and structures to be used for purposes other than mining.

Article 30. Basic requirements on building and using constructions and structures

Construction, renovation, extension and use of underground constructions and structures to be used for purposes other than mining, and structures other than of mining and mineral processing plants shall be prohibited if they are based on drawings that do not meet requirements of Articles 28 and 29 of this law.

**CHAPTER FOUR
USING SUBSOIL FOR MINING**

Article 31. Procedures of using subsoil for mining purposes

1. Mining business entities and organizations shall use the subsoil in accordance with approved drawings, earth work plans and technical regulations of use.

2. The relevant state central administrative body shall approve technical regulations of use for mining business entities and organizations upon authorization of the state central administrative body in charge of geology and mining.

3. Mining business entities and organizations shall have the duty to liquidate damages caused by their actions such as environmental pollution, improper use of natural resources, damage and destruction of natural resources.

Article 32. Basic requirements on use of subsoil for mining

1. The following requirements should be met when using subsoil for mining of mineral raw materials:

1) to use methods to extract the core and co-existing minerals, as well as other components whose production is meaningful, fully, completely and efficiently;

2) not to create overburden and waste exceeding the determined level, not to mine minerals selectively only from the rich deposits;

3) to complete final and use surveys, other geological works, as well as geological and marksheidering activities necessary for use of the deposit; to keep complete technical documentation;

4) to continually account for reserves, changes in reserves, overburden and wastes;

5) not to damage the existing deposits that are being used, as well as any nearby deposits during earthworks, to protect and to store the remaining reserves of minerals;

6) to record and to store unused by-products and overburden containing components whose production is meaningful;

7) to properly use and place the extracted gravel, fertile soil and the overburden;

8) to ensure safety for employees and people, to protect the subsoil, other objects of nature, as well as constructions and structures; to take measures to prevent hazards, to approve and to implement plans on liquidation of consequences of hazards, to rehabilitate the deposit after the end of its use in a way that it can be used for economic purposes.

Article 33. Basic requirements on processing of mineral raw materials

1. The following basic requirements should be met during processing of mineral raw materials:

1) to use technologies to fully and completely extract components of mineral resources whose production is meaningful;

2) to record and control the level and amount of extracted components at each state of processing;

3) to further study the composition of the mineral raw material and its technological qualities; to improve the technology;

4) to put into use the overburden from processing of minerals;

5) to record, calculate and protect industrial overburden containing useful components which are not being used.

Article 34

Deleted.

Article 35. Lessees to let the subsoil

Lessees of mining areas may let business entities, organizations and citizens use parts of their deposit that can not be deployed using industrial means, on the basis of contracts.

CHAPTER FIVE

USING SUBSOIL FOR PURPOSES OTHER THAN MINING

Article 36. Procedures on using subsoil for purposes other than mining

1. Drawings to be used for building constructions and structures underground, drawings for using these constructions and structures, as well as

drawings for using the subsoil for other similar purposes need to be approved by relevant authorities.

2. The drawings shall cover issues of clearing industrial waste, waste water, poisonous and other substances, or storing them within a pre-determined boundary; preventing their leakage into the land surface, excavations, as well as water sources.

3. If requirements specified in this article are violated, the state central administrative body in charge of geology and mining, as well as other specialised state organizations shall have a duty to stop or prohibit the process of burying and pouring industrial waste, waste water, poisonous and other substances underground.

CHAPTER SIX

SAFETY DURING THE USE OF SUBSOIL

Article 37. Ensuring safety during the use of subsoil

1. Those who are building constructions and structures for purposes other than mining, or other than mining plants underground, renovating, expanding or using these structures and plants, as well as performing other geological surveys or other works related to using the subsoil shall ensure safety for people and meet the requirements to protect lives and health of their employees.

2. Managers of business entities and organizations using the subsoil shall have the obligation to ensure enforcement of safety rules and standards. They shall also appoint specific employees in all branches of their business entities or organizations to monitor enforcement of these rules and standards.

Article 38. Basic requirements to ensure safety during the use of subsoil

1. The following basic requirements should be met when using subsoil:

1/ to ensure that every employee studies and conforms to safety rules and standards;

2/ to plan for prevention of hazards and for liquidation of consequences of hazards; to implement these plans;

3/ to take prompt actions in case of life-threatening hazards to employees, including discontinuing operations, evacuating employees to a safe place; to take actions necessary to eliminate hazardous conditions;

4/ to supply and ensure use of machinery, equipment, materials, working uniforms and other protecting instruments that meet requirements of safety and hygiene rules and standards;

5/ to record, store, expend and use explosives and explosive substances safely and in accordance with relevant procedures.

2. Business entities and organizations doing earth works shall take complete technical and organizational actions to improve air content within mines, to improve earth work technology, operational methods and machinery, and to prevent occupational diseases and industrial accidents. They shall continuously improve living and working conditions of employees engaged in earth works, as well as the rules and standards on hygiene.

3. Earth works shall be prohibited if digging may be dangerous to lives and health of workers, or if the content of oxygen, poisonous or explosive gases

and dust in the air, or air temperature inside the mine does not meet the requirements of safety and hygiene rules and standards.

4. Earth works and explosion works shall be managed by specially qualified employees; explosion works shall be carried out by people authorised to do so.

Article 39. Duties of employees carrying out earth works with respect to implementation of safety rules and standards

Employees engaged in earth works shall have the following duties:

- 1/ to strictly follow requirements of safety rules and standards;
- 2/ to regularly check their work places and equipment, and to take actions to immediately correct any violations of the rules and standards of safety;
- 3/ to use uniforms and protecting instruments properly at their work places;
- 4/ to abstain from using methods that might cause hazards or accidents;
- 5/ to stop operations if potentially dangerous conditions emerge, to immediately report to supervisors, and to operate strictly in accordance with contingency plans on prevention of hazards and liquidation of consequences of hazards.

Article 40. The mining rescue unit

1. A special mining rescue unit shall be established to prevent hazards of earth works and to eliminate consequences of hazards, in accordance with special rules.

2. Business entities and organizations engaged in mining shall obtain services of this unit.

3. Rules of rescue operations from mining hazards shall be approved in consultation with relevant ministries, special agencies and the state central administrative body in charge of geology and mining.

4. In case of a hazard at an industrial mining site the local administrative bodies and organizations, regardless of their jurisdiction, shall have the duty to provide their vehicles, materials, equipment, medication and means of communication, as well as provide any other assistance necessary to eliminate consequences of the hazard.

CHAPTER SEVEN

PROTECTION OF SUBSOIL

Article 41. Basic requirements on protection of subsoil

1. The subsoil of Mongolia shall be under the state protection.

2. The following requirements should be met in order to protect subsoil:

- 1/ to conduct full geological surveys of subsoil;
- 2/ to strictly follow the regulations on giving subsoil for use, and to ensure that the subsoil is not used without permission;
- 3/ to use the core minerals, co-existing minerals and their components properly, fully and completely;
- 4/ to protect subsoil from potential hazards and poisons when using it;

5/ to prevent flooding of the deposit, filling with water, fires, as well as other conditions that may reduce the quality of the deposit or complicate its use;

6/ to prevent unauthorized building of constructions and structures on land containing minerals, and to prevent violation of regulations regarding these lands;

7/ to protect earth holes, drilled holes and underground constructions and structures to ensure their completeness from potential hazards and detrimental effects when using the subsoil.

8/ to avoid pollution of the subsoil when storing oil, gases and materials, burying poisonous substances, other substances, industrial waste, and removing waste water.

3. The state central administrative body in charge of geology and mining and other state organizations shall take actions to restrict, stop, or prohibit the use of subsoil according to the legislation of Mongolia if requirements specified in this article are violated.

Article 41¹. Implementation of actions to protect the environment

1. Users of subsoil shall have a duty to implement actions to protect the environment, and shall, for this purpose, have ecological assessments and environmental impact assessments done by relevant professional organizations. They shall keep these assessments together with their drawings of the subsoil and deposits and technical documentation.

2. They shall take actions to eliminate negative impacts on the environment, to cover the deposit and the excavated ground, or otherwise rehabilitate them, and to rehabilitate the soil based on the environmental impact assessment.

3. Users of subsoil shall transfer a monetary pledge as a financial guarantee to carry out activities specified in paragraphs 1 and 2 of this Article, to the local administrative body of the soum or district.

4. The amount of the pledge and the issue of appropriating it into the state budget shall be regulated by the Minerals Law.

Article 42. Conditions on building constructions and structures on areas containing minerals

1. It shall be prohibited to prepare drawings of buildings and plants or urban establishments, and to build them without obtaining a judgment of a geological organization confirming that the subsoil under the land in question does not contain minerals.

2. Authorization to build structures on areas containing minerals other than widely available minerals, as well as building underground constructions and structures for purposes other than mining shall be given by the state central administrative body in charge of geology and mining only in special circumstances. In this case, conditions to enable mining of mineral resources out of the subsoil should be created.

3. Authorization to build structures on areas containing widely available mineral resources, as well as building underground constructions and structures for purposes other than mining shall be given by relevant local administrative body.

Article 43. Protection of parts of subsoil containing invaluable scientific, historical and cultural items

1. Parts of subsoil containing rare geological findings, rare mineral structures, and invaluable items for paleontology, science, history and culture shall be taken into protection of the state. It shall be prohibited to conduct any activities counter to wholeness and completeness of the part of subsoil taken into protection of the state.

2. Users of subsoil shall have a duty to stop their activities and inform immediately the relevant state organizations if they discover any rare geological findings, rare mineral structures, and invaluable items for paleontology, science, history and culture.

Article 44. Participation of non-governmental organizations, employee groups and citizens in implementing activities to protect and use the subsoil

1. Non-governmental organizations and employee groups shall have the duty to take actions to protect the subsoil and use it rationally in accordance with legislation and rules, thereby assisting state organizations.

2. Citizens should take the initiative to improve protection and use of subsoil, to inform relevant authorities and officials of violations or stop these violations, and otherwise participate in other activities of state organizations.

3. In drafting measures to protect and use of subsoil and implementing them the state organizations shall have a duty to take into account opinions of non-governmental organizations, employee groups and citizens as much as possible

CHAPTER EIGHT

THE STATE REGISTRATION OF RESERVES OF MINERAL RAW MATERIALS, DEPOSITS AND SUBSOIL

Article 45. State registration of reserves of mineral raw materials and deposits

1. Reserves of mineral resources, deposits and occurrences shall be registered with the unified state registry.

2. The state registry of mineral deposits and the state identity of mineral reserves shall be maintained in order to plan geological surveys of subsoil, to determine location for mining plants, to use mineral deposits fully and rationally, as well as for other economic purposes.

3. The registry of mineral reserves, deposits and the subsoil, the registry of mineral deposits and the state identity of mineral reserve shall be maintained by the State Geological Database.

Article 46. The state record of mineral deposits

The state record of mineral deposits should contain information on the amount and quality of reserves for the core and co-existing minerals, as well as other components, earth-work machinery, hydrogeological and other conditions for using the deposits, and geological and economic assessments, separately for each mineral occurrence.

Article 47. The state identity of mineral reserves

The state identity of mineral reserves shall contain information on location of deposits whose production is meaningful, amount of their reserves, their quality, surveying, industrial capacity, mined resources and overburden, as well as amount of geologically surveyed reserves supplied.

Article 48. Determining the level of accuracy of assessment of mineral reserves

The State Geological Database and Information authority shall conduct analysis of accuracy of assessment of mineral reserves, the amount and quality of these reserves, existing conditions, the level of surveying, economic feasibility, and the level of readiness of the deposit for mining, and shall determine accuracy of the assessment on the basis of this analysis.

Article 49. Removing mineral reserves from the state identity of mineral reserves

The issue of removing mined minerals, as well as minerals that are turned into unfeasible reserves, reserves wasted during mining, or reserves that were not proven in the course of further surveying or mining shall be decided by the organization that has proven this reserve.

Article 50. The state registry of the subsoil to be used for purposes other than mining

The state central administrative body in charge of geology and mining shall maintain a registry of subsoil to be used for purposes other than mining.

CHAPTER NINE

**MONITORING OF THE USE AND PROTECTION OF SUBSOIL AND
MONITORING OF GEOLOGICAL SURVEYING**

Article 51. The purpose of the state monitoring of the use and protection of subsoil and geological surveying

1. The purpose of monitoring of the use and protection of subsoil by the state is to ensure that ministries, agencies, business entities, organizations and citizens of the country, as well as foreign legal persons, foreign citizens and stateless persons follow regulations on use and protection of subsoil; to ensure safety during the use of subsoil; to protect and prevent hazards or poisonous impacts on people, the livestock, the wildlife, the environment and constructions and structures; to ensure that the duties to eliminate consequences of these hazards are abided by, as well as to implement regulations on state registration of the subsoil and implement other provisions of the legislation on subsoil.

2. State monitoring of geological surveying of the subsoil shall be exercised regardless of the jurisdiction. The purpose of this monitoring is to ensure that business entities and organizations carry out geological mapping, exploration, prospecting, and other activities related to hydrogeological, engineering-geological, geochemical surveying and geological surveying of the subsoil appropriately and efficiently.

Article 52. The authorities to monitor the use and protection of subsoil and geological surveying

1. The state central administrative body in charge of geology and mining, and nature and environment, as well as local administrative bodies shall monitor the use and protection of subsoil and geological surveying.

2. Citizens' Representatives Khurals and Governors of respective administrative and territorial units shall implement state monitoring of the use and protection of subsoil and geological surveying in their respective territories and within their authorities.

Article 53. Implementing state monitoring of the use and protection of subsoil

1. The state central administrative body in charge of geology and mining shall monitor compliance with the following regulations and requirements, and shall take actions to eliminate and prevent violations:

1/ compliance with requirements related to use and protection of subsoil;

2/ compliance with regulations on registration of mineral reserves at mining sites, and removal of reserves from the state identity on a timely basis;

3/ compliance with safety rules and standards during the use of subsoil;

4/ compliance with requirements to take actions to protect, in order to ensure their safety, people, the livestock, the wildlife, the environment, constructions and structures, holes that are used and left, as well as drilled holes, and to ensure their safety;

5/ compliance with regulations and requirements regarding protection from leakage of oil, gases and materials stored underground, buried poisonous and other substances, industrial waste, and waste water into the land surface, excavations and water sources;

6/ compliance with instructions to undertake geological and marksheidering works during mining.

2. The state central administrative body in charge of geology and mining shall have the following rights:

1/ to suspend activities to use the subsoil if safety and subsoil protection rules and standards are violated;

2/ to terminate unauthorized use of subsoil and unauthorized building of constructions and structures on areas containing minerals;

3/ to require business entities, organizations, and officials to correct their violations of rules on safety and use of subsoil, and to ensure these requirements are met;

4/ to identify the reasons and conditions of hazards when they occur during the use of subsoil, to give instruction or to issue decisions that to be abided by.

3. The government may take actions to prevent or stop violation of rules and standards for protection of subsoil and safety rules and standards by requesting relevant organizations to monitor the use and protection of subsoil.

Article 54. Implementing state monitoring of geological surveys of subsoil

1. The state central administrative body in charge of geology and mining shall monitor the direction of geological surveying of subsoil, its methodology, completeness and quality.

2. The state central administrative body in charge of geology and mining shall have the following rights with respect to geological surveying:

1/ to make requirements that have to be abided by relevant business entities and organizations regarding elimination of violations and delinquencies during geological surveying of the subsoil, and to ensure implementation of these requirements;

2/ to stop geological surveying if it is not compliant with approved drawings, or not registered with the state registry, or if rules and standards to carry out surveying are not complied with.

3. The government may approve other regulations to prevent or liquidate violations of standards of geological surveying of subsoil.

Article 55. Internal monitoring of the use and protection of subsoil

1. Ministries, agencies and other authorities shall continually monitor implementation of regulations on use and protection of subsoil; on conducting geological surveying; implementing requirements to fully extract the core and co-existing minerals, as well as other components; to separate minerals and raw materials; to meet safety requirements during use of subsoil in order to ensure safety of people, to take actions to ensure protection of the environment and structures. They shall also monitor implementation of requirements on registration of mineral reserves and mineral deposits, as well as other provisions of legislation on subsoil.

2. Geological, marksheidering and other agencies shall monitor whether mineral deposits are being used properly.

3. Rules of geological and marksheidering agencies shall be approved in consultation with relevant ministries, agencies and the state central administrative body in charge of geology and mining.

CHAPTER TEN

RESOLUTION OF DISPUTES REGARDING THE USE OF SUBSOIL

Article 56. Jurisdiction for resolution of disputes

1. Disputes between business entities, organizations and citizens regarding the use of subsoil shall be resolved along the following jurisdictions:

1/ disputes regarding the use subsoil for mining of widely available minerals, as well disputes regarding issues specified in Article 18 of this law on their respective territories shall be resolved by Governors of aimags and the capital city;

2/ disputes regarding the use of subsoil for using mineral deposits other than widely available minerals and for purposes other than mining shall be resolved by the state central administrative body in charge of geology and mining;

3/ disputes regarding geological surveys of subsoil shall be resolved by the state central administrative body in charge of geology and mining.

2. Disputes regarding property and related to the use of subsoil shall be resolved by the court.

Article 57. Procedures for resolution of disputes regarding the use of subsoil

1. Disputes regarding the use of subsoil shall be resolved based on a request of at least one of the parties, or the initiative of the organization resolving the disputes, in accordance with procedures specified in this law and in other legislative acts of Mongolia.

2. The organization resolving the dispute shall make its decision within one month after receiving appropriate materials, and, together with this decision, shall take actions to resolve the disagreement.

CHAPTER ELEVEN

LIABILITIES FOR VIOLATION OF LEGISLATION ON SUBSOIL

Article 58. Liabilities for violation of legislation

1. Any agreements that violate the right of the state to own the subsoil shall be considered invalid.

2. State inspectors for geology and mining or nature and environment shall impose the following penalties on guilty persons violating the legislation on subsoil, if the violation is not a subject to the criminal liability:

1/ in case of violation of safety rules and standards for using subsoil citizens shall be fined from 3000 to 30000 togrogs, officials from 10000 to 40000 togrog, and business entities and organizations from 50000 to 200000 togrog;

2/ in case of the failure to meet requirements of regulations to protect the subsoil, and to protect employees, the people, the livestock, the wildlife, constructions and structures from hazards and poisonous impacts in the course of using the subsoil, citizens shall be fined from 3000 to 30000 togrog, officials from 10000 to 40000 togrog, and business entities and organizations from 50000 to 200000 togrog;

3/ in case of destroying drilled holes to monitor underground water, and geodesical and marksheidering signs citizens shall be fined from 5000 to 30000 togrog;

4/ in case of the failure to meet requirements concerning drawings of buildings and structures to be built underground for mining and mineral processing purposes, as well as for purposes other than mining, concerning construction and use of these structures, business entities shall be fined from 50000 to 200000 togrog;

5/ in case of the failure to meet requirements specified in Article 20, paragraph 2, subparagraph 5, citizens shall be fined from 15000 to 40000 togrog, and business entities and organizations shall be fined from 75000 to 200000 togrog;

6/ in case of unauthorized use of subsoil and unauthorized construction of buildings and structures on areas containing minerals, citizens shall be fined togrog 20000 to 50000, and companies and organizations shall be fined from 100000 to 250000 togrog;

7/ in case of destroying or losing geological and marksheidering documentation, as well as content of mineral samples and drilling content necessary for conducting geological surveying and use of the deposit, the guilty persons shall be fined up to 250000 togrog;

8/ if violation of regulations and the failure to meet requirements to conduct geological surveys leads to wrong assessment of prospected mineral reserves, or wrong identification of conditions to build underground structures or constructions for purposes other than mining, the guilty persons shall be fined from 150000 to 250000 togrog;

9/ in case of damaging mineral deposits, selective mining of the part containing richer deposit, or otherwise breaching requirements to use the reserves properly, causing excessive tailings and pollution during mining, the guilty persons shall be fined from 150000 to 250000 togrog;

10/ in case of the failure to rehabilitate the land damaged during use of subsoil in a way that it can be used further, citizens shall be fined from 30000 to 50000 togrog, and business entities and organizations shall be fined from 100000 to 250000 togrog.

Article 59. Liquidation of damages

Business entities, organizations and citizens shall compensate the damages caused due to violation of the legislation on subsoil, in accordance with procedures and in amount specified in legislation of Mongolia. If business entities and organizations compensate the damages caused by the officials or other employees the guilty persons shall be sanctioned by requesting material compensation in accordance with established procedures.

Article 60. Terminating unauthorized use of subsoil or unauthorized construction of building or structures on areas containing minerals

Unauthorized use of subsoil or unauthorized construction of buildings and structures on areas containing minerals may be terminated without compensating the incurred expenses.

CHAPTER TWELVE

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CHAIRMAN OF THE PRESIDUM OF THE
PEOPLE'S IKH KHURAL OF MPR

J.BATMUNKH