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Virginia No Longer Accepts Self-Bonds from Coal Companies

Big Stone Gap, Va.- Virginia no longer allows a coal company to post a self-bond to pay for reclamation should the company fail to meet reclamation obligations as required by the Virginia Coal Surface Mining Reclamation regulations.. The Virginia Department of Mines, Minerals and Energy (DMME) has not accepted self-bonds since July 1, 2014.

A company puts up its own assets in a self-bond to cover reclamation costs. Should the company default, those assets may no longer be available to pay for reclamation leaving a possible environmental hazard and could pass the cost of reclamation onto the tax payers.

Once mining is complete, regulations require coal companies to return the land to the same pre-mining use or an approved alternate land use requested by a land owner. Reclamation can cost millions of dollars. Currently, DMME reports \$264 million in reclamation bonds in Virginia. A majority of those are through surety bonds. A surety bond guarantees money to pay for reclamation even if the company defaults.

“Safety and the environment are our priorities,” said DMME Deputy Director Butch Lambert. “To meet both goals we must enforce proper reclamation and not take a risk with self-bonding and put the cost on the taxpayers of Virginia.”

While Virginia passed the statute to no longer accept self-bonds, the federal Office of Surface Mining (OSM) must approve the change before it becomes a regulation. The OSM received the proposed change in June 12, 2014 and DMME is still awaiting approval.

Learn more about reclamation in Virginia at www.dmme.virginia.gov.