



Zeb Mountain, Tennessee. [PC SOCM](#)

Coal Mine Reclamation Bonding In Tennessee

Coal mining is directly regulated by the federal Office of Surface Mining Reclamation and Enforcement (OSMRE) in Tennessee. While self-bonding and pool bonding are technically allowed, Tennessee mine operators currently utilize a full cost, surety based bonding system.

OSMRE allows operators to fund post-mining treatment using surety, collateral, or trust funds. OSMRE does not allow real estate or securities as collateral in the bonding process. To date, all post-mining water treatment systems have been funded through a trust fund approach. The trust fund method is calculated using a mathematical model using a net present value approach to cover treatment over a 75 year period. Currently, a bill in the Tennessee legislature is threatening to transfer primacy over the Surface Mining Control and Reclamation Act from OSMRE to the state of Tennessee. Such a move could further weaken bonding and other coal mining regulations in the state.

Despite the use of full cost bonding problems with reclamation, long-term water treatment, and transparency remain.

While there are only a few mines actively producing coal in Tennessee, there are many still in the reclamation process. Potential defaults leading to unreclaimed sites are the biggest concern in Tennessee. Bond amounts can be insufficient to cover long-term treatment of selenium, a common mining-related water pollutant. The lack of transparency and ease of information sharing from OSMRE is also serious concern. Bond releases and modifications are difficult to track at the community level. Currently the only form of public notice required for bond releases is a post in the local county newspapers.

OSMRE has direct responsibility for the SMCRA program in Tennessee, and therefore has the power to make changes to the program.

OSMRE should adopt a formal policy to confirm that it will not allow self-bonding or pool bonding in Tennessee. OSMRE should not include an arbitrary time limit for water treatment, but should instead make this determination on a mine-by-mine basis. OSMRE also needs to require bonding reviews yearly; not just during the midterm SMCRA permit review. There must be bond adjustments to account for inflation of reclamation costs. OSMRE must also be allowed to recalculate bonds if unforeseen events occur at permit sites. OSMRE should provide searchable, electronic notification for bond releases and bond modifications.