

RECLAIMING COAL MINES

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WHY IT MATTERS

Amidst the picturesque mountains of Southwest Virginia, nearly 53,000 acres of surface coal mines sit idle, or practically so.¹ Without regular maintenance on these functionally abandoned mine sites, storm-water runs off of unvegetated, steep, and unstable areas; ponds and waterways get clogged with sediment; and water is diverted into nearby woodlands and neighborhoods, often causing landslides along the way. These mines harm the environment and threaten nearby residents by polluting waterways and exacerbating flooding.

Reclamation refers to the process by which mined lands are cleaned up, regraded, and revegetated. Coal companies are required to provide financial assurances, known as bonds, before mining to ensure that funds are available to complete reclamation. Companies are supposed to reclaim as they mine, but they often neglect this responsibility. Coal production in Virginia has decreased by 34.8% over the last decade, and an increasing number of mines are now functionally abandoned, having neither produced coal nor made appreciable reclamation progress in recent years.²

As the industry declines, the state's reclamation bonding system is under stress. Virginia Energy has the authority to escalate enforcement for mine operators that fail to reclaim, and the agency has the ultimate duty to revoke the permit for any mine that is not complying. After revocation and bond forfeiture, the coal company's insurer can either reclaim the mine or transfer the bond amount to the state, which then manages reclamation directly. But bond amounts are often insufficient to fully reclaim sites after forfeiture, especially for mines that have sat unreclaimed for years.

Reclaiming functionally abandoned mines would protect nearby communities from increased flooding risk and water pollution, create jobs, and repair the environment of Southwest Virginia.

CURRENT LANDSCAPE

Today, permits in Virginia are bonded in one of three ways: (1) the permittee posts a full cost bond, generally in the form of an assurance provided by an independent surety company; (2) the permittee submits financial disclosures and commits to covering the full cost of reclamation themselves (a "self-bond"); or (3) regardless of the expected cost of reclamation, the permittee pays only an entrance fee and a flat per-acre fee into a state-managed bond pool, relying on the balance of funds in the pool to pay for reclama-

tion if the permit is forfeited. If a self-bonded permit is forfeited and there are insufficient funds to cover reclamation, that shortfall is also covered by the bond pool.

While full cost bonds provide the best assurance that reclamation will be completed, cost estimates are often insufficient, a matter made worse when mines sit idle and conditions degrade. In addition, Virginia's per-acre bond pool fee was put in place in 1991 and has not been adjusted for inflation since, meaning that coal companies are now paying these fees at a real dollar value roughly 58% lower than they did when this rate was established.³ Finally, Virginia eliminated new self-bonds in 2014, but 20 permits are still self-bonded.⁴ According to data obtained from Virginia Energy in 2020, forfeiture of any one of the three most costly self-bonded mines would bankrupt the bond pool.⁵

Collectively, these stressors have put the state's coal mine bonding and reclamation program in dire straits, with a 2021 analysis estimating that existing bonds would cover only 39-47% of the total reclamation liability in the state.⁶

OPPORTUNITIES

If reclamation bonds were sufficient, Virginia Energy would have the necessary leverage to compel compliance with applicable standards and the agency would have access to adequate funds to complete reclamation of bond-forfeited mines. This would mitigate some of the worst impacts of flooding, put miners back to work performing reclamation, and improve the environment, one of Southwest Virginia's most important cultural and economic assets.

The Joint Legislative Audit and Review Commission could partner with Virginia Energy to assess reclamation costs for each mine based on current conditions. This study would provide Virginia Energy with the information needed to adjust required bond amounts and fully assess the sufficiency and funding needs of the bond pool.

To address bonding inadequacies, the bond pool system could be phased out, remaining self-bonds could be eliminated, and all coal mines in the state could be required to provide a full cost bond upon issuance of new permits and renewal of existing permits. If the bond pool remains in place, the bond pool cap could be eliminated, while per-acre fees could be raised to reflect decades of inflation, with these fees being hereafter pinned to the consumer price index.

After forfeiture has occurred on a surety-bonded mine, the insurer currently has an indefinite period to

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determine whether to reclaim the site itself or transfer the bonded amount to Virginia Energy to manage reclamation. A timeline of one year could be imposed on this process to expedite reclamation.

TOP TAKEAWAYS

Virginia has nearly 53,000 acres of land on current surface mine permits in need of reclamation. These mines harm the environment and threaten nearby residents by contributing to water pollution and exacerbating flooding.

Current coal mine bonding mechanisms are inadequate to secure the full cost of needed reclamation; an overhaul of this system could remedy ongoing problems.

Completing coal mine cleanup will improve health and safety for nearby communities, create jobs for miners, and enhance the environment of Southwest Virginia.

ENDNOTES

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2. *MSHA: MSHA data sets.* (2025, June 11). Mine Safety and Health Administration. <https://arlweb.msha.gov/OpenGovernmentData/OGIMSHA.asp>
3. *CPI Inflation Calculator.* (2025, June 10). U.S. Bureau of Labor Statistics. https://www.bls.gov/data/inflation_calculator.htm
4. Southern Appalachian Mountain Stewards, Appalachian Voices, and Sierra Club v. A&G Coal Corporation, Case 2:23-cv-00002-JPJ-PMS, Doc. 1, Complaint for Declaratory and Injunctive Relief, 2023. <https://appvoices.org/images/uploads/2023/01/AandG-Complaint.pdf>
5. Hepler, M. (2020). *Justice family mines pose massive threat to Virginia reclamation fund.* The Front Porch Blog. <https://appvoices.org/2020/03/19/justice-family-mines-pose-massive-threat-to-virginia-reclamation-fund/>
6. *Repairing the Damage: The cost of delaying reclamation at modern era mines.* (2021). Appalachian Voices. https://appvoices.org/resources/RepairingTheDamage_ReclamationAtModernMines.pdf