RECLAIMING COAL MINES

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WHY IT MATTERS

Surface coal mines impact the land, water, and people of Virginia in numerous negative ways. These operations start out as clear-cuts of Appalachian mixed-hardwood forest. Then, mountainsides are blown up and scraped away in order to reach coal deposits. Often, dirt and rock are dumped into adjacent valleys, completely burying streams. As a result, sediment and toxic metals accumulate in nearby waterways. Precipitation rushes off these barren mined lands, endangering communities with flash floods and mudslides.[1]

Throughout – and especially at the conclusion of – mining operations, coal companies are supposed to repair the land and water, a process known as **reclamation**. Before mining, companies must provide financial assurances, called reclamation bonds, to **Virginia Energy**, which the state can seize and use to fund environmental cleanup when mine operators renege on this obligation.

But due to problems with the state's reclamation bonding system, operations referred to as "**zombie mines**" neither produce coal nor undergo significant reclamation for years. One zombie mine sits at the border of Virginia and Kentucky. Known as the Looney Ridge mine, this operation, run by A&G Coal – majority owned by a sitting U.S. Senator[2] – has been in chronic violation of environmental standards and reclamation requirements for over a decade.[3] There are currently at least 7,000 acres of zombie mines in the Commonwealth held by just seven companies, including A&G.[4]

Reforming Virginia's reclamation bonding system to ensure that mines are properly and expeditiously reclaimed would create badly needed jobs, while improving water quality, community safety, and ecological regeneration.

CURRENT LANDSCAPE

"Full-cost bonds" are intended to cover all the expenses associated with the environmental cleanup of a coal mine. These can take the form of collateral, such as a cashier's check, or a type of insurance policy known as a **surety**. But coal companies are permitted to forego full-cost bonding, and instead pay per-acre fees – which do not reflect expected costs of reclamation – into the **Virginia Coal Surface Mining Reclamation Fund** – or the "pool bond."[5] This results in the pool being chronically underfunded.

Even worse, Virginia used to allow "self-bonding," under which companies provided only an annual accounting statement showing a net worth of at least $1 million. Any reclamation work the state may need to complete on self-bonded mines would be paid from the pool. Virginia banned the practice in 2014, but A&G Coal already had self-bonds at that time, and Virginia Energy considers those valid still today, despite a senior company official stating that A&G was $41 million in debt as recently as November 2025.[6]

According to a 2024 study commissioned by the state, there were nine companies with reclamation liabilities exceeding the pool's $13.2 million in funds at that time. The worst of these was A&G, with liabilities exceeding $190 million. Virginia Fuel Corporation – owned by the same United States Senator – had liabilities exceeding $80 million.[7]

Due to the pool bond and self-bonds, Virginia Energy does not have enough funding to reclaim mines if operators fail to do so. This undermines the state's leverage to enforce reclamation standards. If the money is not there to clean up a coal company's mess, then the mess will either remain, or the taxpayers will have to step in.

OPPORTUNITIES

Accurately calculated full-cost bonds provide much better assurance than pool bonds or self-bonds. Requiring all new permits to post adequate full-cost bonds would ensure that any new coal mining in the state does not cause the pool bond shortfall to grow even bigger.

But requiring full-cost bonds going forward will not address insufficient financial backstops for reclamation needs on existing coal mines. Reforming both the pool bond and self-bond systems would protect Southwest Virginia's residents and waterways. To the extent that Virginia continues to use a pool bond system, raising the associated fees to catch up and keep pace with inflation would help close the gap between pool bond funds and the costs of reclamation for pool-bonded mines.

For those A & G mines that remain self-bonded, an assessment of outstanding reclamation costs and a comparison of these costs against A & G's net worth is needed to evaluate whether the company is, in fact, able to honor its long-overdue environmental cleanup obligations. If the company is unable to fully and expeditiously reclaim its mines, Virginia Energy can and should require the A & G to submit full-cost surety bonds for these operations.

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TOP TAKEAWAYS

Full-cost bonding is the best way to ensure that coal mines are reclaimed, and it should be required for all new mines.

The pool bond is underfunded due to inadequate fees. These fees should be raised to keep pace with inflation.

A&G's self-bonds account for $190 million of liability on the pool bond. A&G should prove it has enough funds to reclaim its mines, or obtain full-cost bonds to replace the self-bonds.

ENDNOTES

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Looney Ridge mine in Wise County, VA
Photo by Jimmy Davidson