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Coal Industry's Financial Woes Threaten to Shift Billions in Cleanup Costs to U.S. Taxpayers, Says New Report

Report Highlights Lagging Reclamation on Western Coal Mines

BOZEMAN, Mont. (June 9, 2015) – As the financial pressures on the coal industry mount, a new \$3 billion threat to taxpayers is emerging in the form of self-insured coal companies potentially walking away from reclamation obligations, leaving the public holding the bag on costs for restoring large swaths of Western lands scarred by mining.

According to a new report released today by the Natural Resources Defense Council (NRDC), Western Organization of Research Councils (WORC), and the National Wildlife Federation (NWF), reclamation bonds that coal companies are required to post under federal law may outstrip the industry's financial resources. Out of a total of 450 square miles of mined land across Wyoming, Montana and North Dakota, only 46 square miles have been reclaimed, spurring concerns that taxpayers will be stuck with a clean-up bill of roughly \$2 billion in Wyoming alone, and that Western landscapes, agricultural lands, water and wildlife will be permanently damaged. Overall, the tab on unreclaimed mined lands in the U.S. is in excess of \$3.5 billion.

Once a formidable force, the coal industry now faces bond market downgrades and a global divestment movement amid low market prices, a multi-million-dollar tab to upgrade aging power plants, competition from natural gas and increasingly competitive renewable energy prices.

“The era of Big Coal is over, but there's a new risk to the West from the very real threat that the coal industry is poised to walk away from its obligations to restore public lands, leaving behind destroyed watersheds, devastated landscapes, and billions of dollars in unpaid bills,” said Amanda Jahshan, Wildlife Energy Conservation Fellow at NRDC.

The “Undermined Promise II” report found that after decades of mining throughout the region, coal companies are not being held accountable for failing to protect and restore lands in the West to their original state. Cleanup costs are climbing; the largest mines have bonds in excess of \$300,000,000 apiece. The practice of allowing certain companies under the federal Surface Mining Control and Reclamation Act to self-bond, or agree to pay future reclamation costs without providing customary collateral, is under fire as the industry's economic condition grows shakier.

“Our analysis shows that reclamation is really tardy at mines across the West,” stated Bob LeResche, Sheridan, Wyoming, and Chair of the Western Organization of Resource Councils. “It is past time for state and federal regulators to aggressively exercise their authorities

to get these lands reclaimed. Timely reclamation work is a win-win for our western communities: it re-opens land for livestock and recreation, it creates good job opportunities, and it minimizes huge risks to the public if a coal company defaults in the future on its bond obligations.”

Lands that have been disturbed by huge coal mines across the region include important wildlife habitat. The region is home to greater sage-grouse, mule deer, pronghorns, elk, raptors and hundreds of other plant and wildlife species.

“The fragile sage steppe environment of the West, which is home to the imperiled sage grouse, mule deer, pronghorns and hundreds of other species, may take decades to recover to pre-mining conditions. State and federal governments must do more to hold coal companies accountable for the damage they’ve created by enhancing enforcement of the law that protects our lands, water, and wildlife,” said Jim Lyon, NWF’s vice president of conservation policy.

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The Executive Summary and full report of *Undermined Promise II* can be found here: www.underminedpromise.org.