

**FINANCIAL ASSURANCES FOR RECLAMATION:****Federal Regulations and Policies for Selected Mining and Energy Development Activities**

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**What GAO Found**

Federal requirements for financial assurances, such as cash or bonds that companies may be required to provide to cover the cost of reclaiming lands affected by development, are broadly similar for surface coal mining, hardrock mining, onshore oil and gas extraction, and wind and solar energy development, but some differences exist. Federal laws, regulations, and policies govern various aspects of financial assurances for these activities, including (1) when financial assurances are required, (2) the types of financial assurances allowed, (3) the amount of financial assurances required, (4) when financial assurances need to be reviewed, and (5) when financial assurances are released or forfeited. For all four mining and energy development activities GAO reviewed, companies are generally required to provide financial assurances before beginning mining or energy development activities, but some exceptions can be made if mining activities are expected to cause little or no disturbance. Further, federal requirements generally allow companies to use similar types of financial assurances, but some differences exist. For example, surface coal mining is the only activity reviewed for which federal requirements allow self-bonding. The amount of financial assurances required is generally determined on the basis of the estimated cost of reclamation, but minimum amounts are also established for some activities, such as for oil and gas extraction and wind and solar energy development. For all four activities reviewed, the regulatory authority is required to periodically review the financial assurances that companies have provided to ensure the amount continues to be sufficient to fulfill requirements. Finally, federal requirements generally allow for financial assurances to be released (i.e., returned to the company or cancelled) when reclamation work is complete.

**Why GAO Did This Study**

Mining and energy development activities provide important resources for the nation but often require disturbing the land surface, which potentially affects vegetation, wildlife, and water quality, among other things. Companies undertaking such activities may be required to reclaim lands disturbed by these activities—for example, by regrading and replanting, removing any hazardous materials, and taking steps to protect water quality. These companies may also need to provide financial assurances, such as cash or bonds, to cover the cost of this reclamation. In some cases, companies have assured payment of reclamation costs on the basis of their own finances, a practice known as self-bonding. However, the recent bankruptcy of three large coal mining companies that used self-bonds, at least in part, to provide required financial assurances has raised questions among policymakers about how the requirements that govern assurances for coal mining compare with the requirements for other activities that disturb the land surface. GAO was asked to review financial assurance requirements for coal mining and how these requirements compare with those for other mining and energy development activities. This report describes federal requirements regarding the financial assurances companies provide for reclaiming lands disturbed by selected mining and energy development activities, specifically surface coal mining, hardrock mining, onshore oil and gas extraction, and wind and solar energy development. To identify federal requirements, GAO reviewed applicable federal statutes, regulations, and agency policies and summarized these requirements with respect to various aspects of financial assurances for these mining and energy development activities.

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