United States Department of the Interior

OFFICE OF SURFACE MINING
Reclamation and Enforcement
WASHINGTON, D.C. 20240

January 18, 1991

Memorandum

To: Field Office Directors

From: Nina Rose Hatfield
Assistant Deputy Director
Operations and Technical Services

Subject: Bond Committee Recommendations

I have attached a copy of the recommendations and report by the Ad Hoc Bond Committee on Alternative Bonding Systems (ABS). Representatives of the Office of Surface Mining (OSM) and the Office of the Solicitor conducted the review and developed the report. In addition, the Committee obtained input about appropriate evaluation considerations from a national actuarial firm with experience in the development of an ABS.

This report identifies considerations that should be addressed in determining whether the ABS is sufficient to meet the requirements of Section 509(c) of the Surface Mining Control and Reclamation Act (SMCRA) and 30 CFR 800.11. These considerations include looking at the sources of funding, the amount of existing and potential liabilities, and the analysis of risk to which the ABS may be subjected.

It is important to affirm, as we proceed to implement the concepts contained in the report and to work with the States in assuring the sufficiency of their ABS, that OSM believes the concept of alternative bonding systems is desirable and generally a less expensive option to conventional bonding or to supplement conventional bonding. Our efforts should, therefore, be concentrated on positive approaches to meeting the program requirements for an ABS.

The Director is sending a copy of the report to the States for their information. A workshop is being planned for February 1991 to discuss this document and necessary follow-up actions.

On January 28, 1991, at 12:30 PM, John Mosesso will lead a workshop to discuss the concepts embodied in this document with Field Office and Service Center representatives who evaluate the sufficiency of an ABS or with amendments relating to an ABS. The workshop will be held in the Director's Conference Room. Please make arrangements to attend or send your representatives.

Attachment