

**From:** [Sunset Advisory Commission](#)  
**To:** [Janet Wood](#)  
**Subject:** FW: Public Input Form for Agencies Under Review (Public/After Publication)  
**Date:** Monday, August 22, 2016 3:51:43 PM

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-----Original Message-----

From: sundrupal@capitol.local [<mailto:sundrupal@capitol.local>]  
Sent: Monday, August 22, 2016 10:10 AM  
To: Sunset Advisory Commission  
Subject: Public Input Form for Agencies Under Review (Public/After Publication)

Agency: RAILROAD COMMISSION TEXAS RRC

First Name: Christina

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Title: Senior Campaign Representative- Beyond Coal Campaign

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City: Austin

State: Texas

Your Comments About the Staff Report, Including Recommendations Supported or Opposed: My comments here are limited to the recommendation for a new topic not covered by the Staff Report. Please see comments below (Alternative of new recommendations on this agency).

Any Alternative or New Recommendations on This Agency:

Sierra Club Beyond Coal Campaign: Comments Related to the Railroad Commission's Self Bonding options for Coal Mining.

A new topic should be included by the Sunset Commission in its final decision related to the need to reform self bonding for coal mining in Texas. Specifically, we recommend that the Sunset Commission remove the self bonding options in 16 TAC Chapter 12 Subchapter J altogether.

It is important to make sure mining companies have adequate bonds set aside as insurance so that if a mining company has financial problems, state regulators can access the bonds to pay to clean up the mines so that we are not left with further environmental hazards to address from state and federal coffers. Allowing mining companies to continue to self-bond as this insurance is bad idea that can only get worse as the RR Commission will be left with the important task of providing oversight to an industry facing increasing financial challenges.

Federal and state mining laws are supposed to ensure that bonds are in place before mining begins, before a single ton of coal or ore is taken from the ground, NOT on the day that a company files for Chapter 11 bankruptcy, for example. Waiting until companies are in overt financial trouble or until the day a mining company decides to file for Chapter 11 bankruptcy is a policy which brings way too much risk to the taxpayers and to the environment. The need for changes to the federal reclamation bonding regulations, including in particular the provisions authorizing

self-bonding has been formally recognized just this past week by the Office of Surface Mining Reclamation and Enforcement.

This is necessary to address dramatic shifts in the industry that have occurred over the more than thirty years since those regulations were finalized. But Texas need not wait for the federal standards and guidance to catch up to current market and environmental conditions. In fact, current Texas standards related to self bonding are already weaker than those required under federal law, never mind the important updates to come. Texas Law has exceedingly flexible options for an coal mine company to qualify for self bonding.

Current Federal law allows states like Texas to utilize self bonding, but it by no means requires it. There are already 5 states (Kansas, Kentucky, Maryland, Montana, and Virginia) that do not permit self bonding at all. Texas should join this group and call for more responsible ways than shaky self bonding to provide financial guarantees that mining operations will be reclaimed. Because it is difficult to accurately predict just when or if these companies operating coal mines will fail, the backwards looking instruments utilized by the RR Commission to evaluate self bonding applicants are simply insufficient.

Coal across the globe, including Texas, is on the decline, and today's economic reality undercuts the value of self bonded resources claimed by large corporations that may have parent companies dragging down their finances. Today's volatile and extremely weak coal market means that no coal mine operator should be considered "financially sound." As a result, the RR Commission should use its existing authority to transition all self-bonded permittees to more reliable bonding instruments. We recommend that the Sunset Commission remove the self bonding options in 16 TAC Chapter 12 Subchapter J altogether.

Thank you,

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My Comment Will Be Made Public: I agree