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Contact:

Angel Amaya, aamaya@worc.org, (361) 779-2572

Mark Fix, mfix@rangeweb.net, (406) 421-5460

PRESS RELEASE

Conservation Groups Question Cloud Peak Energy Mine Cleanup Bonds

Montana may renew Spring Creek Mine permit despite company's impending bankruptcy

Billings, Mont. -- Conservation groups sent a [letter](#) on Friday to the Montana Department of Environmental Quality (DEQ) requesting an investigation into the reclamation bonds at the Spring Creek Mine near Decker, Mont., owned by nearly-bankrupt Cloud Peak Energy. Inadequate bonding during bankruptcy could result in taxpayers picking up the tab for mine cleanup. The letter was signed by representatives of the Northern Plains Resource Council, Powder River Basin Resource Council, the Sierra Club, and the Western Organization of Resource Councils.

The letter responds to a request for public comments issued by Montana DEQ regarding the renewal of Spring Creek's coal mining permit, which is nearing the end of its five-year term. Montana DEQ determined that Cloud Peak's application for permit renewal was acceptable, despite the company's own announcement that it may file for bankruptcy on or before April 14, 2019. In light of impending bankruptcy proceedings, the letter requests DEQ identify the process used to verify the surety bonds for the renewal of the permit and disclose any terms and conditions of the surety agreements the agency believes will protect it during a bankruptcy proceeding.

"We want to make sure due diligence has been done," said **Mark Fix**, a rancher who irrigates from the Tongue River, downstream from the Spring Creek Mine. "DEQ shouldn't renew a mining permit for a company that says its credit has run dry unless it knows there is money there to back the bonds. If the bonds fail, the public pays to clean up the mine."

Cloud Peak guarantees its mine clean-up obligations with surety bonds. The company revealed in a recent [securities filing](#) that its surety bond providers are demanding additional collateral to continue bond coverage. By law, the company cannot operate its mines without adequate bonding, but providing additional funds could imperil the company, according to the filing.

On March 15, 2019, Cloud Peak announced that it would forgo making a \$1.8 million payment to its bondholders, choosing instead to exercise a 30-day grace period. Nearly identical circumstances preceded the bankruptcies of Arch Coal and Peabody Energy. Those companies missed interest payments and also exercised 30-day grace periods, filing bankruptcy 27 and 29 days later, respectively.

The letter also highlights recent issues with surety bonds at the Kemmerer mine in Wyoming, whose sale has been delayed by a conflict over replacement of surety bonds by the new owner. In order to avoid similar complications, the letter recommends that DEQ wait to renew the permit until future ownership is settled and it is clear that adequate surety bond will be provided.

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Mark Fix is a Miles City, Mont., rancher, past chair and current member of Northern Plains Resource Council, and member of Powder River Basin Resource Council.

The Western Organization of Resource Councils (WORC) is a network of grassroots organizations that span seven of the Western states with more than 15,000 members. Many WORC members live on lands overlying and neighboring federal, tribal, state and privately owned oil and gas deposits, and experience impacts from federal oil and gas production. Headquartered in Billings, Montana, WORC also has offices in Colorado and Washington, D.C.

The Powder River Basin Resource Council, founded in 1973, is a family agriculture and conservation organization in Wyoming. Resource Council members are family farmers and ranchers and concerned citizens who are committed to conservation of our unique land, mineral, water, and clean air resources.

Northern Plains Resource Council is a grassroots conservation and family agriculture group that organizes Montanans to protect our water quality, family farms and ranches, and unique quality of life.