



United States Department of the Interior

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



DEC 4 1990

Memorandum

To: Director

Through: Deputy Director, Operations and Technical Services

From: Ad Hoc Bonding Committee/Alternative Systems *Jolent. Mosesso*

Subject: Secretarial MBO on Alternative Bonding Systems

OSM in conjunction with the Office of the Solicitor conducted a review of alternative bonding systems (ABS's). An analysis of the review has been prepared and is attached hereto. The ad hoc committee responsible for the analysis, has concerns about the ability of existing ABS's to meet the requirements of Section 509 of SMCRA and 30 CFR 800.11 (e). The committee believes that OSM needs to maintain a consistent and continuous vigil over ABS's and their solvency. The committee also believes that there is a need to strengthen the enforcement of existing requirements for ABS's in order to assure their solvency for current and future reclamation. Therefore, considerations for evaluating the sufficiency of any ABS to meet successfully the existing requirements contained in SMCRA and the regulations have been prepared as part of the analysis. To this end, the attached document includes a review of the needed considerations for OSM to understand solvency, analyze ABS's, and recognize various ways of meeting the solvency requirement.

To determine what revisions to existing and proposed ABS's may be needed for them to meet the requirements of SMCRA and the OSM regulations, the committee recommends the following:

- o That the evaluation considerations be incorporated into OSM Directive REG-8 which pertains to state program oversight. This would provide agency-wide consistency in the way ABS solvency is analyzed and evaluated.
- o That all existing and proposed ABS's be fully reviewed, using the attached considerations, to determine their sufficiency in meeting the requirements contained in 30 CFR 800.11(e). We suggest that the Director in consultation with the Field Office Directors establish firm and expedient dates for the completion of these reviews and any necessary follow-up actions.
- o That the considerations be used to analyze, understand and evaluate all future state program amendments that pertain to ABS's.

