

# Department for Natural Resources Update

## 35<sup>th</sup> Professional Mining Engineer (PEM) Conference

August 11, 2023

GORDON SLONE, COMMISSIONER  
DEPARTMENT FOR NATURAL RESOURCES



# DNR Update Agenda

- ▶ DNR Overview & Staff
- ▶ Division Updates
- ▶ Bankruptcy Update
- ▶ Surety Reclamation Agreements
- ▶ Initiatives & Accomplishments
- ▶ Reminders



# Overview of DNR

- ▶ DNR Commissioner's Office:
  - ▶ Commissioner Gordon Slone
  - ▶ Deputy Commissioner David Fields,
  - ▶ Staff: Dawn Baase, Jay Cunningham and Courtney Skaggs
- ▶ In terms of coal-related agencies:
  - ▶ Division of Mine Permits, Director Wes Jones
  - ▶ Division of Mine Reclamation and Enforcement, Director Jim Ward
  - ▶ Division of Mine Safety, Director Tim Fugate
  - ▶ Division of Abandoned Mine Lands, Director Justin Adams
  - ▶ Office of the Reclamation Guaranty Fund, Acting Executive Director Joe Adcock.
- ▶ The Department for Natural Resources also encompasses the divisions of Conservation, Forestry, Oil & Gas.



# Division of Mine Permits

- ▶ The Division has seen an increase in new applications submitted from 11 in FY 2020 to 25 in FY 2023, while maintaining consistency in permit review and continuing efforts to reduce delinquent permit applications.
- ▶ DMP staff are in the process of reviewing treatment methods and recalculating bonds for permits on the Long Term Treatment (LTT) list via the special mid-term process. To date, the number of permits on the long term treatment list has been reduced from 120 to 99.
- ▶ The Division of Mine permits has reviewed 169 permits in the Big Sandy River Watershed for impact on the Big Sandy Crayfish. A Protection and Enhancement Plan to protect the Big Sandy Crayfish is being required for 17 permits by Special Mid-term.
- ▶ The anticipated release date for E-Permitting forms is scheduled for October 1, 2023. DMP intends to release the various permitting forms in a staggered release.



# Division of Mine Reclamation & Enforcement

- ▶ DMRE currently has 1,269 permits.
  - 83 of these permits are actively producing coal, a 31% increase from July of 2020.
- ▶ DMRE continues to carefully monitor highwall reduction efforts as this is one of our largest reclamation liabilities
  - Since 2019, Kentucky has reduced total linear feet of open highwall by more than 13 percent (equivalent to over 16 miles of highwall).
- ▶ Interstate Mining Compact Commission awarded Kentucky-Tennessee Clay the National Reclamation Award for non-coal mining.
  - This is the second year in a row that a Kentucky non-coal permit has won this award.

# KY Division of Mine Safety

## Training –

2021 - 7,748 sets of training to miners in 16 different disciplines of mining and mine rescue events

2022 - 11,440 in 2022, an increase of 48% over 2021

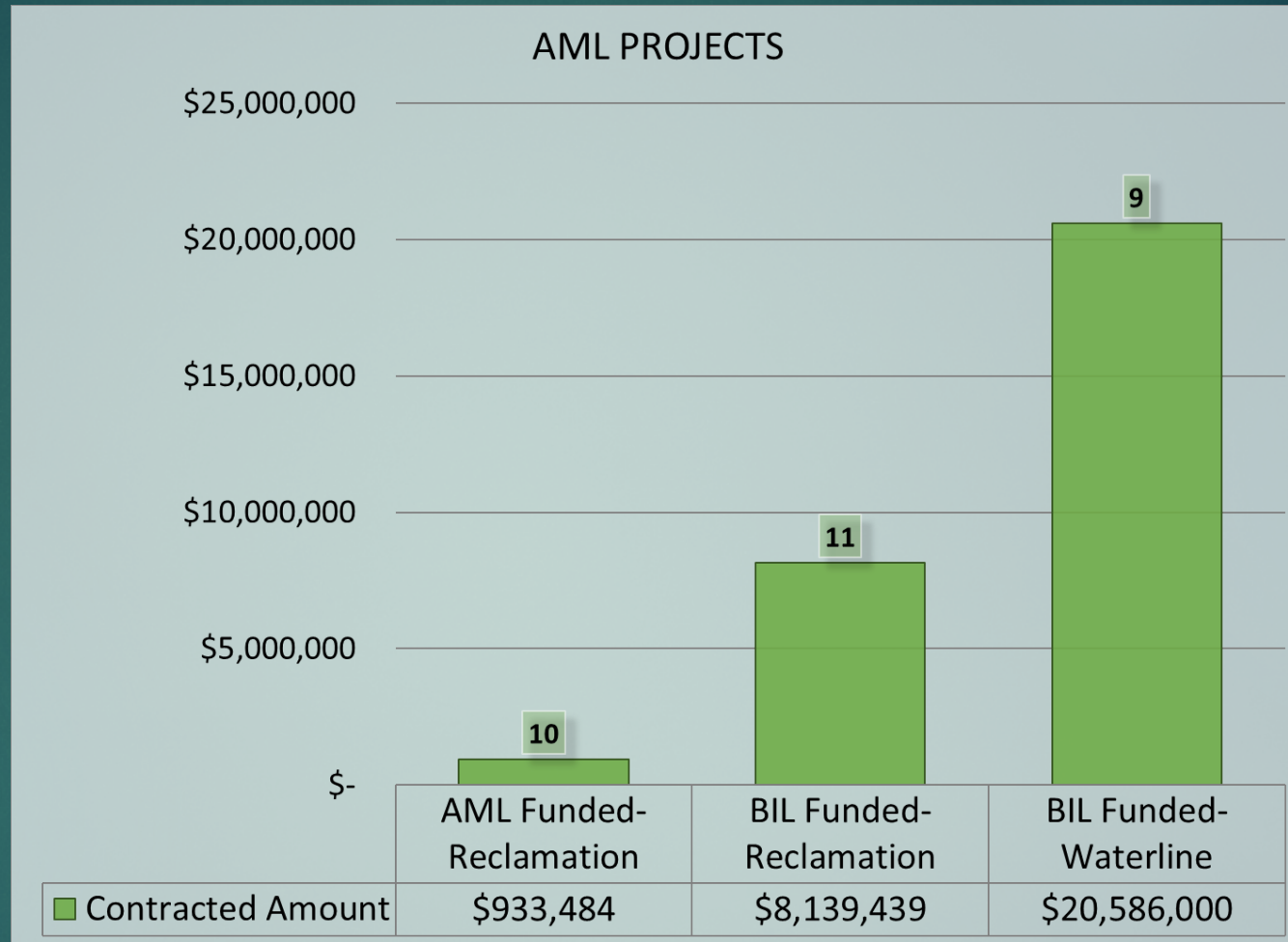
## Miner Certifications –

2021 - 1,381

2022 – 2,429 - an increase of 78% over 2021

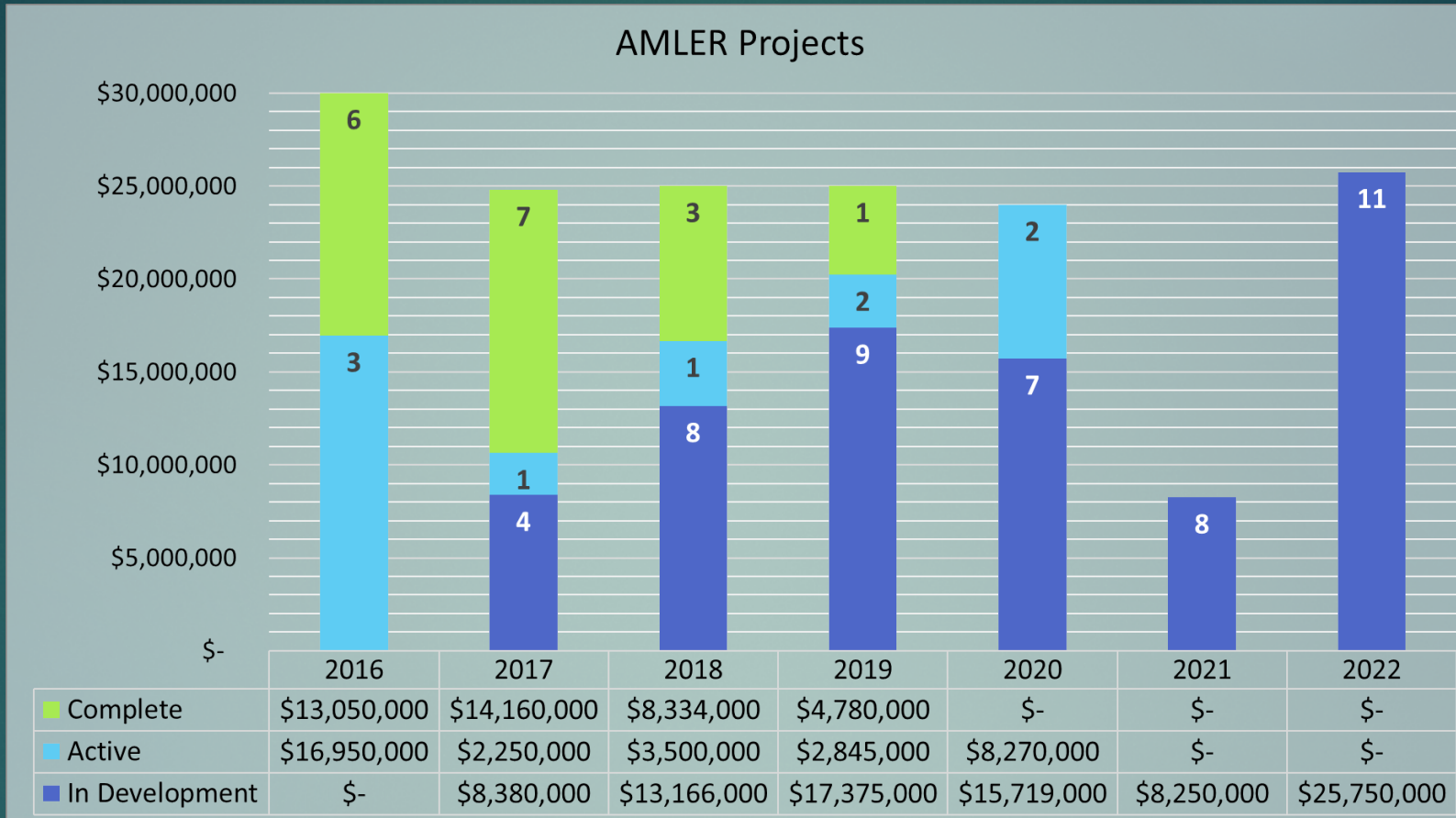


# KY Division of Abandoned Mine Lands



- Nearly \$30 M total in obligated funds
  - 11 projects funded by the Bipartisan Infrastructure Law Reclamation – over 1,100 citizens impacted; 40 projects in development; and 9 water supply projects - over 3,500 residences impacted

# KY Division of Abandoned Mine Lands



- \$195.6 M in AMLER funding since 2016 (AML Economic Revitalization)
- 74 selected projects projecting:
  - Over 600 individuals trained
  - Nearly 2,000 full-time jobs created
  - Over 22,000 tourists annually



# Office of the Reclamation Guaranty Fund

- ▶ As of August 1, 2023, Acting Executive Director-Joe Adcock





# Bankruptcy Update

- ▶ **Cambrian Holdings** filed for bankruptcy protection in June 16, 2019. 131 permits in Kentucky; all but 50 have transferred successfully.
- Recent filing by the Liquidating Trustee and Continental Heritage Insurance for new sale of forty-three (43) permits previously sold to Pristine Parties.
- The Energy & Environment Cabinet continues to monitor and actively participate in bankruptcy proceedings on behalf of the DNR.
- ▶ **Inmet Mining**, LLC filed for bankruptcy, Eastern District of Kentucky on April 5, 2023. The company holds thirty-nine (39) permits in the Commonwealth. Mining operations have not been disrupted.



# Surety Reclamation Agreements

Indemnity National Insurance Company (INIC)

**Revelation/BlackJewel** et. al. filed for bankruptcy on July 1, 2019. The companies held over **200 permits** in the Kentucky. All but sixty-eight (68) permits have been transferred to other permittees.

- ▶ The EEC entered into a Surety Reclamation Agreement (SRA) with Indemnity National Insurance on May 5, 2022 to reclaim 31 permits that were not purchased through the bankruptcy.
  - Currently, reclamation work has been initiated on nineteen (19) permits, with Phase 3 bond release standards achieved on two (2) permits.
  - Nearly a mile of highwall has been reclaimed as part of the INIC SRA (approximately 5,000 LF).
  - Achievement of Phase I reclamation standards for all permits is scheduled to be completed by the end of calendar year 2027.
  - The DNR is actively pursuing an amendment to the current SRA regarding the remaining thirty-seven (37) permits not transferred by purchasers & responsible parties.



# Surety Reclamation Agreements

Sompo International/Lexon Insurance Company

- ▶ The Cabinet entered into SRAs with Sompo/Lexon on July 14, 2023 to reclaim nine (9) permits related to the **Ember Energy, LLC** bankruptcy and twenty-three (23) permits held by **Middlesboro Mining Operations, Inc.**
  - Over \$4.2 million in unfunded reclamation liabilities and 20,000 linear feet of unreclaimed highwall will be reclaimed via the Ember Energy, SRA entered into with Sompo/Lexon.
  - The **Middlesboro Mining Operations, Inc.** SRA will utilize \$7.3 million in surety backed bonding and include accelerated reclamation schedules. Phase 3 bond release for nineteen (19) permits included with in the SRA is required by the end of calendar year (CY) 2025, with the remaining four (4) permits to achieve Phase 3 by the end of CY 2026.



# Initiatives & Accomplishments

- ▶ These SRA's may be the most important accomplishments of the DNR over the last 3 years. SRAs are allowing the reclamation of over sixty (60) revoked permits with reclamation liabilities that exceed performance bonding. The DNR anticipates entry of additional SRAs over the next 12 months that will include over seventy (70) permits.
- ▶ The DNR continues to monitor federal rulemaking related to Ten Day Notices (TDN) and Action Plan Changes. The Department provided comments to OSMRE on June 26, 2023.
- ▶ The Energy and Environment Cabinet (EEC) continues to work on attracting and retaining personnel, including licensed engineers. The EEC has worked to find creative solutions to attract and retain employees.



# Reminders

- ▶ Ensure renewal applications are submitted at least 120 days prior to expiration. Failure to pursue renewal applications may result in denial of applications. As a reminder, renewal applications must include the bonds and liability insurance at the time of initial submittal.
- ▶ Non-Disturbed Permits Terminate after 3 years if not initiated. If activity has not started within 3 years of issuance it is the permittee's responsibility to request extension to the DMRE.
- ▶ Ensure that you have obtained 401/404 approvals prior to construction of hollowfills in Jurisdictional Waters. Failure to obtain required permits prior to beginning construction and placement of material will result in issuance of an enforcement action that stops the activities until the required permits have been obtained
- ▶ Ensure all KRGF fees are submitted by the appropriate deadlines. Failure to submit fees may cause your permits to be suspended.



# Contact Us!

Gordon Slone, Commissioner  
300 Sower Boulevard  
Frankfort, Kentucky 40601  
Phone: 802-782-2903  
GordonR.Slone@ky.gov

David Fields, Deputy Commissioner  
300 Sower Boulevard  
Frankfort, Kentucky 40601  
Phone: 502-782-0817  
DavidK.Fields@ky.gov