

## BLANKET COLLATERAL BOND-MINING (GENERAL)

To be completed by Operator:

(1) Name of Operator: \_\_\_\_\_  
\_\_\_\_\_

(2) Purpose (check only one)

- (a) Original Blanket Bond  
 (b) Replacement Blanket Bond  
 (c) Blanket Bond Amendment

(3) Type of Operation: Surface Coal Mining

To be completed by Department of Environmental Protection:

Blanket Bond Agreement No. \_\_\_\_\_

License No. \_\_\_\_\_

Permit No(s): This Blanket Bond covers all permits issued by the Department to the Operator pursuant to the Surface Mining Conservation and Reclamation Act, 52 P.S. §1396.1 et seq., except those individual permits with pollutional discharges which have been specifically excluded by the Department in writing following posting by the Operator of another financial assurance mechanism for such permit acceptable to, and approved by, the Department. This bond includes all SMCRA permits issued to the Operator subsequent to the time of execution of this Blanket Bond. An initial list of the permits covered by this Blanket Bond is attached as Appendix A.

Date of Bond Release:  
\_\_\_\_\_

WHEREAS, reference is made to the following statutes herein:

(1) The Act of June 22, 1937, P.L. 1987, as amended, known and referred to herein as the "Clean Streams Law" (35 P.S. §691.1 et seq.);

(2) The Act of May 31, 1945, P.L. 1198, as amended, known and referred to herein as the "Surface Mining Conservation and Reclamation Act" (52 P.S. §1396.1 et seq.) (SMCRA);

(3) The Act of January 8, 1960, P.L. 2119, as amended, known and referred to herein as the "Air Pollution Control Act" (35 P.S. §4001 et seq.);

(4) The Act of September 24, 1968, P.L. 1040, as amended, known and referred to herein as the "Coal Refuse Disposal Control Act" (52 P.S. §30.51 et seq.);

(5) The Act of November 26, 1978, P.L. 1375, as amended, known and referred to herein as the "Dam Safety and Encroachments Act" (32 P.S. §693.1 et seq.); and

(6) The Act of July 7, 1980, P.L. 380, known and referred to herein as the "Solid Waste Management Act" (35 P.S. §6018.101 et seq.); and

WHEREAS, \_\_\_\_\_ (Operator),  
(Name of Mine Operator)

(1) a Corporation, incorporated under the laws in the State of \_\_\_\_\_, or  
(Name of State)

(2) a(n) \_\_\_\_\_  
(Limited/General Partnership, Limited Liability Company, Registered Fictitious Name Business or Individual)

with its principal place of business at \_\_\_\_\_,  
(Operator Address)

has obtained, and may in the future obtain, from the Department of Environmental Protection (Department) coal surface mining permits pursuant to SMCRA and the Clean Streams Law. Under such permits the Operator proposes to affect surface acres in the Commonwealth of Pennsylvania; and

WHEREAS, the Operator is obligated under Section 4 of SMCRA, 52 P.S. §1396.4, to file a bond for the land affected by a permitted operation in an amount determined by the Department based upon the total estimated cost to the Commonwealth of completing the reclamation plan for the permitted operation and otherwise satisfying the requirements of SMCRA, the Clean Streams Law, and other applicable statutes and regulations; and

WHEREAS, in lieu of posting individual bonds with the Department for the land affected by each permitted operation, the Operator has, with Department approval, voluntarily chosen to file this single Blanket Bond agreement. This Blanket Bond is intended to cover all of the Operator's reclamation obligations at all of the Operator's coal surface mining permits, (including those in existence at the time of execution of this Blanket Bond and those issued to the Operator by the Department in the future), except those individual permits with polluttional discharges which have been specifically excluded from coverage under this Blanket Bond by the Department, in writing, following the posting by the Operator of another financial assurance mechanism for such permit which is acceptable to, and has been approved by, the Department; and

WHEREAS, the Department has determined the amount of bond necessary to assure the estimated cost of reclamation for each of the permits initially covered by this bond, and the Operator has agreed to post that amount plus an additional amount of bond intended to cover estimated reclamation costs for permitted surface coal mining operations which may in the future be added to coverage under this Blanket Bond; and

WHEREAS, in the future as the Operator incurs reclamation obligations at each of its permitted surface coal mining operations all such obligations are and will be covered by this Blanket Bond, and the Operator agrees to post such additional bond amounts as will be necessary to adequately assure the reclamation obligations for all permitted surface coal mining operations covered at any time by this Blanket Bond; and

WHEREAS, in the event a polluttional discharge develops on a permit covered by this Blanket Bond, the amount of the treatment liability for such discharge, as determined by the Department, shall be included as part of the reclamation obligations covered by this Blanket Bond until such time as the Operator provides other financial assurance specifically for the discharge treatment liability and acceptable to the Department, (such as establishing a trust fund or posting a separate bond for the discharge liability), and the Department adjusts the amount of the reclamation liability covered by this Blanket Bond accordingly; and

WHEREAS, the Operator agrees and is obligated to submit to the Department via electronic mail and by hard copy every ninety (90) days a Quarterly Blanket Bond Calculation Summary report (the Quarterly Report) describing: (1) a calculation of the current reclamation liability for each permitted mining operation covered by the Blanket Board; and, (2) a projection, using the Department's published bond rate guidelines, of the maximum bond liability during the next calendar quarter for each permitted mining operation covered by the Blanket Bond; and

WHEREAS, the Department will verify the reclamation liability calculations and projections submitted by the Operator in the Quarterly Report to determine the adequacy of the amount of this Blanket Bond, and the Department may require the Operator to adjust the amount accordingly in order to assure a sufficient amount is posted at all times to cover all outstanding reclamation obligations at all of the Operator's permitted surface coal mining operations which are covered by this Blanket Bond;

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Operator is held and firmly bound unto the Department, in the just and full sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), to the payment whereof, well and truly to be made, the Operator does hereby bind itself, and its heirs, executors, administrators, assigns and successors, firmly by these presents:

1. **Condition of the Obligation.** If the Operator shall faithfully perform and conform to all of the following conditions then this obligation shall be null and void, otherwise to be and remain in full force and effect:

A. The Operator faithfully performs and conforms to all of the applicable requirements of the following for each and every permit covered by this Blanket Bond:

- (i) the Clean Streams Law;
- (ii) the Surface Mining Conservation and Reclamation Act;
- (iii) the Air Pollution Control Act;
- (iv) the Coal Refuse Disposal Control Act;
- (v) the Dam Safety and Encroachments Act;
- (vi) the Solid Waste Management Act.
- (vii) all rules and regulations now or hereafter promulgated under the Acts listed in (i) through (vi);
- (viii) the terms and conditions of each permit issued to the Operator pursuant to SMCRA and covered by this bond; and
- (ix) all Department orders issued relating to Operator conduct under each of the permits issued to the Operator pursuant to SMCRA and covered by this bond;

B. The Operator timely submits every ninety (90) days the Quarterly Report which the Department, in its sole discretion, determines to be complete and to contain all information necessary for the Department to ascertain the total amount of reclamation liability for all permitted sites covered by this Blanket Bond.

2. **Amount and Duration of Bond Liability.** Liability upon this Blanket Bond shall be for the amount specified herein and such amount shall become a part of the total bond for all surface coal mining permits issued to the Operator. Such liability shall apply to all surface coal mining permits previously issued, or to be issued, to the Operator pursuant to SMCRA, including any and all prior or subsequent authorizations to mine or otherwise operate under those permits. Liability upon this Blanket Bond shall continue for the duration of all mining activity, (including reclamation and satisfaction of all other applicable legal requirements), at each and every operation conducted hereunder and for a period of five (5) years thereafter, unless released in whole or in part by the Department in writing prior thereto as provided by applicable law. Such amount released shall be a credit upon the total amount of the bond. **It is hereby expressly acknowledged and agreed by and among the parties that the liability upon this Blanket Bond is a penal sum, and as such the Commonwealth retains a property interest in such surety guarantee, as provided by law.** Liability under this Blanket Bond is not affected by the Operator not renewing any individual permit covered by this Blanket Bond.

3. **Description of Collateral.** For the purpose of securing this obligation, the Operator hereby deposits the following collateral in lieu of a surety bond, in accordance with applicable law:

**DESCRIPTION OF COLLATERAL**

(a) Negotiable Government Securities

Name of Issue and Bond No.	Face Value	Market Value
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	Sub Total	_____

(b) Bank Certificates of Deposit or Bank Irrevocable Letters of Credit

Bank	Certificate/Letter No.	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
	Sub Total	_____

(c) Cash, Certified Check, Cashier's Check, Treasurer's Check

Bank	Check No.	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
	Sub Total	_____

Total Amount of Collateral (Add (a), (b) and (c) immediately above) \_\_\_\_\_

4. **Handling of Collateral by Commonwealth.** The Secretary of the Department shall, upon receipt of deposits of collateral, immediately place the same with the State Treasurer of the Commonwealth of Pennsylvania, who shall receive and hold the same in the name of the Commonwealth for the purposes for which such deposits are made and in accordance with the terms of this Blanket Bond. Where negotiable securities deposited mature or are called, the State Treasurer, at the request of the Operator, may convert such securities into other securities designated by the Operator and acceptable for deposit under the Law. The Operator hereby nominates, constitutes and appoints the State Treasurer, its attorney in fact, for the purpose of endorsing and negotiating said securities or any part thereof and for the purpose of converting the collateral as aforesaid.

5. **Default, Cessation in Business, Insolvency.** The Operator agrees that any collateral pledged and assigned to the Department to secure the obligations hereunder is held by the Department in trust to assure such obligations are performed, fulfilled, and complied with. **The Operator agrees that upon the happening of any default of the provisions, conditions and obligations assumed under the Blanket Bond with respect to any of the permitted mining operations covered by this Blanket Bond, and the consequent declaration of a forfeiture of this Blanket Bond by the Secretary of the Department or his designee, all collateral pledged as security for this Blanket Bond is simultaneously forfeited. The Operator further agrees that a default with respect to any single permitted mining operation covered by this Blanket Bond constitutes a default for all of the permitted mining operations covered by this bond and that any declaration of forfeiture results in the entire amount of this Blanket Bond being forfeited, regardless of the outstanding reclamation liability for any individual site covered by this bond.** The Operator hereby agrees that, upon cessation of business or insolvency of the Operator, all of the Operator's right, title and interest in such collateral shall immediately vest in the Department such that the Department has full

ownership thereof. Upon the happening of any default of the provisions, conditions and obligations assumed under this Blanket Bond and the declaration of a forfeiture by the Secretary of the Department, or his designee, the Operator hereby authorizes and empowers the State Treasurer, its attorney in fact, to liquidate the said collateral and deposit the proceeds to the account of the Department. Any interest or income accruing to such collateral shall be deemed property of the Commonwealth after the forfeiture.

6. **Events Not Affecting Bond Liability.** The operator agrees that its liability hereunder shall not be impaired or affected by (1) any renewal or extension of the time for performance of any of the provisions, conditions or obligations upon which this Blanket Bond is based; or (2) any forbearance or delay in declaring this Blanket Bond to be forfeit or in enforcing payment on this bond; or (3) the deletion of any surface coal mining permit from coverage under this Blanket Bond; or (4) the decrease of permitted acreage covered by this Blanket Bond.

7. **Additional Bond.** The Department reserves the right to require additional bonding from the Operator through an amendment to this Blanket Bond or a Replacement Bond, as provided by law, which additional bonding shall be a supplement to and augment the bond liability provided herein.

8. **Remedies.** Nothing herein shall limit or preclude the Department from seeking any remedy, in addition to the forfeiture of this bond, which may be authorized or provided by law.

9. **Replacement Bond / Pre-Existing Mining Liability (check one or more, if applicable):**

- (a) **Replacement Bond.** This Blanket Bond covers any and all liability and obligations accrued and to be accrued under the law from the earliest issuance date of each and every permit covered by this Blanket Bond until such time as the Department shall release, in writing, this bond of such liability and obligations. This Blanket Bond replaces the following existing bonds:

Date of Bond	Type of Bond (Surety/ Collateral)	Name of Surety/Bank/ Govt. Issuer	Type of Collateral	Surety Bond No./ Collateral ID No.	Dollar Amount

In consideration of the pledge and deposit of this bond, the Department will release the above-listed existing bonds of all liability under the Law.

- (b) **Pre-Existing Mining Liability.** This bond assumes and covers any and all liability and obligations under the law which accrued on all sites covered by this Blanket Bond prior at any time, for any reason, and created by anyone, as well as any and all liability and obligations under the law to be accrued from the earliest date of issuance of each and every permit covered by this bond until such time as the Department shall release, in writing, such liability and obligations.

10. **Attachments (check one or more, if applicable):**

- (a) Appendix A List of Initial Permits Covered by this Blanket Bond
- (b) Other: \_\_\_\_\_

11. **Headings.** The paragraph headings herein are for descriptive purposes only and are intended to have no legal force or effect.

IN WITNESS WHEREOF, the operator has hereunto set its hand and seal, intending to be legally bound hereby, as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

OPERATOR:

\_\_\_\_\_  
(Print Operator Name)

ATTEST OR WITNESS:

\_\_\_\_\_

By: \_\_\_\_\_  
(Signature and Title)

\_\_\_\_\_

By: \_\_\_\_\_ (Seal)  
(Signature and Title)

Approved as to legality and form:

\_\_\_\_\_  
Office of Attorney General

\_\_\_\_\_  
Chief/Assistant Counsel  
Department of Environmental Protection

Approved for the Department:

\_\_\_\_\_  
Bureau of Mining Programs