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MADIGAN CALLS ON PEABODY ENERGY TO PUBLICLY DISCLOSE FINANCIAL INFORMATION TO ENSURE RECLAMATION OF ILLINOIS MINES

Attorney General Issues Demand Over Significant Concern That Peabody Cannot Fulfill \$92 Million Financial Commitment to Reclaim Mines in Southern Illinois

Chicago — Attorney General Lisa Madigan today sent a letter to Peabody Energy Corporation and Peabody Investments Corporation (collectively "Peabody"), calling on the companies to publicly disclose financial information to state legislators, local officials and community residents to address whether the company can meet its \$92 million commitment to reclaim and clean up several active and inactive coal mines in Southern Illinois.

Madigan's letter urges Peabody to release information publicly on its financial condition to sufficiently address its ability to meet its reclamation commitment at the Illinois mine sites. Madigan said reclamation at those sites is necessary to protect the public water supply in surrounding communities from any future risk of contamination.

The Attorney General's letter follows Peabody's disclosure last week in a U.S. Securities and Exchange Commission filing that the company "may not have sufficient liquidity to sustain operations and to continue as a going concern," leading to serious questions about its ability to clean up its mine sites to avoid the risk of ground or surface water contamination and the risk of the project's cost being forced upon the state.

"Because Peabody's \$92 million in mine reclamation commitments are critical to the state and many communities in Illinois, I am requesting that Peabody publicly disclose financial information to allow legislators, local officials, and residents in potentially impacted communities to assess whether Peabody can fulfill those financial responsibilities," Madigan said.

In addition to Madigan's letter, the Environmental Law & Policy Center has issued a similar demand to Peabody calling for the release of its financial information.

"Peabody Energy management's poor business decisions leave the company teetering on bankruptcy, and Illinois taxpayers shouldn't be left holding the financial bag for Peabody's mine reclamation costs and clean-up responsibilities," said Howard Learner, executive director of the Environmental Law & Policy Center. "Peabody should not be allowed to hide the ball on its financial data that would show whether or not Peabody can meet its self-bonding promise to cover its mine reclamation costs. Peabody is required to clean-up its mine sites and is accountable for these environmental responsibilities."

To be allowed to operate mines in Illinois, mining companies must make a commitment to the state to have sufficient funds available to clean up and reclaim the land when the mine is closed. Many companies buy surety bonds to ensure funds will be available to pay the reclamation costs. Peabody has long relied on "self-bonding," a process through which Peabody commits that it has enough assets to cover the \$92 million cost of reclaiming and cleaning up the land at its Illinois mines. The self-bonding process allows Peabody to avoid the cost of obtaining third-party surety bonds through private insurers. But Madigan said that if Peabody is not financially solvent, the state will be stuck with the \$92 million reclamation costs.

The Peabody mines included in the reclamation commitment are:

- Cottage Grove Mine (active), Wildcat Hills Mine, (active), Big Ridge Mine (inactive), Eagle Valley Mine (inactive), and Willow Lake Mine (inactive), all based in Equality, Ill., in Saline County.
- Gateway Mine (active) in Coulterville, Ill. in Randolph County; and
- Riola/Vermilion Grove Mines (inactive) in Georgetown, Ill. in Vermilion County.

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