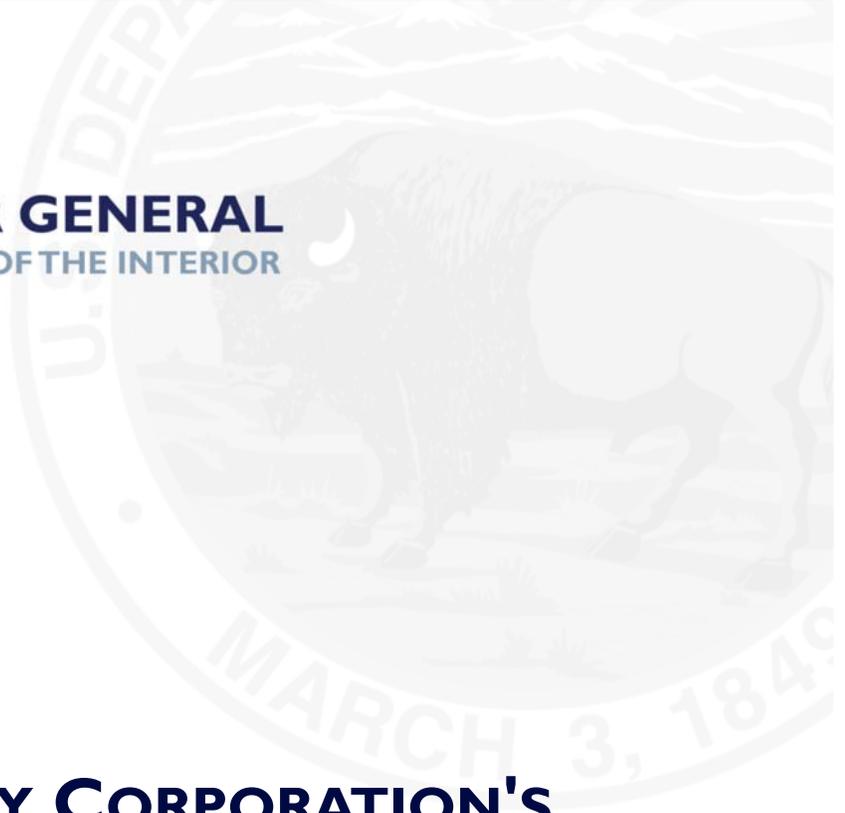




OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR



# **PEABODY ENERGY CORPORATION'S COLLECTION OF DOCUMENTATION**

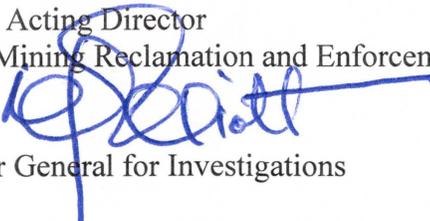


OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

OCT 11 2018

Memorandum

To: Glenda H. Owens, Acting Director  
Office of Surface Mining Reclamation and Enforcement

From: Matthew T. Elliott   
Assistant Inspector General for Investigations

Subject: Management Advisory – Peabody Energy Corporation’s Collection of  
Documentation  
Case No. OI-OG-17-0297-I

The Office of Inspector General (OIG) initiated an investigation to determine if Peabody Energy Corporation (Peabody) submitted false statements to the Wyoming Department of Environmental Quality (WDEQ) to continue their use of self-bonds in the weeks prior to filing for bankruptcy. Peabody submitted information to the WDEQ, who was administering the mine bonding, permitting, and reclamation programs pursuant to the Surface Mining Control and Reclamation Act (SMCRA). The WDEQ received a grant to administer this program from the Office of Surface Mining, Reclamation, and Enforcement (OSMRE). We did not substantiate the allegations, but we did identify an issue with access to WDEQ records related to their OSMRE grant.

During our investigation, we asked the WDEQ to provide the self-bonding applications from Peabody and other records associated with the self-bonding program. The WDEQ requested that we issue it a subpoena for these documents and we did so. After receiving the subpoena, the WDEQ withheld approximately 260 documents from the production, citing various Wyoming State privileges. We responded to this assertion in a June 6, 2017 letter, stating that the WDEQ is required to provide the records to the OSMRE, and by extension, the OIG through the terms of its grant from the OSMRE. The WDEQ disagreed with this analysis, and we elected to review information obtained from third parties in lieu of litigation.

We also found that the WDEQ may be restricting OSMRE personnel’s ability to remove records from WDEQ offices for OSMRE review and audit. This may impede OSMRE’s ability to review information submitted to the WDEQ by companies that mine on Federal lands.

**Recommendation**

We recommend that the OSMRE incorporate language into bond administration documents that states that grantees must allow OSMRE and other U.S. Department of the Interior (DOI) bureaus, to include the OIG, full access to grant records. Full access should be defined to include production and delivery when requested by the DOI. This will enable the

OSMRE to adequately review and audit grant records and clarify the requirement for Federal grantees and program administrators to cooperate with OIG investigations.

In accordance with the IG Empowerment Act of 2016, we intend to publish this memorandum on our website, in redacted form, no later than 3 days from the date we issue it to you. Within the next 10 business days, a representative from our Office of Investigations will contact you, or your designee, to discuss the memo and the status of your response. If you have any questions or need further information concerning this matter, please contact me at 202-208-5745. Please provide a written response within 30 days of receipt of this management advisory indicating whether you intend to implement the suggested recommendations.

# Report Fraud, Waste, and Mismanagement



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