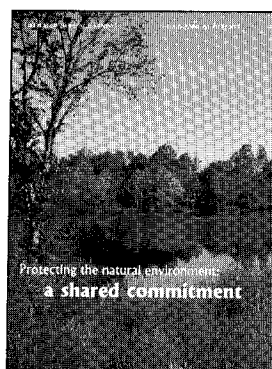




Protecting the natural environment:  
**a shared commitment**

## About the cover



**Protecting the Natural Environment: A Shared Commitment between state and federal governments, Indian tribes, and the coal industry.**

This scene of reclaimed mine land typifies the results that can be achieved through a shared commitment to environmental protection. Prior to mining, this operation in Kentucky was covered with old spoil pits and ridges left from a mid-1940s operation. Today, after mining and reclamation by the W.H. Bowlin Coal Company, the site is productive farmland and tranquil ponds once again.

Both the mine operator and Kentucky mine inspectors had the same goal --

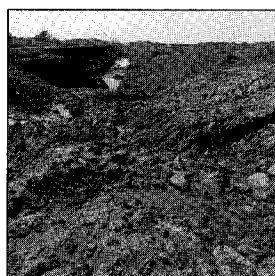
remove the coal resource and reclaim the land. In this case there was an added reclamation incentive for them because the site was a reminder of mining as it was conducted in the 1940s, before the Surface Mine Law was enacted. When we measure the success of the law, the true test is the on-the-ground condition. And successful reclamation can only be achieved when everyone involved makes a commitment to ensuring that the goal is met.

## Agency mission

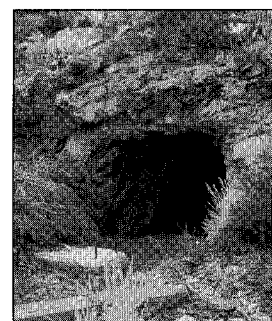
Protecting the environment during coal mining and making sure the land is reclaimed after the coal is removed have been national requirements since 1977, when the Surface Mining Control and Reclamation Act (SMCRA) was signed into law. Making sure those requirements are met is the responsibility of the Interior Department's Office of Surface Mining.



Regulating active mining is a partnership between the states and the Office of Surface Mining. States have the primary responsibility for permitting and inspecting the mining and reclamation, and the Office of Surface Mining establishes national performance standards and ensures the states meet a uniform level of compliance.



Reclamation of lands mined and abandoned before August 3, 1977, is accomplished using funds collected from tonnage-based fees paid by active coal producers. Emergencies and situations of danger to public health, safety, and general welfare are given high priority.



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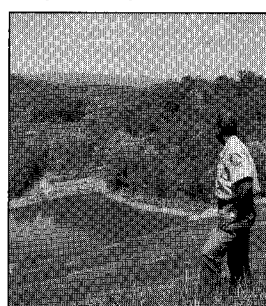
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# Introduction

## U.S. Department of the Interior, Office of Surface Mining 1995 Annual Report

**T**his report describes the operations of the Interior Department's Office of Surface Mining Reclamation and Enforcement (OSM) for the period October 1, 1994, through September 30, 1995<sup>1</sup>. The report combines the Office of Surface Mining's Annual Report to Congress with its Annual Financial Report, and was compiled to meet the specific requirements of Section 706 of the Surface Mining Control and Reclamation Act of 1977 (SMCRA) and the Chief Financial Officers Act of 1990. In addition, the report takes the first steps toward including the requirements of the Government Performance and Results Act in the annual report. The 1996 report will combine all three of these statutory requirements.

Building on the success of last year's annual report, the 1995 report is presented in a similar format that will make it easier for the general public to use the information it contains. This change is in response to public demand for information about Surface Mining Control and Reclamation Act implementation and Office of Surface Mining operations. Included in this report are activities carried out under several parts of SMCRA: Title IV, Abandoned Mine Reclamation; Title V, Control of the Environmental Impacts of Surface Coal Mining; and Title VII, Administrative and Miscellaneous Provisions. Surface Mining Control and Reclamation Act responsibilities of other bureaus and agencies have been omitted. Those responsibilities include Title III, State Mining and Mineral Resources and Research Institutes program, which was administered by the U.S. Bureau of Mines; Titles VIII and IX, the University Coal Research Laboratories and the Energy Resource Graduate Fellowships, which are adminis-

tered by the Secretary of Energy; and Section 406, the Rural Abandoned Mine Program (RAMP), which is administered by the Secretary of Agriculture. Programmatic and financial information about those activities is reported directly to Congress by the agencies responsible for them.

This year's annual report contains the same tabular data found in Office of Surface Mining annual reports prepared since 1988. This facilitates comparison of statistics from year to year. Some of the tables have been renumbered and others combined to simplify use of the data presented. (For example, state and federal program tables have been combined in response to many requests for an easier way to compare this information.) Financial and accounting information, which is presented in a format similar to that of a traditional corporate annual report, is contained in the Financial Review section.

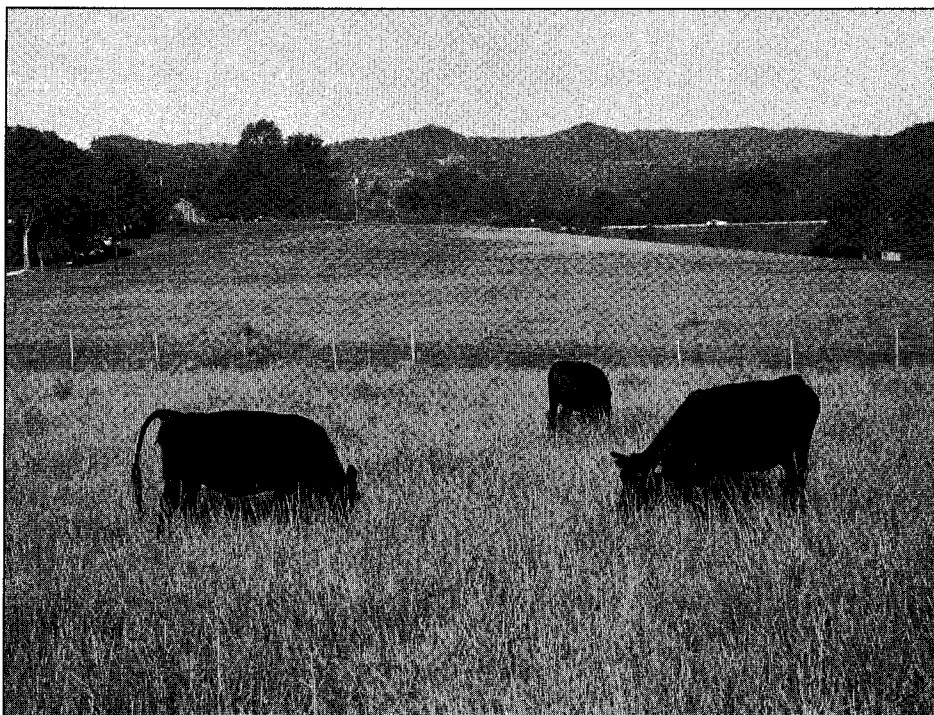
The Inspector General's audit statement, which gives the Office of Surface Mining a "clean" audit opinion of its financial reporting for 1995, is included at the end of the financial section.

To meet the need for national and state-by-state statistical data and the growing demand for Office of Surface Mining operational and financial information, copies of the annual report will be distributed to the public upon request.

For information about Office of Surface Mining activities, news releases, and publications, or for additional copies of this report, contact:

Office of Communications  
Office of Surface Mining  
1951 Constitution Ave., N.W.  
Washington, D.C. 20240  
(202) 208-2553

This productive pasture land in eastern Kentucky was once a coal mine. This result is typical of most mining and reclamation performed under the surface mining law. After mining was completed the land was reclaimed and restored to long-term productive use. This is a dramatic difference from the post-mining landscape before the surface mining law was passed in 1977.



1. Throughout this document "1995" refers to Fiscal Year 1995, unless otherwise noted.



**Challenges**

lead to

**opportunities**





# Letter to our constituents and customers

Office of Surface Mining Director Robert J. Uram reviews 1995 and assesses the state of the agency.

When the year ended, the Office of Surface Mining was more effective than at any time in its history. State regulatory and abandoned mine land programs were working better than ever, and we were close to resolving many of the major issues the states, industry, citizens, and the Office of Surface Mining had been unable to agree on since the program began. However, the 1996 budget process has brought new challenges.

The 1996 budget still in process would provide \$269 million -- about \$23 million less than the President requested. Late in 1995 the Office of Surface Mining began to prepare for serious 1996 budget reductions. Layoff notices were given to 270 employees-- over 34 percent of the agency's staff -- and 70 vacant

Office of Surface Mining Director Bob Uram (right) with Ernie Giovannitti, of the Pennsylvania Department of Environmental Resources, and Bob and Junior McKay at the McKay Coal Company's reclaimed Woodall Mine in Ohl, Pennsylvania.

positions were abolished. This was the beginning of a very

difficult time for the Office of Surface Mining. We began closing offices in the field. We lost many highly qualified employees. We began to change how we manage our remaining resources. Fortunately, the Office of Surface Mining's reorganization had shifted to a results-oriented approach that is focused on on-the-ground success. But severe budget cuts will cause the Office of Surface Mining to reduce or eliminate many of the services it has been providing.

In 1996 we will focus on our priorities to an even greater extent. We are opening up our budget and strategic planning processes to the states, the industry, and to interested citizens. This new approach reflects a more accessible Office of Surface Mining that wants to hear directly from its customers about where we should be

applying our resources, how we can improve our services, and how we can more efficiently perform the regulatory job Congress initiated. We will still pursue our substantive ongoing initiatives: acid mine drainage prevention, the Appalachian Clean Streams Initiative, electronic permitting, oversight re-engineering, and Remining For Real!

We accomplished a great deal in those high-priority areas during 1995.

For example, dozens of state, federal, local, and private-sector organizations signed a Declaration of Mutual Intent for Clean Streams. We followed up with stream clean-up projects, advancement of clean-up technology, partnerships, public events, and excitement and enthusiasm. Perhaps the best demonstrations of our progress are the completed projects that have eliminated acid mine drainage and begun the process of restoring clean streams in Appalachia.

During 1995 the Office of Surface Mining and the state regulatory agencies have worked together to make astonishing gains in reinforcing our shared commitment. The "new" Office of Surface Mining views the states' success as our success. We are all in the business of seeing that mined lands are reclaimed, and we want to achieve on-the-ground success at the lowest possible cost.

This year we have re-engineered oversight from a process-driven system to a results-oriented system. We have substituted performance agreements worked out by consensus with each state for the Washington-driven mandates of the past. We are remolding the contentious Ten-day Notice process into a system that

truly respects state judgments and ends intrusive federal second-guessing while still providing service to coalfield families. In many other important areas of policy we are working with the states to find state-by-state solutions for state problems - a Utah solution for a Utah problem, for example, and a Virginia solution for a Virginia problem. And where there is no problem, we don't create one. We are seeking to acknowledge state and tribal successes while

respecting our primary customers, without undermining the level playing field, and with the understanding that to succeed, we need each other. This is a marked change from the past. We are giving more credit to the states, the Tribes, and the coal industry, and we are working together to solve problems. This shift is a key part of the new Office of Surface Mining. When all the

rhetoric is set aside, it is clear that SMCRA is working -- more effectively and fairly than it ever has -- and it should not be changed to meet the demands of individual interests.

All these things fit into the new picture we are building for this program -- a picture of people working together to produce results that will benefit everyone in the coal mining states. This report discusses the progress and problems we encountered in 1995, and features a few of the people who have helped make the program a success. As you read the report, I ask each of you to join us in strengthening our shared commitment to good reclamation, a strong coal industry, and a safer and more environmentally sound place for coalfield families to live and work.

*"SMCRA is  
working --  
more effectively  
and fairly than  
it ever has."*

*Robert J. Uram*



**Change**  
for increased  
**effectiveness**

# Highlights of 1995

## A summary of the actions and activities of the Office of Surface Mining

A comparison of this year's progress with that of the agency's previous 18 years shows that 1995 was one of the most successful. Many problems that had been pushed aside for years were resolved, interaction with the states was finally becoming positive, and on-the-ground reclamation was better than ever before. In short, 1995 was a highly productive year because

Livestock grazing is the principal land use in the West, where most land is reclaimed to rangeland. At this Montanamine, reclamation included planting native grass to reestablish the rangeland.

everyone involved began working more closely

together to achieve a common goal -- effective implementation of SMCRA. But, it also became a very difficult year as steps were taken to prepare for the budget reductions of 1996.

### Restructuring the Office of Surface Mining

When the year began, the Office of Surface Mining was in the final stages of planning a reorganization that shifted the agency's emphasis to achieving on-the-ground results. This reorganization was the result of completely rethinking what would be needed to make the Office of Surface Mining more effective.

The process started in 1993 with interviews and surveys designed to solicit ideas from citizens, employees, states, interest groups, and the coal industry. These ideas became the building blocks for a new mission and vision statement that created a foundation for the basic planning process. The result was a top-to-bottom restructuring and a shift to a team-based work environment. A management council formed in the early stages of the reorganization has become a team of senior managers who are actively engaged in resolving both day-to-day and long-term Office of Surface Mining operational issues.

This management concept is repeated at the regional level to include working input from all employees.

Restructuring the Office of Surface Mining decentralized many functions and delegated decisionmaking to the regional level. This put the responsibility for making day-to-day decisions close to the active mining operations and abandoned mine land reclamation projects. In addition, many staff organizational changes were made. For example, the number of Senior Executive Service (SES) staff was reduced from 11 to 6, and the supervisor to employee ratio went from 1/5 to 1/10.

### Providing more open communication with our constituents

In today's world, effective communication is vital to the success of any organization. The Office of Surface Mining had a history of ineffective communication with its broad and diverse customer groups (i.e., citizens, state regulators, the coal industry, and interest groups). Turning this problem around has not been easy; however, several important successes were achieved in 1995.

■ *The Applicant Violator System was opened to the public.* Training was provided so that the public could access information through computer modems and public terminals in Washington, D.C.; Pittsburgh, Pennsylvania; and Lexington, Kentucky. Public access allows coal companies and other interested parties to monitor records that could affect the issuance of permits, while enabling the Office of Surface Mining to build a more open permit approval process.

■ *The COALEX computer data base was opened to the public.* This data base contains the full text of SMCRA and all its amendments, a legislative history of SMCRA, and all Office of Surface Mining regulations (both past and current). Computer access to this data supports more substantive public participation while providing equal access to key data for all parties affected by SMCRA.

■ *Office of Surface Mining activities and audited financial statements are reported to the public annually.* The 1994 annual report combined the reporting requirements of both SMCRA and the Chief Financial Officers Act into one document that was made available to the public. This year the annual report adds the first steps in meeting the reporting requirements of the Government Performance and Results Act. Complete public access to this information should result in a better understanding of the Office of Surface Mining's strengths and

weaknesses. With this understanding, the public can provide feedback that will enable the agency to be more effective and efficient, enabling it to make needed improvements while maintaining areas of strength.

■ *A new advisory notice format initiated.* A violent eruption, or "blowout," caused by pressurized water inside the flooded workings of an underground coal mine in Buchanan County, Virginia,

killed a young woman and severely damaged her home and a nearby state highway. To alert the coal industry to this hazard, agency Director Robert Uram issued an advisory to state, regional, and national coal mining associations describing deadly mine blowout

*"Problems that had been pushed aside for years were resolved."*



# 1995 Office of Surface Mining milestones

## October

- New, more effective Applicant/Violator System rules issued.

## November

- COALEX computer data base opened to public access.

## December

- Applicant/Violator System formally opened to public access.

## January

- Advisory board proposed to resolve SMCRA implementation issues.

## February

- Agreement to address acid mine drainage problems signed.
- 1994 Annual Report combining SMCRA and Chief Financial Officers Act requirements available to the public.

## March

- States and tribes sign a Declaration of Shared Commitment to carry out abandoned mine reclamation.
- Formal call for 25 advisory board member nominees.
- New rules issued that protect property from underground coal mine damage.

## April

- Agreement reached with the Navajo Nation and Hopi Tribe to settle a long-standing dispute over the regulation of coal mining on Indian lands.
- Mid-Continent Regional Coordinating Center opened in Alton, Illinois.

## May

- Mine operators encouraged to adopt use of created wetlands as a post-mining land reclamation alternative.
- Office of Surface Mining reorganization completed.
- Advisory sent to mining associations alerting them to deadly mine blowout hazards and seeking their cooperation in safeguarding the public from such dangers.

## June

- Appalachian Clean Streams Greens Run Project initiated with Anker Energy Corp., Friends of the Cheat, and the State of West Virginia.

## July

- Agreement reached between the Office of Surface Mining and the State of Utah concerning the issue of permitting haul roads.
- New performance-based oversight policy initiated.

## August

- State-by-state arrangements announced for enforcing regulations that require underground coal mine operators to repair or compensate for subsidence damage to structures and water supplies.
- Notices of separation from government service distributed to 270 Office of Surface Mining employees in response to FY 1996 budget cuts passed by the U.S. Senate and the House of Representatives.
- 70 vacant positions abolished.
- Offices in Kansas City, Missouri; Springfield, Illinois; Logan, West Virginia; and Norris, Tennessee, were slated to be closed.

## September

- Plan announced to issue grants to four western Indian tribes to assist in establishing tribal surface coal mining regulation programs.
- Remining For Real! initiative announced.
- Advisory board postponed due to FY 1996 budget reduction.

hazards and asked for their cooperation in safeguarding the public from these dangers. The advisory also asked the coal industry to join the Office of Surface Mining in determining the best ways to identify existing mines with blowout potential so these accidents can be prevented in the future.

This was the first time an advisory format had been used by the Office of Surface Mining. It provided a quick, effective way to get this very important message to everyone across the country who had knowledge of mines that could contain similar safety hazards.

### Office of Surface Mining Initiatives.

In 1995, significant success was achieved on agency initiatives dealing with acid mine drainage, electronic permitting, shared oversight, clean streams, and remining. An acid mine drainage summit was planned to bring experts from all parts of the country together to focus on acid mine drainage prevention. The Appalachian Clean Streams Initiative was the catalyst responsible for bringing diverse public and private entities together to work on improving on-the-ground conditions in acid-polluted streams. Electronic permitting moved from the testing to the application stage, with significant savings in efficiency. The oversight process was re-engineered; the new shared process will be fully implemented in 1996. Also, the Remining For Real! initiative was started, and the first site-specific case to eliminate regulatory barriers to remining began at a proposed mine site in Virginia.

A major setback for the Clean Streams initiative occurred when the Congress failed to provide direct donation authority to the Office of Surface Mining for carrying out on-the-ground acid mine drainage clean-

up projects. Donation authority would have provided the mechanism for citizens, interest groups, and industry to earmark donated funds for constructing clean-up facilities. This request will be made again in 1996.

**Regulation of mining and reclamation.** On-the-ground conditions in the coal fields continue to show an improvement in regulating mining and reclamation. Major accomplishments in 1995 were achieved in three areas that had gone unresolved for many years:

■ *Indian lands programs began to move toward primacy.* The Office of Surface Mining and the coal resource Indian tribes formulated a plan that will enable the tribes to regulate their lands just as the primacy states do. Funding for the development of the tribal programs and regulations was included in the 1996 Bureau of Indian Affairs budget. Cooperation with the tribes has provided both tribal sovereignty and accomplishment of the Office of Surface Mining's SMCRA mandate.

■ *New rules were promulgated to fulfill the congressional mandate to help states protect private property from damage by underground coal mines.* These rules fill a gap in the previous subsidence rules by requiring coal operators to protect the homes, churches, and water supplies of coalfield residents from damage caused by underground coal mining.

■ *A negotiated rulemaking process began on coal refuse disposal.* Initial work resulted in establishing a process that provided a committee to reach

consensus on the issue and use the recommendations to form the basis for a proposed rule. Although this activity was cancelled due to 1996 budget reductions, the Office of Surface Mining will continue regular rulemaking for this issue.

**Abandoned Mine Land Reclamation continued to make significant progress in eliminating health and safety problems from past mining.** An important 1995 highlight in this area includes:

■ *Twenty-eight states and three Indian tribes joined the Office of Surface Mining in signing a formal declaration of shared commitment to public service, teamwork, responsibility, and integrity in carrying out the abandoned mine land*

*reclamation program of the surface mining law.* This milestone federal/state agreement is expected to improve one of the most successful environmental programs in the country. This kind of shared commitment is the way government should

work -- with an understanding between parties that is mutually supported and mutually respected.

**Refocusing resources for 1996 in light of the proposed budget.** Based on budget cuts voted by Congress in August and September, the Office of Surface Mining began to prepare for budget reductions. In August, a Reduction In Force (RIF) was initiated that severely impacted the staff capability of the organization. Financial and staff reductions resulted in closing two field offices and two area offices; eliminating the proposed Grand Junction, Colorado, office; setting a near-moratorium on technical training for state and tribal personnel; and reducing customer services, including the Technical Information Processing System (TIPS), the Applicant Violator System, the Abandoned Mine Land fee collection and compliance program, and the emergency reclamation program. The cuts were not supported by the Department of the Interior or the Office of Surface Mining. The Reduction In Force and the reductions in program service levels were carried out only in response to specific congressional action.

*"A major setback for the Clean Streams initiative occurred when the Congress failed to provide donation authority."*

New performance-based oversight begun in 1995 established a policy that focused on outcomes and results, rather than the process. The Office of Surface Mining bases its evaluation of state programs on specific measurements of SMCRA performance standards. Using this method of evaluation, the states' on-the-ground effectiveness can be determined. Here Office of Surface Mining Inspector Morris Elliott talks with Darrell Maunders, Supervisor of Environmental Engineering at the Jacobs Ranch Mine in Wyoming.





**Reorganization**

**improved**

**efficiency**



# Finance and administration

## A report on the budget, management, and operations of the Office of Surface Mining

Since 1977 protecting the environment during coal mining and making sure the land is reclaimed after the coal is removed have been required by the Surface Mining Control and Reclamation Act (SMCRA). Making sure those requirements are met is the responsibility of the Office of Surface Mining.

Functionally, the agency is organized around the two principal requirements of the surface mining law: regulating active coal mining and reclaiming abandoned mines.

*"The reorganization incorporates new ways to accomplish the agency's mission."*

### Organization of the Office of Surface Mining

On May 1, 1995, a new organizational structure for the Office of Surface Mining became operational. The new organization, which Congress approved in December 1994, is consistent with the streamlining goals of Vice President Gore's National Performance Review. The reorganization incorporates new ways to accomplish the agency's mission more effectively and efficiently.

Completion of the reorganization has resulted in many benefits for the

At this Kentucky mine reclamation, the rock-lined drain adjacent to the hollow fill directs surface water to the permanent impoundment at the base of the structure.

Office of Surface Mining: the number of Senior

Executive Service and supervisory positions were reduced; duplicate and overlapping jurisdictions within the Office of Surface Mining were eliminated; and operational decisions were moved from Washington, D.C., to the field.

With key functions and processes decentralized and re-engineered, and with a flatter, more field-oriented

organization, the Office of Surface Mining is positioned to reach a higher level of success. The new organization improves the level of customer service -- particularly to coal field citizens and the coal industry, our primary customers. Promoting involvement and teamwork through a shared commitment with states, industry, and the public is at the core of improving both customer service and on-the-ground results.

The principal elements of the reorganization included:

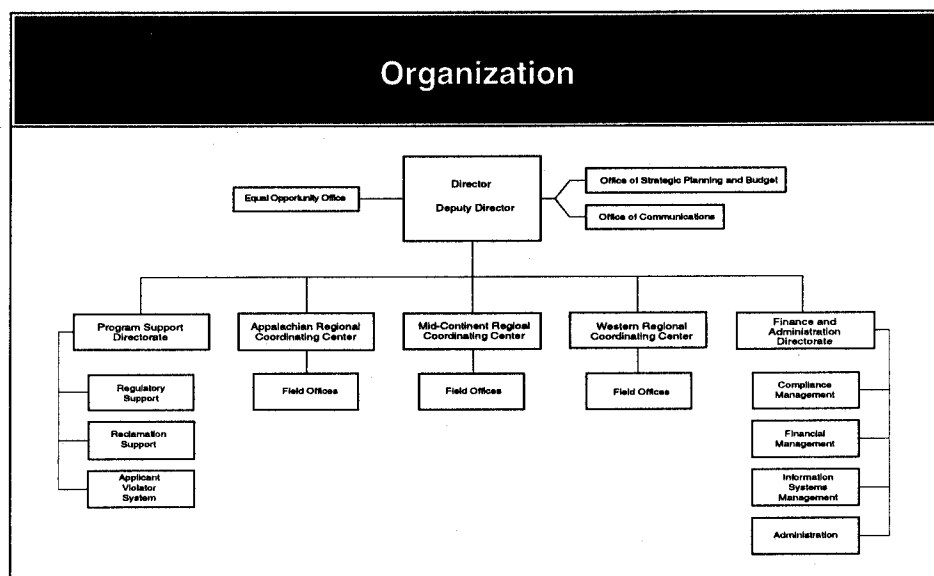
■ Establishing a region-based structure that organizes coal-producing states into three regions with similar environmental conditions. This makes it easier to apply an ecosystem approach to resolving issues. Regional coordinating centers have been established in Pittsburgh, Pennsylvania; Alton, Illinois; and Denver, Colorado.

■ Functions that overlapped or could be more effectively handled by other offices were transferred. This included eliminating two Directorates: Field

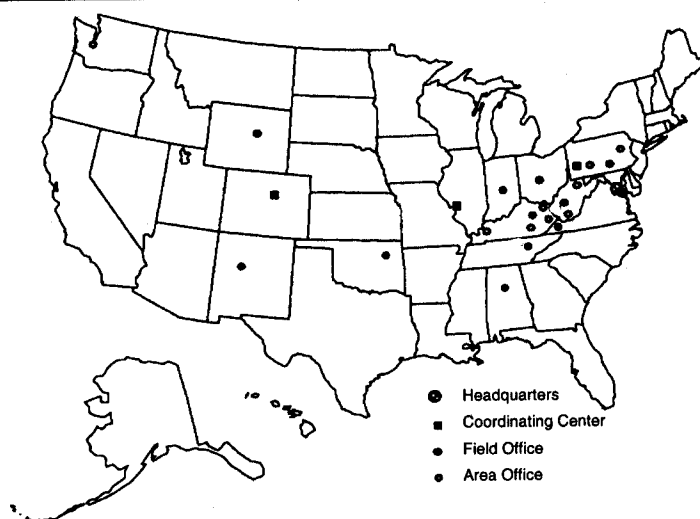
Operations and Human Resources Management.

■ Existing functions were combined into more efficient management groupings. Specifically, the Assistant Directorate for Finance and Accounting, the Assistant Directorate for Information Systems Management, and the Assistant Directorate for Administrative Services were combined into one office, the Assistant Directorate for Finance and Administration; Congressional Liaison, Public Affairs, and the Correspondence and Issues Management office into one office, the Office of Communications; and the Budget Office, Planning and Analysis, and Management Control were combined into one office, the Office of Strategic Planning and Budget.

■ The Eastern and Western Support Centers in Pittsburgh, Pennsylvania, and Denver, Colorado, were abolished. An area office planned for Grand Junction, Colorado, was not opened due to reduced 1996 funding, and the inspection, enforcement, and oversight responsibilities for Colorado and Utah were transferred from the Albuquerque Field Office to the Western Regional Coordinating Center.



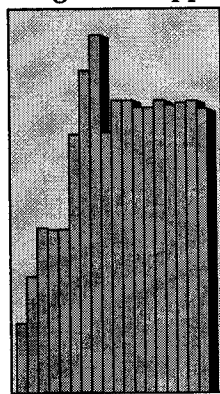
## Office Locations



■ Due to 1996 funding reductions, offices in Kansas City, Missouri; Springfield, Illinois; Logan, West Virginia; and Norris, Tennessee, were closed. As of September 30, 1995, the Office of Surface Mining consisted of headquarters in Washington, D.C., three regional coordinating centers, 11 field offices, and 9 area offices. The Office of Surface Mining also maintains a financial management office in Denver.

This reorganization was an important step in the overall development of the comprehensive strategic management plan to guide the Office of Surface Mining for the next five years.

## Budget and Appropriations



Office of Surface Mining Budget 1978-1995

2. Public Law 103-332 included a .191 percent (\$559,202 for the Office of Surface Mining) across-the-board reduction to all domestic program appropriations, and Public Law 104-19 included a travel and administrative cost rescission (\$138,000 for the Office of Surface Mining).

tory and enforcement activities. The 1995 Regulation and Technology appropriations included the following provisions:

Performance bonds forfeited under Section 509 of SMCRA can be used to reclaim lands where the mine operator did not meet all the requirements of SMCRA and the permit. In 1995, performance bond forfeitures received and credited to this account totaled \$1,438,276.

\$82,540 of prior-year bond forfeitures was obligated for reclamation in 1995. No obligations were incurred from 1995 receipts.

Federal civil penalties and related interest collected under Section 518 of SMCRA can be used to reclaim lands abandoned after August 3, 1977. In 1995, \$40,198 in collections for late penalties and administrative costs were transferred to the U.S. Treasury general fund and collections available for reclamation totaled \$330,592. Of current- and prior-year collec-

tions, \$611,857 was obligated for reclamation in 1995.

State regulatory program grants were funded at \$51,562,330, which was \$98,670 less than 1994.

In addition, \$182,386,000<sup>2</sup> was appropriated from the Abandoned Mine Reclamation Fund (\$7,721,000 less than 1994), and up to 20 percent of the funds recovered from delinquent debts was authorized for continuing collection of those debts. In 1995, the Office of Surface Mining spent \$938,907 to collect approximately \$10.7 million in delinquent AML fees and delinquent AML audit bills. The following provisions were included in the AML appropriation:

State reclamation grants were funded at \$135,733,640, which was \$84,360 less than 1994.

TABLE 1  
APPROPRIATIONS\*

	1995	1994
<b>Regulation &amp; Technology</b>		
State Regulatory Grants	\$ 51,562,000	\$ 51,661,000
Regulatory Program Operations	22,594,000	21,732,000
Tech. Services, Training & Research	14,702,000	14,004,000
Assessments and Collections	7,747,000	9,315,000
General Administration	13,090,000	13,840,000
Executive Direction	[2,027,000]	[2,082,000]
Administrative Support	[5,174,000]	[5,456,000]
General Services	[5,889,000]	[6,302,000]
Subtotal	109,695,000	110,552,000
<b>Abandoned Mine Reclamation Fund</b>		
State Reclamation Grants	135,734,000	135,818,000
Fee Compliance	6,453,000	6,539,000
Reclamation Program Operations	24,829,000	26,555,000
Rural Abandoned Mine Program	7,853,000	13,233,000
Small Operator Assistance Program	1,757,000	1,760,000
General Administration	5,760,000	6,202,000
Executive Direction	[774,000]	[853,000]
Administrative Support	[2,175,000]	[2,339,000]
General Services	[2,811,000]	[3,010,000]
Subtotal	182,386,000	190,107,000
Kentucky Emergency Grant (Activity 2F)		7,200,000
<b>Total</b>	<b>\$292,081,000</b>	<b>\$307,859,000</b>

\*Does not include Bond Forfeiture and Civil Penalty collections

Federal emergency program expenditures were limited to \$11,000,000, which was \$118,000 less than 1994.

No more than 25 percent of total new appropriated funds available for emergency reclamation projects could be used in any one state.

All appropriations provisions were met.

#### **Financial System: Electronic Improvements**

The Office of Surface Mining continues to apply the latest technology to enhance its financial management.

Automated procurement and budgeting systems have been upgraded in the accounting system, and those systems provide on-line access to accurate, up-to-the-minute financial management information. Improvements added in 1995 include:

The second phase of the Grant Information Financial Tracking System (GIFTS) was completed on September 30, 1995. This system is a subsidiary accounting system that supports the recording of each detailed grant award, expenditure, disbursement, and programmatic information. The work this year incorporated changes brought about by the revised "simplified" abandoned mine land grants and streamlined financial process of awarding and disbursing grant funds.

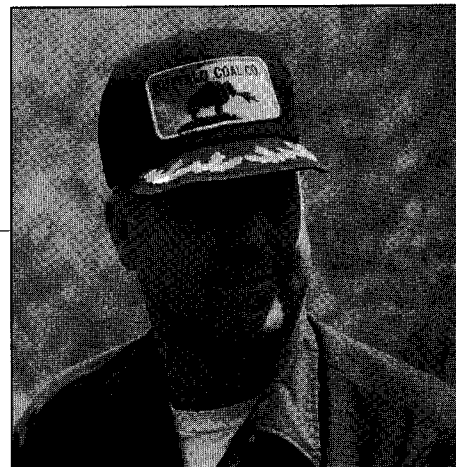
The Civil Penalties Accounting and Information Database (CPAID), the Office of Surface Mining's interim replacement system for the Collection Management Information System (CMIS), became operational in October 1995. In addition to provid-

ing accounting information, this system tracks all federal enforcement actions and civil penalty debt issued by the Office of Surface Mining.

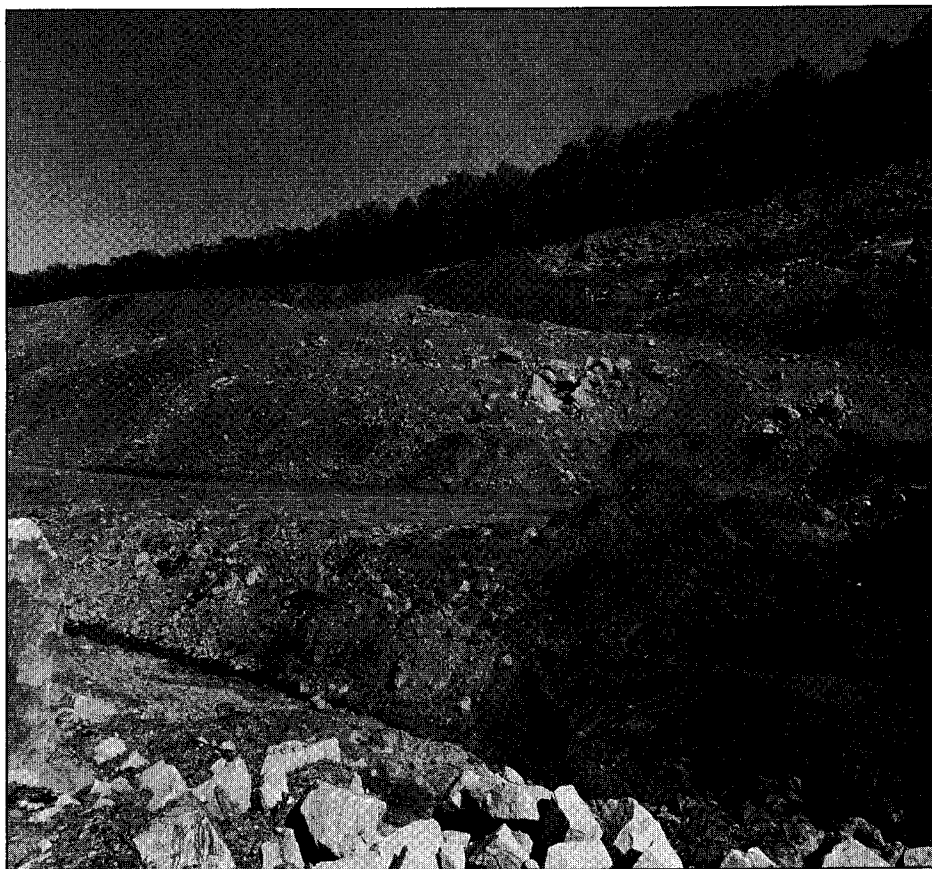
*"Reorganization  
was an important  
step in the overall  
development of the  
comprehensive  
strategic plan."*

During 1995, the Office of Surface Mining's Budget Module, a subsidiary accounting system that tracks budget authority by program and office, was enhanced to allow decentralization of budgetary decisions and to reflect the real-time status of budget authority. These enhancements allow for greater flexibility while maintaining the highest level of system integrity.

At the Difficult Creek Mine in West Virginia, acid-producing rock material is excavated from the active pit and hauled to a point high in the highwall backfill. This "high-and-dry" approach seeks to minimize acid drainage production by keeping the material out of the water-accumulating part of the backfill near the pit floor. Without water, acid drainage is prevented.



**Dale Martin**, a Buffalo Coal Company foreman, is a mine operator whose pride in his work can be seen on the ground. With over 20 years of mining experience, he is responsible for the Difficult Creek Mine (shown below) overlooking the North Branch of the Potomac River. Emulating the company president's slogan of "going a step beyond the requirements," he supervises mining and reclamation that is nationally recognized as outstanding. He is quick to say "the little extra effort it takes to separate toxic strata can really be seen in the improved quality of the water."





The Investment Module, which automated the purchase, redemption, accounting, reporting, and internal control features of the Office of Surface Mining's daily investment in U.S. Government Treasury-based securities, was automated in 1995. The implementation of the Investment Module in June 1995 followed twelve months of internal development. In accordance with the objectives of the National Performance Review, the Investment Module achieved the desired result of providing an efficient, effective, and less costly investment process.

The Synergistic Acquisition Tracking Information Network (SATIN) was fully operational throughout the Office of Surface Mining during 1995. SATIN is a system that consolidates budgeting and accounting with the procurement process. Consolidation improves organizational accountability and greatly increases procurement efficiency.

#### **Fee Compliance and Debt Management**

Thirteen offices throughout the coal-producing regions of the country conduct on-site fee compliance audits of coal companies. In 1995, 400 audits and audit-related projects identified \$7.5 million in under-reported or non-reported Abandoned Mine Reclamation Fund fees, interest, and penalties. The findings covered about 17.6 million tons of coal.

The Office of Surface Mining pursues delinquent debtors who owe civil penalties for mine site environmental violations and unpaid Abandoned Mine Reclamation Fund fees, including unpaid fees resulting from Office

of Surface Mining compliance audits. Collections and year-end debt for 1995 are shown in Table 2. Delinquent debt information is retained in the Applicant Violator System to prevent violators from receiving new mining permits until their accounts are settled. Of the \$79.1 million 1995 year-end debt balance, \$42.4 million (54 percent) is principal. The remainder represents interest, late payment penalties, and administrative charges on unpaid balances.

When agency avenues of debt collection have been exhausted, delinquent debts are referred to the Department of the Interior's Solicitor for appropriate legal action or bankruptcy proceedings. The Office of Surface Mining had \$69.1 million in delinquent debt at the end of 1995. Of this amount \$46.8 was referred to the Solicitor, \$15.9 was referred to the Department of Justice, and \$6.4 was being pursued by the Office of Surface Mining. Debt at the Solicitor's office consists of \$22.3 million involving bankruptcy proceedings and \$24.5 million for litigation.

#### **Audited Financial Statements**

Since 1990, the Office of Surface Mining has prepared an Annual Financial Statement after the close of each fiscal year, as required by the Chief Financial Officers Act of 1990 (Public Law 101-576). These statements are audited by the Department of the Interior's Office of Inspector General to ensure that financial results are fairly stated and conform with generally accepted accounting principles for federal agencies. The Office of Surface Mining has received five consecutive unqualified, or

"clean," audit opinions from the Inspector General. The 1995 opinion is found on page 47 of this report.

**TABLE 2  
COLLECTION MANAGEMENT**

Category	Amount Collected	Balance Owed
Civil Penalties	\$ 370,790	\$32,833,983
AML Fees	253,021,104	20,862,905
AML Audit Fees	2,395,679	25,133,187
Other Debt	528,444	257,464
<b>Totals</b>	<b>\$256,316,017</b>	<b>\$79,087,539</b>
Debt Not Delinquent		10,010,850
<b>Total Delinquent</b>		<b>\$69,076,689</b>

#### **Human Resources Management**

The year ended with 84 fewer full-time permanent employees than when it began (down from 926 to 842 employees). Headquarters decreased by 25; the coordinating centers by 34; and the field offices by a total of 25. Reduction in Force notices handed out in 1995 will further reduce the permanent employees by 186. In addition, 41 employees were downgraded and 47 were reassigned to new jobs.

#### **Monitoring Potential Conflicts of Interests**

Sections 201(f) and 517(g) of SMCRA prohibit any federal or state employee "performing any function or duty under this Act" from having "direct or indirect financial interests in underground or surface coal mining operations." The Office of Surface Mining monitors to prevent financial conflicts. In 1995, 955 Office of Surface Mining and 2,316 state employees filed financial disclosure statements. Four violations were identified and resolved.

#### **Labor-Management Partnership**

In June 1995, the president of Local

*"The Office of  
Surface Mining  
has received five  
consecutive  
unqualified audit  
opinions."*

2,148 of the National Federation of Federal Employees (Albuquerque, New Mexico) and the Office of Surface Mining established a Labor-Management Partnership. This was the second partnership agreement that the Office of Surface Mining has entered into. The first was in 1994 with Local 1993 at Headquarters. These partnerships grew out of Executive Order 12,871, Labor-Management Partnerships, signed by President Clinton on October 1, 1993.

### Government Performance and Results Act

The Government Performance and Results Act (Public Law 103-62), enacted to improve the efficiency and effectiveness of federal programs, requires the establishment of a system to set program performance

goals and measure performance. The Office of Surface Mining integrated these requirements into its strategic planning process and began to develop goals and measures in 1995.

Business lines were developed. These are an integral part of annual performance plans and in 1996 (on a test basis) will include measures to demonstrate the success of Office of Surface Mining programs. When completed in 1997, this approach will allow agency managers, Congress, and our customers to link budgetary resources with the accomplishment of specific goals for the year. This information will be included along with financial and programmatic statistics in the Office of Surface Mining annual report each year.

The primary business lines (those

directly linked to mission goals) include the following:

**1. Environmental restoration:** All functions that contribute to reclaiming lands affected by past coal mining practices. Program activities are:

- State Funding,
- State Performance Evaluation,
- Emergencies,
- Federal/Indian Lands, and
- Program Development and Maintenance.

**2. Environmental protection:** Functions that directly contribute to ensuring that the environment is protected during surface coal mining operations, including ensuring that lands mined for coal are adequately reclaimed after mining is completed. Program activities are:

- State Funding,
- State Performance Evaluation,
- Federal Programs,
- Federal Lands,
- Indian Lands,
- Program Development and Maintenance, and
- Applicant Violator System.

**3. Technology development and transfer:** Functions that enhance the technical skills states and Indian tribes need to operate regulatory and reclamation programs that meet the requirements of SMCRA. Program activities are:

- Training,
- Technical Assistance, and
- Technology Transfer.

**4. Financial management:** The functions of collecting, managing, and disbursing funds, including budget allocations, grants, and Abandoned Mine Land Fund collections. Office of Surface Mining program activities associated with this business line are:

- Revenue Management,
- Fee Compliance, and
- Financial Management.

This topographic map shows a Colorado stream channel that was designed using the Technical Information Processing System (TIPS). The stream was originally diverted to facilitate mining. The TIPS design balanced cut and fill and provided a stable channel that will minimize erosion.





**Shared**  
environmental

**protection**

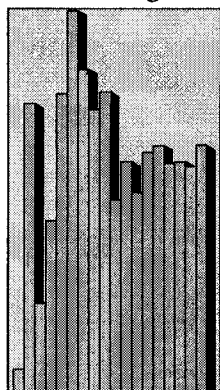


# Regulatory enforcement

A review of the shared federal/state/Indian environmental protection program for active surface and underground coal mining and reclamation operations throughout the nation.

Under the Surface Mining Control and Reclamation Act, the Office of Surface Mining is responsible for publishing the rules and regulations necessary to carry out the Act. The permanent regulatory program and related rules provide the fundamental mechanism for ensuring that SMCRA's goals are achieved. A major objective is to establish a stable regulatory program by improving the regulation development process and obtaining a broad spectrum of viewpoints on rulemaking activities.

## Rulemaking and State Program



Final Rulemaking Actions  
1978-1995

### Amendments

The 1995 rulemaking process included discussions with representatives of the coal industry, environmental groups, and state regulatory authorities to obtain their input and suggestions.

During the year, the Office of Surface Mining published one proposed permanent program rule in the *Federal Register*: Notification and Permit Processing. In addition, seven final permanent program rules were published during 1995. Table 3 describes final regula-

tions published in the *Federal Register* during 1995. Each regulation includes a *Federal Register* citation that gives the volume and page number, effective date, Code of Federal Regulations (CFR) number, and date of publication.

Subject to Office of Surface Mining approval, states have the right to amend their programs at any time for appropriate reasons. In addition, whenever SMCRA or its implement-

ing regulations are revised, the Office of Surface Mining is required to notify the states of the changes needed to make sure that state programs continue to meet federal requirements. As a result, the states have submitted a large number of complex amendments. The Office of Surface Mining has taken several steps to process states' submissions more efficiently. For example, the amendment review process within the Office of Surface Mining has been decentralized, and format and content guidelines for state program amendment submissions have been issued to the states. Also, steps have been taken to make sure that states' schedules for rulemaking in response to CFR Part 732 notification can be accomplished

in a reasonably timely manner. In 1995, the Office of Surface Mining published 88 proposed and 71 final state program amendments in the *Federal Register*.

## State Programs

Since May 3, 1978, all surface coal mines have been required to have permits and to comply with either Office of Surface Mining regulations or approved state program provisions (in states that have primacy). Currently, there are 24 primacy states that administer and enforce programs for regulating surface coal mining and reclamation under SMCRA. An effective relationship between the Office of Surface Mining and the states is fundamental to the success-

*"An effective relationship between the Office of Surface Mining and the states is fundamental."*

TABLE 3  
FINAL RULES PUBLISHED DURING 1995

<b>Coal Formation Fire Control</b>			
59 FR 52374	11/16/94	30 CFR Part 880	Published 10/17/94
This rule implements a change to mine fire control activities under SMCRA and the Appalachian Regional Development Act in accordance with the Energy Policy Act of 1992.			
<b>Permanent and Temporary Impoundments</b>			
59 FR 53022	11/21/94	30 CFR Parts 701, 780, 874, 816, and 817	Published 10/20/94
This rule clarifies the design precipitation event requirements for impoundments that rely primarily on storage to control storm water runoff. Also, in response to a recent court decision, the rule clarifies that stability and margin of safety requirements for impoundments to meet the criteria established in Technical Release No. 60 and Practice Standard 378 prepared by the U.S. Department of Agriculture, Soil Conservation Service.			
<b>Standards and Procedures for Ownership and Control Determinations</b>			
59 FR 54306	11/28/94	30 CFR Parts 701, 773, 778, 840, and 843	Published 10/28/94
This rule establishes procedures, standards, and types of proof required to challenge ownership or control links and to disapprove violations; amends the regulations affecting permit blocking abatement of notices of violation, improvidently issued permits, and permit application information; and reduces the chances of violators receiving future permits.			
<b>Abandoned Sites</b>			
59 FR 60876	12/28/94	30 CFR Parts 840 and 842	Published 11/28/94
This rule changes the minimum inspection frequency for surface coal mining and reclamation operations that have been abandoned without completion of reclamation or abatement of violations.			
<b>Abandoned Mine Reclamation Grant Procedures</b>			
60 FR 9974	3/24/95	30 CFR Parts 870, 886, 887, and 888	Published 3/31/95
This rule reduces the burden on industry, states, and the federal government to request and process abandoned mine land grants.			
<b>Underground Mining Performance Standards (Subsidence)</b>			
60 FR 16722	5/1/95	30 CFR Parts 701, 784, 817, and 843	Published 3/31/95
This rule amends the regulations applicable to underground coal mining and control of subsidence-caused damage through the adoption of permitting requirements, performance standards, and implementation procedures.			
<b>Arizona Federal Program</b>			
60 FR 18710	5/12/95	30 CFR Part 903	Published 4/12/94
This rule creates a federal program to regulate coal exploration and surface coal mining and reclamation operations on non-federal and non-Indian lands in the state of Arizona.			

**TABLE 4**  
**1995 SIGNIFICANT COURT and IBLA DECISIONS**

#### **TAKINGS**

***M & J Coal Co. v. United States*, No. 94-5081 (Fed. App.)**

On February 15, 1995, the United States Court of Appeals for the Federal Circuit found favorably for the Government in this takings claim. In April 1992, plaintiffs filed a complaint asserting that the Office of Surface Mining's enforcement action requiring them to leave additional coal in place to protect surface structures and single private dwellings from subsidence effected a taking of their property. They sought \$2,365,881 plus interest. The court held that the right to remove the additional coal was not a part of the bundle of property rights plaintiffs acquired along with their mineral interest, because removing so much coal as to cause dangerous subsidence constituted a "nuisance-like activity." On October 2, 1995, the Supreme Court denied plaintiff's petition for a writ of *certiorari*.

#### **STATE PROGRAM AUTHORITY**

***Pennsylvania Coal Ass'n v. Babbitt*, No. 94-7538 (3rd Cir.)**

On August 16, 1995, the U.S. Court of Appeals for the Third Circuit ruled favorably for the Government in its reversal of a decision by the U.S. District Court for the Middle District of Pennsylvania. The district court had reversed the Office of Surface Mining's approval of proposed revisions in the Pennsylvania state program that applied a stricter standard of liability for individual civil penalties than the standard in section 518(f) of SMCRA. The Third Circuit's opinion confirms that state regulatory programs may be more protective of the environment, even if more burdensome to the coal industry, than the nationwide minimum protections in SMCRA. The Third Circuit also upheld the Office of Surface Mining's approval of Pennsylvania program amendments that eliminated the option for coal operators to delay appeal of a violation notice until a civil penalty had been assessed.

#### **RULE CHALLENGES**

***On August 31, 1995, Federal Judge Robinson upheld three sets of Office of Surface Mining rules:***

***National Wildlife Federation v. Babbitt*, Nos. 88-3117, 88-3464, 88-3470 AER (D.D.C. Aug. 31, 1995)**

Judge Robinson upheld the ownership and control regulations against challenges brought by environmentalist groups and industry representatives. The court found that the Secretary's definition of "owned or controlled" at 30 C.F.R. Section 773.5 had a rational basis in light of the structure and language of SMCRA as a whole and was consistent with the Act, its purposes, and the legislative history.

***National Wildlife Federation v. Babbitt*, Nos. 89-1751, 89-1811 (D.D.C. Aug. 31, 1995)**

Judge Robinson upheld the Office of Surface Mining's imprudently issued permit and permit rescission regulations as being consistent with principles of primacy under SMCRA. The court observed that the permit rescission regulations were not impermissibly retroactive in their effect. In addition, the Court noted with approval that the Office of Surface Mining had adopted amended regulations in 1994 which provided for written notice and an opportunity for permittees to seek administrative review prior to rescission. The court rejected environmentalists' challenge to the regulations stating that the agency had provided a rational basis for the regulations.

***National Wildlife Federation v. Babbitt*, Nos. 89-1130, 89-1167 (D.D.C. Aug. 31, 1995)**

Judge Robinson upheld the Office of Surface Mining's permit information regulations. Those rules require disclosure of an applicant's ownership and control relationships and information about enforcement actions taken against surface coal mining operations linked by ownership or control to the applicant. The Court found that "[c]onsideration of SMCRA as a whole provides ample support for the Secretary's authority to issue" the regulations.

#### **ADMINISTRATIVE DECISIONS: INTERIOR BOARD OF LAND APPEALS**

##### **Ownership and Control**

***James Spur, Inc., et v. OSM*, IBLA No. 93-633**

On July 26, 1995, the IBLA issued a major decision establishing the IBLA's parameters for analysis of an ownership and control link under 30 CFR Section 773.5(b)(6) and for purposes of the Applicant Violator System. While ultimately rejecting the Office of Surface Mining's contention that mineral owner James Spur, Inc., controlled contract miner B & J Excavating Company, the Board agreed with the Office of Surface Mining that the actual exercise of control by a controller is unnecessary to establish control. The Board indicated that a finding of indirect authority to control may be made by inference from facts about the relationship between the parties and the events which occurred. Nonetheless, the IBLA decision makes it easier for an applicant to rebut an ownership and control finding.

oversight inspection and enforcement activities during 1995.

Building on a draft plan developed in 1994, the Office of Surface Mining and the states completed a new oversight strategy for evaluating the states' success in meeting SMCRA's environmental protection goals and achieving adequate reclamation. The new oversight plan was implemented January 1, 1996. Under this plan, the Office of Surface Mining, in cooperation with each primacy state, will develop a state-specific evaluation plan. The plan will include joint development of success measures and measurement tools appropriate to each state, based on the unique conditions of each state program. The process is customer driven, i.e., provide a means for obtaining customer feedback on targets and performance measures. Fundamental

Before reining by the Red River Coal Company, this Virginia site was characterized by barren outcrops, dangerous highwalls, acid mine drainage, and stream sedimentation. After mining, the site was transformed from hazardous and environmentally destroyed to its present outstanding condition.

ful implementation of SMCRA. This shared federal-state commitment to carry out the requirements of SMCRA is based on common goals and principles that form the basis for the relationship.

#### **Oversight of State Programs**

SMCRA Section 517(a) requires the Office of Surface Mining to make inspections as necessary to evaluate the administration of approved state programs. To meet this requirement, the Office of Surface Mining reviews permits, conducts oversight inspections of mine sites, and undertakes oversight review on topics of concern in the 24 states with approved primacy programs. Table 5 summarizes the Office of Surface Mining's





**Louis Hinch**, reclamation inspector, Virginia Department of Mines, Minerals, and Energy. After college, Louis began his career in the engineering department of a surface and underground coal mining company. With over 26 years in the coal industry, including thirteen years as a Virginia reclamation inspector, he has played an active role in implementing SMCRA. He says his experience has shown that "coal extraction in the Virginia mountains can be accomplished on an environmentally sound and economical basis."

Louis was the mine inspector for the Red River Coal Company remining operation shown below left. This was the first remining site in Virginia, and his mine inspections demonstrated that "this operation proved mining and the elimination of environmental problems can be accomplished at the same time." When talking about the concept of remining he quickly points out the excellent opportunity it provides for regulators and the mining industry to work together to solve abandoned mine problems while economically mining the coal resource.

measures and reports will be developed which can be easily understood by our customers.

The benefits of this plan are many. It will allow program managers to allocate state and federal resources to the places which maximize achievement according to SMCRA. In this regard, states, as an integral part of program management, will carry out ongoing evaluation of their own processes and develop core data to gauge trends in mining, reclamation, and program activities. Office of Surface Mining managers will have the ability to direct resources to known prob-

lems, and front-line employees will use the oversight strategy to develop specific success measures. By focusing on results rather than process, the Office of Surface Mining and the states can concentrate their resources on preventing problems in natural resource-based (water, land, vegetation) and people-based (health and safety, off-site protection, property protection) areas.

The role of the Office of Surface Mining will not duplicate the state programs' implementation responsibilities. Instead, the Office of Surface Mining will evaluate the on-the-ground success of the state programs in achieving the purposes of SMCRA and provide a framework to help the states implement the principle of continuous improvement.

#### Federal Programs

Section 504(a) of SMCRA requires the Office of Surface Mining to regulate surface coal mining and reclamation activities on non-federal and non-Indian lands in the state if:

- the state's proposal for a permanent program has not been approved by the Secretary of the Interior;
- the state does not submit its own permanent regulation program; or
- the state does not implement, enforce, or maintain its approved state program.

Although the Office of Surface Mining encourages and supports state primacy in the regulation of surface coal mining and reclamation operations, certain states with coal reserves have elected not to submit or maintain regulatory programs. Those

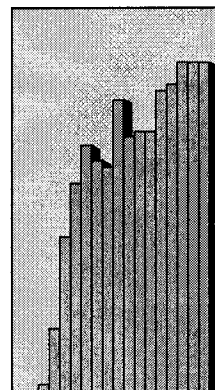
states are called federal program states, and their surface coal mining and reclamation operations are regulated by the Office of Surface Mining. Full federal programs are in effect in twelve states: Arizona, California, Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, Tennessee, and Washington.

The Office of Surface Mining established a federal program in Arizona, 30 CFR Part 903, on April 12, 1995. The program was needed to regulate planned surface coal mining activities under applicable provisions of SMCRA and under regulations found in 30 CFR Part 736, in the absence of a state program. Sections within Part 903 cross-reference the counterpart permanent program rules. The Arizona federal program also includes a process for coordinating the review and issuance of surface mining permits with other federal or state permits applicable to the proposed operation, according to Section 504(h) of SMCRA.

Of the federal program states, only Tennessee and Washington had active coal mining in 1995. Table 6 includes the Office of Surface Mining's regulatory actions in those two states during 1995.

*"Each  
primacy state  
will develop a  
state-specific  
evaluation  
plan."*

#### Grants to States



Permanent Program  
Regulatory Grants 1978-1995

Section 201 of SMCRA authorizes the Office of Surface Mining to help state regulatory authorities develop or revise surface mining regulatory programs. Although no program development grants

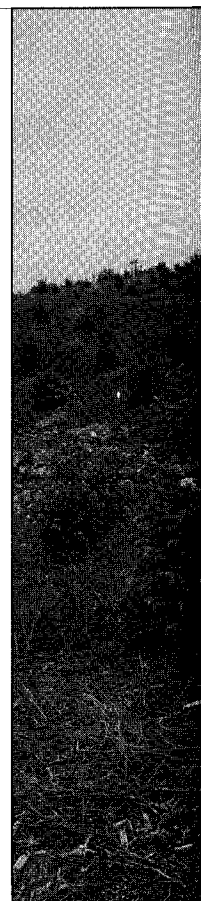
**TABLE 5**  
**FEDERAL OVERSIGHT OF STATE PROGRAMS**  
**1995 (July 1, 1994 - June 30, 1995)**

State	Number of OSM Inspections Complete      Total		Violations Cited in OSM Enforcement					
			Notice of Violation Actions      Violations		Failure-To-Abate Actions      Cessation Orders		Imminent Harm Actions      Cessation Orders	
Alabama	106	239	0	0	0	0	0	0
Alaska	3	3	0	0	0	0	0	0
Arkansas	10	15	1	1	1	1	0	0
Colorado	19	30	1	1	1	1	0	0
Illinois	0	114	0	0	0	0	0	0
Indiana	20	61	1	1	0	0	0	0
Iowa	10	17	0	0	0	0	0	0
Kansas	5	9	0	0	0	0	0	0
Kentucky	415	1,146	60	66	23	23	0	0
Louisiana	1	4	0	0	0	0	0	0
Maryland	42	69	4	4	1	1	0	0
Missouri	30	87	0	0	0	0	0	0
Montana	10	20	0	0	0	0	0	0
New Mexico	3	8	0	0	0	0	0	0
North Dakota	21	41	0	0	0	0	0	0
Ohio	111	193	0	0	2	2	0	0
Oklahoma	38	148	3	4	0	0	1	1
Pennsylvania	267	458	41	41	19	19	0	0
Texas	10	12	0	0	0	0	0	0
Utah	10	17	0	0	0	0	1	1
Virginia	131	351	6	6	0	0	0	0
West Virginia	107	654	23	26	9	11	0	0
Wyoming	15	26	0	0	0	0	0	0
Total	1,384	3,722	140 <sup>1</sup>	150	56	58	2	2

1. Of the 140 Notice of Violations issued by the Office of Surface Mining, 124 were for failure to pay fees or file the OSM-1 form, 4 were for ownership and control violations, and 12 were based on failure to meet performance standards.

were awarded in 1995, the Office of Surface Mining did work with Indian tribes to plan for 1996 program development objectives.

Section 705 of SMCRA authorizes the Office of Surface Mining to provide grants to states with approved regulatory programs in amounts not exceeding 50 percent of annual state program costs. In addition, when a state elects to administer an approved program on federal land through a cooperative agreement with the Office of Surface Mining, the state becomes eligible for financial assistance of up to 100 percent of the amount the federal government would have



**TABLE 6**  
**REGULATORY PROGRAM STATISTICS**  
**1995 (July 1, 1994 - June 30, 1995)**

	Alabama	Alaska	Arkansas	Colorado	Crow Tribe**	Georgia*	Hopi Tribe**	Illinois	Indiana	Iowa	Kansas	Kentucky	Kentucky*	Louisiana	Maryland	Missouri
Regulatory Program Staffing (FTE's 6/30/95)	33	4	6.1	26	NA	NA	NA	62	63	4.7	4.1	482	NA	4.2	13	15.6
Abandoned Mine Land Program Staffing (FTE's 6/30/95)	19.1	4	6.5	13	6.5	NA	2.5	34	27	5.2	12.1	52	NA	1.3	6	12.4
New Permits Issued	14	0	0	1	0	0	0	9	21	0	0	117	5	0	2	0
New Acreage Permitted	4,200	0	0	591	0	0	0	1,040	17,881	0	0	65,771	1,094	0	78	0
Total Acreage Permitted	95,054	4,418	1,800	158,800	5,294	12	62,760	119,880	487,302	8,100	10,705	1,626,400	25,800	45,100	1,500	46,400
Inspectable Units (6/30/95)	305	7	28	80	1	3	2	106	482	32	21	3,435	57	2	79	67
Complete Inspections	3,526	24	117	217	4	2	10	414	1,485	112	87	14,106	232	8	483	270
Partial Inspections	598	35	230	447	11	9	16	900	3,404	224	138	18,186	332	16	705	498
Notices of Violations (Actions)	269	4	2	39	0	0	5	30	118	64	7	1,348	15	2	29	107
Notices of Violations (Violations)	345	4	2	39	0	0	7	30	130	64	7	2,613	20	2	29	107
Failure-to-Abate Cessation Orders (Actions)	80	0	0	0	0	0	0	0	4	73	0	214	0	0	7	110
Failure-to-Abate Cessation Orders (Violations)	80	0	0	0	0	0	0	0	5	73	0	214	0	0	7	110
Imminent Harm Cessation Orders (Actions)	9	0	0	0	0	0	0	0	0	0	0	21	0	0	0	0
Imminent Harm Cessation Orders (Violations)	9	0	0	0	0	0	0	0	0	0	0	21	0	0	0	0
Bond Forfeitures	7	0	0	0	0	0	0	0	1	4	0	83	0	0	1	0
Acreage of Phase III Bond Release	4,513	0	14	0	0	0	0	1,245	1,635	0	542	15,839	0	0	356	338

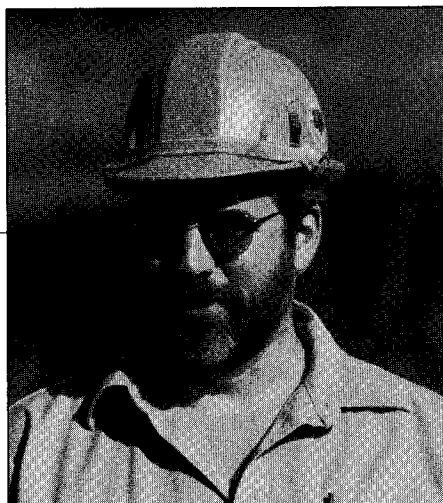
\*Federal Lands Program

\*\*Indian Lands Regulatory Program

NA - Information not available



Reforestation is the post-mining land use at the Centralia Mine site in Washington state. Douglas fir and red alder are being planted to reestablish the mixed stands that were growing here prior to mining. Washington is a federal program state, and all permitting and enforcement is performed by the Office of Surface Mining.



**Glenn Waugh**, a senior reclamation specialist with the Office of Surface Mining's Olympia Area Office, is responsible for SMCRA enforcement in the state of Washington.

Growing up in southern Ohio, Glen lived with the adverse environmental impacts wrought by poor surface coal mining and reclamation practices. After college he joined the Ohio Division of Reclamation, working to prevent these impacts before SMCRA was passed by Congress. He joined the Office of Surface Mining in 1979. Today he is one of the Office of Surface Mining's most experienced inspectors, having worked in many different jobs at headquarters and in all regions of the country. In his current role as principal regulator in a federal program state, he is a front-line inspector doing everything from permitting to on-the-ground inspection. When he describes his career implementing SMCRA, he says, "The most rewarding thing for me is to see quality reclamation, reclamation that wasn't even imagined when I was younger."

spent to regulate coal mining on those lands. Table 7 shows grant amounts provided to states during 1995 to administer and enforce regulatory programs.

### Regulation of Surface Mining on Federal and Indian Lands

Section 523(a) of SMCRA requires the Secretary of the Interior to establish and implement a federal regulatory program that applies to all surface coal mining operations that take place on federal land. The Office of Surface Mining enacted the current federal lands program on February 16, 1983.

The federal lands program is important because the federal government owns significant coal reserves, primarily in the West. The development of federal coal reserves is governed by the Federal Coal Management Program of the Department of the Interior's Bureau of Land Management. Of the 234 billion tons

**TABLE 6 (continued)**  
**REGULATORY PROGRAM STATISTICS**  
**1995 (July 1, 1994 - June 30, 1995)**

	Navajo Montana Tribe**	New Mexico	North Dakota	Ohio	Oklahoma	Pennsylvania	Tennessee	Texas	Utah	Ute Tribe**	Virginia	Washington	West Virginia	West Virginia*	Wyoming
Regulatory Program Staffing (FTE's 6/30/95)	20.9	NA	13.8	9.7	61	36.5	297	87	56	23.5	NA	86	NA	249	31.1
Abandoned Mine Land Program Staffing (FTE's 6/30/95)	10	1	11.5	9.7	31	12	97	0	14	8	NA	18	NA	57	14
New Permits Issued	0	0	0	1	53	5	142	4	3	2	0	23	0	97	1
New Acreage Permitted	0	0	0	102	14,535	1,718	3,884	339	14,617	0	0	1,933	0	16,162	980
Total Acreage Permitted	93,289	32,268	432,690	59,800	167,100	41,600	563,300	22,300	189,600	139,344	145	60,700	58,392	281,600	300,600
Inspectable Units (6/30/95)	34	6	15	44	735	106	2,793	460	23	28	1	821	4	3,435	391
Complete Inspections	118	20	60	175	3,072	483	11,678	1,641	86	119	4	3,689	36	11,151	160
Partial Inspections	104	44	59	665	4,626	728	7,912	2,450	242	241	8	3,720	0	16,907	307
Notices of Violations (Actions)	20	11	10	5	312	89	1,183	115	12	36	0	230	0	2,601	29
Notices of Violations (Violations)	20	12	10	5	312	265	1,466	139	12	47	0	308	0	2,601	291
Failure-to-Abate Cessation Orders (Actions)	1	2	0	0	53	27	130	17	0	2	0	8	0	435	1
Failure-to-Abate Cessation Orders (Violations)	1	2	0	0	53	114	185	17	0	2	0	9	0	435	1
Imminent Harm Cessation Orders (Actions)	0	0	0	0	7	0	0	5	0	2	0	2	0	19	1
Imminent Harm Cessation Orders (Violations)	0	0	0	0	7	0	0	5	0	2	0	2	0	19	1
Bond Forfeitures	1	0	0	1	2	5	67	0	0	0	0	1	0	NA	0
Acreage of Phase III Bond Release	0	0	331	75	8,162	1,578	20,562	1,197	0	0	0	1,598	0	6,707	30

Note: The Black Mesa/Kayenta mining complex consists of 62,760 permitted acres that are within the boundaries of the Navajo and Hopi Indian Reservations. The Hopi and Navajo are each 50% owners of the coal on this land. The Navajo Nation is the surface owner of 56,623 acres and the Hopi Tribe owns 6,137 surface acres of the total permitted area. In this table all data reported for this permit area is listed under the Hopi Tribe.

**TABLE 7  
REGULATORY GRANT FUNDING  
1995 OBLIGATIONS**

State	Federal Funding* 1995	1994	Cumulative Through 1995*
Alabama	\$ 1,204,372	\$1,197,778	\$18,686,179
Alaska	175,785	196,428	4,396,821
Arkansas	173,151	164,247	2,407,831
Colorado	1,502,111	1,469,791	15,900,568
Illinois	2,340,818	2,362,417	35,733,694
Indiana	1,708,648	1,757,834	19,832,154
Iowa	156,978	156,468	1,744,876
Kansas	126,708	116,069	2,139,417
Kentucky	12,412,454	12,344,711	170,762,348
Louisiana	210,985	209,830	2,353,115
Maryland	446,308	443,864	7,889,891
Michigan	0	0	135,458
Mississippi	0	43,191	475,702
Missouri	428,956	406,255	5,430,766
Montana	870,673	840,038	10,312,003
New Mexico	685,471	681,718	8,056,519
North Dakota	516,459	513,631	7,950,063
Ohio	2,508,662	2,494,927	46,622,553
Oklahoma	848,494	843,848	11,053,799
Pennsylvania	10,559,476	10,515,900	133,511,798
Rhode Island	0	0	158,453
Tennessee	0	0	5,340,085
Texas	1,195,607	1,189,061	11,977,713
Utah	1,305,350	1,298,203	16,635,008
Virginia	3,172,726	3,155,354	43,798,824
Washington	0	0	4,893
West Virginia	7,469,870	7,428,970	63,097,328
Wyoming	1,511,704	1,518,455	20,758,671
Crow Tribe	0	0	732,759
Hopi Tribe	0	0	885,450
Navajo Tribe	0	0	2,140,461
Total	\$51,531,766	\$51,348,988	\$670,925,200
Budget Amount	\$51,562,000	\$51,661,000	\$671,295,000

\*Includes obligations for AVS, TIPS, Kentucky Settlement, and other Title V cooperative agreements. Federal funding figures do not include downward adjustments of prior-year awards. However, cumulative figures are net of all prior-year downward adjustments.

of identified coal reserves in the western U.S., 60 percent is federally owned.

Through cooperative agreements, the administration of most surface coal mining requirements of the federal lands program may be delegated by the Secretary of the Interior to states with approved regulatory programs. By the end of 1995, the Secretary had entered into such cooperative agreements with Alabama, Colorado, Illinois, Montana, New

Mexico, North Dakota, Ohio, Oklahoma, Utah, Virginia, West Virginia, and Wyoming.

Under SMCRA, once the Secretary and a state have signed a cooperative agreement, the state regulatory authority assumes permitting, inspection, and enforcement responsibilities for surface coal mining activities on federal lands in that state. The Office of Surface Mining maintains an oversight function to ensure that the regulatory authority fully exercises its delegated responsibility under the cooperative agreement. In states without cooperative agreements, the required permitting, inspection, and enforcement activities under SMCRA are carried out by the Office of Surface Mining. During 1995, five new permits were issued by the Office of Surface Mining on

This acid mine drainage site located in the Chickamauga watershed was an Appalachian Clean Streams Initiative pilot project. In 1995 a passive treatment facility was constructed to eliminate this source of pollution.



**Linda Hixson** is an attorney and citizen activist from Chattanooga, Tennessee. Through her efforts and leadership more than \$250,000 has been raised for restoration of the North Chickamauga Creek, a stream severely polluted from the effects of acid mine drainage. She initially became involved in stream improvement projects when she formed the Friends of North Chickamauga Creek Greenway Inc. The group completed its first on-the-ground project in 1995, which raised the pH from 3.1 to 7.2. Local leadership, as exemplified by Linda Hixson, is the key to successfully cleaning up acid mine drainage in Appalachia.



federal land in Kentucky. For states with leased federal coal, the Office of Surface Mining prepares the Mining Plan Decision Documents required by the Mineral Leasing Act, as amended, and documentation for other non-delegable authorities for approval by the Secretary. During 1995, 12 mining plan actions were prepared and approved for coal mines on federal land.

Pursuant to Section 710 of SMCRA, the Office of Surface Mining regulates coal mining and reclamation on Indian lands. In the Southwest, three mines on the Navajo and Hopi reservations and a portion of a coal haul road on the Ute Mountain Ute Reservation are

permitted under the permanent Indian Lands Program, and one mine is operating under an interim permit. In addition, the Office of Surface Mining, in cooperation with the Bureau of Indian Affairs and the Navajo Nation, is overseeing the final reclamation of three mines on the Navajo Reservation regulated under the interim program.

On the Crow Ceded Area in Montana, the Office of Surface Mining and the Montana Department of State Lands administer applicable surface mining

requirements under a Memorandum of Understanding that includes both permitting and inspection functions.

Section 2514 of the Energy Policy Act of 1992 (Public Law 102-486) stipulates that grants shall be made to the Crow, Hopi, Navajo, and Northern Cheyenne Tribes to assist them in developing programs for regulating surface coal mining and reclamation operations on Indian lands. The development of these programs includes: creating tribal mining regulations and policies; working with the Office of Surface Mining in the inspection and enforcement of mining activities on Indian lands (including permitting, mine plan review, and bond release); and education in the area of mining and mineral resources. During 1995 the Office of Surface Mining began working with the four tribes to develop legislation for them to assume primacy. Development grant funding is contained in the Bureau of Indian Affairs 1996 budget. Table 6 includes statistics on regulatory activity on Indian lands during 1995.

*"During 1995, the Applicant/Violator System provided recommendations on 6,456 permit applications."*

### **Applicant/Violator System**

Section 510(c) of SMCRA and corresponding regulations (30 CFR 773) prohibit the issuance of permits to applicants with previous uncorrected violations and to applicants related to violators through ownership and control. The Applicant/Violator System (AVS), a computer data base, was developed to assist the Office of Surface Mining and the state regulatory authorities ensure compliance with those requirements. The Applicant/Violator System identifies associations between permit applicants or their affiliates and uncorrected violations of SMCRA. The Office of Surface Mining and the states use the information to help determine whether a permit should be issued. During 1995, the Applicant/Violator System provided recommendations on 6,456 permit applications. The overall system reliability rate was over 78 percent on those applications. (This rate represents the percent of system recommendations which the Applicant/Violator System office agrees with and does not overturn during its quality check and review.) The 11 percent drop from 1994 was largely due to moving the system from the U.S. Geological Survey mainframe computer to the Office of Surface Mining's own mini-computer. The Office of Surface Mining estimates the 1995 cost savings resulting from the system move to be \$950,000. In 1995, as a result of "Deny" recommendations, or the potential for such a recommendation, the Office of Surface Mining's Division of Debt Management collected \$677,200 in Abandoned Mine Reclamation fees and federal civil penalties.

### **Pennsylvania Anthracite Program**

Section 529 of SMCRA provides an exemption from federal performance standards for anthracite coal mining operations, provided the state law governing these operations was in



**Hugh L. Frederick, P.E.**, Tennessee Abandoned Mine Land Program. Having experience with the Soil Conservation Service, U.S. Forest Service, and the Office of Surface Mining, he joined the Tennessee program in 1986 with responsibility for designing water treatment facilities. He is a leader in the field, and has used the latest proven technology and developed new methods for passive treatment of acid mine drainage. He says "clean water is one of our most precious resources. We have a responsibility to protect, clean up, and conserve this necessary commodity." Hugh Frederick was responsible for the design and construction at the site shown to the left.

effect on August 3, 1977. Pennsylvania is the only state with an established regulatory program qualifying for the exemption, and thus regulates anthracite mining independent of SMCRA program standards.

The Pennsylvania anthracite coal region is located in the northeast quarter of the state and covers approximately 3,300 square miles. More than 20 different coal beds vary in thickness from a few inches to 50 or 60 feet. The anthracite region is characterized by steeply pitching seams, some with dips steeper than 60 degrees. Such strata require specialized mining techniques and present unique challenges to ensure that highwalls are eliminated and the area is restored to productive post-mining land use. The long history of mining in the anthracite region has produced a legacy of abandoned mine land problems. However, because most active mining operations affect previously disturbed land, a large percentage of abandoned mine land is eventually restored to productive land use.

In 1994<sup>3</sup> the anthracite mining industry increased production to around 8.0 million net tons per year, approximately 12 percent of Pennsylvania's annual coal production. More than two-thirds of anthracite coal production is from the reprocessing of anthracite culm banks which fuels eight cogeneration plants. Anthracite operators mined approximately 5.4 million tons from banks, 2.2 million from surface mines, and 0.4 million tons from underground mines.

Pennsylvania's Department of

3. Calendar year 1994.

Environmental Protection continues to successfully carry out the provisions of the anthracite regulatory program. Citizens gave the District Mining Office in Pottsville a high rating for quick and efficient response to mining complaints. State mine inspectors achieve over 95% of their required complete inspections. On complete inspections, over 80% of the mines were in compliance with performance standards.

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#### Technical Assistance

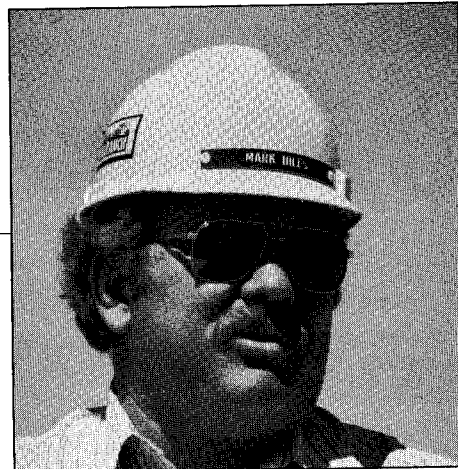
The Office of Surface Mining provides technical assistance to the states, tribes, and the industry to improve the effectiveness of the regulatory process. Although it deals mainly with regulatory functions, technical assistance also supports the Abandoned Mine Land program.

Technology transfer increased in 1995 due to the shared commitment with the states. This has provided an atmosphere for resolving problems through technical assistance, rather than oversight.

On February 27, 1995, the Office of Surface Mining signed a contract for technical assistance with Indonesia's Bureau of Environment and Technology of the Ministry of Mines and Energy. Over the next three years, technical assistance from the Office of Surface Mining will help the Ministry regulate Indonesia's rapidly expanding surface coal mining industry. The World Bank will fund the \$3.2 million agreement, and all Office of Surface Mining work will be 100 percent reimbursable.

#### Technical Information Processing System (TIPS)

The Technical Information Processing

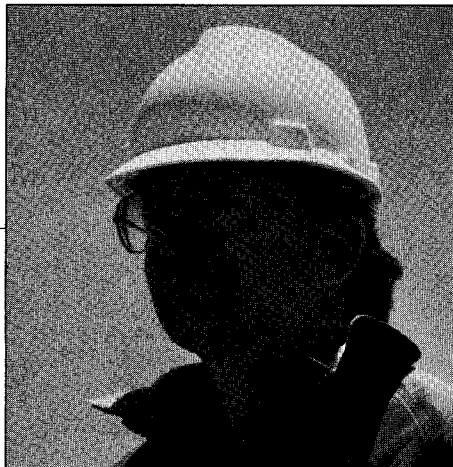


**Mark Hiles** is a senior environmental specialist with the Lee Ranch Coal Company. Having grown up in southern New Mexico and worked on both coal and uranium mining reclamation in the southwest, he is very knowledgeable about the sensitivity of an arid environment.

Soon after he started work at the Lee Ranch Mine regulators began questioning the success of the revegetation. Large areas had only a small number of perennial plants established. When the New Mexico mine inspectors offered to help solve the problem, a spirit of cooperation was initiated. Realizing that annual weeds were a major part of the problem, Mark and the inspectors agreed on a plan to burn the weeds to control annual vegetation. After only one growing season it was evident that controlling annual weeds through burning was a success, allowing the desired perennials to flourish. Mark sums up this experience best when he says, "Doing reclamation work is personally rewarding, especially when the company and regulators are so supportive of continued improvement."

System is a computer system designed by the Office of Surface Mining in partnership with primacy states. TIPS is maintained by the Office of Surface Mining for use by state regulatory authorities, including the Office of Surface Mining, to carry out the technical regulatory and abandoned mine land responsibilities of SMCRA. The system consists of a centrally-located computer networked through the Office of Surface Mining wide-area network, with engineering/scientific work stations in state, tribe, and selected federal offices. TIPS aids the technical decision making associated with conducting reviews of permits, performing cumulative hydrologic impact assessments, quantifying potential effects of coal mining, measuring revegetation success, assisting in the design of abandoned mine lands projects, and preparing environmental assessments and environmental impact statements. In





**Larry Byrd**, mine inspector for the New Mexico Energy, Minerals, and Natural Resources Department. With over 20 years experience in environmental planning, his goal in implementing SMCRA is to strive for a balance between coal production and protecting the environment. Achieving this goal includes working closely with industry representatives to ensure that coal production continues while protecting the environment and completing the highest quality reclamation. As the mine inspector, Larry Byrd worked closely with the Lee Ranch Mining Company, and coupled with his personal commitment to success, encouraged teamwork and innovative reclamation methods.

1995 more than 300 state, Office of Surface Mining, and private-sector scientists attended 25 training courses in how to use the system.

One successful application using TIPS is electronic permitting. For example, Wyoming permit applications can be electronically submitted by mine operators. In an evaluation of a test case, this reduced permit review time by one third.

### **Training**

During 1995, nationwide training continued for federal, state, tribal, and private surface coal mining regulatory and reclamation personnel. The technical training program is a cooperative effort of state, tribal, and Office of Surface Mining offices. All program offerings are jointly developed and taught by teams of state and Office of Surface Mining staff. In 1995, a total of 139 instructors contributed to the program. 55 percent of instructors were from the Office of Surface Mining coordinating

The Lee Ranch Coal Company is located in the semi-arid Southwest, where it is difficult to establish self-sustaining rangeland and wildlife habitat. Annual weeds make it difficult to establish a successful stand of native perennial vegetation in reclaimed areas. At Lee Ranch, the use of fire to control weeds has resulted in the reestablishment of native vegetation while providing an outstanding method for improving rangeland in this arid environment.



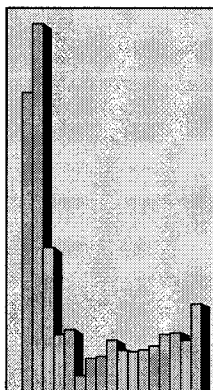
centers and field offices, 38 percent from 15 states, six percent from field solicitors offices, and one percent from other sources.

1,091 participants attended the 62 sessions offered for 24 courses. State and tribal students accounted for 73 percent of program attendance, Office of Surface Mining 22 percent, and private totaled 5 percent. The 1995 program presented a 25 percent increase in offerings and services over 1994. These increases were in direct response to the needs expressed by state and tribal customers.

The 24 courses offered in 1995 included: Acid-Forming Materials: Fundamentals; Acid-Forming Materials: Planning & Prevention; Administration of Reclamation Projects; Alternative Enforcement; Basic Inspection Workbook; Blasting; Bonding Workshop: Administrative and Legal; Bonding: Cost-Estimating; Enforcement Procedures; Engineering Principles for Program Personnel; Expert Witness; Evidence Preparation and Testimony; Historical and Archeological Resources; Instructor Training; NEPA Procedures; Permitting Hydrology; Principles of Inspection; Soil Erosion and Sediment Control; Soils and Revegetation; Spoil Handling and Disposal Practices; Surface and Ground Water Hydrology; Technical Writing; Underground Mining; and Wetlands Awareness. Five of these courses were new and seven were revised. In addition, Indonesian students attended three courses in the U.S. and two courses conducted in Indonesia.

Due to Office of Surface Mining staffing and budget cuts, the 1996 training schedule will be more limited than in past years. Major efforts will be directed to revising and re-engineering the existing program rather than conducting courses.

### Small Operator Assistance Program (SOAP)



SOAP Grant Obligations 1978-1995

Section 401 (b)(1) of SMCRA authorizes that up to 10 percent of the fees collected for the Abandoned Mine Reclamation Fund can be used to help qualified small mine operators obtain technical data needed for permit applications. Through 1991, operators who produced fewer than 100,000 tons of coal per year were eligible for assistance. Beginning with Fiscal Year 1992, the Abandoned Mine Reclamation Act of 1990 increased from 100,000 to 300,000 tons the production limit that defined whether small operators qualify for assistance.

**TABLE 8  
SMALL-MINE OPERATOR ASSISTANCE  
1995 GRANT AWARDS\***

State	Grant 1995	Amount 1994
Kentucky	\$ 1,009,805	\$ 310,000
Maryland	103,715	50,000
Ohio	272,000	314,500
Oklahoma	4,000	0
Pennsylvania	1,800,000	1,200,000
Virginia	10,000	0
West Virginia	407,223	153,785
<b>Total</b>	<b>\$3,606,743</b>	<b>\$2,028,285</b>

\*These figures do not include downward adjustments of prior-year awards.

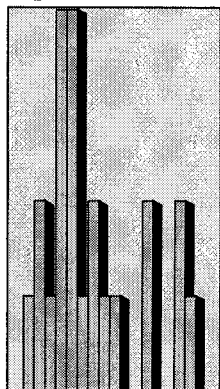
The Energy Policy Act of 1992 (Public Law 102-486) added a number of enhancements to the technical permitting services provided under SOAP. These include engineering analyses and designs necessary for the hydrologic impact "determination," cross-section maps and plans, geologic drilling, archaeological and historical information and plans, information and plans required for the protection of fish and wildlife habitat and other environmental values, and pre-blast surveys.

Regulations for SOAP place responsibility with the states that have



approved permanent programs. In states with federal programs, the Office of Surface Mining operates SOAP. In 1995, 156 small mine operators received assistance, an increase from 129 operators in 1994. Table 8 provides a breakdown of SOAP grant awards by state during 1995.

### Experimental Practices



Experimental Practices Started 1978-1995

Section 711 of SMCRA allows alternative, or experimental, mining and reclamation practices that do not comply with Sections 515 and 516 performance standards as a way of encouraging advances in mining technology or to allow innovative industrial, commercial, residential, or public post-mining land uses. However, the experimental practices must meet all other standards established by SMCRA and must maintain

In 1995 the Office of Surface Mining issued a directive encouraging the construction of wetlands as a postmining land use. Wetlands improve water quality and recreational opportunities, encourage greater biological diversity and wildlife habitat, and reduce storm and flood damage.

protection of the environment and the public. Approval and monitoring of a permit containing an experimental practice requires a close working relationship between the mine operator, the state, and the Office of Surface Mining.

In 1995 there were eight ongoing projects addressing a variety of reclamation possibilities, including the creation of wetlands through direct seeding of coal slurry ponds, alternative sediment control methods, and post-mining land use for housing development. No new experimental practices were started in 1995.

### Reclamation Awards

To recognize the people responsible for the nation's outstanding achievements in carrying out environmentally sound mining and reclamation under Title V, the Office of Surface Mining presents awards to operators who have developed innovative reclamation techniques or who have completed mining and reclamation operations that resulted in outstanding on-the-ground performance. Awards for 1994 were presented October 9, 1995, at the National Mining Association's annual meeting:

#### Director's Award

- The Director's award was presented to the McKay Coal Company for exemplary reclamation that eliminated acid mine drainage from previous mining at its mine near Ohi, Pennsylvania.

#### National Awards

- Cumberland River Coal Company, for exemplary reclamation of a fish and wildlife habitat at its Ridgeline Mine, near Jackson, Kentucky.

- Lee Ranch Coal Company, for successful use of new methods for controlling weeds when reestablishing native vegetation in arid conditions. This company also received the "Best-of-the-Best" award for achieving the years best overall reclamation at its mine near Milan, New Mexico.

- Branham & Baker Coal Company, near Pikeville, Kentucky, for exemplary reclamation and long-term management of the donated reclaimed land.

- B & N Coal Company, Ullman Pit, near Lower Salem, Ohio, for exemplary remining and no-cost abandoned mine land reclamation.

- Peabody Coal Company, Broken Aro Mine, near Coshocton, Ohio, for exemplary reclamation of a previously mined slurry disposal area.

- Jamieson Construction Company, Atkinstown, Kentucky, for outstanding reclamation achieved by a small coal operator adjacent to an endangered species habitat.

- Falkirk Mining Company, Underwood, North Dakota, for its sensitive and successful handling of Native American skeletal remains uncovered during mining.

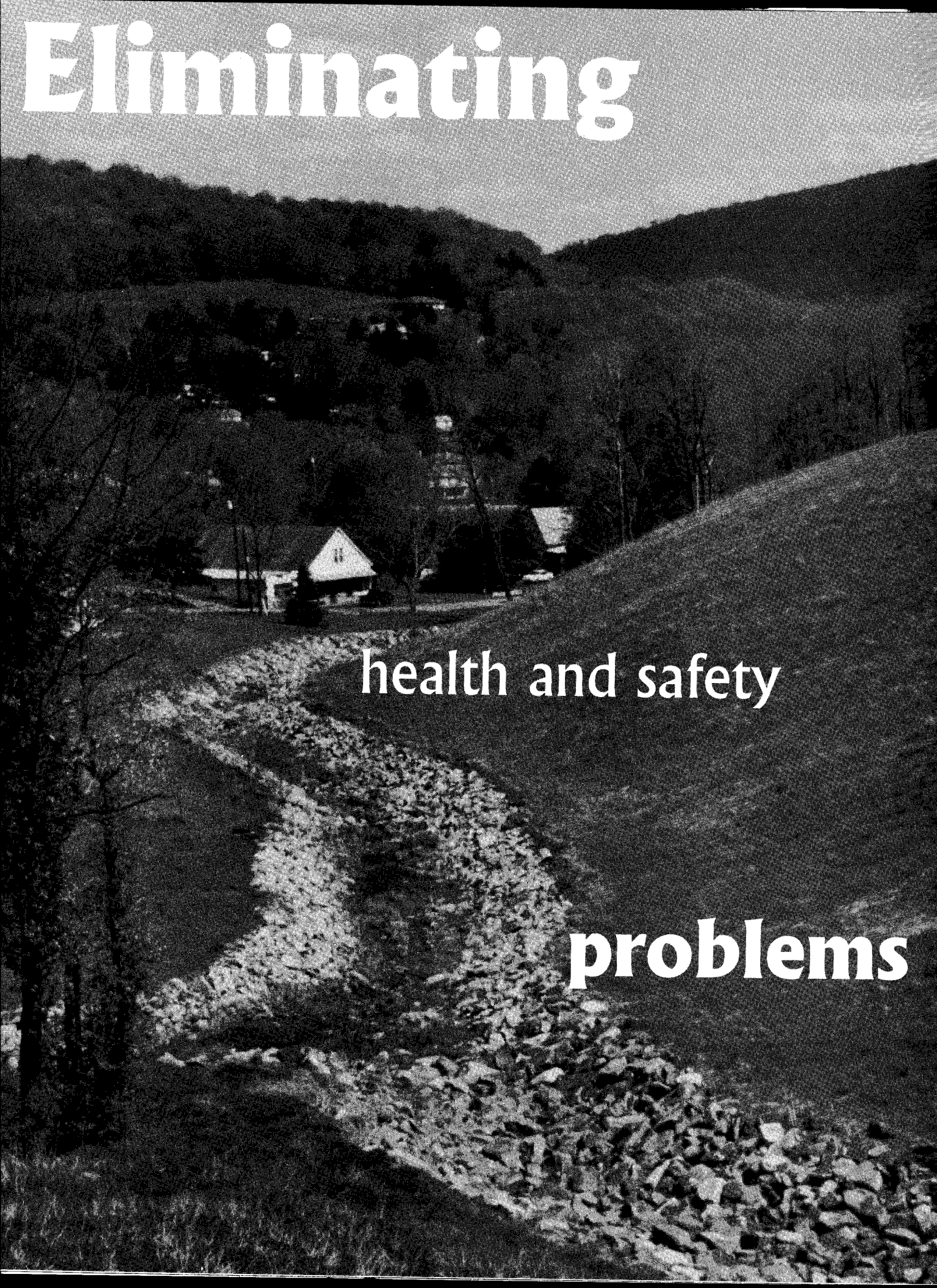
- Bridger Coal Company, Jim Bridger Mine, Rock Springs, Wyoming, for its exemplary techniques to mitigate conflicting nesting/highwall use by raptors.

- Rawl Sales & Processing Company, for the construction of a bridge used by the company and local residents at Sprigg, West Virginia.

*"Regulations  
for SOAP  
place  
responsibility  
with the  
states."*







# **Eliminating**

**health and safety**

**problems**

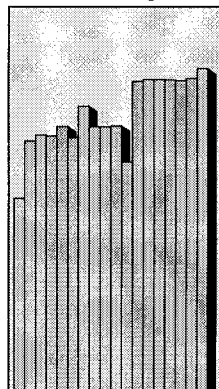


# Abandoned mine land reclamation

An update on the reclamation of land and water resources affected by mining that took place before the Surface Mining Law was passed in 1977.

**T**itle IV of SMCRA — the Abandoned Mine Land Reclamation Program — provides for the restoration of lands mined and abandoned or left inadequately restored before August 3, 1977. Situations that pose a danger to public health, safety and general welfare are given priority.

## Fund Management



Abandoned Mine Land Fund Collections 1978-1995

Production fees of 35 cents per ton of surface mined coal, 15 cents per ton of coal mined underground, and 10 cents per ton of lignite are collected from coal producers at all active coal mining operations. The fees are deposited in the Abandoned Mine Reclamation Fund, which is used to pay the reclamation costs of abandoned mine land projects. The fund consists of fees, contributions, late-payment interest, penalties, administrative charges, and interest earned on investment of the fund's principal. From January 30, 1978, when the first fees were paid, through September 30, 1995, the fund has collected \$4,083,084,264.

Expenditures from the fund are made through the regular budgetary and appropriation process. SMCRA

specifies that 50 percent of the reclamation fees collected in each state with an approved reclamation program, or within Indian lands where the tribe has an approved reclamation program, are to be allocated to that state or tribe. That 50 percent is designated as the state or tribal share of the fund. The remaining 50 percent (the federal share) is used by the Office of Surface Mining to complete high-priority and emergency projects under its Federal Reclamation Program, to fund the Rural Abandoned Mine Program (RAMP) administered by the U.S. Department of Agriculture, to fund the Small Operator Assistance Program (SOAP), to fund reclamation directly through state reclamation programs, and to pay audit and administrative costs. In 1991, at the direction of Congress, a formula to distribute federal-share money to the state reclamation programs was established based on historic coal production. Table 9 shows collections and funding by states for 1995.

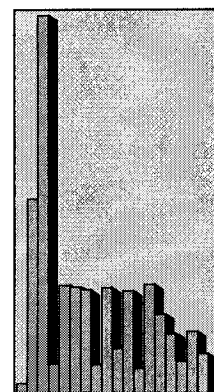
The Abandoned Mine Reclamation Act of 1990 (Public Law 101-508) extended fee collection authority through September 30, 1995; the Energy Policy Act of 1992 (Public Law 102-468) further extended fee collection authority until September 30, 2004.

In 1992, under authority of Public Law 101-508, the Office of Surface Mining began investing abandoned mine land funds. By law, the Office of Surface Mining is restricted to investing in certain market-based securities issued by the U.S. Treasury, such as bills, notes, bonds, and one-day certificates. Total investment earnings for 1995 were \$69.29 million. The average interest earned during

the year was 5.31 percent. At the end of the year, the Office of Surface Mining had more than \$1.29 billion invested in Treasury securities. The Energy Policy Act of 1992 (Public Law 102-486) stipulated that all 1993 investment earnings received and all future investment earnings are to be made available for transfer from the Abandoned Mine Reclamation Fund to the United Mine Workers Association Combined Benefits Fund, beginning in 1996. On September 30, 1995, \$132.45 million was available for transfer.

*"Total investment earnings for 1995 were \$69.29 million."*

## Federal Reclamation Program



Interior Department Projects 1978-1995

Under Sections 402 and 407 of SMCRA, the Secretary of the Interior is authorized to expend Abandoned Mine Reclamation Fund monies for non-emergency reclamation of high-priority sites that present an extreme danger to the public. A

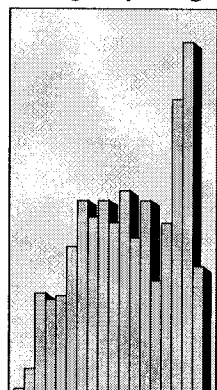
non-emergency is defined in 30 CFR 870.5 as "a condition that could reasonably be expected to cause substantial harm to persons, property, or the environment and to which persons or improvements on real property are currently exposed."

Until 1980, when states and Indian tribes began to receive approval of their abandoned mine land programs, all reclamation was administered by the Office of Surface Mining. However, as state and tribal programs were approved and the states and tribes

Coal waste removed between 1872 and the 1930s was deposited at a mine entrance located in Eckhart Mines, Maryland. As coal refuse was dumped in the valley a drainage tunnel designed to carry stream flows through the site was failing. Any further blockage would have created an unstable coal refuse dam in this residential neighborhood. Over 140 thousand cubic yards of coal refuse was removed, and, following excavation of the tunnel, stream channels were lined with rip-rap. The site was regraded to stabilize the steep slopes and then revegetated with grasses, legumes, shrubs, and trees.

assumed responsibility for correcting abandoned mine land problems, the Office of Surface Mining has greatly reduced its direct participation in this portion of the program. During 1995, work was accomplished on 14 projects: 4 in Georgia, 1 in Michigan, 3 in Tennessee, and 6 in Washington.

### Emergency Program



Office of Surface Mining  
Emergency Projects  
1978-1995

Emergency projects are those involving abandoned mine lands that present a danger to public health, safety, or general welfare and which require immediate action.

Under Section 401(a) of SMCRA,

the Secretary of the Interior is authorized to spend money from the Abandoned Mine Reclamation Fund for the emergency restoration, reclamation, abatement, control, or prevention of the effects of coal mining practices if an emergency exists.

Since the beginning of the program, the Office of Surface Mining has encouraged states to assume responsibility for emergency projects. In 1983, Arkansas and Montana assumed emergency project responsibility, followed by Illinois in 1984. During 1988 and 1989, Kansas, Virginia, and West Virginia took over responsibility for their emergency projects. Alabama assumed responsibility in 1990, followed by Ohio in 1992, Alaska and North Dakota in 1993, and Indiana in 1994. In 1989, the Office of Surface Mining established an emergency policy that provided federal share funds, in addition to the formula-based alloca-

State/Tribe	Total Collected	State Share Distribution*	Federal Share Distribution*	Emergency Distribution*	Total Distribution*
Alabama	\$ 5,942,676	\$ 1,687,599	\$ 1,419,862	\$ 300,000	\$ 3,407,461
Alaska	519,457	156,504	1,343,496	25,000	1,525,000
Arkansas	15,536	0	1,500,000	13,000	1,513,000
Colorado	5,627,036	1,337,711	691,968	0	2,029,679
Illinois	8,505,428	3,212,840	5,260,085	561,000	9,033,925
Indiana	9,220,160	2,929,195	1,712,519	310,000	4,951,714
Iowa	0	13,915	1,486,085	0	1,500,000
Kansas	108,787	56,142	1,443,858	460,000	1,960,000
Kentucky	35,489,723	10,377,854	5,155,216	0	15,533,070
Louisiana	352,194	89,066	0	0	89,066
Maryland	749,548	219,879	1,280,121	0	1,500,000
Missouri	282,471	202,909	1,297,091	0	1,500,000
Montana	12,812,020	3,450,887	0	125,000	3,575,887
New Mexico	5,254,894	1,228,829	271,171	0	1,500,000
North Dakota	3,161,954	883,647	616,353	50,000	1,550,000
Ohio	6,531,963	2,324,565	3,224,500	1,700,000	7,249,065
Oklahoma	713,191	178,255	1,321,745	0	1,500,000
Pennsylvania	12,448,761	4,153,371	17,003,204	0	21,156,575
Tennessee	666,860	0	0	0	0
Texas	5,088,628	1,517,593	0	0	1,517,593
Utah	3,638,527	891,730	608,270	0	1,500,000
Virginia	7,134,886	2,367,783	1,582,298	350,000	4,300,081
Washington	1,517,541	0	0	0	0
West Virginia	34,594,951	8,913,117	9,772,093	4,350,000	23,035,210
Wyoming	84,932,422	19,004,013	0	0	19,004,013
Crow Tribe	1,531,061	454,886	0	0	454,886
Hopi Tribe	1,539,117	438,155	0	0	438,155
Navajo Tribe	7,043,152	3,563,921	0	0	3,563,921
Undist. Emerg.	0	0	0	845,339	845,339
<b>Total</b>	<b>\$255,422,944</b>	<b>\$69,654,366</b>	<b>\$56,989,935</b>	<b>\$9,089,339</b>	<b>\$135,733,640</b>

\*The term "Distribution" is now used instead of "Allocation." Allocation refers to the "pooling" of monies collected for the Abandoned Mine Land Fund. State- and federal-share distribution amounts are based on formulae set forth in Directive AML-18 dated November 26, 1992. Emergency distribution amounts are based on figures provided annually by the Assistant Director, Program Support, and as approved during the year by the Deputy Director.

tion, to states with emergency programs.

Due to the dry weather conditions in 1995 the Office of Surface Mining undertook fewer new emergencies than in 1994. However, the workload in the East continued to be heavy because of the carryover projects. Of the \$7.2 million in disaster relief funds appropriated for Kentucky in 1994, \$2.6 million were carried into 1995.

In 1995, the average number of days required for the Office of Surface Mining to respond to complaints

(from notification of a possible emergency problem) was 1.8 (a 15 percent improvement from 1994). The total days from complaint referral to construction averaged 26.6 days. Compared with 1994, this represents a 29 percent improvement in response (a 10.8 day reduction from complaint referral to construction).

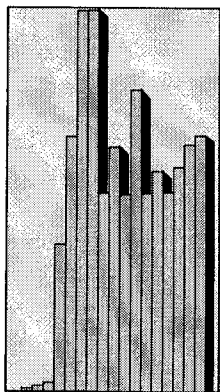
Of the 594 emergency complaint investigations referred by Office of Surface Mining field offices, 135 resulted in a declaration of emergency, 211 were determined to be not of an emergency nature, 77 were considered not related to coal mining

or were reclaimed by the landowner, and 171 were still under investigation at the close of the fiscal year on September 30, 1995. Non-emergency mining-related complaints were referred to the states for consideration as high-priority abandoned mine land grant projects.

### Post-SMCRA Reclamation

As authorized in the 1995 appropriations, federal civil penalties collected under Section 518 of SMCRA were used to reclaim lands mined and abandoned after August 3, 1977. In 1995, the Office of Surface Mining funded eight reclamation projects costing a total of \$611,857 in the states of Arkansas, Georgia, Kentucky, Oklahoma, and West Virginia. An additional \$501,180 in unobligated funds will be carried over for use in 1996 reclamation projects.

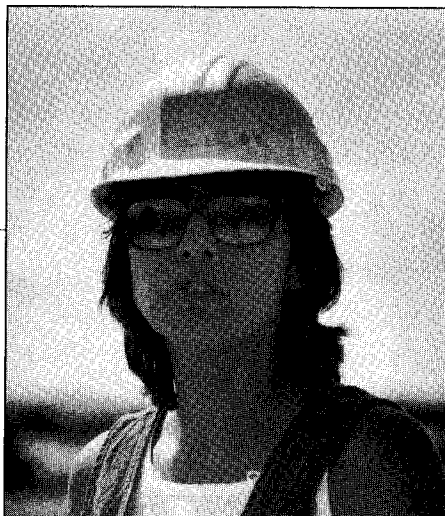
### Grants to States and Tribes



Grant Obligations  
1978-1995

Beginning with Texas in 1980, the Office of Surface Mining has gradually approved state reclamation programs. Currently, all primacy states except Mississippi have approved abandoned mine land

reclamation programs. During 1988, the Navajo and Hopi Tribe programs were approved, and in 1989 the Crow Tribe received approval for its program. In 1995, the states and the tribes received grants totaling \$162,487,240. Since 1979, when the states began receiving abandoned mine land administrative grants to operate their programs and construction grants to complete reclamation projects, \$2,202,760,877 has been



Geologist **Unice Tso** is a geologist and was the reclamation supervisor for the Copper Mine Project. She was responsible for on-the-ground reclamation work completed by the in-house Navajo construction crew of the Tuba City, Arizona, Abandoned Mine Land Office.

distributed from the fund. State costs for to administration grants, set-aside and subsidence insurance programs, emergency programs, and initial program development and cooperative agreement costs have been reduced to less than 25 percent of the total grant cost during the last three years. Net grant awards for abandoned mine land construction

*"In 1995,  
the states and  
the tribes  
received grants  
totaling  
\$162,487,240."*

Located on Navajo land just east of the Grand Canyon, the Copper Mine Project contained open shafts, dangerous highwalls, and industrial waste associated with abandoned copper mining. With the reclamation complete, sources of water pollution and soil erosion, as well as abandoned mine land hazards, have been eliminated.

projects from grants totaled \$1.6 billion, and construction obligations at the state/tribe level totaled \$1.5 billion. Grant amounts for 1995 are shown in Table 11. On-the-ground coal mine reclamation accomplishments resulting from grant funding through 1995 are summarized in Table 12.

Simplified grant funding of state abandoned mine land programs was begun in 1994. This new grant application process eliminates the



**TABLE 10**  
**FEDERAL RECLAMATION PROGRAM PROJECTS**  
**1995 OBLIGATIONS**

State/Tribe	Emergency	High Priority	Total 1978-94*	Total Emergency Prior Year Adj. in 1995*	Total High Priority Prior Year Adj. in 1995*	Total 1978-1995*
Alabama	\$ 0	\$ 0	\$ 13,934,015	\$ 0	\$ 0	\$ 13,934,015
Alaska	0	0	194,638	0	0	194,638
Arkansas	0	0	84,904	0	0	84,904
California	0	32,868	1,067,181	0	0	1,100,049
Colorado	5,736	0	1,858,362	0	0	1,864,098
Georgia	0	529,875	2,086,126	0	(6,875)	2,609,126
Illinois	0	0	5,376,749	0	0	5,376,749
Indiana	2,968	0	4,029,055	0	0	4,032,023
Iowa	215	0	1,083,508	342	0	1,084,065
Kansas	0	0	5,094,172	0	0	5,094,172
Kentucky	4,922,208	0	76,288,312	(54,076)	0	81,156,444
Maryland	0	0	2,626,938	0	0	2,626,938
Michigan	30,752	19,800	1,969,202	0	0	2,019,754
Missouri	20,383	0	8,013,564	0	0	8,033,947
Montana	0	0	729,058	0	0	729,058
New Mexico	0	0	2,364,696	0	0	2,364,696
North Carolina	0	0	205,407	0	0	205,407
North Dakota	0	0	1,723,933	0	0	1,723,933
Ohio	0	0	18,443,205	(27,775)	0	18,415,430
Oklahoma	3,825	0	1,210,524	0	0	1,214,349
Oregon	0	0	42,275	0	0	42,275
Pennsylvania	3,788,357	0	87,656,576	(3,071)	0	91,441,862
Rhode Island	0	0	556,229	0	0	556,229
South Dakota	0	0	27,255	0	0	27,255
Tennessee	0	674,000	16,613,741	0	(258,904)	17,028,837
Texas	2,000	0	285,849	0	0	287,849
Utah	0	0	123,791	0	0	123,791
Virginia	0	0	10,139,469	(250)	0	10,139,469
Washington	12,000	676,579	4,803,194	0	(30,255)	5,461,518
West Virginia	0	0	29,023,226	0	0	29,023,226
Wyoming	0	0	1,067,101	0	0	1,067,101
Cheyenne River Sioux Tribe	0	100,000	2,712,372	0	0	2,812,372
Crow Tribe	0	0	1,097,895	0	0	1,097,895
Fort Berthold Tribe	0	0	69,972	0	0	69,972
Fort Peck Tribe	0	0	147,991	0	0	147,991
Hopi Tribe	0	0	1,263,409	0	0	1,263,409
Jicarillo Apache Tribe	0	0	50,998	0	0	50,998
Navajo Tribe	0	0	2,222,792	0	0	2,222,792
Northern Cheyenne Tribe	0	4,992	580,005	0	0	584,997
Southern Ute Tribe	0	0	94,206	0	0	94,206
Rocky Boy Tribe	0	0	60,188	0	0	60,188
Uintah/Ouray Tribe	0	0	138,738	0	0	138,738
Ute Mountain Tribe	0	0	14,300	0	0	14,300
White Mountain Apache Tribe	0	0	1,838	0	0	1,838
Wind River Tribe	0	0	73,267	0	0	73,267
Zuni Tribe	0	0	125,009	0	0	125,009
<b>Total</b>	<b>\$8,788,444</b>	<b>\$2,038,114</b>	<b>\$307,375,235</b>	<b>(\$84,580)</b>	<b>(\$296,034)</b>	<b>\$317,821,179</b>

\* Includes prior year contract deobligations and upward adjustments.

requirement for advance approval of each reclamation project before the grant is awarded to the state. States receive amounts based on appropriated spending levels and are held accountable for using those funds in accordance with their approved

abandoned mine land plan. The Office of Surface Mining is no longer involved in cumbersome and detailed pre-award scrutiny of state grant applications.

#### Minimum Program

The minimum-level program was established by Congress in 1988 to ensure funding of existing high-priority projects in states where the annual allocation is too small for the state to administer a program and begin reclamation.



During 1995, Alaska, Arkansas, Iowa, Kansas, Maryland, Missouri, New Mexico, North Dakota, Oklahoma, and Utah were eligible for minimum-level program funding and received such grants during the year. Minimum-level program funding was reduced from \$2,000,000 to \$1,500,000 for 1995. Eligible states and tribes received \$8,048,356 in contributions from non-minimum program states and tribes for federal-share money in 1995. These contributions bring the 10 states and tribes to the minimum program level. Once minimum-program states and tribes complete

their high-priority projects listed in the National Inventory of Abandoned Mine Land Problems, annual funding is limited to state-share money.

**State Set-Aside**  
Beginning in 1987, Public Law 100-34 authorized states to set aside up to 10 percent of the

state-share portion of their annual abandoned mine land reclamation grants. Set-aside money was deposited into special trust funds and became available, along with interest earned, for use by the state for reclaiming abandoned mine land problems after August 3, 1992, the original expiration date for the collection of abandoned mine land reclamation fees. (Subsequent legislation has extended this date to September 30, 2004.) Statutory amendments contained in Public Law 101-508 created a new set-aside program that does not supersede the transfer funds deposited under the original 1987 program. The funds set aside

under the new program were available for use beginning in 1996, and only to reclaim eligible priority 1 and 2 abandoned coal mine land problems. In 1995, nine states and one tribe set aside \$5,882,154.

### Subsidence Insurance

Public Law 98-473 authorized states and tribes with approved reclamation programs to use abandoned mine land funds to establish self-sustaining, individually administered programs to insure private property

against damage caused by land subsidence resulting from abandoned underground coal mines. Implementing rules were promulgated in February 1986. Under those rules, states can receive a subsidence insurance grant of up to \$3,000,000, awarded from the state's share of the abandoned mine land fund. In 1995, no subsidence insurance grants were issued. Through 1995, the Office of Surface Mining has granted a total of \$11,699,247 to Colorado, Indiana, Kentucky, Ohio, West Virginia, and Wyoming.

*"This new grant application process eliminates the requirement for advance approval of each project."*

**TABLE 11**  
**ABANDONED MINE LAND GRANTS TO PRIMACY STATES AND INDIAN TRIBES**  
**1995**

State/ Tribe	Subsidence Insurance	10% Program Set-Aside	Administration <sup>4</sup>	Project Costs <sup>5</sup>	Emergency <sup>6</sup>	1995 Total	1994 Total
Alabama	\$ 0	\$ 0	\$ 616,098	\$ 2,806,669	\$ 400,000	\$ 3,822,767	\$ 3,828,092
Alaska	0	0	225,685	1,297,715	25,000	1,548,400	2,110,000
Arkansas	0	0	406,419	1,338,055	13,000	1,757,474	2,385,146
Colorado	0	200,000	537,700	1,502,300	0	2,240,000	2,000,000
Illinois	0	0	903,859	8,248,552	561,000	9,713,411	10,333,658
Indiana	0	610,756	955,073	7,008,865	310,000	8,884,694	5,145,404
Iowa	0	0	172,945	1,384,659	0	1,557,604	2,081,635
Kansas	0	0	149,987	1,790,245	460,000	2,400,232	3,173,452
Kentucky	0	0	917,090	15,002,534	0	15,919,624	19,985,610
Louisiana	0	0	89,066	0	0	89,066	146,743
Maryland <sup>2</sup>	0	61,261	510,943	2,398,985	0	2,971,189	2,615,016
Missouri	0	68,135	475,977	1,614,398	0	2,158,510	2,628,907
Montana	0	345,089	509,144	5,883,487	125,000	6,862,720	4,767,586
New Mexico	0	142,660	1,155,942	344,000	0	1,642,602	2,186,551
North Dakota	0	113,682	285,904	1,895,093	50,000	2,344,679	3,832,712
Ohio	0	0	2,405,541	4,133,514	3,104,387	9,643,442	6,649,235
Oklahoma	0	0	289,165	1,252,234	0	1,541,399	2,271,000
Pennsylvania <sup>2</sup>	0	2,115,658	4,807,239	18,115,267	0	25,038,164	41,061,426
Texas	0	0	299,120	0	0	299,120	5,087,820
Utah	0	0	425,305	1,535,465	0	1,960,770	2,481,187
Virginia <sup>2</sup>	0	0	1,739,815	2,735,829	1,100,000	5,575,644	6,160,793
West Virginia <sup>2</sup>	0	1,868,521	5,605,012	19,746,193	4,350,000	31,569,726	46,609,129
Wyoming	0	0	480,333	19,338,829	0	19,819,162	20,572,274
Crow Tribe	0	0	229,638	441,530	0	671,168	2,035,795
Hopi Tribe	0	0	191,860	0	0	191,860	105,000
Navajo Tribe	0	356,392	750,007	1,157,414	0	2,263,813	5,564,987
<b>Total</b>	<b>\$0</b>	<b>\$5,882,154</b>	<b>\$25,134,867</b>	<b>\$120,971,832</b>	<b>\$10,498,387</b>	<b>\$162,487,240</b>	<b>\$205,819,158</b>

1 Funding for these grants is derived from the FY 1995 Distribution and funds recovered or carried over from previous years. Downward adjustments of prior-year awards are not included in the totals.

2 These 10% set-aside amounts are for acid mine drainage set-aside funding rather than future set-aside funding.

3 Administrative amount includes \$138,937 for coalbed mapping grant.

4 Administrative amounts for most states/tribes contain non-emergency indirect costs which are applicable to their entire Abandoned Mine Land program. These costs cannot be broken down into separate cost categories.

5 The term "Project Costs" is now used instead of "Construction." Abandoned Mine Land simplified grants do not contain specific construction cost breakdowns, but rather list all costs associated with a construction project as a project cost. This category contains both non-water supply and water supply project costs.

6 This category contains emergency project, administrative, and indirect costs. Indirect costs are not directly attributable to either emergency project or administrative costs.

## Inventory of Abandoned Mine Land Problems

SMCRA, as amended by the Abandoned Mine Reclamation Act of 1990 (Public Law 101-508), requires the Office of Surface Mining to maintain an inventory of eligible abandoned coal mine lands that meet the public health, safety, and general welfare criteria of Section 403(a)(1) and (2). During 1995, this inventory was maintained and updated to reflect reclamation accomplishments as required by Section 403(c).

The Office of Surface Mining maintains its inventory on the Abandoned Mine Land Inventory System (AMLIS), a computer system that provides reports of problems eligible

for funding, estimated reclamation costs, and reclamation accomplishments. During 1995 states and Indian tribes began managing their data using direct electronic entry.

As of September 30, 1995, the system contained information for 12,858 problem areas, mostly related to abandoned coal mines. A problem area is a geographic area, such as a watershed, that contains one or more abandoned mine problems that could logically be corrected together. Problem area boundaries are delineated by the extent of their effect on surrounding land and water, not just the abandoned mine sites. Since the beginning of the Abandoned Mine Land program, nearly \$1.2 billion

was spent for completed projects and \$280.2 million for ongoing coal projects. Of these problem areas, 10,625 were pre-SMCRA coal sites with health, safety, and general welfare problems, of which 5,690 (53 percent) have been reclaimed. The estimated cost to reclaim the remaining 4,935 high-priority problem areas is \$2.5 billion.

Table 12 summarizes state, emergency, and federal coal reclamation project accomplishments through 1995. In comparing figures reported between 1994 and 1995, most categories show increases. In a few cases, totals decreased. These changes reflect the continued efforts by the Office of Surface Mining, the states,

**TABLE 12**  
**ABANDONED MINE LAND COAL RECLAMATION ACCOMPLISHMENTS**  
**1978-1995**

	Ala.	Alas.	Ark.	Calif.	CERT <sup>6</sup>	Colo.	Crow	Ga.	Hopi	Ill.	Ind.	Iowa	Kan.	Ky.	Md.	Mich.	Mo.	Mont.
<b>Priority 1 &amp; 2 (Protection of Public health, Safety, and General Welfare)</b>																		
Clogged Streams <sup>1</sup>	2	0	0	0	1	0	0	0	0	14	14	4	1	34	3	0	11	3
Clogged stream lands <sup>2</sup>	117	0	0	0	0	0	0	0	0	592	106	245	1	7,932	41	0	1,177	2
Dangerous highwalls <sup>3</sup>	119,290	960	32,706	0	7,170	51,493	650	1,000	14,302	15,685	84,585	46,035	63,731	14,299	26,680	950	52,212	150
Dangerous Impoundments <sup>4</sup>	2	3	0	0	0	0	0	2	0	6	5	1	1	82	0	0	5	3
Dangerous piles & embank. <sup>2</sup>	31	8	164	0	475	7	33	3	0	107	484	710	104	222	99	0	352	62
Dangerous slides <sup>2</sup>	8	0	0	0	0	0	22	0	0	2	1	0	1	1,555	17	0	0	1
Gases: hazardous/explosive <sup>4</sup>	0	0	0	0	0	0	0	0	0	8	3	0	0	0	0	0	0	0
Underground mine fires <sup>2</sup>	0	0	0	0	0	110	0	0	2	5	0	0	0	83	0	0	2	63
Hazardous equip. & facilities <sup>4</sup>	445	57	1	0	6	1	1	0	8	195	85	4	2	138	12	5	24	175
Hazardous water bodies <sup>4</sup>	42	0	9	0	30	0	0	0	0	1	2	20	2	16	9	2	10	0
Industrial/residential waste <sup>2</sup>	22	3	12	0	9	2	0	0	0	13	21	2	12	49	15	0	69	74
Portals <sup>4</sup>	877	6	6	25	72	485	4	85	9	106	41	1	0	1,133	17	0	14	715
Polluted water: agricultural <sup>4</sup>	0	0	0	0	0	3	1	0	0	0	6	12	3	5	3	0	29	17
Polluted water: human con. <sup>4</sup>	12	0	0	0	0	0	0	1	0	1	6	1	0	2,890	1	0	13	12
Subsidence <sup>2</sup>	10	0	3	0	35	46	16	1	0	18	35	1	28	54	9	1	0	392
Surface burning <sup>2</sup>	50	0	2	0	0	31	0	0	0	11	5	0	3	205	0	8	19	302
Vertical opening <sup>4</sup>	271	5	65	38	18	256	4	8	2	364	251	17	8	64	2	12	33	430
<b>Priority 3 (Environmental Restoration)</b>																		
Bench <sup>2</sup>	11	0	0	0	0	3	2	0	0	1	0	0	0	619	0	0	0	1
Industrial/residential waste <sup>2</sup>	9	0	0	0	0	5	0	0	0	13	53	0	0	0	0	0	3	76
Equipment/facilities <sup>4</sup>	8	0	0	0	2	7	0	0	0	94	103	0	1	51	1	1	4	58
Gob piles <sup>4</sup>	116	7	0	0	4	102	19	3	25	2,303	980	1	89	197	21	21	73	144
Highwalls <sup>3</sup>	22,175	0	0	0	1,500	2,028	1,880	0	551	4,510	3,430	0	3,200	2,000	3,650	0	9,624	1,170
Haul roads <sup>2</sup>	1	0	0	0	0	0	12	0	15	89	32	5	0	1	1	1	1	1
Mine openings <sup>4</sup>	45	0	0	0	1	18	0	2	0	87	18	1	0	68	0	0	0	42
Pits <sup>4</sup>	1	0	0	0	7	83	7	0	10	364	55	19	17	3	0	1	70	18
Spoil area <sup>2</sup>	7,784	0	0	0	80	829	23	0	10	1,840	1,156	440	273	976	212	10	1,058	856
Slurry <sup>4</sup>	8	9	0	0	0	0	1	0	0	1,087	382	0	10	58	0	0	69	0
Slump <sup>2</sup>	8	25	0	0	0	0	2	0	0	1	2	0	0	10	1	11	1	19
Water problems <sup>4</sup>	292	0	0	0	0	1	0	0	0	350	69	0	0	0	70	0	86	241

Units: 1 Miles; 2 Acres; 3 Linear feet; 4 Count; 5 Gallons/minute; 6 CERT is the Council of Energy Resources Tribes

and the tribes to improve the quality of the information. In some cases it was found that the data for sites reclaimed under more than one reclamation funding program had been inadvertently duplicated, or other errors had occurred. These figures have been corrected.

### Reclamation Awards

After more than 18 years of abandoned mine land reclamation funded under SMCRA, thousands of dangerous health and safety problems throughout the country have been eliminated. To enhance communication about achievements in abandoned mine land reclamation, the Office of Surface Mining has present-

ed awards to those individuals responsible for their completion. This year, 108 individuals responsible for nine award-winning projects were recognized for their work. Awards for the following projects were presented at the National Association of Abandoned Mine Land Programs annual meeting:

#### Director's Award:

■ Meadow Creek Project, Monterey, Tennessee, for eliminating acid mine drainage.

#### National Awards:

■ Aladdin Coal Tipple Interpretive Site, Aladdin, Wyoming

■ Summit Reclamation Project, American Fork Canyon, Utah

■ City of Mines Project, Independence Mine and Mill, Victor, Colorado

■ Gage Mine Safeguard Project, Deming, New Mexico

■ Middle Fork Duck Creek Watershed Project, Caldwell, Ohio

■ Rattlesnake Reclamation Project, Chattanooga, Tennessee

■ North Fork Watershed Project, Flat Gap, Virginia, and

■ Rock Springs Subsidence Abatement and Public Utility Repair, Rock Springs, Wyoming.

**TABLE 12 (Continued)**  
**ABANDONED MINE LAND COAL RECLAMATION ACCOMPLISHMENTS**  
**1978-1995**

	Navajo	N.Car.	N.Dak.	N.Mex.	Ohio	Okla.	Ore.	Penna.	R.I.s.	S.Dak.	Tenn.	Texas	Utah	Vir.	Wash.	W.Vir.	Wyo.	Total (1995)	Total (1994)
<b>Priority 1 &amp; 2 (Protection of Public health, Safety, and General Welfare)</b>																			
Clogged Streams <sup>1</sup>	0	0	0	0	12	1	0	16	0	0	0	0	11	60	0	27	1	215	202
Clogged stream lands <sup>2</sup>	0	0	0	0	4,327	0	0	43	0	0	147	0	6	762	0	149	0	15,647	15,129
Dangerous highwalls <sup>3</sup>	0	0	25,596	0	26,007	153,909	0	371,387	0	135	16,255	3,285	2,925	7,508	0	124,829	9,011	1,272,745	1,084,487
Dangerous impoundments <sup>4</sup>	1	0	4	0	5	0	0	40	0	0	0	0	1	14	0	141	1	317	293
Dangerous piles & embank. <sup>2</sup>	1	0	303	2	96	0	0	361	0	0	200	987	101	231	3	2,185	500	7,831	7,516
Dangerous slides <sup>2</sup>	7	0	35	0	306	0	0	5	0	0	41	0	0	183	0	294	0	2,478	2,247
Gases/hazardous/explosive <sup>4</sup>	0	0	0	0	0	0	0	0	0	0	0	0	19	0	0	3	0	33	29
Underground mine fires <sup>2</sup>	0	0	0	32	0	0	0	795	0	0	0	0	19	0	0	18	92	1,221	1,138
Hazardous equip. & facilities <sup>4</sup>	4	0	14	13	38	13	3	252	0	4	25	0	135	191	4	204	15	2,074	2,001
Hazardous water bodies <sup>4</sup>	0	0	13	0	4	129	0	69	0	0	9	0	0	1	0	1	0	369	338
Industrial/residential waste <sup>2</sup>	1	0	2	0	34	6	0	15	0	0	11	0	2	2	0	24	1	401	375
Portals <sup>4</sup>	152	0	13	225	140	101	12	212	0	5	184	8	487	611	24	1,200	186	7,154	6,670
Polluted water: agricultural <sup>4</sup>	0	0	6	1	0	3	0	1	0	0	0	0	2	0	0	7	0	99	99
Polluted water: human con. <sup>4</sup>	0	0	0	1	3	2	0	9	0	0	4	0	0	90	0	6	0	3,052	2,971
Subsidence <sup>2</sup>	5	0	1,070	29	42	5	1	2,144	6	1	5	0	5	4	6	181	278	4,431	4,284
Surface burning <sup>2</sup>	3	0	1	35	73	0	0	124	0	0	2	0	39	27	15	295	9	1,259	1,198
Vertical opening <sup>4</sup>	7	5	78	80	134	73	3	273	0	1	10	19	23	84	56	63	187	2,944	2,838
<b>Priority 3 (Environmental Restoration)</b>																			
Bench <sup>2</sup>	1	0	0	2	0	0	0	0	0	0	76	0	4	0	0	0	0	720	708
Industrial/residential waste <sup>2</sup>	1	0	0	0	0	0	0	0	0	0	0	0	7	1	0	0	11	179	172
Equipment/facilities <sup>4</sup>	2	0	0	11	3	0	0	15	0	0	15	0	58	21	0	0	3	458	421
Gob piles <sup>4</sup>	112	0	0	44	68	0	0	33	0	0	52	8	229	13	0	20	30	4,713	4,052
Highwalls <sup>3</sup>	0	0	0	0	9,220	0	0	3,958	0	0	130	0	550	0	0	13,850	1,300	84,726	70,663
Haul roads <sup>2</sup>	10	0	0	6	0	0	0	0	0	0	8	0	3	1	0	0	1	188	116
Mine openings <sup>4</sup>	43	0	0	4	19	0	1	16	0	0	0	0	0	21	0	1	4	391	305
Pits <sup>4</sup>	17	0	0	2	17	0	0	35	0	0	47	0	6	0	0	0	10	789	632
Spoil area <sup>2</sup>	164	0	0	2	382	0	0	1,071	0	0	325	152	49	3	0	7	386	18,088	15,843
Slurry <sup>2</sup>	0	0	0	2	0	0	0	1	0	0	0	0	1	0	0	0	0	1,628	1,389
Slump <sup>2</sup>	0	0	0	0	0	0	0	26	0	0	3	0	16	0	0	0	0	125	138
Water problems <sup>4</sup>	0	0	0	0	0	0	0	90,306	0	0	360	0	20	20	0	2	400,002	491,819	491,363

Units: 1 Miles; 2 Acres; 3 Linear feet; 4 Count; 5 Gallons/minute; 6 CERT is the Council of Energy Resources Tribes

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30,**

(In Thousands)	1995	1994
<b>ASSETS</b>		
Entity Assets:		
Intragovernmental Assets:		
Fund Balances with Treasury (Note 2)	\$55,679	\$64,186
Accounts Receivable, Federal (Note 3A)	10,841	78
Investments (Note 4)	1,292,066	1,175,384
Governmental Assets:		
Accounts Receivable, Net, Non-Federal (Note 3B)	12,675	13,651
Advances and Prepayments, Non-Federal	54	4
Cash (Imprest)	21	38
Property, Plant and Equipment, Net (Note 5)	5,610	5,558
<b>Total Entity Assets</b>	<b>1,376,946</b>	<b>1,258,899</b>
Non-Entity Assets:		
Governmental Assets (from all other sources):		
Resources Transferable to U.S. Treasury (Note 3C)	123	996
<b>Total Non-Entity Assets</b>	<b>123</b>	<b>996</b>
<b>Total Assets</b>	<b>1,377,069</b>	<b>1,259,895</b>
<b>LIABILITIES</b>		
Liabilities Covered by Budgetary Resources:		
Intragovernmental Liabilities:		
Accounts Payable, Federal	145	249
Governmental Liabilities:		
Accounts Payable, Non-Federal	10,083	3,702
Accrued Payroll and Benefits	2,050	2,109
Deferred Revenue, Non-Federal (Note 6)	0	639
<b>Total Liabilities Covered by Budgetary Resources:</b>	<b>12,278</b>	<b>6,699</b>
Liabilities not Covered by Budgetary Resources:		
Intragovernmental Liabilities:		
Other Federal Liabilities (Note 3C)	123	1,169
Governmental Liabilities:		
Suspended Liabilities, Non-Federal (Note 7)	1,188	4,420
Accrued Leave	4,944	4,468
<b>Total Liabilities not Covered by Budgetary Resources</b>	<b>6,255</b>	<b>10,057</b>
<b>Total Liabilities</b>	<b>18,533</b>	<b>16,756</b>
<b>NET POSITION</b>		
Balances: (Note 8)		
Unexpended Appropriations	356,960	382,474
Invested Capital	5,610	5,385
Cumulative Results of Operations	1,000,910	859,748
Less Future Funding Requirements	(4,944)	(4,468)
<b>Net Position</b>	<b>1,358,536</b>	<b>1,243,139</b>
<b>Total Liabilities and Net Position</b>	<b>\$1,377,069</b>	<b>\$1,259,895</b>

The accompanying notes are an integral part of these statements.



U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
**STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30,**

(In Thousands)	1995	1994
<b>REVENUES AND FINANCING SOURCES</b>		
Appropriations Expensed	\$307,533	\$299,426
Revenues from Sales of Goods and Services (Note 9)		
Intragovernmental	237	1,070
Governmental	1,568	188
AML Interest, Non-Federal (Note 10)	3,007	1,931
Investment Interest Earned, Federal	69,291	40,085
Revenue from Fees Assessed	256,385	249,135
Other Revenues and Financing Sources (Note 11)	11,990	4,408
Less: Miscellaneous Receipts - Revenue to the U.S. Treasury	(6,266)	(788)
<b>Total Revenues and Financing Sources</b>	<b>643,745</b>	<b>595,455</b>
<b>EXPENSES</b>		
Grants Provided to States and Tribes	215,932	201,537
Personal Services and Benefits	57,293	59,574
Contractual Services	23,749	25,135
Rent, Communications and Utilities	7,095	7,628
Travel and Transportation	2,722	2,506
Non-capitalized equipment	1,450	1,756
Supplies	1,415	1,318
Printing and Reproduction	468	399
Other Operating Expenses	8	(59)
<b>Total Operating Expenses (Note 12)</b>	<b>310,132</b>	<b>299,794</b>
Depreciation Expense	892	842
Bad Debt Expense	7,632	8,807
Future Funding Requirements (Note 13)	(89)	(242)
<b>Total Expenses</b>	<b>318,567</b>	<b>309,201</b>
Excess of Revenues and Financing Sources Over Total Expenses Before Adjustments	325,178	286,254
Plus (Minus) Adjustments		
Prior Period Adjustments	(2,106)	(753)
Inter-Fund Transfer	(182,386)	(190,107)
<b>Excess of Revenues and Financing Sources Over Total Expenses</b>	<b>140,686</b>	<b>95,394</b>
<b>CHANGE IN NET POSITION</b>		
Net Position, Beginning Balance	1,243,139	1,157,120
Prior Period Adjustment Correcting Equity Position	0	0
Net Position, Adjusted Beginning Balance	1,243,139	1,157,120
Excess of Revenues and Financing Sources Over Total Expenses	140,686	95,394
Plus (Minus) Non-Operating Changes (Note 14)	(25,289)	(9,375)
<b>Net Position, Ending Balance</b>	<b>\$1,358,536</b>	<b>\$1,243,139</b>

The accompanying notes are an integral part of these statements.

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED SEPTEMBER 30,**

(In Thousands)	1995	1994
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Excess of Revenues and Financing Sources Over Total Expenses	\$140,686	\$95,394
<b>Adjustments Affecting Cash Flow:</b>		
Appropriations Expensed	(307,533)	(299,426)
Decrease (Increase) in Accounts Receivable	(9,836)	(1,317)
Decrease (Increase) in Other Assets	873	(243)
Increase (Decrease) in Accounts Payable	5,578	(261)
Increase (Decrease) in Other Liabilities	(3,717)	4,894
Other Adjustments (Prior Year Adjustments)	0	0
Total Adjustments	(314,635)	(296,353)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(173,949)</b>	<b>(200,959)</b>
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(271)	(761)
Sale of Securities (Note 4)	5,118,915	6,883,375
Purchase of Securities (Note 4)	(5,248,455)	(6,971,060)
Other Investing Cash Provided (Used)	12,858	9,365
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(116,953)</b>	<b>(79,081)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Appropriations:		
Current Year Appropriations	292,778	300,659
Appropriated Revenue	331	519
Add:		
Transfers of Cash From Others	0	7,200
Deduct:		
Rescissions	697	0
Withdrawals	2,096	4,444
Transfers To Others	7,938	13,333
Net Appropriations	282,378	290,601
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>282,378</b>	<b>290,601</b>
Net Cash Provided (Used) by Operating, Non-Operating and Financing Activities	(8,524)	10,561
Fund Balances with Treasury, Cash, and Foreign Currency, Beginning	64,224	53,663
<b>Fund Balances with Treasury, Cash, and Foreign Currency, Ending</b>	<b>\$55,700</b>	<b>\$64,224</b>

U.S Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
**STATEMENT OF BUDGET AND ACTUAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1995**

(In Thousands)

Program Name	Resources	BUDGET		ACTUAL Expenses
		Direct	Obligations	
			Reimbursed	
Abandoned Mine Lands	\$261,130	\$193,970	\$472	\$209,041
Regulation and Technology	110,272	109,265	577	103,460
Civil Penalties	1,113	529	0	4,449
Bond Forfeiture	1,146	(869)	948	814
Other (Receipt/Special Funds)	0	0	0	803
<b>Totals</b>	<b>\$373,661</b>	<b>\$302,895</b>	<b>\$1,997</b>	<b>\$318,567</b>

**Budget Reconciliation:**

**Total Expenses** \$318,567

Add:

Capital Acquisitions 1,163  
Expenditures for Soil Conservation Service 10,848  
Unfunded Personnel Benefits 89

Less:

Depreciation 892  
Bad Debt Expense Unappropriated 7,632

Accrued Expenditures 322,143  
Less Reimbursements and other Revenue 3,319

**Accrued Expenditures, Direct** **\$318,824**



U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
**Notes to Combined Financial Statements**  
For the Fiscal Years (FY) Ended September 30, 1995 and 1994

**Note 1. Summary of Significant Accounting Policies:**

**A. Basis of Presentation**

These financial statements have been prepared to report the financial position and results of operations of the Office of Surface Mining Reclamation and Enforcement (OSM), as required by the Chief Financial Officers Act of 1990. The statements have been prepared from the books and records of OSM using the accrual basis of accounting, which recognizes the financial effects of transactions as they occur. In addition, the statements were prepared in accordance with the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Bulletin 94-01, and OSM's accounting policies.

**B. Reporting Entity**

The Office of Surface Mining was established as a regulatory agency in the Department of the Interior by Public Law 95-87, also known as the Surface Mining Control and Reclamation Act of 1977 (SMCRA). SMCRA was passed by Congress on August 3, 1977, and has since undergone several revisions, the most recent being the Energy Policy Act of 1992 (Public Law 102-486). Although SMCRA initially empowered OSM with the authority to collect a statutory coal reclamation fee through FY 1992, the 1992 revision extended this authority through the year 2004.

The purpose of this fee is to fund, among other things, the reclamation of coal mines abandoned prior to August 3, 1977. OSM's mission is further defined by SMCRA to include administering programs designed to (1) protect society and the environment from the effects of coal mining operations, (2) reclaim existing and future mined areas which pose both a hazard to public health and safety and affect the quality of the nation's natural resources, and (3) provide technical and financial assistance to states with primary regulatory authority over jurisdictional coal mining activities.

Budget authority of funds appropriated for SMCRA is vested to OSM, which is also responsible for the administrative oversight and policy direction of the program. OSM is required by the U.S. Department of the Treasury (U.S. Treasury), the General Accounting Office (GAO), and OMB to report on the accounting for SMCRA funds. The U.S. Treasury acts as custodian over all monies appropriated and collected by OSM, except for imprest funds.

The Office of Surface Mining is responsible for segregating accounting entries by category of source or use, otherwise known as funds. For reporting purposes, OSM has consolidated accounting data into three types:

**Regulation and Technology** -- These funds consist of expenditure accounts used to record financial transactions arising from congressional appropriations to spend general revenue. This category supports the financing of state administrative grants, research and development facilitating the transfer of reclamation expertise to India, and the partial financing of all OSM operations and maintenance costs. Funding is appropriated on an annual basis.

**Reclamation Programs** -- Funds for these programs come from revenues collected from excise taxes (Trust Fund), civil penalty assessments, and performance bond forfeitures for the purpose of reclamation projects.

**Trust Funds** -- These funds were established by SMCRA for the deposit of coal reclamation fees, related late payment interest, and administrative charges recovered in pursuing collections. Available reclamation fees are used solely to finance the Abandoned Mine Land (AML) Reclamation program. However, before AML funds can be used, a congressional appropriation is necessary to authorize yearly spending limits.

**Investment Fund** -- Available Trust Fund balances, in excess of current cash requirements, are regularly invested in non-marketable federal securities as authorized under Public Law 101-508.

**Other** -- These are temporary holding accounts for resources pending distribution. Also included in this category are OSM's unfunded contingencies and capitalized assets.

**Deposit Funds** -- These funds account for receipts awaiting proper classification, amounts held in escrow, and proceeds from the sale of vehicles. Vehicle proceeds, which are reserved exclusively for the purchase of replacement vehicles, are not treated as earned until replacement vehicles are acquired.

**Receipt Funds** -- The Office of Surface Mining's financial statements include: (1) miscellaneous judicial service fees, (2) fines, (3) administrative fees, (4) miscellaneous receipts, (5) interest, and (6) unclaimed monies which are credited annually to the U.S. Treasury's general government fund. In the billing and collection of these funds, OSM is merely acting as a collection



agent for the U.S. Treasury. The Statement of Financial Position includes receivables and an offsetting liability to the U.S. Treasury.

## C. Financing Sources

### 1. Realized Operating Revenue

**Appropriations** Financing sources are provided through congressional appropriations on both an annual and no-year basis. They are realized each fiscal year to the extent the funds have been expended.

**Other Revenue** Revenue is also realized when earned but not collected based on recorded accounts receivable. Therefore, the only noncash expenses not funded by revenue are those requiring future funding, such as earned but unused annual leave. This example would be funded with future appropriations.

### 2. Assessments

The Bond Forfeiture Fund receives operating authority based on revenue provided from forfeited performance bonds. This fund is used to reclaim lands that are site-specific to the forfeited bond.

The Civil Penalty Fund receives appropriated revenue from assessments levied against permittees who violate any permit condition or any other provision of Title 30 U.S.C. 1268. This fund is used to reclaim lands adversely affected by coal mining practices on or after August 3, 1977.

### 3. Abandoned Mine Land Fees (AML)

The Abandoned Mine Land program is funded by a reclamation fee assessed on coal mine operators. The fee is based on the type and volume of coal produced for sale, transfer, or use. As appropriated by Congress, monies received and deposited in this trust fund are used to reclaim lands adversely affected by coal mining that took place prior to August 3, 1977.

Since its inception, SMCRA has required that half of the AML reclamation fees be distributed to the state of origin as the state share. The distribution formula has historically been based on each state's portion of the AML reclamation fees, late payment interest, and post-judgment interest. However, effective with FY 1992, legislation altered the state-share distribution formula. The revised state-share distribution is based on AML reclamation fees alone. All remaining funds are designated as the federal share.

### 4. Transfers In/Transfers Out

The Office of Surface Mining annually transfers a portion of its AML appropriations to the Department of Agriculture's Soil Conservation Service for administering the Rural Abandoned Mine Program. The transfer of OSM's appropriated funding authority to another federal agency is reported on the Statement of Cash Flow as a deduction from Financing Activities.

The Office of Surface Mining also administers and accounts for financial activity affecting no-year funds which, in earlier years, had been transferred to OSM from the U.S. Department of State (India Fund). The purpose of the India transfer was to fund research and development of India's reclamation program within the framework of SMCRA.

## D. Centralized Federal Financing Activities

The Office of Surface Mining's financial activities interact with and are dependent on the financial activities of the centralized management functions of the federal government that are undertaken for the benefit of the whole federal government. These activities include public debt and employee retirement, life insurance, and health benefit programs. Accordingly, OSM's financial statements do not contain the results of centralized financial decisions and activities performed for the benefit of the whole government.

These statements are not intended to report OSM's proportionate share of the federal deficit. The Office of Surface Mining funds its operations and maintenance from the Regulation and Technology and AML appropriations. While financing for the AML program is provided by appropriated Abandoned Mine Land fee collections held in trust, financing for the Regulation and Technology program may be from tax revenue, public borrowing, or a combination of both.

### E. Allowance for Doubtful Accounts

The Office of Surface Mining uses two different methodologies to recognize bad debts arising from uncollectible accounts receivable. The net of the allowance method, which was revised effective the fourth quarter of FY 1992, is used for trust fund and civil penalty accounts receivable. Under this method, an allowance for doubtful accounts is calculated quarterly based upon OSM's past experience in successfully collecting delinquent accounts receivable by aging category. OSM's allowance methodology is representative of the collectability of delinquent debt.

# Notes to Combined Financial Statements Continued

For all other fund types, the allowance is based on an analysis of each accounts receivable.

## F. Grant Expenditures

The Office of Surface Mining awards grants to states and Indian tribes to facilitate the accomplishment of its overall mission. To meet immediate cash needs, grantees draw down funds which are disbursed through an automated payment system. OSM accrues these draw-downs as expenditures. All disbursements are made by the U.S. Treasury. Either semiannually or annually, grantees report costs incurred to OSM.

## G. Administrative Expenses

Executive and general administrative expenses incurred by OSM benefit both the Regulation and Technology and AML funds. Since there is no reasonable means to directly charge shared expenses, both Regulation and Technology and AML receive an equitable reallocation of indirect costs through a budget-based formula.

## H. Distribution of AML Appropriation for Reclamation Grants

It is OSM's policy to distribute the state-share portion of the current AML appropriation based on the percentage of each state's balance in the AML Trust Fund. Additional grants are distributed from the federal-share portion of the AML appropriation based upon state historical coal production prior to 1978. OSM also supports a \$1.5 million minimum program for states with high-priority projects that would not otherwise receive this base amount through the normal distribution process. State emergency program funds also are available from the federal-share portion of the appropriation.

## I. Principal Financial Statements

The Office of Surface Mining's principal financial statements were prepared in accordance with *OMB Bulletin No. 94-01, Form and Content of Agency Financial Statements*. The overall financial condition of the bureau, as presented, consists of four statements:

- Statement of Financial Position
- Statement of Operations and Changes In Net Position
- Statement of Cash Flow
- Statement of Budget and Actual Expenses

Additional supplemental statements are presented after these notes.

## Note 2. Fund Balances with Treasury (in thousands):

	*Net Obligated	Unobligated Available	*Restricted	Total
Reclamation Programs	\$ 269,596	\$ 47,566	\$ 977,587	\$1,294,749
Regulation and Technology	36,925	0	14,883	51,808
Other	0	0	1,188	1,188
Total	\$ 306,521	\$ 47,566	\$ 993,658	\$1,347,745
Less Investments	268,478	46,001	977,587	1,292,066
Fund Balances in Cash	\$ 38,043	\$ 1,565	\$ 16,071	\$ 55,679

\*The Net Obligated figures are net of Accounts Receivable and Accounts Payable as reported on the FY 1995 Yearend Closing Statement filed with the U.S. Treasury. The Restricted Column includes Unappropriated Available Receipts, Expired Regulation and Technology Funds, and Deposited Suspend Funds.

## Note 3A. Accounts Receivable, Federal:

These receivables, \$10,841,000, represent interest due on investment securities with the U.S. Treasury. In FY 1995, the yearend accrual was recorded as an accounts receivable in lieu of an amortized discount as reported in FY 1994.

## Note 3B. Accounts Receivable, Non-Federal (in thousands):

Program	Total Accounts Receivable	Delinquent Accounts Receivable	Allowance for Doubtful Accounts	Accounts Receivable, Net
Regulatory Audit:				
Principal	13,643	8,156	7,341	6,302
Other	11,490	7,881	7,353	4,137
AML Fees:				
Principal	8,697	8,399	7,713	984
Other	12,166	12,020	11,554	612
Civil Penalties:				
Principal	19,822	19,539	19,417	405
Other	3,668	3,668	3,626	42
DFM:				
Principal	241	53	48	193
Total Principal	42,403	36,147	34,519	7,884
Total Other	27,324	23,569	22,533	4,791
Grand Total	69,727	59,716	57,052	12,675

## Note 3C. Resources Transferable to Treasury (in thousands):

Program	Total Accounts Receivable	Delinquent Accounts Receivable	Allowance for Doubtful Accounts	Account Receivable, Net
Civil Penalties:				
Other	9,345	9,345	9,238	107
DFM:				
Principal	1	1	0	1
Other	15	15	0	15
Total	16	16	0	16
Grand Total	9,361	9,361	9,238	123

The Resources Transferable to Treasury are offset in Other Federal Liabilities. The amount present in Other Federal Liabilities is the same as the Resources Transferable to Treasury.

Note: The Other category represents accounts receivable for interest, penalties, and administrative costs.



## Note 4. Investments:

Effective October 1, 1991, the Office of Surface Mining (OSM) was given authority to invest available AML trust funds in non-marketable federal securities under P.L. 101-508. The Bureau of Public Debt is the sole issuer of authorized non-marketable federal securities, which are purchased by OSM directly from the U.S. Treasury. OSM may invest in bills, notes, bonds, par value special issues, and one-day certificates. There are no restrictions on federal agencies as to the use or convertibility of Treasury non-marketable securities.

Presently, all earnings from AML investments are reinvested, thus providing a source of continuous funding to further enhance AML Trust Fund equity. However, with the enactment of P. L. 102-486 on October 24, 1992, and effective with FY 1996, OSM will be required to transfer annually up to \$70 million in interest earned from the invested AML trust funds to the United Mine Workers of America Combined Benefit Fund. These AML investment proceeds will then be available to provide health benefits for certain eligible retired coal miners and their dependents.

When previously issued Treasury bills are purchased by OSM, the unamortized (discount) or premium is calculated by Treasury at the time of purchase. As of September 30, 1995, OSM's outstanding investments in Treasury non-marketable securities consisted of:

Type of Investment	Cost/Market Value (in thousands)	Amortized Discount	Investments Net (in thousands)
Treasury Bills	\$ 1,292,066	\$ 0	\$ 1,292,066

The Cash Flow Statement for FY 1994 was restated to show the total purchases and sales instead of the cumulative changes for that reporting year.

## Note 5. Property, Plant and Equipment, Net:

All property and equipment are valued at cost. Property and equipment are capitalized whenever the initial acquisition cost is \$5,000 or more and the estimated useful life is two years or longer. There is one exception: computer software is not capitalized unless the acquisition cost is \$25,000 or more.

Fixed Assets (in thousands)	Depreciation Method	Service Life	Acquisition Value	Accumulated Depreciation	Net Book Value
ADP Equipment	SL	15	\$ 5,165	\$ (1,623)	\$ 3,542
Office Equipment	SL	11-20	1,481	(500)	981
Vehicles	SL	6-10	2,999	(1,912)	1,087
Total			\$ 9,645	\$ (4,035)	\$ 5,610

## Note 6. Deferred Revenue:

The appropriation law covering forfeited bonds states that collections are made available for expenditure until the bond site is reclaimed. In FY 1994, the revenue was recognized as Deferred Revenue at the time of the collection and revenue at the time reclamation expenses were recorded. Based on new guidance from the Department of the Treasury, the FY 1995 revenue was recognized at the time of collection.

## Note 7. Other Public Liabilities:

Suspended Liabilities: These are deposits received by OSM that are held in suspense pending legal action, identification, or other further action. These deposits have been identified as (1) *Reimbursable Advances* receipts from recipients of services yet to be performed; (2) *Other Escrows* permit fees held by OSM until the permit is issued; (3) *Civil Penalties Escrow* funds collected from civil penalties held in escrow pending any appeal processes which will determine whether OSM will refund the collections or transfer the collections to appropriate accounts for use by the federal government; (4) *Cash* held by OSM, in lieu of performance bonds, until the coal operator has fully reclaimed the specific bonded site; (5) *Vehicle Sale Receipts* funds from the sale of vehicles are made available for replacement vehicles. When new vehicles are purchased, funds are transferred from suspense to offset the cost of the replacement vehicles. If these funds are not used within two years, the funds are transferred to the Treasury General Fund for future appropriations; and (6) *Other*.

	(in thousands)
Reimbursable Advances	\$ 652
Other Escrows	280
Civil Penalties Escrow	165
Bonds	79
Vehicle Sale Receipts	11
Other Deposits	1
	\$1,188

Pension and Retirement Plans: The Office of Surface Mining's employees participate in one of two government-sponsored pension and retirement plans. The Civil Service Retirement System (CSRS), the older of the two plans, requires set payroll contributions by participating employees. Participation in the Federal Employees Retirement System (FERS) is required for employees hired after December 31, 1983, and was offered as an option for employees hired prior to that date. As part of its benefit package, FERS offers both a pension plan and a thrift savings plan, which is underwritten by employee contributions that are matched by OSM.

# Notes to Combined Financial Statements Continued

These statements do not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to OSM employees. The administration of government-wide pension and retirement plans rests solely with the Office of Personnel Management (OPM). All pension and retirement data is compiled and reported by OPM.

The Office of Surface Mining's FY 1995 contributions to the CSRS and FERS pension plans were \$2.2 million and \$1.5 million, respectively. In addition, OSM's contribution to the FERS thrift savings plan was \$572,691 for FY 1995.

## Note 8. Fund Balances (in thousands):

	Reclamation Programs	Regulation & Technology	Other	Total
Unexpended Appropriations:				
Unobligated				
Available	\$ 47,566	\$ 0	\$ 0	\$ 47,566
Unavailable	0	14,883	0	14,883
Undelivered Orders	261,640	33,129	0	294,769
Unfilled Customer Orders	(79)	(179)	0	(258)
Invested Capital	0	0	5,610	5,610
Cumulative Results of Operations	1,000,910	0		1,000,910
Future Funding Requirements	0	0	(4,944)	(4,944)
Total	\$1,310,037	\$47,833	\$ 666	\$1,358,536

## Note 9. Revenues from Sales of Goods and Services:

There are some types of receipts (e.g., reimbursable agreements with states and other federal agencies) that are recognized as revenues when earned. These revenues may be used to offset the cost of producing the product or providing the service for which they are received.

### Intragovernmental

	Amount (in thousands)
Federal Agencies	
General Services Administration	\$ 173
Environmental Protection Agency	27
Minerals Management Service	21
National Park Service	10
Office of the Secretary	6
Total	\$ 237

### Governmental

Kentucky	\$1,212
Indonesia	349
Miscellaneous	7
Total	\$1,568

## Note 10. AML Interest:

A financing source is recognized when interest is earned on delinquent AML fees. The interest is unavailable pending congressional action.

## Note 11. Other Revenues and Financing Sources:

Accrual-based accounting includes both collected and uncollected revenue as a financing source:

Other Revenue and Financing Sources (in thousands)	1995	1994
Administrative Revenue from AML fees	2,431	979
Vehicle Sales Revenue	248	0
Civil Penalty Revenue	1,682	2,641
Bond Forfeiture Revenue	1,438	0
Miscellaneous Receipts Revenue	6,191	788
Total	\$11,990	\$4,408

## Note 12. Operating Expenses by Program:

Expenses incurred from funded appropriations by FY:

Operating Expenses by Program: (in thousands)	1995	1994
AML	\$205,563	\$192,570
R&T	103,460	105,359
Civil Penalty	295	176
Bond Forfeiture	814	431
Other	0	0
Total	\$310,132	\$298,536

Interest expenses paid under the Prompt Pay Act totalled \$6,000 for all programs.

Expenses incurred paid to federal agencies or bureaus (in thousands):

Department of the Interior bureaus included:	
Office of the Secretary	\$697
Bureau of Reclamation	139
U.S. Geological Survey	110
Office of Aircraft Services	106
National Park Service	33
Minerals Management Service	8
Bureau of Mines	2
Bureau of Land Management	2
Total	\$1,097
Other Federal Agencies:	
General Services Administration	\$8,158
U.S. Postal Service	210
Government Printing Office	183
Other	137
Total	\$8,688
GRAND TOTAL	\$9,785



**Note 13. Future Funding Requirements:**

The Department of the Interior has provided OSM with its unfunded future liability for workers' compensation benefits covered by the Federal Employees Compensation Act (FECA); and, the Departmental Payroll operation has provided data for accrued unfunded leave.

The total, \$89 thousand, consists of the following:

	Amount (in thousands)
FECA	\$27
Accrued Unfunded Leave	62
Total	\$89

**Note 14. Non-Operating Changes** (in thousands):

Non-operating changes in capital occur based on changes in appropriated equity and invested capital as follows:

	1995	1994
<b>Invested Capital</b>		
Capital Acquisition	\$1,163	\$1,431
Restatement of Assets	72	85
Offsetting Deferred Revenue	173	0
Change in Accumulated Depreciation	(82)	0
Depreciation	(892)	(842)
Net Transfers Out	(276)	(721)
Net Transfers In	66	
Other Capitalized Expenses	0	(13)
Invested Capital Change	\$224	\$ (60)
<b>Appropriated Capital</b>		
Unobligated Balance	\$(8,211)	\$(18,351)
Unliquidated Obligations:		
Undelivered Orders	(18,625)	10,215
Unfilled Customer Orders	1,323	(1,179)
Unliquidated Obligations	(17,302)	9,036
Appropriated Change	\$ (25,513)	\$ (9,315)
Net Non-Operating Changes	\$ (25,289)	\$ (9,375)

Other capitalized expenses include losses, trade-ins, sales, and deletions.

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
**SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 1995**

(In Thousands)		Reclamation Programs	Regulation & Technology	Other	Combined
<b>ASSETS</b>					
Entity Assets:					
Intragovernmental Assets:					
Fund Balances with U.S. Treasury		\$2,683	\$51,808	\$1,188	\$55,679
Accounts Receivable		10,841	0	0	10,841
Investments		1,292,066	0	0	1,292,066
Governmental Assets:					
Accounts Receivable, Net, Non-Federal		12,638	37	0	12,675
Advances and Prepayments, Non-Federal		0	54	0	54
Cash (Imprest)		21	0	0	21
Property, Plant and Equipment, Net		0	0	5,610	5,610
<b>Total Entity Assets</b>		<b>1,318,249</b>	<b>51,899</b>	<b>6,798</b>	<b>1,376,946</b>
Non-Entity Assets:					
Governmental Assets (from all other sources):					
Resources Transferable to Treasury		0	0	123	123
<b>Total Non-Entity Assets</b>		<b>0</b>	<b>0</b>	<b>123</b>	<b>123</b>
<b>Total Assets</b>		<b>1,318,249</b>	<b>51,899</b>	<b>6,921</b>	<b>1,377,069</b>
<b>LIABILITIES</b>					
Liabilities Covered by Budgetary Resources:					
Intragovernmental Liabilities:					
Accounts Payable, Federal		53	92	0	145
Governmental Liabilities:					
Accounts Payable, Non-Federal		7,615	2,468	0	10,083
Accrued Payroll and Benefits		544	1,506	0	2,050
Deferred Revenue, Non-Federal		0	0	0	0
<b>Total Liabilities Covered by Budgetary Resources:</b>		<b>8,212</b>	<b>4,066</b>	<b>0</b>	<b>12,278</b>
Liabilities not Covered by Budgetary Resources:					
Intragovernmental Liabilities:					
Other Federal Liabilities		0	0	123	123
Governmental Liabilities:					
Suspended Liabilities, Non-Federal		0	0	1,188	1,188
Accrued Leave		0	0	4,944	4,944
<b>Total Liabilities not Covered by Budgetary Resources</b>		<b>0</b>	<b>0</b>	<b>6,255</b>	<b>6,255</b>
<b>Total Liabilities</b>		<b>8,212</b>	<b>4,066</b>	<b>6,255</b>	<b>18,533</b>
<b>NET POSITION</b>					
Balances:					
Unexpended Appropriations		309,127	47,833	0	356,960
Invested Capital		0	0	5,610	5,610
Cumulative Results of Operations		1,000,910	0	0	1,000,910
Less Future Funding Requirements		0	0	(4,944)	(4,944)
<b>Net Position</b>		<b>1,310,037</b>	<b>47,833</b>	<b>666</b>	<b>1,358,536</b>
<b>Total Liabilities and Net Position</b>		<b>\$1,318,249</b>	<b>\$51,899</b>	<b>\$6,921</b>	<b>\$1,377,069</b>

U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
**SUPPLEMENTAL STATEMENT OF  
OPERATIONS AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1995**

(In Thousands)

	Reclamation Programs	Regulation & Technology	Other	Combined
<b>REVENUES AND FINANCING SOURCES</b>				
Appropriations Expensed	\$203,752	\$103,061	\$720	\$307,533
Revenues from Sales of Goods and Services				
Intragovernmental	18	46	173	237
Governmental	1,216	352	0	1,568
AML Interest, Non-Federal	3,007	0	0	3,007
Investment Interest Earned, Federal	69,291	0	0	69,291
Revenue from Fees Assessed	256,385	0	0	256,385
Other Revenues and Financing Sources	5,798	1	6,191	11,990
Less: Miscellaneous Receipts - Revenue to the U.S. Treasury	0	0	(6,266)	(6,266)
<b>Total Revenues and Financing Sources</b>	<b>539,467</b>	<b>103,460</b>	<b>818</b>	<b>643,745</b>
<b>EXPENSES</b>				
Grants Provided to States and Tribes	166,263	49,669	0	215,932
Personal Services and Benefits	18,215	39,078	0	57,293
Contractual Services	17,980	5,769	0	23,749
Rent, Communications and Utilities	2,354	4,741	0	7,095
Travel and Transportation	656	2,066	0	2,722
Non-capitalized equipment	609	841	0	1,450
Supplies	411	1,004	0	1,415
Printing and Reproduction	184	284	0	468
Other Operating Expenses	0	8	0	8
<b>Total Operating Expenses</b>	<b>206,672</b>	<b>103,460</b>	<b>0</b>	<b>310,132</b>
Depreciation Expense	0	0	892	892
Bad Debt Expense	7,632	0	0	7,632
Future Funding Requirements	0	0	(89)	(89)
<b>Total Expenses</b>	<b>214,304</b>	<b>103,460</b>	<b>803</b>	<b>318,567</b>
Excess of Revenues and Financing Sources				
Over Total Expenses Before Adjustments	325,163	0	15	325,178
Plus (Minus) Adjustments				
Prior Period Adjustments	(1,616)	0	(490)	(2,106)
Inter-Fund Transfer	(182,386)	0	0	(182,386)
<b>Excess of Revenues and Financing Sources Over Total Expenses</b>	<b>141,161</b>	<b>0</b>	<b>(475)</b>	<b>140,686</b>
<b>CHANGE IN NET POSITION</b>				
Net Position, Beginning Balance	1,198,103	44,119	917	1,243,139
Prior Period Adjustment Correcting Equity Position	0	0	0	0
Net Position, Adjusted Beginning Balance	1,198,103	44,119	917	1,243,139
Excess of Revenues and Financing Sources				
Over Total Expenses	141,161	0	(475)	140,686
Plus (Minus) Non-Operating Changes	(29,227)	3,714	224	(25,289)
<b>Net Position, Ending Balance</b>	<b>\$1,310,037</b>	<b>\$47,833</b>	<b>\$666</b>	<b>\$1,358,536</b>



U.S. Department of the Interior  
Office of Surface Mining Reclamation and Enforcement  
**SUPPLEMENTAL STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED SEPTEMBER 30, 1995**

(In Thousands)	Reclamation Programs	Regulation & Technology	Other	Combined
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Excess of Revenues and Financing Sources Over Total Expenses	\$141,161	\$0	(\$475)	\$140,686
<b>Adjustments Affecting Cash Flow:</b>				
Appropriations Expensed	(203,752)	(103,061)	(720)	(307,533)
Decrease (Increase) in Accounts Receivable	(9,812)	(24)	0	(9,836)
Decrease (Increase) in Other Assets	0	0	873	873
Increase (Decrease) in Accounts Payable	4,826	752	0	5,578
Increase (Decrease) in Other Liabilities	0	0	(3,717)	(3,717)
Other Adjustments (Prior Year Adjustments)	0	0	0	0
Total Adjustments	(208,738)	(102,333)	(3,564)	(314,635)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(67,577)</b>	<b>(102,333)</b>	<b>(4,039)</b>	<b>(173,949)</b>
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>				
Purchase of Property, Plant and Equipment	(341)	(822)	892	(271)
Sale of Securities	5,118,915	0	0	5,118,915
Purchase of Securities	(5,248,455)	0	0	(5,248,455)
Other Investing Cash Provided (Used)	12,858	0	0	12,858
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(117,023)</b>	<b>(822)</b>	<b>892</b>	<b>(116,953)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Appropriations:				
Current Year Appropriations	182,772	110,006	0	292,778
Appropriated Revenue	331	0	0	331
Add:				
Transfers of Cash From Others	0	0	0	0
Deduct:				
Rescissions	386	311	0	697
Withdrawals	0	2,096	0	2,096
Transfers To Others	7,853	0	85	7,938
Net Appropriations	174,864	107,599	(85)	282,378
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>174,864</b>	<b>107,599</b>	<b>(85)</b>	<b>282,378</b>
<b>Net Cash Provided (Used) by Operating, Non-Operating and Financing Activities</b>	<b>(9,736)</b>	<b>4,444</b>	<b>(3,232)</b>	<b>(8,524)</b>
Fund Balances with Treasury, Cash, and Foreign Currency, Beginning	12,440	47,364	4,420	64,224
<b>Fund Balances with Treasury, Cash, and Foreign Currency, Ending</b>	<b>\$2,704</b>	<b>\$51,808</b>	<b>\$1,188</b>	<b>\$55,700</b>



# Inspector general audit opinion



## United States Department of the Interior

OFFICE OF INSPECTOR GENERAL  
Headquarters Airlis  
1350 Wilson Boulevard  
Suite 401  
Arlington, VA 22209

FEB 4 1996

### Memorandum

To: Director, Office of Surface Mining Reclamation and Enforcement

From: Judy Harrison *Judy Harrison*  
Assistant Inspector General for Audits

Subject: Report on the Office of Surface Mining Reclamation and Enforcement  
Financial Statements for Fiscal Years 1994 and 1995

In accordance with the Chief Financial Officers Act of 1990, we audited the accompanying Office of Surface Mining Reclamation and Enforcement's financial statements for the fiscal years ended September 30, 1994, and 1995. These financial statements are the responsibility of the Office of Surface Mining Reclamation and Enforcement, and our responsibility is to express an opinion, based on our audit, on these financial statements.

Our audit was conducted in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States, and Office of Management and Budget Bulletin 93-06, "Audit Requirements for Federal Financial Statements," and was completed on January 24, 1996. These audit standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accompanying financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and notes. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit work provides a reasonable basis for our opinion.

Based on our audit, we found that the financial statements and accompanying notes present fairly Surface Mining's assets, liabilities, and net position; revenue, financing sources, and expenses; cash flows; and budget and actual expenses. We also found that these financial statements are presented in conformity with the accounting standards and policies described in Note 1 of the Notes to Financial Statements. Further, the supplemental financial statements were subjected to the auditing procedures applied in the audit of the financial statements and are fairly stated in relation to the financial statements taken as a whole.

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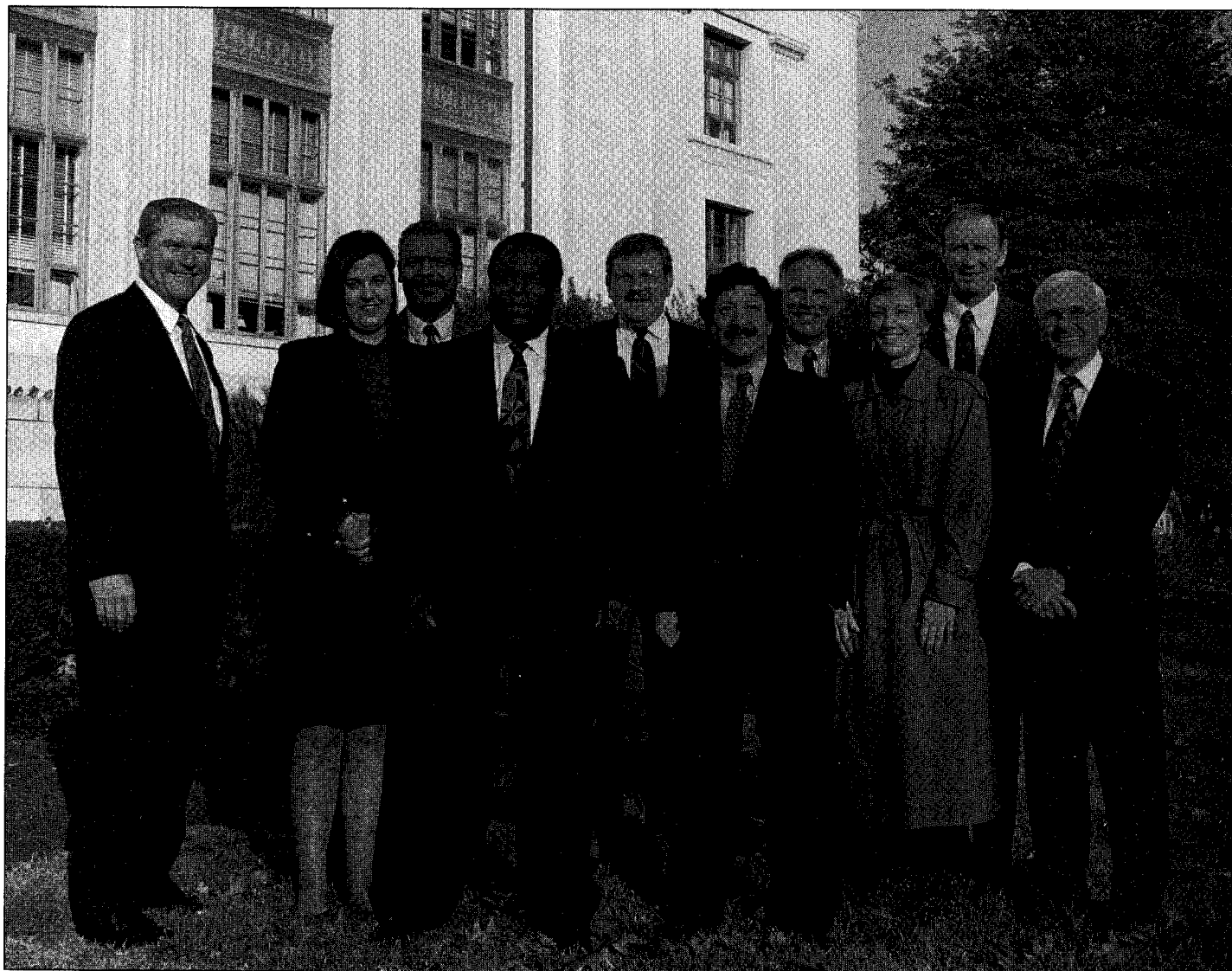
As part of our audit, we evaluated Surface Mining's internal control structure, tested Surface Mining's compliance with selected provisions of laws and regulations, and reviewed the financial information presented in Surface Mining's overview. We also reviewed Surface Mining's most recent report, required by the Federal Managers' Financial Integrity Act of 1982, and compared it with the results of our evaluation of Surface Mining's internal control structure. However, because of inherent limitations in any system of internal control, losses, noncompliance, or misstatements may nevertheless occur and not be detected. We also caution that projecting our evaluations to future periods is subject to the risk that controls or the degree of compliance with the controls may deteriorate.

We found that Surface Mining's internal control structure in effect on September 30, 1995, was sufficient to safeguard assets against loss from unauthorized use or disposition; ensure that transactions were executed in accordance with laws and regulations; ensure that transactions were properly recorded, processed, and summarized; and provide reasonable assurance that any losses, noncompliance, or misstatements that are material to the financial statements would be detected. In addition, we found that there were no material instances of noncompliance with selected provisions of laws and regulations for fiscal year 1995 that we tested, and nothing came to our attention in the course of our other audit work to indicate that material noncompliance with such provisions occurred. Further, we found that the financial information in Surface Mining's overview relating to the financial statements is reliable and consistent with the information presented in the financial statements.

Our review of the Office of Inspector General and U.S. General Accounting Office audit reports related to the scope of this audit disclosed that there were no significant unresolved and unimplemented recommendations that affected the financial statements.

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# The Management Council



Front row, left to right: Robert Ewing, Assistant Director, Finance and Administration; Mary Josie Blanchard, Assistant Director, Program Support; James Joiner, Chief, Equal Opportunity Office; Robert Uram, Director; Nancy Smith, Chief, Office of Communications; Ed Kay, Deputy Director. Second row, left to right: Vic Christiansen, Chief, Office of Strategic Planning and Budget; Allen Klein, Regional Director, Appalachian Regional Coordinating Center; Rick Seibel, Regional Director, Western Regional Coordinating Center; and Brent Wahlquist, Regional Director, Mid-Continent Regional Coordinating Center.

One outcome of the Office of Surface Mining reorganization was the creation of the Management Council. The Council provides a forum for discussing both near- and long-term issues and solving problems that confront the Office of Surface Mining. Council members include senior managers from headquarters and the agency's three regions. Since its creation in May 1995, the Council has been actively involved in all Office of Surface

Mining policy and decision making.

Counterpart Regional Management Councils operate at the Regional Coordinating Centers in Pittsburgh, Alton, and Denver. The Regional Councils, represented by the regional director and the field office directors in each region, focus on issues that are unique and/or impact their geographic areas. This two-level council approach ensures broad input of ideas that crosscut program areas

and include at all operational levels.

The Council has already achieved significant success in making decisions that have improved the efficiency and effectiveness of the Office of Surface Mining. Although the Management Council is a simple concept, this team approach has unified the agency's managerial leadership and helped the entire organization focus on meeting common goals and expectations.

# Office of Surface Mining Directory

Locations of Office of Surface Mining offices as of January 31, 1996

## OSM Headquarters

*Robert J. Uram, Director*  
1951 Constitution Ave., NW  
Washington, DC 20240  
(202) 208-4006

## Albuquerque Field Office

(Arizona, California, New Mexico, Navajo Tribe, Hopi Tribe, and Ute Tribe)

*Guy Padgett, Manager*  
505 Marquette Ave., NW, Suite 1200  
Albuquerque, NM 87102  
(505) 766-1486

## Appalachian Regional Coordinating Center

*Allan Klein, Regional Director*  
Three Parkway Center  
Pittsburgh, PA 15220  
(412) 937-2828

## AVS Lexington Office

*Larry Grasch, Acting Chief*  
1300 New Circle Road, NE, Suite 100  
Lexington, KY 40505-4215  
(606) 233-2792

## Ashland Area Office

*Jack Holbrook, Manager*  
Federal Bldg., Rm. 224  
1405 Greenup Avenue, Box 5  
Ashland, KY 41101  
(606) 324-2828

## Beckley Area Office

*Jack Nelson, Manager*  
323 Harper Park Dr., Suite 3  
Beckley, WV 25801  
(304) 255-5265

## Big Stone Gap Field Office

(Virginia)  
*Robert Penn, Director*  
1941 Neeley Road, Suite 201  
Big Stone Gap, VA 24219  
(540) 523-0001

## Birmingham Field Office

(Alabama, and Mississippi)  
*Andrew Gilmore, Acting Director*  
135 Gemini Circle, Suite 215  
Homewood, AL 35209  
(205) 290-7282

## Casper Field Office

(Idaho, Montana, North Dakota, South Dakota, Wyoming, and Crow Tribe)

*Guy Padgett, Manager*  
100 East B St., Rm. 2128  
Casper, WY 82601-1918  
(307) 261-6555

## Charleston Field Office

(West Virginia)

*Jim Blankenship, Director*  
1027 Virginia Street, East  
Charleston, WV 25301  
(304) 347-7158

## Columbus Office

(Ohio, Michigan)

*George Reiger, Manager*  
4480 Refugee Road, Suite 201  
Columbus, OH 43232  
(614) 866-0578

## Harrisburg Field Office

(Massachusetts, Maryland, Pennsylvania, and Rhode Island)

*Bob Biggi, Director*  
Harrisburg Transportation Center  
3rd Floor, Suite 3C  
4th and Market Streets  
Harrisburg, PA 17101  
(717) 782-4036

## Indianapolis Field Office

(Indiana and Illinois)

*Roger Calhoun, Director*  
575 North Penn St., Rm. 301  
Indianapolis, IN 46204  
(317) 226-6700

## Johnstown Area Office

*Joe Geissinger, Manager*  
319 Washington St., Room 360  
Johnstown, PA 15901  
(814) 533-4223

## Knoxville Field Office

(Georgia, North Carolina, and Tennessee)

*George Miller, Director*  
530 Gay St., Suite 500  
Knoxville, TN 37902  
(423) 545-4103

## Lexington Field Office

(Kentucky)

*Bill Kovacic, Director*  
2675 Regency Road  
Lexington, KY 40503  
(606) 233-2896

## London Area Office

*Patrick Angel, Manager*  
P.O. Box 1048  
London, KY 40743  
(606) 878-6440

## Madisonville Area Office

*Michael Vaughn, Manager*  
100 YMCA Drive  
Madisonville, KY 42431  
(502) 825-4500

## Mid-Continent Regional Coordinating Center

(Iowa, Kansas, and Missouri)

*Brent Wahlquist, Regional Director*  
501 Belle Street  
Alton, Illinois 62002  
(618) 463-6460

## Morgantown Area Office

*Charles Sheets, Manager*  
75 High Street, Rm. 229  
P.O. Box 886  
Morgantown, WV 26507-0886  
(304) 291-4004

## Olympia Area Office

*Glenn Waugh, Manager*  
711 South Capitol Way, Suite 703  
Olympia, WA 98501  
(206) 753-9538

## Pikeville Area Office

*Patrick Angel, Acting Manager*  
334 Main Street, Room 409  
Pikeville, KY 41501  
(606) 432-8145

## Tulsa Field Office

(Arkansas, Louisiana, Oklahoma, and Texas)

*Jack Carson, Acting Director*  
5100 E. Skelly Dr., Suite 470  
Tulsa, OK 74135-6548  
(918) 581-6430

## Western Regional Coordinating Center

(Alaska, Colorado, Oregon, Utah, and Washington)

*Rick Seibel, Regional Director*  
1999 Broadway, Suite 3320  
Denver, CO 80202  
(303) 672-5505

## Wilkes-Barre Area Office

*Michael Kuhns, Acting Manager*  
20 N. Penn Ave., Room 3323  
Wilkes-Barre, PA 18701  
(717) 826-6333